

Enhancing governance in the voluntary and community sector: a case
study of organisations in the Taranaki region

Simon Cayley

A thesis submitted to
Auckland University of Technology
In fulfilment of the requirements for the degree of
Master of Philosophy (MPhil)

2008

Institute of Public Policy

Primary Supervisor: Dr Love Chile

CONTENTS

ATTESTATION OF AUTHORSHIP	5
ACKNOWLEDGEMENTS	6
ABSTRACT	7
CHAPTER 1: CONTEXT FOR THIS THESIS	8
a. A Personal Context	8
b. Rationale and Significance of the Study	9
c. Scope and Limitations of the Study	10
d. Chapter Summaries	12
CHAPTER 2: HISTORY AND STRUCTURE OF THE VOLUNTARY AND COMMUNITY SECTOR	14
a. Background to the Voluntary and Community Sector in New Zealand	14
b. Terminology	14
c. Indigenous Peoples	15
d. Historical Influences	16
e. Structure and Make-Up of the Voluntary and Community Sector	18
f. National, Regional and Local Priorities	22
g. The Taranaki Voluntary and Community Sector	24
h. Key Capacity Building Issues Facing the Sector	25
CHAPTER 3: CAPACITY BUILDING IN THE VOLUNTARY AND COMMUNITY SECTOR - LITERATURE REVIEW	28
a. Introduction	28
b. The Context of Capacity Building	28
c. Defining the Sector	30
d. National and Regional Structures	33
e. Capacity Building Defined	35

f. Why Build Capacity?	38
g. Commonality within a Complex Sector	44
h. Existing Capacity Building Activity	46
i. Governance Capacity and Capacity Building	49
j. Existing Models of Governance	53
k. A Model of Governance for the Sector?	69
l. Changing Environment	71
CHAPTER 4: RESEARCH DESIGN - METHODOLOGY AND METHODS OF DATA COLLECTION	74
a. Influential Approaches	75
b. Theoretical Context	79
c. Methods	85
CHAPTER 5: ANALYSIS OF STRATEGIC ORGANISATION DOCUMENTS - SECONDARY DATA	92
a. Introduction	92
b. Themes / Issues	92
CHAPTER 6: ANALYSIS OF CASE STUDY ORGANISATIONS - PRIMARY DATA	108
a. Organisation Profiles	108
b. Results by Structured Interview Question	118
CHAPTER 7: GOVERNANCE WITHIN VOLUNTARY AND COMMUNITY ORGANISATIONS - A DISCUSSION	139
a. Factors Impacting on the Effectiveness of Governance	140
b. Three Governance Styles Within the Voluntary and Community Sector	144
c. A Model of Governance for the Sector?	148
d. Conclusion: Implementing a Sector Specific Model of Governance	149

REFERENCES	151
APPENDICES:	160
a. Ethics Application	160
b. Ethics Approval Letter from Auckland University of Technology Ethics Committee (AUTEC)	165
c. Invitation to Participate	182
d. Consent Form	186
e. Interview Questions	188
f. Governance Templates	193

ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly acknowledged in the references), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signed:

Name:

Date:

ACKNOWLEDGEMENTS

I gratefully acknowledge the help and support of the following people:

- The trustees and managers who kindly made available information about their organisations and gave their time to participate in the interviews;
- My supervisors for their thoughtful and robust critique and advice;
- Deirdre Nagle for her assistance with the research process;
- Trustees of the Bishop's Action Foundation for generously supporting me to undertake this study;
- My wife and children for their understanding, patience and advice.

ABSTRACT

Voluntary and community organisations are fundamental to society because they are major stakeholders in building the social capital that underpins healthy and well-functioning communities. Yet many of these organisations are small and possess limited resources when measured against the challenges and needs that they address. This raises the issue of the capacity of organisations within the sector to operate effectively. Within the range of capacity issues, governance is consistently rated as an area requiring development. This research seeks to contribute to a better understanding of issues impacting on the governance capacity of voluntary and community sector organisations within the overall context of capacity building. A focused study in the Taranaki region examines the factors impacting on the governance of community organisations providing social services. The research identifies the level of governance capacity demonstrated within the organisations studied and also explores the level of awareness around the need to enhance governance capacity. The research examines a range of frameworks and models used to build governance capacity to see if they could be adapted for the Taranaki region. The study suggests that, although a number of frameworks and models are useful, every situation is different, and models must be responsive to the social and cultural context and the particular history and mission of each organisation. As a result, the study concludes that further work should be undertaken to develop a model of governance for the voluntary and community sector.

CHAPTER 1

CONTEXT FOR THIS THESIS

A personal context:

This section is part of my story. I include this information because my own working experience is closely associated with the subject area of my thesis.

I am currently the Chief Executive of a significant community organisation engaging in community development, capacity building with and for community based organisations, and social research. I am, at least within the files of the Ministry of Social Development who became a key funder, defined as a 'community leader' having created and implemented the highly successful Keystone Taranaki capacity building project for Taranaki based organisations. It goes without saying that the examples and experiences I noted during the development and delivery of Keystone Taranaki have been instrumental in defining the focus of my research.

Prior to this role, I spent many years working in the local authority sector in New Zealand as a Community Development Advisor and in England within a range of urban and community regeneration projects. A common factor across all of these roles was extensive work with and on behalf of communities and the voluntary and community organisations working within them.

As a result I am an enthusiastic advocate for community ownership of the solutions that are designed to meet their needs and, therefore, of voluntary and community organisations that maintain a tangible connection to the communities around them. I am also a vocal defender of the amazing people who manage, govern and work in community based organisations. Their determination, passion and quality lead to an outstanding array of successes that make immeasurable differences to people's lives everyday. However, I am also very aware of the operating realities of the sector with an ongoing struggle to raise sufficient funding, manage large workloads, low pay rates and often second rate infrastructure.

I believe that, delivered in an accessible and appropriate manner, capacity building initiatives can make a measurable and positive difference to this reality. However, to be effective such capacity building needs to be based on high quality research to ensure that it meets the most pressing areas of need. I hope that this thesis will make a valuable contribution to a better understanding of the factors impacting on governance within the voluntary and community sector in New Zealand.

Rationale and Significance of the Study:

This study was undertaken because there appeared to be limited research that:

- (a) clearly defines the level of governance capacity within the voluntary and community sector in the New Zealand context;
- (b) contributes an assessment of the consistency (or lack of it) across the sector in terms of governance performance; and
- (c) explores the potential of a sector specific model to enhance governance effectiveness.

Furthermore, as discussed in the background and literature review chapters of this thesis, there is a strong body of evidence that suggests that effective governance, perhaps above all other areas of capacity, is critical to the successful operation of an organisation. However, community based organisations rely almost entirely on volunteers to undertake the essential governance role without any structured training to ensure that such volunteers understand the scope and responsibilities associated with the role and how it needs to interface with management structures. As a result, governance is a significant issue for voluntary and community organisations:

The three most challenging issues for the not-for-profit sector are financing and fundraising, governance and the retention and motivation of staff. (Grant Thornton New Zealand 2008:3)

Therefore, there is the risk that without adequate capacity building of their governance bodies many organisations might not function effectively, and communities may not receive consistent quality of service. In addition, if

governance capacity is a major issue within the sector then there is the risk that organisations established to meet specific needs may not have the future-focused planning enabling them to adjust their programmes and activities to the changing socioeconomic and demographic circumstances of their communities. There is also a flow-on risk that funders may be supporting programmes that have no direct relevance to the current needs and aspirations of communities.

A range of models for governance exist including corporate governance, clinical governance and policy governance. However, the extent to which these models provide a framework to support boards within voluntary and community organisations to govern effectively is not easily identifiable. Therefore, this study will outline and explore existing models of governance alongside the reality of governance performance within the sector. From this evidence base it will discuss the creation of a sector-specific model for governance that could support more consistent and effective governance for voluntary and community organisations.

It is important that a study of governance capacity is not undertaken in isolation from the broader capacity building discussion within the sector. To ensure that this study can contribute to this broader debate, the literature review locates governance capacity within the broader context of capacity building.

Scope and Limitations

The background analysis of the voluntary and community sector defines the sector as spanning national, regional and local operations and as having myriad sub-groupings (defined primarily by function/focus and size of organisation). Within the sector, capacity building issues remain varied but significant. To attempt a study of such a broad range of capacity needs across all of the levels and groupings identified within the sector would be a phenomenal undertaking well outside the scope of a Masters thesis. As a result, the study has as its focus governance capacity within organisations providing social services in the Taranaki region.

Information from Statistics New Zealand provided in chapter 3 demonstrates that social service delivery represents the second largest sub-group within the voluntary and community sector (sport and recreation being the largest). In addition, as shown in Chapter 3, surveys of capacity building within the sector consistently show governance as a significant area of need. Moreover, Statistics New Zealand (2007) suggested that social service organisations within the sector employed the greatest percentage of paid employees. To be effective as an employer, voluntary and community organisations must have effective governance. Therefore, a clear understanding of the factors that impact on effective governance within social service providers offers a significant opportunity to improve the effectiveness of organisations delivering services to people with a high degree of need.

Focusing the study within the Taranaki region provided a geographic limitation. This enabled the research to be manageable by confining the number of potential organisations as available samples and removing national level organisations.

The research question for this study asked: “What factors enhance governance within organisations in the voluntary and community sector in New Zealand?” A literature review, secondary data analysis and interviews with representatives from three case study organisations provided data to support an exploration of these factors. Chapter 7 provides a summary of the themes identified by the study and offers appropriate recommendations about the factors that impact on governance effectiveness within voluntary and community organisations in Taranaki. However, the research did not set out to deliver a comprehensive and fully tested model of governance for the sector. Rather, it sought to identify the potential benefits of a sector-specific model of governance and to identify the factors that enhance governance effectiveness and that could form the basis for the development of such a model. The task of developing a comprehensive model of governance for

the voluntary and community sector is, therefore, beyond the scope of this present study.

Chapter Summaries

Chapter 1 provides the context for this study including the rationale for, and significance of, the research.

Chapter 2 discusses key terminology and definitions that are relevant to the focus of the study. It goes on to outline the historical influences that have shaped the voluntary and community sector in New Zealand and explores both the national and regional (Taranaki) structure/make-up of the current sector. The Chapter also offers a summary of the key capacity building issues that affect voluntary and community organisations.

Chapter 3 is a literature review which attempts to provide a context to the issue of capacity building in the voluntary and community sector, and why capacity building is important to the sector. The review locates the issue of governance capacity within the broader capacity building literature. It also provides a brief summary outline of existing models of governance, including corporate and clinical governance, and concludes with a brief discussion of the rationale for a sector specific model of governance.

Chapter 4 outlines the research design and examines the research approaches and theoretical perspectives that influenced the study. The Chapter also explains the specific methods that were used to collect data for the research.

Chapter 5 summarises the themes and issues that emerged from the analysis of data derived from key secondary documents from fifteen social service provider organisations in the Taranaki region. These documents included strategic plans, trust deeds, constitutions and policy schedules.

Chapter 6 provides a profile of the three case study organisations. It also presents an analysis of the structured interviews with participants from the

three case study organisations. The interviews explored the issues that impact on governance capacity within these organisations, and the extent to which the organisations engaged with capacity building.

Chapter 7 provides a discussion based on the findings of the literature review, secondary data analysis and case study research. It outlines how governance is commonly approached within voluntary and community organisations in Taranaki and identifies factors that impact on the effectiveness of governance. The Chapter then provides recommendations about further work that could be undertaken to develop a model of governance for the voluntary and community sector. It also suggests that the process of building models and their implementation could provide an effective approach to capacity building within the sector.

CHAPTER 2

HISTORY AND STRUCTURE OF THE VOLUNTARY AND COMMUNITY SECTOR

This Chapter discusses the historical developments that have influenced the current structure of the voluntary and community sector in New Zealand and goes on to outline how organisations are structured at both the national level and within the Taranaki region. This history provides essential contextual information that informs the study of governance capacity within the voluntary and community sector.

Background to the Voluntary and Community Sector in New Zealand

A key reference point for any discussion of the current voluntary and community sector in New Zealand is the work of Tennant et al (2008). Their report “The History of the Non-profit Sector in New Zealand” forms part of the global Comparative Nonprofit Sector Project (CNP) being undertaken by the John Hopkins University Centre for Civil Society Studies.

Terminology

The CNP project concluded that there is no single agreed term to describe non-profit activity in New Zealand with a number of terms being used interchangeably, including non-profit (or not-for-profit), voluntary, community, welfare, Non-Governmental Organisation (NGO) or third sector (Tennant et al 2006b:3). For the purpose of this study the term “voluntary and community sector” will be adopted because it embraces two of the unique aspects of such organisations – they tend to operate entirely or to some extent through the work of volunteers and they have as their target communities of interest, most often communities who have a particular need. In addition, the use of the term voluntary and community sector provides a clear distinction from NGOs, which tend to be much larger, better resourced and more closely aligned to the statutory sector than voluntary and community sector organisations. The term voluntary and community sector

is also more definable than broad terms such as not-for-profit, which can encompass very small voluntary groups as well as huge NGOs.

Social Service

For this study it is also important to define 'social service', because the primary research will be undertaken with case studies that are social service providers. A useful definition can be taken from the 2006 Local Service Mapping Report in Waitakere:

A wide variety of different definitions for the term 'social service' exist. Variations between the definitions are often representative of the country and welfare context that such definitions have been developed for. For the purpose of this research a broad lexical definition offered by Princeton University's WordNet was modified in an effort to make it more relevant to New Zealand and to focus more on family. The following definition was produced:

An organised activity intended to improve the situation of disadvantaged and vulnerable families and individuals within society.

For the purpose of this research this definition was used to generally define and isolate applicable social services. (Senior 2006:7)

Indigenous Peoples

Another key aspect of the sector in New Zealand is the indigenous organisations of both Maori and Pacific Island peoples. In terms of the place of Maori, the context of the Treaty of Waitangi as the founding document of New Zealand is important:

Maori kin-based associational forms have remained significant... Maori have also participated in the organisations of mainstream society, bringing distinctive cultural perspectives to them... [T]his interface has been highly significant. It has resulted in distinctive forms of organisation which do not readily fit internationally recognised non profit sector categories. (Sanders et al 2008:3)

By way of an example, Maori do not separate the actions of whanau/family and community in the same way as pakeha/westernised communities do. As a result, Maori would consider much of the action/activity that flows from whanau/family as being within a definition of voluntary or community work. Pakeha opinion would differ with family action/activity being seen as entirely separate and outside of the work of the voluntary and community sector. Indeed, for Maori and Pacific Island peoples the idea of a voluntary and

community sector may not apply at all because community services are so strongly entwined within the concept of whanau and extended family.

However, it should be noted that the scope of this research project does not include a detailed and specific component directed towards kaupapa Maori voluntary and community organisations. That said, it is recognised that Maori do access services through 'mainstream' organisations. The capacity of non-kaupapa Maori community organisations whose services include Maori to deliver those services in a culturally sensitive and effective manner is therefore of relevance.

Historical Influences

The Foundations of the current voluntary and community sector in New Zealand have, as elsewhere in the world, been influenced by international as well as national developments and can be traced back to certain periods in history:

The history of the non-profit sector in Aotearoa New Zealand is informed by the local and the global; by the interplay of factors distinctive to this country, and borrowings from elsewhere; by two main cultural traditions and the exchanges and tension between them. (Tennant et al 2008:3)

Within New Zealand, the period following the 1840 signing of the Treaty of Waitangi is perhaps most notable for the land wars of the 1860s and 1870s. However, for the development of the voluntary and community sector, the economic depression that followed these wars was more significant because it led to the emergence of an underclass that required support (Chile 2007a:38). Following the Maritime Strike of 1890, the Liberal Party began to consider welfare reforms and this "led to the early programmes of state community development intervention in the form of welfare policies" (ibid).

The fact that New Zealand was colonised relatively late in the expansion of British influence was another significant factor for the voluntary and community sector, because many institutions within the sector arrived in New Zealand in a developed form:

The patriotic and charitable societies, lodges, clubs and sporting groups which had undergone vast expansion in Britain since the late eighteenth century provided models of associational life for the first colonists. (Tennant et al 2008:3)

During the 20th Century, the impact of periods of depression and two world wars led to the emergence of an increasing range of non-profit organisations. The development of the welfare state post-World War II added a wide range of state funded non-profit organisations to those already in existence. However, issue-based groups perhaps generated the greatest growth in non-profit organisations. During the 1970s the women's movement and the Maori sovereignty movement were particularly strong forces in the expansion of voluntary and community organisations. Throughout the 1980s and 1990s, the voluntary and community sector continued to expand and diversify as environmental, disability, gay rights, human rights, peace, senior citizens, consumer, self-help, arts, sporting and other issue-based groups developed rapidly (ibid).

At the same time voluntary and community sector organisations increasingly began to deliver services that had previously been seen as the role of government. This trend was exacerbated by policies supporting community care and the delivery of culturally appropriate services. As voluntary and community organisations began to pick up public funding to take on this work, so the sector began to rely increasingly on contracts with government agencies. With the contracts came increasing compliance and accountability requirements and increasing competition within the sector which, ironically, has meant a more insecure funding position for many organisations. Both of these developments have led to growing professionalism within the sector with the risk that long-established charitable and voluntary cultures were being undermined (Tennant et al 2006b).

The period of Labour-led government since the late 1990s has seen two further major developments for voluntary and community organisations. On the one hand, increased state support has been structured through the

Office for the Community and Voluntary Sector (OCVS) and the appointment of a Minister for the Community and Voluntary Sector in 2000, and through documents such as the Statement of Government Intentions for an Improved Government-Community Sector Relationship (Office for the Community and Voluntary Sector 2005). On the other hand, however, compliance and contracting requirements have continued to grow. This is exemplified by the creation of the Charities Commission and the new requirement that charitable organisations register in order to retain their tax exemption status. While this is publicly termed a voluntary registration, the fact that organisations must register to retain tax exemption status makes it compulsory. The registration process and ongoing compliance requirements of the Charities Commission are a good example of the level of governance capacity that is now required for many voluntary and community sector organisations.

Structure and Make-up of the Voluntary and Community Sector

The community and voluntary sector is large, diverse and significant. Statistics New Zealand reported that in 2005 within New Zealand there were 97,000 non-profit organisations. Of this, 45 percent were focused on sport, recreation and culture, 12 percent were social services, and 10 percent focused on religions (Statistics New Zealand 2007). Significantly, 90 percent of these organisations did not employ staff and were therefore presumed to be very small in scale and size of operation (ibid:1). Despite this, the sector commands significant income. Robinson and Hanley (2002) identified that, within New Zealand, voluntary and community organisations had total income of \$1.6 billion.

Early in 2008 the New Zealand Federation of Voluntary Welfare Organisations (NZFVWO) conducted a survey of its members. From the initial 90 responses they were able to conclude that these 90 organisations included 2,789 branches and member organisations, 21,130 operational volunteers, 8,908 paid staff and 1,710 volunteer board and committee members (New Zealand Federation of Voluntary Welfare Organisations, 2008:1). An earlier study by the NZFVWO found that in only ten significant

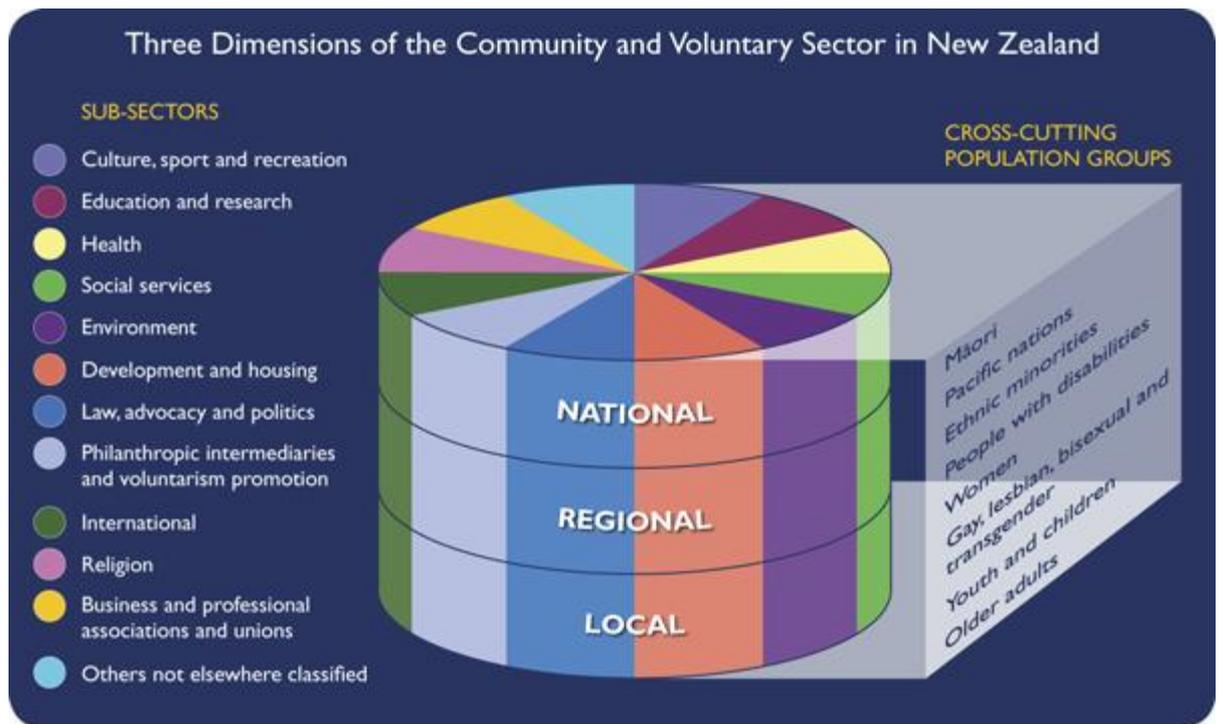
voluntary and community sector social service providers, the number of fulltime equivalent volunteers exceeded 4,000 (New Zealand Federation of Voluntary Welfare Organisations 2004:2).

There are potentially many ways of defining and structuring the voluntary and community based organisations that make up this sector. These include function/focus, geographic area of operation, target client/population base or even size. It was important to explore existing attempts to structure and define the sector in order that this research was able to identify a valid sample of organisations. Examples of such attempts are outlined in the following paragraphs.

A detailed function/focus-based analysis of the sector is provided by the John Hopkins report, *Defining the Nonprofit Sector: New Zealand* (Tennant et al 2006b), which contributes an agreed International Classification of Non-Profit Organisations. This is a useful starting point to determine a structure for the sector:

The United Nations International Classification of Non-profit Organisations (ICNPO)...allows organisations involved in similar economic activities or serving a similar purpose to be grouped together, thereby providing a basis for meaningful international comparative analysis. It comprises 12 major groups[:]...culture and recreation[,],...education and research[,],...health[,],...social service and emergency relief[,],...environment and animal protection[,],...development and housing[,],...civic and advocacy[,],...philanthropic[,],...international aid and relief[,],...religious congregations and associations[,],...unions, business and professional associations[,],...and those not classified elsewhere. (Tennant et al 2006a:4)

The relevance of this function/focus classification of the sector is reinforced by the fact that the definition adopted by the Office of the Community and Voluntary Sector in New Zealand (OCVS) is taken directly from the John Hopkins study. The website of the OCVS includes the following information:



We [OVCS] have adopted the description used by the Johns Hopkins Centre for Civil Society Studies of organisations that comprise the community and voluntary sector as being:

- organisations with some degree of internal organisational structure, meaningful boundaries, or legal charter of information
- non-profit, that is, not returning profits to their owners or directors and not primarily guided by commercial goals
- institutionally separate from government, so that while government funds may be received, the organisation does not exercise governmental authority
- self-governing, which means the organisations control their management and operations to a major extent
- not compulsory, which means that membership and contributions of time and money are not required by law or otherwise made a condition of citizenship.

(Office for the Community and Voluntary Sector 2005)

However, while the dimensions of the community and voluntary sector in New Zealand adopted by the OCVS are clearly influenced by a function/focus analysis, they are further defined by geographic and client/population based factors. This was a useful addition for the purpose of this study because, while the study used a geographic-based classification

of organisations by focusing on those based in the Taranaki region, in order to further limit and define the study, the organisations that were selected had a common function/focus.

In defining the community and voluntary sector, it is important to note the fact that New Zealand has unique features that shape the way relationships within the sector are managed, the most important of these being the way in which Iwi/Maori organisations are seen as part of the sector.

The term “Iwi” refers to groups that are kin-based and can trace genealogy to an ancestor.

Iwi - The traditional Maori tribal hierarchy and social order made up of hapu (kin groups) and whanau (family groups), having a founding ancestor and territorial (tribal) boundaries. (Maori Land Court 2008:3)

Maori refers more generally to those who identify as Maori, and Maori organisations may be multi-tribal. Participation by Maori in Maori or Iwi-based organisations is not generally seen as a voluntary activity. Rather, it is a manifestation of a set of cultural obligations that are required to maintain cultural values and reflect priorities established at a group level. Activities may range from economic development, to the preservation and promotion of language and culture, to social service delivery, to the governance of Iwi organisations (Office for the Community and Voluntary Sector 2005).

National, Regional and Local Priorities

It could be argued that the nature and focus of the voluntary and community sector should be influenced, at least to some extent, by the national and regional priorities being researched and reported by central and local government and large agencies such as District Health Boards. These entities have large research resources and are able to ascertain current needs. As an example, five areas of national focus were outlined in the report “Opportunity for All New Zealanders” (Ministry of Social Development 2004):

1. Educational under-achievement is closely related to low socio-economic status
2. Family violence, abuse and neglect affect a significant number of New Zealanders
3. Tobacco, alcohol and other drug abuse cause serious health and social costs
4. Some members of society face barriers to participation in sustainable employment
5. Healthy eating and healthy activity reduce obesity-related disease risks.

(ibid:4)

Further national prioritisation can be distilled from the Social Report produced and reviewed annually by the Ministry of Social Development (Ministry of Social Development 2006). This report provides information relevant to both national and regional levels. It can be argued that the growth of the voluntary and community sector in recent years to include an ever widening range of organisations now focused on reducing family violence was, at least in part, a response to the priority of central government to target and reduce family violence and the funding that was available as a result.

Whether the overall number and structure of organisations within the voluntary and community sector reflects national priorities is questionable. Indeed, there is a strong argument that many organisations within the sector exist more because of passionate responses from individuals or groups of

people within a community to local issues than because of responses to government generated reports.

Within Taranaki, the community outcomes reporting process provides a region-wide platform for action. Under the Local Government Act 2002, local authorities are required to carry out, not less than every six years, a process to identify community outcomes for the intermediate and long term future of their district or region (Department of Internal Affairs 2002:1). Within Taranaki all four local authorities – the New Plymouth, Stratford and South Taranaki District Councils and the Taranaki Regional Council – agreed that there should be one process for all local authorities in the region (Future Taranaki Facilitation Group 2006). The resulting document, “Futures Taranaki”, outlined the following seven broad community outcomes identified as priorities for the Taranaki region:

- Connected Taranaki
- Prosperous Taranaki
- Secure and Healthy Taranaki
- Skilled Taranaki
- Sustainable Taranaki
- Together Taranaki
- Vibrant Taranaki (ibid)

These regional priorities demonstrate some similarity to those identified at a national level, but they also offer a degree of regional uniqueness. Therefore, it is likely that within Taranaki the voluntary and community sector will demonstrate a degree of alignment to the seven regional outcome areas as well as areas of national focus. The Taranaki Community Directory (New Plymouth District Council 2007) listed 45 organisations under the health section and a similarly large number dedicated to family relationships and domestic violence. In addition, a number of community organisations deliver arts-related services contributing to vibrancy. There are environmental organisations with a sustainability focus, and education and skills are the focus of a number of community based providers.

There are also a wide-range of organisations that have come into being to respond to local priorities and needs. Some of these organisations link to regional (and national) priorities, but they perform a function that is markedly influenced by local conditions. It is, therefore, important to look at the background and structure of the sector specifically within Taranaki and to profile those organisations who are definable as social service providers within this region.

It can be argued that the work of national and regional level agencies can have a significant impact on the structure of the voluntary and community sector, as organisations are created to respond to the needs and priorities that have been identified. However, it is also likely that organisations within local areas exist as much because they are responding to needs and priorities identified within and by these local communities. This was an important factor to consider when determining the target organisations for this study, because it was important to ensure that the study sample did not reflect those organisations created to respond only to agency priorities or to community level priorities.

The Taranaki Voluntary and Community Sector

The New Plymouth District Council Community Services Directory lists over 800 community organisations operating within the Taranaki region. Most of these fall within a broad range of sub-groupings, the most significant areas of operation being:

- Advice/Support/Advocacy
- Arts, Culture and Recreation
- Counselling
- Disabilities
- Education
- Elderly Support
- Employment Support
- Health
- Sport

- Youth and Children (ibid)

The most common focus is sport and recreation, followed by social service-oriented organisations. Interestingly, the term social service is not used; rather social service providers are divided into definable categories such as disability and elderly support. A focus on organisations that provide social services was important for this study because the Taranaki sector demonstrated a similar structure to that identified by Statistics NZ in Chapter 3. Social service delivery was identified as the second largest sub-group within the voluntary and community sector (sport and recreation being the largest). Moreover, Statistics New Zealand (2007) suggested that social service organisations within the sector employed the greatest percentage of paid employees. To be effective as employers, voluntary and community organisations must have effective governance. Therefore, a clear understanding of the factors that impact on governance within social service providers offers a significant opportunity to improve the effectiveness of organisations delivering services to people with a high degree of need.

The Community Services Directory represented a comprehensive regional summary of voluntary and community organisations and indicated that the region had a similar sector structure to the national profile as defined by the John Hopkins study (New Plymouth District Council 2007, Tennant et al 2006b). The fact that the structure of the sector in Taranaki is similar to the national structure contributed to the relevance of the outcomes of this study because they were likely to be valid and more widely applicable outside of the region.

Key Capacity Building Issues Facing the Voluntary and Community Sector

This subject is dealt with in greater detail within the literature review in Chapter 3. However, it is important to summarise the key issues as part of the background to the sector. Within the New Zealand context, a key resource for identifying capacity building issues within the sector is the Grant Thornton New Zealand Not for Profit Survey, which was conducted in 2003,

2005 and 2007. The 2007 survey revealed that the top five most significant issues were (most significant first):

- a. Financing the activities of the organisation
 - b. Retaining and motivating staff
 - c. Fundraising
 - d. Governance
 - e. Attracting new trustees/board members
- (Grant Thornton New Zealand 2008:4)

A survey of organisational capacity needs within non-profit organisations in New Zealand undertaken by the Creative Training Network (Creative Training Network 2007) identified a similar range of needs:

- Strategic Planning
- Managing Change
- Evaluation and learning
- Leadership and governance

Similarly Nowland-Foreman referred to the work of the Family and Community Services and Office for the Community and Voluntary Sector who

[i]dentified six key areas where improved information and resources are needed [for voluntary and community sector organisations]: business processes, including planning; policies and procedures; employment and human relations; financial management, governance; and IT knowledge or knowledge management. (Nowland-Foreman 2006b:4)

This study argues that, based on available evidence, governance is a significant capacity building issue for voluntary and community organisations. Furthermore, the Grant Thornton New Zealand survey identified that governance should be based on strategic and not operational activity (Grant Thornton New Zealand 2008:4), however:

When asked how much Board time is focused on strategic and operational issues, 48% of respondents focus on strategic issues and 52% focus on operational issues. (ibid:18)

Therefore, it would appear that more than half of voluntary and community organisations in New Zealand are governed by boards operating with the wrong focus. A consequence of this may well be poor relationships between boards and their managers (as boards are working in their manager's areas

of responsibility), and organisations whose focus is day-to-day activity, not future planning. Boards that focus on day-to-day activity and not future planning are unlikely to have robust financial sustainability strategies in place, hence the predominance of fundraising concerns/issues that arise for them. Indeed, in the 2007 Grant Thornton New Zealand survey, when asked “What is the most important task of boards?”, only 6 percent of organisations listed fundraising (Grant Thornton New Zealand 2008:21).

In order to explore these findings in greater depth, the chapter that follows provides a comprehensive literature-based analysis of capacity building and the specific issue of governance capacity.

CHAPTER 3

CAPACITY BUILDING IN THE VOLUNTARY AND COMMUNITY SECTOR: LITERATURE REVIEW

Introduction

The purpose of this chapter is to provide a literature-based context and background to the thesis. The information is structured into two sections. The first section provides an overview and appropriate critique of some of the main commentary relevant to capacity building. This material is relevant to this study because the specific issue of governance capacity building is part of a broader focus on capacity building for the voluntary and community sector as a whole.

The second section provides a literature-based background that expands on the specific area of governance within the overall context of capacity building for the voluntary and community sector. Governance is one aspect of the broader capacity building sphere and, therefore, cannot be seen in isolation from it. In particular, this section will explore and define various models of governance that exist and seek to identify those that could apply to the voluntary and community sector environment and support the development of a model for governance.

It should be noted that this literature review attempts to analyse and include examples from both the New Zealand and international context to enable a more in-depth comparison to be achieved. However, New Zealand's unique social and cultural make-up is a key factor when reviewing the applicability of conclusions drawn from the literature. Successful capacity building within New Zealand's voluntary and community sector will need to acknowledge and respond to the specific kaupapa- and whanau-based structures and the specific needs of Maori and Pacific Island organisations.

The Context of Capacity Building

The voluntary and community sector is at the heart of building strong, sustainable, connected and empowered communities (Sector Development

Policy Team 2004). Organisations within the sector often work with people closest to the margins of society and at greatest risk of social exclusion (De Vita and Fleming 2001). Yet many of these organisations are small and possess limited resources when measured against the challenges and critical issues they address. These organisations also spend a considerable amount of time pursuing short-term grants to provide services to tackle problems that are complex and take years to address (Sector Development Policy Team 2004).

Therefore, despite their place at the forefront of service delivery, many voluntary and community organisations survive year-to-year and in some cases month-to-month in an ongoing battle to raise adequate funding, to recruit sufficient numbers of volunteers and to meet the demands of a wide range of other operational challenges (Family and Community Services 2005). This lack of stability and sustainability can impact on people working in voluntary and community organisations by increasing stress levels and reducing the time that they have available to focus on the core role of the organisation – meeting the key needs of the community they serve – because they are focussed more on survival (Boris 2001). This, in turn, impacts on the community as it often loses continuity of services as organisations come and go, or because the quality of service provision becomes inconsistent. There is the risk that, without adequate capacity building, many communities may not receive consistent quality of service from the voluntary and community sector organisations within them.

In addition, there are questions about the long-term planning and evaluation processes within the sector, and this creates the risk that organisations established to meet specific needs may not have the capacity to adjust their programmes and activities to the changing socioeconomic and demographic circumstances of their communities (Bishop's Action Foundation 2008:3). There is also a risk that funders may find themselves supporting programmes that have no direct relevance to the current needs and aspirations of communities.

Existing research and anecdotal evidence suggests that many voluntary and community sector organisations struggle to cope with myriad issues including fundraising, governance-management relationships, evaluation and planning, developing policy and strategy frameworks and responding to changing legislative and social requirements (Grant Thornton New Zealand 2008, Family and Community Services 2005, Sector Policy Development Team 2004, Bishop's Action Foundation 2006). However, there appears to be little co-ordinated effort to meet such fundamental needs across the sector. In many cases networks exist, but how effective are they? Most offer opportunities to share the work of various organisations, but few seem to tackle the capacity building agenda.

Defining the Sector

A definition of what constitutes a voluntary and community organisation is an essential starting point to any discussion of capacity building for the sector.

Defining the sector is not a simple task, because it is so diverse:

The...sector encompasses a wide range of interests and activities. It includes hospitals and universities, museums, dance theatres, art galleries, employment and training centres, youth development programs, child care centres, food banks, drug treatment and prevention centres, animal shelters, and more. Some of these groups are large, multi-service organisations with multi-million dollar budgets; others are small, one and two person operations that focus on a single issue. (De Vita and Fleming 2001:15)

Despite such complexity and diversity, a range of commentators have provided definitions of the sector. Salamon et al defined what they termed a third-sector organisation:

A third-sector organization is an entity that is private, not-for-profit in orientation, self-governing, and voluntary in nature (employees of civil-sector organizations may be paid, of course, but participation or membership must not be mandatory). (Salamon et al 2003:2).

They also contributed a discussion which profiled the economic focus and legal structure of such organisations. Economically, third-sector organisations would be defined as generating the predominant proportion of their revenue from private contributions as opposed to market transactions. Legally, these organisations would be defined as exempt from taxes and

described as a Charitable Trust, Foundation or similar. In terms of purpose, third-sector organisations would be defined as those that focus on promoting public well-being, encouraging empowerment and participation, or those that seek to address the core factors that result in poverty and distress (ibid:6—7).

These broad themes were reflected in the definition provided by the Committee for the Study of the New Zealand Non-profit Sector:

The non-profit sector is defined as being composed of entities that are organised, i.e. they have some structure and regularity to their operations,...private, i.e. they are not part of the apparatus of the state,...not profit-distributing, i.e. they are not primarily commercial in purpose,...self-governing, i.e. they have their own mechanisms for internal governance,...[and] non-compulsory, i.e. membership or participation is not legally required. (Tennant et al 2008:5)

A non-profit organisation might not necessarily fit all of these descriptors. For instance, informal organisations that have no legal status, but which act to meet a defined community need, would fall into the sector.

Within the New Zealand context, Tennant et al (2008) have also argued that the voluntary and community sector was uniquely shaped by indigenous organisations working with Maori and Pacific Island peoples. Of particular importance to this study was their conclusion that the separation of family and community which underpins western understandings of the sector do not easily translate into a Maori/Pacific context. By example, indigenous groups have a strong commitment to the extended family and, therefore, often see community work as an extension of everyday family responsibilities rather than something separate to it. Moreover, a definition of a voluntary and community sector as a definable concept/entity does not necessarily fit with Maori/Pacific experiences. The influence of indigenous culture suggests that it is important to provide a specific definition of the sector in New Zealand. This is reinforced by the work of Tennant et al:

Aotearoa New Zealand has a robust non-profit sector that, in addition to providing human services, is broadly engaged in what have been referred to as the expressive activities of culture, recreation, civic activism and advocacy activities. This pronounced expressive

dimension makes the Aotearoa New Zealand unique among English speaking countries. (ibid:3)

Therefore, any study of the capacity building needs of the voluntary and community sector in New Zealand will need to develop appropriate research methods to assess Maori/Pacific Island organisations and communities. As Chino and DeBruyn argue:

An indigenous model must reflect indigenous reality. It must integrate the past, the present, and the people's vision for the future. It must acknowledge resources and challenges and allow communities to build a commitment to identifying and resolving concerns and issues. (Chino and DeBruyn 2006:599)

Another interesting aspect to defining the sector was identified by the work of Tennant M et al (2006), which suggested that there is a growing closeness of relations between community and state sector organisations as the state recognises the ability of community based organisations to deliver certain services with a greater degree of success. This view was echoed in a recent research report examining voluntary and community organisations providing health related services:

It is often argued that organisations within the third sector have a better understanding of clients' needs and respond to those needs in a more flexible way than organisations in the public or private sectors. (IFF Research 2007:1)

On the positive side, this closeness has provided new and significant funding sources for the sector and has enabled a dialogue with state entities which has empowered the voluntary and community sector to take a stand on significant community issues. However, a further consequence of this closeness has been a growing dependence on state funding for some community organisations. The compliance requirements associated with this funding may be changing the way such organisations are structured and operated. This poses challenges for the independence of sector, particularly if these organisations begin to lose the uniqueness which enabled them to provide enhanced service delivery in the first place.

Defining the voluntary and community sector is no easy task because the sector is so complex and diverse. Organisations can range in size from one person operations to large operations comprising many staff across multiple departments. Organisations might operate with a national or regional focus or may serve only a very small geographic community. Some organisations exist to champion a single cause, while others have a much broader strategic focus. Equally, some organisations will be legally structured as Charitable Trusts or Incorporated Societies, while others operate as loose collections of like-minded people. Within New Zealand, voluntary and community sector organisations might also operate within specific cultural frameworks, and the sector as a whole appears to have been influenced by cultural practices. However, within all of this diversity, voluntary and community organisations stand together in terms of a focus on improving the quality of life of the communities for which they work:

Some notion of social obligation is involved...These obligations may receive different forms of cultural expression in different societies, but they share one thing in common – they encourage individuals to act for the greater good. (Tennant et al 2008:6)

National and Regional Structures

As discussed in Chapter 2, the Office of the Community and Voluntary Sector (OCVS) in New Zealand contributed a structure for the sector which identifies three levels within the voluntary and community sector – organisations operating at national and regional levels and, within each region, organisations that operate at local (sub-regional) levels (Office for the Community and Voluntary Sector 2005). This is an important point of distinction, because the structure of the sector reflects a diverse range of organisations operating within each of these spheres. Yet, given the Statistics New Zealand figures also provided in Chapter 2, if 90 percent of organisations are small and employ one or no paid staff members, it is likely that the majority of these organisations are local in focus, rather than regional or national. Moreover, if such a large number of organisations are small and local, it is likely that they do not have the resources to invest in significant capacity building activities. This would suggest that capacity

building efforts would need to respond to the specific needs of the many small and local organisations as well as the needs of bigger regional and national organisations.

It is not clear whether capacity building opportunities do respond to small organisations' needs, because most capacity building appears to be at the national and regional level. There are a number of organisations actively engaging in or supporting capacity building for the sector at both a regional and national level. At the national level, the New Zealand Federation of Voluntary Welfare Organisations (NZFVWO), New Zealand Council of Social Services (NZCOSS), and New Zealand Council of Christian Social Services (NZCCSS) operate as advocacy, networking and resource bodies for specific sub-groups of the sector.

These organisations are engaged in developing effective capacity building approaches at a sector level and, as part of this exercise, as conduits between the broader sector and central government. An example is the role of the NZFVWO in pushing for ongoing support for voluntary and community organisations through the Government's Digital Strategy, and its pivotal role in developing information and communication technology capacity building programmes such as the Wellington-based E-rider programme.

Also at the national level are a series of large organisations including the New Zealand Cancer Society, Plunket, and Barnardos. These issue-specific organisations are relatively well resourced and support a network of regional or area based sub-organisations. To an extent, they therefore offer capacity building opportunities to their regional delivery arms.

At the national level there are government and quasi governmental organisations engaging with capacity building for voluntary and community organisations (some extensively, others more marginally). Examples include Local Authority Community Development Teams, and capacity building programmes aligned to government department funding such as those delivered by Child, Youth and Family, the Department of Internal Affairs (specifically the Community Development Group and Community NET), Sport and Recreation New Zealand (SPARC) and other such bodies.

Some national funders also offer capacity building alongside (and often tagged to) their potential funding. A key example is the SCOPE project piloted in Auckland by the Tindall Foundation to provide issue-based capacity building support to the organisations that the Foundation funds.

At the regional level, there are a number of organisations that operate capacity building programmes. High profile examples include Social Services Waikato, North Shore Council of Social Services, Community Waitakere and the Bishop's Action Foundation (which operates Keystone Taranaki). Capacity building ranges from the provision of training or resources through to mentorship and direct engagement to address issues.

In addition, there are opportunities for organisations to access capacity building support through in-kind business philanthropy and intra-sector peer support opportunities.

Therefore, within a broad and extremely diverse sector there are a wide range of capacity building opportunities. However, it would appear that most of the opportunities are structured at a national and regional level. This might result in the 90 percent of organisations who are small, locally focused and largely single issue-based being unaware of such support. This may explain why the evidence provided in Chapters 5, 6 and 7 indicates that, despite all of these opportunities, capacity building remains a significant issue within the sector, particularly around effective governance.

Capacity building defined

The literature that has emerged over the last decade about capacity building or capacity development is vast, with many different definitions and a wide array of views as to what actually constitutes capacity building (Morgan 2006, McPhee and Bare 2001, Duncan and Thomas 2000, New South Wales Health Department 2001, Sector Development Policy Team 2004). However, Morgan developed a detailed definition which is a useful starting point:

Capacity is about empowerment and identity, properties that allow an organisation or system to survive, grow, diversify and become more complex... Capacity has to do with the abilities that allow systems –

individuals, groups, organisations, groups of organisations – to be able to do something with some sort of intention and effectiveness...[and] is inherently a systems phenomenon. (Morgan 2006:6—7)

Morgan's definition indicates that capacity building or capacity development will focus on a wide range of levels including individuals, organisations, groups of organisations and broader networks or sub-sectors. It is quite clearly a process, rather than a one-off action.

Within the context of the voluntary and community sector, capacity building as a concept can be described as enhancing the ability of organisations to fulfil their missions in an effective manner (McPhee and Bare 2001:1). Specifically, capacity building can be defined as:

An empowering activity that strengthens the ability of voluntary and community organisations to build their structures, systems, people and skills so that they are better able to define and achieve their objectives, engage in consultation and planning, manage projects and take part in partnerships and service delivery. (Sector Development Policy Team,2004:15)

This view reflects that of Duncan and Thomas, who comment:

Capacity building is development work which strengthens the ability of community-based organisations and groups to build their structures, systems and skills. This enables them to better define and achieve their objectives. (Duncan and Thomas 2000:6)

In the health sector, capacity building has similarly been defined as being a process that develops structures (Crisp et al 2000:100), and as:

an approach to the development of sustainable skills, organisational structures, resources and commitment to health improvement in health and other sectors, to prolong and multiply health gains many times over.”(New South Wales Health Department 2001:3)

Capacity building is a dynamic and continuous process that achieves increasing self-awareness, internal evaluation, development and continuous forward momentum towards a goal or vision (Bishop's Action Foundation 2006:4).

Given such definitions, it becomes clear that capacity building is a process unique to each organisation because it must address the needs of that organisation at a particular stage of development, taking into account the context within which that organisation operates and the aims it is trying to achieve.

Like development itself, capacity building is concerned with social and political relationships. It cannot, therefore, be viewed in isolation from the wider social, economic and political environment. (Eade 1997:23)

Milofsky (1988) also noted that voluntary and community organisations are fluid, loosely structured and ever changing and that, as a result, it is difficult to develop general capacity building strategies. Furthermore, the ability of organisations in the sector to engage with capacity building is also varied.

Because of the tremendous diversity in the nonprofit sector, the needs and ability of nonprofit organisations to build future capacity will vary widely from one organisation to the next. (De Vita and Fleming 2001:15)

It is also important to recognise that capacity building cannot be imposed on organisations; rather, voluntary and community organisations must embrace the capacity building journey, and this requires an open and learning-focused attitude. Abernathy and Fine argued that capacity building providers are most effective when they recognise that “It’s [capacity building] about genuinely recognizing that an organisation is in charge of its own capacity-building” (Abernathy and Fine 2003:2).

Above all else, capacity building requires energy and commitment, not just to delivering a service, but to reviewing, evaluating and developing that service provision (Bishop’s Action Foundation 2006:4), a view echoed by Boris, who submits that “[n]onprofits must be willing to experiment, provide feedback, and embrace change when appropriate.” (Boris 2001:85)

McPhee and Bare (2001) point out that, while capacity building is now a popular term and there are growing calls for attention to be given to the capacity building needs of the non-profit sector, the rhetoric is still far ahead of the actual work. This is a view echoed by McLaughlin, who noted that:

despite a continued rhetorical commitment to the concept of 'capacity building' there seems to be little substance as to what this might mean. (McLaughlin 2004:561)

A further extension of such critique was provided by Eade, who argued that many discussions on capacity building begin by profiling a range of different or competing definitions. Although this can support readers to compare and contrast definitions or even develop their own, there is the danger that "they simply become so bewildered that they are happy to let the author do this for them." (Eade 1997:23)

Such commentaries highlight the importance of not only defining capacity building as a term, but also mapping what capacity building activities will actually do.

Why Build Capacity?

Organisations within the voluntary and community sector provide services that meet many of the fundamental needs of communities. They also play an essential role within society by identifying and advocating on behalf of the communities they work within (Salamon et al 2003). It is imperative that they are able to offer these services to the highest standards possible. To do this requires that organisations have access to effective capacity building, which ensures that their operating practices are efficient and well targeted:

The work of nonprofits is critical. Those that support nonprofits – including organisation development consultants, trainers, other management assistant providers, and funders – can help them strengthen their organisational capacity to do it well. (Connolly and York 2002:39)

In addition, organisations within the sector operate using funding from grants and donations as opposed to profits. Therefore, they have a significantly higher moral and ethical responsibility to utilise this funding as effectively as possible.

However, there are questions about how the sector operates. Light noted that older organisations have become overly bureaucratic and perhaps ineffective. He also identified that public confidence in the sector had declined:

Bluntly put, Americans are not questioning what nonprofits do, but how nonprofits work... [I]n October 2003 just 15% of Americans said nonprofits had the wrong programmes for helping people, while 70% said nonprofits had the right programmes but were simply inefficient. (Light 2004:3)

Similarly, Boris argued that the sector has never been under such pressure to improve. Well publicised scandals have continued to knock public confidence in voluntary and community sector organisations and this poor publicity is one of the factors driving funders to demand more measurable outcomes and more robust accountability processes (Boris 2001:86). Indeed, within the local Taranaki context, the New Plymouth Surf Life Saving organisation was embroiled in a financial misappropriation scandal in June 2008 (Taranaki Daily News 2008). The organisation had received annual donations from a wide range of organisations including the New Plymouth District Council and TSB Community Trust, as well as significant public donations. The impact of this sort of scandal is likely to be wide and long-standing in terms of the perception of how well organisations in the sector are run.

However, Boris also notes that, despite such scandals,

[n]onprofits have long been viewed as catalysts for change and a mechanism for serving societal needs. Repeatedly and increasingly, policy makers are turning to nonprofits to find local solutions for community problems. (Boris 2001:86)

This view of the sector is reflected by the fact that governments do appear to see the sector as offering both quality of service delivery and a unique perspective for working with their client communities. As Cullen and Dunne (2008) point out, “The government acknowledges the invaluable contribution the charitable, community and voluntary sectors make to New Zealand society”.

Similarly in the United Kingdom, the government has begun to invest significantly in community-based organisations through the ChangeUp Framework. The rationale for this investment was justified because

[t]he voluntary and community sector plays a crucial role in delivering public services and in building strong, cohesive and self-determining communities. (Sector Development Policy Team 2004:11)

The United Kingdom Health Sector has also recognised the quality of service delivery that is provided by the voluntary and community sector and has engaged in a clear drive to cultivate a larger range of what are termed third sector providers. The Department of Health stated that:

Third sector organisations represent one important set of providers, whose potential the government is seeking to utilise fully... [I]t is clear that many third sector organisations are delivering high quality, patient focused and efficient services. (IFF Research 2007:1)

There has been a global trend that has seen social and political debate and action focused on only two sectors beyond the family – the market and the state (or business and government) – largely omitting the third (voluntary and community) sector (Salamon et al 2003). With this in mind, understanding of the factors that contribute to the growth and decline of third sector organisations will be limited. A consequence of this might be that effective and deliberate attempts to assess and respond to the capacity building needs of the sector would also be limited.

Cairns (2005) suggests that there are capacity building opportunities for the sector. Nevertheless, he goes on to argue that these opportunities are often driven by the operational demands of state funders. It could be argued that this challenges the ability of voluntary and community organisations to retain organisational distinctiveness. A similar conclusion is reached by Flack and Ryan (2005) with regard to the Australian nonprofit sector. They argue that increasing levels of government funding contracts are forcing organisations in the sector to adopt complex and diverse accountability processes that are resource intensive and undermine an organisation's ability to account back to the communities that they serve.

Ironically, the pressure to improve accountability within funding contracts has further increased the need for capacity building within the voluntary and community sector (Boris 2001). Funding bodies, including government and independent philanthropic sources, have begun to demand more rigorous monitoring processes, more definable outcomes and have introduced increasing levels of compliance (Sector Policy Development Team 2004). Cairns et al (2005) concurs that in the United Kingdom, voluntary and community organisations are also under increasing pressure from governmental funders to improve their management and organisational systems.

However, Crisp et al have argued that capacity building is difficult for funders to promote because there is an inherent paradox within this relationship:

Because funding for capacity building is intended to produce sustainable change, successful funding recipients will not be funded in the future. (Crisp et al 2000:104)

A further concern was expressed by McLaughlin, who argued that funding through state contracts may develop a split sector. One sector will be highly professional, dependent on substantial state-generated funding, and operating high quality public services. The other sector will be non-institutionalised, dependent on voluntary income and will work on the margins of public service delivery in what is termed civil society (McLaughlin 2004:560).

Despite such reservations, Light has argued that capacity building requires the buy-in and support of not only the sector, but also funders. The role of funders in capacity building may have risks associated with it, but without their support the sector would be left to fund such work itself. With small and overstretched budgets, this might result in many smaller organisations being unable to invest in capacity building:

The case for capacity building would be much stronger if the nonprofit sector and its funders would provide greater support for it. Much of the capacity building was underfunded, underplanned, poorly tracked with hard evidence and done with little or no contact with the outside world. (Light 2004:174)

The discussion on defining capacity building earlier in this chapter suggested that it cannot be imposed on an organisation and that capacity building requires solutions that suit the unique context of each organisation (Boris 2001, Bishop's Action Foundation 2006, De Vita and Fleming 2001). The risk with funder-driven capacity building is that it is often presented as a requirement, thus removing the choice for organisations. In terms of this study, this discussion highlights the importance of determining not only the extent to which capacity building will benefit the sector, but also how and by whom such capacity building should be implemented in order to deliver the best outcomes for communities.

The discussion on increasing contract-based funding requirements demonstrates that, while the demand for the services provided from the voluntary and community sector appears to have increased over the past two decades, the landscape within which organisations operate has become much tougher. This tougher environment is also impacted by the fact that funding levels from individual donations are at risk. An ageing population is putting pressure on available taxable income, which is resulting in predictions of reduced superannuation benefits, which in turn puts pressure on working-age people to save their money rather than donate it to the voluntary and community sector. In addition, volunteer numbers appear to be reducing. All of this makes it harder for organisations to continue to meet the growing demands being placed on them.

Internationally, funding for the non-profit sector has reduced. In the United States, federal and state funding for non-profits decreased 23 percent in the 1980s and continued to fall through the 1990s (Johnson 2000). During the same period, the number of voluntary and community sector organisations increased dramatically. Global estimates indicate that 800,000 non-profit organisations were created between 1970 and the late 1990s (Bornstein 1998), which is unsurprising when writers such as Light (2004) indicate that, in the US alone, three to four thousand new organisations emerge every month.

Within the New Zealand context, voluntary and community organisations report similar issues in terms of diminishing funding pools and increasing competition for available funds, coupled with reducing volunteer numbers (Dyson 2007). It is estimated that the sector now includes over 90,000 charities and other nonprofit organisations, and that their combined expenditure is around \$2.1 billion per annum (Cullen and Dunne 2006). Only one-sixth of this expenditure is provided through charitable giving by individuals and businesses, resulting in increasing pressure on available philanthropic and state-generated funding opportunities (ibid). The continuing struggle of organisations within the sector continues despite the estimated economic contribution of volunteers being \$3 billion per annum (Laban 2006). This has led Garth Nowland-Foreman to comment at the media launch of *Defining the Nonprofit Sector: New Zealand*:

For too long non-profit New Zealand has been overlooked and under-valued... If you wiped out nonprofit organisations there is hardly a part of our society that would not collapse. (Nowland-Foreman 2006:1)

A further pertinent example from within the New Zealand context is the response of the Family First organisation (a national pressure group advocating for traditional family values) to the government's call for a multi-disciplinary approach to tackling child abuse in the wake of the tragic deaths of the Kahui twins in June 2006. Family First points out that there are thousands of non-government and community-based organisations already working at the coal face, but that they require improved funding in order to become more effective (Community Sector Taskforce 2006). The issue of securing adequate and long-term funding is one of the major drivers that confirms the need for capacity building efforts. To be successful and sustainable, organisations need effective and innovative financial planning strategies, high levels of organisational competence and open evaluation techniques that ensure relevance as well as performance. These can only be secured through targeted and consistent capacity building support.

The voluntary and community sector has also been shown to be a major economic force. Salamon et al (2003) identified that, in the thirty-five countries they surveyed, the sector represented aggregate expenditure of some US\$1.3 trillion and employed a total workforce of 39.5 million full-time employees (57 percent paid and 43 percent volunteers). Such a large sector requires structures supported by consistent, well-planned and effective capacity building in order to ensure that its potential impact on global societies is maximised.

Commonality within a Complex Sector

The discussion within Chapter 2 demonstrated that the voluntary and community sector contains tremendous diversity in terms of the size, function, resourcing and needs of its member organisations. On the one hand, some organisations operate as part of national bodies and can access relatively high levels of support and resourcing. On the other hand, there are single issue organisations operating within small communities that have access to relatively few resources and little support. These organisations can be as varied as social clubs, grassroots development organisations, environmental groups, counselling agencies, self-help groups, religious organisations, sports clubs, community groups and human rights organisations (Salamon et al 2003). Within New Zealand, it is also important to acknowledge the specific structure and focus of Maori and Pacific Island organisations within the sector. On the basis of their cultural context, these organisations are structured around a whanau based system (Te Puni Kokiri 2006). This results in a different focus and mode of operation to many other organisations in the sector. It also generates a set of unique capacity building needs and requires capacity building approaches that fit within the whanau based system of operation (Chino and De Bruyn 2006, Office for the Community and Voluntary Sector 2005).

However, within the complex arena that is the voluntary and community sector it is possible to develop frameworks that address a range of common needs, themes and functions and which provide the infrastructure to support capacity building for each unique organisation within the sector. As

Salamon et al (2003) note, despite their diversity the complex entities that are considered to be voluntary or community organisations share important common features that justify thinking of them as a cohesive sector. This is confirmed by the work of Tennant et al (2008) when they conclude that improving social and community well-being is a fundamental and common aim of organisations in the sector.

De Vita and Fleming (2001) identify five steps that can be applied to individual organisations within the sector as well as those organisations seeking to strengthen the whole sector. These steps pick up on common areas of need and common themes, but support organisations to determine their individual capacity building responses. A similar set of steps can be identified in the *National Standards for Community Engagement* (Community Engagement Team 2002), which were developed to support better working relationships between organisations and communities and to improve the quality and process of such engagement.

More specifically, if one reviews available research and commentary (Family and Community Services 2005, Sector Development Policy Team 2004, Bishop's Action Foundation 2006, Boris 2001, De Vita and Fleming 2001, Grant Thornton New Zealand 2008, Light 2002, 2004), it is possible to determine a set of common areas of capacity building needed within the sector. These can be summarised as:

- a. Governance
- b. Management
- c. Fundraising and Financial Management
- d. Developing Strategy and Policy
- e. Recruitment and Development of Volunteers
- f. Employing and Developing a Workforce
- g. Improving Performance
- h. Evaluation, Monitoring and Quality Assurance
- i. Meeting Changing Frameworks (IT, Legislation)

This goes some way to answering the question raised by De Vita and Fleming (2001): “What are we building capacity for?” This question should not simply be seen as requiring a list of capacity building areas to be answered, it remains a crucial point of caution for a number of other reasons. Capacity building requires time, effort and money to be effective. Therefore, capacity building should not be delivered across the sector free of any evaluation or assessment criteria. Indeed, there must be a proven need for an organisation’s work prior to commencing a capacity building endeavour. In many ways this becomes the first stage of capacity building – evaluating existing activity against existing needs to determine that the work of the organisation in its current form is still an essential requirement within the target community. This is perhaps best expressed by Boris:

Capacity building efforts should not be about saving a dying organisation; rather they should focus on evaluating community needs in relation to non-profit organisation needs. (Boris 2001:90)

Existing Capacity Building Activities

Within New Zealand it would appear that there is a large degree of text-based capacity building support for organisations. The *Community Resource Kit* developed by the Department of Internal Affairs is a useful example of this (Department of Internal Affairs 2008). In addition, a project run by a partnership of Family and Community Services (within the Ministry of Social Development), the Office of the Community and Voluntary Sector and the New Zealand Federation of Voluntary Welfare Organisations resulted in *Managing Well* (Ministry of Social Development 2008), a publication that lists a range of resources available for the voluntary and community sector. While both of these documents are extensive sources of information, they are only accessible to organisations that request them and come with limited ongoing support. It is questionable whether these resources actually constitute capacity building.

Moreover, during work undertaken by the Bishop’s Action Foundation to support the development of Keystone Taranaki, a Taranaki regional capacity building project (Bishop’s Action Foundation 2006), the Foundation identified

that the capacity building initiatives that do exist are varied in terms of their approach and are often organised on an irregular basis year-to-year. Capacity building opportunities are offered through government departments such as Family and Community Services, and organisations such as the New Zealand Federation of Voluntary Welfare Organisations or the New Zealand Council of Social Services at a national level (Ministry of Social Development 2008, Rosier 2005, New Zealand Council of Social Services 2005). Organisations such as Community Waikato, the Bishop's Action Foundation and Community Waitakere provide capacity building at a regional level (Community Waikato 2008, Community Waitakere 2008, Bishop's Action Foundation 2006). Yet these opportunities do not provide consistent and comprehensive capacity building to all organisations within the sector. It could, therefore, be argued that while the existing provision of capacity building benefits some organisations at specific times, over the longer-term the sector as a whole is not being supported to develop common standards and capabilities (Aimers and Walker 2003).

Organisations within the sector also access capacity building through service providers primarily targeting the private sector such as local Chambers of Commerce and Management Institutes (Institute of Directors 2008). However, costs associated with such support preclude access for many organisations within the sector. As an example, the Institute of Directors governance programme costs in excess of \$5000. That said, Loza has documented the growing presence of business-community partnerships that are delivering capacity building results. Loza argues that such partnerships will increasingly become an effective vehicle for sustaining a vibrant civil society and are driven by the growing need for businesses to deliver benefits to the communities within which they operate (Loza 2004:308).

Funding providers (state and philanthropic) are also becoming involved with capacity building opportunities (Tindall Foundation 2007, Creative Training Network 2007). This involvement offers the opportunity for funders to direct organisations to attend training if a need for improvement is identified, or to

require organisations to invest a certain percentage of their budget in professional development (Family and Community Services 2005).

As noted earlier in this chapter, however, the issue of funding capacity building for the sector brings its own controversy. While there is not sufficient scope in this study to deal with the issue in full, it is important to question whether funders should play a capacity building role. When funders engage in capacity building there is the danger of a power imbalance where organisations could feel forced to engage with the capacity building agenda because of their desire for funding:

It is inappropriate for New Zealand NGOs to play a funding and capacity building role simultaneously. The capacity building role is best left to others. (Council for International Development 1999:19)

Furthermore, for small organisations fighting from month to month to fund their operation, it could be argued that capacity building would be hard to fund. Indeed, as Light argues:

Driven to do more with less, many nonprofits simply make do with the bare minimum, often denying their employees the training, technologies and support they need to do their jobs. (Light 2004:vii)

Although it could be argued that capacity building, in one form or another, is an essential step for the continuing effectiveness of the voluntary and community sector, it must be delivered in a form that acknowledges the unique characteristics of the sector. This would mean delivering capacity building approaches that are affordable, that respond to the context of each organisation, promote organisations' buy-in from the beginning, and offer a range of delivery mechanisms to meet different user priorities. The key is to identify what capacity building should consist of, how it should be implemented and by whom.

Governance Capacity and Capacity Building

Governance structures have been a part of life for organisations for centuries, and the need for a governance body is on the whole taken for

granted (Carver 2008a:1). It is also evident that there are numerous definitions of governance (Bullen 2007:1). These range from simple sentences like “Governance is the system by which entities are directed and controlled” (Standards Australia 2003:8), through to complicated explanations running into many paragraphs, pages or chapters pointing to areas such as authority, responsibility, accountability, stewardship, leadership, direction, control and other such facets of an organisation. Chile provides a comprehensive outline of the fundamental elements of effective governance:

1. The board’s primary role is the establisher and guardian of the organisation’s purpose...
2. The board is responsible for establishing and enunciating the basic values which support the work of the organisation...
3. The board acts as a two-way channel between the organisation and the outside world, interpreting events in the community in terms of organisational direction, providing strategic leadership that takes full advantage of emerging opportunities...
4. The board ensures that the organisation maintains an emphasis on the outcomes or results rather than become obsessed with its own processes...
5. The board will establish a productive working relationship with the Managers, empowering them to manage the organisation in order to realise the ‘ends’ established by the board...
6. The board sets the parameters within which it works...
7. The board finds a balance between too much or too little involvement in the organisation’s affairs... [T]he board’s primary role is associated with the organisation’s big issues, focusing on strategy and policy development...
8. The board accepts its responsibility to ensure that the organisation is adequately resourced. (Chile 2008:2—3)

The view of Chile is reflected in the definition of governance provided by Community Waikato as a starting point for its capacity building of voluntary and community organisations:

Governance is the structure an organisation uses to set goals, monitor performance, maintain viability and ensure compliance with legal requirements and ethical standards... (Community Waikato 2008a:1)

It could be argued that available definitions suggest that the key aspects of governance are providing strategic and policy direction to an organisation, being accountable to stakeholders for the performance of the organisation, ensuring adequate resources are available (both human and financial),

managing the chief executive or manager and providing a public face for the organisation.

However, despite the lengthy history of governance and the many attempts to offer definitions of it, some commentators point to the fact that there has been considerably less energy devoted to developing working models that actually support Boards to engage in effective governance:

No current model for board operation appears to exist and for that reason many boards in this [not-for-profit] sector have meandered along from year to year in search of a role and a way of working which is consistent and congruent with the values and structures of the organisations they serve. Because this has generally not been available, the search has been fruitless. (Kilmister 1989:13)

The view of Kilmister is echoed by Carver:

There has been a baffling failure to develop a coherent or universally applicable understanding of just what a board is for. (Carver 2008a:1)

While commentators like Carver are correct to a point, there have actually been a range of suggested models of governance (as explored in the next section of this chapter) including corporate governance, clinical governance and Maori (indigenous) governance. Perhaps the more accurate suggestion is that while existing models of corporate and, more recently, clinical governance have benefited from a range of working models, there has been less attention given to developing a model of governance for other sectors, including the voluntary and community sector.

This particular point is a concern. While corporate and clinical governance bodies can access vast resources to seek training and guidance on how best to engage with their governance responsibilities, small voluntary and community organisations cannot. A recent UK survey ascertained that “Over two-fifths of respondents organisations (44%) do not have any budget for governance costs”. (National Governance Hub for England 2006:4)

An affordable, accessible and easy to understand model that supports these groups to deliver good governance could, therefore, make a significant

impact to organisational effectiveness. This is especially important given that in New Zealand alone there are 97,000 not-for-profit organisations.

Add to this the process of democratic election of Board members (particularly the case in the education and health sectors), and the issue becomes of even greater priority. Elections may ensure that Boards are populated by representatives that the public believe in, but they have no means of ensuring that the Board is populated by people with the actual skills required to secure effective governance. If there is no accessible model structuring and guiding what these Boards undertake, they are operating in the dark and the organisation may suffer. This issue is not solely the concern of organisations recruiting through an election process. A recent study in the UK found that governance was a key area of knowledge that was lacking in voluntary and community organisation boards:

Survey participants responding on behalf of their organisation felt that the main areas in which their trustees needed additional knowledge or skills were charity law and compliance (45%), governance (41%), fundraising (41%), marketing and communications (41%) and financial control (30%). (National Governance Hub for England 2006:3—4)

Within the New Zealand context, a recent study undertaken by the Creative Training Network on behalf of Family and Community Services (FaCS) found that 32 percent of respondent groups from within the voluntary and community sector identified governance as a training and development need for their organisation (Creative Training Network 2007:1). This response rated governance within the top five capacity issues.

Governance is a key factor that has the potential to greatly influence the success or failure of an organisation:

How an organisation makes decisions is a critical issue in its effectiveness. A strong board and governance structure can help an organisation weather the critical program, staffing and funding crises. On the other hand, many organisations with weak, ineffective boards fail to remain effective over the long run. (Philbin and Mikush 2000:13)

However, as has been demonstrated, volunteer and community services do not always have access to sector-specific models that effectively support the development of good governance.

Existing Models of Governance

Corporate Governance

Corporate Governance is perhaps the most well-defined and well-resourced area of governance. Company directors are well aware of their responsibilities and can access a wide range of governance support (Institute of Directors 2008, OECD 2004, New York Stock Exchange 2003).

The OECD defines corporate governance as:

A set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. (OECD 2004:11)

This is also reflected in the Corporate Governance Rules developed by the New York Stock Exchange (2003) and in the code of best practice developed by the Financial Services Authority in the United Kingdom:

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. (Financial Services Authority 2003:8)

While head of the New Zealand Institute of Directors, Rick Bettle concluded that corporate governance could be characterised by four key areas which echo the views of both the OECD and FSA given above:

- "Strategic thinking
 - Policy setting
 - Supervision
 - Accountability"
- (Bettle 2006:2)

This structure was reflected by Wright who concluded that the key features of corporate governance are:

- Setting vision and values
- Setting organisational goals/objectives
- Strategic policy leadership

- Continuous improvement of quality
- Accountability to both wider community and shareholders
- Corporate/organisation wide functions including governance of resources

(Wright et al 2001:37—38)

Furthermore, in 2004 the New Zealand Securities Commission published a report entitled *Corporate Governance in New Zealand - Principles and Guidelines*. This provided nine core principles that were “intended to contribute to high standards of corporate governance in New Zealand entities”. (Securities Commission 2004:9)

Within the corporate governance model there are also attempts to outline a range of sub-models (Bullen 2007, Garber 2007). The most common model is the Tripartite System of governance (Bullen 2007:1), whereby the organisation is seen as a tripartite system involving directors, executive and staff. The various parts share a common mission, with the board keeping the mission clearly focused and ensuring that the other parts work towards accomplishing it. In a Stewardship Model of corporate governance (ibid:2), it is presumed that the manager acts in his or her own interest and not that of the ‘owners’, while the board acts to safeguard the resources of the organisations and control the actions of the manager. In a Management Model of corporate governance (ibid), the board is seen as the head of a management hierarchy and board members are chosen on the basis of their expertise and the value they add to organisational decision making.

Garber has provided an equally well-developed range of corporate governance models. In the Advisory Board model (Garber 2007:1), a board’s role is primarily that of support/advice to the CEO. In the Co-operative model (ibid:2), the Board is part of a single managing/governing body inclusive of board members, staff members and even wider stakeholders. In Garber’s Management Team model (ibid:3) the board structures a series of committees around key areas of operation such as human resources, finance, and planning and board members become the managers and deliverers of programmes and services in these areas.

Finally, Garber outlines the policy governance model espoused by Carver (2008). In this model, the role of the CEO and Board are clearly defined and separated with the board's role being to establish the guiding principles and policies of the organisation. However, Garber points out that all of these models have, to lesser or greater degrees, pitfalls within them, and the appropriate model depends very much on the actual organisation in question (Garber 2007).

What these definitions and sub-models suggest is that corporate governance provides a well-researched and evaluated model (or models) of governance that befits the context of businesses, corporations and other large scale and well-resourced entities. Corporate governance provides a clear platform for the operation of Boards within this context. Moreover, because it is so clearly defined and has so much experience behind it, in many ways it provides the basis for any definition of 'good governance' practices and is a benchmark for the development of other models of governance.

It could be argued, therefore, that corporate governance provides a model that can support governance for voluntary and community organisations. Indeed, Lyons acknowledged that the corporate model is enshrined in much of the legislation related to non-profit organisations. However, he goes on to note that:

There are very few examples where...the corporate model can be found. Some organisations try to follow it closely. There are however many organisations where different models are followed, often with some difficulty, given the presumption of the corporate model in legislation. (Lyons 2001:127)

Corporate governance may not offer a complete solution for the voluntary and community sector. Moreover, the corporate model of governance does not necessarily make provision for the operating environment of the voluntary and community sector. For instance, for many organisations' funding processes provide for only year-to-year planning as opposed to the 3—10 year business planning cycles that provide stability for corporate governing bodies.

The expectation that voluntary and community organisations will use a corporate model of governance could cause problems for them. Indeed, Garber noted that:

Changing models [of governance] is like changing lifestyles. You must abandon well-established ideas and patterns of behaviour replacing them with new ideas, roles, and activities that will seem confusing and unfamiliar. (Garber 2007:6)

Moreover, Kilmister articulated a range of differences between business boards and not-for-profit boards:

Perhaps the most significant difference between business and not-for-profit boards lies in the fact that the not-for-profit board member will probably not bring to the board expertise in the field of the organisation's endeavours. By contrast, members on business boards will. (Kilmister 1989:6)

Arguably, this provides further justification for the attempt to research and develop a model of governance specifically for the voluntary and community sector. Such a specific model would better reflect the broad range of unique organisational contexts that exist, while at the same time preserving the essential aspects of what can be determined 'good governance' within the corporate model. A useful demonstration of how the corporate model has provided a basis for a sector-specific model of governance is the recent development of a clinical governance model.

Clinical Governance

Clinical Governance was first discussed in 1983 by the World Health Organisation as part of work to develop greater quality assurance within health systems (World Health Organisation 1983). However, it did not become a defined and developed concept until the late 1990s, when it emerged as a core strategy within the National Health Service of the United Kingdom (Department of Health 1998). The initial construction of the clinical governance model was undertaken by Scally and Donaldson, and in their 1998 report they stated that:

The new concept has echoes of corporate governance... [I]f clinical governance is to be successful it must be underpinned by the same strengths as corporate governance. (Scally and Donaldson 1998:1)

This statement is important for this thesis as it also suggests that, while corporate governance offers the essential elements of good governance, new models need to be built from this to reflect unique organisational contexts. This provides further evidence that a model of governance specifically for the voluntary and community sector would be justifiable and useful.

In essence, clinical governance provides a structure to ensure that the whole organisation from the Chair and CEO down are responsible for the quality of care provided. Therefore, CEOs were no longer responsible for just the financial/operational health of the organisation, but also the quality of its clinical services. Likewise, physicians were no longer solely responsible for clinical quality, but also the overall performance of the organisation. Scally and Donaldson defined clinical governance as:

A system through which NHS organisations are accountable for continuously improving quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish. (ibid:2)

Within the UK, a range of organisations were given the task of supporting the development of effective clinical governance across the National Health Service (NHS). These included the National Institute for Clinical Excellence, Clinical Governance Support Team, and Commission for Health Improvement (Secretary of State for Health 1997). As with corporate governance, a great deal of resourcing has been applied to consistently supporting organisations to understand what is meant by the term 'governance' and how they should operate to be effective at it. This is a key learning outcome for the development of a model of governance – support must be available over the long-term for organisations that are expected to implement the model.

Within the New Zealand context, Clinical Governance is currently an evolving concept developing from the more advanced UK experience (Wright et al 2001, Malcolm et al 2002). Unlike in the UK, there is no legal

requirement to have clinical governance in New Zealand. However, District Health Boards are encouraged to develop such a model and are given the task of developing effective clinical leadership that provides a focus on quality and patients throughout the organisation (ibid). Of importance to this study is the view that “clinical governance is a process largely driven by clinical values and aspirations” (ibid:33). Once again, this demonstrates that while the corporate governance model can provide the basic building blocks for good governance, it must be added to by the development of a governance model that reflects the unique characteristics of particular sectors.

Community Governance Model

The concept of community governance reflects an attempt to ensure that decisions are made as closely as possible to those affected by them:

Underlying the principles and our approach to community governance is a common theme. This is the need for power to be exercised as close as possible to citizens and local communities. This theme underlies the importance of central government recognising the devolution of power... It also serves as a reminder to local authorities and other local agencies that devolving their own power to the communities within is equally important. (McKinlay 1999:2)

McKinlay goes on to argue that community governance is something that the community does itself, but with the support of local government (ibid:4). The support of local authorities was confirmed in a report by Christchurch City Council:

Community governance is a concept that recognises that ‘ownership’ of the ‘wicked issues’ rests with the community as a whole... [E]lected governments at national, regional, territorial and community board levels have the democratic legitimacy to provide a strategic leadership role in establishing and maintaining community governance processes. (Christchurch City Council 1999:3)

Similarly, work to improve community governance within the aboriginal communities of Queensland, Australia, has been undertaken with local authority and central government support through the creation of a Community Governance Improvement Strategy (Queensland Government 2004:1)

Community governance implies that governance is required at a range of levels in society, not just at the government level. The work of Dodgson, Lee and Drager around Global Health Governance has also argued that governance could be located at the local, regional, national, international and global level (Dodgson et al 2002:6). This supports the view that within society there are a range of governance structures including formal structures such as government and less formal structures such as community governance. Indeed, Dodgson et al state that “Governance is not synonymous with government” and argued that government was only one example of governance in society (ibid).

The idea that governance requires a more wide ranging definition in terms of communities and societies is explored in the work of Van der Plaat and Barrett. Their work examines the experience of parents within Canadian health promotion programmes. One of their suggestions is that:

Governance should not just be thought of in terms of participation on formal Boards. Parents are the primary communication link between projects and Boards should play a vital role in all aspects of project development, management and promotion. (Van der Plaat and Barrett 2005:27)

Van der Plaat and Barnett use the experiences of the parents they worked with to reach the view that community governance does not necessarily need to be locked into defined structures that could be labelled as governance bodies. Rather, they argue that:

Participation in governance could be participation in any form of decision making that determines the processes through which organisations, communities and jurisdictions pursue their collective goals. (ibid:28)

This view is important for this thesis because it suggests that a governance model for voluntary and community organisations might need to allow for flexibility within the formal governance structures at regional and local government levels so that effective community participation can be ensured.

In the New Zealand context, a number of examples of community governance have been provided by local councils. For instance, in 1999 Auckland City Council produced a community governance model with the aim of strengthening communities. The community governance model was structured around three pillars – community leadership, community empowerment and community ownership – and was outlined as:

Citizen based in approach: concerned with how people participate in, contribute to and feel about their city and communities... The rationale behind the model is that community well-being is a product of collaboration and well-being. (Auckland City Council 1999:2)

This was echoed by Christchurch City Council within its *Community Governance:Resource Kit*. The document provided the following definition:

Community governance implies that power should be exercised as close as possible to citizens and local communities. This is because the most useful learning takes place at grass-roots level. Also, with the rapid pace of change and variation in circumstances from place to place, it is essential solutions are adaptable and flexible. Hence, they must be as close to citizens and local communities as possible.” (Christchurch City Council 1999:4)

It can be argued that attempts to develop a more effective model of community governance were given greater impetus within New Zealand through the elements of the Local Government Act 2002 (Department of Internal Affairs 2002), which require greater community input into decision making. However, the extent to which these provisions are actually delivering greater community governance is questionable. The New Zealand Council of Social Services developed a review panel to assess the first Long-Term Council Community Planning (LCCTP) processes. The panel noted the following concerns:

1. the need to expand greatly the knowledge, understanding and information about participation in the LTCCP process among social and community organisations
2. the engagement of tangata whenua in the LTCCP process
3. the potential for and need to build links between and among City and District Council representatives, government department officials and tangata whenua and social and community organisations in order to plan for and action a far greater level of participation in the next round of planning. (New Zealand Council of Social Services 2004:1)

The desire to develop a model to support enhanced community governance is also reflected in global developments. In the United Kingdom in March 1999, the government published “Local Leadership, Local Choice” (Department of Communities and Local Government 1999) as a set of proposals to modernise local government. Within this it was argued that if communities are to have the leadership they require, people need to identify and engage with the way communities are governed. Moreover, the document clearly stated that the government wanted local authorities to change the way local government was working, as communities were not being well served (ibid:3). In some ways the New Zealand Local Government Act 2002 reflects the thrust of the UK document. While there is not such an explicit conclusion that current modes of operating are ineffective, it is clear that local authorities are being charged to better engage and empower their communities.

The key lesson drawn from research into the development of a community governance model is the need to ensure the engagement of communities in the process:

Potential for promoting and strengthening good governance practices can be seen in communities that have become motivated through engagement in the process and choose to assume responsibility for their own destiny. (Whyte 2002:6)

However, Mowbray expresses concern about the ability of governments to viably build community governance capacity:

Government-dominated programmes should not be misleadingly and simplistically reported as bottom-up and ‘community-driven’... Rather than being about any substantial social transformation, community-building projects are generally about the kind of low key and modest local activities and services that people pursue despite government. (Mowbray 2005:263)

This view is echoed by Marilyn Waring when she comments that:

Most communities have a better analysis of why things are as they are, and can suggest better strategies for change, than all the degree laden experts...[,] but it takes so long for this message to reach the powerful strategy teams in central and local government. (Waring 2006:1)

These comments support the view that community governance would enable greater effectiveness of responses to community issues, but they cast doubt on the ability of government structures to create it. For this thesis, this discussion suggests that any attempt to develop a model of governance for the voluntary and community sector should ensure that organisations are actively engaged in the process. This engagement would help to ensure much greater take-up of any model and would enhance its potential contribution to governance effectiveness within the sector. How that engagement is developed would also be important.

Policy Governance Model (Carver)

The Policy Governance model is offered as being applicable across all sectors of operation including businesses and community organisations. The central premise of the policy governance model is the distinction between ends – defined as issues of organisational purpose – and means – defined as other organisational issues (Carver 2008:1). The Board of Governance is charged with defining the ends (not producing them), while management and staff are tasked with producing the ends by selecting the appropriate means. However, in an accountability sense the Board of Governance remains accountable for both ends and means. Carver outlined how this would work in practice:

Evaluation, with such carefully stated expectations, is nothing more than seeking an answer to the question, "Have our expectations been met?" The board, having clarified its expectations, can assess performance in that light... Moreover, those boards which worry that they are only furnished the data management wants to give them find that, in stating their expectations and demanding a relevant and credible accounting of performance, they have effectively taken over control of their major information needs. Their staff no longer has to read their minds. (ibid)

Inherent within this model is a recognition that board interference in operational means actually makes the ends harder to achieve. There is also recognition that the Board, as the accountable body, has ultimate responsibility for establishing parameters and definitions around desired ends and acceptable means. The challenge for an effective governance

structure is to successfully implement this distinction in an operational context.

The Policy Governance model offers a comprehensive and workable model for governance and, in particular, enables the organisation to remain focused on what it is for, rather than what it does. The model offers a definition of the role of governance and the role of management. Even so, Carver's claim that the Policy Governance model is unique and almost revolutionary is hard to justify. He states:

The Policy Governance model provides an alternative for boards determined to be accountable... Policy Governance offers a visionary challenge. But transforming today's reality into tomorrow's possibility requires a radical break from a long tradition of comfortable, but disastrous governance habits. (Carver 2008a:14)

In reality, this model takes the central themes of corporate governance and repackages them. As an example, the split between strategic thinking (future focus and governance level) and strategic planning (day-to-day operational and management level), noted above by Wright (2001) and Bettel (2006), is exactly what Carver is recommending within his model. Carver himself states that "[Policy governance] is assembled from universal principles of governance." (Carver 2008a:1), in which case it is hard to claim that the model is revolutionary, unique or necessarily a huge change to existing practice. Moreover, Carver's assertion that governance practice to date is 'disastrous' (ibid:14) is perhaps overstated. Presumably, while there are boards who perform ineffectively and who would benefit from guidance, there are also many examples of good practice.

Maori (and indigenous) Governance

Given the confines of this research project, it cannot do justice to a full exploration of appropriate models of governance for Maori and other indigenous peoples. However, there are attempts to develop Maori and indigenous governance models (Te Puni Kokiri 2006, Chino and De Bruyn 2006, Story 2007). It is useful to explore some of these developments, because they add further evidence to the argument that corporate and

clinical governance models cannot suffice for all other sectors of operation. Both models can offer lessons for indigenous and/or voluntary and community sector governance, but neither model can offer a complete and effective solution.

Within New Zealand, Maori governance was thrown into the spotlight as Waitangi Treaty settlements resulted in Iwi suddenly becoming custodians of large sums of money:

Maori organisations are grappling with a growing need to embrace...practices of corporate governance. Iwi responsible for negotiating Waitangi Treaty claims suddenly find themselves administering multimillion-dollar settlements. (Story 2007:8)

Waikato's Tainui tribe was found to have less than adequate governance structures for such a responsibility, with losses of \$47 million (ibid:8). There are other, more positive examples such as the success of Ngai Tahu (ibid:8), but there still need to be questions asked of statutory agencies that have failed to provide adequate assistance to Maori to develop appropriate governance structures. As an example, the Fisheries Commission has not invested in the development of governance models for Maori organisations despite transferring more than \$800 million in fishing quota assets to Iwi (ibid:8). The governance training programmes that do exist are not tailored to meet the unique needs and context of Maori organisations:

While Maori have no hesitation attending these courses, the course material might immediately be parked in the garage on the pretext it doesn't relate to [Maori] experience." (ibid:9)

This is an example of the view of Chino and De Bruyn in their work examining how development work with indigenous people can be effective. They argued that:

An indigenous model must reflect indigenous reality. It must integrate the past, the present, and the people's vision for the future. It must acknowledge resources and challenges and allow communities to build a commitment to identifying and resolving concerns and issues. (Chino and DeBruyn 2006:599)

This argument supports the view that, to be effective, a governance model must reflect the operating context of an organisation. Therefore, attempts to

transfer a model of governance intended for one sector to another sector with no attempt to amend it is unlikely to be effective:

If you ask people 'how do you know what you know' they are overwhelmingly more likely to say that they know it from common sense, from experience, from tradition, from intuition, because their religion says so, because their parents say so, because of cultural beliefs... It's a good lesson for the desk drivers to remember. Then the data may be meaningful for our communities, as opposed to bland homogenized candy floss. (Waring 2006:1)

Applying this commentary to a study of governance, it can be argued that attempts to apply the corporate model of governance in its entirety to indigenous or voluntary and community organisations is likely to fail. The corporate model may be able to offer insights that can be of use, but a sector-specific governance approach will be required that reflects the experience, traditions, culture and reality of the sector in question.

Te Puni Kokiri (TPK) has begun to invest in research to identify a potential model of Maori governance. Its website was updated in January 2006 with the following statement:

Te Puni Kokiri are proposing a new governance model that aims to: Address the limitations that Maori collectives encounter when using existing governance models; clarify the relationships between members of a collective, governors and the communal assets of the collective and; enable and encourage good governance among Maori collectives. (Te Puni Kokiri 2006)

In their further explanation of this process, TPK concluded that there is currently no legal structure that adequately meets all the needs of Maori. As a result, Maori organisations spend considerable time trying to mould currently available models to suit their needs and objectives (ibid). The new governance model specific to Maori would reflect their aspirations while also aligning with accepted good governance practice. In particular, a Maori governance model would provide for perpetual succession as opposed to the 80 year limit within current models. This would better reflect the concept of kaitiakitanga (guardianship), which is a perpetual obligation (ibid).

TPK actually has a number of very successful Maori organisations to turn to for evidence of successful governance. Whale Watch Kaikoura, which is run by the Kaikoura Charitable Trust, is a prime example (Whale Watch Kaikoura 2008). This entity has successfully transformed the Kaikoura community over a period of twenty years and has grown from very small and humble beginnings to a multi-million dollar asset owning organisation (Story 2007:8). Within Taranaki, the very successful Tui Ora Ltd organisation continues to grow from strength to strength under very effective governance principles and has recently developed a co-CEO and co-governance arrangement with Te Hauora Taranaki Primary Health Organisation, which has again demonstrated the flexibility and the effectiveness of internal governance (Tui Ora Ltd 2006).

This brief exploration of Maori governance indicates that the key factor in developing a new and sector-specific model of governance is identifying how to respond to the unique needs and features of a sector while not compromising the fundamentals of good governance. The same applies to the voluntary and community sector. What would a new model of governance look like that reflected good governance practice, but adequately accounted for and responded to the unique needs and features of organisations within this sector?

Small Organisation / Voluntary Organisation Models of Governance

Lyons outlined a range of models that he asserted could be defined as governance structures within small non-profit organisations. These are outlined below, as they offer further useful reference points to inform the thesis.

The Voluntary Association Model (Lyons 2001:127) is identified as common among small organisations that do not employ any staff. Within this model, members of the organisation divide all of the essential tasks required for its operation and, therefore, are required to split day-to-day management tasks from longer-term governance tasks. Lyons further expands this model with his definition of then Volunteer Control Model (ibid). This model is seen as applying to larger organisations employing staff for administrative functions. Despite such employment relationships, volunteers retain control over the organisation.

Lyons' third model is termed the Collective Model (ibid:128). Within this model, decisions that would normally be made by a Board or Chief Executive are taken by the entire membership. This membership may include staff and even clients or users. Lyons does acknowledge that this model is largely adopted by small groups of enthusiasts, as opposed to formally constructed organisations. A fourth model outlined by Lyons is the Community Management Model:

Under this model, members of a local community or community of interest such as users of a child care service, are considered members of an organisation and meet annually to elect a management committee whose members take responsibility not only for the governance of the organisation and for its management but also most administrative tasks. (ibid)

The Advisory Board Model (ibid:129) is included because, although largely related to Church-based organisations, Lyons argues that it is relatively common within non-profit organisations because it works well. Within this model, a Chief Executive is appointed by a bishop or religious leader, who in turn appoints a group of professionals to advise him or her in that role.

Lyons notes that many non-profit boards actually operate more in advisory capacities, rather than undertaking their true governance responsibilities.

As a final model, Lyons refers to the Constituency Model of Governance (ibid:129) as applying to government non-profit hybrids. Under this model, a governance body includes representatives from many constituencies, and the members see themselves as representing this constituency rather than being responsible for the organisation as a whole.

Although only outlined briefly, the work of Lyons highlights that within the voluntary and community sector there are already common modes of operating that can form the basis of further work. While these models are useful, in reality these structures represent quasi-models because they are applicable to similar organisations and represent derivatives of a similar mode of operation and focus:

In many respects the community management model differs little from the voluntary association model, except that because the organisation is in receipt of government grants and employs people, the management and administrative tasks and the responsibilities of the governors are more complex and very demanding. (ibid:128)

In fact, these quasi models could be incorporated into the design of a more comprehensive model for the voluntary and community sector. The key lesson to be learnt is that there are many types of organisation within the voluntary and community sector, so a model of governance would need to be flexible and based on common themes in order to be relevant to all of them:

These different approaches to governance and management are the product of many factors, including the size of the organisation, its age and whether it experiences trauma at some past time... It is also influenced by whether the organisation gains most of its revenue from donations, from selling services to members or from sales to the wider public. (ibid:130)

A Model of Governance for the Voluntary and Community Sector?

Carver argues that his model is well suited to voluntary and community organisations (Carver 2008a). Similarly, it has been argued that the corporate governance model can provide a good basis for governance within the voluntary and community sector:

While the concept of shareholders does not apply strictly in the public sector and in not-for-profit entities, the general principles of corporate governance translate across to these entities with appropriate recognition of the different legal frameworks and types of stakeholders and the purpose of the entity. (Standards Australia 2003:5)

One can question whether any existing models of governance adequately account for the unique characteristics of voluntary and community organisations; characteristics such as:

1. Small voluntary organisations in which governance and management are undertaken by the same group of people;
2. Funding structures which undermine effective long-term planning and instead result in a year-to-year survival focus;
3. Small- to medium-scale budgets with minimal flexibility for development and training provision;
4. Board members who often have limited understanding of governance and, as a result, focus on what they do understand, which is likely to be the operation (management) of the organisation. This may be compounded by the fact that many board members in the sector are managers in their own jobs;
5. A tendency, as a result, to prioritise short- to medium-term outputs, rather than long-term outcomes;
6. Weakness in the areas of long-term strategic planning and evaluation;
7. Minimal or non-existent remuneration for board members;
8. A perceived resistance to the adoption of business (corporate) models, as these are seen as undermining the mission focus of the voluntary and community sector.

Moreover, one has to question whether the language and detail involved in these models is likely to be seen as relevant, able to be implemented, or will

even be understood by most voluntary and community organisations. In addition, within the models there are many generic statements that offer a guide to prospective boards, but less of a focus on simple and practical nuts and bolts outlines of what board members should actually do. Take for example the following quote from Carver's Policy Governance model:

Boards have had a very hard time knowing what to control and how to control it. Policy Governance provides a key conceptual distinction that enables the board to resolve this quandary. The task is to demand organisational achievement in a way that empowers the staff... This is a question of what and how to control, but it is equally a question of how much authority can be safely given away. We argue that the best guide for the board is to give away as much as possible, short of jeopardising its own accountability. (Carver 2008a:5)

While the content of Carver's analysis is useful and would support an overall framework for a board's operation, it offers little in the way of actual actions that will direct boards to improve the quality of their governance. In the context of small voluntary and community sector organisations, what actual actions and processes should the board control, and what should their staff control? What if there are no employees to empower?

Furthermore, in his analysis of governance models Garber argues that:

The descriptions, of the various governance models, will give you an idea of the strengths and weaknesses of each model, but the difficulty in making the transition cannot be overstated. Changing models is like changing lifestyles. You must abandon well-established ideas and patterns of behaviour, replacing them with new ideas, roles and activities that will seem confusing and unfamiliar. (Garber 2007:1)

While this may be true to a point, it could also be argued that a governance model that has been developed to suit the needs of a particular sector would not be confusing or difficult to adopt.

In developing a model of governance, it is also important to acknowledge that many voluntary and community organisations already operate with efficient and effective governance structures (noting in particular the work of Lyons 2001, cited above). Therefore, a model of governance for the sector will need to distil from these successful examples the key themes and collate

them into a coherent framework that can easily move from one organisation to another. The model would, therefore, be a blend of existing best-practice within the sector and the core aspects of good governance. It can be argued that good governance is enshrined within corporate governance.

Changing Environment

The environment in which the board operates is never static... Building the board's capacity to address issues, demonstrate leadership and govern effectively is a never ending element of the board's job. (Garber 2003:1)

It is important to recognise that organisations operate in an ever changing environment. Outside influences continue to present challenges, an organisation itself grows and changes throughout its life, and so a model of governance will need to provide flexibility to support a board to develop as the changing environment requires. An example from the New Zealand context is the development of the Charities Commission and the requirement for organisations to register in order to retain tax exemption benefits. For voluntary and community sector boards, this level of compliance and accountability requires a particular quality of governance performance that would not necessarily have been required prior to the Charities Commission coming into existence.

As discussed earlier in this Chapter, further pressure is also being placed on some organisations within the sector as they access increasing government funding contracts with significant reporting and accountability requirements. This has a flow-on effect in terms of board responsibilities, but there are questions about whether many voluntary and community sector boards are able to meet these responsibilities:

As community organisations are increasingly professionalized, demands on committee and board members are increasing. A common response is that it is not always possible for committees or boards to keep up with the demands of governing growing organisations delivering an increasing range of services. (Family and Community Services 2005:13)

A model of governance for the sector would require a common set of core principals and structures that apply to all organisations, but also a range of flexible elements that apply, depending on an organisations current state of development. For instance, an organisation that is made up of a group of volunteers who act as board and management will require a different framework to an organisation employing a large number of staff.

The changing environment is impacted by the global as well as national scene. The recently formed Global Forum on NGO Governance (Global Forum 2008) is a good illustration of the desire worldwide to improve governance delivery within the voluntary and community sector. Any new model of governance must relate to the particular context of the New Zealand sector, but will benefit from wider knowledge and experience. Moreover, as a peer-to-peer-based network, the global forum highlights the opportunities that will come from organisations within the sector supporting each other, and looking globally as well as nationally or locally will greatly enhance such support.

Supporting Improved Governance

In order to support improved governance efficiency within the voluntary and community sector, it would appear that a model of governance would be beneficial. Models of governance can be defined within a number of other sectors, and this literature review suggests that the consistency and quality assurance offered by such models can be quite effective. An effective model would need to blend good governance principals within existing models of governance, together with best-practice examples from existing voluntary and community sector organisations. The model would need to be in a form that is practical and easy to understand. It would also need an implementation framework that would support organisations to grow into the model and provide a reference point should their operating environment shift over time.

A model of governance designed specifically for voluntary and community organisations would offer an improved opportunity to build greater

consistency of governance performance within the sector. The need for consistent governance performance is a driving rationale behind the extensive development of the corporate and clinical governance models. It is this consistency that is perhaps the major capacity deficit for governance within voluntary and community organisations.

In order to investigate the issue of governance capacity in the voluntary and community sector in more depth, a research design was developed as discussed in the following chapter. The chapter outlines the approaches and theories that influenced the research design and goes on to profile the chosen methods used within the study.

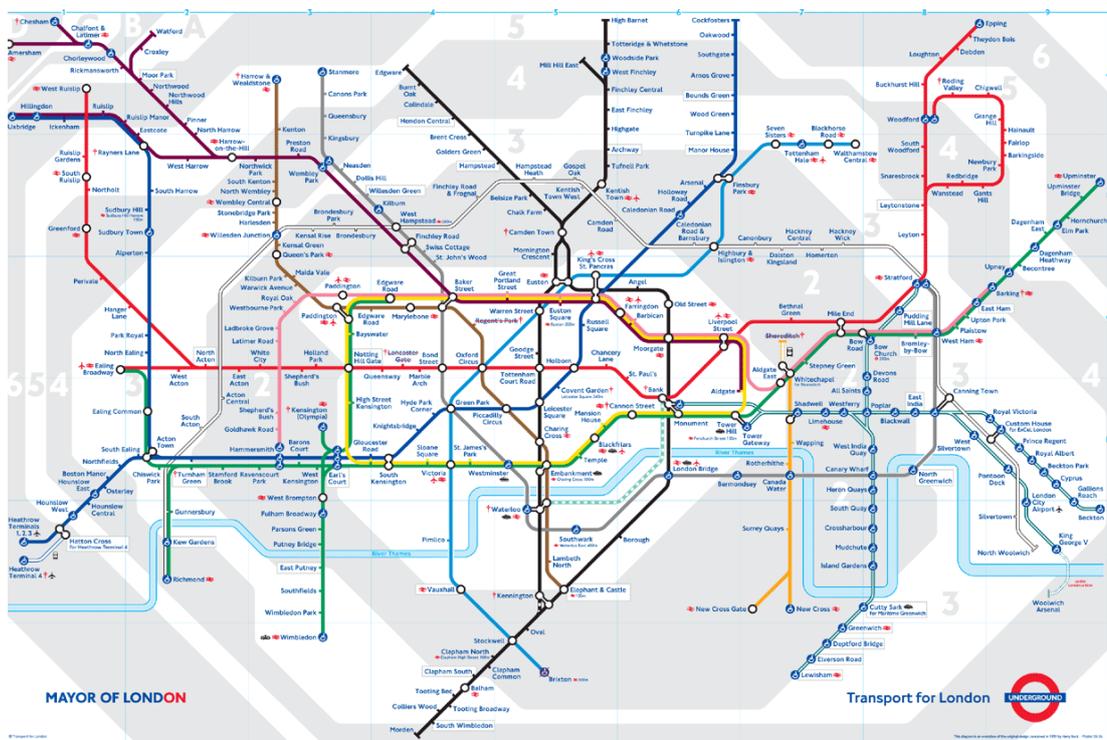
CHAPTER 4

RESEARCH DESIGN: METHODOLOGY AND METHODS OF DATA COLLECTION

We don't receive wisdom; we must discover it for ourselves after a journey that no one can take for us or spare us.

Marcel Proust

The metaphor of a journey is appropriate to define the methodological approach of this study. If one examines a journey on the London Underground, one finds that there are many different routes that could be chosen to arrive at the same destination, and it is likely that the traveller will need to journey along sections of various different lines to reach the desired end point. Similarly, in terms of a methodological approach, there are many relevant routes available, but the most effective means of reaching the desired end point involves selecting certain elements from a range of appropriate options.



The methodology that was chosen is discussed and outlined in two sections below. The first section outlines the approaches that influenced the

research implementation and the theoretical context to the study. The second section outlines the specific methods that were used to conduct the research.

Influential Approaches

Model Building

The aim of the research was to contribute to the creation of a model for governance within the voluntary and community sector. It was, therefore, essential that the research design reflected this focus. A model has been defined as a theory constructed around a narrow focus that has been tested and examined. Models are not necessarily designed to represent reality, but rather to simulate or predict specific behaviours (Slife and Williams 1995:220). A model can help a person to visualise how something might work and what variables should be taken into account.

The process of model building is discussed at length by Blalock, who argues that model building needs to begin with a study of existing literature, as this enables important concepts and theories to be analysed (Blalock 1982). This argument is reflected within the thesis by the extensive review of literature for both capacity building and governance. Blalock also outlines a three step process for model building which involves defining a best model based on identified evidence, then the model is formalised to clearly determine its implications and goals, and finally it is checked against new information and rigorously tested so that a final modified version can be completed (ibid).

The aim of this study is to reflect on the potential for a model of governance for the voluntary and community sector to support organisations to operate more effective governance. However, it is not intended that a model be developed within this thesis; rather, the discussion will be presented as a contribution to knowledge that will hopefully inspire further research that will enable a final model to be completed.

Most Significant Change (MSC) technique

The data gathering and analysis was supported by the MSC technique. MSC was developed by Dr Rick Davies in order to support the effective evaluation of participatory rural appraisal in Bangladesh. It has been influenced by the analysis of Dr Jessica Dart in the Australian context (Davies and Dart 2005).

MSC involves the collection of significant change stories. These stories are then evaluated to determine those that have the most impact for a given project. The technique is of particular relevance to this study given the nature of the voluntary and community sector. MSC uses a story-based approach that records information in the form of who did what, when and why – and the reasons why the event was important (ibid:8). This technique lends itself to the collection of information from voluntary and community organisations, because knowledge is as often held within the memory of individuals within an organisation as it is in formal written documents.

The MSC technique will not be utilised as a definable and separate method within the study; rather, the implementation of the various methods will be influenced by MSC. As an example, the case study process will focus on drawing out the stories of those participating.

Appreciative Enquiry

Alongside the MSC technique, the methodology for this study was also influenced by the strengths-based approach of appreciative enquiry. This approach has been discussed by a range of commentators (Hubbard 1998, Bushe 1995), and a good, practice-based definition is provided by Cooperrider and Whitney:

Appreciative Inquiry is about the co-evolutionary search for the best in people, their organisations, and the relevant world around them... [Appreciative Inquiry] involves the art and practice of asking questions that strengthen a system's capacity to apprehend, anticipate and heighten positive potential. (Cooperrider and Whitney 2005:3)

This approach enabled the interviews to be designed as an opportunity to draw out and build on the positive experiences of the participants. While not precluding discussion of negative or deficit based commentary, this ensured that participants could contribute to enhancing governance for the voluntary and community sector, rather than focussing primarily on what was missing.

Community Action Planning and Action Research

The thesis is, to some extent, definable as action research (Selener 1997), because it explores the factors that impact on effective governance within voluntary and community sector organisations in the Taranaki region. This provides an evidence base from which recommendations are made about how governance could be enhanced within the sector:

The researchers...work with others to propose a new course of action to help their community improve its work practices. (Centre for Collaborative Action Research 2008:1)

Action research has as its goals understanding and then improving an issue within the community in which the researcher is practising:

A distinctive characteristic of this approach is that, in the long term, those applying it hope to shift power relations within a community and, ultimately, within society as a whole. (Selener 1997:8)

Given the place of the researcher within this sector, there is a further alignment of this study with action research.

To support such a dynamic and significant outcome, the methodology was influenced by a community action planning approach (Flores 2003, Office of Home Affairs 2004). A key factor in successful community action planning is the creation of a partnership that creates strong ownership (Flores 2003:58—64). In addition, a partnership needs to have structure; it is not “simply a gathering of people who want to do things” (Frank and Smith 2000:6). This study created a partnership between the researcher and each participating organisation. These participants were interested in the outcomes of the research because of its potential to support them to enhance their governance. This created ownership of the process.

The process for implementing the research linked to the process described by Frank and Smith in *The Partnership Handbook*, because those involved in the research were interested in the area and brought knowledge from much broader networks:

It is important to know about the community in which a partnership is operating... The community's dreams and wishes, its strengths and weaknesses... These items plus the factual demographic information combine to form a true picture of what the community is about. (ibid:74)

The partnership will also ensure long-term engagement beyond the interview process, because participants can use the research outcomes to assess their existing governance arrangements.

Flores identified a five step process for community action planning involving initiating contact, gaining commitment, gathering information, gathering momentum and building a stable coalition (Flores 2003:5). The research methodology was influenced by the work of Flores and sought to:

- A. Initiate contact – an invitation to participate was circulated among an appropriate and numerous sample organisations;
- B. Gain commitment – voluntary and community organisations that responded to the invitation were engaged in the research process;
- C. Gather information – the researcher developed a robust methodology to collect the information that was needed to explore governance capacity.

This thesis seeks to contribute to the understanding of the factors that impact on building capacity for effective governance in voluntary and community sector organisations. It does not seek to develop a model nor to implement it. Therefore, steps four and five as described by Flores were not appropriate. Further work will be needed to use these factors to develop a model of governance. This could be achieved by forming a leadership group to support the model's implementation and act as the stable coalition discussed by Flores.

It is useful to reflect on the fact that the voluntary and community organisations who participated in the research were engaged in dialogue around governance effectiveness. As noted by Wallerstein:

The third step is taking action about the concerns that are discussed. This final step is not an end point, but only part of the continuous cycle of action and reflection. After one action, participants return to dialogue to reflect on their successes and failures, to re-listen for the key issues raised by the action and to strategise new directions for action. (Wallerstein 1993:222)

As a consequence, these organisations may develop further dialogue from this starting point and will be better able to develop a model of governance if it is available at a later stage.

Theoretical Context

“How you study the world determines what you learn about the world.”
(Paton 1990:67)

Paton argues that the theoretical standpoint of researchers has a marked influence on the way that they will approach their research including the questions they will ask, how they will ask them, and how they will analyse the results. It was, therefore, important to identify the theoretical context that influenced the methods used within this research.

The systems perspective contributed the key question: ‘How and why does this system as a whole function as it does?’ The perspective involves synthetic thinking, which attempts to reveal function rather than structure – why a system works alongside how it works:

The systems view is a world view that is based on the discipline of system inquiry... In the most general sense, system means a configuration of parts connected and joined together by a web of relationships. (Banathy 1992:22)

Lazlo (1972) described systems theory as believing that the whole could not be understood without relation to its constituent parts – the whole has properties that cannot be known from analysis of its constituent elements in isolation. In terms of this thesis, the systems perspective therefore influenced the decision to ensure that research into governance within

voluntary and community organisations should not be undertaken in isolation of discussions on capacity building issues across the whole sector.

The systems perspective also influenced the development of organisational theory, which analyses organisations as complex and dynamic entities where the most significant factor is the inter-relationships that exist and operate within and around the organisation (Mattessich 1978, Capra 1996). The key influence for this thesis from organisational theory was the fundamental idea that organisations have common patterns, behaviours and properties that can be understood and used to develop greater insight. Therefore, studying governance in organisations would enable greater understanding about what effective governance would look like and contribute to the development of a new model.

In the context of this study, the aim was not to outline just how governance works within the voluntary and community sector, but also to look at why it works as it does within the sector and to identify what impact a governance model may have on the success or failure of this function.

The systems approach was also important for this study. It provided a theoretical justification for the argument that a study of governance capacity within social service provider organisations could actually provide conclusions that related to the broader voluntary and community sector. Using a systems perspective enabled these social service provider organisations to be defined as being part of a greater system – the wider voluntary and community sector. Governance could also be defined as one issue within a broader continuum of capacity issues relating to the greater voluntary and community sector system.

The voluntary and community sector system has a number of distinct elements including:

- Voluntary organisations
- Community organisations

- Funding providers
- Stakeholders including territorial local authorities and government agencies
- Businesses (many sponsor aspects of the sector and many more engage in social investment activity)
- Community members

Within each of these sections it is possible to define a whole series of sub-sectors based on factors including size, focus, and efficiency. It is important to analyse governance capacity as impacting on the function of the entire system rather than focusing simply on one element of the system:

If each part taken separately is made to perform as effectively as possible, the system as a whole will not function as effectively as possible. (Gharajedaghi and Ackoff 1985, quoted in Paton 1990:79)

This distinction was relevant for the focus of this study. Governance capacity within a voluntary and community organisation is likely to impact on the operation of the entire organisation, because governance members are responsible for setting the vision and future direction, for ensuring effective employment practices, and for a wealth of other essential activities. Moreover, for the sector as a whole, governance capacity needs to be of a consistently high quality, otherwise ineffective governance within some organisations tarnishes the reputation of the whole sector and reduces confidence in the sector from key stakeholders such as funders. Therefore, the study of governance capacity has much wider implications and will be relevant to the entire voluntary and community sector, which is a definable 'system'.

The practical reality of how the system's perspective has influenced international development is evident in the Farming Systems approach (Norman 2002). In terms of relationality to this study, two aspects of this approach are particularly significant. Firstly, the study must take place in the field, by examining real entities as opposed to a remote study from within a University or other external centre. Secondly, the study must be

comprehensive and include attention to all members, operations, labour and related operators (ibid:6—8). Similarly, for this study, organisations must be interviewed in their environment where possible.

It is important to sound a note of caution in terms of the systems theory approach in that it is often associated with complex quantitative enquiry. However, it does have relevant application to a predominantly qualitative study and is, therefore, relevant and helpful.

The systems perspective position, that the interlocking relationships within the components of a system/organisation are often as important in determining its functioning as the components themselves, influenced the development of other theoretical positions. Chaos Theory is one example. It provides an approach that seeks to examine whether there is an underlying order within a seemingly disorderly sector.

In relation to this study there was, on many levels, a sense that the voluntary and community sector was disorderly. As outlined in the background and literature review chapters above, there are many varying levels of capacity among organisations, different sizes and focus of operations, different organisational structures and many sub-sectors within the overall system.

However, as profiled in Chapter 2 and 3 using the examples of the John Hopkins Non-Profit report (Tennant et al 2006b) and the Office of the Voluntary and Community Sector, there is a definable structure to the sector. Moreover, there are common elements to the capacity building needs of voluntary and community organisations, and common trends that permeate through the sector both in terms of desired outcomes and underlying philosophies of operation. The Grant Thornton New Zealand study of needs within the New Zealand Not-for-profit sector highlighted the range of common capacity building needs and highlighted that governance capacity was a consistent factor (Grant Thornton New Zealand 2008).

That said, one of the most notable benefits of utilising Chaos Theory to underpin part of the methodology of the study is that it provides a basis from which to observe, describe and value disorder. This helps to define the possibility that the capacity building needs of the voluntary and community sector are likely to reveal certain commonalities (as per a whole system), but that within this there will be myriad needs that require a range of solutions rather than a one-size-fits-all approach. As such, it is likely that models – rather than a model – of governance will be required. A simple examination of the difference between a nationally structured organisation like the Cancer Society and a small volunteer based and local organisation like the Taranaki Toy Library would show that, while there are common needs, the response to these organisations' needs will have to reflect available capacity/resource and may require a specific rather than general approach.

Therefore, it is the combination of identifying core 'system' level factors alongside specific and individual factors that will be the key to the methodology of this study and a successful contribution towards the creation of a governance model for the voluntary and community sector.

Having informed the research design with two theoretical positions focused on structure, it was logical to further develop the theoretical context with an exploration of Phenomenology. As an approach, Phenomenology asks the question: 'What is the structure and essence of experience of this phenomenon for these people?'. Therefore, it more directly links both organisational structure and individual or actual organisational experience. Phenomenology has been defined by Husserl (quoted in Smith 2007:24) as, "The reflective study of the essence of consciousness as experienced from the first person point of view."

From the perspective of this study, the phenomena can be seen to be capacity building and capacity building needs (specifically governance capacity), and the people can be seen to be the various elements of the voluntary and community sector including organisations, funding providers, stakeholders, businesses and community members. The key is to ensure

that the research reflects what has been and is experienced by people from their points of view.

As a trustee on two charitable trusts and the Chief Executive Officer of a community development based charitable trust, the researcher is one of the people involved in the voluntary and community sector. This provided an empathetic understanding at a sector level. The benefit of an empathetic understanding was fully defined through Weber's concept of *verstehen* (Platt 1985). For this study, empathetic understanding is important in countering the risk, as highlighted by Chaos Theorists, that the very presence of the researcher changes dynamics and, therefore, changes outcomes.

There is an assumption within the Phenomenological approach that an essence, or common point of understanding, does and needs to exist. This assumption was taken to its most extreme by Heidegger (1975), who contributed an existential aspect to this theoretical position concluding that understanding the being of a being was crucial. The assumptions inherent within phenomenology have led commentators such as Searle (2008) to define a phenomenological mistake, which he defines as assuming that what is phenomenologically present is an adequate description of how things really are.

Given this critique, it was important to ensure that, within the research, attempts were made to guard against the risk of creating a shared experience – for instance, around the need for capacity building – where it may not exist. This caution is supported by the position of Chaos Theory, which enables disorder to be defined without the need to try and create order from it.

Methods

Introduction

The theoretical framework outlined in the preceding discussion provided a structure for this study. It was important to ensure that the chosen methods provided the most effective means of responding to a qualitative focus and enabled the collation of information that supported a contribution towards the development of a model of governance.

It was also important that the methodological approach for the research mitigated the potential power imbalance of the researcher. The researcher works in the role of Chief Executive Officer for the Bishop's Action Foundation (BAF). The BAF is a not-for-profit organisation offering support to a range of organisations in Taranaki. A key programme within this support is Keystone Taranaki, which offers a broad range of capacity building support to organisations. Therefore, there was the potential for a real or perceived power imbalance between the researcher and the participants, whereby organisations may have felt that they had to participate so as not to prejudice their ability to access the services of BAF. This potential conflict of interest was reduced by the following processes:

- a. The research was undertaken with organisations that were not currently receiving one-to-one support from the Bishop's Action Foundation (this did not preclude organisations that had attended training sessions);
- b. Capacity building support from the BAF is available at no cost to all community organisations, and it was made clear to organisations that this support would remain available regardless of whether they participated in the research;
- c. The BAF works with organisations that have significant capacity building needs, so organisations would not be disadvantaged if participating in the research highlighted problem areas within their operation;

- d. The BAF is not a funding provider, so there was not a financial risk associated with any power imbalance;
- e. Confidentiality of responses was protected as far as possible – no names were attached to comments/feedback in the note-taking, nor in the analysis and final conclusions. ‘Identifying’ features were removed from responses. A confidentiality agreement clause was included in the consent form defining this.

Secondary Data – study of annual reports, trust deeds/constitutions/ strategic plans

A key aspect of the secondary data analysis was a content analysis approach. Although often associated with quantitative study, content analysis is also useful for qualitative research:

Content analysis is applicable to many areas of inquiry, with examples ranging from the analysis of naturally occurring language...to the study of newspaper coverage of the greenhouse effect. (Neuendorf 2002:1)

Content analysis has a long history and was usefully defined as “any technique for making inferences by objectively and systematically identifying specified characteristics of messages” (Holsti 1969:24). The use of this approach in this study supported the identification and classification of key information and themes relating to governance capacity within the identified sample of voluntary and community organisations.

It is important to acknowledge that content analysis has been used most prolifically within quantitative studies, and theorists such as Krippendorff (1980), Holsti (1969) and Neuendorf (2002) have identified clear structures and questions to guide such quantitative analysis. Content analysis remains a valid and effective method for a qualitative study such as this thesis. For qualitative analysis, an open analysis seeking dominant messages and subject matter is adopted rather than a prescriptive analysis, which would require a closely defined set of parameters (McKeone 1995).

Within this study, a content analysis was made of the secondary data supplied. The content analysis sought to establish the existence and

frequency of concepts – most often represented by words or phrases – in the documents. For instance, the analysis determined how many times words such as 'capacity,' 'capacity building,' 'evaluation,' or 'training' appeared. The analysis then sought to identify what other words or phrases appeared next to these words to determine what specific meanings were associated with their use. This enabled the content analysis to identify key themes, trends and capacity gaps relating to governance. In determining the key themes, the content analysis was influenced by the information gathered through the literature review presented in Chapter 3.

Fifty social service provider organisations operating in Taranaki were selected at random from the listings in the Taranaki Community Services Directory (New Plymouth District Council 2007). A letter was sent to each of these organisations outlining the purpose of the research and inviting them to submit documents to support the secondary data analysis. Fifteen organisations accepted the invitation to participate and submitted a wide range of documentation, including Strategic Plans, Business Plans, Annual Plans, Trust Deeds, Constitutions and Policies.

The themes that were identified within the Secondary Data analysis are included as a basis for the discussion presented in Chapter 5. These themes informed the development of the structured interviews within the Case Study research, with questions being designed to explore the issues in more depth.

Case Studies

Case study research has been defined as empirical enquiry that investigates a phenomenon within its real-life context (Flyvbjerg 2006:219). Furthermore, case studies provide a systematic way of looking at events, collecting data, analysing information and reporting the results. Case studies, therefore, support the testing of hypotheses (Yin 2002:12) and are well suited to informing this thesis.

Some commentators have cautioned against the use of case studies.

Abercrombie and Hill described case studies thus:

The detailed examination of a single example of a class of phenomena, a case study cannot provide reliable information about the broader class, but it may be useful in the preliminary stages of an investigation. (Abercrombie and Hill 1984:34)

Such criticisms have been applied more rigorously to the use of case studies in particular areas of study, most notably studies in educational institutions (Campbell and Stanley 1966:6—7). There is a strong body of argument that suggests the validity and effectiveness of case studies for social science research:

The case study is a necessary and sufficient method for certain important research tasks in the social sciences, and it is a method that holds up well when compared to other methods in the gamut of social science research methodology. (Flyvberg 2006:219—220)

Flyvberg's endorsement of the case study as a valid method for social science research reflects the arguments of Eckstein (1975), who demonstrated that predictive theories that existed within social science could validly be used as a method. This was again echoed more recently by Barzerlay (1993:317—18). Within this thesis, the focus was on identifying exemplar or paradigmatic case studies (Yin 2002) that highlighted more general characteristics of the issue in question. The results of these paradigmatic case studies acted as reference points from which justifiable conclusions were distilled.

A key factor in maximising the effectiveness of the case study approach was the sampling process, because those organisations selected needed to be reliably representative of the broad voluntary and community sector. In this sense, the research relied on identifying not just paradigmatic case studies, but also critical case studies. Critical case studies support the testing of hypotheses and the development of model based outcomes. Flyvberg also acknowledged that:

Locating a critical case study requires experience and no universal methodological principles exist by which one can with certainty identify a critical case... When looking for critical cases, it is a good idea to

look for either “most likely” or “least likely” cases, that is, cases likely to either clearly confirm or irrefutably falsify propositions and hypotheses.” (Flyvbjerg 2006:231)

Case study selection was informed by the position of the researcher as CEO of the Bishop’s Action Foundation. The fact that the researcher had extensive experience of the voluntary and community sector in Taranaki enabled the selection of effective critical case studies. However, the case study selection was the final stage in a comprehensive sampling process (as outlined below), which contributed to the minimisation of the risk of bias in the selection.

The study utilised case studies with three organisations, because this provided extensive qualitative data that was sufficient for a meaningful comparison. The case studies were chosen to be reflective of common structures, functions and sizes within the sector. To undertake an intensive case study approach with more than three organisations would have been prohibitive in terms of time, resource and overall capacity, because of the in-depth research process undertaken involving a range of personnel within each of the organisations.

The case study analysis supported a qualitative research process using structured qualitative interviews. The interviews were structured on the basis of information gathered through the literature review process and secondary data analysis. The aim was to develop a clear and detailed picture of the operating environment of a voluntary/community sector organisation and the performance of its governing body.

Qualitative Structured Interviews

Interview questions were informed by the content analysis of the secondary data (presented in Chapter 5) and literature review (presented in Chapter 3), which had determined a range of key themes, issues, questions and gaps. The questions were also designed to explore the broader concept of capacity building within the participating organisations. This information was

important given that the literature review had identified governance as a key capacity issue for the sector.

The information gathered within these interviews, coupled with the literature review and secondary data analysis, formed a detailed and coherent body of evidence to inform the discussion in Chapter 7 relating to governance capacity within the voluntary and community sector.

Interviews were undertaken with the following key position holders:

1. Managers/Chief Executives of case study organisations
2. Chairs of the Board of governance of case study organisations
3. Treasurers to the Board

These positions were chosen because they provided a perspective on governance capacity from within the boards, but also from within the management of the organisation. This enabled the research to explore not only governance capacity, but also the relationship between governance and management, and to identify where responsibility for organisational capacity building lay. Interviews were conducted with twelve people comprising three Managers (one per case study organisation), three Chairs (one per case study organisation), and six other Board members (two per organisation).

The structured interview questions are provided in Appendix A.

Sampling Process

As noted above, organisations were selected from the Taranaki Social Services Directory listings. The selection used a stratified purposeful sample. The sample was stratified by size of operation (small, medium and large organisations) and by focus (Social Service provider organisations).

The sampling process involved the following steps:

1. A blanket letter was distributed seeking interested organisations. Those that responded positively were asked to supply secondary data;

2. Those organisations who supplied secondary data were re-organised into clusters (small, medium and large);
3. A random sample of five organisations was made from the lists for each cluster. Each organisation was invited to participate in the research;
4. From those organisations that respond positively, a final sample of three organisations (one per cluster) was made.

Analysis

Primary data was gathered through interviews. The interview guide was designed to ensure consistency of response and to support effective data analysis. The data collected from the interviews was processed using the following steps:

1. Transcription of interview content
2. Identification and summarisation of key themes within each interview
3. Tabulation of information
4. Cross-referencing of key themes across and between each organisation and then against the secondary data
5. Summarising of the conclusions that could be drawn from the data including impact on potential models for governance.

Furthermore, this is a qualitative study using secondary data analysis and structured interviews. It does not utilise any sophisticated analytical/statistical tools. Data gathered through the qualitative interview was analysed using a content analysis approach. Common themes were identified and these formed the basis for the development and explanation of the research findings.

The following two chapters provide a summary of the research undertaken. Chapter 5 begins by discussing the results of the secondary data phase and details how this information informed the development of the case study research. Chapter 6 outlines the results of the case study research.

CHAPTER 5

ANALYSIS OF STRATEGIC ORGANISATION DOCUMENTS: SECONDARY DATA

Introduction

Fifteen voluntary and community sector organisations operating as social service providers in the Taranaki region submitted a range of documents including:

1. Strategic/Business plans
2. Annual plans
3. Trust deeds
4. Constitutions
5. Policy schedules

The documents were analysed to draw out themes and issues that informed the design and implementation of the primary research and contributed to knowledge about governance capacity and capacity building in general within the voluntary and community sector. Within this chapter, information has been included that has been directly quoted from material provided by organisations. However, any references that could identify an organisation have been removed.

Themes/Issues

Governance Policies

The development and review of policy...becomes the basis for the board's governance role... Organisational policies are the equivalent of the charts in the chartroom of a ship providing a map of the voyage, plotting its destination and the variety of possible routes for getting there... Through the board targeting its attentions on policy, the focus is directed to the bigger picture, not the trivia. (Kilmister 1989:19)

Of the fifteen organisations studied, only two demonstrated that they had governance policies in place. In one case, the governance policies were in the form of a schedule detailing the policies that would eventually be in place. At the time of writing, only eight of the anticipated thirty-plus policies were actually developed and operational. The intended list of policies was

very comprehensive and included Terms of Reference for the Board, Delegations Policy, Media and Communications Policy, and a Risk Management Policy.

The second organisation with governance policies in place presented a more simplified list that included:

- Governance Terms of Reference
- Board Governance Policy
- Code of Conduct for Board Members
- Meeting Process Policy
- Trustee Appointment Policy
- Complaints Policy
- Board Delegations to the Manager Policy
- Monitoring Manager's Performance Policy

It appeared that governance in voluntary and community sector organisations more often than not 'just happened' and was less often structured according to well thought out policy frameworks. Indeed, a clear sense emerged from the documentation that organisations delivered services through their management and staff and that, to a large extent, governance bodies were quite removed from these activities (further discussion of this issue is included in the section examining governance-management relationships below).

It could be argued that this is reflective of the advisory governance approach outlined by Lyons (2001:129), in which a Board allows its chief executive/manager to control the organisation and acts as a key advisory body to support and guide. However, the extent to which Boards were actually delivering meaningful advice and maintaining any sense of ownership for future direction was not clear from the material studied. Therefore, further exploration of the level to which governance operation occurs because of structured guidelines/frameworks needed to form part of

the detailed case study analysis. It was therefore built into the structured interview questions.

Governance Roles and Responsibilities

Organisations may not have governance policies in place, because they operate with Trust Deeds and Constitutions and see these as the guiding document for their governing body. The organisations that contributed data for this analysis were asked to include their Trust Deed or Constitution. These documents provided summaries of the objectives of the organisation and also included details about the powers and duties of Board members. However, such information may not actually help Board members understand what they need to do to be effective. The following are extracts from the documents studied that focus on responsibilities:

The Management and control of affairs shall be vested in the Board who shall be entrusted with and may execute and perform all or any of the following powers and duties...

The management and control of the affairs of the organisation and the full control of any income expenditure, assets and property of the organisation shall be invested in the Executive... [S]uch powers shall be exercised by the Executive subject to these rules and to the provisions of the Incorporated Societies Act.

The Board members will be responsible for the management of all the Trust and may exercise all their powers given to it by this Deed.

Furthermore, the following are examples that illustrate the level of detail provided around the actual powers/roles of boards:

Enter into all negotiations, contracts and agreements in the name and on behalf of the organisation as it may consider expedient for its purposes provided such negotiations, contracts and agreements are not in conflict with its objects.

“To enter into contracts which may be necessary or desirable for the achievement of its objectives.”

“To undertake the appointment and management of staff employed to further the objects of the organisation.”

“To manage, let, sell, exchange, dispose of or otherwise deal with any property of the Board.”

If Boards are operating with nothing more than these basic guidelines, they will have very limited information to support them to undertake what is expected of them. To require a Board to "undertake the appointment and management of staff" sets out a clear task, but provides nothing in the way of information to enable such a task to be completed effectively. Moreover, while a board is responsible for appointing a Manager or CEO, the Manager would then be responsible for appointing other staff, not the board. Equally, a requirement to "enter into contracts" is a relatively vague statement. Entering into a contract requires a huge amount of preparatory work and, more importantly, systems in place to ensure that funded goals are actually met and finances are adequately accounted for.

In contrast, the following example was taken from one of the organisations that demonstrated more detailed governance level policies and role descriptors:

Securing and Monitoring Financial Resources: The Board is responsible for ensuring that an annual operating budget is drawn up by the Manager in consultation with staff. At monthly meetings, the Board will receive from the Manager regular statements of accounts and financial performance. The Board has overall responsibility for the Centre's assets.

This example demonstrates more specific action statements that would better support a board than the generic and broad ranging statements discussed above.

Trust Deeds and Constitutions primarily establish the legal right of the governing body to govern the organisation. In addition, they provide basic details about meeting requirements and generic powers of the Board – usually limited to core functions around finance, purchasing and employment – and provide a summary of the broad aims of the organisation. These documents do not usually contain detailed information about what the governance body is actually required or expected to do in order to be effective. Organisations can build on this basic information through well-developed Governance Policies and Terms of Reference, but these do not

appear to be commonplace within the organisations studied. The benefit of Terms of Reference is clearly outlined by Kilmister:

With terms of reference the board is in a position to govern rather than manage, to appraise its own and its members' performance, to plan for effective recruitment, to train and educate its members, and to guarantee that it can become a brilliant board. (Kilmister 1989:20)

The lack of detail about the role and responsibilities of governance coupled with the apparent lack of governance policies within most of the organisations studied may indicate that many governing bodies do not know what is required of them and may, therefore, not be in a position to effectively and adequately support, guide and drive their organisations. This will potentially lead to inconsistency within the sector and a lack of clarity within individual organisations, because governing bodies are not able to refer to tangible guidelines to support their work. Moreover, lack of clarity around roles can lead to high turnover of Board members because trustees are not able to determine what they are there to do. In their research into community health programmes in Canada, Van der Platt and Barrett noted that:

It was important that participants were not made to feel 'token' representatives of their community... You need to provide these moms with a feeling they have something to give, so in five years they're still on your board. (Van der Platt and Barrett 2005:31)

Given this evidence base, it was imperative that the further case study research included a focus on determining the level to which governing bodies did know what was required of them, how effectively they carried out these roles, and the extent to which there was consistency of approach across different organisations.

Board recruitment

The documents that were analysed demonstrated guidelines for the structure of Boards. However, in most cases these parameters were limited to minimum and/or maximum numbers that could be recruited, and standard exclusion criteria from the relevant national legislation (i.e. the exclusion of anyone who had experienced bankruptcy). A number of organisations

required trustees to be drawn from identified members of the organisation, while a few also included criteria related to a trustee's experience and or skills (such as being a parent or a professional). However, there was little evidence of attempts to define a specific set of criteria related to the skills and knowledge of a potential trustee. Attempts to guide recruitment were very general and provided little substance on which to base decisions about recruitment to the Board. For example:

The affairs of the society shall be governed by a Board of Trustees (BOT), which shall consist of the Treasurer and not more than three additional elected members.

One organisation did have a more detailed trustee recruitment policy. While this did not determine particular criteria for either experience or skill, it did provide the Board with a clear process to follow that would enable an assessment to be made of a potential trustee's suitability. The policy stated:

The [potential trustee] will be asked if they are interested in becoming a trustee and may be asked to submit a brief CV; they will be invited to meet the Chair and Manager to find out about the organisation...; the nomination will be presented to the Board and, if considered suitable, a motion to appoint the person as a trustee.

Nevertheless, overall there was limited detail about the experience and skill set required for effective Board membership, and most organisations did not have well-developed processes for Board recruitment. This contrasts starkly with the lengthy Job Descriptions and recruitment requirements most organisations demonstrated for their Chief Executive/Manager positions. Kilmister explored this issue and argued that boards should develop more rigorous recruitment processes for trustee recruitment that were of the same standard as those used for managers:

If managers and staff were appointed with the same lack of care and in the same hit and miss ways that many board members are appointed, the sector would have disintegrated long ago. (Kilmister 1989:73)

Further assessment of the extent to which Boards were consciously seeking to recruit the most effective and appropriate people to fill trustee roles became a further key area of focus for the case study research. This was reflected in the structured interview questions.

A related element to the discussion on board recruitment is the area of participation on and within Boards. Van der Platt and Barrett explored evidence of discrimination (deliberate and passive) that precludes certain groups from actively participating in governance. In relation to community health programmes in Canada, they commented that:

Overcoming practical barriers requires resources... Overcoming social barriers requires the creation of supportive organisational cultures and imaginative approaches to building on people's willingness to participate. (Van der Platt and Barrett 2005:32)

Given that many of the social service provider organisations within the remit of this study focus on client groups who would be defined as being on the margins of society or as being from one of a number of disadvantaged groups, one might have assumed that these organisations would demonstrate clear policies for enabling representation from these client groups within their governance bodies. Such deliberate policies were conspicuously absent from the material studied. In fact, the only attempts to ensure representation were as a secondary outcome of policies that required Board members to be 'members' of the organisation.

Induction/Training for Board Members

A small number of the organisations studied provided new trustees with an induction pack to support them to take up their role. One such example stated:

The new trustee will receive an information pack about the organisation and their role as trustee. The information pack will include:

- a. Board members names and contact details
- b. A schedule of meeting dates
- c. A copy of the Trust Deed
- d. The Governance Policy Manual
- e. The Manager's Job Description
- f. The most recent Annual Report
- g. Documentation from the last Board meeting.

The importance of an induction process is evident in the following comment based on research with community health programmes in Canada:

The Think Tank produced a number of suggestions for increasing parent participation in governance and decision making. Chief among these was the need for adequate training and orientations. (ibid:33)

There was little evidence from the material studied about conscious or regular attempts by Boards to access training for their trustees. Indeed, while organisations included details on functions and powers of trustees, only one organisation included a specific reference to the need to seek training for its board within its Annual Plan:

Objective: Continue to develop and strengthen the governance of [organisation's name]. Develop and provide relevant governance training for all board members.

The importance of training is reinforced by Waring in relation to school boards. She referred to findings from the Education Review Office:

The review found trustees who have a limited understanding of their governance role; trustees who have no active governance role; trustees who lack the necessary knowledge and management skills; and trustees who have no sense of the need for management systems as a necessary precondition for proper accountability and informed decision making. (Waring 2001:7)

This points to a potential lack of consistency and performance within school boards. Given the lack of induction material and the limited specifications around recruitment processes within the voluntary and community organisations studied, it was likely that such inconsistency might well exist in the boards of this sector as well. Kilmister commented that:

It is something of an irony that typically, whilst boards in the not-for-profit sector generally follow systematic standard recruitment practices for new staff, and often actively promote induction and training, there are few that recognise the need for the implementation of similar practices for their own members. (Kilmister 1989:73)

This became a further area for more detailed exploration within the case studies.

Governance Performance Evaluation

Closely related to the above issues was the area of governance performance evaluation. Only the two organisations that demonstrated governance policies also detailed a process for governance performance evaluation. In one case, a complex and detailed evaluation template was in

place to structure an annual evaluation process that supported the board of trustees to ensure its performance was in line with core objectives. In the second example, the board evaluation was defined with a simple paragraph stating:

The Board will undertake an annual assessment of its effectiveness based on the achievement of its own plans established for the year and on the fulfilment of its overall responsibilities as defined in the Terms of Reference and in its policies.

On the other hand, most organisations that contributed to the research identified organisational evaluation processes that were focused on operational performance and staff/Manager performance evaluation processes. It appeared that evaluation was largely delegated as an issue and responsibility to chief executive/manager positions and was expected to relate to management/operational progress. However, as Kilmister notes:

By establishing its own goals and programmes for the year and systematically evaluating these, the board models the good practices which it expects the staff to carry out. (ibid:79)

The extent to which Boards actually included themselves within such evaluations was another important area for further study.

Kilmister also highlighted that, to be effective, boards require detailed and regular information about the organisation's finances and the quality of the services delivered. This information should form part of the overall evaluation strategy of the board and should be based around required reporting structures from the Manager. Without this, Kilmister argues, Boards will be ineffective and may fail:

Without clear guidelines and expectations as to the type and extent of information required by the board in order to perform its governance function, it is possible for a manager reporting to the board to give it the 'mushroom treatment', that is, to keep it in the dark and feed it horse manure." (ibid:101)

Within the primary data research, it was clearly important to review how boards structured the reports of their managers and the extent to which they defined the depth and quality of information required.

Governance and Management

While few organisations could demonstrate specific governance policies, a larger number did include statements that provided for the ability of the governing body to delegate work to the Manager. For instance:

The BOT shall work with the Manager in the capacity of a Management Team, with Governance and Management roles clearly defined.

or

Manager-Board Relationship Policies. These make clear the ways in which the Board delegates responsibility to the Manager and the ways in which the Manager is accountable to the Board.

The desire to separate the roles of governance and management was further reflected in the Trust Deeds submitted. While most deeds included a provision that enabled employees of the organisation to also hold Board positions, most organisations chose not to use this provision and instead clearly separated not only the roles of governance and management, but the personnel. It was clear that Managers (and indeed staff) were not usually Board members (although in most cases Managers attended Board meetings). In one case, the engagement of a trust board member as an employee was specifically prohibited:

Any trustee who is appointed as a member of the staff of the Trust should resign as a trustee.

However, in two cases this separation was not present, with the chief employee also being required to sit as one of the Board members:

“The Board shall consist of:

- a) Five elected members.
- b) An independent Chair
- c) The Chief Executive”

and

The person employed by the Board as the Co-ordinator of Services shall be ipso facto a member of the Board of Trustees.

The fact that this is a key area of focus for voluntary and community organisations was not surprising given the comments of Lyons, who noted that:

Tension between the chief executive and the board is frequent, especially in larger nonprofits... [I]n some respects this tension is built into the structure of organisations... Board members believe that they are responsible for the overall direction of the organisation and that they employ the chief executive... [O]n the other hand, the chief executive is the person from whom staff take their direction and who, in most cases, is the public face of the organisation. (Lyons 2001:130)

Lyons goes on to identify further facts about the nature of this fundamental relationship that can, without effective processes and structures, lead to conflict. Perhaps most significant is the fact that the chief executive is employed because of his or her expert knowledge in an area. This compares to the board members, who are more often than not volunteers, and who may have no knowledge of the field within which an organisation operates. This knowledge deficit can sometimes create a position in which a chief executive, rather than a board, “comes to feel that they own the organisation” (ibid).

This potential problem may be exacerbated by the issue noted above about governance recruitment and the lack of detail around the skills and knowledge required of potential trustees. The fact that Chief Executives are appointed as experts who fulfil detailed job descriptions, whereas Board members appear to be appointed with much less intense processes, could provide Chief Executives with a sense that they – rather than the Board – control and direct an organisation. However, Kilmister offers a useful caution which re-emphasises the reason why Managers are appointed as professional experts to run an organisation within the parameters of the vision set by the board:

It is crucial that the board members recognise and acknowledge the professional expertise of the staff members... [A]fter all, the board has employed them to carry out the work of the organisation. (Kilmister 1989:54)

It is useful to reflect on Nyland’s commentary relating to the accountability and responsibility of Boards and Managers:

It is also worth pointing out the difference between accountability and ultimate responsibility. For example, the co-ordinator of an organisation may be ‘accountable’ to the management committee for

the operation of the finances, but the management committee holds the accountability to the membership and any contracted parties, and therefore, the ultimate responsibility and liability that comes with governance. (Nyland 1994:34)

Nyland highlights succinctly that although a chief executive may come to feel like he or she owns the organisation, in reality it is the Board that must retain this ownership because it is ultimately responsible. Most organisations in this study, even those that had only very brief outlines of governance roles, defined the governance body, and not the Manager, as owning the responsibility for the direction of the organisation.

The view of Kilmister is helpful in summarising discussion around this issue:

On balance, I am of the opinion that the senior executive should not be a voting board member. Role clarity is a crucial component in the successful partnership between the board and staff. The governance and management functions are not the same; no one should be asked to perform them simultaneously." (Kilmister 1989:98)

Therefore, a key focus for the primary research was to determine how the potential conflict between governance and management was dealt with by organisations, to identify where responsibility actually lay, and to assess the extent to which a structured model for governance could support improved relationships at this level.

Governance Defined

Related to the issue of governance and management was quite clearly the actual definition of what constitutes governance. In his capacity as Chair of the Refugee Service Aotearoa New Zealand, Chile took the step of clearly outlining for the Board a definition of governance that would support effective operation. As a key part of this definition Chile stated:

The board of any organisation, be that a commercial entity, statutory organisation or not-for-profit[,]...represents the interest of the stakeholders, provides organisation-wide leadership and at the same time accepts final accountability for the organisation's success or failure. (Chile 2008:1)

Within the range of material studied, while there were many attempts to define the relationship between governance and management, there were very few attempts to define governance as a concept. The majority of organisations appeared to presume that trustees knew what governance is. Analysing the extent to which Boards of Trustees did demonstrate a clear definition of governance was, therefore, another area for consideration in the primary research.

Capacity Building

None of the organisations studied referred to capacity building as an organisational priority or approach. It can be argued that this was as much a problem of language as it was the reality. Organisations might not use the specific term 'capacity building', but their organisational priorities might well reflect similar aims and/or practices that could be defined as capacity building. Connolly and Lukas, as noted by Nowland-Foreman, defined capacity building as:

...the process of strengthening an organisation in order to improve its performance and impact[,],...or those activities that strengthen a nonprofit organisation and help it better fulfil its mission. (Nowland-Foreman 2006b:4)

Many of the organisations studied demonstrated strategies or goals that were designed to improve performance or impact. Most frequently, this was in the form of goals and objectives within annual business or strategic plans.

The following examples illustrate this point:

"Education and training: Ensure all volunteers and advocates complete the Initial Training Programme focussing on professionally delivered services"

"Ensure familiarity with new policies and procedures by all members of the organisation"

"Objective 4: research needs and service gaps"

"Objective 2: collaborate with providers to improve access for clients to programmes"

"Education and research: Increase local capacity to deliver outcomes".

This might indicate that organisations do focus on capacity building, but do not use this specific term within their documents. Indeed, Nowland-Foreman noted that “Non-profit leaders, managers, trustees and committee members usually work themselves with their own organisation to improve performance”. (ibid:5)

Capacity building refers to something much more holistic, constant and ingrained in organisational culture than a few issue-specific goals/objectives seen only within documents such as strategic plans. Letts et al, quoted in Nowland-Foreman, noted that in the USA:

The missing ingredient...is organisational capacity. Programmes need solid organisations – the ability to develop, sustain, and improve the delivery of a mission... [D]eeply ingrained behaviours, public policy, funding systems and the culture of non-profit service itself have all led the sector to rely on virtually anything but organisational capacity as a foundation for lasting effectiveness. (ibid:8)

The reality may actually be that capacity building is not mentioned by any of the organisations studied because it is as yet not part of organisational culture. This issue was one that was important to discuss as part of the case study research because the successful implementation of any new model of governance would rely on an organisational culture open to capacity building as an approach.

Lack of Consistency

We all probably know of examples where the same basic programme has a significant positive impact in one area and a more ambivalent impact in another. The difference is usually who is doing the implementing and how it is being implemented. (ibid:9)

IA key rationale for further investment in capacity building of the voluntary and community sector is its potential to create greater consistency of organisational quality and, as a consequence, organisational performance and service delivery.

Across the organisations that submitted documentation, while there were definite similarities, many of which are discussed above, there was also a

clear lack of consistency. This inconsistency ranged from the style and quality of the documents produced through to the content and clarity of organisational development within strategic plans. For this study, it was important to note that governance practice also appeared to be inconsistent, with a few organisations demonstrating governance policies and recruitment strategies, while others had little more than the standard powers of a Trust Deed to guide their Board.

It was, therefore, important to focus on developing further detailed evidence about consistency of operation and planning as part of the case study research. This would be particularly significant for the formulation and justification of a new model of governance for the sector, as such a model might have the potential to rapidly improve consistency and quality of governance in the sector.

Best-Practice Governance Principles

The review of capacity building and, more specifically, governance in the literature review chapter above indicated that governance was essentially responsible for establishing and reviewing organisational purpose (strategic direction), establishing organisational values, a communication channel between the stakeholders and the organisation, accountability of the performance of the organisation, managing the chief executive or manager, evaluating its own performance, ensuring adequate resources, and being the overall accountable body (Chile 2008:2—3).

As a Taranaki-based example, the Bishop's Action Foundation (2006) identified the following six areas as cornerstones of governance responsibility:

- Ownership
- Strategic thinking (governance) v strategic planning (management)
- Managing the Manager
- Identifying stakeholders
- Board evaluation and learning

- Due diligence

For the purpose of this study, these core principles of governance might be termed best-practice principles within a model of governance for the voluntary and community sector. However, within the documentation studied, only a handful of the organisations demonstrated that their governing bodies were likely to be operating within the parameters of what might be determined best-practice governance:

The Trust Board is the legal and judicial authority, representing the widest interests of the organisation itself, and is entrusted with the responsibility for securing its continued wellbeing and growth. As such it represents the interests of clients (past, present and future), the community at large, and those whose donations and funding ensure continuing financial security. The Board has an overriding responsibility to ensure that the organisation is appropriately managed to deliver services for the benefit of all.

It was important to build into the case study research further assessment of the extent to which boards perceived themselves to be, and the extent to which they actually were, operating within such best-practice guidelines. The following chapter provides the results of the case study research.

CHAPTER 6

ANALYSIS OF CASE STUDY ORGANISATIONS: PRIMARY DATA

The organisations participating in the primary research were all asked to complete standard background templates. This provided a coherent set of contextual data that could be used to support the analysis of the information gathered through the qualitative interviews. This background information is summarised below. References that could identify an organisation have been removed, however, organisations have been identified as A, B and C and quotes from participants have been attributed accordingly. This simple coding system will help the reader to identify differences and similarities between the case study organisations.

Organisation A

This organisation is definable as the small case study. At the time of conducting this study, it employed a part-time Co-ordinator as the only paid position within the organisation. The organisation exists to serve the needs of a relatively small, but high need, client base.

a. Organisation History

The organisation has existed as a charitable trust since 1997 and has always been small in size, with one paid employee and a number of volunteer Co-ordinators. The Trust delivers a specific social service to communities within the Taranaki region.

b. Organisation Structure

The organisation is governed by its Trust Board. As well as employing a part-time Co-ordinator, it supports two volunteer Co-ordinators. The Co-ordinators also sit as members of the trust. In 2007, a new Chairperson was appointed and has begun a process of reviewing how the organisation operates and how it measures its impact on the communities it serves.

c. Mission/Vision/Purpose

The organisation has clear aims which direct it to deliver education, training and support for a particular group of people. However, there is no discernible vision demonstrating the long-term changes the organisation aims to achieve and, as a consequence, there is a risk that the organisation lacks direction and drive.

d. Main Objectives

The organisation operates to achieve a range of clearly defined core objectives. These can be summarised as:

- To teach and encourage people to develop particular skills
- To promote well-being as a result of the training provided
- To provide facilities and courses for education, training and support
- To develop a project that is accessible to a wide range of people

e. Monitoring and Evaluation

The Board undertook the first organisational evaluation in 2007, shortly after the appointment of a new Chairperson. Prior to this evaluation, monitoring had only been undertaken through participant feedback at the end of courses. It is anticipated that annual monitoring and evaluation processes will be developed during 2008.

f. Key Policies and Strategies

The organisation has a brief action plan largely focused on the delivery of education and training courses. However, there were no other policies or strategies available. It is anticipated that further policy development will be undertaken during 2008, once the trust has engaged more fully with the outcomes of the 2007 organisational evaluation.

g. Capacity Building Issues (brief outline)

The key capacity building issues that were identified were:

- Develop processes to enable effective evaluation of the impact of the organisation's activities on the people it serves
- Support Board members to understand and shift focus to governance, not management
- Improve the Board's ability to be a good employer

h. Governance Summary

Prior to 2007, the trustees operated as both governors and management. This was largely because the employed and Volunteer Co-ordinators were also trustees. Focus tended to be on day-to-day operations, and the committee members struggled to manage this workload, with a small number of volunteers continually undertaking the majority of tasks. This arrangement was being discussed following the appointment of a new Chairperson in 2007. At the time of undertaking this study, the Board still focuses on both management and governance responsibilities.

Organisation B

This organisation is definable as the medium sized case study, with a full-time Programme Manager and a network of high level stakeholders.

a. Organisation History

The organisation became a registered Charitable Trust in 2006. However, the origins of the organisation date back to early 2001, when personnel from several local agencies agreed to meet together on a regular basis to try to better align and co-ordinate their priorities and activities. After registering as a charitable trust in 2006, the organisation applied for funding which enabled it to employ a programme manager for 4 days a week. This funding was guaranteed for 3 years.

b. Organisation Structure

The trust represents a coalition of local organisations and groups with an interest in a specific issue area. The seven core partners represent statutory agencies, local government and community sector organisations.

The core partners of the organisation are key players in the area of focus, and those representatives who attend Trust meetings work at a senior level within their individual organisations. This contributes both to the perceived credibility of the Trust group, as well as its influence in shaping the local agenda around the issue area. There has been little change among the core partners of the group since its inception.

Along with the seven core partners, there are a range of other local organisations who contribute, either directly or indirectly, to the outcomes of the organisation. As a consequence, the organisation operates an inter-sectoral network which includes over 20 organisations.

Most of the organisations represented are also involved in service delivery activities or in networks of service providers. This supports the case study organisation to link directly with working groups and project teams, and supports it to ensure that priorities are being addressed, duplication avoided and gaps in service delivery identified.

c. Mission/Vision/Purpose

The organisation has a clear vision and an action-focused aim (serving as a mission statement) that identifies how it will work to achieve its vision. Within the mission statement, a series of objectives are identified that act as a guiding structure for the work of the organisation.

d. Main Objectives

- Monitor [specific area of focus] issues in New Plymouth District and to provide information on needs, priorities and programmes
- Establish effective partnerships with others working towards improving [specific issue] in New Plymouth District

- Raise awareness, commitment and motivation to improve [specific issue] within the organisations and throughout the community
- Guide and support the development of plans for effective [specific issue] interventions at a community level within the framework of the National [specific issue] Strategy

e. Monitoring and Evaluation Processes

Through the involvement of its constituent organisations in project delivery teams, the organisation maintains an overview of its focus issue and collaborates to encourage the development and implementation of long-term plans, programmes for identified groups and programmes that provide statistical baselines and analysis.

A key focal point for monitoring and evaluation is the implementation of a needs assessment process every five years (this has been completed in 2001 and 2006).

f. Key Policies and Strategies

The organisation has a Strategic Plan, which links to and is influenced by a National Strategy. As a result, the organisation states in its Strategic Plan that it recognises a shared responsibility with government and the community for achieving its desired outcomes.

The Strategic Plan covers a three-year time frame and expresses the commitment of the seven core partners to continue to work collaboratively towards a shared vision. The Strategic Plan is due to be updated in 2008.

In addition to the three-year Strategic Plan, an Annual Implementation Plan is developed each year to support delivery of the objectives outlined in the Strategic Plan. The Implementation Plan indicates more precisely the strategies, indicators and measures to be used during that financial year to achieve the organisation's objectives.

g. Capacity Building Issues (brief outline)

The organisation does not generally deliver activities itself, but instead works to build the capacity of the community sector in terms of knowledge, skills and other resources to deliver programmes. This is achieved in a number of ways including:

- Monitor issues by commissioning a community-based needs assessment every 5 years and widely disseminating the findings.
- Regularly distributing data, evidence, research findings and examples of good practice across the sector;
- Supporting the development of effective partnerships with others working in the area of focus to enable sharing of resources and ideas, and to enable provision of more streamlined services to those who require them;
- Raising awareness, commitment and motivation around the focal issue within other organisations and throughout the community by providing information, support and resources, assisting organisations to access funding and, where necessary, hands on support from the programme manager (e.g. project co-ordination, event organisation);
- Guiding and supporting the development of plans for effective interventions at a community level within the framework of the National Strategy by ensuring the advice and support given to partners is evidence-based and informed by the national strategy and identified good practice.

The organisation is acting as a capacity building agent within a very specific issue area. Information about any capacity building issues that the organisation itself faced was not made available through the background information provided.

h. Governance Summary

The Trust meets monthly. Major decisions around the use of funding and the future direction of the Trust are made at these meetings. The Trust meetings are also used to determine the main priorities that shape the Programme Manager's work-plan for the year. The organisation's Implementation Plan is agreed through Trust meetings on an annual basis, and the group plays a key role in developing the draft Strategic Plan prior to this being made available for public consultation.

The Board delegates day-to-day line management, which is provided through a partnership with a local statutory agency that has a representative on the Board. Professional, issue-based expertise is also provided by one of the Board members. Supervision sessions are held monthly, in between each Trust meeting, between the Programme Manager and two Board members (who have been delegated this responsibility). The meetings support budget tracking, action plan reviewing and other issues to be discussed. These sessions tend to focus on those issues that would be time-consuming in the general Trust meeting and allow 'background' work to be undertaken before taking a final product (e.g. the Annual Implementation Plan) to the Trust meeting for sign off.

The relationship between Programme Manager and Board supervision was highlighted as providing excellent professional support and guidance, but also providing an enabling environment within which to work. Essentially, the Programme Manager is trusted to carry out his or her role within the framework (agreed by the Board) of a very clear Strategic and Annual Plan.

Concerns were raised about governance meetings because they were often used purely for reporting, with no time for forward planning or information sharing.

A further concern related to the amount of information that trustees should receive. The Programme Manager was trying to balance providing sufficient information to the Board without overloading already busy people.

Organisation C

This organisation is definable as the large case study with a Manager and six staff, a significant number of volunteers and links to divisional and national structures.

a. Organisation History

The national organisation traces its history back to the 1930s, although the local organisation developed in the 1960s. The profile and activity of the organisation expanded throughout the 1980s, and by the mid-1990s the local organisation had grown to the extent that it was able to purchase its own premises. The organisation continued to expand its operation into the new millennium with new programmes and community based campaigns.

b. Organisation Structure

The local organisation has a defined structure with a Manager, three administration staff (including a Finance Officer), and three programme delivery staff members. The local organisation is one of a number within a regional division. The regional division is part of a national structure and system made up of six regional divisions. The role of the national office is to co-ordinate national initiatives and provide support to the divisions. The local organisation is a member of the national organisation and the appropriate regional division, but it operates as a separate legal entity with independent governance, finances and operations.

c. Mission/Vision/Purpose

The organisation has a clearly defined mission and is committed to working with its target communities by providing leadership and advocacy and specific core services including the provision of information and research. The organisation defines its vision as working to be the leading organisation dedicated to its specific issue.

d. Main Objectives

The organisation defines its main objectives under five areas:

1. Organisation – a key focus for the organisation is maintaining strong governance
2. Income development – the organisation has prioritised sustainability through effective income generation strategies that will secure self reliance
3. Health promotion
4. Support services
5. Education and research

e. Monitoring and Evaluation Processes

The organisation introduced a customer satisfaction survey in 2007, which supports the evaluation of its service delivery. It also keeps data on referrals and information requests. In addition, the organisation contributes to regional division, national monitoring and projects. A key national project is currently evaluating core services to support the introduction of service standards.

Finances are closely monitored, with monthly reports against the budget presented to both the finance and executive committees.

f. Key Policies and Strategies

The organisation operates within a range of well-defined and clearly-structured strategies influencing national, regional division and local areas of operation. The background template highlighted the following:

- National Health Promotion plan
- National Strategic Plan
- Centre action plan
- Divisional strategic and operating plan
- District foundational document (terms of reference for division and centres)
- Government-led control strategy and action plan (Ministry of Health/District Health Board)

g. Capacity Building Issues (brief outline)

The organisation relies heavily on volunteers and, as such, there is a requirement for significant training for these volunteers. This is costly and time consuming (especially as there is a reasonably high turn over). Improved volunteer retention and development policies are identified as an area for development.

Staff members within the organisation have to function in a multidisciplinary environment, so a broad range of knowledge is required. However, there are limited training opportunities that are specifically relevant to what the organisation does. Flowing from this is the issue of making sure that knowledge can be documented and shared so that, in the event of a key person leaving, the knowledge does not walk out the door with them.

h. Governance Summary

The trustees are elected by the members of the organisation and are responsible for the governance of the organisation. The structure includes a President, a Vice President, Treasurer and Secretary. The trustees employ the centre Manager and set policy and budgets for the Manager to work within. The Manager in turn employs all the staff. The organisation also has one standing committee – the finance committee – plus other committees which are set up and deployed as required.

The manager reports to the president, in the first instance, with regular communication and face to face meetings. A report is presented to the executive committee once a month, which is then discussed at the monthly meetings. The governance body has identified a need to move from a reactive (past focused) to a proactive (future focused) approach, but this has so far been a slow process.

Many of the processes that exist have been in place for decades without being questioned, so the organisation has to analyse current practices and rationalise them. A difficulty was that from 2001—2006 there was no paid Manager, because the previous Manager had nearly bankrupted the

organisation and only left after a 12 month employment relations process, so the governance body did not seek a replacement. During this period, staff members were each managed by an individual committee (governance) member and largely left to operate as they saw fit. As a result, bad practices developed, and the organisation was seen to be drifting with no direction. Attempts to change this have been undermined by staff members who remain wary and sometimes territorial.

Results by structured interview question

Twelve structured interviews were conducted. These broke down into four per case study organisation. Of each set of four, one interview was with the Manager, one with the Chair, and two with other Board members. The information gathered from these interviews was analysed, and the findings are presented below and structured according to the questions that were asked during the interview.

To what extent would you say that governance and management roles are clearly defined for your organisation?

The key theme to emerge from the research was the sense that organisations were continuing on a journey towards a better understanding and definition of governance and management. All of the organisations studied pointed to recent periods in which the operation of governance and management had been blurred, confused or dysfunctional. The following narrative accounts provided useful evidence of these journeys:

The organisation began informally in response to a need and following an initial scoping report. As the organisation grew it was recognised that there needed to be a governance body. However, the initial governance group did not operate effectively. There was a lack of commitment and passion and overall the organisation lacked capacity to undertake policy development, funding appointments or ensure accountability. Over time the trust dwindled to only two remaining members. A turning point came when a capacity building organisation came alongside to support the board. New trustees were recruited including a new Chair and the board is now operating much more effectively and developing a new strategic plan. (Organisation A)

Governance and management are now reasonably well defined, but this was not the case when the Manager first started. Both board and

Manager have been on a large learning curve. However, the roles of governance and management are now well defined in our heads, not actually in documents. (Organisation B)

The governance board was thrown by a major employment process that resulted in the removal of a Manager. Following this the board was nervous about appointing a new Manager which resulted in a long period where there was no Manager and during this period the lines between management and governance were very blurred. Other issues developed such as the pressure on the board to undertake management functions like staff appraisals. A Manager is now in place and lines are much clearer. However, while there are clearer ideas about the roles of governance and management, these roles are not documented. (Organisation C)

These narrative accounts are consistent with the lack of governance policies identified in the secondary document analysis. While Boards appeared to have detailed documents defining the role and responsibilities of their Managers, few had similar documents defining their own roles and responsibilities. Nevertheless, there was a definable consciousness within the organisations studied that definitions of governance and management roles was important.

Within one organisation, confusion between governance and management was identified as improving, but still had a long way to go. The issue was compounded by the structure of the organisation, which involved the Manager and key delivery staff also being trustees on the board:

The Manager and delivery staff are also trustees. This is positive in terms of building understanding, but negative because of the confusion between governance and management roles. (Organisation A)

The set-up is not ideal as there is no clear delineation between governance and management so the relationship is not clear. (Organisation A)

However, the consciousness about needing clear definitions did exist in this organisation, which had agreed that one of its key focus areas for the strategic plan being developed in 2008 would be defining the responsibilities of governance and management and developing more effective

organisational processes. There was a clear view that the new Chair was key driver of this consciousness:

“Under the new Chair, governance are really driving the organisation and directing it”. (Organisation A)

While these organisations are clear about the need for effective, enabling and working (i.e. practical and usable) definitions of the roles and responsibilities of governance and management, there remained a lack of documentation to confirm what these roles and responsibilities actually are. Such clarity could form a useful part of a model of governance for voluntary and community organisations, with the model providing a clear set of role definitions appropriate to the sector.

To what extent would you say that governance and management have either a positive or negative relationship?

a. If positive, what factors support this?

b. If negative, what factors contribute to this?

Across all of the organisations studied and across all of the interviews undertaken, there were comments to indicate that the relationship between governance and management was positive. Moreover, the affirmations about the positive relationship were not muted; they were energetic and passionate:

Yes, it is very good. People are the key to this. The Manager operates within the brief given and the governance supervision is good, well structured, regular and consistent. (Organisation A)

The relationship is hugely positive – the governance board listens to the Manager and the Manager listens to the governance board. (Organisation B)

There is a really positive relationship between the Trust Board and the Manager. The Trust was very clear about what it wanted the Manager to do and clearly documented these expectations. (Organisation B)

There is a very positive relationship. This is supported by good communication, the commitment of the governance group to their role and the regular meetings between the Manager and the Chair. (Organisation C)

In terms of what it was that supported the development and maintenance of a positive relationship between governance and management, a range of common themes was clearly expressed by those interviews. These themes can be summarised as:

- Effective communication – specifically clear, regular and consistent
- Clear expectations – specifically clear expectations of a Manager by the governance body
- Supervision – specifically the supervision provided for the Manager by the governance body. Most important being the consistency of how such supervision is delivered and the ability for the Manager and Chair (or delegated Board representative) to build an effective and open relationship.

There were a limited number of comments offered about issues that had been experienced that undermined the positive relationship between governance and management. The confusion noted above between governance and management roles was identified as a contributing factor to negativity. A further comment related to the performance of the governance body:

The relationship is generally positive, but it becomes negative where the governance body is not performing – such as not developing clear policies to articulate goals and priorities. (Organisation C)

Within the interviews, board performance and its ability to maintain a positive, supportive and enabling environment for the manager was clearly located alongside the fact that board members were volunteers. A number of interviewees commented that there is a limit to the amount that can be requested of volunteers. One manager commented that he or she actively tried to protect board members from overload. This manager also suggested that managers within the voluntary and community sector, as paid employees, could do more to support trustees who were volunteers.

It was also apparent from the interviews that a large proportion of governance members held management roles in their own jobs. This could

lead to the danger that board members are more familiar with management practices than governance ones, and may inadvertently or deliberately retain a more management-focused approach as a result.

Related to these comments were a number of statements identifying board members who were “followers” and tended to either attend sporadically and/or “rubber stamp” decisions rather than engage in “quality critique and input” (Organisation C).

Furthermore, some of the board members interviewed referred to themselves as being on a board to represent the interests of their own organisations/employers and/or their own sectoral interests. This factor was also noted by some of the managers, who identified that some of their trustees operated first and foremost as representatives of another organisation on the board of this organisation. It was felt that this sometimes undermined the governance body’s focus and relationship with the manager.

Trust members are involved in the delivery aspects of the trust because their day-to-day jobs are related to the trust’s area of focus. (Organisation B)

There can be a tension as a trustee of the organisation because I am employed by an agency in the same sector. (Organisation B)

What is the governance body of this organisation there to do (what is it responsible for)?

This was designed to relate to question one in particular, because it enabled specific details to be discussed about what the governing body actually did, rather than focus on generic descriptors of governance and management roles. This question received some clear responses, many of which articulated similar views:

“Ensure that the organisation delivers to its mission statement. Everything else flows from this focus.” (Organisation A)

“Custodians of the original vision and ensuring that the trust remains relevant and important.” (Organisation A)

Set direction; monitor progress towards objectives, set policy, monitor the environment / 'community feel' make changes where necessary, appraise and support the Manager. (Organisation B)

Develop strategy, ensure strategy implemented, supervise and manage the Manager, broaden community knowledge of issues, encourage new/wider partners (which also links to the networking of the Manager. (Organisation C)

While many organisations did not have clearly documented role descriptors for governance (only for management), in actual fact they were very aware of what the governance role was. Respondents stressed the role of governance in setting direction and ensuring that the organisation delivered on this vision. They saw the need to supervise the manager and, most importantly, acknowledged that the board had a significant role in identifying stakeholders and maintaining accountability to them and the wider community.

Responses were consistent with the descriptions of governance noted above by such commentators as Chile (2008) and Kilmister (1989). All of the managers who were interviewed noted very similar areas of responsibility for their boards, which pointed to organisations that had the potential to operate effective governance-management relationships. However, the issues documented within the responses to question two need to be taken into account. While boards may be clear about what they are there to do, they may not actually operate like that in practice. As an example, one respondent noted that the board was responsible for accountability to stakeholders, but needed to spend more time defining these stakeholders and being aware of them. The responses to the following question provided further insights into the need for governance bodies to develop their governance capacity still further.

Is governance an area that the organisation would/should invest capacity building time in?

Responses to this question were consistent, with most respondents affirming the potential benefits of ongoing capacity building in this area:

Yes, the skills are there on the board, but there needs to be clarity about what trustees and the overall board are there to do. (Organisation A)

It has to be. The governance structure and effectiveness is the key to the success or failure of the organisation. (Organisation B)

Definitely as it is where our direction comes from. We need to ensure that we are able to focus on the big picture. (Organisation C)

A constant process of review and development is essential. Keeping governance effectiveness keeps organisational effectiveness. A current topic is avoiding stagnation and ensuring relevance. (Organisation C)

However, a number of respondents pointed to the difficulty in accessing training opportunities and also the difficulty for board members to be available for training (see also responses to the following question). For voluntary and community organisations, the cost of available training can be prohibitive. One respondent noted that the 5-day Institute of Directors governance training course costs over \$5000. For individual trustees who are volunteers and usually very busy with their every day work and family commitments, finding the time to invest in further training can be very difficult. "Time and availability is a huge factor." (Organisation B).

Related to the issue of time is the ability of governance boards to focus on training and plan for it when they are usually monitoring the delivery of programmes within an organisation that has financial and staffing resources which are probably minimal if not less than required. One respondent commented:

I'm not sure the organisation will invest in building governance capacity – most trustees are focused on getting programmes out to people who need them. (Organisation A)

The creation of a model of governance for the voluntary and community sector could support more effective governance by providing simple, inexpensive and current knowledge about what governance is responsible for, and best-practice implementation approaches. This may go a long way toward filling a training deficit within the sector, and thereby improve overall consistency and quality of governance performance.

Please outline the training that has been organised or accessed for governance over the last 24 months.

Governance training was very limited and, in some cases, non-existent:

“No one on the governance has received training about effective governance.” (Organisation A)

“There has been no formal training for the trust.” (Organisation B)

“The board are not necessarily experts in governance, but there has been no formal training.” (Organisation C)

The only training that had been accessed, according to the responses, was a half-day session run within the region by Keystone Taranaki. Feedback about the session was very enthusiastic, with all of those who had attended reporting positive changes within the organisation. However, very few board members had actually attended, with managers being more likely to have received the training and then taken their knowledge back to their boards. The overriding reason given for the fact that board members had not attended the training was time:

“It is hard to demand this of volunteers with limited time.” (Organisation A)

The manager accessed the Keystone Taranaki training and the board have responded to the advice provided (i.e. changing their agenda format). The governance group couldn't attend the training because they are too busy. (Organisation B)

Training is hard to access for board members due to the pressure of work (day-to-day jobs). They would not be released to attend governance training. (Organisation B)

There appeared to be willingness and even a desire from board members to access training and improve their governance capacity. One respondent

stated that there was “positive energy from the board for training opportunities” (Organisation C), but the reality of what was available and their own time pressures prohibited it.

The responses to this question reinforced the conclusion that work on a model of governance for the voluntary and community sector needed to address ways in which volunteer boards could regularly, affordably and with minimal time commitment, access high quality governance training.

How regularly does evaluation/review take place of the organisation’s progress against objectives by either:

a. Governance

b. By both governance and management together

In two of the organisations studied, the response to this question centered largely on strategic planning processes. One organisation undertook a three year strategic planning exercise and followed this up with annual plans, while another organisation undertook its strategic planning on an annual cycle. Within these planning approaches, evaluation of progress appeared to be the responsibility of managers, with a further responsibility to communicate the evaluation to the board. Board members did not articulate any processes undertaken specifically by the governance body to evaluate progress:

“The Trust receives monthly project and financial reports from the Manager.” (Organisation B)

“Objectives and performance are reviewed annually by the board and more regularly by the manager.” (Organisation C)

There appeared to be a lack of rigorous ownership from boards of the evaluation of their organisation. Relying on Management reports could be seen as good use of the expertise that has been paid for, but relying almost entirely on the flow of information from a Manager could be seen as leaving a board vulnerable. The work of Nyland (1994), cited in the preceding chapter, highlighted the fact that boards, not managers are liable and accountable. One might, therefore, argue that boards require their own

evaluation processes that use the knowledge reported by their Managers, but do not rely entirely upon it.

In the case of the other organisation studied, there appeared to have been a conspicuous absence of evaluation processes at all:

“During ten years of existence there has only been one annual review process – just completed!” (Organisation A)

Having said that, the organisation had recently undergone a major restructure, which had included the appointment of a Chair. Under this new leadership, a full evaluative survey of the organisation had been commissioned using a third party, and this survey was completed at the end of 2007. The outcome of the survey was used to inform the development of a strategic plan and was enacted because:

We want to be able to articulate not just what we did, but how well we did it and what difference it made. (Organisation A)

Although this organisation had the most inadequate history of evaluation, it appeared to be developing one of the most well-thought-out and comprehensive approaches within the organisations studied. Whereas in the other organisations boards appeared happy to enable their managers to control evaluation, in this organisation the process was being driven very much by the board.

A common element of the response to this question was the fact that every organisation included the performance management/appraisal process of the manager as a direct part of the evaluation of the organisation’s progress against its stated objectives. While there is some justification for this (after all, the manager is paid to deliver on the board’s objectives as expressed through its vision), the performance of the manager does not constitute a comprehensive assessment of the performance of the organisation. This is a further example of boards relying on the information being provided by their managers and perhaps not enough on their own evaluation processes and results. For managers there is also the issue that their performance management/appraisal will not be comprehensive or necessarily effective if

its focus is only on the level to which the organisation is meeting its objectives. There are many elements to the management role that could be missed by such an approach.

It was possible to conclude that a model of governance for the voluntary and community sector would need to support governance bodies to better understand how they need to implement and control the evaluation of their organisations.

How is effectiveness monitored within the organisation and who is responsible?

On first reading, this question may have appeared to be a repetition of the previous one about evaluation. However, it was deliberately included in order to assess the extent to which organisations were evaluating what they did (outputs) and the extent to which they were evaluating the effectiveness/impact of what they did (outcomes). The following responses provided justification for its inclusion:

Informal / verbal comments, but no formal processes. This is at management/operations level, there is nothing at governance level on effectiveness. (Organisation A)

[Effectiveness] never has been monitored; it is a priority for change. Governance has looked at what the organisation does, but not how effective it is. (Organisation C)

“I’m not sure effectiveness is monitored. Governance effectiveness is not monitored. This has been flagged as needing to happen.” (Organisation C)

Where responses did articulate effectiveness monitoring, it was almost always a manager’s responsibility (and, therefore, leaves boards open to the risks noted in the above question):

“The Manager is responsible for evaluating impact and then reports to the board.” (Organisation B)

“It is an element of the Manager’s reports.” (Organisation B)

Alongside these responses, there was also a clear sense that effectiveness was tied to the performance management/appraisal process:

The Chair undertakes the Manager's performance appraisal, the manager undertakes staff performance appraisal. This is a thorough process. (Organisation C)

While this is reasonable to a certain extent, relying on staff appraisal as a tool for monitoring organisational effectiveness is unlikely to offer a reliable assessment.

Furthermore, one respondent noted that organisations in the voluntary and community sector, particularly those in the social service sector, often find it easy to report outputs, but much harder to report outcomes (effectiveness). A model of governance could usefully explore mechanisms through which boards (and their managers) can be supported to measure impact through outcomes reporting. This would also be consistent with current moves by agencies such as the Ministry of Social Development to shift the organisations that it funds to outcome based reporting.

Is capacity building a focus for this organisation (is it called something else)?

Across the three case study organisations responses to this question were remarkably different.

One organisation responded strongly that it did have a focus on capacity building. However, as responses were discussed in more depth, it became clear that the organisation was referring to its ability to build capacity in the community around its core issue of focus, not a process for building the capacity within the actual organisation. It was also evident that the responsibility for implementing capacity building was that of the manager, not that of the board:

“Yes, [capacity building] is a focus, it is built into the Programme Manager's Job description to build community capacity.” (Organisation B)

Yes, [capacity building] is implemented largely through the Manager. It is focused at building capacity in the community. There is less of a focus for the Board/Manager (excluding professional development). (Organisation B)

Another set of responses confirmed that capacity building was a focus area left largely to the manager. The extent to which the board was involved in, or actively critiquing the outcomes of this process, was not clear:

The manager is leading the process of developing systems and policies to maximise capacity to deliver. There is an ad hoc approach otherwise which is not regular or comprehensive. (Organisation C)

It was not a focus in the past, but now the manager is reviewing the capacity of the organisation (I'm not sure if they have time?) and we are now looking at longer-term issues. (Organisation C)

Within these responses, there was also comment that the organisation referred to capacity building with the term quality improvement. It would appear that, as a consequence, the organisation defined capacity building processes as being about a willingness to be more professional. This reinforces the view that the participating boards saw capacity building as something their staff should be concerned with, more than themselves. The lack of board evaluation processes identified above is further evidence of this.

The final set of responses confirmed that organisational capacity building had not been a focus area in the past, but that it had recently become a core focus under a new Chair.

Yes, absolutely, [capacity building] is the top focus for the Trust. It is about ensuring that the Trust is sustainable and is not reliant on a few key people (i.e. it has processes and policies in place). (Organisation A)

Within this organisation, capacity building was seen very much as a governance focus and was about the strategic capacity of the overall organisation to ensure that it had a sustainable future. However, it was not clear how far the entire board was driving the focus on capacity, or whether it was being led primarily by the Chair. One respondent commented:

“[Capacity building] is not a focus and has not been a focus. The new Chair is changing this, but there is a question about the extent to which other trustees are interested in the area. (Organisation A)

Within a model of governance for the voluntary and community sector it would be important to provide Boards with knowledge about capacity building, but also tools that would enable them to own and drive such processes. This would ensure that organisational capacity was not focused only at an operational level, but also at the governance and strategic thinking level.

What are the key factors that impact on the ability of this organisation to be successful?

A range of factors were noted during the responses to this question. From these, it was possible to identify a number of core issues. These were:

- Board members' skills/experience
- Board members' time/availability
- Financial sustainability/funding
- Stakeholder relationships/networks
- Quality of Manager

In terms of this thesis, it was relevant that respondents referred to issues that were predominantly ones that would be influenced by governance. This was important given the level of responsibility managers appeared to carry (based on responses to earlier questions).

One of the most important factors raised was the recognition that the quality and skill set of the Board had a fundamental impact on the ability of the organisation to succeed. Within this was a clear sense that board members within the voluntary and community sector are less often chosen because they bring the required skills and experience, and more because they are available:

Volunteer board members are not necessarily chosen for their skills. If people are willing and interested then this is the main criteria, not their skills. We should make sure that Board skills/experience align with the operating priorities/focus of the organisation. (Organisation C)

Moreover, because board members are usually volunteers, there appeared to be a huge tension between the demands of the voluntary role and time within already busy lives. This pressure was increased by the fact that there are a limited number of people to serve on these boards (many serve on multiple boards as a result):

“The ability for trustees to find enough time is hard as they are all volunteers. This delays developments.” (Organisation A)

In the voluntary and community sector we need to get the best and maximum from people as there are a limited number of people with limited time. (Organisation A)

One respondent noted that the pressure on voluntary board members and their frequent inability to commit sufficient time could lead to managers being overburdened and a blurring of governance-management relationships:

“The inability to give enough time on a voluntary board can lead to over reliance on a manager.” (Organisation C)

What are the particular issues for governance within voluntary and community sector organisations?

Within the responses, it was felt that the key issues were the skills and experience of board members and their ability to dedicate enough time to undertake their responsibilities effectively:

“People governing who have no experience, but they don’t know what they don’t know.” (Organisation B)

Volunteers taking on governance roles are not always aware of their responsibilities – it is a huge role/set of responsibilities. There need to be clear expectations. (Organisation B)

A further point within this discussion was made by respondents who identified board member commitment as an issue, not in terms of time, but in terms of effort. Within this argument, respondents did acknowledge that in part the lack of effort of some board members might be related to the fact that the limited number of available people led boards to accept whoever was available:

Many board members feel that they just need to turn up because they are volunteers. We need improved professionalism, ownership and a desire for training/development. (Organisation C)

The shortage of people wanting to volunteer on boards leads to the risk that we just get those who want to do little. (Organisation C)

In contrast with the view above, one respondent felt that professionalism was a key issue for volunteer boards and not necessarily a good thing. It was argued that, within the voluntary and community sector, organisations were required to demonstrate increasing professionalism, which was difficult for volunteers with limited time:

The increasing need to operate with business like processes, skills, professionalism and rigour. It is hard to demand this of volunteers with limited time. (Organisation A)

This issue was illustrative of a broader theme which centred on the potential burn-out of board members because of the huge demand and level of responsibility/accountability placed on them. One respondent did acknowledge that the range of issues involved often got usurped by the pressure of financial sustainability, which meant that “the dollars often become the main focus rather than the outcomes.” (Organisation B)

Respondents from one organisation argued that a key issue for boards was the fact that most members were employed in roles on a day-to-day basis. As a consequence, there was a real danger that board members acted as representatives of outside interests ahead of the interest of the organisation:

“Many people bring their own agenda rather than working for the shared vision of the trust.” (Organisation B)

“There is a tension of governing an entity when you are employed in a role linked to the entities focus.” (Organisation C)

“Competing interests of board members (i.e. governance role v paid role).” (Organisation B)

The issues identified within this question were to some extent outside of the scope of a model of governance. The model would be unlikely to be able to change the fact that a limited number of people with limited time are being sought for voluntary and community sector boards. However, a model of governance that contributed to greater understanding of the commitment required of a governance role and the responsibilities inherent within it would

potentially address issues relating to the apparent knowledge deficit of governing boards within the sector. The model could also go some way toward supporting board members operating as representatives of interests outside of the actual organisation.

What actions and/or processes does ‘good governance’ require?

Responses to this question were again varied, but a core group of issues recurred. These were:

- A strategic/big picture focus
- Developing a clear vision/direction (with clear priorities)
- Well defined governance-management roles
- Well developed policies and procedures
- Excellent communication
- Commitment to monitoring and evaluation
- Engagement of a skilled and high quality manager (with clear expectations and guidelines)
- Commitment to the role

These issues are evident in the following comments:

An ability to have a wide-ranging, but clear view of where the organisation fits within the community or scheme of things... This clear understanding will impact on the strategic and long-term direction made by the Board. (Organisation A)

“Good planning. Agreed on what the board is there to do and to achieve. A shared vision.” (Organisation B)

“Strategic and big picture focus. Clear processes for governance operation, interaction with Manager and for meetings.” (Organisation C)

It was clear from these responses that those interviewed had a sound understanding of what good governance required. However, it was also evident from previous answers that the reality of daily life within organisations did not necessarily reflect this, and that there were gaps and performance deficits that could be addressed by a model of governance for the voluntary and community sector.

To what extent would the organisation find a model of governance specifically tailored to the operating environment of the voluntary and community sector useful?

Overwhelmingly respondents endorsed the potential benefits that a model of governance for the voluntary and community sector could provide. It was felt by respondents that a model of governance should:

1. Offer a baseline/benchmark against which to evaluate performance and practice
2. Clarify roles and responsibilities
3. Support new trusts to set-up (so they are effective from the beginning)
4. Add to credibility for individual organisations and the sector as a whole.

Comments from participants included the following:

“Yes, for the evaluation of governance and for new trusts to support their initial set-up.” (Organisation B)

It would be useful and would persuade governing members to take the issue of effectiveness seriously. It would add credibility and enable comparison / a benchmark for assessment of effectiveness. (Organisation C)

Within these responses, there were a number of clear recommendations about how the model should be developed and what it should include:

1. It must reflect the market – i.e. voluntary and community organisations
2. It must reflect the nature of voluntary boards
3. It would need to be clear and simple
4. It should, if possible, include ‘practical and usable’ resources (such as templates) and not just be a ‘pretty diagram’
5. It needs to be flexible – although there are many common elements within the sector, there are also many different needs/levels of knowledge

The following are examples of comments that iterate these requirements:

“There will be varying degrees of understanding of what governance is. Any model needs to meet these varying needs.” (Organisation A)

“It would need to be flexible to meet different needs within the sector.” (Organisation B)

“It would be very useful, it needs to be clear and simple and reflect the voluntary nature of boards.” (Organisation C)

One respondent also commented:

Do voluntary boards have the time/energy to invest in a model? Do they want to change/have the energy to change? (Organisation A)

The development of a model of governance for the voluntary and community sector was clearly required, but its construction and implementation would need to respond to the many challenges inherent within the sector.

Are you aware of any existing models of governance and do you use them?

The only model of governance referred to within the responses was the corporate model. Most respondents indicated that they were neither aware of nor using existing models of governance with comments such as “I am not familiar with any.” (Organisation C). It could be argued that this was reflective of the issues highlighted above, which showed that many voluntary and community sector board members did not necessarily understand their role or the responsibilities inherent within it. This was certainly reflective of the fact that most of these board members appeared not to have undergone governance training. Given these issues, boards would be unlikely to have identified the need to research available models of governance and to critique and develop their mode of operation.

For the development of a model of governance for the voluntary and community sector, one of the key issues is likely to be raising awareness of the need for it and encouraging boards to find the time to understand and implement it.

Just before we finish are there any issues which we haven't talked about that you think are important for this topic? Please explain the issue and why it is important

The following issues were raised in response to this question. Some answers reinforced comments already recorded within the responses to earlier questions, and some raised new areas of discussion:

Collaboration between voluntary and community sector organisations is the key area to improve capacity. This needs to be developed and should enable economies of scale, a joint voice and best-practice sharing. (Organisation A)

The lack of sharing and collaboration in the sector is a major issue. It is often due to the fact that organisations have to battle so hard to survive. Collaborative approaches and peer support could be a huge benefit for the sector as a whole. (Organisation A)

There is a huge learning curve (capacity building need) within the sector to come up to accountability / professional standards being demanded by the government and public. (Organisation A)

The marketing of organisations is a huge capacity deficit. The governance body often have no idea what they should be doing or why it is important. (Organisation A)

The operation of governance requires training. Governance is often just done and it's not always done effectively. Voluntary and community sector groups need support and training in governance. (Organisation B)

Time to ask the question 'are we making a difference?' We are often very busy, but what difference is this making? (Organisation C)

People are the key. The purpose behind why someone joins is also key. The agendas and personalities can break an organisation. People need to be there for the organisation as a whole. (Organisation B)

"Trusts need to keep costs down and this often leads to cutting corners." (Organisation B)

An important point for this thesis was the fact that the development of greater collaboration within the sector and also more consistent standards were both raised as key issues. A model of governance for the voluntary

and community sector could potentially support much greater consistency of governance performance. Moreover, because it would improve knowledge and understanding around governance practice, it would also support better governance-level collaboration and resource sharing.

Another important comment related to accountability requirements of government agencies and the public. An increasing number of voluntary and community sector organisations are taking on government contracts with stringent and often complex accountability requirements. These require effective management, but also high quality governance oversight. Equally, the Charities Act in New Zealand and, through this, the introduction of the Charities Commission, is evidence of a growing desire to ensure voluntary and community sector organisations are operating efficiently and effectively. Charitable organisations are required to register as part of a publicly available system and to report on their operation. Governing bodies need to be able to deliver to these increasing accountability processes.

CHAPTER 7

GOVERNANCE WITHIN VOLUNTARY AND COMMUNITY ORGANISATIONS: A DISCUSSION

The research question for this study asked what factors impact on the effectiveness of governance within organisations in the voluntary and community sector in New Zealand. The literature review confirmed that governance was one of the key capacity building issues faced by voluntary and community organisations. Models of governance identified in the literature included corporate and clinical governance. However, these were difficult to apply to the voluntary and community sector. The research identified a range of factors that impact on governance effectiveness within the sample organisations in Taranaki. These factors were outlined in Chapter 5 and may be summarised as follows:

- Development of governance policies
- Clear definition of governance roles and responsibilities
- Board recruitment
- Induction and training of board members
- Governance performance evaluation
- Governance and management relationships
- Capacity building as an organisational approach
- Use of best-practice governance principles

These factors helped to shape the development of a structured interview with the three case study organisations selected for the research. The case study research suggested that governing bodies within the voluntary and community sector in Taranaki have many strong points. These include:

- Passion and drive (most board members are volunteers after all)
- A sense of social justice and a desire to support others
- The ability to achieve significant outcomes with minimal resources
- A desire to do the best job possible within the limits of time, money and human resources
- Highly committed managers

However, the research also found that governance performance was not consistent within the participating voluntary and community organisations, and that governing boards could be better supported to enhance their effectiveness. The key factors that appeared to impact on the effectiveness of governance within the sample organisations were an understanding about the focus of governance, knowledge of the process for governance and recognition of the responsibilities of governance. These findings were similar to those identified by previous studies reported in the literature review, and thus suggest that governance effectiveness within voluntary and community organisations in Taranaki would be greatly enhanced by developing programmes that focus on these key factors. The following section outlines how these factors could be developed to provide a basic framework for such a programme.

Factors Impacting on Effective Governance

Focus of governance:

This research has suggested that the focus of governance should be on the future vision for the organisation and the development of policy frameworks to support the achievement of the vision. Governance should also be focused on providing accountability to the community and stakeholders for the performance of the organisation and should ensure management is adequately supported and supervised:

Governance describes a concern for the basic purpose of the organisation or 'large picture', rather than the details of its parts. The board measures outcomes or results of the organisation's activities rather than the ways in which they are achieved... [G]overnance is about the ends rather than the means of organisational operation. (Kilmister 1989:14)

Process for governance:

Boards of governance that were most effective tended to operate within a constantly revolving flow of thought and action that included the following steps:

1. The Board considered the future direction of the organisation and defined this through a strategic plan (that is: a vision for the

- organisation inclusive of priorities and objectives that provides a clear direction);
2. The Board developed policies to help implement the agreed direction;
 3. The Board recruited a Chief Executive/Manager to manage the agreed operation within the policies and vision set by the Board;
 4. The Board continually monitored outcomes and supervised the Chief Executive/Manager;
 5. The Board ensured accountability to all stakeholders, including ensuring legal compliance, audited reports and more general reports to funders and other appropriate organisations;
 6. This process was continuous, but progressive, so that by getting to step 5, the Board did not consider its task completed, but returned to step 1 to check and ensure that the organisation remained relevant and continued to meet the needs of its communities in dynamic circumstances.

Responsibilities of governance

The research also found that effective boards of governance had a clear understanding of their roles and responsibilities.

1. Ownership:

The Board must own the direction of the organisation. Managers are responsible for operational services and bring their individual skills and knowledge and that of their staff to achieve the outcomes and objectives set by the Board. However, it is the Board that leads and should be accountable. It is the Board that approves and monitors to ensure that the organisation is going in the right direction.
2. Strategic thinking (governance) versus strategic planning (management):
 - i. For governance the key questions are:
 - Where are we now?
 - Where do we want to go/what do we want to achieve?
 - What are our priorities?

- What is happening that may impact on this journey?
- ii. Management then answers the questions:
- How do we get there?
 - What resources do we need to get there?
3. Managing the manager:
- To be effective, this should be about professional oversight, not micro-management. The Board is not there to do the manager's job, but to review progress against the direction set by the Board.
4. Identifying stakeholders:
- The Board must consider who the important stakeholders are, given the agreed direction, and must plan how to engage with them (including how to continually report back to them and obtain their feedback). An Advisory or Reference Group is a useful tool for achieving this. The networking of the CEO/Manager must also relate to board-level stakeholder development to ensure that both processes are complimentary, not repetitive or competitive.
5. Board evaluation and learning:
- Effective Boards evaluate their performance and effectiveness regularly (at least annually), using agreed and consistent templates. Effective Boards use the outcomes of evaluations to provide for their learning and professional development. This is because the operating environment of organisations changes rapidly, and Boards must keep abreast of the changing and complex environments so that they are proactive rather than reactive to these changes.
6. Due diligence:
- The Board (as a collective) and each individual trustee is responsible for ensuring that they have due diligence over the operation of the Board and the organisation (as well as themselves). In essence, this means that each board member has the knowledge he or she needs

to make decisions about the future of the organisation and to maintain confidence in its operating performance. Boards are not rubber stamping bodies for chief executives and managers. They have the responsibility to drive the organisation, ask the hard questions and ensure that the Board is fully on top of the strategic direction, and that entire operational activities come together to achieve the overall strategic vision of the organisation.

7. Maintaining a team philosophy:

Successful governance boards are united around the common purpose and vision of the organisation (with all members actively supporting that vision). When Board members recognise that they are no longer driven by the vision and are no longer committed to the results and strategic outcomes of the organisation, it is time to consider their replacement. Board members must trust each other and be able rely on the integrity of all members. Business needs to be open, inclusive and transparent.

These are important elements for the development of tools for boards in voluntary and community sector organisations that would support them to operate consistently and effectively. They form the basis from which the sector could begin the process of developing a model (or models) of governance that reflects the unique operating environment of the voluntary and community sector, and that provides essential learning and training to boards of governance about their focus, processes and responsibilities.

An Experience-Based Journey

It appeared that, for most organisations, governance was the outcome of a journey during which they built on the experiences and mistakes that occurred as they travelled. Indeed, organisations participating in the research pointed to the changes that they had made to improve the way they operated, and these often focused around particular events and issues. The idea of a journey is expressed by Kilmister, who commented:

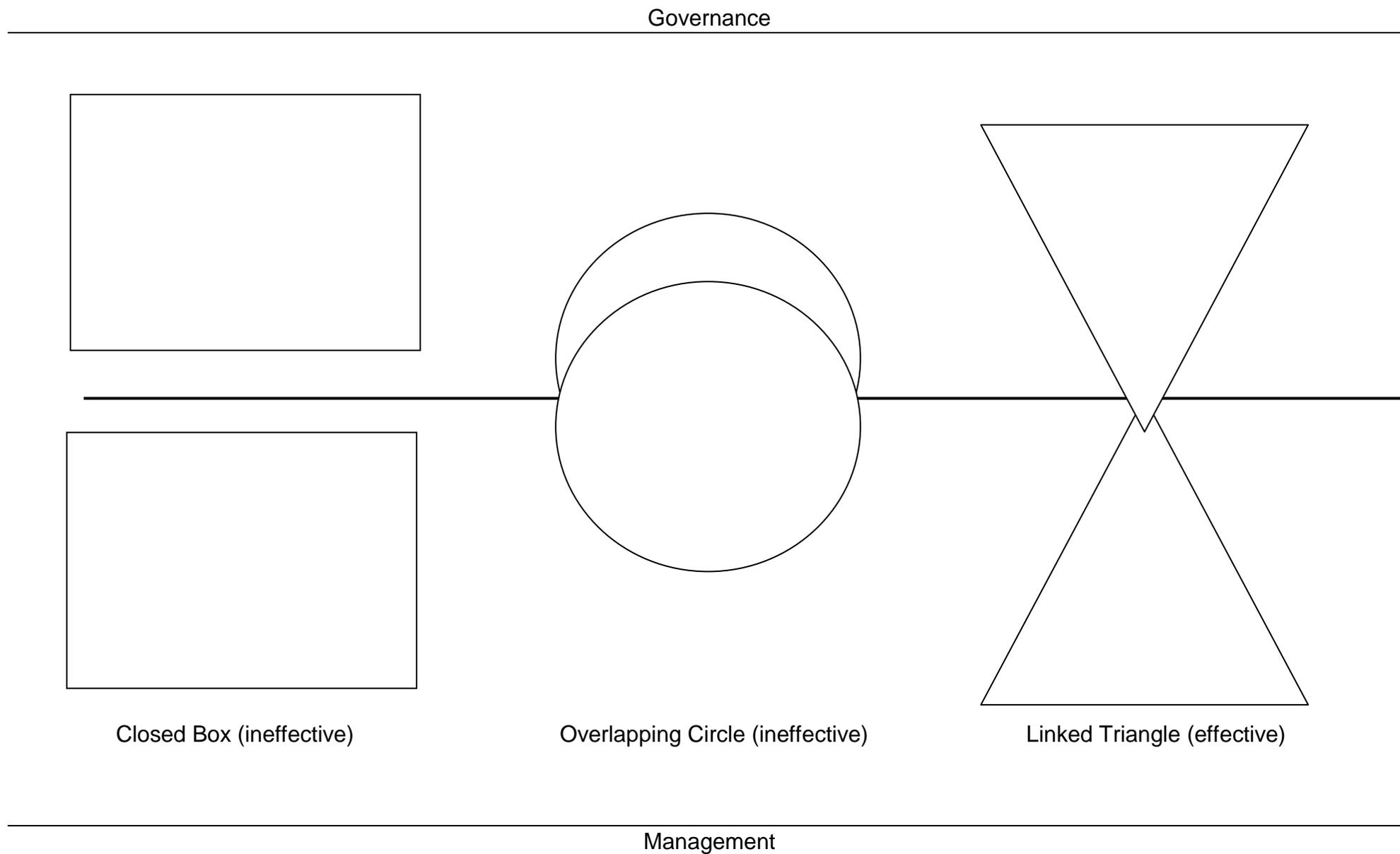
Few organisations in the not-for-profit sector remain in the same operating pattern for long periods. Especially in the welfare and arts sectors, rapid organisational change is normal, even considered desirable. As the organisation both grows and changes to meet changing community needs, so too the board and staff will find themselves forced to change their order of priorities and meet demands for new skills, experiences and perspectives. (ibid:74)

The research also found that, for many governing boards, the learning process was ad hoc, rather than planned. This reflected the fact that organisations often experienced crises in order to develop, as opposed to a more researched and prepared approach to development. Therefore, a more structured learning process for boards and the organisations they govern would be useful, because it would help to avoid crisis-led development, which often takes organisations back quite a few steps and years. Some of these crises arise from poor definition of roles and responsibilities of governance, or poor relationships between governance and management, which often leads to accusations of governance meddling in management and operational issues; or governance bodies becoming so removed from the organisation that they are uninformed of the potential risks and opportunities.

Three Governance Styles within the Voluntary and Community Sector

Within the journeys that were evaluated in this study, it was possible to identify three operating structures of governance within the voluntary and community sector organisations. In the diagram that follows, the centre line represents the point of separation between the spheres of responsibility of governance and that of management and operation. The diagram is followed by an explanation of each structure and an analysis of their common outcomes:

Figure 1: Identified structures of governance within the voluntary and community sector:



Ineffective Structures of Governance

From the responses to the research, it was possible to identify that some organisations operated similar structures of governance. Two of these structures appeared to cause problems for the organisations using them. For ease of understanding, these structures have been defined as the Closed-Box structure and the Overlapping Circle structure.

The Closed-Box structure was found to be a common operating reality for organisations within the sector. In this model, governance and management operate in their own boxes. They operated in separate spheres with limited communication and poor dialogue. There was a lack of agreement over vision and priorities. Responses to the research suggested that, as a consequence, organisations suffered with:

- Poor communication between governance and management
- Communication that occurred in the form of top down guidance and directives rather than discussions.
- ‘Interference’ and ‘negativity’, as opposed to ‘cooperation’ and ‘positivity’, characterised by constant clashes between governance and management
- Poor support to management by governance characterised by ad hoc, steps that management interpreted as interference in operational tasks
- Poor performance management of the Manager/Chief Executive
- Poor change management and forward planning
- Poor evaluation of organisational performance
- Poor use of Chief Executive and staff expertise within the organisation
- Overall lack of vision and organizational strategic direction.

The Overlapping Circle structure was also found to be common. In this model, governance and management operated in spheres that sat more or less on top of one another, and there was no definable boundary between the two. There was a blurring of responsibilities, and this constant confusion

undermined the efficiency of the organisation. Findings from the research suggested that organisations operating this overlapping structure were characterised by:

- A blurring of future strategic planning and day-to-day operational responsibilities
- Confusion about who is responsible for various aspects of the organisation
- Indistinct decision making
- Poor line management
- Clashing and often changing objectives
- 'Suffocating' management of executives through micro-management
- Slow decision making based around constant revisiting of issues
- Focus on petty details rather than the important strategic issues.

Effective Structure of Governance

The research found that the Linked Triangle structure represented an approach to governance in voluntary and community organisations that was more likely to be effective.

The governance triangle dips into the management sphere, and not the other way around. This is a reflection of the fact that ultimately it is the board who is responsible, who is the employer and who is responsible for the performance of the organisation and the attainment of the overall vision and strategic direction of the organisation. In this structure, governance and management operated in clearly defined spheres (the two triangles), but spheres that were linked. Organisations operating with this structure were able to develop effective communication protocols, define clear areas of responsibility and engage in effective decision making. The Linked Triangle structure supported organisations to develop:

- Clear definition between future strategic planning and setting direction (governance) and day-to-day operation and implementing direction (management)
- Effective planning and evaluation

- Swift and effective decision making
- Proactive rather than reactive governance
- High quality management of the Chief Executive
- Good communication between management and governance
- Efficient and effective outcomes based on a clear vision and strategic thinking.

A Model of Governance for the Voluntary and Community Sector?

The Linked Triangle structure appeared to have the potential to form the basis for a model of governance for the voluntary and community sector. In itself, it does not constitute a model of governance, but provides a framework within which a model could be developed. This is because the Linked Triangle structure requires an organisation to focus on the fundamental processes and responsibilities of the governing body and how it develops a relationship with the organisation's management. To operate the structure, an organisation would need to engage with the factors identified in this study that impact on effective governance and be clear about its focus, processes and responsibilities.

It is important to re-emphasise that the information presented above does not in itself constitute a model of governance. Rather, it forms a framework within which such a model could be developed and implemented. The creation of a full sector model would require further research with a wider sample of organisations. This research could test the impact on effective governance within organisations that adopted the Linked Triangle approach and received training on the focus, processes and responsibilities of governance.

To further support this work, the templates provided in Appendix F relate to important factors of governance practice related to focus, processes and responsibilities. They have been appended because they provide examples of what a detailed working model of governance for the sector may include, but again they are not comprehensive, nor are they fully and robustly tested.

Conclusion: Implementing a Sector Specific Model of Governance

This study has identified some of the key factors that impact on effective governance in voluntary and community sector organisations. Using case studies of organisations in the Taranaki region of New Zealand, the study suggested that these factors could form the basis for developing a capacity building programme for governance. Three main governance structures were identified, two of these (the 'closed boxes' and the 'overlapping circles') were found to be ineffective. The 'linked triangles' appeared to have features that could form the basis for developing a model for the sector.

However, further work needs to be undertaken to develop an appropriate model of governance for the voluntary and community sector. Findings from this study, as reported in Chapter 6, indicated that board members often lacked governance-related skills and struggled in their understanding of governance responsibilities. Developing a model or models of capacity building to support governance in the voluntary and community sector will need to focus on these responsibilities. Kilmister argued that attention should also be given to recruitment to governance boards:

The ideal approach – Board members are recruited in a planned systematic way which recognises the need for a balanced group of skills, perspectives, personal contributions, associated networks, community influence and support and understanding of their roles in relation to the organisation's work. (ibid:11)

Examples of good practice could also be found in corporate governance, because this is one of the most established and most commonly evaluated forms of governance practice. While corporate governance resources cannot be transplanted to the voluntary and community sector because of the different contexts, there are areas where the voluntary and community sector could learn from the experience of corporate governance.

The New Zealand Securities Commission governance handbook presents a summary of corporate governance that may provide some useful starting points for a learning tool for voluntary and community organisations. The

handbook was developed for the purpose of developing greater governance effectiveness and improved consistency of delivery:

The Principles are intended to contribute to high standards of corporate governance in New Zealand entities. This will be achieved when directors and boards implement the Principles through their structures, processes and actions... The report also sets out guidelines on the types of corporate governance structures and processes that will help entities achieve each Principle. (Securities Commission 2004:5)

The Securities Commission identified that greater governance effectiveness would be supported by taking the guiding principles of good corporate governance and applying them to the specific context of their area of operation. They achieved this by developing an accessible and common model based on their own nine Principles of governance (ibid). A similar process could be undertaken by the voluntary and community sector to develop a sector wide model of governance.

If the development of a sector model would support greater governance capacity and effectiveness, it is likely that the development of models could represent an effective approach to the delivery of capacity building to voluntary and community organisations across all key areas of need. It would be possible to implement similar studies for areas such as strategic planning, financial sustainability, evaluation and planning and performance management. The models that would potentially be generated from such research could form the basis for a capacity building approach that used models to achieve two core outcomes:

- (1) Improve the effectiveness of organisations within the sector across all key capacity building areas
- (2) Develop greater consistency of operating approaches.

REFERENCES:

- Abercrombie N and Hill S (1984). *Dictionary of Sociology*. Penguin, Harmondsworth, UK
- Abernathy J and Fine A (2003). *The Nine Principles of Capacity Building: Echoes from the Field*. Innovation Network Inc, Los Altos, CA
- Aimers J and Walker P (2003). *Structures and Strategies: A narrative analysis of eleven community organisations in Otago*. Department of Community and Family Studies, University of Dunedin, Otago
- Anglin R V (2004). *Building the Organisations that Build Communities*. US Department of Housing and Urban Development
- Auckland City Council (1999). *Auckland City Community Governance Model*. Downloaded from www.aucklandcity.govt.nz/council/documents/governance/default.asp, October 2007
- Babbie E (1992). *The Practice of Social Research*. Wadsworth Publishing, Belmont
- Ballard P and Husselbee L (2007). *Community and Ministry*. Society for Promoting Christian Knowledge, London
- Banathy B (1992). *A Systems View of Education*. Educational Technology Publications, Englewood Cliffs
- Barzerlay M (1993). "The single case study as intellectually ambitious inquiry". *Journal of Public Administration Research and Theory*, Vol. 3, No. 3, pp. 305—318
- Bettle R (2006). "Governance". Presentation to the *Ministry of Health NGO Forum*, November 2006, Wellington
- Bishop's Action Foundation (2006). *Keystone Taranaki: providing capacity building and support to voluntary and community organisations in Taranaki*. Bishop's Action Foundation, New Plymouth
- Bishop's Action Foundation (2008). *Faith, Hope and Action Newsletter, April 2008*. Bishop's Action Foundation, New Plymouth
- Blalock H M Jr. (1969). *Theory construction: From verbal to mathematical formulas*. Prentice-Hall, Englewood Cliffs
- Blalock H M Jr. (1982). *Conceptualization and Measurement in the social sciences*. Sage Publications, Beverly Hills
- Boris E T (1999). "The Non-profit Sector in the 1990s" in Clotfelter C T and Ehrlich T (Eds). *Philanthropy and the Non-profit Sector*, Indiana University Press, Bloomington.
- Boris E T (2001). "Next Steps for Building Capacity in Non-profit Organisations" in De Vita C J and Fleming C (2001). *Building Capacity in Non-profit Organizations*, The Urban Institute, Washington
- Bornstein D (1998). "Changing the world on a shoestring". *Atlantic Monthly*. Vol. 281, No. 1, pp. 34—39
- Bullen P (2007). *Models of Governance*. Downloaded from www.mapl.com.au/governance/governance3.htm, August 2007
- Bushe G R (1995). "Advances in Appreciative Inquiry as an Organisation Development Intervention". *Organisation Development Journal*. Vol. 13, No. 3, pp. 14—22
- Cairns B, Harris M and Young P (2005). "Building the Capacity of the Voluntary Nonprofit Sector: Challenges of Theory and Practice". *International Journal of Public Administration*. No. 28, 2005, pp. 869—885.
- Campbell D and Stanley J (1966). *Experimental and Quasi-Experimental Designs for Research*. Rand McNally, Chicago
- Capra F (1997). *The Web of Life: A New Scientific Understanding of Living Systems*. Anchor, New York
- Carver J (2008). *The Policy Governance Model*. Downloaded from www.carvergovernance.com/model.htm, August 2007

- Carver J (2008a). *Carver's Policy Governance Model in Nonprofit Organisations*. Downloaded from www.carvergovernance.com/pg-np.htm, August 2007
- Carver J (2001). "Le modele Policy Governance et les organismes sans but lucratif". *Gouvernance Revue Internationale*. Vol. 2, No. 1, Winter 2001, pp. 30—48
- Centre for Collaborative Action Research (2008). *Understanding Action Research*. Downloaded from <http://cadres.pepperdine.edu/ccar/define.html>, May 2008
- Chait R, Holland P, Thomas P, and Taylor B E (1996). *Improving the Performance of Governing Boards*. American Council on Education, Oryx Press, Phoenix
- Chapman M and Kirk K (2001). *Lessons for Community Capacity Building: A Summary of Research Evidence*. Research Department, Scottish Homes, Edinburgh
- Chile L M (2004). "Community Development Research". Paper presented at the *Refugee Research Conference*, Unitec, Auckland Sept—Oct 2004
- Chile L M (2007a). *Community Development Practice in New Zealand*. Institute of Public Policy, Auckland University of Technology, Auckland
- Chile L M (2007b). Keynote address presented to the *New Zealand Community boards Conference*. TelstraClear Pacific Events Centre, Manukau City, Auckland, June 2007
- Chile L M (2008). *To the Board of Refugee Service Aotearoa New Zealand: My hope and desire for the Board for 2008*. Presented on 18 June 2008 as part of Paper 588716: Building Sustainable Communities. Institute of Public Policy, Auckland University of Technology, Auckland
- Chino M and DeBruyn L (2006). "Building True Capacity: Indigenous models for indigenous communities". *American Journal of Public Health*. Vol. 96, No. 4, April 2006, pp. 596—599
- Christchurch City Council (1999). *Community Governance: Resource Kit*. Christchurch City Council, Christchurch
- Community Engagement Team (2002). *National Standards for Community Engagement*. Communities Scotland, Edinburgh
- Community Sector Taskforce various newsletters and media alerts downloaded from www.nzfvwo.org.nz/cst/ February 2008
- Community Waikato (2008). *About Us*. Downloaded from www.ssw.org.nz/About+Us+Whakapapa.html, June 2008
- Community Waikato (2008a). *Governance*. Downloaded from www.ssw.org.nz/shop/governance.html, June 2008
- Community Waitakere (2008). *About Community Waitakere*. Downloaded from www.wadcoss.org.nz/index.php?page=33, June 2008
- Connolly P and York P (2002). "Evaluating Capacity Building Efforts for Nonprofits Organisations". *OD Practitioner*. Vol. 34 (4) pp. 33-39
- Cooperrider D and Whitney D (2005). *A Positive Revolution in Change: Appreciative Inquiry*. Berrett-Koehler, San Francisco
- Council for International Development (1999). *Resource Kit*. Council for International Development, Wellington
- Creative Training Network (2007). *Needs Assessment of Governance and Organisational Capacity Building Issues*. Creative Training Network, Christchurch
- Crisp H R, Swerissen H and Duckett S J (2000). "Four approaches to capacity building in health: Consequences for measurement and accountability." *Health International*. Vol. 15, No. 2, pp. 99—107
- Cullen Hon Dr M and Dunne Hon P (2006). *Tax incentives for giving to charities and other non-profit organisations*. Inland Revenue Department, Wellington

- Davidson C and Tolich M (1999). "Interview Techniques: Questions, Themes and Prompts", in *Starting Fieldwork: An Introduction to Qualitative Research in New Zealand*. Oxford University Press, Auckland
- Davies R and Dart J (2005). *The 'Most Significant Change' (MSC) Technique*. Downloaded from www.mande.co.uk/docs/MSCGuide.htm, October 2006
- Department for Communities and Local Government (1999). *Local Leadership, Local Choice*. Downloaded from www.communities.gov.uk, June 2007
- Department of Health UK (1998). *A First Class Service: Quality in the new NHS*. Downloaded from www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4006902, April 2008
- Department of Internal Affairs (2002). *Local Government Act 2002*. Downloaded from www.localcouncils.govt.nz/lqip.nsf/wpg_URL/About-Local-Government-Local-Government-Legislation-Local-Government-Act-2002?OpenDocument, July 2008
- Department of Internal Affairs (2008). *Community Resource Kit*. Downloaded from www.dia.govt.nz, March 2008
- De Vita C J and Fleming C (2001). *Building Capacity in Non-profit Organizations*. The Urban Institute, Washington
- Diamond J (2004). "Local regeneration initiatives and capacity building: Whose capacity and building for what?" *Community Development Journal*. Vol. 39, No. 2, pp. 177—189
- Dodgson R, Kelley L and Drager N (2002). *Global Health Governance: A conceptual review*. London School of Hygiene and Tropical Medicine, London
- Drucker P F (1974). *Management: Tasks, Responsibilities, Practices*. Harper Collins, New York
- Duncan P and Thomas S (2000). *Neighbourhood regeneration: Resourcing community involvement*. The Policy Press, Bristol
- Dyce T (2005). *Community Work in New Zealand: The Early Years 1970-85*. Presentation to the Conference of the National Community Workers Association of New Zealand. New Plymouth, 21—24 September 2005
- Dyson A (2007). *Reviewing the Role of Funding Agencies in the Not-for-profit NGO Sector*. Manukau East Council of Social Services, Manukau
- Eade D (1997). "What is Capacity Building?" *Capacity Building: An Approach to People-Centred Development*, pp. 23—49. Oxfam, United Kingdom
- Eames M (2002). *Sustainable Development and Social Inclusion*. Joseph Rowntree Foundation, York Publishing Services Ltd, York
- Eames P (2006). *Cultural Well-being and Cultural Capital*. PSE Consultancy, Waikanae
- Eisenhardt K M (1989). "Building Theories from Case Study Research". *The Academy of Management Review*. Vol. 14, No 4, pp. 532—550
- Ellewood D T (2003). "From Research to Social Policy and Back Again: Translating scholarship into practice through the starry eyes of some scarred veteran". Presented at the *Social Policy Research and Evaluation Conference*, Wellington
- Environment Canada (2000). *Planning for Change: Strategic Planning and Programme Planning for Nonprofit Groups*. Environment Canada, Ontario
- Etherington K (2004). "Methodologies and methods", in *Becoming a Reflexive Researcher*, pp. 71—85. Jessica Kingsley Publishers, London
- Family and Community Services (2007). *Taranaki Region Local Services Mapping Report*. Ministry of Social Development, Wellington
- Family and Community Services (2005). "Building Organisational Capacity in the Community and Voluntary Sector: A Summary on Needs and Opportunities". Downloaded from www.familyservices.govt.nz/documents/our-work/community-development/building-capacity, June 2006

- Fawcett S B (2004). *Writing a Community Action Plan*. Alameda County Public Health Department, US
- Financial Services Authority (2003). *The Combined Code on Corporate Governance*. Financial Services Authority, London
- Flack T and Ryan C (2005). "Financial Reporting by Australian Nonprofit Organisations: Dilemmas posed by government funders". *Australian Journal of Public Administration*. Vol. 64, No. 3, pp. 69—77
- Flores J R (2003). *Introducing Community Action: Targeted Community Action Planning Toolkit*. Office of the Juvenile Justice and Delinquency Prevention Ontario, Canada
- Flyvbjerg B (2006). "Five Misunderstandings About Case-Study Research". *Qualitative Inquiry*. Vol. 12, No. 2, pp. 219—245
- Frank F and Smith A (2000). *The Partnership Handbook*. Ministry of Public Works and Government Services, Quebec, Canada
- Future Taranaki Facilitation Group (2006). *Progress Report on Community Outcomes for Taranaki*. Taranaki Regional Council, Stratford
- Garber N (2003). "A Strategy for Building Governance Capacity". Downloaded from <http://charitychannel.com>, October 2007
- Garber N (2007). *Governance Models: What's Right for Your Board?* Downloaded from <http://garberconsulting.com/governance%20models%20what's%20right.htm>, October 2007
- Geneen, H S (1984). "Why Directors Can't Protect the Shareholders". *Fortune*, Vol. 110, 1984, pp. 28—29
- Global Forum on NGO Governance, various web pages downloaded from <http://ngoboards.org/> April 2008
- Grant Thornton New Zealand (2008). *Take a fresh look at some of the Not for Profit issues currently affecting the sector*. Grant Thornton New Zealand, Auckland
- Hargreaves A and Fink D (2003). *The Seven Principles of Sustainable Leadership*. International Centre for Educational Change, University of Ontario, Ontario.
- Heidegger M (1975). *The Basic Problems of Phenomenology*. Indiana University Press
- Holliday A R (2007). *Doing and Writing Qualitative Research 2nd Edition*. Sage Publications, London
- Holsti O (1969). *Content Analysis for the Social Sciences and Humanities*. Reading, Massachusetts
- Hubbard B M (1998). *Conscious Evolution: Awakening the power of our social potential*. New World Library, Novato California
- IFF Research (2007). *Third Sector Market Mapping*. Research report prepared for Department of Health, UK
- Institute of Directors in New Zealand Inc (2008). *Professional Development*. Downloaded from www.iod.org.nz/training.aspx, April 2008
- International Council for Environmental Initiatives (1996). "Action Planning", in *The Local Agenda 21 Planning Guide: An Introduction to Sustainable Development Planning*. International Council for Environmental Initiatives
- Johnson S (2000). *Social Entrepreneurship*. Canadian Centre for Social Entrepreneurship,
- Kilmister T (1989). *Brilliant Boards: The Art of Governance*. NFP Press, Wellington
- Koop G (2005). "Basic Data Handling", in *Analysis of Economic Data, 2nd Edition*. Wiley, Sussex
- Kotter J P (2001). "What Leaders Really Do." *Harvard Business Review*. May-June 1990, pp.103—111
- Kretzmann J P and McKnight J L (2005). *Discovering Community Power: A guide to mobilising local assets and your organisation's capacity*. Asset-Based Community Development Institute, Northwestern University, Illinois

- Krippendorff K (1980). *Content Analysis: An introduction to its Methodology*. Sage, Thousand Oaks, California
- Laban Hon L W (2006). *Report demonstrates strength of collaboration*. Media Release, Minister for the Community and Voluntary Sector, 29 September 2006
- Laszlo E (1972). *The Systems View of the World*. George Brazillier, New York
- Light P C (2000). *Making Nonprofits Work: A report on the tides of nonprofit management reform*. The Brookings Institution, Washington
- Light P C (2002). *Pathways to Nonprofit Excellence*. Centre for Public Service, The Brookings Institute, Washington
- Light P C (2004). *Sustaining Nonprofit Performance: The case for capacity building and the evidence to support it*. Centre for Public Service, The Brookings Institute, Washington
- Loza J (2004). "Business-Community Partnerships: The case for community organisation capacity building". *Journal of Business Ethics*. No. 53, 2004, pp. 297—311
- Lyons M (2001). *Third Sector: The Contribution of non-profit and cooperative enterprise in Australia*. Allen & Unwin, Crows Nest, NSW
- Lunt N (2003). "Knowledge for Policy: The emergence of evaluation research within New Zealand", in N. Lunt, C Davidson and K McKegg (Eds), *Evaluating Policy and Practice A New Zealand*, pp. 4—15. Reader Pearson Education NZ Ltd, Auckland
- Malcolm L and Mays N (1999). "New Zealand's Independent Practitioner Associations: A working model of clinical governance in primary care". *British Medical Journal*, Vol. 319, 1999, pp. 1340—1342
- Malcolm L, Wright L, Barnett P and Hendry C (2002). *Clinical Leadership and Quality in District Health Boards in New Zealand*. Ministry of Health New Zealand, Wellington
- Maori Land Court (2008). *Glossary*. downloaded from www.justice.govt.nz/maorilandcourt/glossary.htm, July 2008
- Mattessich R (1978). *Instrumental Reasoning and Systems Methodology: An epistemology of the applied and social sciences*. Reidel, Boston
- McKeone D (1995). *Measuring Your Media Profile*. Gower Press, UK
- McKinlay P (1999). "Understanding Community Governance". Presented to the Special Interest Group on Community Governance at the 1999 *Local Government New Zealand Conference*, Wellington
- McKinley P (2006). "The Challenge of democratic participation in the community development process". *Community Development Journal*. Vol. 41, No. 4, pp. 492—505
- McLaughlin K (2004). "Towards a modernised voluntary and community sector?" *Public Management Review*. Vol. 6, Iss. 4, 2004, pp. 555—562
- McPhee P and Bare J (2001). "Introduction", in De Vita Carol J and Fleming Cory (2001) *Building Capacity in Non-profit Organizations*. The Urban Institute, Washington
- Mika J (2003). "Maori Capacity-building: Shifting the policy settings toward Maori independence", in *Public Sector*, Vol. 26, No. 1, pp. 13—17
- Milligan C (2008). *From Placards to Partnership: The changing nature of community activism and infrastructure in Manchester, UK and Auckland, Aotearoa New Zealand*. University of Lancaster, United Kingdom
- Milofsky, C. (Ed) (1988). "Structure and process in community self-help organizations." In *Community Organizations: Studies in resources mobilization and exchange*. pp. 183—216. Oxford University Press, New York
- Ministry of Social Development (2004). *Opportunity for all New Zealanders*. Ministry of Social Development, Wellington
- Ministry of Social Development (2006). *The Social Report 2006*. Ministry of Social Development, Wellington

- Ministry of Social Development (2008). *Managing Well*. Downloaded from www.familyservices.govt.nz/our-work/community-development/building-capacity/managing-well.html, May 2008.
- Moran D (2000). *Introduction to Phenomenology*. Routledge, Oxford
- Morgan P. (2006). *Study on Capacity, Change and Performance: The concept of capacity*. European Centre for Development Policy Management, Maastricht
- Mowbray M (2005). "Community capacity building or state opportunism?" *Community Development Journal*. Vol. 40, No. 3, pp. 255—264
- National Governance Hub for England (2006). *Support and Resource Needs of Trustees and Chairs in Voluntary and Community Organisations*. Office for Public Management, London.
- Neuendorf K A (2002). *The Content Analysis Guidebook*. Sage, London
- New Plymouth District Council (2007). *Taranaki Community Directory*. New Plymouth District Council, Community Development Team.
- New South Wales Health Department (2001). *A Framework for Building Capacity to Improve Health*. NSW Department of Health, Gladesville
- New York Stock Exchange (2003). *Final NYSE Corporate Governance Rules*. New Zealand Council of Social Services (2006). *Network News*. Downloaded from www.nzcoss.co.nz, May 2008
- New Zealand Council of Social Services (2004). *Notes from the LTCCP Panel*. Downloaded from www.nzcoss.org.nz/files/Notes%20from%20the%20LTCCP%20Panel.doc, March 2008
- New Zealand Council of Social Services (2005). *Joint Employment Relations Project*. Downloaded from www.nzcoss.org.nz/index.php?page=86, May 2008
- New Zealand Federation of Voluntary Welfare Organisations (2004). *Counting for Something: Value added by voluntary agencies*. NZFVWO, Wellington
- New Zealand Federation of Voluntary Welfare Organisations (2008). *Member Update*. Email. Sent 29 January 2008. NZFVWO, Wellington
- Downloaded from www.nyse.com/pdfs/finalcorpgovrules.pdf, July 2008
- Norman D (2002). *The Farming Systems Approach: A historical perspective*. Downloaded from <http://conference.ifas.ufl.edu/ifsa/papers/invite/Norman.doc>, February 2008
- Nowland-Foreman G (2006a). *Society would collapse if non-profits disappeared*. Media Release, 29 September 2006, Committee for the Study of the New Zealand Non-Profit Sector, Wellington
- Nowland-Foreman G (2006b). *Investing in Capacity: A review of Arts Waikato and Social Services Waikato for Trust Waikato*. Trust Waikato, Hamilton
- Nyland J (1994). *Organising Options: Community management revisited*. New South Wales Council of Social Services, Sydney
- OECD (2004). *Principles of Corporate Governance* OECD, Paris
- Office of Home Affairs (2004). *Local Action Planning*. Downloaded from www.activecitizen.org.uk/files/downloads/reports, May 2008
- Office for the Community and Voluntary Sector (2005). *Study of the non-profit sector*. downloaded from www.ocvs.govt.nz, February 2006
- Paton M Q (1990). "Variety in Qualitative Enquiry: The theoretical orientations", in *Qualitative Evaluation and Research Methods*. Sage, London
- Pearse R F (2000). "Understanding Organisational Power and Influence Systems". *Compensation and Benefit Management*. Vol.16, No. 4, pp. 28—38
- Philbin A and Mikush S (2000). *A Framework for Organisational Development: The why, what and how of OD work*. Mary Reynolds Babcock Foundation, available at www.mrbf.org

- Platt J (1985). "Weber's Verstehen and the History of Qualitative Research: The missing link". *The British Journal of Sociology*. Vol. 36, No. 3 pp. 485—466
- Queensland Government (2004). *Community Governance Improvement Strategy*. Department of Local Government, Brisbane
- Ragin C C and Becker H S (Eds) (1992). *What is a Case? Exploring the foundations of social inquiry*. Cambridge University Press, Cambridge
- Robinson D and Hanley P (2002). *Funding New Zealand 2002*. Philanthropy New Zealand and Social and Civic Policy Institute, Wellington
- Rosier P (2005). *Mentoring, Coaching and Beyond in the Community Sector*. New Zealand Federation of Welfare Organisations, Wellington
- Salamon L M, Wojciech-Sokolowski S and List R (2003). *Global Civil Society: An overview*. Centre for Civil Society Studies, John Hopkins University, Baltimore
- Sanders J, O'Brien M, Tennant M, Wojciech Sokolowski S and Salamon L M (2008). *The New Zealand Non-profit Sector in Comparative Perspective*. Office for the Voluntary and Community Sector, Wellington
- Scally G and Donaldson L J (1998). "Clinical governance and the drive for quality improvement in the new NHS in England". *British Medical Journal*. Vol. 317, 1998, pp. 61—65
- Searle John (2008). "Phenomenological Illusion". Downloaded from [http://socrates.berkeley.edu/~jsearle/phenomenological illusion.PDF](http://socrates.berkeley.edu/~jsearle/phenomenological%20illusion.PDF), October 2007
- Sector Development Policy Team (2004). *ChangeUp: Capacity building and infrastructure framework for the voluntary and community sector*. Home Office, London
- Secretary of State for Health (1997). *The New NHS*. Stationery Office, London
- Securities Commission (2004). *Corporate Governance in New Zealand: Principles and Guidelines*. Securities Commission, Wellington
- Selener D (1997). *Participatory Action Research and Social Change*. Cornell Participatory Action Research Network University, Ithaca, New York
- Senior D (2006). "Stocktake of Community Organisations Providing Social Services in Waitakere", in *Waitakere City Community Report: Local Services Mapping*. Ministry of Social Development, Wellington
- Singleton R A and Straits B C (1988). *Approaches to Social Research*. Oxford University Press, Oxford
- Slife, B.D. & Williams, R.N. (1995). *What's Behind the Research? Discovering hidden assumptions in the behavioral sciences*. Sage Publications, Thousand Oaks
- Smith B N (2004). "Transformational and Servant Leadership: Content and contextual comparisons". *Journal of Leadership and Organisational Studies*. Vol. 10, No. 4, pp. 80—91
- Smith D W (2007). *Husserl*. Routledge, London
- Spears L (2004). *Servant-Leadership and the Greenleaf Legacy*. Downloaded from www.alz.org/careconference/07/downloads/S1.02a%20Steele.doc, February 2008
- Stake R E (1995). *The Art of Case Study Research*. Sage Publications, Thousand Oaks
- Standards Australia (2003). *AS 8000-2003 Good Governance Principles*. Standards Australia International Ltd, Sydney
- Statistics New Zealand (2007). "Almost 100,000 Non Profit Institutions in NZ". Press Release. Downloaded from www.stats.govt.nz/store/2007/04/counting-non-profit-institutions-in-nz-05-mr.html, January 2008.
- Stewart D and Mickunas A (1990). *Exploring Phenomenology: A guide to the field and its literature*. Ohio University Press, Ohio
- Story M. (2007). "Maori Governance", in *The Director*. pp. 7—10. Downloaded from www.management.co.nz/TheDirector, December 2007.

- Sullivan H (2006). "The Three Challenges of Community Leadership". *Local Government Studies* Vol. 32, No. 4, pp. 489—508
- Taranaki Daily News (2008). "IRD deal to help keep surf lifesavers afloat". Downloaded from www.stuff.co.nz/4717683a6002.html?source=RSSdailynews/headlines_20081006, October 2008
- Taylor S J and Bogdan R (1998). *Introduction to Qualitative Research Methods*. Wiley, London
- Tennant M, Sanders J, O'Brien M and Castle C (2006a). *Defining the Nonprofit Sector: New Zealand Frequently Asked Questions*. John Hopkins University Centre for Civil Studies, Baltimore.
- Tennant M, Sanders J, O'Brien M and Castle C (2006b). *Defining the Nonprofit Sector: New Zealand*. Working Papers of the John Hopkins Comparative Nonprofit Sector Project, No. 45. Centre for Civil Society Studies, John Hopkins University, Baltimore
- Tennant M, O'Brien M and Sanders J (2008). *The History of the Non-profit Sector in New Zealand*. Office for the Voluntary and Community Sector, Wellington
- Te Puni Kokiri (2006). *Whakahaere Governance*. Downloaded from www.tpk.govt.nz/government/consult/governance.asp, August 2007
- Tindall Foundation (2007). *Summary of the SCOPE Programme Design and Outcomes Evaluation Highlights*. Downloaded from www.tindall.org.nz/word%20documents/SCOPE_evaluation_website_summary.doc, May 2008
- Tolich M & Davidson C (2003). "The Fascinating World of Social Science Research", in C Davidson and M Tolich (Eds). *Social Science Research in New Zealand*, pp. 7—22. Pearson Education NZ Ltd, Auckland
- Tui Ora Ltd (2006). *About Us*. Downloaded from www.tuiora.co.nz/about.php, July 2008
- US Department of Housing and Urban Development (2003). "Understanding the Basics of Strategic Planning" in *Building Communities Together*. Enterprise Community Initiative, HUD Washington DC
- Van der Platt M and Barrett G (2005). "Building Community Capacity in Governance and Decision Making". *Community Development Journal*. Vol. 41, No. 1. Pp. 25—36
- Walker P and Aimers J (2003). *Structures and Strategies: A narrative analysis of eleven community organisations in Otago*. Department of Community and Family Studies, University of Otago, Dunedin
- Wallerstein N (1993). "Empowerment and Health: The theory and practice of community change". *Community Development Journal*. Vol. 28, No. 3, July 1993, pp. 218—227
- Waring M (2001). "Community Governance". Address to the *Absolutely Positively Local Government: Best Practice for Local Government in the New Millennium conference*. Wellington Local Government Forum www.localgovt.co.nz/NR/rdonlyres/DFDA8CA6-27DB-4C5B-BC38-0C9DEE90CD80/957/Guest20Speaker20Speech2020Marilyn20Waring.htm,
- Waring M. (2006). "Raraka te Muka: Gathering the fibre." Keynote address to the *New Zealand Council for Social Services annual conference*. 18 October 2006, Ashburton
- Whale Watch Kaikoura (2008). *About Us*. Downloaded from www.whalewatch.co.nz/flash.html, July 2008
- Whyte (2002). *Gardening Good Governance in Pacific Island Communities: Preliminary insights from Vanuatu*. Foundation of the Peoples of the South Pacific, Vanuatu
- Wood M M (1996). *Nonprofit Boards and Leadership: Cases on governance, change and board staff dynamics*. Jossey-Bass, San Francisco
- World Health Organisation (1983). *The Principles of Quality Assurance*. World Health Organisation, Copenhagen

- Wright L, Barnett P and Hendry C (2001). *Clinical Leadership and Clinical Governance: A review of developments in New Zealand and internationally*. CLANZ and Ministry of Health New Zealand, Wellington
- Yin R K (2002). *Case Study Research, Design and Methods*, Third Edition. Sage Publications, California

APPENDICES

APPENDIX A – ETHICS APPLICATION

**Auckland University of Technology Ethics Committee
(AUTEC)**

EA1

APPLICATION FOR ETHICS APPROVAL FOR RESEARCH PROJECTS



Please note that incomplete applications will not be considered by AUTEC. Please do not alter the formatting of this form or delete any sections. If a particular question is not applicable to your research, please state that as your response to that question.

General Information

Project Title

If you will be using a different title in documents to that being used as your working title, please provide both, clearly indicating which title will be used for what purpose.

Enhancing governance effectiveness in the voluntary and community sector

Applicant Name and Qualifications

When the researcher is a student (including staff who are AUT students), the applicant is the principal supervisor. When the researcher is an AUT staff member undertaking research as part of employment or a staff member undertaking research as part of an external qualification, the applicant is the researcher. Staff should refer to Section 11.4 of Applying for Ethics Approval: Guidelines and Procedures to check requirements for ethics approval where they are studying at another institution.

Principal Supervisor: Dr Love Chile

Secondary Supervisor: Kathy Mortimer

Applicant's School/Department/Academic Group/Centre

Institute of Public Policy

Applicant's Faculty

Applied Humanities

Student Details

Please complete this section only if the research is being undertaken by a student as part of an AUT qualification.

Student Name(s):

Simon Cayley

Student ID Number(s):

0656220

Completed Qualification(s):

BA (Hons) Politics
Pg Dip Development Studies

E-mail address:

actionfoundation@xtra.co.nz

School/Department/Academic Group/Centre

Institute of Public Policy

Faculty

Applied Humanities

Name of the qualification for which this research is being undertaken:

M Phil

Research Output

Please state whether your research will result in a thesis or dissertation or a research paper or is part of coursework requirements.

Thesis

Details of Other Researchers or Investigators

Please complete this section only if other researchers, investigators or organisations are involved in this project. Please also specify the role any other researcher(s), investigator(s) or organisation(s) will have in the research.

Individual Researcher(s) or Investigator(s)

Please provide the name of each researcher or investigator and the institution in which they research.

Deirdre Nagle
Project Manager, Bishop's Action Foundation, New Plymouth, Taranaki

Research or Investigator Organisations

Please provide the name of each organisation and the city in which the organisation is located.

N/A

Are you applying concurrently to another ethics committee?

If your answer is yes, please provide full details, including the meeting date, and attach copies of the full application and approval letter if it has been approved.

No

Declaration

The information supplied is, to the best of my knowledge and belief, accurate. I have read the current Guidelines, published by the Auckland University of Technology Ethics Committee, and clearly understand my obligations and the rights of the participant, particularly with regard to informed consent.

Signature of Applicant		Date
------------------------	--	------

(In the case of student applications the signature must be that of the Supervisor)

Signature of Student		Date
----------------------	--	------

(If the research is a student project, both the signature of the Supervisor, as the applicant, and the student are required)

Authorising Signature

Signature of Head	Name of Faculty/Programme/School/Centre	Date
-------------------	---	------

General Project Information

Project Duration

Approximate Start Date of Primary Data Collection

November 2007

Approximate Finish Date of Complete Project

November 2008

Are funds being obtained specifically for this project?

If your answer is yes, then you must complete section G of this Application Form.

No

Types of persons participating as participants

Please indicate clearly every one of the following categories that applies to those participating in your research.

Researcher's students

None

Adults (20 years and above)

Governance bodies, Managers, appropriate staff of three voluntary and community organisations within Taranaki.

Legal minors (16 to 20 years old)

None

Legal minors (under 16 years old)

None

Members of vulnerable groups

e.g. persons with impairments, limited understanding, etc. If your answer is yes, please provide a full description.

The research may include organisations whose client group involves members of vulnerable groups. However, the research will not directly engage with people from a vulnerable group as it will not engage with clients and/or consumers of services of organisations.

Hospital patients

None

Prisoners

None

Does this research involve use of human remains, tissue or body fluids which does not require submission to a Regional Ethics Committee?

e.g. finger pricks, urine samples, etc. (please refer to section 13 of the AUTC Guidelines). If your answer is yes, please provide full details of all arrangements, including details of agreements for treatment, etc.

No

Does this research involve potentially hazardous substances?

e.g. radioactive materials (please refer to section 15 of the AUTC Guidelines). If your answer is yes, please provide full details.

No

Research Instruments

Does the research include the use of a questionnaire?

If your answer is yes, a copy of the questionnaire is to be attached to this application form.

No

Does the research involve the use of focus groups or interviews?

If the answer is yes, please indicate how the data will be recorded (e.g. audiotape, videotape, note-taking). When interviews or focus groups are being recorded, you will need to make sure there is provision for explicit consent on the Consent Form and attach to this Application Form examples of indicative questions or the full interview or focus group schedule.

Yes. The data will be recorded through note-taking and the participants will be able to review the content of the interviews if they wish.

Does the research involve the use of observation?

If the answer is 'Yes', please attach a copy of the observation protocol that will be used to this application.

No

Who will be transcribing or recording the data?

If someone other than the researcher will be transcribing the interview or focus group records or taking the notes, you need to provide a confidentiality agreement with this Application Form.

Deirdre Nagle, Research Assistant

How does the design and practice of this research implement each of the three principles of the Treaty of Waitangi (Partnership, Participation and Protection) in the relationships between the researcher and other participants?

Please refer to Section 2.5 of AUTC's Applying for Ethics Approval: Guidelines and Procedures (accessible in the Ethics Knowledge Base online via <http://www.aut.ac.nz/about/ethics>) and to the relevant Frequently Asked Questions section in the Ethics Knowledge Base.

Recognising that the Treaty of Waitangi is the founding document of New Zealand the research project has been developed according to the principle of partnership within a relationship of good faith, mutual respect and understanding, and shared decision making. This relationship will continue to be reflected in the implementation of the research and through an equitable approach to all members of the voluntary and community sector involved.

The research project is not being designed with a specific research component directed towards kaupapa Maori community organisations. That said, it is recognised that Maori do access services through 'mainstream' organisations and therefore a key component affecting Maori will be the capacity of non-kaupapa Maori community organisations whose services include Maori to deliver those services in a culturally

sensitive and effective manner. In terms of this research the three organisations that will form the case studies are likely to offer services to Maori as part of their client groups. Therefore, the capacity needs of these organisations will have an impact on quality of service and quality of life issues for Maori as well as other members of the Taranaki population.

To achieve an effective outcome from this element of the research a Maori advisory group has been developed inclusive of both Managers and Governance from kaupapa Maori community organisations and Maori Managers and Governance members from non-kaupapa Maori community organisations. Consultation with this group will not form a major component of the research because developing a governance model for Maori organisations is not a specified aim. However, draft findings will be discussed with this group through a focus group session in order that potential impacts for Maori organisations and Maori clients of other organisations can be identified. The final findings will also be presented to this focus group.

The advice of the advisory group contributes to developing conclusions about how capacity building for governance should be implemented to support organisations to develop more effective service delivery for Maori and better relationships with Maori and Maori communities.

Does this research target Maori participants?

No

If 'Yes', what consultation has been undertaken when designing the research?

Please identify the group(s) with whom consultation has occurred and provide evidence of their support and any impact this consultation had on the design of the research. Researchers are advised to read the Health Research Council's Guidelines for researchers on health research involving Maori, available via the Ethics Knowledge Base.

Does this research target participants of particular cultures or social groups?

Please refer to Section 2.5 of AUTEK's Applying for Ethics Approval: Guidelines and Procedures (accessible in the Ethics Knowledge Base online via <http://www.aut.ac.nz/about/ethics>) and to the relevant Frequently Asked Questions section in the Ethics Knowledge Base.

No

If 'Yes' please identify which cultures or social groups are being targeted and how their cultures or social groups are being considered in the research design.

If your answer to B.9 was 'Yes', what consultation has occurred with these cultures or social groups in the design of the research?

Please identify the group(s) with whom consultation has occurred and provide evidence of their support and any impact this consultation had on the design of the research.

Is there a need for translation or interpreting?

If your answer is 'Yes', please provide copies of any translations with this application and any Confidentiality Agreement required for translators or interpreters.

No

Project Details

Please describe the project details in language which is, as far as possible, free from jargon and comprehensible to lay people.

Aim of project:

Please explain the broad scope and purpose of the project and state concisely how the type of information being sought will achieve the project's aims. Please give the specific hypothesis(es), if any, to be tested.

The aim of this study is to research existing models of governance to enable the creation of a new model of governance that is reflective of the unique resources, capacity, knowledge and stresses that face voluntary and community organisations. Governance capacity has been identified as an area of need for voluntary and community organisations to enable them to fulfil their role of building strong, sustainable, connected and empowered communities (Home Office, 2004; De Vita and Fleming, 2001 & 2005).

Voluntary and community organisations are fundamental to society because they are major stakeholders in building social capital that underpins healthy and well-functioning communities. Yet many of these organisations are small and possess limited resources when measured against the challenges and critical issues they address. This raises issues of the capacity of organisations to operate effectively.

This research examines the governance needs in three social service provider organisations, one each from the broad category of small, medium and large community organisations. It will identify the scope of governance capacity building needs, current approaches to governance and then create a new model for governance with these organisations as reflective of most voluntary and community sector groups.

Why are you proposing this research?

(ie what are its potential benefits to participants, researcher, wider community, etc?)

Anecdotal evidence suggests that governance (and its relationship to management) is one of the key areas of capacity need within the voluntary and community sector. Moreover, within New Zealand there appears to be a lack of knowledge about what a governance model would look like that is reflective of the unique needs of voluntary and community organisations (as compared to other models of governance including corporate and clinical governance).

For the purposes of this research governance capacity is defined as institutional structures concerned with how decisions are taken and how citizens are accorded voices within this process (Chile, 2006). Capacity building for governance therefore relates to advice/support provided to an organisation that produces long-term and sustainable improvements to the operation of that organisation and therefore its ability to meet its stated objectives.

This research seeks to identify the governance needs of organisations in Taranaki, with a view to developing a new model for governance within the sector. This will contribute towards achieving sustainable improvements in governance operations.

Background:

Please provide sufficient information, including relevant references, to place the project in perspective and to allow the project's significance to be assessed. Where appropriate, provide one or two references to the applicant's (or supervisor's) own published work in the relevant field.

The voluntary and community sector is at the heart of building strong, sustainable, connected and empowered communities (Sector Development Policy Team, UK 2004). Yet many of these organisations are small and possess limited resources when

measured against the challenges and critical issues they address. Consequently, organisations spend considerable amounts of time pursuing short-term grants to provide services to tackle problems that are complex and take years to address. Organisations within the sector often work with people closest to the margins of society and at greatest risk of social exclusion (De Vita and Fleming 2001).

Despite their place at the forefront of service delivery many voluntary and community organisations survive year-to-year and in some cases month-to-month in an ongoing battle to raise adequate funding, to recruit sufficient numbers of volunteers and to meet the demands of a wide range of other operational challenges (Family and Community Services, NZ 2005). This lack of stability and sustainability can impact on people working in voluntary and community organisations by increasing stress levels and reducing the time they have available to focus on the core role of the organisation – meeting the key needs of the community they serve – because they are focussed more on survival (Boris 2001). This in turn impacts on the community as they often lose continuity as organisations come and go or because the quality of service provision becomes inconsistent. Therefore, there is the potential risk that without adequate capacity building many communities may not receive consistent quality of service from the voluntary and community sector organisations within them.

In addition, there are questions about the long-term planning and evaluation processes within the sector which creates the risk that organisations established to meet specific needs may not have the capacity to adjust their programmes and activities to the changing socioeconomic and demographic circumstances of their communities. There is also a follow on risk that funders may be supporting programmes that have no direct relevance to the current needs and aspirations of communities.

Existing research and anecdotal evidence suggests that many voluntary and community sector organisations struggle to cope with myriad issues including fundraising, governance-management relationships, evaluation and planning, developing policy and strategy frameworks and responding to changing legislative and social requirements. Within this framework of needs effective governance (and its relationship to management) is perhaps the core area of need for voluntary and community organisations.

Moreover, an approach to governance that reflects the unique needs of this sector is crucial. It is useful to note that clinical governance was established as a model that took the most effective components of corporate governance and applied it to the health sector environment. A similar process is needed for the not-for-profit sector whereby the best practice elements of corporate and clinical governance are applied and added to in order to develop a coherent model of governance for the community sector. Furthermore, it is essential that this new model is presented in language that can be translated by the sector. It is interesting that Carver (2001) is widely acknowledged as having developed a model of governance for Nonprofit organisations. However, it is presented in language and form that make it inaccessible to many Nonprofit organisations.

Therefore, this research will provide valuable information about the governance capacity needs of community organisations. Moreover, it will create and implement a model of governance that reflects the unique nature of the voluntary and community

sector and that is presented in language and form applicable to and usable by the sector:

1. Boris Elizabeth T (2001) 'Next Steps for Building Capacity in Non-profit Organisations' in De Vita Carol J and Fleming Cory (2001) Building Capacity in Non-profit Organizations The Urban Institute, Washington
2. Carver J & M (2001). "Le modele Policy Governance et les organismes sans but lucrative". Canadian journal Gouvernance – revue internationale, Vol 2, no. 1, Winter 2001 pp 30-48
3. De Vita Carol J and Fleming Cory (2001) Building Capacity in Non-profit Organizations The Urban Institute, Washington
4. Family and Community Services (2005) "Building Organisational Capacity in the Community and Voluntary Sector: A Summary on Needs and Opportunities" downloaded from [www.familyservices.govt.nz/documents/our-work/community-development/building-capacity-on-26 June 2006](http://www.familyservices.govt.nz/documents/our-work/community-development/building-capacity-on-26-June-2006)
5. Sector Development Policy Team (2004) ChangeUp: Capacity Building and Infrastructure Framework for the Voluntary and Community Sector United Kingdom Home Office, London

Procedure:

Explain the philosophical and/or methodological approach taken to obtaining information and/or testing the hypothesis(es).

The metaphor of a journey is appropriate to define the methodological approach of this study. If one examines a journey on the London Underground one finds that there are many different routes that could be chosen to arrive at the same destination and it is likely that the traveller will need to journey along sections of various different lines to reach the desired end point. Similarly, in terms of a methodological approach, there are many relevant routes available, but the most effective means of reaching the desired end point involves selecting certain elements from a range of appropriate options.

Systems Perspective

A key question that frames the approach of the systems perspective is 'how and why does this system as a whole function as it does?' The perspective involves synthetic thinking which attempts to reveal function rather than structure - why a system works rather than how it works.

This approach is important for this study because it will examine the various elements of the voluntary and community sector, but will seek to define these elements as parts of a greater system. The aim is not to outline how the voluntary and community sector works, but to look at why it works as it does. Within this the focus on capacity building will investigate why the system functions as it does and what impact capacity building can have on the success or failure of this function.

Chaos Theory

Chaos Theory provides an approach that seeks to examine whether there is an underlying order within a seemingly disorderly sector. In relation to this study there is, on many levels, a sense that the voluntary and community sector is disorderly.

There are many varying levels of capacity among organisations, different sizes and focus of operations, different organisational structures and many sub-sectors within the overall system.

However, despite this there are common elements to the capacity building needs of voluntary and community organisations and common trends that permeate through the sector both in terms of desired outcomes and underlying philosophies of operation.

That said, one of the most notable benefits of utilising Chaos Theory to underpin part of the methodology of the study is that it provides a basis from which to observe, describe and value disorder. This helps to define the possibility that the capacity building needs of the voluntary and community sector are likely to reveal certain commonalities (as per a whole system), but that within this there will be myriad needs that require a range of solutions rather than a one size fits all approach.

It is the combination of identifying core, systems level factors alongside specific and individual factors that is the key to the methodology of this study.

Phenomenology

As an approach Phenomenology asks the question ‘what is the structure and essence of experience of this phenomenon for these people?’ From the point of view of this study the phenomenon can be seen to be capacity building and capacity building needs and the people can be seen to be the various elements of the voluntary and community sector including organisations, funding providers, stakeholders, businesses and community members.

The methodological approaches described above are all qualitative approaches and the research methods described in section C.4.2 will therefore focus on a qualitative rather than quantitative approach. The methods of data collection have therefore been chosen to ensure the quality of responses as opposed to securing a large number of responses.

State in practical terms what research procedures or methods will be used.

It is proposed that the major focus of the research will be an in depth study of three organisations.

The case studies will enable a clear and detailed picture to be developed of the operating environment of community sector organisations with a focus on building an understanding of capacity building, capacity building needs and successful capacity building strategies.

Secondary data – study of annual reports, trust deeds/constitutions/ strategic plans

This provided base materials for the examination of the operation and structure of organisations. The secondary data review identified key questions, gaps and areas of enquiry relating specifically to capacity building for governance of organisations in the voluntary and community sector. These formed the basis from which Structured Interviews were developed.

Structured Interviews

These will enable broad themes to be explored through in depth interviews with key personnel within organisations. Interviews will be undertaken with the following key position holders:

1. Managers / Chief Executives of case study organisations
2. Chairs of the Board of governance of case study organisations
3. Treasurer to the Board
4. General staff members

Interview questions have been informed by analysis of the secondary data to reflect key issues, questions and gaps identified.

From the information gathered within these interviews, coupled with the literature review and secondary data analysis, a new model for voluntary and community sector governance will be created.

State how information will be gathered and processed.

Primary data will be gathered mainly through interviews. The interview guide has been designed to ensure consistency of response and to support effective data analysis.

The data collected from the interviews will be processed using the following steps:

5. Transcription of interview content
6. Identification and summarisation of key themes within each interview
7. Tabulation of information
8. Cross-referencing of key themes across and between each organisation and then against the secondary data
9. Summarising of the conclusions that can be drawn from the data including impact on potential models for capacity building delivery

State how your data will be analysed.

This is a qualitative study using secondary data analysis and structured interviews. It does not utilise any sophisticated analytical/statistical tools.

Where gathered data is identified as being quantitative in nature it will be tabulated in descriptive tables or graphs using a descriptive statistical approach.

Data gathered through the qualitative interview will be analysed using a content analysis approach. Common themes will be identified and these will form the basis for the development and explanation of the research findings.

Provide the statistical or methodological justification for this.

Not applicable – primary data collection will be through in depth interviews so this will not be analysed with sophisticated statistical tools.

Bibliography and References

Please include the bibliography and references for your responses to this section in the standard format used in your discipline.

1. Aimers Jenny and Walker Peter (2003) Structures and Strategies: A narrative analysis of eleven community organisations in Otago Dept of Community and Family Studies, University of Dunedin, Otago
2. Anglin Roland V (2004) Building the Organisations that Build Communities US Dept of Housing and Urban Development
3. Boris Elizabeth T (1999) "The Non-profit Sector in the 1990s" in Clotfelter Charles T and Ehrlich Thomas (Eds) Philanthropy and the Non-profit Sector, Indiana University Press, Bloomington.
4. Boris Elizabeth T (2001) 'Next Steps for Building Capacity in Non-profit Organisations' in De Vita Carol J and Fleming Cory (2001) Building Capacity in Non-profit Organizations The Urban Institute, Washington
5. Bornstein David (1998) "Changing the world on a shoestring" in Atlantic Monthly Vol 281, No. 1, pp34-39
6. Cairns B, Harris M and Young P (2005) 'Building the Capacity of the Voluntary Nonprofit Sector: Challenges of Theory and Practice' International Journal of Public Administration 28: pp869-885, 2005.
7. Chapman Michael and Kirk Karryn (2001) Lessons for Community Capacity Building: A Summary of Research Evidence Research Dept, Scottish Homes, Edinburgh
8. Chino M and DeBruyn L (2006) 'Building True Capacity: Indigenous models for indigenous communities' American Journal of Public Health Vol. 96, No. 4, April 2006, pp.596-599
9. Community Engagement Team (2002) National Standards for Community Engagement Communities Scotland, Edinburgh
10. Community Sector Taskforce various newsletters and media alerts downloaded from <http://www.nzfwo.org.nz/cst/>
11. Cullen Hon Dr Michael and Dunne Hon Peter (2006) Tax incentives for giving to charities and other non-profit organisations Inland Revenue Department, Wellington
12. De Vita Carol J and Fleming Cory (2001) Building Capacity in Non-profit Organizations The Urban Institute, Washington
13. Eames Malcolm Ed. (2002) Sustainable Development and Social Inclusion Joseph Rowntree Foundation, York, York Publishing Services Ltd
14. Eames Penny (2006) Cultural Well-being and Cultural Capital PSE Consultancy, Waikanae
15. Family and Community Services (2005) "Building Organisational Capacity in the Community and Voluntary Sector: A Summary on Needs and Opportunities" downloaded from www.familyservices.govt.nz/documents/our-work/community-development/building-capacity_on_26_June_2006
16. Flack T and Ryan C (2005) 'Financial reporting by Australian Nonprofit Organisations: dilemmas posed by government funders' Australian Journal of Public Administration Vol. 64, No. 3, pp.69-77

17. Johnson Sherrill (2000) Social Entrepreneurship Canadian Centre for Social Entrepreneurship
18. Kretzmann John P and McKnight John L (2005) Discovering Community Power: A guide to mobilising local assets and your organisations capacity Asset-Based Community Development Institute, Northwestern University, Illinois
19. Laban Hon Luamanuvao Winnie (2006) Report demonstrates strength of collaboration. Media Release, Minister for the Community and Voluntary Sector, 29 September 2006.
20. Light Paul C (2002) Pathways to Nonprofit Excellence. Centre for Public Service, The Brookings Institute, Washington
21. Light Paul C (2004) Sustaining Nonprofit Performance: The case for capacity building and the evidence to support it. Centre for Public Service, The Brookings Institute, Washington
22. Loza J (2004) 'Business-Community Partnerships: The case for community organisation capacity building' Journal of Business Ethics No. 53, pp.297-311, 2004
23. McLaughlin K (2004). 'Towards a modernised voluntary and community sector?' Public Management Review Vol 6, Issue 4, pp.555-562, 2004.
24. Mcphee Penelope and Bare John (2001) 'Introduction' in De Vita Carol J and Fleming Cory (2001) Building Capacity in Non-profit Organizations The Urban Institute, Washington
25. New Zealand Council of Social Services Network News 2006 Issues downloaded from www.nzcooss.co.nz
26. Nowland-Foreman G (2006) Society would collapse if non-profits disappeared. Media Release, Committee for the Study of the New Zealand Non-Profit Sector, 29 September 2006
27. Office for the Community and Voluntary Sector (2005) Study of the non-profit sector downloaded from www.ocvs.govt.nz February 2006
28. Rosier P (2005) Mentoring, Coaching and Beyond in the Community Sector New Zealand Federation of Welfare Organisations, Wellington
29. Salamon Lester M, Sokolowski S. Wojciech and List Regina (2003) Global Civil Society: An Overview Centre for Civil Society Studies, John Hopkins University, Baltimore
30. Sector Development Policy Team (2004) ChangeUp: Capacity Building and Infrastructure Framework for the Voluntary and Community Sector United Kingdom Home Office, London
31. Tennant M, Sanders J, O'Brien M and Castle C (2006) Defining the Nonprofit Sector: New Zealand. Working Papers of the John Hopkins Comparative Nonprofit Sector Project, No. 45. Centre for Civil Society Studies, John Hopkins University, Baltimore
32. Walker P and Aimers J (2003) Structures and Strategies: A Narrative Analysis of Eleven Community Organisations in Otago Dept of Community and Family Studies, University of Otago, Dunedin

Participants

Who are the participants?

The participants will be:

1. Chairs of the Board of governance of case study organisations
2. Other Board members
3. Managers / Chief Executives of case study organisations
4. General staff members

What criteria are to be used in recruiting the participants?

Organisations will be selected using a stratified purposeful sample taken from the Taranaki Social Services Directory listings. This sample will be stratified by size of operation (small, medium and large organisations) and by focus (Social Service provider organisations).

What criteria are to be used for selecting participants from those recruited?

The sampling process will involve the following steps:

5. A blanket letter has been distributed seeking interested organisations. Those that responded positively have been asked to supply secondary data.
6. Those organisations who supplied secondary data have been re-organised into clusters (small, medium and large).
7. The organisations within each cluster have been numbered.
8. Following ethics approval a stratified random sample of five organisations will be made from the numbered lists for each cluster. Each organisation will be invited to participate in the research.
9. From those organisations that respond positively a final sample of three organisations (one per cluster) will be made.

Are there any potential participants who will be excluded?

If your answer is yes, please detail the criteria for exclusion.

No

Are there any potential conflicts of interest or possible coercive influences in the professional, social, or cultural relationships between the researcher and the participants (e.g. dependent relationships such as teacher/student; parent/child; pastor/congregation etc.)?

Yes

If your answer was 'Yes', please identify the nature of the relationships concerned and provide full information about the processes being incorporated into the research design to mitigate any adverse affects that may arise from them.

The researcher, Simon Cayley, works in the role of Chief Executive Officer for the Bishop's Action Foundation (BAF). The BAF is a not-for-profit community development organisation within the community sector of Taranaki and offers support to a range of organisations. A key programme within this support is Keystone Taranaki which offers a broad range of capacity building support to organisations. Therefore, there is the

potential for there to be a real or perceived power imbalance between the researcher and the participants whereby organisations may feel that they have to participate so as not to prejudice their ability to access the services of BAF.

This potential conflict of interest will be reduced by the following factors/processes:

- a. The research will be undertaken with organisations that are not currently receiving support from the Bishop's Action Foundation;
- b. Capacity building support from the BAF is available at no cost to all community organisations and it will be made clear to organisations that this support remains available regardless of whether they participate in the research;
- c. The BAF works with organisations who have significant capacity building needs so organisations will not be disadvantaged if participating in the research highlights problem areas within their operation;
- d. The BAF is not a funding provider so there is not a financial risk associated with any power imbalance.
- e. Confidentiality of responses will be protected as far as possible – no names will be attached to comments/feedback in the note-taking, nor in the analysis and final thesis. 'Identifying' features will be removed from responses. A confidentiality agreement clause will be included in the consent form defining this.
- f. A research assistant will undertake the interviews with participants.

How many participants will be selected?

Three community organisations will be selected. It is anticipated that across these organisations approximately 16 people will be selected to contribute to the research (this being Chair and Treasurer and one Manager/CEO per organisation, plus other staff members).

What is the reason for selecting this number?

Three organisations will provide extensive qualitative data to enable conclusions to be developed around the study's hypothesis.

The research is using an intensive case study methodology. To undertake this methodology with more than three organisations would be prohibitive in terms of time, resource and overall capacity.

Provide a statistical justification where applicable, if you have not already provided one in C.4 5. above.

This is a qualitative study using secondary data analysis and structured interviews. It does not utilise any sophisticated analytical/statistical tools.

Is there a control group?

If your answer is yes, please describe and state how many are in the control group.

No

Describe in detail the recruitment methods to be used.

If you will be recruiting by advertisement or email, please attach a copy to this Application Form

Organisations will be selected using a stratified purposeful sample taken from the Taranaki Social Services Directory listings. This sample will be stratified by size of operation (small, medium and large organisations) and by focus (Social Service provider organisations).

The sampling process will involve the following steps:

1. A blanket letter has been distributed seeking interested organisations. Those that responded positively have been asked to supply secondary data.
2. Those organisations who supplied secondary data have been re-organised into clusters (small, medium and large).
3. The organisations within each cluster have been numbered.
4. Following ethics approval a stratified random sample of five organisations will be made from the numbered lists for each cluster. Each organisation will be invited to participate in the research.
5. From those organisations that respond positively a final sample of three organisations (one per cluster) will be made.

How will information about the project be given to participants?

(e.g. in writing, verbally). A copy of information to be given to prospective participants is to be attached to this Application Form. If written information is to be provided to participants, you are advised to use the Information Sheet exemplar.

Participants will be provided with a written information sheet as attached.

Will the participants have difficulty giving informed consent on their own behalf?

Consider physical or mental condition, age, language, legal status, or other barriers. If the answer is yes, please provide full details.

No

If participants are not competent to give fully informed consent, who will consent on their behalf?

Not applicable in this study

Will these participants be asked to provide assent to participation?

If the answer is yes, please attach a copy of the assent form which will be used. Please note that assent is not the same as consent (please refer to the Glossary in Appendix A of the AUTECH Guidelines and Procedures).

Not applicable in this study

Will consent of participants be gained in writing?

If the answer is yes, please attach a copy of the Consent Form which will be used. If the answer is No, please provide the reasons for this.

Yes. The consent form is attached

Will the participants remain anonymous to the researcher?

Please note that anonymity and confidentiality are different. If the answer is yes, please state how, otherwise, if the answer is no, please describe how participant privacy issues and confidentiality of information will be preserved.

Participants will not remain anonymous to the researcher. Confidentiality will be protected as far as possible through the following measures:

Names of participants will not be attached to comments/feedback in the note-taking, nor in the analysis and final thesis.

'Identifying' features will be removed from responses.

Participants will be provided with an opportunity to review their comments and sign off on them as accurate.

A confidentiality agreement clause will be included in the consent form defining this.

In the final report, data will be reported in ways that will not identify individual, groups or organisations.

In the final report will there be any possibility that individuals or groups could be identified?

If the answer is yes, please explain how and why this will happen.

Given the close nature of the community sector in Taranaki there is the possibility that organisations may be able to be identified. However, in the final report, data will be reported in ways that will not identify individual, groups or organisations.

Will feedback or findings be disseminated to participants (individuals or groups)?

If the answer is yes, please explain how this will occur and ensure that this information is included in the Information Sheet.

Yes. Participants will receive a copy of the summary of findings, recommendations and conclusions.

Will the findings of this study be of particular interest to specific cultures or social groups?

If your answer is 'Yes', please identify how the findings will be made available to them.

No

Other Project Details

Where will the project be conducted?

Please provide the name/s of the Institution/s, town/s, city or cities, region or country that best answers this question.

Taranaki region

Who is in charge of data collection?

The researcher, Simon Cayley

Who will interact with the participants?

The researcher, Simon Cayley and the Research Assistant, Deirdre Nagle.

What ethical risks are involved for participants in the proposed research?

Please consider the possibility of moral, physical, psychological or emotional risks to participants. Researchers are urged to consider this issue from the perspective of the participants, and not only from the perspective of someone familiar with the subject matter and research practices involved.

The study will focus on the governance capacity of community organisations. It is possible that participants will feel an ethical conflict if they begin to divulge information showing a lack of effectiveness in this area for the organisation to which they are attached.

If there are risks, identify and describe how these will be mitigated.

Participants will be guaranteed confidentiality of response.

Participants will be fully aware that they are contributing to a study that aims to provide improved capacity building of organisations and therefore improved operation of these organisations.

Will there be any other physical hazards introduced to AUT staff and/or students through the duration of this project?

If the answer is yes, please provide details of management controls which will be in place to either eliminate or minimise harm from these hazards (e.g. a hazardous substance management plan).

No

Are the participants likely to experience any discomfort, embarrassment (physical, psychological, social) or incapacity as a result of the procedures?

If the answer is yes, please identify how and describe how these will be minimised or mitigated (e.g. participants do not need to answer a question that they find embarrassing or they may terminate an interview or there may be a qualified counsellor present in the interview etc.)

No

If the answer to E.6. was Yes, have you approached AUT Health and Counselling to discuss suitable arrangements for provision of services to deal with adverse physical or psychological consequences

Please refer to section 2.3 of AUTEK's Applying for Ethics Approval: Guidelines and Procedures in the Ethics Knowledge Base. If the answer is No, please explain the arrangements which have been made to have qualified personnel available to deal with unexpected adverse physical or psychological consequences?

Not applicable

Is deception of participants involved at any stage of the research?

If the answer is yes, please provide full details of and rationale for the deception. Please refer to Section 2.4 of AUTEK's Applying for Ethics Approval: Guidelines and Procedures when considering this question.

No

How much time will participants have to give to the project?

The interview is expected to last one hour

Will any information on the participants be obtained from third parties?

If the answer is yes, please provide full details.

No

Will any identifiable information on the participants be given to third parties?

If the answer is Yes, please provide full details.

No

Provide details of any payment, gift or koha and, where applicable, level of payment to be made to participants.

Please refer to Section 2.1 of the AUTEK's Applying for Ethics Approval: Guidelines and Procedures and Appendix A of that document for AUTEK's policy on Payment and Koha, especially in relation to recruitment.

None

Data and Consent Forms

Who will have access to the data?

Primary Supervisor, Dr Love Chile

Secondary Supervisor, Kathy Mortimer

The researcher, Simon Cayley

The Research Assistant, Deirdre Nagle (in part)

Please note: Deirdre Nagle will undertake interviews in order to ensure that there is minimised risk of any power imbalances between the researcher, Simon Cayley, and the organisations as noted in D:2:1 point f.

Are there plans for future use of the data beyond those already described?

The applicant's attention is drawn to the requirements of the Privacy Act 1993 (see Appendix I)

No

Where will the data be stored once the analysis is complete?

Please provide the exact storage location. AUTEK normally requires that the data be stored securely on AUT premises in a location separate from the consent forms. If you are proposing an alternative arrangement, please explain why.

IPP – AUT the data will be stored in a secure location dedicated to M Phil research and separate to the consent forms

For how long will the data be stored after completion of analysis?

AUTEK normally requires that the data be stored securely for six years. If you are proposing an alternative arrangement, please explain why.

6 years

Will the data be destroyed?

If the answer is yes, please describe how the destruction will be effected. If the answer is no, please provide the reason for this.

Yes, after 6 years

Who will have access to the Consent Forms?

The researcher, Simon Cayley, AUT supervisors

Where will the completed Consent Forms be stored?

Please provide the exact storage location. AUTEK normally requires that the Consent Forms be stored securely on AUT premises in a location separate from the data. If you are proposing an alternative arrangement, please explain why.

IPP – AUT in a secure location separate to the data storage.

For how long will the completed Consent Forms be stored?

AUTEK normally requires that the Consent Forms be stored securely for six years. If you are proposing an alternative arrangement, please explain why.

6 years

Will the Consent Forms be destroyed?

If the answer is yes, please describe how the destruction will be effected. If the answer is no, please provide the reason for this.

Yes, after 6 years

Material Resources

Has an application for financial support for this project been (or will be) made to a source external to AUT or is a source external to AUT providing (or will provide) financial support for this project?

No

If the answer to G.1 was 'yes', please provide the name of the source, the amount of financial support involved, and clearly explain how the funder/s are involved in the design and management of the research.

Not applicable

Has the application been (or will it be) submitted to an AUT Faculty Research Grants Committee or other AUT funding entity?

If the answer is yes, please provide details.

No

If the answer to G.2 was 'yes', please provide the name of the source, the amount of financial support involved, and clearly explain how the funder/s are involved in the design and management of the research.

Not applicable

Is funding already available, or is it awaiting decision?

Please provide full details.

Not applicable

Please provide full details about the financial interest, if any, in the outcome of the project of the researchers, investigators or research organisations mentioned in Part A of this application.

None applies

Other Information

Have you ever made any other related applications?

If the answer is yes, please provide the AUTEK application / approval number(s)

No

Checklist

Please ensure all applicable sections of this form have been completed and all appropriate documentation is attached as incomplete applications will not be considered by AUTEC.

Section A		General Information Completed		
		Signatures/Declaration Completed		
Section B		Project General Information Completed		
Section C		Project Details Completed		
Section D		Participant Details Completed		
Section E		Other Project Details Completed		
Section F		Data & Consent Forms Details Completed		
Section G		Material Resources Completed		
Section H		Other Information Completed		
Spelling and Grammar Check		(please note that a high standard of spelling and grammar is required in documents that are issued with AUTEC approval)		
Attached Documents (where applicable)				
Participant Information Sheet(s)				
Consent Form(s)				
Questionnaire(s)				
Indicative Questions for Interviews or Focus Groups				
Observation Protocols				
Advertisement(s)				
Hazardous Substance Management Plan				
Any Confidentiality Agreement(s)				
Other Documentation				

Please send one (1) copy (single sided, clipped not stapled) of this application form with all attachments to:

Charles Grinter, Ethics Coordinator
 Wellesley Campus
 Room WA208, Level 2, WA Building
 55 Wellesley Street East
 Private Bag 92006
 Auckland 1020, NZ
 Internal Mail Code: D-81

APPENDIX B – AUTECH ETHICS APPROVAL



MEMORANDUM

Auckland University of Technology Ethics Committee (AUTECH)

To: Love Chile
From: **Madeline Banda** Executive Secretary, AUTECH
Date: 30 October 2007
Subject: Ethics Application Number 07/179 **Creating a governance model for the voluntary and community sector.**

Dear Love

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTECH) at their meeting on 8 October 2007 and that the Chair of AUTECH has approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTECH's Applying for Ethics Approval: Guidelines and Procedures and is subject to endorsement at AUTECH's meeting on 12 November 2007. Your ethics application is approved for a period of three years until 30 October 2010.

I advise that as part of the ethics approval process, you are required to submit to AUTECH the following:

- A brief annual progress report indicating compliance with the ethical approval given using form EA2, which is available online through <http://www.aut.ac.nz/about/ethics>, including when necessary a request for extension of the approval one month prior to its expiry on 30 October 2010;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/about/ethics>. This report is to be submitted either when the approval expires on 30 October 2010 or on completion of the project, whichever comes sooner;

It is also a condition of approval that AUTECH is notified of any adverse events or if the research does not commence and that AUTECH approval is sought for any alteration to the research, including any alteration of or addition to the participant documents involved.

You are reminded that, as applicant, you are responsible for ensuring that any research undertaken under this approval is carried out within the parameters approved for your application. Any change to the research outside the parameters of this approval must be submitted to AUTECH for approval before that change is implemented.

Please note that AUTECH grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

To enable us to provide you with efficient service, we ask that you use the application number and study title in all written and verbal correspondence with us. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at charles.grinter@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the Committee and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Banda'.

Madeline Banda

Executive Secretary

Auckland University of Technology Ethics Committee

Cc: Simon Cayley actionfoundation@xtra.co.nz, Kathy Mortimer

Participant Information Sheet



Date Information Sheet Produced:
December 2007

Project Title

Enhancing governance in the voluntary and community sector: a case study of organisations in the Taranaki region.

An Invitation

Dear potential participant,

My name is Simon Cayley and I am currently undertaking an M Phil at AUT with a research focus on the capacity building needs of the voluntary and community sector. I would like to invite you to participate in this study.

Your participation would be voluntary and you would be free to withdraw at any time prior to the completion of data collection.

What is the purpose of this research?

The research will analyse governance and its implementation within the voluntary and community sector. The specific purpose is to create a new model of governance that draws on best-practice from corporate and clinical governance models and applies them to the specific operating environment of the voluntary and community sector. This new model of governance will therefore be tailored to the voluntary and community sector organisations.

How was I chosen for this invitation?

The aim of this study is to research existing models of governance to enable the creation of a new model of governance that is reflective of the unique resources, capacity, knowledge and stresses that face voluntary and community organisations. However, to survey all existing organisations within Taranaki would be difficult. In order to secure a manageable sample the focus of this research has been restricted to not-for-profit social service providers within the Taranaki region.

Specifically, organisations were chosen at random from the Taranaki Social Services Directory and then assessed to ensure that they met the criteria defined below:

- a. One organisation deemed to be 'large' (having 6 or more employees), one deemed to be of medium size (having 3-5 employees) and one deemed to be small (having 2 or fewer employees);
- b. Having distinct governance and management structures (i.e. not an organisation where members of the governance body are also involved in operational activities);
- c. Having a Trust Deed or Constitution and organised as a legal entity (Charitable Trust or Incorporated Society);

- d. Delivering a definable social service within Taranaki.
- e. Having a clear interest in improving the effectiveness of their governance-management operations.

Three organisations will provide extensive qualitative data to enable conclusions to be developed around the study's hypothesis. The research is using an intensive case study methodology. To undertake this methodology with more than three organisations would be prohibitive in terms of time, resource and overall capacity.

What will happen in this research?

The research will use a variety of qualitative methods to gain an understanding of the governance capacity building needs of the organisations and to identify the most appropriate methods of delivering capacity building support. This will involve the following stages:

Case Study with three representative organisations including:

- a. Secondary Data gathering – review of the Trust Deeds and Annual Reports of Organisations
- b. Interview with key personnel – including Chair and Treasurer of the Board and Manager

Advice about Potential Power Imbalances Within the Research

For your information the researcher, Simon Cayley, works in the role of Chief Executive Officer for the Bishop's Action Foundation (BAF). The BAF is a not-for-profit community development organisation within the community sector of Taranaki and offers support to a range of organisations. A key programme within this support is Keystone Taranaki which offers a broad range of capacity building support to organisations. Therefore, there is the potential for there to be a real or perceived power imbalance between the researcher and the participants whereby organisations may feel that they have to participate so as not to prejudice their ability to access the services of BAF.

This potential conflict of interest will be reduced by the following factors/processes:

- g. Capacity building support from the BAF is available to all community organisations and it will be made clear to organisations that this support remains available regardless of whether they participate in the research;
- h. The BAF works with organisations who have significant capacity building needs so organisations will not be disadvantaged if participating in the research highlights problem areas within their operation;
- i. The BAF is not a funding provider so there is not a financial risk associated with any power imbalance.
- j. Confidentiality of responses will be protected as far as possible – no names will be attached to comments/feedback in the note-taking, nor in the analysis and final thesis. 'Identifying' features will be removed from responses. A confidentiality agreement clause will be included in the consent form defining this.
- k. A research assistant will undertake the interviews with participants.

A further potential power imbalance exists if only managers/CEOs and Chair's of Boards are included in the research. To mitigate this fact the aim is to work with Chair, Manager/CEO and also other Board members and staff representatives.

What are the benefits?

Participants will be able to influence the development of a governance model that is a direct response to their needs. In shaping the research participants will be well placed to understand and therefore benefit from the final outcomes of the project.

Participants, as staff or governance personnel of community organisations, will also be able to support the improved capacity of their organisation through using the governance model developed through this research.

How will my privacy be protected?

No names will be attached to comments/feedback in the recording, nor in the analysis and final thesis. 'Identifying' features will be removed from responses. Participants will be provided with an opportunity to review their comments and sign off on them as accurate. A confidentiality agreement will be included in the consent process.

In addition, the Research Assistant, Deirdre Nagle, will undertake the interviews. Deirdre is a community development practitioner with extensive research experience.

What is the time requirement for participating in this research?

A maximum of 5 hours per person. It is envisaged that this time commitment would include 1-2 hours preparation time prior to the interview, 1-2 hours for the interview and 1 hour for follow up clarification.

What opportunity do I have to consider this invitation?

Your participation will require the sign off of both the Manager/CEO and Board of Governance. The timeframe will therefore need to be flexible. In order to commence research early in 2008 your response prior to the Christmas break would be appreciated.

How do I agree to participate in this research?

If you wish to participate please contact the researcher (contact details at the end of this form) in order to arrange the timeframe for your participation.

A letter of invitation will be sent to both the Manager/CEO of the organisation and the Chair of the Board of Governance. To participate approval will be required from the Chair of the Board (Governance approval) and from the Manager/CEO (operational/staff approval).

Consent Forms will also be completed prior to participation in the Interview.

Will I receive feedback on the results of this research?

Yes. Once the final research report has been completed participants will be sent copies of the conclusions.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Love Chile on 09 9219999 ext 8312 or at love.chile@aut.ac.nz

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, madeline.banda@aut.ac.nz , 09 921 9999 ext 8044.

Whom do I contact for further information about this research?

Researcher Contact Details:

Simon Cayley
c/o PO Box 547, New Plymouth
06 759 1178 or actionfoundation@xtra.co.nz

Project Supervisor Contact Details:

Dr Love Chile, Principal Supervisor
Institute of Public Policy
Auckland University of Technology
Private Bag 92006
Auckland
09 921 9999 ext 8312
love.chile@aut.ac.nz

Kathy Mortimer, Secondary Supervisor
Institute for Public Policy
Auckland University of Technology
Private Bag 92006
Auckland
09 921 9999 ext 8408
kathy.mortimer@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on type the date final ethics approval was granted,
AUTEK Reference number type the reference number.

APPENDIX D - CONSENT FORM

<h1>Consent Form - Interview</h1>	 <p>AUT UNIVERSITY TE WĀNANGA ARONUI O TAMAKI MAKAU RAU</p>
-----------------------------------	---

Project title: Enhancing governance in the voluntary and community sector: a case study of organisations in the Taranaki region.

Project Supervisor: Dr Love Chile

Researcher: Simon Cayley

- I have read and understood the information provided about this research project in the Information Sheet dated December 2007.
- I have had an opportunity to ask questions and to have them answered.
- I understand that the interviews will be recorded and transcribed and that I will have the opportunity to review the recording / transcription if I request to.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant information including notes, or parts thereof, will be shredded.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research (please tick one):
Yes No

Participant's signature:

.....

Participant's name:

.....

Participant's Contact Details :

.....

.....

Date:

Supervisors contact details :

Dr Love Chile, Principal Supervisor
Institute of Public Policy
Auckland University of Technology
Private Bag 92006
Auckland
09 921 9999 ext 8312

Kathy Mortimer, Secondary Supervisor
Institute for Public Policy
Auckland University of Technology
Private Bag 92006
Auckland
09 921 9999 ext 8408

love.chile@aut.ac.nz

kathy.mortimer@aut.ac.nz

**Approved by the Auckland University of Technology Ethics Committee on 8 October
2007 AUTEK Reference number 07/179**

Note: The Participant should retain a copy of this form

APPENDIX E – INTERVIEW QUESTIONS

Interview Question schedule	 AUT UNIVERSITY TE WĀNANGA ARONUI O TAMAKI MAKAU RAU
------------------------------------	--

Project title: Enhancing governance in the voluntary and community sector: a case study of organisations in the Taranaki region.

Project Supervisor: Dr Love Chile

Researcher: Simon Cayley

Participant's name:

.....

Participant's Contact Details :

.....
.....
.....
.....

Interview Consent Form completed : Yes No

Date:

Background

This interview is part of a research study examining governance within the voluntary and community sector.

Anecdotal evidence suggests that governance (and its relationship to management) is one of the key areas of capacity need within the voluntary and community sector. Moreover, within New Zealand there appears to be a lack of knowledge about what a governance model would look like that is reflective of the unique needs of voluntary and community organisations (as compared to other models of governance including corporate and clinical governance).

For the purposes of this research governance capacity is defined as institutional structures concerned with how decisions are taken and how citizens are accorded voices within this process (Chile, 2006). Capacity building for governance therefore relates to advice/support provided to an organisation that produces long-term and sustainable improvements to the operation of that organisation and therefore its ability to meet its stated objectives.

This research seeks to identify the governance needs of organisations in Taranaki, with a view to developing a new model for governance within the sector. This will contribute towards achieving sustainable improvements in governance operations.

Questions

Question	Response	Prompts
To what extent would you say that governance and management roles are clearly defined for your organisation?		Clear definition of responsibilities? Positive or negative relationship?
To what extent would you say that governance and management have either a positive or negative relationship?		Impact on organisation? Effectiveness? Regularity of meeting / communication
If positive, what factors support this? If negative, what factors contribute to this?		Communication Role descriptors Quality of people
Please outline the training that has been organised or accessed for governance over the last 24 months.		Joint training Separate training Level of training Focus of training

<p>How regularly does evaluation/review take place of the organisation's progress against objectives by:</p> <p>a. Governance</p> <p>b. By both governance and management together</p>		
<p>How is effectiveness monitored within the organisation and who is responsible?</p>		
<p>Is capacity building a focus for this organisation?</p>		<p>Is it called something else?</p>
<p>Is governance an area that the organisation would / should invest capacity building time in?</p>		

What are the key factors that impact on the ability of this organisation to be successful?		
What is the governance body of this organisation there to do (what is it responsible for)?		
What are the particular issues for governance within voluntary and community sector organisations?		
What actions and/or processes does 'good governance' require?		

To what extent would the organisation find a model of governance specifically tailored to the operating environment of the voluntary and community sector useful?		
Are you aware of any existing models of governance and do you use them?		

Just before we finish are there any issues which we haven't talked about that you think are important for this topic?
Please explain the issue and why it is important

Thank you for participating in this interview. Your responses will remain confidential.

APPENDIX F – GOVERNANCE TEMPLATES

The following material has been included as examples of what a comprehensive model of governance for the voluntary and community sector could contain. A fully fledged and comprehensive model would require further work with organisations in the sector to ensure that such templates were both relevant and likely to be implemented.

Some of the material has been developed from examples identified during the research. To preserve the anonymity of all organisations no referencing has been included.

Appendix F, Part 1 - Questions to ask before joining a Board

If you are invited to join a board, what can you do to be sure there is a good match and to make the experience worthwhile for both the organization and for you? One way is to make sure you know the answers to these seven questions before you accept the nomination.

1. What is the organization's mission?

The mission statement should explain who the organization serves and what good the organization intends to do for them. If you do not understand or are not fully committed to the organization's mission, you should not consider joining the board.

2. What is the role of the board?

What an organization needs from the board changes both with the type of organization and over time. Naturally, the activities of the board change too. The recruitment of board members should be based upon the current and anticipated tasks in which the board will be engaged. A board that is focused on strategic planning, policy-making and evaluation will require members with different skills than one that is engaged primarily in fund-raising or program delivery.

3. What is the board and committee meeting schedule?

The organization should provide you with a list of board meeting dates for the coming year. Even if committees don't meet on a regular schedule, they should tell you how frequently they meet. Before joining a board, you need to be reasonably certain that you can attend at least 80% of all meetings. To be sure you won't be wasting your time by showing up, you might also like to know about the attendance record of current board and/or committee members and how many meetings did not achieve a quorum.

4. What is the organization's financial condition?

The organization should provide you with its most recent financial statements and current budget. It should also tell you if it has experienced or is anticipating any financial problems. You may want to think twice before joining a board with a history of deficits -- or you may consider it a personal challenge to help them become financially stable. In either case, you need to know before you make a commitment to serve.

5. What are the organization's major fundraising and program goals for the next three years?

The organization should be able to provide a recent strategic plan and explain its planning process. If it has not done any recent planning or evaluation, you need to know how the organization knows that its programs and services are serving some useful purpose.

6. What orientation and board development activities are planned?

The organization should have a process for introducing new directors to the organization's history, bylaws, current issues, financial situation, plans and governance process. If this is absent there is a strong likelihood that this will not be a high-performing board of directors.

7. Exactly why are you being asked to serve on this board?

The organization should be able to explain what skills and experience it hopes that you will bring to the board as well as the time and financial commitment it expects from you. If they can't give you a reason other than that someone recommended you, you had better expect that most of the other directors will be asking themselves why they ever agreed to join the board.

There are many other questions you might ask, but if you can't get satisfactory answers to the above, it is fair to conclude that the organization needs some serious board development work but doesn't know it. If that's the case, consider one of two courses of action:

1. If you care enough for the organization's mission, like the people on the board, and are up to the challenge, you might still want to join the board, making it clear that you see your primary role as that of building a more effective board. This path will likely lead to much frustration but might result in a stronger organization; or
2. Respectfully decline the invitation. You might want to advise them that you would reconsider at some time in the future, provided that they put some effort into strengthening their board processes and can demonstrate some progress.

Accepting the responsibilities of a director of a nonprofit organization should not be taken lightly. Effective governance requires effort and time. If the board is not prepared for this, it's probably not a good place to be.

Appendix F, Part 2 – Induction for a new Board member

INDUCTION GOVERNANCE PROGRAMME	
---------------------------------------	--

Name:

Starting Date:

Position:

Induction Conducted By:

	Tick as Covered	Comments
1. Welcome		
2. Board's structure and functions		
3. Board philosophy and vision for the organisation		
4. Site visit of the organisations offices and facilities		
5. CV's and personnel file		
6. Salary (and allowances where applicable) <ul style="list-style-type: none"> - IR 330 - Payment details - Obtain bank account number 		
7. History and traditions of the organisation		
8. Governance member has sighted folder of organisations <ul style="list-style-type: none"> - latest annual report - strategic and business plans - risk management plan - key performance indicators - vision and mission statement - operating policy and procedures - brief biographies of all trustees - copy of the constitution - list of external advisers i.e. accountant, lawyer - list of applicable legislation to the organisation and governance - list of principle stakeholders - organisational structure 		
9. Develop training and development plan		
10. Professional subscriptions paid		
11. Importance of Confidentiality		
12. Fire and evacuation procedures		
13. Office amenities		

<ul style="list-style-type: none">- Toilets- Kitchen- Staff room- First aid		
--	--	--

.....
Chairperson

.....
Signature of Trustee

Appendix F, Part 3 – Board level policies and processes

Policies

1. Policies are a governance tool – they do not in themselves constitute governance
2. Policies should express the governance board’s most fundamental values and principles - they should say what they mean, and mean what they say, and should be carefully worded and clearly understood by all members of the organisation.
3. Policies should liberate, rather than constrain, and effective policies will free governance from having to create operating rules ‘on the hoof’ or in response to unexpected events
4. Governance should not adopt policies that remove the ‘common sense’ factor from any situation; therefore the boundaries should have a degree of flexibility

Strategic Direction policies:	Encompassing the mission, main outcome areas, priorities and vision statements, the organisation’s values, the constitution and bylaws and any other legal frameworks
Governance Process policies	Describing the way the Board carries out its governing role
Board to CEO / Manager policies	Defining the nature of the relationship between the Board and the CEO / Manager
Executive Limitations policies	Establishing the constraints on the CEO / Manager’s freedoms to act

Monitoring

The Board will regularly monitor:

- Progress towards achievement of the Board’s Strategic Direction policies
- Executive Limitations policies
- All other Board level policies as appropriate

Evaluation

The Board will undertake an assessment of its effectiveness on an annual basis based on the agreed evaluation template.

Appendix F, Part 4 – Purpose of Governance

Statement of Purpose

The role of the Board is governance rather than management which is the preserve of the CEO / Manager and other contracted administrative staff.

Governance focuses on the Board's wider issues of organisational purpose including the setting and monitoring of strategic direction and the establishment and monitoring of Board level policies.

The Board will work in close partnership with the CEO / Manager to ensure that its objectives and goals are achieved, supporting and resourcing the CEO / Manager to carry out his / her responsibilities.

In order for the Board members to carry out their governance role they must be familiar with the relevant legislative and regulatory frameworks, the Boards policies, plans and priorities and be able to demonstrate this familiarity through debate and participation in all areas of the Board's responsibilities.

The Essence of the Governance Role

1. Strategic thinking – setting future direction / vision
2. Policy setting – board level policy framework
3. Recruitment of the CEO / Manager
4. Supervision and evaluation of the CEO / Manager
5. Accountability and Ownership

In Practice the Board operates within a constantly revolving flow of thought and action

1. The Board considers the future direction of the organisation and defines this through a strategic plan (it is a vision for the organisation inclusive of priorities and objectives that provides a clear direction).
2. The Board develops policies to help implement the agreed direction.
3. The Board recruits an Executive to manage the agreed operation within the policies and vision set by the Board.
4. The Board continually monitors outcomes and supervises the CEO / Manager
5. The Board ensures accountability to all stakeholders including ensuring legal compliance, audited reports and more general reports to funders and other appropriate organisations.

Appendix F, Part 5 – Governance Check List

	YES	NO	DON'T KNOW	DOESN'T APPLY
1. Our mission/vision/purpose statement clearly communicates what we want to achieve				
2. Our values and beliefs are clearly stated and reflected in all our programs and activities				
3. We have a strategic plan that guides our Board, staff and volunteers.				
4. Our board and committee meetings are well-attended				
5. Conflicts among directors do not interfere with the Board's work.				
6. Most Board members attend our special events				
7. Our financial monitoring and control systems enable us to quickly identify errors and protect us from most criminal activities.				
8. The Board's relationship with the CEO is one of mutual trust and respect				
9. The roles of Board members and Staff complement each other, and do not conflict.				
10. Our CEO's performance is evaluated frequently enough.				
11. Board members make annual financial contributions and support special campaigns				
12. Our financial expenditures are in line with our objectives and priorities.				
13. The quality and quantity of our programs and activities is consistent with our resources.				
14. Our members, donors, and funders are kept aware of our major decisions and financial condition.				
15. Our Board members and officers are carefully recruited and selected.				
16. The organization provides adequate orientation,				

training, and evaluation for Board members, staff, and volunteers.				
17. The Board has adequate measures to prevent conflicts of interest.				
18. Our personnel practices and procedures provide adequate protection from, and recourse for, acts of abuse or harassment.				
19. We have reason to be optimistic about our ability to deal with whatever the future brings in the next 3 years.				
20. I am proud to be a Director of this organization.				

Note: an excellent checklist is also included in Brilliant Boards by Terry Kilmister (1989).

Appendix F, Part 6 – Governance Meeting Agenda Template

Agenda

1. Preliminaries

- Apologies
- Confirmation of previous minutes
- (Discussion items to have been noted prior and listed under item 3)

2. Environmental Scan

(What events/decisions/issues have arisen or occurred since the last meeting and what is the potential impact of them on the operation of the organisation now and into the future?)

- E.g. Latest developments from Charities Commission
- E.g. Decisions re tax on donations
- E.g. Launch of new funding stream
- E.g. comments from local authority

3. Strategic and Policy Issues

- E.g. Review of Strategic Plan
- E.g. Development of marketing plan
- E.g. Planning for registration with Charities Commission

4. Strategic Issues for next meeting

5. Reports

- Chair's Report
- Officer's Report
- Finance Report

6. Routine matters for decision/consent

Notes about the agenda template:

- It is future focused (by leaving reports to the end discussion time is given over to future planning which avoids the risk of spending the majority of the meeting discussing past issues). Reports need to be read ahead of the meeting and key issues added to the agenda for discussion under section 3.
- It enables the Board to look at the changing environment and plan ahead.
- It removes General Business as there shouldn't be any.

Appendix F, Part 7 – Board Evaluation Template

	Totally Agree	Agree	Disagree	Totally Disagree		Totally Agree	Agree	Disagree	Totally Disagree
1. Board members have the skills and experience needed to provide effective governance of this organisation	1	2	3	4	11. The General Manager's compliance with the board's expectations and policies is monitored regularly	1	2	3	4
2. The Board's standards of achievement in governance are as high as the standards it expects of the organisation's artistic achievement	1	2	3	4	12. The Board has clear criteria for deciding which matters justify its time and attention	1	2	3	4
	Regularly	Occasionally	Never		13. The Board has a comprehensive orientation programme to help new Board members become full contributors as soon as possible	1	2	3	4
3. The Board reviews its governance performance	1	2	3		14. Board meetings focus on longer term policy and strategic issues	1	2	3	4
4. The Board undertakes activities designed to improve its own governance performance	1	2	3		15. The Board provides proactive leadership and direction to the organization	1	2	3	4
	Totally Agree	Agree	Disagree	Totally Disagree	16. Board meetings are conducted so that each member is able to share fully in discussions and decision making	1	2	3	4
5. The Board has adopted explicit statements that spell out such matters as the organisation's purpose, values, strategic direction and priorities	1	2	3	4	17. Conflicting views within the Board are aired openly and dealt with effectively	1	2	3	4
6. The Board consults with: (a) "owners"; (b) other key stakeholders (eg funders, sponsors); to understand their perspectives and to obtain their opinions about the organisation's direction and performance	1	2	3	4	18. In Board deliberations, members focus on the interests of the organisation as a whole	1	2	3	4
7. The Board has a clear understanding of the part it must play in the success of the organisation	1	2	3	4	19. Board members leave meetings with a collective sense of achievement	1	2	3	4
8. The Board has adopted policies that spell out its own role and responsibilities and define how it will operate (eg job description, code of conduct, etc)	1	2	3	4	20. The difference between governance and management / artistic direction, roles and responsibilities is clear	1	2	3	4
9. The Board has clearly expressed the key outcomes or results it expects the organisation to achieve	1	2	3	4	21. The Board has a clear idea of what information it needs	1	2	3	4
10. The Board formally and effectively assesses and evaluates the risks facing the organisation	1	2	3	4	22. The Board receives information in a form that allows all Board members to fully comprehend the organisation's situation and performance	1	2	3	4
					23. The Board has explicitly stated its performance expectations of the General Manager (and any other staff appointed directly by the Board)	1	2	3	4
					24. The Board conducts a formal performance evaluation at least once a year of the General Manager and any other staff it directly appoints	1	2	3	4

The purpose of this evaluation is to assist you to be aware of the roles and responsibilities and identify ways to maximise your contribution to the effective governance.

The 8 Key competencies of an effective trustee:

1. Integrity and Ethics

Behaving with integrity means behaving honestly in all dealings. Behaving ethically means behaving honourably at all times.

2. Organisation Performance and Conformance

While ensuring compliance is critical, this competency is also about the ability to add value to the organisation, within the context of the stakeholders' interests. To ensure the organisation performance and conformance is paramount.

3. Strategic Perspective

A strategic perspective refers to the ability to understand the potential impact on the organisation trends, opportunities, issues and events, manage priorities, and develop the optimum response consistent with the strategic capabilities of the organisation.

4. Business Acumen

Business acumen is the proven ability to increase the business capability of the organisation. This competency refers to the contribution the Trustee makes to the organisation to create significant value in terms of business capability.

5. Judgement and Decision Making

These competencies refer to the ability to understand a situation or key information, to then be able to identify the principal issues, and use experience and sound judgement to make and implement the appropriate decisions.

6. Teamwork

Teamwork refers to the way in which the Trustee interacts with fellow Trustee and the organisation's executive team, and participates in the activities of the Board.

7. Communication

This competence is about expressing oneself clearly and effectively, both in written and oral communications. It is also the ability to listen and absorb information, and express ideas and opinions in a way that ensures the message gets across effectively, and is appropriate to the audience, the situation, and the medium.

8. Leadership

Leadership is the ability to inspire commitment to the organisation's vision and values, through the provision of a consistent and clear message to all.

Integrity and Ethics

Behaving with integrity means behaving honestly in all dealings. Behaving ethically means behaving honourably at all times.

A developing Trustee may behave inconsistently in his or her dealings with different people. Commitments may not always be delivered upon.

Competent Trustee engender trust by fulfilling their commitments, and putting the organisation before self. They are loyal to the organisation and their colleagues. They are able to discern between right and wrong, and act accordingly, even at personal cost.

An outstanding Trustee demonstrates behaviours that are consistent with all aspects of the individual's life. Both behaviour and words protect and enhance the reputation of the Board and the organisation. In addition to discerning between right and wrong, and acting accordingly, they openly state the reasons for their action.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Organisation Performance and Conformance

While ensuring compliance is critical, this competency is also about the ability to add value to the organisation, within the context of the stakeholders' interests. To ensure the organisation performance and conformance is paramount.

A developing Trustee may put excessive emphasis on either performance or conformance, or may give insufficient attention to both, rather than ensuring a balance. Such a person may blur the line between the Board and management's responsibilities, and may involve his or herself in operational issues.

A competent Trustee understands the Board role in respect of the supervision of the organisation, and is able to prioritise between performance and conformance. Such a person ensures compliance and monitoring programmes are operational, and is aware of the requirements and interests of key stakeholders.

An outstanding Trustee ensures adequate time is given to pursuing value-added initiatives. Such a person looks at ways to make compliance programmes efficient, to enable more time to be devoted to wealth creation. He or she uses effective monitoring systems to predict and resolve potential issues. An outstanding person is also likely to actively involve stakeholders to ensure their interests are considered.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Strategic Perspective

A strategic perspective refers to the ability to understand the potential impact on the organisation trends, opportunities, issues and events, manage priorities, and develop the optimum response consistent with the strategic capabilities of the organisation.

A developing Trustee tends to be focused on short-term opportunities, and may not see decisions in the broader strategic context.

A competent Trustee assesses and links short term issues in the context of the long term business strategy, to identify whether the short term decisions will meet the long term objectives.

Outstanding Trustee are aware of the projected directions of the industry, and how changes may impact on the organisation, and ensure strategies are developed to meet the future needs of the business. They can see linkages between seemingly unconnected events, or see beyond the immediate impact of an event, and develop effective strategies to capitalise on, or mitigate the event consistent with the overall objectives.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Business Acumen

Business acumen is the proven ability to increase the business capability of the organisation. This competency refers to the contribution the Trustee makes to the organisation to create significant value in terms of business capability.

A developing Trustee tends to focus on short term performance measures, and uses these as the basis for decisions.

A competent Trustee seeks to ensure the optimal performance of existing financial and human capital and asset structures. He or she keeps in mind the strategic vision of the business when making decisions.

An outstanding Trustee is constantly alert to opportunities to leverage all the organisation's assets and capabilities to create exponential returns to the organisation. Such a person stretches the boundaries of the strategic vision, while ensuring a sound fit with the overall objectives. Business risks are effectively evaluated, and planned for.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Judgement and Decision Making

These competencies refer to the ability to understand a situation or key information, to then be able to identify the principal issues, and use experience and sound judgement to make and implement the appropriate decisions.

A developing Trustee may fail to recognise when a situation requires attention, or may be reluctant to make decisions when required, or may make inappropriate decisions. Such a person may not show independence of mind during the Board decision-making processes.

A competent Trustee is constantly alert to information from a variety of sources to assist to identify potential issues, and brings these to the Board for consideration. Decisions are considered in terms of potential profit, return on investment, or a cost benefit analysis.

An outstanding Trustee recognises when action is necessary, what action is necessary, and implements that action, often before the issue has a material impact on the business. Implementation plans are developed in conjunction with decisions, which effectively manage the risks involved as well as deliver a justifiable benefit.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Teamwork

Teamwork refers to the way in which the Trustee interacts with fellow Trustee and the organisation’s executive team, and participates in the activities of the Board.

A developing Trustee may not stand publicly behind Board decisions. They may spring surprises on their colleagues. They may not give due respect to colleagues for their contribution.

Competent Trustee recognise the value of individuals’ contributions as well as the value of the Board collective contribution. They actively participate fully in Board activities, and work constructively with colleagues. They accept and stand by the Board decisions, regardless of their personal opinions. They ensure fellow Trustee are kept informed of issues, and avoid situations that may cause embarrassment to individuals, the Board, or the organisation.

Outstanding Trustee respect and encourage all contributions, to obtain consensus and commitment.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Communication

This competence is about expressing oneself clearly and effectively, both in written and oral communications. It is also the ability to listen and absorb information, and express ideas and opinions in a way that ensures the message gets across effectively, and is appropriate to the audience, the situation, and the medium.

A developing Trustee may show difficulties in listening and/or appreciating others’ points of view. He or she may use inappropriate channels and communication styles, and may have difficulty in articulating views.

Competent Trustee have the ability to organise and present their ideas effectively and appropriately either in writing, or orally in group or individual situations, to achieve commitment.

Outstanding Trustee adjust their whole presentation to the characteristics and needs of the message, the medium and the audience.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Leadership

Leadership is the ability to inspire commitment to the organisation’s vision and values, through the provision of a consistent and clear message to all.

A developing Trustee may act without reference to the organisation’s vision, values and culture, thus creating some confusion.

Competent Trustee promote a positive organisation culture at every opportunity. Their behaviour is demonstrably consistent with the values of the organisation.

Outstanding Trustee create opportunities to reinforce the organisation’s culture and values.

Effectiveness Assessment (Circle one)

Trustee assessment:	Unsatisfactory	Developmental	Competent	Outstanding
---------------------	-----------------------	----------------------	------------------	--------------------

Appendix F, Part 8 – Process for appointing a Senior Manager

This template was sourced from Kilmister T (1989) pp. 82-83

1. Conduct exit interview with resigning incumbent (based on agreed exit interview format)
- 2a. Analyse exit interview information and any issues raised/changes required
- 2b. Assess future of organisation and skills/qualities required in new post holder
3. Develop person specification and job description using information gathered through 2 a and b
4. Decide conditions of employment, salary and contract terms
5. Establish a recruitment campaign/process and consider:
 - a. networking
 - b. headhunting
 - c. using media
 - d. using recruitment agency
6. Set closing date and develop applicant pack
7. Establish interview panel and procedures (including questions)
8. Shortlist applicants
9. Interview candidates and select first choice (if none are suitable review and re-advertise)
10. Board approve proposed appointee
11. Offer job and negotiate terms
12. Notify unsuccessful candidates and confirm appointment in writing