

Service Performance Reporting in
New Zealand Charities

Hina Ahmed

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Faculty of Business, Economics & Law

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Supervisor: Tom Scott

Abstract

This study investigates the service performance reports of registered Tier 3 and Tier 4 charities in New Zealand to identify the performance indicators disclosed according to the regulatory requirements. The research uses the content analysis index to examine the performance indicators reported by smaller charities of this size. To assess the impact of changes in reporting requirements, comparison was made between reporting years of 2016 and 2019. It is observed that charities from both Tiers have furnished statement of service performance with low level of compliance and are still in the phase of adopting the regulatory changes. Acknowledging the limitations of the study, this dissertation contributes to the understanding regarding the disclosures made in the statements of service performance for Tier 3 and Tier 4 and offers further research opportunity on performance disclosures made by small charities.

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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 defined in the acknowledgements), 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.

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Chapter 1 Introduction

Charities benefit the public and play a significant role in providing a wide range of services across communities and individual lives. Charities or not for profit organizations are recognized as a third party (Cordery & Sinclair, 2013) that works as a default state agent to build and support local communities. They are also referred as significant actors between state and economy (Banks & Raciti, 2018). New Zealand has a diverse charity sector comprising of 27,844 registered charities working in all sectors of the economy, across different regions and charitable objectives (Charities Services, 2021).

The size of New Zealand charity sector has increased substantially with the creation of large company groups, expanding into cross-sector collaboration with other charities and draining off funds into financially strong for-profit subsidiaries (locally and internationally) (Gousmett, 2012; Sinclair, 2010). The Office of the Auditor General reports that it is usual for New Zealand charities to receive additional government funds in a same financial year (Office of the Auditor General, 2003, 2008).

Traditional financial statements alone are argued for not furnishing enough information of their activities and services for society and to deliver the information needs of stakeholders and donating public (Connolly & Hyndman, 2003). Cordery et al. (2017) noted the requirement for efficient regulatory choices for charity sector to increase public trust and confidence. One option is the disclosure of non-financial information or performance information. Also, to establish greater accountability which is useful in understanding the impact of organization and helpful for stakeholders to maintain trust.

According to Office of the Auditor-General (2008) “Stakeholders of public entities are interested in outcome and output performance because those entities’ provide goods and services for community or social benefit. The need for performance reporting in the public

sector has an added dimension. In providing these goods and services, public entities use public resources (for example, taxes and rates) and sometimes have coercive powers to regulate the behaviour of others.”

Registered charities of Tier 3 and 4 in New Zealand are required to present a statement of service performance (SSP) together with their financial statements from the year 2015 onwards, in the fulfilment of financial reporting standards, depending on the tier-based reporting framework. SSP are an important mechanism for charity regulators to gather accountability information. Also, it is vital for charities to determine reliable and pertinent reporting structures to establish responsibility towards support and donations received.

This research explores the performance indicators disclosed in statement of service performance reports by Tier 3 and Tier 4 New Zealand charities, as per the requirement of financial reporting standards for the charity sector. According to Charities Services (2020) a total of 97% of the charitable sector in New Zealand operates at Tiers 3 and 4, with approximately 22% operating at Tier 3 and 75 percent operating at Tier 4. This study also investigates the extent to which Tier 3 and Tier 4 charities correspond with the mandatory guidance given by accounting standards for charities and how this reporting differs between charities. This research focuses on examining the SSPs of Tier 4 and Tier 3 charities from the publicly available data on charities website.

The findings suggests that present level of performance disclosures from the charities in this sample is low to ensure quality of reporting and compliance. As a result, there is a gap between what charities declare in terms of performance data and the regulatory requirements. I infer that with current level of performance disclosures, charities do not meet the accountability and information needs of regulators and charity stakeholder. The study implies that charities are still in process of adopting and understanding the new regulations.

This study draws focus on the quality of SSPs for Tier 3 and Tier 4, acknowledging the limitation of small sample size. This study leads to further research area on the stakeholder's perspectives of performance information disclosures and decision-making regarding donations. Also, investigation on reporting of specific performance information of count is another rigorous research topic.

The remaining study is structured as follows. Chapter 2 provides an overview of New Zealand charity sector and accounting regulations on service performance reporting on registered charities of Tier 3 and 4. Chapter 3 provides review of past studies regarding transparency and service performance information. Chapter 4 explains the content analysis index developed for this research. Chapter 5 presents and discusses the findings. And finally, chapter 6 provides conclusions, implications, and limitations of the study.

Chapter 2 Institutional Settings and Regulation

2.1 The New Zealand's Charity Sector

The not-for-profit sector makes a significant contribution of NZ\$8.1 billion to the national GDP, as identified by a recent study by Statistics New Zealand in 2018. Charities range from small organizations (e.g., Paws Crossed Cat Rescue with an annual income for the year 2019 of \$14,743), to very large entities (e.g., KidsCan with an annual income for year 2019 of \$13,595,202). Larger charities generate more than 75% of their revenue from sources other than the government (Elliott & Haigh, 2013). Apart from government support of the charitable sector, larger charities also collect funds from memberships, donations (public and private sector) and grants.

2.1.1 Charities Services

Charities in New Zealand are governed by the Charities Services (previously Charities Commission), part of the Department of Internal Affairs (DIA) and governed by the Charities Act 2005. Promoting public trust and confidence in the charitable sector is the main role of Charities Services. It registers and monitors all charities to encourage effective utilization of charitable resources. It also processes annual returns for charitable organizations to ensure transparency and compliance. Charities Services also educates its members on good management practices and governance through advice and materials supply (Charities Services, 2021). The Charities Register is a public record of registered charities, which is maintained by Charities Services corresponding to the rules of the Charities Act 2005. It contains the information and details of almost 27,000 registered charities.

In New Zealand, to get a charitable status, organizations need to follow the requirements of the Charities Act (2005). According to section 5(1) of the Charities Act (2005), a non-profit organization must exist to serve the public to be awarded a charitable status. A non-profit

organization must meet the criteria among one of the four tests of charitable status: poverty relief, the advancement of education, the advancement of religion, other purposes beneficial to the community.

However, registered charities also receive significant benefits from the government for the services they perform. These benefits include potential funding (partial or complete) for majority of their programs, donations, and exemptions in income tax. The donors of the charities enjoy the benefits of claiming tax credits and rebates for their charitable donations (Inland Revenue Department of New Zealand).

2.1.2 Four Tier System of Categorization

For reporting purposes, charities in the country have been categorized into Tiers or levels depending on the size of the organization.

All charities by default fall under Tier 1, according to Charities Services (2020). Subsequently they may fall into a lower Tier if they met the criteria outlined below.

- Tier 1: A charity that has annual expenses over \$30 million and/or has public accountability.
- Tier 2: A charity that has annual expenses under \$30 million and has no public accountability.
- Tier 3: A charity that has annual expenses under \$2 million and has no public accountability.
- Tier 4: A charity that has annual expenses under \$125,000, has no public accountability, and uses cash-based accounting.

2.2 Accounting Standards for Charities

In New Zealand, the independent crown authority for the country that develops and maintains accounting, auditing and assurance reporting frame is recognized as External Reporting Board

(XRB). Reporting standards for charities were significantly changed with the introduction of PBE IPSAS 1. The financial and non-financial reporting obligations for registered charities for the first time for period beginning from or after 1st April 2015 by XRB, were announced, making financial information reporting compulsory in a standard format. The reporting requirement on information disclosure of performance was not made compulsory for Tier 1 and 2 charities in 2015. But information disclosure on performance reporting is compulsory for the same Tier starting January 2022.

Registered charities were expected to disclose and file their performance reports to charities services, according to the new Financial Reporting Act 2013. All New Zealand registered charities are required to prepare general purpose financial reports from the beginning of April 1, 2015 (either on or after), However, the reporting requirements are based on Tiers. There is certain flexibility, in terms of disclosures and reporting depending upon the size of charity. For example, charities operating under Tier 1 are required to submit the report following the complete guidelines provided by public benefit entity (PBE) standards.

Regardless of changes in regulations, restructuring and law reforms, the charity regulator in New Zealand have been criticized for not bringing the charity sector to account. However, it is quite challenging for the charity regulators as well to support and encourage the sector along with monitoring for accountability at the same time (Rittelmeyer, 2014). It was observed by Peterson-Palmer and Malthus (2017) that changes were encouraged in accounting systems and processes in terms of disclosures and information sharing for many smaller Tier 3 and 4. However, it was found that the implementation of these changes comes with huge cost together with the extensive period of adoption and understanding, required, particularly in case of smaller charities. Also, their findings suggests that charities prefer the new reporting format as

it was believed to be focused on standardization, with the features of comparability and readability.

2.3 Statement of Service Performance (SSP)

Statements of service performance represent the efforts of an organization during the year in non-financial expression. The requirement of statement of service performance reports for the public sector was made to report on the non-financial performance during the year. PBE IPSAS 1 stipulates that a financial report must include a thorough set of financial statements including service performance reports prepared in compliance with PBE FRS 48 for reporting periods starting on or after January 1, 2022. PBE FRS 48 may be implemented early.

New Zealand has a long history of SSP guidance (Scott & Pinny, 2016), with the Financial Reporting Standards Board (FRSB) issuing Service Performance Reporting, Technical practise issue, known as TPA-9 in 2002. It included guidelines on the preparation of service performance and measurement of output through different dimensions. It was regarded as a thorough document on SSP reporting (Office of the Auditor-General, 2008). This guideline went through several transitions and developed overtime and merged in the appendix of PBE IPSAS 1 Presentation of Financial Statements in 2013. This appendix provided detailed guidelines on the presentation, segments, definitions, and examples for the preparation of SSP. However, this was not the part of standard itself. Disclosure related to details of charity's outputs and outcomes in terms of performance indicators and statement of service performance has been encouraged by PBE IPSAS 1.

As part of the new reporting criteria, charities must now prepare an annual performance report called the Statement of Service Performance (SSP), in which they must describe their outputs and outcomes, as well as the "what we did" and "why we did it" over the previous 12 months.

In New Zealand, Tier 3 and 4 charities are required to provide statement of service performance (SSP) with their annual reporting, in accordance with the requirements and format (optional) provided by External Reporting Board (XRB). Because charities in each category are progressively smaller, reporting obligations become less demanding (Hooks and Stent, 2019). There are changes in types of measures and focus between Tier 3 and Tier 4 charities. According to Charities Services, ‘Performance reports refer to the financial statements that Tier 3 and 4 charities attach to their annual return. They contain financial AND non-financial information such as mission or purpose and what the charity does.’

For reporting purpose, IPSASB (2015) defines service performance information as “information on the services that the entity provides, an entity’s service performance objectives and the extent of its achievement of those objectives” .

SSP gives context to the financial information by encouraging the information which includes,

- the result or impact of an action
- those people and communities that were impacted,
- any broader goal it contributes to.

The objective of SSP is to provide qualitative and quantitative information on the charity’s performance in relation to its services and communicate the impacts the entity has on the community. Charities needs to give “an account” of their charitable activities, according to Sinclair, Hooper & Ayoub (2013), in order to maintain confidence and support to generate funds and donations. “The purpose of the Statement of Service Performance is to provide non-financial information to help readers understand what your charity did during the financial year.” (Charities Services,2020)

The recommended statement has following major components, outputs, and outcomes with following heading as in figure 1.

- Description of the entity's outcomes
- Description and quantification of entity's outputs
- Additional output measures

PBE FRS 48 applies the term 'qualitative characteristics' to describe to the anticipated qualities of service performance information, which consist of relevance, faithful representation, understandability, timeliness, comparability and verifiability.

These qualitative characteristics identified in the PBE standard represents a combination of quantitative and qualitative performance measures together with qualitative descriptions.

Outputs and outcomes, although sounds similar, but have a completely different perception in reporting and both needs to be evaluated separately. Outcomes provides the justification for output delivery (PBE IPSAS 1). To comply with SSP, charities are required to furnish.

- Information about the organization, what it does, and why (Outcomes)
- Reporting on what the entity has done (Outputs)

Outputs are further required to be disclosed in terms of performance measures of quantity, quality, time, and location (where appropriate) as per PBE IPSAS 1 Appendix C. As defined by Parmenter (2015), key performance indicators (KPIs) or PIs are those critical metrics that focus on the organization's performance with current and expected timeline. PBE IPSAS 1 (Appendix C) defines performance measures as:

"Performance measures are the specific criteria or means used to measure performance (most commonly of output production and achievement of impacts and outcomes). They may be expressed as (but are not limited to) absolute numbers, percentages, ratios, point estimates, or ranges. They might also be qualitative in nature." (p49)

Figure 1: Example of Statement of Service Performance

Statement of Service Performance

Christchurch Golf Club Inc
For the year ended 30 June 2019

Description of Club's Outcomes

Defined our goal to be Canterbury's premier Golf Club experience for both members and guests.

The Clubhouse incorporates a function centre to provide additional hospitality services to both members and guests plus generates additional business to the eastern suburbs. The Clubhouse includes the 'Charles Gallery'; a fitting tribute to Sir Bob Charles, New Zealand's greatest golfer, and recognises and acknowledges his very strong association over the years with the Christchurch Golf Club.

We offer a full-service destination for members, guests, corporates plus regional and national golf tournaments.

We promote golf development via multiple membership classes from introductory to senior. We also offer a social membership class for those members who no longer play golf.

As a registered charity, we have a strong commitment to junior golf development and raise funds for other charitable purposes.

The Club contributes to Canterbury interclub golf via entering teams in all competitions.

Proud keeper of the rich heritage of New Zealand Golf; being the second oldest club in New Zealand and our ongoing commitment to the rich tradition and heritage of the Christchurch Golf Club.

	Jun-19	Jun-18
Description and Quantification of the Club's Outputs		
Rounds of golf played by members and guests	26,850	23,707
Interclub Competition		
Number of Club and Interclub trophy's played for on an annual basis	148	147
Members playing in local Interclub competitions	176	170
Other Measures		
Recipients of our weekly member newsletter	606	622
Dues contributed to Canterbury and New Zealand Golf (\$)	36,461	36,782
Donation to Start, a social service agency	0	15,552

Additional Output Measures

- Contributor to New Zealand Golf's 'She loves Golf' development initiative.
- Hosted the New Zealand Strokeplay Championship.
- Partnering with the Christchurch City Council to provide flood management and water treatment facilities for the city.

Performance measures or performance indicators are used to monitor compliance with external regulations and support management to take social decisions. Also, performance indicators allow organizations to present non-financial performance data competitively.

Higgins (1989) notes performance indicator as a benchmark used to assess resources and accomplishments critical to an organization's goals and mentioned that performance indicator should be specific and quantitative, reflect objectives, feasible and straightforward, acceptable and should be able to highlight areas which needs attention. It is considered output when the effects are immediate, outcomes when the effects are intermediate, and impacts are when the effects are long-term, expected, or unplanned (Bagnoli & Megali, 2011; Ebrahim & Rangan, 2014).

Yang & Northcott (2018), found the measurement of non-financial information as practically challenging, particularly for charities. Certain challenges encountered by charities in the first year of implementing the new standard were identified by Chartered Accountants Australia and New Zealand (CAANZ) in August 2017.

These includes.

- (1) Identification and disclosure of related party transactions.
- (2) Difference between outcomes from outputs for reporting purposes.
- (3) Differentiating between exchange and non-exchange revenue.
- (4) Determining control over another entity for consolidation purposes.
- (5) Classification of items, for example grant revenue for disclosure.
- (6) Decision relating to reporting Tier and
- (7) Preparation of cash flow statement.

Chapter 3 Literature Review and Research Question Development

3.1 Literature Review

This chapter looks in the studies regarding the disclosures of non-financial information and the charity service performance reporting in previous years. This chapter discusses the literature on charity accountability and service performance reporting. After building on existing literature, research questions for this study are reviewed.

3.1.1 Charity Accountability

The role of stakeholders is important when considering accountability of charities. Regulators, donors (government and philanthropic), beneficiaries, volunteers, boards of trustees, and paid employees are among the stakeholders to whom charities are accountable. The disclosure of accountability and transparency is critical for charities, to maintain trust and inflow of resources. The role of charities is significant and diverse in progressive societies which is dependent on continued public trust and confidence is required as per Sinclair, Hooper & Ayoub (2013). Charities are required to maintain the confidence and financial support from the public, government, and donors for their existence (Yang & Northcott, 2019). A high degree of transparency is required to produce effective accountability in relation to reporting of objectives and performance. Therefore, transparency has been considered as a core public value in many countries (OECD, 2009).

McDonnell & Rutherford (n.d.) noted that one of the key issues attached with the accountability of charities is the lack of an elective accounting and reporting mechanism in place. The absence of such a system makes the accountability and reporting rather questionable which thus negatively impacts the stakeholders' trust on the charitable institution. This lack of trust has a direct impact on the future of funding for the charity. Therefore, it's crucial to employ a proper

mechanism for accounting and reporting to win stakeholder trust and encourage future donations. Before the introduction of the new reporting standards, there was flexibility in legal requirements for the charities to prepare and submit financial statements in New Zealand (Peterson-Palmer & Malthus, 2017). Although guidance was there in the regulations early on (in the form of technical practise issue TPA -09 on service performance information), but filing was not mandated. Thus, the growing impulse for transparency and accountability of charitable organizations was one of the main factors that led the authorities to work on new reporting requirements for the registered charities in New Zealand. The financial reporting by charities was adjustable due to the lack of appropriate financial reporting standards and guidelines for registered charities (Cordery & Patel, 2011).

There were many calls for increasing charity accountability around the globe, especially in the UK (Dhanani & Connolly, 2012), which also contributed towards the development of financial reporting standards (FRS) for the New Zealand's charitable sector. The beginning for this step-change were calls for more prominent levels of transparency and responsibility from registered charities in New Zealand (Peterson-Palmer & Malthus, 2017). Regulators believe the SSP provides readers with a more in-depth understanding of a charitable organization's overall performance than was previously available (Tukiri & Fisher, 2016). However, for these smaller Tier 3 charities to complete their SSPs correctly and effectively, improvements to their transparency and governance processes may be needed.

Rittlemeyer (2014) believed that the legal framework is linked to the improvement of accountability of the charitable sector, however an independent charity regulator has not proved to be effective in improving the accountability of charities or regulation of New Zealand charity sector. Cordery (2013) states that the regulator's primary responsibility is to monitor the accountability information provided to them on the behalf of public. This data is also made

publicly available due to transparency reasons. This is basically due to the tax-exempt status given to registered charities which lies on the shoulders of public (Morgan and Fletcher, 2013). According to some opinions, New Zealand charities have been accused of disregarding the regulatory framework, produce reports with bookkeeping system with information asymmetry (Cordery, 2013; Sinclair, 2010; Stevenson, 2013). Another observation is that the New Zealand charity stakeholders often struggle to identify how a charity utilizes their resources and to measure the impact its work on New Zealand society (Gousmett, 2012; Sinclair & Bolt, 2013). Before the passing of the financial reporting act 2013, charities had the flexibility of choice in discharging information, as to how minor or large, depending on the method of preparing financial statements as to cash basis or accrual basis. Charities had a choice to choose which Tier they want to report performance information, regardless of the actual Tier. The passing of the Financial Reporting Act, 2013, besides alterations to the Charities Act, 2005, flagged a noteworthy amendment to the way in which charities in New Zealand were required to present their financial statements effective from April 1, 2015 (Baskerville, Cordery & Pells, 2017; Hooks & Stent, 2019).

3.1.2 Service performance reporting

While examining the information accountability needs of stakeholders (government and funders), Yang & Northcott (2019) found that donors recognize a need for a range of background, financial, and, probably most crucially, non-financial performance information from charities. A gap was also noted between the information that is (coercively) considered necessary by these funders and the information that is regarded as needed; outputs information is seen as less significant than outcomes information; and, despite the difficulties of obtaining long-term findings, the reporting of long-term outcomes is encouraged (Yang & Northcott, 2019).

For a non-profit organization, profit is not the best measure of success. Non-financial information has been portrayed significantly in the charities setting, to gain public confidence and trust (Yang & Northcott, 2019). Ebrahim & Rangan (2014) gave the example of charities like Red Cross and Doctors on Wheels, where performance measurement reporting is quite straightforward in terms of activities and outputs, as these charities are engaged in supporting emergency relief activities. The outcome could be measured in terms of number of people served, number of shelters provided, number of deliveries made for medical supplies, food etc. Harris & Neely (2021) found evidence that transparency and quality disclosures results where organizations have good governance, higher performance, and more trained staff. Furthermore, Keerasuntonpong et al., (2015) show that external considerations like authoritative specifications (policies and principles), peer pressure (pressure from similar public entities) and normative pressure (reporting guidelines) have greater influence on the service performance reporting than the traditional financial reporting in public sector organizations. Reporting for outcomes and measurements of performance is challenging (Hyndman & McConville, 2018), mainly because of lack of professional resources required for reporting purposes and inherent limitations of charity organizations. Hyndman and McConville (2018) developed a framework for measuring the reporting of the charitable sector, evaluating metrics including output, individual outcome, societal outcome, output based effectiveness and outcome-based effectiveness. Efficiency is seen as an important aspect of performance reporting. Through content analysis of annual reports and websites, it was found that performance reports support non-financial measures that strengthen accountability and legitimacy, promote decision-making, and facilitate the highlighting of a successful charitable mission

Transparency has not significantly increased in performance reporting, but some improvements have been brought by legislation (Cordery & Baskerville, 2011). They further that believed

charities in New Zealand are reluctant to accountability and publishing information about their activities. However, this reluctance may perhaps arise due to uncertainties and fear of misinterpretation of voluntary reporting of service performance details or a compliance burden (Mayer, 2016). According to Chartered Accountants of Australia and New Zealand, charity donors view SSP as significant disclosure to understand charity's performance, its activities during the year and its future expectations. Thus, the increased accountability of charity sector is associated to the regulatory framework.

Prior studies on charity performance reporting in the country have noted information irregularity, reporting inconsistencies, inconclusive information, and varied accounting practises (Cordery & Baskerville, 2005; Cordery & Baskerville, 2011). Sinclair (2010), noted that charities in New Zealand provide reduced and inadequate accounts, which does not reflect the critical information about the charity services and its behaviour. Although, tax paying donors and funding organizations require audit and assurance requirements to be fulfilled, which have been in place in New Zealand for quite a time (Cordery, 2012). However, Murray (2013) observed that the changes in current financial reporting requirements does not focus on improving the disclosure quality, it emphasizes on the format of charity reporting. Therefore, significant changes in reporting service performance practices in New Zealand charities are unexpected.

Harris & Neely (2021) discovered that a higher degree of transparency is linked to a higher level of potential donations to the charity. Furthermore, transparent organisations that perform better (worse) in terms of operational productivity (fundraising cost) accrue higher (lower) potential donations. Overall, their findings were back up the argument that accountability in the non-profit sector is beneficial. Likewise, organisations that chose to be more accountable

are well-governed, professional organisations that rely on donations for support and have reasonably good financial results to report. However, not all non-profits are admired for their achievements in accountability. Greater accountability tends to be especially critical for low-performing organisations that are poorly regulated and managed. (Harris & Neely, 2021).

Keerasuntonpong (2014)) and Narayan (2012) notes that because of greater accountability needs, the public sector's performance measurement has shifted from inputs to outputs and outcomes. In addition, the Statement of Service Performance Report (SSP) has become an essential component of annual reports to communicate to stakeholders the performance assessment of non-profit organisations outcomes and outputs (Thompson, 1995). Later, Connolly and Hyndman (2003) noted that production terms were used to explain service performance. The typical manufacturing terms, like receiving inputs and conducting operations to produce output, and further outcomes (results and impacts) were expected with these outputs. The resources used to provide goods or services, such as monetary costs or staff hours, are referred to as inputs (Connolly and Hyndman, 2003). Outputs are the organization's immediate or direct goods and services, such as the number of children fed or research projects completed (Connolly and Hyndman, 2003). Outcomes, as well as the expressions like results and impact, describe the impact or effect of charitable efforts on specific individuals or organisations, as well as on society (Connolly and Dhanani, 2009).

To serve the information needs of regulators, funders, tax paying public and stakeholders, consistent disclosures on transparency, efficiency, and effectiveness in terms of financial and non-financial reports are encouraged. Efficiency, according to this production model, is defined as the relationship or ratio between inputs and outputs, while effectiveness relates to what has been achieved (in terms of outputs or outcomes) to the previously established objectives

(Connolly and Hyndman, 2003). Individual and societal outcomes are the terms that can be used interchangeably (Hyndman and McConville, 2018).

The charity sector is supported by organizations, and people, but donors do not receive any direct benefit for the support of their contributions (Hyndman, 2017b). Charities hold a cultural expectation by society to promote public benefit and respond social problem by the effective utilization of resources at their disposal (Yang et al., 2014). If charities fail to sustain public confidence, they may face profound consequences such as limited donations, decreased self-sufficiency, and overall deterioration of the image and worth of organization. However, by maintaining public confidence, charities receive resources and donations to operate smoothly with public trust towards them (Yang et al., 2014). To ensure that this confidence is not misused regulatory authorities require charities to submit reports on the activities.

3.2 Research Questions

There is currently a scarcity of academic studies on the impact of recent amendments to the new reporting standards on small charities (Baskerville et al., 2017; Hooks & Stent, 2019; Peterson-Palmer & Malthus, 2017). The majority of what has been written focuses on either an assessment of Tier 3 and Tier 4 charities' ability to comply with the new reporting standards (Baskerville, 2017); or pursuing insights from charity practitioners on the new performance reporting requirements for Tier 3 and Tier 4 registered charities (Hooks & Stent, 2019), or an analysis of changes and effects on the reporting requirements for the small and medium charities in any province of the country (Peterson-Palmer & Malthus, 2017).

This study adds to the existing literature on Tier 3 and Tier 4 New Zealand charities' performance reporting by looking at what performance indicators are disclosed to oblige the new reporting standard's requirements. Also, the study will examine the statement of service

performance reporting between smaller Tiers 3 and 4 to identify the performance indicators disclosed and improvement made from reporting period 2016 through 2019.

Researchers like Hooks & Stent (2019) and Peterson-Palmer and Malthus (2017) have presented some interesting exploration for small charities, highlighting the challenges and difficulties in the fulfilment of SSP preparation. This study is built on the paper of Hooks & Stent (2019) on the preparer's insight on new financial reporting requirement. This research aims to examine the SSPs of Tier 3 and Tier 4 charities which is already published on charities website. The research questions for these studies were developed to assess individually the SSPs of charities of two different Tiers and compare the disclosures of the same for two financial years i.e., 2016 and 2019.

The goal of this study is look deeper into the SSPs of Tier 3 and 4 charities to gain insight on performance disclosures. This will add to the research in this area, as well as to surface the way for others to follow. It also aims to bridge gaps in the current literature related to smaller charities.

RQ1: What performance indicators (PI) do NZ charities disclose and how do they correspond with guidance on service performance reporting?

The first research question looks at the disclosure practices in terms of quality and quantity of Tier 3 and 4 New Zealand charities and pursues to determine what, if any, changes small charities have made from year 2016 vs 2019 after the introduction of the new reporting standards. The changes of the service performance reporting are reflected by the choices of Performance Indicators (PIs). This index is based on guidance from PBE IPSAS 1 and PBE FRS 48 which are not compulsory for charities of this size but represent authoritative guidance for other sectors.

RQ2: How does the disclosure focus, and content vary between different Charities Tiers?

The second research question looks at the varying practices of these small charities; in particular, between different Tiers (3 and 4), also a comparison is made in terms of disclosure for 2016 and 2019 SSPs of both Tiers and evaluations have been made there on.

Chapter 4 Research Methodology

4.1 Research Design

The research would be carried through content analysis. A disclosure checklist from the annual reports of the charities would be examined and coded against the content index analysis. I hand collect every PI (performance indicator) from each SSP and then categorise them to provide further insight into their uses and types.

Performance indicators enable organizations to provide non-financial performance data in a competitive manner. An examination of the content of service performance statements and performance indicators to evaluate the type, magnitude, mix, and consistency of performance data used to assess organisational efficiency (output) and effectiveness (outcome), according to the guidance of PBE FRS 48 and IPSAS 1. For analysis purpose, I acknowledge the simplified reporting requirements for Tier 3 and Tier 4 charities. However, the content index analysis is designed on the assumption of best reporting practices considering IPSAS 1, with a mix of previous and current reporting standard. Based on modelling the reporting practises of IPSAS 1, which would be required for larger charities, as indicative of if not best practise better practise. This enables me to consider not just compliance, but better reporting for research analysis.

Outputs are described as goods and services produced, while outcome is the impact an organization has on society. The output can be expressed in terms of quality, quantity, time, cost, location, and link with planned outcomes. Also, performance can be conveyed in terms of efficiency and effectiveness. Standard also requires presenting actual and budgeted number for the fiscal year, together with comparison of prior year actual numbers.

For outcomes, IPSAS1 provides “information on the effects on the community of the entity’s existence and operations” (para. 150.2). This means the real impact on the society from charities services. For example, number of food parcels delivered, consultations provided, hours of voluntary elderly care or painting of community of services hall.

4.2 Content Analysis Index

Content analyses index is developed to identify the disclosures of performance indicators as part of research design.

The performance information collected from SSPs were coded to identify the outcomes, outputs, additional output measures, prior year and budgeted information provided. Outputs were further categorized into count, dollar, quality, and efficiency. Refer to Table 1 for definitions and codes used in this study for analysis. Examples mentioned with each item are extracted from the SSPs.

Item	Definition	Example
Outcomes	Outcomes are the impact or effects from the charity's services on the community. Coded 1 if the relevant outcomes are disclosed, otherwise 0.	"Our outcomes are based on how many dogs we rescue and successfully rehome each year". (Dogwatch Annual Report, 2019)
Number of Output measures	Output are the services provided by the charity. Total number of performance indicators disclosed as the output measures, described in terms of count, cost, quality and efficiency. Coded 1, for each category of output measure disclosed	Number of dogs rescued. Number of seminars conducted. Donations provided for hearing aids. Voluntary consultations for migrants
Count	Performance indicator stated as the output measure is specifically described in numbers as to how much or	Number of families in the training program. Number of food parcels distributed. Number of scholarships funded.

	how many. Coded 1 if measurement is available in count, otherwise 0	
Dollar	Performance indicator stated as the output measure is specifically described in terms of currency. Coded 1 if measurement is available in dollars, otherwise 0	Amount spent on the services provided to elderly day-care. Amounts pooled into scholarship funds. Donations to dementia.
Quality	Performance indicator stated as the output measure is specifically described in terms of quality or improvement. Coded 1 if measurement is available in quality, otherwise 0	Renovation of childcare facility. No complaints received.
Efficient	Performance indicator stated as the output measure is specifically described in terms of efficiency. Coded 1 if measurement is available in efficiency, otherwise 0	Average hours of voluntary service provided. Percentage of amount spent on xyz services.
Additional Output Measures	Additional outputs that cannot be described in any of the category listed above and furnished in additional output section by the charity. Coded 1 if additional output measure is available, otherwise 0	Free workshops for community education. Hosting of cultural events
Additional Information	Further information provided by the charity which compliments the overall service performance during the year. Coded 1 if any additional information is available, otherwise 0	Operation of a registered kitchen to provide daily meals to kids. Free education about medications, inhalers, and spacers.

Table 1 Content Analysis Index developed to identify disclosures from SSPs.

To understand the pattern of disclosures in SSP, content analysis was implied for the captured information. Data extracted from SSPs of charities through charities register was classified according to the reporting requirements of SSP (that is output, outcome, comparison with prior year, budget, additional output, and additional information).

This data was further classified into reported performance indicators. For analysis purposes, codes of 0 and 1 were assigned based on each segment of SSP. Code 1 was given where the information was available in the SSP, for example where a charity reports the relevant outcome of its charity, code 1 was awarded. Similarly, codes for performance indicators were given according to the number of PIs disclosed in the outputs measures segment by the charity. The codes obtained for output measures were further classified into four performance indicators of cost, dollar, quality, and efficiency. Code 0 was attributed where the relevant information was unavailable.

Statistical Package for the Social Sciences (SPSS) was further used to analyse the data to find mean, minimum, and maximum. Independent t-tests were conducted to compare the mean of data obtained for Tier 3 and Tier 4.

4.3 Research Sample

In this study, the research focuses on the statements of service performance and the service performance information disclosures made by 30 randomly selected New Zealand registered charities, from each of Tier 3 and Tier 4 for the years 2016 and 2019. Research sample in Table 2 shows that a total of 120 SSPs were observed. All information was accessed from the Charities register. This study does not focus on a specific charity sector. The sample of charities covers a range of categories and causes, such as children's' charities, religious, relief-aid, migrant support, education advancement and community development etc.

Table 2 presents the research sample. To analyse the service performance reports from 30 SSPs of Tier 3 and 4, a total of 55 random charity's annual reports for Tier 3 and 88 annual reports of Tier 4 were evaluated for both the years 2016 and 2019.

Table 2: Research Sample

	Tier 3	Tier 4
Randomly selected observations	55	88
Less without 2019 SSPs	11	37
Less without 2016 SSPs	14	3
Deregistered & Non submission of Annual Report	-	18
Number of charities	30	30
Number of observations	120	120

Table 2: Presents the details of research sample and number of total observations.

At the first instance, the SSP of 2019 was obtained, then the year 2016 SSP was sought for the same charity. De-registered charities and those who did not file annual reports were excluded from the sample as well. Table 2 shows that 11 registered charities from Tier 3 does not file SSP in the year 2019 and 37 registered charities do not file SSP for the year 2019.

This is an implication that SSP submission of Tier 3 is higher than Tier 4. Also, Table 2 shows 18 charities in Tier 4 were ignored for the study due to non-submission of annual reports and deregistration which implies higher number of deregistered or non-submission of annual reports among Tier 4. Implications for higher rates of deregistering among Tier 4 charities are mainly due to non-compliance of legal obligation Charities Act (2005), on their own will or non-filing of required returns for certain years.

Chapter 5 Analysis and Findings

The first research question of this study is to identify what performance indicators (PI) do NZ charities disclose and how do they correspond with guidance on service performance reporting?

This analysis is conducted on both Tier 3 and Tier 4 charities using the content analysis index discussed above.

5.1 Tier 3 Statement of Service Performance Disclosures

I first compare service performance reporting by Tier 3 charities in 2016 and 2019. Using the content analysis index from Table 1, performance information was identified and coded according to the disclosures made by the charities.

Table 3 presents the information disclosed by 30 charities in 2016 and 2019 for the requirements of SSPs, reported output performance indicators, minimum and maximum number of outputs disclosed by charities.

Table 3: Tier 3 SSP Reporting

Requirements of SSP	2016	2019
<i>Panel A: Binary</i>		
Outcomes	27	30
Outputs	28	29
Prior Year	11	19
Budget	1	1
Additional Output	6	8
Additional Info.	10	7
<i>Panel B: Outputs</i>		
Count	81	87
Dollar	13	18
Quality	5	2
Efficiency	14	8

Table 3 presents the number of manually collected data from 2016 and 2019 SSPs of 30 Tier 3 charities. Panel A shows the disclosures on binary basis. Panel B describes the output performance information in the categories of count, dollar, quality, and efficiency for all SSPs.

Panel A of the Table 3 gives details of number of charities disclosing SSP as per guidelines and Panel B put forward the number of outputs disclosed in SSP in terms of count, dollar, quality, and efficiency. Table 3, Panel A shows that out of 30 Tier 3 charities, 27 reported outcomes in 2016, however all of them reported outcomes in 2019, which shows compliance. The number of charities reporting outputs in 2016 increased from 28 to 29 in 2019. Only 11 charities disclosed prior year information in 2016, which is arguably reasonable as this was the first year of reporting. However in in 2019 only 19 charities disclosed the prior year information. It is interesting to note that only one organization disclosed budget expectations in 2016 for the next year and the same organization disclosed budget information in 2019 SSP for next year.

The disclosure of targeted and prior year performance is important to allow SSP information to provide insight to users. The disclosures about additional output¹ have slightly increased from 6 in 2016 to 8 in 2019. It shows that charities are resistant to providing any further information on additional outputs, other than disclosed in main output section. The reporting on additional information has decreased in 2019, as higher number of charities provided additional information on the services in 2016. Table 3 shows that the disclosure focus of reported SSPs remains on outcomes and outputs.

However, the disclosures on output performance indicators vary in terms of count, dollar, quality, and efficiency for the comparative years as reported in Panel B of Table 3. It is interesting to note that most charities choose to disclose the outputs in terms of count²

¹ Additional output disclosures are measures which are not disclosed in the main output category complements charity's performance during the period. One example is "Partnering with Christchurch City Council to provide flood management and water treatment facilities for the city" by Christchurch Golf Club Inc.

² Quantity example includes, "Number of Baptisms", by Hillsborough Baptist Church. Or "Number of families in training program" by Hamilton Koinonia Community Trust.

(quantity) that is 81 and 87 in 2016 and 2019. Disclosure of output performance indicators in dollar³ has increased slightly from 13 to 18, while in terms of quality⁴ it has decreased from 5 to 2. It is observed that the disclosure on reporting output as an efficiency⁵ has reduced from 14 in 2016 to that of 8 in 2019, as efficiency is a valuable indicator of relationship between resources and spending (Table 1).

Thus, the selected sample of SSPs reveals that overall, the total number of output PIs are higher by one count but there is increase in terms of count and dollar, while decrease in terms of quality and efficiency. This could be due to inherent limitations of charities in terms of scarce systems, resources, and accounting professionals.

Below Table 4 (Panel A) further interprets outputs performance information into minimum and maximum disclosures. Maximum being the highest number of outputs disclosed in SSP while minimum being zero in any category of outputs. Maximum number of output measure disclosed by a charity is 14 in 2016 vs 9 in 2019. This could be due to the grouping of outputs arising from better understanding of regulations in subsequent years of filing SSP.

It could be seen that disclosures based on count are higher in both 2016 and 2019. Reporting outputs in count category is higher among other categories of dollar, quality, and efficiency. Higher number of count measure could be since recording in quantity is easier. Secondly output measurement in quantity could be due to nature of charity sector like number lunch boxes distributed, number of hours volunteered etc. as discussed in Table 1 of Content Analysis Index.

³ Dollar output measure example, amount spent on research by Healthcare Otago Charitable Trust.

⁴ Quality output measure example from Northland District Masonic Trust, “Exterior of Hokianga Village was repainted during the year”.

⁵ Example of reporting efficiency output measure by Purapura Whetu Trust is “Total activity hours provided in Re Oranga Day Activity Program”.

Table 4: Number of Outputs disclosed by Tier 3 Charities.

Panel A	2016		2019	
Performance Indicators	Minimum	Maximum	Minimum	Maximum
Number of Output measures	0	14	0	9
Count	0	12	0	8
Dollar	0	4	0	5
Quality	0	2	0	2
Efficient	0	5	0	2

Panel B	2016	2019
	Mean	Mean
Count	3.80	3.83
Dollar	2.70	2.90
Quality	0.43	0.60
Efficient	0.17	0.07

Table 4 presents the output performance indicators disclosed in Tier 3 SSPs in terms of maximum, minimum and mean for reporting years of 2016 and 2019.

The mean for reported performance indicators for Tier 3 charities shows a significant increase between 2016 and 2019 for the proportion of charities reporting output and comparative year information as per table 4 (Panel B).

5.2 Tier 4 Statement of Service Performance Disclosures

Next, I repeat my analysis on Tier 4 charities, which are smaller in size.

Table 5: Tier 4 SSP Reporting

Requirements of SSP	2016	2019
Panel A: Binary		
Outcomes	26	26
Outputs	11	23
Prior Year	13	20
Budget	2	3
Additional Output	0	1
Additional Info.	5	5

Panel B: Outputs		
Count	21	22
Dollar	9	14
Quality	0	0
Efficiency	1	0

Table 5 presents the number of manually collected data from 2016 and 2019 SSPs of 30 Tier 4 charities. Panel A shows the disclosures on binary basis. Panel B describes the output performance information in the categories of count, dollar, quality, and efficiency for all SSPs.

The performance disclosures in SSPs made by Tier 4 charities remains consistent for outcomes in both years. In total, 26 out of 30 selected Tier 4 charities made a description of outcomes in 2016 and 2019. However, the number of charities reporting for outputs has increased from 11 in 2016 reporting to 23 in 2019, which is an indication of greater compliance. A higher number of charities choose to disclose prior year information in 2019, which is again a good indication of being compliant. As far as budgeted disclosure is concerned, there is an increase of single number between the comparative years.

Also, none of Tier 4 charity disclosed any additional output in 2016. But one SSP has the additional output disclosure for 2019. The number of charities reporting for additional information remains the same for both 2016 and 2019. Although not significant, but there is a progressive improvement in overall performance reporting by Tier 4 charities.

Panel B of Table 5 shows that majority of disclosures are made in count in both years. However, performance outputs indicated in dollar amount has increased from 9 to 14, which is a slight transition. None of the selected SSP has the information on quality performance indicators and only one SSP in 2016 had some disclosure in efficiency category. Thus, the combined increase of reported output PIs for Tier 4 SSPs comes from the count and dollar category.

Table 6 (Panel A) presents the output disclosures in for Tier 4 charities, showing maximum and minimum output performance indicators disclosed in SSP. Like Tier 3, disclosure on count

side is higher in both reporting years, as seen in table 6. It is also noteworthy that there is no disclosure on quality in either 2016 or 2019.

Table 6: Outputs disclosed by Tier 4 Charities.

Panel A	2016		2019	
Performance Indicators	Minimum	Maximum	Minimum	Maximum
Number of Output measures	0	5	0	4
Count	0	4	0	4
Dollar	0	1	0	2
Quality	0	0	0	0
Efficient	0	1	0	0

Panel B	Mean	Mean
Count	0.70	0.73
Dollar	0.30	0.47
Quality	0.00	0.00
Efficient	0.03	0.00

Table 6 presents the output performance indicators disclosed in Tier 4 SSPs in terms of maximum, minimum and mean for reporting years of 2016 and 2019.

Results of Table 6 Panel A are also confirmed by mean calculation in Panel B which shows minimum changes in reporting pattern. Mean for count has slightly increased from 0.70 to 0.73 for 2016 and 2019. While the other increase comes from dollar output measure where mean has increased to 0.47 in 2019 from 0.30 in 2016. Both Panel A and Panel B of Table 6 confirms that output performance reporting in Tier 4 SSP has no significant improvement.

It is interesting to note that in 2019 Tier 4 SSPs have increase in output disclosures, from 11 charities reporting output in 2016 to 23 charities disclosing the same in 2019 as per Table 5. This indicates that the number of output disclosures made by charities have not improved.

5.3 Performance Disclosures for 2016 vs 2019

To find the overall improvements in SSP disclosures overtime (from 2016 to 2019), it is pertinent to analyse the results in totality.

Table 7: Comparison between Reported PIs for 2016 and 2019

Reported Performance Indicator	Mean		T-Stats	
	2016	2019	T-tests	Sig, (2 tailed)
Outcomes	0.88	0.93	-0.94	0.35
Number of Output measures	2.42	2.52	-0.22	0.82
Count	1.70	1.82	-0.30	0.76
Dollar	0.37	0.53	-0.93	0.35
Quality	0.08	0.03	0.92	0.36
Efficient	0.25	0.13	1.02	0.31
Prior year	0.40	0.65	-2.81	0.01**
Budget	0.05	0.07	-0.39	0.70
Additional Output Measures	0.10	0.15	-0.82	0.41
Additional Information	0.25	0.20	0.65	0.52

Table 7 presents the comparison between reported performance indicators for the year 2016 and 2019 with mean and stats analysis. This is yearly comparison which include SSPs of both Tier 3 and Tier 4 with the requirements of SSPs and output performance information. Two-tailed tests of significance: * $p < 0.10$, ** $p < 0.05$, and *** $p < 0.01$

Table 7 reflects the comparison of mean SSP disclosures for total of 60 charities (30 from each Tier) between the years 2016 and 2019 and report t-stats on univariate tests of differences. Mean for reported outcomes have increased from 0.88 to 0.93, whereas total output performance indicators measure at 2.52 from 2.42. The individual categories of count and dollar have slight increase in mean from the year 2016 to 2019. PIs in terms of quality and efficiency have decreased particularly because as originally it was lower for Tier 3 charities in the year 2019. Overall, there are minimum improvements in reporting. This is confirmed by t-tests which shows that the only significant difference is prior year. This suggests slow progression of SSP understanding and compliance over the period of 3 years.

5.4 Disclosure focus and content between Tier 3 and Tier 4

Table 8 shows the reporting quality of Tier 3 and Tier 4. It reflects that the mean for significantly higher disclosure of output levels. is higher in Tier 3 as compared to Tier 4. Similarly, the mean for total number of performance output measure disclosed by Tier 3 also higher than Tier 4 in both years. Also, in the individually category of output PIs, the mean for Tier 3 charities is higher than Tier 4. However, the analysis suggests that the mean for prior year disclosure is higher for Tier 4 in both comparative years. Mean for budget information disclosure for Tier 4 sample charities is also slightly higher than Tier 3, as for Tier 3 only one out of 30 charities. Additional output measures and additional information mean is also higher for Tier 3 as compared to Tier 4.

Overall analysis of disclosures identifies that Tier 3 SSPs have better quality than Tier 4 which is confirmed by stats analysis as well. This implies that due to the divergence based on charity size, SSP reporting might not be appropriate for micro charities of Tier 4.

Table 8: Comparison between Reported PIs for Tier 3 and Tier 4

Reported Performance Indicator	Mean		t-stats	
	Tier 3	Tier 4	t-test	Sig. (2 tailed)
Outcomes	0.95	0.87	1.59	0.12
Number of Output measures	3.82	1.12	7.19	0.00***
Count	2.80	0.72	6.21	0.00***
Dollar	0.52	0.38	0.75	0.46
Quality	0.12	0.00	2.18	0.03**
Efficient	0.37	0.02	3.18	0.00***
Prior year	0.50	0.55	-0.54	0.59
Budget	0.03	0.08	-1.17	0.25
Additional Output Measures	0.23	0.02	3.77	0.00***
Additional Information	0.28	0.17	1.53	0.13

Table 8 presents the comparison of SSP disclosures on tier basis. Reported performance indicators are analysed in terms of mean and stat analysis. Two-tailed tests of significance: * p<0.10, ** p<0.05, and *** p<0.01

Although content analysis is a method of real usefulness for understanding disclosure practises but, there may be room for the weak judgements based on coding. This is because this study involves research around different types of charities, and the business setting of each charity type is different.

Chapter 6 Conclusions

Service performance information provides users with non-financial information for the year, presenting the charity's achievements and accomplishments to enhance understanding of its work and purpose. This study was assessing the quality-of-service performance reports of Tier 3 and 4 New Zealand charities, through analysis of performance indicator disclosures. Content analysis index was developed for the research to identify performance indicators.

I looked at the statement of service performance of 30 registered charities of both Tier 3 and 4, each for reporting periods 2016 and 2019. Then I handpicked the information disclosed in terms of outcomes, output, additional output information, prior year, budget, and additional information from these randomly selected SSPs. Outputs were further categorized according to count, dollar, quality, and efficiency disclosures. This information was coded according to the content analysis index, which was based on the SSP guidance provided in IPSAS1 and PBE 48. The results were based on binary and stats analysis.

According to the findings, there are marginal improvements in SSP reporting and quality for both Tiers 3 and 4 over the period of 2016 to 2019. Tier 3, SSP reporting finds greater number of charities reporting prior year information in year 2019. In Tier 4, more charities are disclosing outputs and prior year information in SSP. Comparing between tiers, according to the sample and mean, Tier 3 is slightly better in terms of disclosing performance information for both reporting years. Disclosure on budget information is exceptionally low in both tiers SSPs. In addition, from 2016 to 2019, significant difference comes from prior year reporting of both tiers.

There are some implications from this study. My first implication is that the filing of SSP is higher among Tier 3 charities than Tier 4 as per sample. Also in Tier 4, the number of de-registered and non-filing of annual reports is higher.

Secondly, the performance disclosures were found to be too precise to be effective. Both tiers are fully compliant in disclosing outcomes, however, to improve the quality and extent of current disclosures, relevant performance output information and other additional information should be disclosed in SSPs.

Third, over the course of time from 2016 to 2019, there is slight progress in both tiers in terms of reporting prior year information. This suggests compliance towards regulation. This has increased by 8 charities in Tier 3 and 7 charities in Tier 4. As far as budgeted information is concerned, only one charity reported budget in 2016 and same charity reported budget in 2019 in Tier 3. For Tier 4 number of budget information increased from 2(2016) to 3(2019). This indicates that either charities of selected tiers lack forecasts or are reluctant to disclose plans for next year. This implies that although initially it was hard to compile SSP in first year in 2016, but subsequently, reporting in 2019 has same quality.

Fourth, the output disclosures in both tiers are mostly based on quantity (count). To further improve the understanding of outputs and the impact made by charities, the disclosures can be categorized relevantly into dollar, quality, and efficiency in SSPs.

Fifth, comparing across Tier 3 and 4, it is implied that Tier 4 is struggling in reporting SSP. Tier 3 SSP reporting is better than Tier 4 in terms of quality of disclosures, output categorization in count, dollar, quality, and efficiency, and providing additional information as mentioned earlier, although tier 4 has to file SSP with reduced requirements, level of submission is low in terms of SSP filing, reporting relevant requirements and output performance disclosures.

Finally, there is not much improvement in the quality of overall disclosures over the period for both tiers. I acknowledge that initially charities might have faced challenges in the submission of first year of SSP reporting. This could be in terms of understanding the SSP requirements,

comprehension between outcomes and outputs, or even the perceptions of tier level. However, enhanced reporting quality was expected in successive years. This implies absence of learning overtime to increase the potential for exceptional performance reporting.

Acknowledging the limitations of this research, this study cannot be generalized on all the small charities due to number of reasons. Firstly, the sample size of this research is relatively limited, with only 30 SSPs for Tier 3 and Tier 4 examined for 2016 and 2019. A more detailed analysis of wider sample of small charities may give more consistent results on charity SSP disclosures. Secondly, this sample selection does not belong to any specific charity sector. Charities have different systems in operations and different settings depending upon the charity sector, which might make it difficult to capture the details of activities performed during the year and to forecast long term effects of the activities. Also, accounting skills required for reporting purposes could be a missing link for charity sector, as mostly accountants working for charities are volunteers with limited knowledge of regulations, which make the reporting process more complex. The research method used has some constraints as well. One of the limitations of content analysis are subjective opinion of an individual. Furthermore, it is not suitable method to understand issues in great depth. Also, content analysis does not reveal the underlying causes for the observed pattern.

This research contributes to the literature on charity reporting, charity accountability and statement of service performance for New Zealand and internationally as well. It will also contribute to the wider literature on small charities, non-performance reporting and related disclosures. Also, it will assist policy makers and charity regulators to extract insights on the performance disclosures of smaller charities.

This study provides an opportunity for future research in service performance reporting for charity sector, for smaller charities and can also be replicated to study the performance

measures disclosed by larger charities of Tier 1 and Tier 2. Furthermore, the findings are likely to give some insight into how future study may assess the importance of specific data elements in enhancing charity accountability reporting in New Zealand. Another interesting area of research identified by this study is the influence of count measures in relation to overall output performance indicators. Also, study on the causes of ignoring efficiency and quality performance indicators is another research opportunity.

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