



*The charity hospice: a theory of governance processes*

CROFT, Nicolas Adrian

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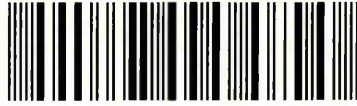
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***THE CHARITY HOSPICE: A THEORY OF GOVERNANCE  
PROCESSES***

**Nicholas Adrian Croft**

A thesis submitted in partial fulfilment of the requirements of Sheffield Hallam University  
for the degree of Doctor of Philosophy

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## ABSTRACT

The study considers the processes by which a charity hospice reconciles internal, external and governmental tensions in the provision of public healthcare services. Thus the focus is on change, decision-making and relationships with public sector partners. The study is practice-based utilising a grounded theory methodology and a case study strategy based in two empirical phases. Phase 1 comprises a single organisation case study at a charitable hospice for the purposes of theory production. Data collection was primarily via participant observations from a close insider perspective as recognised by Adler & Adler (1987). Emerging theory from phase 1 was later tested and developed via Phase 2 empirics, comprising a cluster of four organisational case studies. Data collection during phase 2 was based in semi-structured interviews and, in part, critical incident technique. Around thirty interviews were held, evenly spread across participating organisations and between trustees and managers.

The original contribution is a theoretical model of governance processes that identifies the 'individual contribution' of trustees and the 'collective will' of the board of trustees as key concepts. It is recognised that both are subject to 'leakage' from their maximum potential. Component elements of the three concepts are identified and discussed. A three-tier model is presented using these key concepts as linkages between governance, culture and change management. The theory is used to form a framework for practice, aimed at facilitating improved control and effectiveness of a charity hospice board of trustees. The theory is placed in a critical realist perspective for discussion. The study contributes to the debate on issues around public and voluntary sector commissioning and funding relationships. There is also a methodological discussion in the context of researching from the perspective of a close-insider addressing issues of access, ethics and the dual role of researcher/practitioner. There is a contention that production of emergent grounded theory for testing and development and the Scapens (1990) differentiation between positive/normative perspectives may be too simplistic for the purposes of this study.

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## **ABBREVIATIONS**

CIT	Critical Incident Technique
COREC	Central Office for Research Ethics Committees
DH	Department of Health
DoH	Department of Health
GPs	General Practitioners
GT	Grounded theory
NCVO	National Council for Voluntary Organisations
NHS	National Health Service
MCA	Management Control Association
Pbr	Payment by results
PS	Public Sector
SHU	Sheffield Hallam University
VCO	Voluntary and Community Organisation
VCS	Voluntary and Community Sector
VS	Voluntary Sector
VSSN	Voluntary Sector Studies Network

# **CHAPTER 1: INTRODUCTION TO STUDY AND THESIS**

## **1.1 CHAPTER INTRODUCTION**

This thesis is submitted in culmination of a PhD programme commenced in September 2003. The research is designed to study non-clinical governance in voluntary sector healthcare service provision via a grounded theory methodology and a case study strategy. This introductory chapter provides a brief overview of the study and thesis and places later chapters in general context. It establishes the aims, objectives and research questions and identifies the contribution to knowledge. The chapter also summarises the personal context of experiences prior to the commencement of this study, explains their relevance and how the proposal developed from these. This thesis is written in the first person as personal experiences and values are an integral element of the interpretive nature of methodologies adopted. Thus, this thesis is part of a self-contained academic programme but is inextricably linked to prior work and experiences.

## **1.2 THE PERSONAL CONTEXT**

*“... all empirical research will be partial, despite any truth claims to the contrary, and thus it would be better to be clear about the biases and exclusions before launching into empirical detail.”*

(Laughlin, 1995, p.65)

This study represents my lived experiences as a researcher, particularly during the theory productive initial case study and is thus autoethnographic *“where the author appears in the first person as narrator and actor in the ethnographic account, contrary to the positivist tradition”* (Brady, 2000, p.954). Wide and varied career and voluntary experiences have implications for the research study and Laughlin (1995) argues the inevitability of biases introduced by the researcher into interpretive research. Whilst we may be uncertain as to my own biases and preconceptions it is inevitable that *“the personal ontological and epistemological assumptions of the researcher”* exist (Dey, 2002, p. 108). However, from a beneficial perspective, Glaser & Strauss (1968) recognise the potential value of personal experiences in theory development via *“crucial insights”* (p.252). A key element of this study has been extensive and

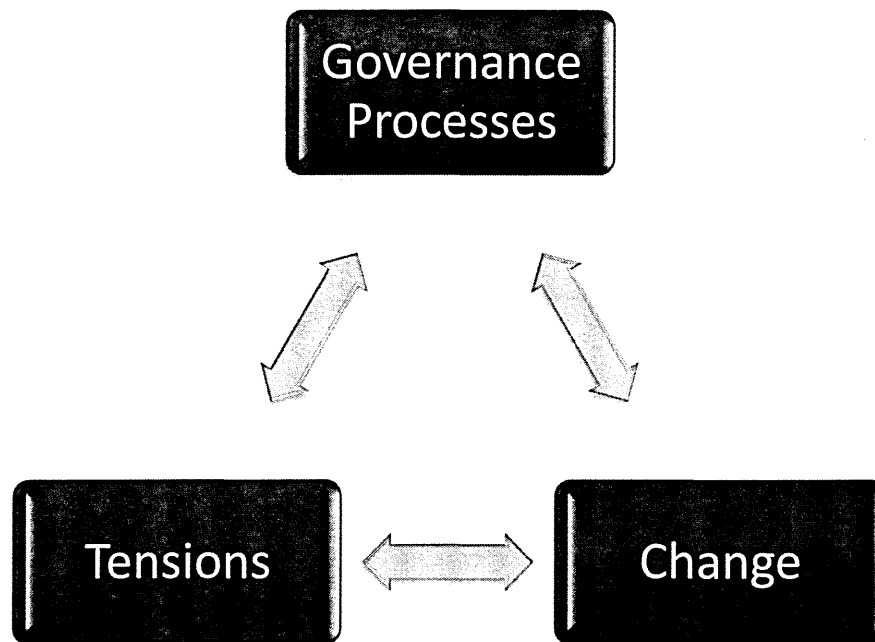
documented reflection for the purposes of recognising biases and preconceptions and to attempt to mitigate or at least to understand their impact on research outcomes.

Strauss & Corbin recognised that an idea for research could be generated from a number of sources including *“personal and professional experiences”* and *“the research itself”* (1998, p.38). During voluntary work with a national charity ‘Stubbs’ I was allowed access to the organisation as the subject of a case study in management control (reported as Croft, 2000; 2001c). One of the issues that arose in relation to budgeting and sustainability was that the charity was in protracted negotiations with local authority funders seeking increases in beneficiary-specific fees to match increased service costs. This gave me an acute awareness of the inequality of bargaining powers of public sector funders and voluntary sector providers of health and care services. Later, interim employment with a large local charity ‘Carers’ provided experience of services similarly supplied direct to beneficiaries primarily funded by local authorities. However, in this case services were provided against large central ‘call-off’ contracts that enabled the charity to accumulate a significant cash surplus. An inference from these experiences was that there appear to be inconsistencies in public sector funding of services contracted out to the voluntary sector. A further point of observed inconsistency was the understanding and practice of financial, management and regulatory issues with consequential doubts in my mind as to whether and how charities could be said to have effective control over their funds and other resources. This pessimistic view was strengthened by initial experience at ‘Somers Park’, a charity hospice. Whilst it may be arguable that in some instances voluntary sector organisations are effectively under the control of government agencies the argument is stronger that the latter are consuming voluntary sector resources but at prices reflecting a transaction cost not economic cost. In principle, the public purse may be either paying too high a price for inefficiency or too low a price and therefore being subsidised by voluntary donations (see Croft, 2003b; 2004b). My professional opinion was that either extreme was poor practice but potentially resolvable in good faith. This issue highlights questions regarding decision-making processes in charity healthcare and the reconciliation of the supply of public services with charity regulation.

## 1.3 THE RESEARCH PROJECT

### 1.3.1 The research context

This study addresses governance processes in the context of the Cadbury (1992) report that produced a definition in terms of an organisation's directing and controlling systems. The focus is on internal control, performance measurement and reporting, funding and organisational culture. A distinctive feature of this sector is the separation of management control, primarily by salaried managers, and overall control by voluntary trustees (Cornforth & Edwards, 1998; Hind, 1995; Hudson, 1995 and 1999; see discussion in chapter 2). In the context of this study, governance processes may be seen as incorporating internal political dynamics and decision-making processes, interlinked with issues of tension and change. Figure 1.1 below shows these relationships in diagrammatic form. There is further discussion of this interrelationship in section 1.3.5 below, and in Chapter 7, sections 7.1 and 7.2.



**Figure 1.1: Interlinking governance processes, tensions and change.**

Scapens (1990) differentiated between the normative research perspective of 'what should happen', and the positive perspective of 'what actually happens'. My position at 'Somers Park' provided a valuable opportunity to consider governance processes from the perspective of a close insider. This position provided access to elements of

process not readily accessible to external scrutiny thus fitting within Scapens' positive perspective. Provisional aims, objectives and questions were devised at the initial planning stage of the study but these were modified and developed as the study progressed.

### **1.3.2 Study aims and objectives**

The aim of this study is to interpret issues of political dynamics and internal decision-making processes that are a response to external influences and constraints and directly or indirectly affect the provision of public healthcare services by voluntary sector organisations, specifically charity hospices. The outcomes of the study are

- A. A theory of non-clinical governance processes at a charity hospice.
- B. A framework to enable interpretation and practical application of the theory.
- C. A methodological analysis of
  - a. performing empirical research from the perspective of a close-insider, and
  - b. the different empirical experiences of 'positive' and 'normative' research.

A range of research questions to support these aims and objectives is included at section 1.3.6 below.

### **1.3.3 Strategy, methodology and method**

The study adopts a case study strategy and a grounded theory methodology following the Glaser version rather than the more structured and codified version of Strauss/Corbin. An initial case study at the 'Somers Park' charity hospice was designated phase 1 empirics and performed for the purposes of theory production. This case study was influenced by prior contextual experiences, including case studies at 'Stubbs' and 'Carers', other contextual inquiries and concurrent contextual experiences at board level in a housing association and an NHS hospital trust. My cross-sectoral experience provided an ideal platform from which to research the issue. Data collection was primarily by participant observations in the opportunistic complete membership role identified by Adler & Adler (1987). Participation involved full access

to meetings and documents. The case study was multi methodological to the extent that it was ethnographic along with the adopted grounded theory.

An outcome of the Somers Park case study was emergent theory that was developed and tested via phase 2 empirics during a cluster of other organisational case studies from the perspective of an external researcher. Data collection was by interview, archival analysis and casual observations. Phase 2 case study interviews employed Critical Incident Technique as an extremely useful data collection method. Phase 1 was influenced by concurrent contextual experiences at a housing trust and an NHS trust, but these were more influential during phase 2. It is important that in the context of this study, theory production and development refers to a theory that may be generalised analytically not statistically (Yin, 2003; see the wider discussion of this issue in Chapter 3, section 3.9).

#### **1.3.4 The starting point**

At the preliminary stage of preparation for enrolment for this programme, a range of factors were identified as being likely areas of inquiry to inform the development of study aims, objectives, research questions and empirical activities. These were designated as 'key and underlying determinants' of any appraisal of an organisation's performance in providing public healthcare. The factors were grouped and presented as a diagrammatic table reproduced at Appendix A. This proved to be a valuable reference point during the initial stages of the study.

#### **1.3.5 Underpinning tensions and process of change**

Governance processes are underpinned by a wide range of organisational tensions and the ideal of a proactive approach in resolving these via an ordered process of change. In practice however the approach is often reactive due to failures of anticipation or action. At the preparatory stage of this study, it was identified that tensions exist at and between the levels of:

- Government – specifically policy, regulation and practice in the expectation that these may be inconsistent. To clarify, policy is what government intends to

happen; regulation is what legislation dictates should happen; and practice is what government allows.

- External to the organisation – issues of regulation, funding, performance measurement and reporting, external influences and constraints on voluntary sector organisations primarily from a variety of government sources.
- Internal to the organisation – issues of governance, accountability, performance measurement, resources, culture and communications.

Research objectives focused on governance processes in the provision of healthcare services by the charity hospice, and specifically on those services that government might provide under statute or as a community service. This raises the question of inter-sectoral issues i.e. issues in the relationships between voluntary sector organisations and public agencies. These relationships include the commissioning or contracting of services and any payment or funding of them. Further questions focused on change, and the ability of the voluntary sector to manage that change effectively.

### **1.3.6 Research questions**

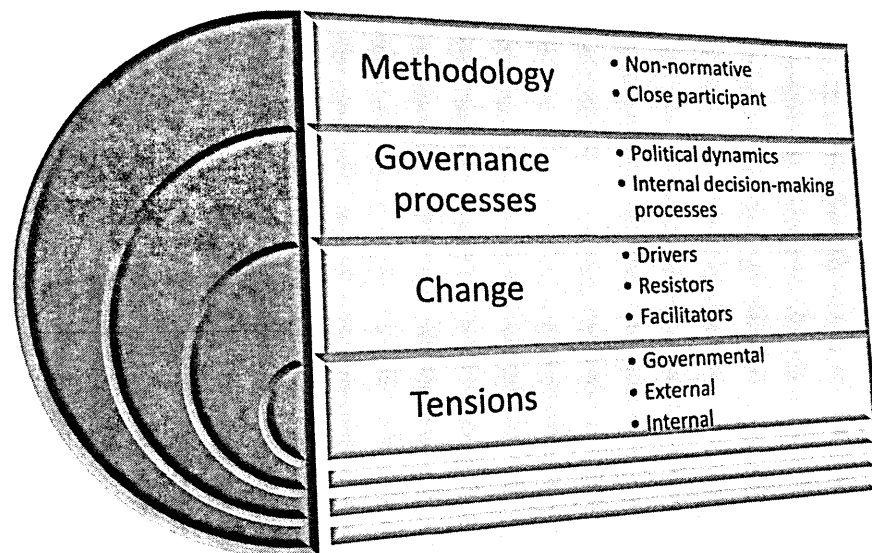
The research questions in respect of public healthcare services provide by the charity hospice are:

1. Tensions and change
  - a. What are the main tensions in the efficient supply of services?
  - b. How do those tensions impact on effective governance?
  - c. What are the political dynamics of these tensions and their resolution?
  - d. By what internal decision-making processes do voluntary sector organisations resolve these tensions?
  - e. What are the drivers, resistors and facilitators of change? In other words, what pressures are created within the organisation to encourage change, what factors produce resistance to such change and by what means/process is change initiated.
  - f. What is the impact of regulation in this matter?
2. And, from a methodological perspective



- a. To what extent and in what way does a positive view of the organisation, its governance processes and its economic environment differ from a normative view?
- b. What are the methodological problems of a close involvement of researcher and researched with regard to
  - i. Grounded theory?
  - ii. Issues of ethics, researcher involvement and withdrawal from the field?

Thus, Figure 1.1 above can be elaborated to present the scope for inquiry into tensions, change and governance processes at a charity hospice in the context of adopted methodology, as suggested at Figure 1.2 below. This diagram is represented in the research questions.

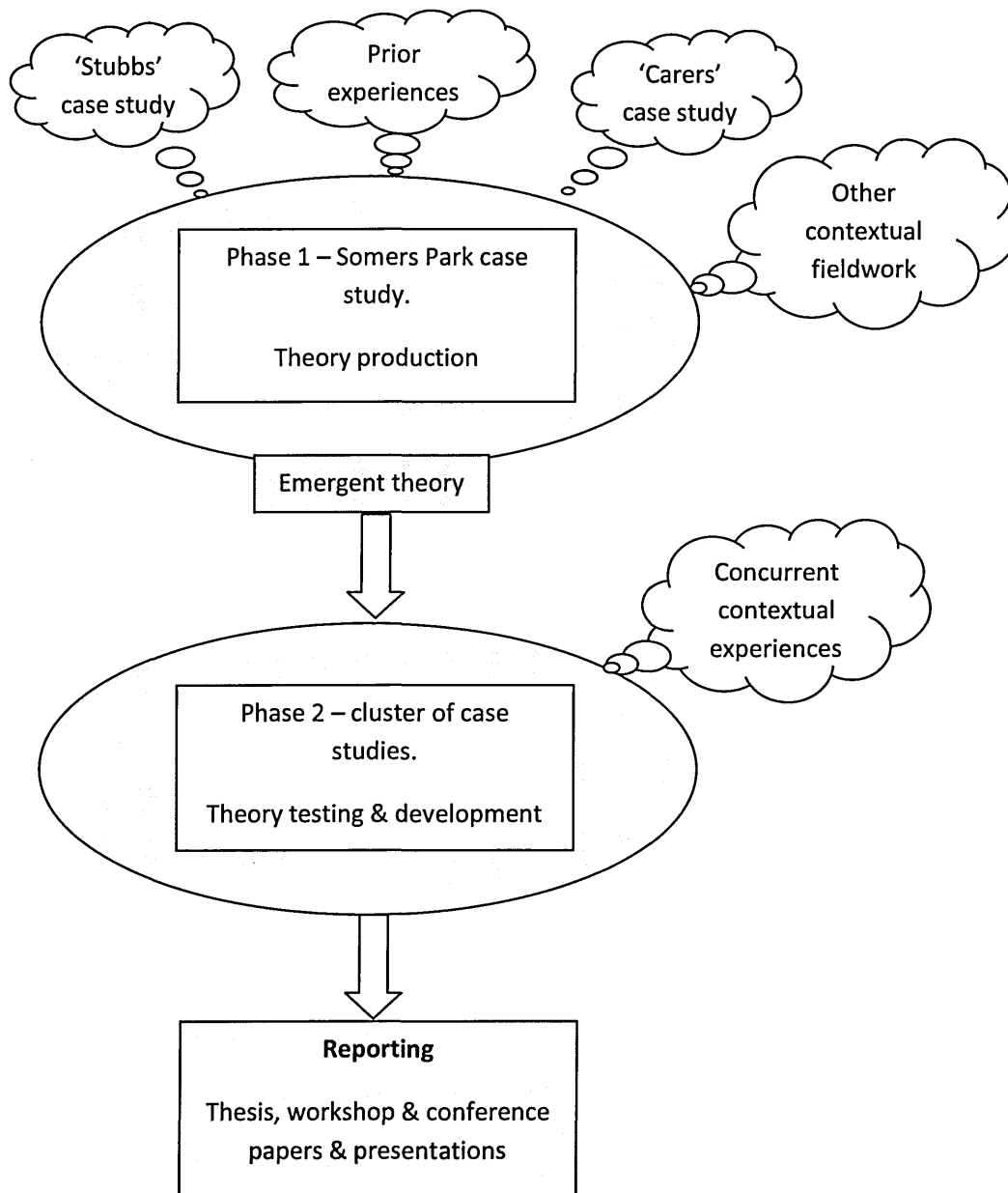


**Figure 1.2: Elaboration of interlinked governance, change and tensions in the context of methodology.**

### 1.3.7 Study design

Figure 1.3 below provides an outline structure of the study. In summary, the phase 1 case study at Somers Park was performed for the purposes of theory production. It lasted for around three years and was informed by prior studies and contextual field work and experience. The outcome of the case study was emergent theory for testing

and development during phase 2 empirics at a cluster of case studies. Theory production and development was also tested via a series of academic challenges throughout the process. These challenges were both within Sheffield Hallam University and across the wider field of peer review at regional and national workshops and conferences including the Management Control Association (MCA), the National Council for Voluntary Organisations (NCVO) and the Voluntary Sector Studies Network (VSSN). Issues of design, strategy, methodology and method are covered in more detail in Chapter 3.



**Figure 1.3: An outline structure of research**

## **1.4 WHAT DOES THE RESEARCH ADD TO KNOWLEDGE?**

The perceived gap in literature is discussed in more detail in Chapter 3, section 3.2. Briefly, this study makes an original contribution in several respects. Firstly, in terms of the contextual tensions between the normative (prescriptive) world of legislation, regulation and informal but generally accepted standards; and the positive (explanation and prediction) reality of practice from the perspective of a governing body. Voluntary sector healthcare organisations are subject to distinctive economic factors but also affected by changes in government policy and legislation; creating a necessity for their governance to operate and evolve via a managed change process. However, governance processes that react to and produce change may be informal, individual to the organisation and not readily accessible to research. These processes may not in practice follow legislation or regulatory guidance. The level of access and potential for constructive interventions at Somers Park enabled the production of theory from a close-participant perspective within the organisation. There are precedents for this close-proximity approach from Cole (1991), Huse & Zattoni (2008) and Parker (2007). The first two of these occupied similar roles but in commercial enterprises, Parker's role was identical and in nonprofit organisations but focus was different enough for this study not to have been overtaken. The outcomes of this study are threefold. Firstly, a theory of governance processes in the charity hospice with possible application to a wider field, and secondly, a framework for the application of that theory in a practical context. There is also a methodological issue. The dual researcher/practitioner role during the Somers Park case study presented potential data collection and ethical problems for the academic credentials of the study. Croft (2004a) was a pilot study to inquire into methodological problems in this context and the issue was reflected on during later empirics.

## **1.5 THE THESIS: STRUCTURE AND CONTENT**

The structure of this thesis broadly follows the chronological order of events. However, activities were often performed in parallel. Figure 1.4 below is a diagrammatic representation of the broad chronology of chapter contents and their interrelationships. Broadly, chapters 4 to 9 document the process from this introductory paragraph through phase 1 empirics, emergent theory, phase 2 empirics,

a discussion of tensions and change, a theory of governance processes and final conclusion. All are informed by prior literature (chapter 2) and issues of methodology and method (chapter 3).

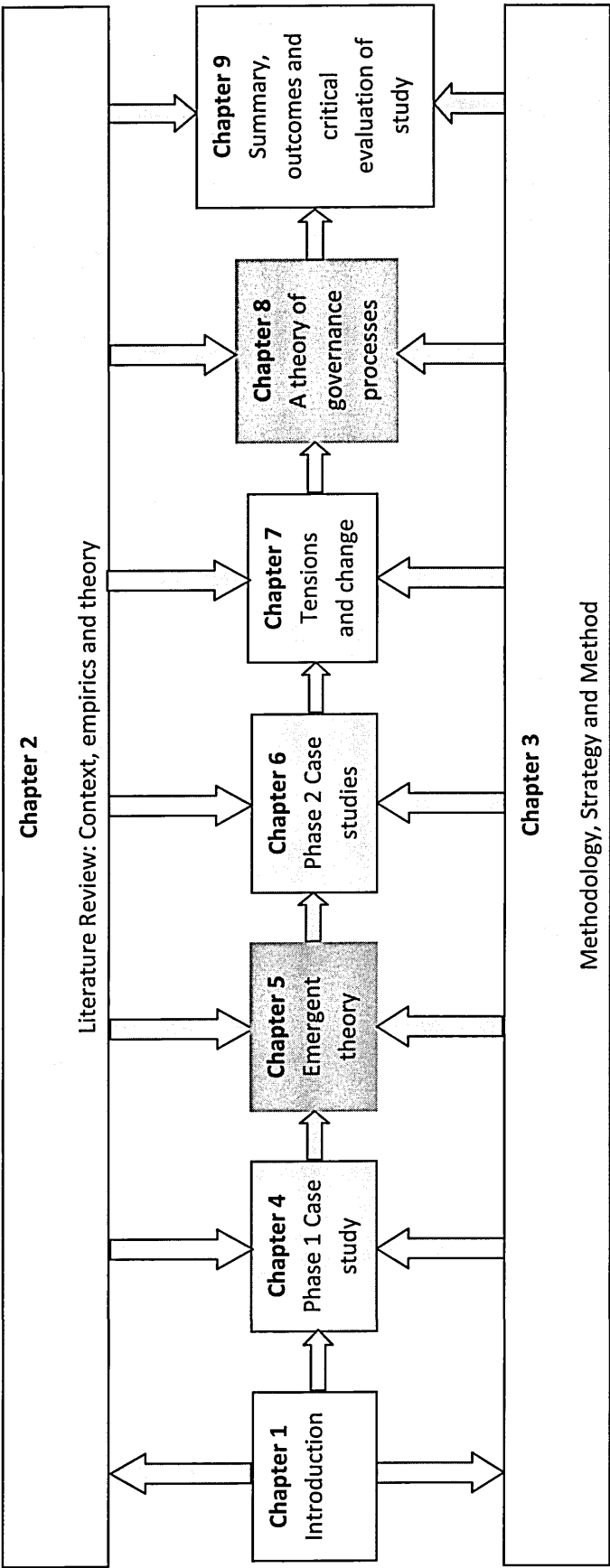
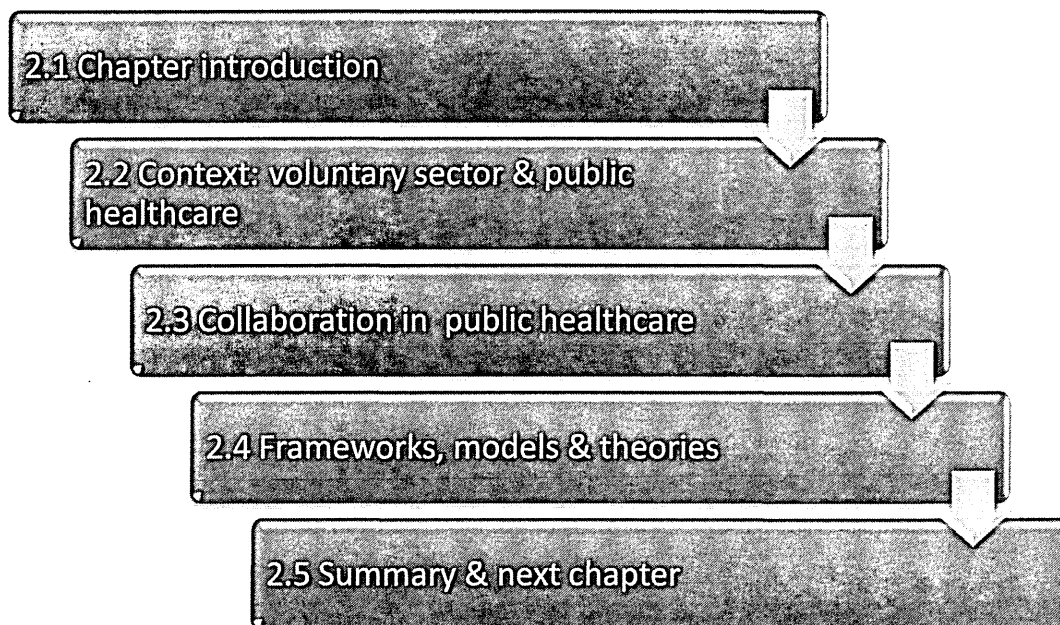


Figure 1.4: Broad chronology and relationship of thesis chapters

## **CHAPTER 2: CONTEXT, EMPIRICS AND THEORY**

### **2.1 CHAPTER INTRODUCTION**

This chapter presents a critical review of literature concerning the context, prior empirics and theory. The context is that of empirical, theory producing and developing, inquiries of governance processes at a charity hospice. Prior empirics in this context are subdivided into those from a normative perspective and those from a positive perspective; the latter have a particular affinity with this study. Finally, a number of prior theories are presented and discussed. A diagram of the structure of this chapter is at figure 2.1 below.



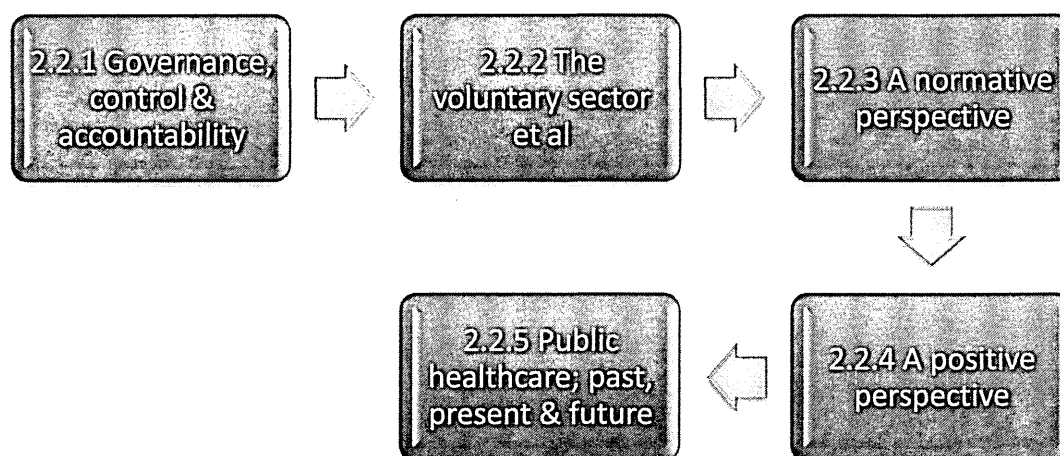
**Figure 2.1: Chapter structure: main sections**

Section 1.5 and Figure 1.4 in the previous chapter illustrate the broad chronology of this thesis. Literature was reviewed throughout the study in accordance with adopted grounded theory methodology (see chapter 3, section 3.5). Glaser (1998) argues *“do not do a literature review in the substantive area and related areas where the research is to be done”* (p. 67 original emphasis). Initial ‘pre-empirics’

reviews therefore followed the Glaser suggestion of avoiding literature close to the area proposed for study and instead reading as widely as possible around the area. My pre-emersion in literature around management control and charity regulation was undeniable and Glaser acknowledges the pressures for pre-research reviews of literature for grant applications and from “*a dissertation committee and PhD formal requirements*” (1998, p.72). Glaser’s solution to this is for the researcher to treat prior literature review material as ‘data’ to be subject to the same process as any other data. However, to provide a meaningful context for empirical activities literature of a normative (what should happen) nature was explored in the areas of charity regulation and voluntary/public sector relationships (see subsection 2.2.3 below).

## **2.2 THE CONTEXT: VOLUNTARY SECTOR AND PUBLIC HEALTHCARE**

Figure 2.2 below illustrates the layout of subsections in this section.



**Figure 2.2: Section 2.2: layout of subsections**

### **2.2.1 Governance, control and accountability**

The concepts of governance, control and accountability are inevitably intertwined. For example, trawling prior literature failed to produce a clear definition of the difference between 'governance' and 'control'. However, whilst there is no evident clear distinction there are enough clues to enable a useful discussion.

The Financial Reporting Council, London Stock Exchange and UK accountancy profession established the Cadbury Committee in 1991 to consider the complex issue of corporate governance. The Cadbury Report (1992) incorporating a Code of Best Practice that defined governance as *"the system by which companies are directed and controlled"*. In a later publication Cadbury defines governance as *"the method of governing"* (Cadbury, 2002, p.1). A third alternative is *"deciding and monitoring corporate performance and corporate conduct"* (Argenti, 1993, p.203). These are of limited assistance in distinguishing between governance and organisational/management control. Digging a little deeper, Cadbury (2002) notes the Committee's terms of reference as relating to issues of *"financial reporting and accountability and to make recommendations on good practice"* (p.10). The issues included performance reporting to *"shareholders and other financially interested parties"* (p.10), and a range of issues around external audit and accountability. The work of the Cadbury Committee was progressed by the later Greenbury, Hampel and Turnbull committees in the private sector and the Nolan Committee in the public sector. These committees extended the concept of governance *"to include the broad-based formulation of policy and the development of strategy as the starting points of good corporate governance"* (Palmer & Randall, 2002, p.28). Thus we may infer a definition of corporate governance as embracing issues of financial accountability in respect of stakeholders outside of the organisation. There is a suggestion of support for the external perspective of governance from Block (1996) who advocates a philosophy of stewardship at all levels in the workplace. In differentiating between management and governance Block declares *"using a term like governance recognizes the political nature of our lives and our workplace"* (p.5).



Further and stronger support comes from Berry *et al* (2005b) who, in the context of defining a domain of organizational control, observe that they would

*“sometimes step outside of the organization and address the issue of corporate governance, or how organizations themselves are controlled by external interest groups.”*

(Berry *et al*, 2005, p.3).

In the same discussion, Berry *et al* cite “a simple but widely applied definition” of management control as “the process of guiding organizations into viable patterns of activity in a changing environment” (Berry *et al*, 2005, p.3). For the purposes of this study we may define governance as being externally driven and organisation control as internal processes driven by both external and internal constraints.

An important issue is that organisations are structured differently within and between sectors and therefore the requirements of governance also vary. Whilst the Cadbury definition of governance (designed for use in publicly quoted commercial businesses) may have wider application it is also quite legitimate to produce alternative definitions with more specific application and under these circumstances a range of specific ‘codes of governance’ have been produced. Essentially governance is a broad principle to be applied rather than a set of rigidly defined rules. This point is made by NCVO in the introduction to their code for ‘good governance’ of the Voluntary and Community Sector (VCS)

*“The Code is based on the principle of ‘comply or explain’. This means it is not a legal or regulatory requirement. Organisations using it should be able to either ‘comply’ with the main principles of the Code, or ‘explain’ why they don’t apply in the particular circumstances.”*

(NCVO, 2005, p.6)

In their consideration of governance in voluntary sector organisations, Cornforth & Edwards recognise the blurring of boundaries between public, private and voluntary economic sectors with the observation that

*"... increasingly it is relevant to ask what the similarities and differences are between governance in different sectors, and what lessons it is possible to learn which may have relevance across sectors"*

(Cornforth & Edwards, 1998, p.8).

Similarly, Langlands (2004) produced a 'standard' that recognised the interests of stakeholders wider than corporate shareholders in the provision of public services. The standard *"comprises six core principles of good governance; each with its supporting principles"*. The standard is intended for *"all organisations and partnerships that work for the public, using public money"* and specifically intended to be relevant to *"non-public sector organisations that spend public money"* (p.1). In addressing the ability of the voluntary sector to provide healthcare services to the public the extent to which service providers are compliant with public sector standards is highly relevant.

The concept of accountability is on the face of it relatively easily explained and understood. The Concise Oxford dictionary (Allen, 1990) defines accountable as *"... responsible; required to account for one's conduct ..."* (p.9). Similarly, but in the more specific context of accounting concepts, CIMA define the 'accountability concept' for management accounting as

*"Management accounting presents information measuring the achievement of the objectives of an organisation and appraising the conduct of its internal affairs in that process. In order that further action can be taken, based on this information, it is necessary at all times to identify the responsibilities and key results of individuals within the organisation."*

(CIMA, 2000, p.10)

However, these are too narrow for the purposes of my study. Munro & Mouritsen (1996) usefully use their individually authored chapters to widen the concept to embrace *"forming and reforming social relationships"* and see 'different' accountabilities emerging (p.xi). In his chapter Roberts (1996) supports what he identifies as a central theme of *"The shift of attention from accounting to accountability"* and later, *"thus a shift from a preoccupation with technique and its*

*refinement, to social practices and their consequences*" (p.41). Roberts identifies two forms of accountability. Drawing on the work of Foucault to suggest the individualising effect of hierarchical structures he then contrasts this with the alternative socialising form of accountability, drawing on Habermas. He epitomises the former by *"pursuit of self-interest"*, the latter by *"loyalty and solidarity with colleagues"*. Roberts sees the two forms as potentially in conflict but decides that they *"nevertheless seem to rest upon one another"* (p.55). The socialising effect of accountability was taken up by Jónsson (1996) who drew on his earlier empirical action research to demonstrate how productive benefit resulted from improved communications within groups of workers and between those groups and external contacts. This effect results from what Jónsson refers to as *"lateral responsibility, based on ethos rather than hierarchical power"* (p.115).

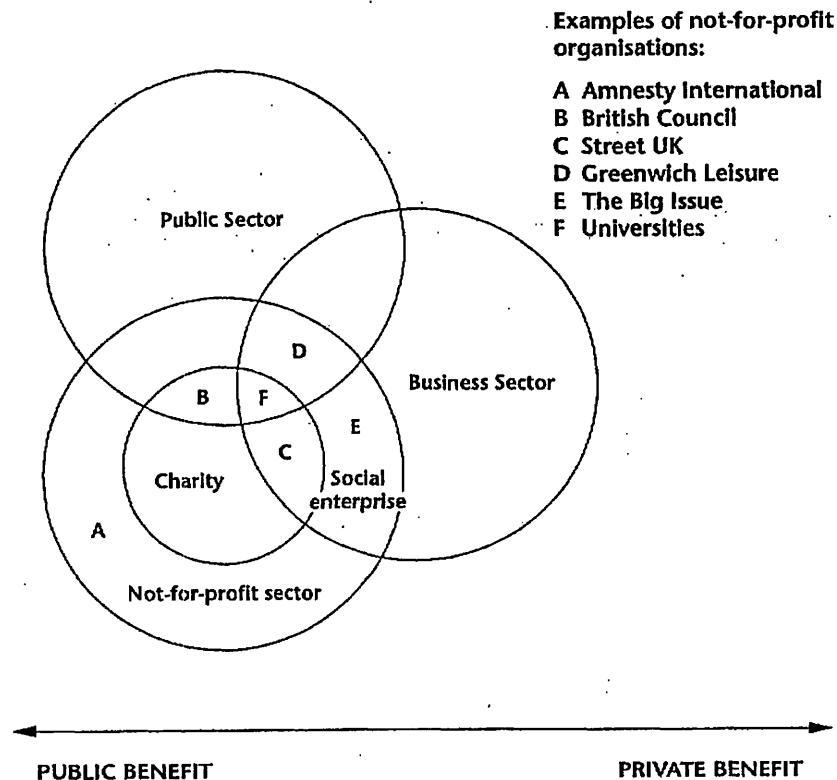
Carnaghan *et al* (1996) consider 'accountability pressures' from a perspective of stakeholders and financial disclosure. They provide a useful table of examples to illustrate associated stakeholders, respective stakes, accountability criteria and financial disclosure management. A relevant point they make is the inter-relationship between managers (who are themselves stakeholders) and other stakeholders. In this context they acknowledge an "information asymmetry" in that management has *"information relevant to the criteria stakeholders use to evaluate the impact of the company's performance on their interests ..."* (p.166). Carnaghan *et al* (1996) discuss conflicts of interest between stakeholders and suggest that this can lead to managers adopting defensive measures such as 'managing' financial disclosure. They provide an empirical example in support of the contention that *"financial disclosure management is a social process, producing a socially constructed portrayal of the company ..."* (p.176). This example illustrates the issue of financial disclosure but has equal relevance to any other issue of disclosure. Laughlin (1996) provides an alternative perspective in addressing issues of 'rights' and 'alternative rights' in accountability. The issues involve a potential for a conflict of interests between those with a 'right' to make demands and professional values

of those subject to those demands, 'principals' and 'agents' in the terminology used. This is an issue of particular relevance to those Laughlin refers to as "*the caring professions*" (citing Gorz, 1989) and including health and social services.

### **2.2.2 The Voluntary Sector *et al***

Initially, this study was loosely defined as being placed in a voluntary sector context but was progressively more tightly focused on the charitable hospice. Voluntary Sector (VS) is one of a number of different terms in use to position an organisation in its economic environment. This has potential for confusion unless the audience is clear as to which term is being used and in what context. However, Morgan (2002, p.1) provides a succinct clarification that differentiates between three economic sectors; the commercial sector "*(business organisations) where profit is the central aim*"; the public sector "*... part of the work of the state*"; and the third sector, voluntary organisations. Morgan also clearly distinguishes between 'nonprofit' and 'not-for-profit', making the valid point that businesses with commercial purpose may be non-profit making at times (see also Anthony & Young, 2003; Hofstede, 1981). This distinction may be a little pedantic as commercial operations do have a profit making purpose whereas voluntary organisations do not. However, this potentially leads to a debate of defining 'profit/loss' and 'surplus/deficit' – not helpful to this study. An indication of the difficulty in defining the field for discussion is found in Palmer & Randall (2002) who include the term "*voluntary sector*" in the title of their publication but immediately start referring to charities and charity accounting (p.1); they also introduce the US originated 'third sector' (p.9) and in their Preface identify aims by use of "*not-for-profit organizations*" (first bullet point) and "*non-profit organizations*" (second bullet point) (p.xiii, un-numbered). I am in no doubt the authors have a sound understanding of the issues but there is no obvious purpose or direction in this apparently random use of terminology even though it is followed by extensive discussion of the issue. Hudson (1995) offers another view differentiating between charitable, voluntary, NGO, not-for-profit and *économie sociale* but deciding that none of these fit his particular purpose. It is relevant that central

government refer to voluntary or voluntary and community sector in some publications (HM Treasury, 2002; 2004) charities and the wider not-for-profit sector (Cabinet Office, 2002) but have more recently adopted the term 'third sector' (HM Treasury, 2005: 2006a). To place this debate in context, a visual illustration is useful and Cabinet Office (2002) provides the diagram below adapted from earlier work.



**Figure 2.3: The Charitable and Wider Not-For-Profit Sector**

(Cabinet Office, 2002, p.15: Adapted from a model developed by University College London and the New Economics Foundation)

Whatever terminology is used, all authors recognise the distinctive nature of the economic sector reflected in legal and operating characteristics that Anthony & Young (2003) identify as:

“...

1. *The absence of a **profit** measure.*
2. *Different **tax and legal** considerations.*
3. *A tendency to be **service** organizations.*
4. *Greater **constraints** on goals and strategies.*
5. *Less dependence on clients for **financial** support.*
6. *The dominance of **professionals**.*
7. *Differences in **governance**.*
8. *Importance of **political influences**.*
9. *A **tradition** of inadequate management controls.”*

(Anthony & Young, 2003, p.53, original emphasis)

For the purposes of my study and from previous contextual experience I would add, arguably, a further three characteristics; the use of volunteer labour, a degree of altruistic motivation on the part of paid staff, and differences in culture and ethical standards. Some of these issues are discussed briefly below.

Finally, the charitable sector is of considerable economic relevance. As at September 2007 there were 190,358 charities registered by the Commission with a total annual income exceeding £43 billion (Charity Commission, 2008). Many smaller charities are not required to register but the larger ones are significant organisational entities. For context, all organisations participating in this study were in the top three-and-a-quarter percent of registered main charities by annual income (over £1 million) (ibid). HM Treasury (2005) suggests that the past decade had produced “*rapid growth*” in sector income with an increased proportion coming from the public sector

*“... since 1991 there has been a real terms increase in general charities’ income of 32%, while the proportion coming from the public sector has risen from 27% of the total to 37% of income.*

(HM Treasury, 2005, p.19).

The source observes that “*Most of this increase is driven by the third sector’s greater participation in public service delivery*” and provides the chart below to illustrate sources of income during 2001/2.

Source of income	Percentage of total income
Public sector contracts	18%
Grant aid	20%
Donations	21%
Private trading income	19%
Other	22%

**Table 2.1: Source of Income for General Charities, 2001/2**

(Data extracted from HM Treasury, 2005, p.20)

**2.2.3 Governance in the VS: A normative perspective**

A normative perspective implies a view of what should happen based in legislation, guidance and best practice. In this context the Charity Commission is a prime source of material, publishing a wide range of literature that is periodically updated and reissued.

**2.2.3.1 Regulation: The Charities Acts**

Regulation is primarily based in the Charities Act 1992, 1993 and 2006 (the Acts). These establish the legal status of charities and the regulatory body in England and Wales, the Charity Commission (The Commission). The Acts also lay down rules in relation to many aspects of organisation, governance and particularly accounting and reporting requirements for UK charities. Much of the Acts leave considerable scope for interpretation and discretion on the part of the Commission and Charity Trustees. However, the Commission also issues a considerable volume of guidance on charity administration with the expectation that it will be followed unless there are specific reasons why aspects are inappropriate. However, guidance is not legally binding.

*“Although the Commission will be legally required by subsection (1) of this section to issue guidance, the guidance will not be legally binding on charity trustees.*

(The Stationery Office, 2006, p.6)

The Commission has formal complaints and investigations procedures but their policy is to provide advice and assistance to trustees in resolving problems and only where serious financial irregularities are found will more formal action be initiated. The regime appears to be one of tight regulation but with relaxed enforcement. Charities are also subject to many other aspects of normal commercial regulation of activities in areas such as health and safety, employment legislation etc. but it is apparent that other regulatory bodies will defer to the Commission in the event of perceived problems or default. The key regulatory force therefore emanates from the Commission.

There is recognition in literature of the impact of tighter regulation of accounting in the charitable sector; Connolly & Hyndman (2000) analysed the financial statements of large fundraising charities concluding that there has been significant improvement in charity accounting and that this is likely to continue. An earlier study, Williams & Palmer (1998), had also found progress but observed considerable variation in practice and a degree of resistance among charities. Perhaps crucially they raised the question of “... *how deep is the resolve of the new Charity Commission regime to enforce its diktat*” (p.278). This question is still relevant today as no amount of regulation will be effective if not supported by competent monitoring and enforcement regimes.

A particularly interesting and relevant point for this study is that NHS hospital trusts have a parallel charity that administers funds donated to the trust for charitable purposes and therefore outside of the scope of normal NHS expenditure. In these circumstances the hospital trust board is the corporate trustee of the charity. It is also possible that a hospital has other fundraising activities that fall to be considered as charitable and possibly separate from both the hospital trust and the main



hospital charity. The role of charitable funds in the NHS was the subject of an empirical study via case studies at ten organisational units that provided a comprehensive report on issues at that time (Lattimer & Holly, 1992). A point of note is that the Audit Commission has traditionally audited NHS trust charities along with the accounts of the associated NHS trust. In a move towards greater separation of NHS trust and associated charity, from 2006 an NHS trust charity is now required to appoint its own auditor.

### ***2.2.3.2 The board of trustees: individual and collective responsibilities***

The law is only able to be definitive in some respects, in other matters it can do little beyond setting boundaries and establishing broad principles. Supplementary guidance from regulators carries the expectation that it should be followed unless there is good reason for another view to be taken (a concept consistent with the Langlands' principles discussed above). This issue is illustrated in Charity Commission (2005b, Duties of trustees) that has been produced to present legal and technical issues in everyday language. The leaflet provides a useful interpretation of the use of 'must' as representing legal or regulatory requirements and 'should' as representing issues of *"minimum good practice, but for which there is no specific legal requirement"* (p.4). Charity Commission (2001b, Internal Financial Controls) confirms use of 'must' and adds 'recommend' and 'advise' as alternative suggestions of best practice. From a general governance perspective, the Commission express their expectations of the factors necessary to foster public confidence in a well-run charity (Charity Commission, 2002b, Hallmarks). The 'Hallmarks' leaflet CC60 covers issues of documentation, trustees, the importance of independence, governance and purpose. Commission guidance is extensive and the range is far beyond the scope of this review, however, some publications are important to an understanding of key issues and are included as appropriate in the following paragraphs.

A very important point for this study is the collective nature of trusteeship. This point is made from the perspective of trust law by McLoughlin & Rendell (1992) who observe

*"Since trustees are jointly responsible for the management of the trust they are also jointly liable for any wrongdoing or neglect in the execution of the trust in which they are involved, whether actively or passively."*

(McLoughlin & Rendell, 1992, p.182)

The Charity Commission makes a similar point in the more specific charity trustee context (Charity Commission, 2002b, Hallmarks of a Well-run Charity; 2005b, The Essential Trustee).

Charity Commission (2005b, Duties of Trustees) provides a useful summary of the principles of trusteeship and main duties of charity trustees.

*"Trustees have and must accept ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for which it has been set up"*

(Charity Commission, 2005, p.6)

This publication also lists several issues of compliance and identifies duties of prudence and care that trustees have. Compliance issues include those in relation to the law, regulation and accounting and reporting; the charity's governing documents and purpose; and a requirement to act with integrity in respect of conflicts of interest and use of funds and assets. Trustees' duty of prudence involves issues around ensuring solvency; proper use of funds and assets; risk; and investment and borrowing. The issue of risk is particularly relevant as a wide concept covering all aspects of a charity's activities. The note on this issue extends risk management beyond funds and assets to also include reputation. The duty of care is in regard to trustees' use of *"reasonable care and skill"* and to *"consider getting external professional advice"* in issues of *"material risk"* or trustees' *"breach of duties"* (Ibid, p.6).

Trustees' duty of prudence requires that they "*ensure prudent financial management and compliance with the law*" (Charity Commission, 2000a, p.17, Managing Financial Difficulties and Insolvency) and may under some circumstances be held personally accountable for losses and liabilities. The Commission emphasises

*"Controls are a necessary feature of any well-run organisation. Because of the special characteristics of the charitable sector, they play an essential part in helping to show potential donors and beneficiaries that a charity's property is safeguarded, and that its management is efficient."*

(Charity Commission, 2001b, p.3)

In a dedicated publication of guidance on financial controls Charity Commission (2001b, Internal Financial Controls) recognises the necessity that control systems should reflect the charity's structures of responsibility, authority and reporting. The guidance covers a wide range of issues commencing with that of delegation which is an option available to trustees but subject to legislation and the charity's own governing documents. The Commission recommend that where delegation is authorised it should be fully documented and regularly reviewed but ultimate responsibility remains with trustees. Charity Commission (2001b) identifies several areas where basic internal controls are essential, including segregation of duties, planning and budgeting and funds and assets. Issues of control and solvency are also addressed by Charity Commission (2000a) that makes recommendations regarding trustee skills and the periodicity of formal meetings. On financial issues, Charity Commission (2000a) makes recommendations on budgetary procedures and the diversification of income sources as a hedge against risk.

Inevitably the activities of trustees and their involvement in the charity will be dependent on their individual and combined skills. There is general recognition and concern of a demographic imbalance and shortage of particular skills within charity boards that consequently may not always be fully effective in their governance duties (Gambling & Jones, 1996; Hudson, 1995; Cornforth, 2001; Charity Commission, 2000a; 2001b). This issue is clearly of concern to the Commission and

the essence of guidance is to encourage the appointment of trustees that have personal integrity and skills necessary for the role. The Commission have published the results of studies into trustee recruitment, appointment and induction processes. Charity Commission (2002a) concluded *“improvement is needed”* (p.1). Charity Commission (2005c) identified similar weaknesses with diversity between larger more complex, and smaller charities. The latter did however welcome observed improvement and urged other charities to adopt examples of good practice.

As trustees are appointed on a voluntary basis, it is inevitable that many have interests outside of the charity; this can often result in conflicts of interest. The Charity Commission define a conflict of interest as

*“... any situation in which a trustee’s personal interests, or interests which they owe to another body, and those of the charity arise simultaneously or appear to clash.”*

(Charity Commission, 2004, Section 2, p.2)

They discuss a number of examples of common situations with relevant guidance for their handling. They also acknowledge that conflicts of interest are “inevitable” and that the issue is not one of individual integrity but that the situation should be carefully and transparently managed. This process should include a policy for dealing with conflicts of interest as they arise and a regularly updated ‘register of interests’. A further recommendation from the Commission is that at every meeting charity trustees should declare any potential conflict and take no part in discussion or decision-making on that issue (Ibid, section 7, p.5). This principle is also stated in Charity Commission (2005).

### ***2.2.3.3 Accounting, reporting and taxation***

Accounting and reporting by charities is dictated by legislation, primarily the Charities Acts although incorporated charities must also comply with the Companies Act 1985. More detailed guidance is provided under a succession of Statements of

Recommended Practice issue by the Accounting Standards Board in conjunction with the Commission with the objective of setting out “... *recommendations on the way in which a charity should report annually on the resources entrusted to it and the activities it undertakes*” (Charity Commission, 2000b, p.1). The current SORP is the 2005 revision Charity Commission (2005d). There had been an earlier SORP in 1988 followed by revisions in 1995 and 2000. The Commission publish a series of guidance notices on charity accounting targeted at the requirements of different sizes of charity. The detailed requirements are beyond the scope of this review but a distinctive feature of charity accounting is the necessity to segregate funds held for different purposes. This requirement is written into the SORPs but comes from obligations under trust law. Essentially charities must account for and report on funds acquired and held for specific purposes (in trust) and group them as ‘restricted’ or ‘unrestricted’; the former category might require to be further analysed as income or ‘endowment’ (capital) funds. One side effect is that many commercial accounting packages designed for smaller businesses were historically unable to handle this requirement thus limiting the choice available to charities.

One further aspect of charity accounting that must be mentioned is that relating to the scrutiny of accounts. To simplify, very small charities may have their accounts approved by the trustees, large charities (and all incorporated charities) must be subject to a formal audit but for charities of intermediate size the option may be available to commission and ‘independent examination’; a scrutiny along the lines of a formal audit but with less stringent requirements. As all organisations participating in my study are subject to audit detailed discussion of this issue is beyond the scope of this review. However, the Act is definitive on this matter; see Morgan (2002) for a more informal guide.

Charitable status has other potential benefits. Anthony & Young (2003) provide a brief non-technical explanation from a US perspective but similar principles apply in the UK. Issues of operational tax and law are not central to this study and I have performed only a very limited review for context. From a UK perspective, a few

elements require comment. Firstly, under VAT legislation sales of donated goods are zero-rated with the implication that the charity can reclaim VAT incurred as a consequence of making these sales. An additional tax issue is that income and corporation taxes are not levied on charity shop 'profits' so long as they are used purely for charitable purpose; for this reason most charities operate their shops under a wholly owned corporate subsidiary that donates all profits to the parent charity. A final point in the context of my study is that healthcare services are exempt under VAT legislation with the consequence that VAT incurred in the course of making these supplies cannot be reclaimed (in voluntary sector terminology, is 'irrecoverable') and 'sticks' with the charity, in effect an additional expense. A comprehensive debate on these issues is beyond the scope of this study and review but Palmer & Randall (2002) provide a useful summary analysis.

#### ***2.2.3.4 Partnerships and commercial contracts***

Relationships with the public sector are considered in section 2.3 below, but a charity may enter into contracts with commercial partners. Charity Commission (2002d) provides detailed guidance on the issue from the perspective of Commission experiences and case files. The Commission recognise potential benefits to the charity but stress the need for a full understanding of the relationship and prospective partners and implement appropriate monitoring and review processes. The report goes far beyond ensuring the legality, propriety, integrity and fairness of financial arrangements and makes the important point

*"Charities should recognise that their name is a valuable asset and that, in a commercial partnership, association with a charity can generate substantial benefits for the company."*

Charity Commission (2002d, p.3)

This point is an important constraint that does have implications in a commercial context but is particularly relevant in a charitable healthcare environment.

### **2.2.3.5 Use of volunteers**

The use of volunteers is an important feature of the voluntary sector. The issue is not unique to the VS in the context of this study as most if not all NHS hospitals have a loyal community-based volunteer force that support paid staff by providing a range of ancillary services such as on-site shops and library facilities etc. The opportunity for a charity to have a free resource might be seen as pure benefit but studies have shown that this 'free' resource does not come entirely without cost and can at times be a mixed blessing. To understand why there might be a problem it is first necessary to consider why people volunteer to work for charities. There is no clear answer to this; people volunteer their time to support charities for many reasons personal to the individual. Madrell (2000) found that *"the predominant motivation ... was a wish to support the particular charity ..."* although a few followed a personal association. Other reasons included *"general altruism"*; occupation of spare time and a desire to keep active; enjoying the work; social reasons such as meeting people; and for a few, the opportunity to gain work experience. Whithear (1999) found no evidence of the motivation to obtain work experience but did recognise the phenomena of a club culture at some locations that was thought to aid the retention of volunteers. In this discussion it is important to note that trustees are also volunteers. Only under specific circumstances can trustees receive payment for their services and there are rules covering trustees who are also beneficiaries of the charity. This can pose problems for charities in ensuring the representation of essential skills on the board of trustees.

With such a mix of motivation among volunteers it is no surprise that there can be problems for the organisation in managing the operation. This can be particularly true of situations involving both paid and unpaid staff. Madrell (2000) and Whithear (1999) considered this factor in recognition that volunteers present very different managerial problems; the latter observed differences in volunteers managed by volunteer managers compared to those managed by paid managers. Both also addressed the impact of volunteers in meeting performance targets when volunteers

might resist what they see as inappropriate pressure. There is also a necessity to ensure that all staff received appropriate training and again volunteers might prove reluctant. In many charities volunteers work mainly in support and fundraising functions such as charity shops and Whithear (1999) noted a tendency to 'detach' management of the volunteer force from central control. An important aspect from the point of view of trustees and governance is the legal ambiguity of 'employing' volunteers. Morris (1999) discusses several borderline cases of volunteers and their position under employment law; particularly where there is payment, even supposedly as reimbursement of expenses, there can be unforeseen consequences for the charity.

#### **2.2.4 Governance in the VS: positive perspectives**

A factor underlying the choice of subject for this study was recognition from personal experience that what happens in the governance of a charity may not fully reflect best practice or the legitimate expectations of legislators and regulators. This is a perspective of 'positive' (as opposed to 'normative') research (Scapens, 1990). There have been a number of research studies that explore issues of governance from a practical perspective and these were useful in the formative stages of planning my own empirics. One such study with many parallels to my own, albeit around ten years earlier, is reported by Gambling & Jones who used structured and semi-structured interviews to explore the administrative systems of eighteen charities.

*"The primary purpose of the research on which this report is based was to understand how charities are actually governed. Our emphasis was on financial governance, including budgetary control; however, because of the obvious difficulties in demonstrating the efficiency and effectiveness of charitable expenditures, we also examined the control exercised by trustees over the charitable operations."*

(Gambling & Jones (1996, p.15)



Among the many issues addressed by this relatively short but comprehensive report are procedures for Annual General Meetings (AGM); committees structure and servicing; trustee titles, recruitment and roles; policy formulation and performance; information requirements and provision; and training, skills and knowledge of regulation. Gambling & Jones conclude by noting the “*apparent excessive regulation*” of the VS and “*excessive complications in the tax regime*”. They state their view that legislative changes should be made in the areas of corporate structure and tax, driven by “*specific social policy towards such organisations*” (pp.13-14).

Cornforth and Edwards (1998) presented the findings of a study to obtain a greater understanding of how public and voluntary boards worked and to examine the relationship between senior managers and their boards. Towards these aims they identified three models of governance that are relevant to an understanding of the process:

- A stewardship model – separation of board members from staff and managers, close links to trust law in that board members are entrusted to ensure that organisational objectives are achieved.
- A partnership model – board members operate at the “apex of a management hierarchy” (p.12) with a consequential necessity for board members to have appropriate skills.
- A political model – board members are seen as representing particular stakeholder interests.

The three models suggested by Cornforth and Edwards (1998) each have a relevance to charitable organisations but each is probably more appropriate to different contexts. For example, the political model may be relevant to a housing trust where board members are elected to represent tenants or the local authority, albeit with a balance of ‘independents’ to ensure equity between the two interests. A partnership model frequently occurs in smaller or newly formed charities where trustees are more actively involved in day-to-day operations. However, a stewardship model

might be seen as more appropriate for mainstream charities and their trustees. This model clearly suggests a distinction between the roles of trustee and manager. Hudson (1995) agrees with this idea, seeing the role of the board as being concerned with governance of the organisation, accountability for the organisation and resolving tensions within the organisation. However, in a later edition Hudson recognises the lack of a clear boundary between governance and management

*“Unfortunately, the roles of the board and paid management cannot be neatly separated. But neither do they need to overlap entirely. They need to be distinct but complementary.”*

(Hudson, 1999, p.42)

It should be noted that Hudson (1999) appears to adopt a definition not entirely consistent with Cadbury in that he differentiates between governance and management (but see the discussion of issues of ‘governance’ and ‘control’ in subsection 2.2.1 above). Notwithstanding his recognition of the lack of a clear boundary he declares that governance is the board’s responsibility whilst management is a staff responsibility (p.42). Cornforth (2001) took a similar approach in defining governance as *“all the functions performed in organisations by the members of their governing bodies”* (p.ii). Hind (1995) addresses the respective roles of trustee and management but raises a specific *“common misconception ... that the success or failure of trustee/management relationship revolves around only two players: the chair of trustees and the chief executive”* (p.309). Hind discusses trustee/management relationships at several functional levels and recognises the potential damage caused by imbalances of power. Hudson (1995) and Cornforth and Edwards (1998) also discuss a variety of possibilities in the balance of activities and power. The potential dangers of inappropriately exercised power is very real from even limited familiarity with charity boards. Gambling & Jones recognise the possibility

*“... that forceful and morally indifferent people are able to seize control of organisations and operate them as their private fiefdoms – and ensure that the accounting record does not disclose this fact.”*

(Gambling & Jones, 1996, p.16).

Issues around the board of trustees at charities throughout the UK have been addressed by two national surveys sponsored by the NCVO, Kirkland & Sargent (1995) and Cornforth (2001). The latter incorporated comparative data from the former in order to assess changes over the intervening years. The key findings of Cornforth (2001) were that *“Many board characteristics and changes vary with size”* (p.iii) including board size and structure as well as available support. In comparison with the earlier Kirkland & Sargent (1995) study, Cornforth found that average board size had increased and there had been demographic changes. Trustee recruitment had become more difficult for smaller charities although *“Most organisations still rely heavily on word of mouth”* (p.iii). Finally, there was evidence of improvement in governance, particularly in terms of trustee training and support although *“there may be a growing gap between the boards of small and large charities”* (Cornforth, 2001, p.iii).

The Charity Commission has also used survey techniques in conjunction with data in their own files to explore issues of trustee recruitment, selection and induction in two reports (Charity Commission, 2002a; 2005c). The first of these reports was designed to investigate difficulties encountered by the Commission including failures by trustees to ensure they are fully aware of their responsibilities in respect of charity and corporate legislation; to take specialist advice when required; to put in place appropriate accountability and control measures; to ensure separation of personal interests from those of the charity; and to operate the charity in the collective interest. The findings related to the value of skills audit and greater diversity for trustee boards. The study confirmed earlier findings in trustee recruitment *“reliance on personal recommendation and word-of-mouth are surprisingly high”* (2002a, p.4). However, the survey did not support the suggestion that ‘suitable trustees’ were difficult to find. It is worthy of note that Charity

Commission (2002a) made particular note of issues around conflicts of interest, confirming guidance discussed at subsection 2.2.3.2 above. The later survey was designed to develop the issue, building on the earlier work rather than replacing it. Relying on casework experience the Commission stress the importance of: openness and transparency in recruitment; an effective induction programme for new trustees; and diversity in skills, age, gender, race and background.

*“Our case work shows that failure to give enough attention to certain key areas in the recruitment process can and does lead to problems. Where such problems arise, we find that their root is frequently the governance provided by trustees. Often, difficulties result from trustees not knowing or understanding their responsibilities; or not having access to basic information about the charity’s structure and remit.”*

(Charity Commission, 2005c, p.2)

Interestingly Charity Commission (2005c, Trustee Recruitment and Induction) differed from their earlier report and found some support for Cornforth (2001) in respect of potential recruitment difficulties for trustees at larger charities.

One further empirically based report of note concerns the levels of reserves held by charities. Charity Commission (2003b; 2003c, Charity Reserves) were compiled from Commission records and case files supplemented by verbal and survey inquiries. Findings suggested a wide diversity of reserve levels between charities but

*“... £26 billion held collectively in reserves by charities in 2001 was roughly equivalent to the collective total income for that year. 90% of these reserves and income was accounted for by 10% of charities”.*

(Charity Commission, 2003b, p.1)

Recommendations from the report focused around charities and funders (donors and grant-making bodies) having a good understanding of the need for charity reserves backed up by effective policies for their level, control and disclosure.

### **2.2.5 Public healthcare provision in the UK: past, present and future?**

The provision of public healthcare has varied considerable in terms of availability, source and funding over the centuries. The issue of public or voluntary funded healthcare is integral to this study and this section provides an insight into how the current situation has evolved.

#### ***2.2.5.1 Public healthcare before the National Health Service (NHS)***

Prior to the foundation of the NHS in 1948 healthcare was free only to the lowest paid workers but this generally did not include families. NHS (2006a) notes *“poor people often went without medical treatment, relying instead on dubious – and sometimes dangerous – home remedies or on the charity of doctors ...”*. Attempts at mitigating the social consequences of this were made by charitable and voluntary hospitals and individually by philanthropists and social reformers. An example is that of William Marsden who opened a hospital free on request to the destitute or sick that later became the Royal Free Hospital. Nevertheless the poor, elderly and mentally ill often suffered considerable hardship. Early public healthcare services were provided under poor law but standards were considered by some to be unacceptably low (Pater, 1981). This point is graphically made by Iliffe who opens his first chapter with the comment that

*“In 1917 it was safer to be a soldier on the Western Front than to be born in England. For every nine soldiers killed in France twelve babies died within their first year of life, in Britain. The infant casualty rate was 1,000 per week.”*

(Iliffe, 1983, p.11)

Several publications have recognised that the availability of healthcare was variable, for example, Pater acknowledged that by the early years of the Second World War services had been extended

*“considerably ... often in partnership with some local voluntary body. But the salient features were still unevenness of quality, gaps in provision and almost complete lack of co-ordination ...”*

(Pater, 1981, p.22)

Gorsky et al (1999) addresses regional variations in healthcare services in an analysis of the history of voluntary hospital between 1871 and 1938. For those unable to afford private healthcare these were the only option available. Gorsky et al acknowledge the likelihood that *“uneven distribution of voluntary provision mattered”* (p.476) and this is likely to have had consequences for individual health. The impact of inequalities in healthcare services was a key factor in the eventual development of the NHS.

Voluntary hospitals were a vital element of pre 1948 public healthcare but were also the cause of considerable concern and debate regarding their part in any co-ordinated system. Whilst a hospital may be differentiated from a hospice in terms of its purpose, objectives and services there are parallels to be drawn with respect to their voluntary nature, organisation and governance. Gorsky et al (1999) define voluntary hospitals as

*“institutions with voluntary governing bodies, whose income was drawn from philanthropy or contributory insurance and in which doctors were for the most part honorary and unpaid”.*

(Gorsky et al, 1999, p.463)

The Gorsky et al paper is a detailed and comprehensive analysis of British voluntary hospitals with considerable historic content. Throughout the debate and process of founding the NHS, voluntary hospitals were seen as a contentious issue. Pater (1981) refers to voluntary hospitals in the context of Dawson (1920) who had concluded that such facilities should continue with the interesting suggestion that they *“should receive grants for their contribution to the services”* (Pater, 1981, p.9). At that time voluntary hospitals were the main sources of acute care in the UK and had suffered badly from the economic consequences of the First World War; increased costs had far outstripped increases in income with the result that most had large financial deficits. The Cave committee (Cave, 1921) was established to consider this issue and recommended limited and temporary public funding to assist but without

undermining the voluntary system. The later Onslow Commission (Onslow, 1925) considered issues of hospital capacity and co-ordination but without success (Pater, 1981). However, the issue of co-ordination between voluntary hospitals and public authorities remained one of strong debate in which the then Minister of Health Neville Chamberlain took an active part. Chamberlain argued for consultations towards an agreed area plan although stressed that he was not seeking to challenge the independence of voluntary hospitals (Pater, 1981). Chamberlain was instrumental in the passing of the Local Government Act 1928 that included a requirement that local authorities must consult voluntary hospitals and over the next few years this did result in a few locally based co-ordinating committees but relationships between voluntary and public sectors was to say the least somewhat strained (Pater, 1981).

The Second World War had an even greater impact on the voluntary sector than had the first but a quickly established Reconstruction Problems Committee had been considering the issue of post-war health services including the possibility of a regional body incorporating voluntary hospitals. This debate continued throughout the war years and was characterised by some disagreement between ministers and the medical profession in terms of eligibility although they agreed that management arrangements need not change. It is interesting that ministers favoured paying voluntary hospitals for services provided in addition to situational specific grants. Ministerial proposals did not receive unqualified support from the voluntary sector that considered these

*“did not ... constitute the ‘partnership’ with the local authorities they were expecting, but rather domination of the voluntary hospitals by the local authority, ...”*

(Pater, 1981, p.58)

It is clear from the detail of Pater (1981) that the founding of the NHS was very much and evolutionary process, a factor also recognised by Iliffe (1983) and in a more recent television documentary *“The birth of the NHS was not a bolt from the blue. Its*

*roots lay deep in British history*" (ITV, 2008). Pater acknowledges Elizabethan Poor Law as *"the first evidence of an organised health service"* (p.2) but argues that many factors contributed to creation of a public environment enabling the later founding and development of the NHS. These factors included such diverse issues as mains water and drainages, public housing and the provision of isolation hospitals for infectious diseases. The Royal Commission on National Health Insurance of 1926 produced little action but raised a number of issues, not least the support for the National Health Insurance Bill of 1911 by the British Medical Association (BMI) that had been opposed to many earlier proposals but now adopted a much more positive line on many issues including that of a co-ordinated service for many health problems. This idea of a co-ordinated health service, albeit not necessarily free, had received some attention by the earlier Haldane machinery of government committee report (Haldane, 1918) and had resulted in the establishment of a Ministry of Health for England and Wales in 1919. An early action by the new Minister of Health was the appointment of a consultative committee who produced an interim report (Dawson, 1920) that Pater refers to as

*"... nothing less than the outline of a national health service; and in doing so they laid down the main principles and raised many issues which governed the pattern of discussion for nearly thirty years."*

(Pater, 1981, p.7)

### **2.2.5.2 The NHS**

The NHS was established on 5<sup>th</sup> July 1948 for the purpose of providing healthcare for UK citizens purely on the basis of need, not ability to pay. The service is funded from taxation under the auspices of the Department of Health who retain overall responsibility for policy and management. The Department of Health Business Plan (DH, 2007b) defines the Department's aim as *"to improve the health and well-being of the people of England"* (p.3, recognising the more recent impact of devolution). The Business Plan also identifies three roles, firstly as headquarters of the NHS, secondly as a Department of State and thirdly in setting policy.

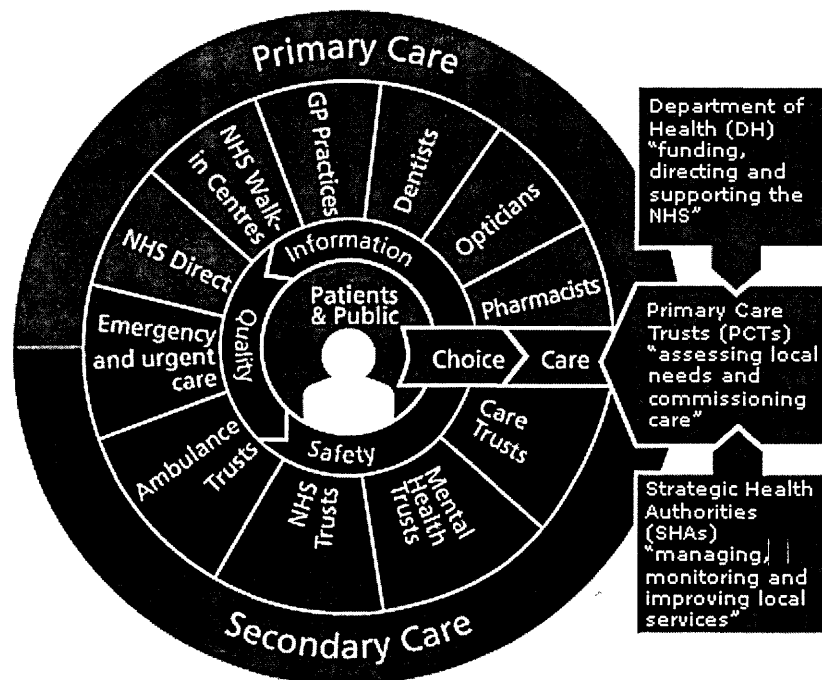


At launch the NHS operated via 14 regional hospital boards and was sub-divided into; hospital services; family doctors, dentists, opticians and pharmacists; and local authority services. However, NHS (2006a) acknowledges that establishment of the NHS did not immediately result in new hospitals or more doctors and services remained largely as before. The issue is multi-faceted, comprising problems of administration, resources and demand. Bevan maintained that expectations would always exceed capacity necessitating constant change, growth and improvement, establishing the important point that

*“Then as now, the family doctor acted as gatekeeper to the rest of the NHS, referring patients where appropriate to hospitals or specialist treatment ...”*

(NHS, 2006a).

Despite successive re-organisations and central initiatives there are still perceived problems with the NHS. Service inequalities have been discussed from a historic perspective but are still an issue of public debate (BBC, 2006). The current structure of NHS organisation and services is well described in NHS (2006c) and the diagram below provides an excellent visual image of relationships between individual elements. Thus DoH provides the funding, Primary Care Trusts (PCTs) commission services from a wide range of service providers, monitored by Strategic Health Authorities (SHAs). It should be noted that this structure only applies in England; Scotland and Wales have their own devolved arrangements; the Isle of Man and the Channel Islands have independent structures.



**Figure 2.4: The NHS Structure in England**

(Extracted from NHS, 2006c, p.1)

Medical advances continue but limited resources necessitate tighter controls improved administration and funding allocation systems. There has long been a history of professional administration separate from clinical professionals and the power of such a group and individuals should not be underestimated. Harrison (1988) designates NHS managers as ‘diplomats’ and their role in its early years as being to act

*“as agents for physicians in a passive alliance, facilitating their practice by solving problems, smoothing conflicts and generally maintaining the organisation”*

(Harrison, 1988, p.55).

Perhaps a significant step forward for the NHS was the Sir Ernest Roy Griffiths review NHS administration in 1983. This resulted in the introduction of General Managers, a step designed to encourage a more ‘business-like’ approach and therefore improve decision-making (Levitt et al, 1995; Jones & Mellett, 2007). The medical profession

(particularly Consultants) were gradually drawn into accepting managerial responsibility and nursing professionals have moved into managerial roles as Chief Executives at NHS trusts. The considerable influence of the medical profession remains; an NHS Chief Executive once remarked during a presentation I attended *“if you lose the confidence of your Consultants, you walk”* (Institute of Management, 2002). The relevance is that the roles of senior administrators in the NHS are undergoing considerable change in the light of central initiatives such as Foundation Trust status for hospital trusts meeting strict criteria. Unsurprisingly many charity hospice administrators have been recruited from the NHS.

Of particular influence in modern public healthcare is the internal market. Outlined in the 1989 White Paper *‘Working for Patients’* and implemented as the NHS and Community Care Act 1990 the objectives of the internal market were to balance resource constraints and growing demand.

*“There was an overriding imperative to keep public expenditure down; unacceptably large variations in performance in different areas were apparent; there was a marked lack of information and choice for consumers; the service was insufficiently managed; and there was almost no reason for the medical profession to consider the cost of treatment even though the NHS operated within a cash-limited budget. Furthermore, perennial problems such as long waiting list and times, ward closures, staff shortages and difficulties in admitting emergency cases remained stubbornly difficult to solve.”*

(Dixon, 1998, p.3)

The internal market developed a divide between ‘providers’ and ‘purchasers’. Initially, providers were NHS Trusts, ostensibly independent and in mutual competition; purchasers were GPs who had elected to join the GP fund holding scheme and had budgets from which to purchase healthcare services. NHS (2006a) makes the claim that *“By 1995, all healthcare was provided by NHS trusts”*, a potentially misleading claim that appears to ignore the independent contribution of private and voluntary sectors. This internal market was subject to considerable dissent, both internal and external. Critics accused the market of failing to comply

with NHS founding principles and resulting in a two-tier system of healthcare provision. In a parallel with pre-NHS times Dixon (1998) notes *"ensuring equity in health services was not a prime objective at the time"* (p.8). There was also criticism of the duplication of services by competing providers. The lack of contemporaneous research into the performance of the internal market is stressed quite strongly by Dixon who identifies a wide range of reasons for a highly biased political picture of the time. Dixon notes *"the opportunity was missed to set up rigorous studies which allowed before-and-after comparisons to be made"* and that researchers were confused *"They were not just unsure of **what** to evaluate but of **how** ..."* (emphasis original, 1998, p.10). Bull provides a degree of support for the Dixon (1998, p.3) quotation above by confirming that the internal market *"accelerated (albeit painfully) the medical profession's acceptance of the links between clinical practice and health care costs"* (1996, p.5). Although written from a self-confessed commercial perspective the Bull paper does provide a valuable insight into issues of the time in the context of a changing healthcare economic environment. *Inter alia* Bull argues that then current initiatives follow recognisable principles for purchaser-provider relationships including long-term partnership, alignment of incentives and equal opportunity; this is perhaps debatable in the context of voluntary sector organisations. The change of government consequent to the 1997 general election led to a new White Paper (Secretary of State for Health, 1997). Whilst not entirely doing away with the internal market it did propose considerable change to the way it operated. Dixon (1998) judged that *"the high degree of consensus between the old government and new about the merits of keeping the essential features of the 1991 reforms was obvious"* and concluded *"The main differences were of emphasis"* (p.13).

A new system of internal funding for the NHS was introduced in 2004. The basis of Payment by Results (PbR) is that commissioners (PCTs etc) purchase health services from providers (hospital trusts etc) at a national tariff rate. The tariff differentiates between medical intervention categories (HRGs) and a price is set for each. Pricing is

based on a national average cost (Reference Costs) from data provided annually by NHS service providers. Unsurprisingly there is wide variation in cost between providers. Northcott & Llewellyn (2003) dealt with the specific issue of reference costs as a mechanism for performance measurement concluding inter alia that the initiative *“had failed to identify either a benchmark for excellence or a standard of acceptable cost efficiency”* (p.63). Thus reference costs are simply an arithmetical average of reported costs without direct links to quality or efficiency. Whilst the initiative requires NHS trusts to *“report their costs, on a consistent basis”* (Northcott & Llewellyn, 2003, p.53) concurrent contextual experience suggest that consistency is sought but not totally achieved. Reference costs, and therefore PbR, have been criticised as being too imprecise and failing to take account of clinical complexity. There is undoubted potential benefit to PbR in applying cost pressures and in distributing limited funds to competing priorities, and the system is still undergoing year-on-year development. However, in practice PbR is essentially a resource allocation system rather than a true cost based payment system (conference paper Croft, 2006d included a brief discussion of this point).

### ***2.2.5.3 The hospice movement***

The modern hospice movement is widely acknowledged as emerging from the founding of St Christopher’s in London in 1967 but hospices have existed in various forms for centuries. Help the Hospices (2006a) provides the information that in 2005 there were 253 hospices in the UK with 3,411 in-patient beds of which 255 were for children. The reference acknowledges that the NHS and some larger charities provide hospice care but states that most hospices are independent local charities and also provides a useful working definition of hospice care that is

*“for the whole person, aiming to meet all needs – physical, emotional, social and spiritual. At home, in day care and in the hospice, they care for the person who is facing the end of life and for those who love them.”*

(Help the Hospices, 2006a, p.1)

This definition is summarised as “*a holistic approach*” (St Christopher’s, 2006). Help the Hospices also present the statistic that nearly half of hospice patients return home after a short stay and state that services are provided by multi-professional teams without charge. Hospice services are said to include

*“... pain control, symptom relief, skilled nursing care, counselling, complementary therapies, spiritual care, art, music, physiotherapy, reminiscence, beauty treatments and bereavement support.”*

(Help the Hospices, 2006a, p.1)

This section will firstly consider the hospice from a historical perspective and then the founding of the modern hospice movement.

Manning (1984) refers to “*the spirit of hospice care*” as being traceable to the word ‘pilgrim’ and since the fourth century the ‘hospice’ has been a shelter or place for healing, care or rest (p.33). Manning observes that early hospices did not specialise particularly in the care of the dying,

*“... the idea being to give pilgrims shelter and help them on their way. Helping them towards the shrine had nothing to do with helping them towards heaven.”*

(Manning, 1984, p.35, citing Charles Talbot).

The altruistic purity of early hospices is illustrated by a disregard of wealth, religion and age. Later, care of the dying became a more important feature of hospice care and Manning provides considerable historical detail of issues around the time of the Crusades, acknowledging the increasing attention given to “*the transition between the physical and spiritual worlds*” (pp.35/36). The Crusades was a peak time for hospices, and Manning estimates that there were over 750 charitable hospitals in medieval England at a time when the total population was smaller than modern London. Through the late 13<sup>th</sup> to 15<sup>th</sup> Centuries pilgrimage became less common but vagrancy became a social issue. This led to a change in hospice services that attempted to differentiate between genuine distress and those misusing the facility. This period and the next hundred years or so were a time of great turbulence for

hospices but by the 19<sup>th</sup> Century hospices with a purpose similar to the modern hospice were spread across Europe. It is notable that around this time the hospice was clearly recognised as a resting place for those approaching death. One of the earliest 'modern' hospices was St Luke's in London and the early days were well documented by the founder. The founding of St Luke's was to provide for the 'respectable poor', to be differentiated from those protected by the Poor Laws. Three conditions were established for admission to St Luke's, firstly to be of the 'respectable poor', secondly to come from London and thirdly to be dying (Manning, 1984). Manning observes that St Luke's difficulties in differentiating between eligible admissions and others are similarly reflected in modern practices.

Dame Cicely Saunders is widely acknowledged as being the founder of the modern hospice movement in establishing St Christopher's Hospice in London in 1967. Saunders was also a key figure in the development of palliative medicine (Ford, 1998; Manning, 1984; Hutchinson, 2003). Saunders acknowledges her part in this in an informative publication on the evolution of palliative care (Saunders, 2000). In this she identifies the initiative for her interest and actions as being a particular (and named) cancer patient who died in 1948. From this initiative came a personal aim *"to make hospice care available to dying patients around the world"* (Hutchinson, 2003, p.968). Qualified as a social worker and nurse before commencing medical training Saunders researched then current pain relief practices for terminal patients. Ford makes the point that Saunders did not plan subsequent events but that she *"simply set out to demonstrate what might be done, just by doing it"* (1998, p.51). The World Health Organisation published a guiding definition of palliative care as

*"Palliative care is the active total care of patients whose disease is not responsive to curative treatment. Control of pain, of other symptoms, and of psychological, social and spiritual problems is paramount. The goal of palliative care is achievement of the best possible quality of life for patients and their families."*

(WHO, 1990)

This definition was clearly influential in later production of a Statement of Definitions by the new National Council for Hospice and Palliative Care Services (1995, see Ford, 1998, pp.52/53). These definitions identify the principle that patients with incurable conditions and a short life expectancy have medical needs different from those normally obtainable via general care. In the early days of the modern hospice movement the special needs of palliative care was perhaps recognised but did not sit easily within a hospital system focused around curative treatment. Ford provides an example from the United States but with the assertion that such a situation no longer applies in the UK.

*“A common complaint from American hospice workers is that, underfunded and poorly regarded, they are left to cope with the wreckage when terminally ill patients no longer offer a professional challenge or the higher funding from state and insurance sources that is available earlier in their illness.”*

(Ford, 1998, p.50)

Saunders was instrumental in defining priorities for palliative care and Manning (1984) provides a comprehensive chapter on these, identifying

- Alleviation of distressing symptoms,
- Seeing the patient as a human being,
- Establishment and maintenance of a multi-disciplinary healthcare team,
- A ‘homely’ hospice environment,
- Specialist training for clinical staff, and
- Effective bereavement care.

Saunders (2000) includes the above but also adds the possibility of providing for the spiritual needs of some patients and briefly touches on ways in which these principles are being met worldwide, for example via home care and peripatetic teams. She also notes that whilst hospices provide palliative care predominantly for cancer, patients with many other terminal illnesses have similar needs. This note has implications for the future of the hospice movement and this issue is discussed below.



Care of the dying and post-mortem care are key issues for hospice governance and skill-set. These are largely clinical and beyond the scope of this study and thesis but include euthanasia, assisted dying, informed consent and 'do-not-resuscitate' orders etc. Blum (2006) provides a useful analysis of associated social and religious considerations from a nursing perspective and Dubois (2005) approaches these same issues from the perspective of medical ethics. It is interesting and arguably relevant that the founders of the grounded theory methodology (Glaser & Strauss) were informed by their earlier research work in the context of dying patients. This point is often made by Glaser & Strauss themselves in later works but also by Manning (1984).

An assumption could be made that hospices have arisen throughout history to meet needs that are not adequately met by other service providers. This may have been true in the past but hospices are now an integral element of public healthcare provision although their incidence may be largely a matter of local voluntary action strategy. Alternatively, observers may detect the presence of a national strategy albeit not necessarily governmental. Certainly individuals and small groups have shown evidence of a strategic approach to meeting identified needs. For example it could certainly be argued that The Sisters of Charity and Kaiserworth models of the 18<sup>th</sup> Century demonstrated a strategic approach, as did Cecily Saunders in founding St Christopher's (see historical material in Manning, 1984). From a collective perspective the future of the hospice movement has been an issue of discussion probably since the founding of the modern movement. For example, Manning (1984) provides a chapter on the future of the hospice movement that is now clearly outdated but nevertheless raises several issues still relevant today. Firstly Manning suggests that hospice services should be focussed on those factors that can best be provided within a hospice setting and seek to facilitate the transfer of those that can be to other 'settings'. Secondly, the *"hospice context of care"* should be extended to other illnesses. Thirdly, hospices must *"define their priorities more clearly and honestly"* (p.165). In summary, Manning suggests the need for a more critical

approach to VS hospice care that is not justified simply by weaknesses “in other settings” (p.166) and proposes that instead of more hospice units the requirement is for “more refinement and penetration within the existing structure ...” (p.167).

Manning approached the debate largely from a social and spiritual perspective. More recently, Ford (1998) adopted a clinical perspective and raised a “repertoire of problems” (p.54) for the next twenty years. In opening her discussion of these Ford commented

*“There are, for instance, those that arise from the disproportionate part that the voluntary sector has hitherto played in the provision of palliative care, how this affects government attitudes and a whole matrix of financing procedures from Treasury votes to health authority contracts. Many people working in the hospice field would suggest that this has been, and remains, the outstanding question in planning ahead.”*

(Ford, 1998, p.54)

Other issues addressed by Ford included euthanasia or assisted suicide with serious ethical consequences as well as potential impact on hospice reputation, extension of cancer care standards to other life-threatening diseases, and teaching and training. In this latter respect Ford stresses the importance of a multi-disciplinary approach with issues of collaboration and nurse led services. Ford concludes

*“I do not see the next 30 years of hospice development being much the same as a projection of the past. I am not even sure how long the marvellous support that the public has given to small locally-based hospices will continue, or whether those that do continue will preserve the same independent form that has been so helpful so far in the establishment of a justly popular national network of hospice care.”*

(Ibid)

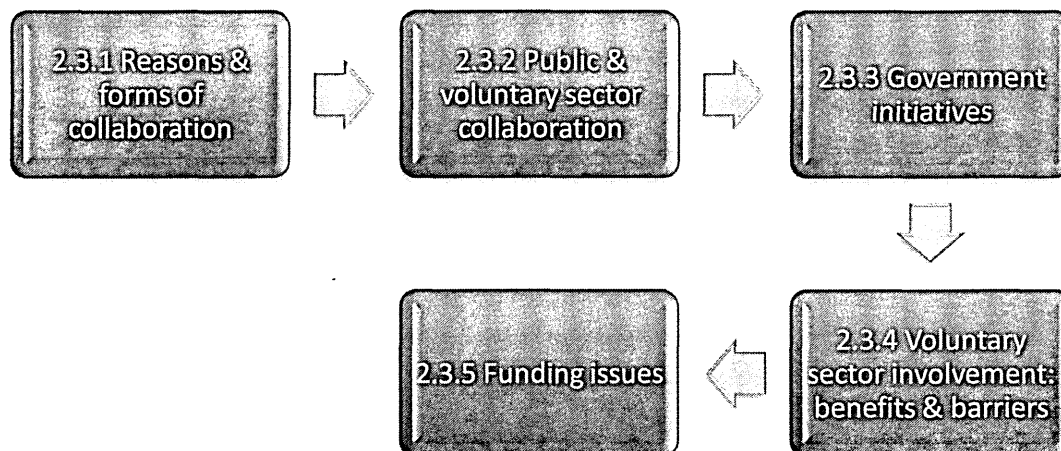
Ford’s view of the future is based around a discussion document (NCHSPCS, 1997) that provided a number of models for the future. The first model involves little change from the current position with community-based palliative care, including non-cancer patients, voluntary sector beds in association with the NHS and joint

appointments. The second model of hospice care would place cancer patients at a specialist centre but at an early stage after diagnosis. Model three relies on hospital palliative care teams involving a network of voluntary sector hospices and NHS community services. All three of these models require day-care and home-care services provided by a multi-disciplinary team. Ford also raises the possibility a fourth model, that of single disease speciality units along the lines of those currently serving AIDS and HIV patients.

Whatever the future of the hospice movement it is likely to remain outside of the public sector even if ties and relationships get ever closer. The next section will address voluntary sector issues commencing with a discussion of problems in defining the sector and identifying elements of its distinctive nature.

### **2.3 COLLABORATION IN THE PROVISION OF PUBLIC HEALTHCARE**

Figure 2.5 below illustrates the layout of subsections in this section.



**Figure 2.5: Section 2.3: layout of subsections.**

The issue of collaboration between organisations is a common feature of modern economic life. The Concise Oxford Dictionary provides two alternatives for 'collaborate', firstly *"work jointly, esp. in a literary or artistic production"*; secondly *"cooperate traitorously with the enemy"* (Allen, 1990, p.221). Neither of these fits the purpose of this section although there is a grain of relevance in both. In a business context collaboration does involve 'working jointly' for common objectives but also 'with the enemy' in the sense that business collaborators are usually also to a degree in mutual competition. The alternative 'cooperation' is defined in terms of *"working together to the same end"* (Allen, 1990, p.253) but Faulkner & Rond (2001) use the term 'alliances' as *"an 'umbrella' label for a host of cooperative relationships"* (p.3).

### **2.3.1 Reasons for and forms of collaboration**

There are many forms of collaborative relationships. These may be relatively distant and 'arms-length' as for example with the contracting-out of support services but equally may involve much closer relationships at strategic as well as operational levels. The former practice has been around for many years (see Holcomb & Hitt, 2006) for a 'model of strategic outsourcing'), the latter is epitomised by the more recent concept of supply chains. Currall & Inkpen (2001) focus particularly on 'joint ventures' but in their introduction make a distinction between equity alliances and non-equity alliances and the question of whether the arrangement involves the creation of a new organisation as the vehicle of collaboration/cooperation. The reason behind the establishment of collaborative arrangements is as varied as the types in practice, Faulkner & Rond (2001) cite as general examples issues relating to global markets and demand for capital. They provide a useful discussion of 'the rationale for cooperation' using a wide range of theoretical perspectives. Tallman (2001) focuses on two theoretical perspectives as explaining the purpose of collaborative alliances. The first is resource-based theory that *"views the firm as a bundle of resources, capabilities, and competencies"* in which *"the primary benefit is sustainable competitive advantage"* (p.97). The second is transaction cost economics

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that seeks to maximise cost efficiency. A more comprehensive consideration of collaboration in the context of supply and value chains is included in section 2.4.3 below.

### **2.3.2 Public and voluntary sector collaboration**

This subsection considers collaboration as a working technique between the public and voluntary sectors. Eden & Huxham (2001) acknowledge that collaborative or co-ordinated approaches are common in social issues. Indeed, many aspects of palliative care are (arguably) in practice ‘outsourced’ by the NHS to charitable hospices. The issue of collaboration is important in the context of this study that *inter alia* explores perceptions from practice of the impact of Central Government expressed policies (HM Treasury, 2002; 2004; 2005; 2006a; 2006b; DH, 2004a; 2005b; 2006a; 2007a).

Eden & Huxham (2001) tackled problems of negotiation of purpose in collaborative working, from an action research perspective (citing Eden & Huxham, 1996) and produce emergent (grounded) theory (citing Glaser, 1992; Glaser & Strauss, 1967; Strauss & Corbin, 1990). Their method was to participate in and recorded a series of ‘episodes’ in an exploration of issues of tension in collaborative arrangements in addressing child poverty in Scotland. Their conclusions from the purpose-setting negotiation process are included at subsection 3.5.4.1 below. Raak *et al* (2005) tackled the issue of cooperation between health and social care providers in a comparative study of theoretical perspectives and *inter alia* noted issues of rules (issued by government) and power (control over financial resources). Other papers of potential relevance in healthcare provision include Aptel & Pourjalali (2001) cost of supply logistics in US and French hospitals; Nicholson *et al* (2004) outsourcing inventory; Zheng *et al* (2006) e-business in supply; and Grant *et al* (2006) shared services.

Historic issues of the relationship between government and voluntary healthcare sectors (inter-sectoral issues) featured in the discussions in section 2.2 above. However, inter-sectoral relationships have developed considerably over the past ten years with the consequence that at least in healthcare provision they have become very close and the subject of considerable Government discussion. The following discussion is not intended to be exhaustive but to provide a flavour of issues, events and initiatives that have impact on VS healthcare services.

### **2.3.3 Government initiatives: A brief recent history**

A seminal initiative was the development of a framework to inform the government and VCS relationship known as 'The Compact' (Cm 4100, 1998). The potentially wide coverage of the Compact is acknowledged within the document reflecting the diversity of the VCS and its activities but there is also a clear statement that *"It is not a legally binding document"* (Cm 4100, 1). The Compact was developed by government and the VCS in consultation and is organised to include a statement of 'shared principles' and agreed 'undertakings' by both sectors. There is also a statement that the Compact *"... is a starting point not a conclusion. The Government and the voluntary and community sector are committed to working together to develop its application and effectiveness"* (Cm 4100, 15). Accordingly, the Compact has since been developed via an annual review process also reported to Parliament (see COI, 2006 for the report of the sixth annual meeting). Cm 4100 also anticipated the preparation of a number of codes of good practice and the adoption of the framework across other public bodies including local government. Currently, codes of practice have been produced for

- Funding and Procurement
- Consultation and Policy Appraisal
- Black and Minority (BME) Voluntary and Community Sector Organisations
- Volunteering
- Community Groups.

The next major advance in PS and VS relationships was the publication of three government policy reviews (HM Treasury, 2002; Cabinet Office, 2002; DTI, 2002). The first was based in the Compact and commenced as part of the 2002 Spending Review. It addressed the role of the VCS in service delivery but also made considerable contribution to the discussion of funding issues. The second addressed issues of law and regulatory structures and from this emerged the new Charities Bill. The third announced a strategy and three-year programme to foster the role of social enterprises in the delivery of Government policy objectives. The Cross Cutting Review of HM Treasury (2002) led to a second review (the Voluntary and Community Sector Review 2004) to explore ways of implementing of the first, particularly in the development of partnerships (HM Treasury, 2004). Around the same time an agreement was signed towards partnership working between the DoH, NHS and VCS (DoH, 2004). This agreement was a strategic document with aims related to planning and integrated service delivery and again based in the principles of the Compact. HM Treasury (2005) was a discussion document building on the Cross Cutting Review and itself initiated under the 2004 Spending Review. This initiative was designed to *“inform the debate on how and where the [third] sector could make the most valuable contribution to public service improvement ...”* (p.5) and the document provides a relatively comprehensive analysis of VS involvement in service delivery. A further step along this same evolutionary path was the brief ODPM (2004) that was also sourced in the Voluntary and Community Sector Review 2004 and provided a checklist for practitioners towards making local partnerships more effective. Finally, there have been two further recent developments. In 2006 HM Treasury, the Cabinet Office and other central government agencies issued guidance with the objective of improving inter-sectoral financial relationships (HM Treasury, 2006a) and the partnership issue has again been addressed in announcement of a further review (HM Treasury, 2006b). Key issues from the above references are considered below under specific subject headings.

### **2.3.4 Voluntary sector involvement in public healthcare: Benefits and barriers**

Section 2.2 above illustrates the existence of a relationship, albeit tenuous, between voluntary sector organisations and government throughout the history of public healthcare provision. In some instances this was informal and on the basis of the VS filling a gap in public services. More recently, and certainly in the development and current practices of the NHS, there has been necessity for a more formal relationship. This relationship has progressed to the extent that VS healthcare is now an integral part of public healthcare provision and increasingly being drawn into a close coalition with the NHS. The importance of this relationship between public and voluntary sectors is explicit in NHS (2006c) that states the VCS is

*"... a valuable partner in expanding NHS and social care services and improving the overall care patients receive. These organisations play a vital role in helping the NHS meet national standards in some highest priority areas such as care for cancer patients and older people; as well as shaping services round the individual needs of patients. A recent formal agreement between the Department of Health, the NHS and the VCS will help ensure voluntary organisations play an even bigger role in delivering and improving local services in the future."*

(NHS, 2006c, p.9)

The source does not attempt any explanation of the nature of this relationship or the basis of any payment.

The DoH has responsibility for public healthcare in England and Wales and thus imposes clinical regulation on all organisations involved in service provision within defined parameters. Regulation is based in the Care Standards Act 2000 and the Secretary of State has published standards and regulations for Independent Health Care under Section 23(1) (see DoH, 2002). These standards and regulations (SI 2001 No. 3968 Public Health, England: The Private and Voluntary Health Care (England) Regulations 2001) are specific to the care provided regardless of the economic sector of the organisation and include acute and maternity hospitals, hospices, clinics and



places where specified treatments are provided. Standards are used *“to determine whether providers of independent health care have in place appropriate safeguards and quality assurance arrangements for their patients”* (DoH, 2002, p.vii). A more recent development in the regulation of health care is DoH (2004b) that establishes a framework of ‘core’ and ‘developmental’ standards that *“apply with immediate effect to services provided under the NHS, whether within NHS bodies or within the independent or voluntary sector”* (p.8). The note continues, stating that the standards will be phased in to cover other independent sector services following consultation. Thus all healthcare establishments included in this study are subject to periodic inspection under Care Standards Act and Standards for Better Health and DoH (2004c) states *“The Healthcare Commission will inspect all providers, whether in the NHS or in the independent sector, to ensure high-quality care for patients wherever it is delivered”* (p.3). However, it is noteworthy that Standards for Better Health are not limited to clinical issues but also include issues of corporate governance, risk management, financial management and a wide range of human resource issues; for example, Third Domain, Governance, Domain Outcome

*Managerial and clinical leadership and accountability, as well as the organisation’s culture, systems and working practices ensure that probity, quality assurance, quality improvement and patient safety are central components of all the activities of the health care organisation.”*

(DoH, 2004b, p.12).

There appears to be wide acceptance within government that VSOs have particular advantages in public healthcare provision. For example, in a speech (ACIE, 2006), Lord Hodgson acknowledged *“charities can adapt to changing needs far quicker than government ever can”*. HM Treasury (2002) devotes a chapter to the potential added value of the VCS in service delivery with the conclusion that

*“VCOs may therefore be able to deliver services more effectively to certain groups because their particular structures enable them to operate in environments which the state and its agents have found difficult or impossible.”*

(HM Treasury, 2002, p.16).

With due recognition that potential benefits are dependent on VCOs being “at their best” the report identifies five “*crucial features*” that VCOs may demonstrate:

- I. “*Specialist knowledge, experience and/or skills.*” – Via direct experience ex-addicts or ex-offenders.
- II. “*Particular ways of involving people in service delivery ...*” – Via close working with users.
- III. “*Independence from existing and past structures/models of service.*” – Via innovation in service delivery practices.
- IV. “*Access to the wider community without institutional baggage.*” – Via perceptions of independence from state authorities.
- V. “*Freedom and flexibility from institutional pressures.*” – Via greater responsiveness to user needs and independence of public sector targets.

(HM Treasury, 2002. pp.16-17)

The later HM Treasury (2005) adopted a different approach to suggest that those responsible for public sector service delivery should “*consider fully the option of using the third sector as a means to delivering better public services ...*” (p.23). The discussion document identifies a number of “*generic and typical benefits*” including a user focus; knowledge, expertise and experience of personal and community issues; flexibility towards joined-up service delivery; trust and accessibility; and innovation. The document also discusses wider benefits of VS delivery of public services. These are identified as in building community ownership through participation, skills and experience through volunteering and social capital. The latter is defined as “*the positive impact of strong social networks and relationships of trust within a community*” (p.42) and the Office of National Statistics are referred to as showing social capital as making a contribution to effective government, health, welfare and other areas. However, HM Treasury (2005) also addresses ‘barriers’ facing VS involvement in the delivery of public services. The document designates these as either ‘external’ to the VS and responsibility for their removal lies within the public

sector; or 'internal' to the VS but acknowledges a public sector interest in their resolution. Many of the external barriers are related to funding issues and discussed in sub-section 2.3.5 below. In the context of external barriers, the Head of the Home Civil Service and Cabinet Secretary Gus O'Donnell (Cabinet Office, 2005) identified several areas of challenge for the public sector in improving relationships including increasing awareness, red tape, procurement and investment towards higher standards and accountability. Some internal barriers also relate to financial factors, often due to legal structures, but HM Treasury (2005) also identifies issues of capacity in terms of evidence of a *"significant skills gap among some third sector organisations"* (p.55) in leadership, management of volunteers, business systems and information technology.

From an alternative perspective, a non-governmental source Gorsky et al (1999) cited earlier work by Salamon (1995 et al) and briefly discussed the benefits of voluntary healthcare organisations in that they can *"identify new areas of need, focus on particular client groups, and develop fresh strategies towards them"* but recognises an inherent weakness in

*"The inability to provide a comprehensive and universal service. This might arise because voluntary institutions are independent and lack joint planning structures. Or it might be due to the patchiness of funding, perhaps arising from the free-rider problem, or the wealth base of a given region, or simply the unpredictability of philanthropic income".*

(Gorsky et al, 1999, p.465)

Finally, the very recent Department of Health (2007) makes a strong case for public and voluntary sector partnerships, identifying a wide range of potential benefits in service provision and linking these to the 2006 White Paper *Our health, our care, our say* but remains silent on funding issues.

### 2.3.5 Funding issues

Funding of voluntary sector services by the public sector has been contentious in the history of inter-sectoral relationships. Indeed, these are the issues that led to the development of this programme and study (see Croft, 2000; 2001c; 2001d; 2004).

An early contribution to this debate was an efficiency scrutiny by the Home Office of Government funding of the VS (Home Office, 1990). Findings have largely been overtaken by more recent initiatives but it is interesting that the main findings demonstrate a lack of consistency between Departments and apparent failure to adopt a rational strategic approach to funding VSOs. A later empirical study (Unwin & Westland, 1996) was asked to look at the then current issues of VS resourcing at three Metropolitan Boroughs. Their starting point was driven largely by changes in the operating environment of local VSOs and in this context Unwin and Westland identified three key elements of change. Firstly changes in terms of funding, closer ties between funding and performance with increased use of contracts and service level agreements rather than grants. Secondly, changes in the role of the local authority; increased separation of purchasing and providing functions and a move to a more strategic role. Thirdly, changes in relationships; increasingly local statutory bodies were co-operating with each other and VSOs with the consequence that funding was no longer single sourced. Unwin & Westland produced a number of key findings but the crucial comment appears to be the introductory paragraph

*“The first and perhaps most crucial finding has been that it is almost impossible to generalise. The three localities surveyed showed such a range of differences, with such a diversity of approach and motivation, that any generalisation is dangerous and open to challenge.”*

(Unwin & Westland, 1996, p.9).

Despite this, Unwin & Westland then proceeded to propose eight findings but with the contradictory rider that *“these findings are inevitably generalisations”* (emphasis original) but concluded that success in funding issues was a direct consequence of

personal characteristics, the influence of key individuals and inter-sectoral working relationships.

The debate on these issues led to negotiation of the Compact Code of Good Practice in Funding and Procurement, first produced in 2000 but later revised (undated) in the light of the Cross Cutting Review (HM Treasury, 2002). The revised Code recognises that the then current financial relationship may not always facilitate best possible outcomes. The Code seeks to remedy this by suggestions regarding the design and delivery of public programmes. This work has moved on since the Code with the publication of more specific guidance HM Treasury (2006a). This Guidance to Funders and Purchasers (the Guidance) references earlier publications to identify four key concerns in third sector funding; stability; timing of payment and balance of risk; full cost recovery; and excessive bureaucracy. The Guidance addresses issues of Government Accounting (GA), Value for Money (VfM), and Government procurement policy and EU rules all of which have a potential impact on VS funding. More recent contributions to the debate suggest there has been little change. For example, NAO (2007a) adopts a local perspective in a review of local area agreements (LAA, contracts between central and local government designed to devolve power) with a conclusion that *“... there are as yet no visible changes in local patterns of service provision or in local public bodies’ funding practices towards the third sector”* (p.2).

A key issue in the funding debate is the requirement in charity accounting to differentiate between grant and contract income. Essentially it is a matter of law whether a particular income stream is grant or contract, regardless of the terminology used in supporting documentation. Charity Commission provide guidance on this issue via their leaflet CC37 – Charities and Contracts (see Charity Commission, 2003a) with the statement that *“it is the intention of the parties to the arrangement which is important. If both parties to an arrangement intend the arrangement to be legally binding it is a contract ...”* (p.3) but see also NAO (2007c). A further important point is that CC37 considers the situation of a charity using its

resources to provide or subsidise services that are required by law to be provided at public expense with the opinion that trustees may not normally do this. Charity Commission have reviewed their opinion in the light of more recent legal developments and concluded that the law does not prevent this (press statement Charity Commission, 2005a). However, the press statement stressed the importance of independence of charities from the State. The earlier HM Treasury (2002) support that point in the context of 'added value' by use of volunteers, donations and the reinvestment of surpluses but qualify it with

*"Neither volunteers nor donations should be used to fund statutory services – Charity Commission guidance underlines this – but charities may nonetheless choose to fund from their own resources services that are above and beyond those contracted for by the State."*

(HM Treasury, 2002, p.17).

This does raise the difficult point of how to define, evaluate and quantify services "above and beyond" statutory requirements? Limited assistance in this is provided in a working definition of 'public services' as *"those services that public authorities normally provide, often (but not always) under a legal duty"* (Charity Commission, 2007a, p.24).

A further issue of debate is full-cost funding. HM Treasury (2002; 2006a) recognise the legitimacy of VS service providers seeking to recover the full cost of their services by the inclusion of a share of indirect costs or overheads. However, both publications also recognise the reluctance of some PS funders to allow this. NAO (2005) notes this problem, and their later review highlights difficulties in a recognition that a full cost regime cannot be operated mechanistically and although there is little dispute regarding the fairness of full-cost funding, the problem *"... appears to be in turning the principle into specific practice which is meaningful across a variety of funding relationships"* NAO (2007b, p.2). The issue is also addressed by Audit Commission (2007). Acknowledging difficulties in appropriately apportioning overhead costs, and in ensuring that these are *"recovered only once"* (p.62), the report concentrates on

public sector budgetary constraints. Public sector informants defend failure to apply a full cost regime on the grounds that *“Councils face the choice of funding fewer services, or fewer organisations fully”* (p.62). The report suggested anecdotal evidence of some local VS support for this view. There are several weaknesses in the Audit Commission (2007) evidence and underlying opinions. Firstly, there is a presumption by some public sector informants that VS organisations may not have the data or skills to satisfactorily perform cost apportionment (ACEVO, 2002; ACEVO and New Philanthropy Capital, 2004 provide appropriate guidance for those without in-house resources). Secondly, there is the budgetary constraint argument. The first is equally relevant to any contract entered into; potential audit and monitoring techniques are available and any differences between private, voluntary or other public sector contractors is irrelevant in this matter. The second is a valid point but on what grounds might charitable donors be expected to support public funding deficiencies? Interestingly, NAO (2007b) specifically recognises *“perceived subsidy”* by VSO’s use of charitable funds in support of public service provision with the perhaps telling observation *“There is no systematic evidence base to demonstrate success or failure, or the nature and causes of any problems that exist (P.3).* There is also a relevant national perspective in identifying *“the true costs of delivering those services”* (Bhutta, 2005, p.40) reflected in HM Treasury (2006a) where the point is made that

*“A clearer understanding of the full costs associated with the activities required to deliver a particular objective can enable a better understanding within Government of the cost of delivering a particular policy outcome. The implementation of the principle of full cost recovery will therefore lead to a clearer understanding of the impact of public spending and allow more evidence-based policy decisions ...”*

(HM Treasury 2006a, p.37).

From wide reading of literature from both public and voluntary sector sources it is difficult to avoid the conclusion that inter-sectoral funding relationships are unsatisfactory. This may result from the unbalanced nature of the relationship and

the fact that government publications and agreements on this issue are all 'guidance' and not legally binding. Bhutta (2005) reports an interview respondent as saying "*I notice a change in Government's policy and rhetoric. I am yet to see it pull through into fact and reality*" (p.16). The relatively recent review of public funding at a dozen named large charities, NAO (2007c), may have limited direct relevance to the charity hospices although the larger Marie Curie Cancer Care participated. A broad finding of the study is that funding of these large charities is fragmented. Particularly, NAO (2007c) observes

*"Generally speaking, each individual grant or contract between a charity and a public body has been set up independently of the charity's other public grants or contracts, even where the service to be provided is very similar to other, existing ones."*

(NAO, 2007c, p.8)

Whilst charitable hospices do not have the extensive cross-border coverage of a large national charity, this point goes some way to explaining inconsistencies in public funding of hospices located in different geographical areas, a perceived "*disconnect ... between central government commitments ... and the reality of their local funding relationships*" (p.9). In the light of their findings the NAO identify several 'themes' that they believe should be addressed by government. Among those are greater consistency in funding processes, costing models, contract documentation, funding principles (based in Compacts and other guidance), outcome-based performance measurement and a right of appeal for the VS service provider via an independent adjudicator. Crucially, NAO (2007c) recognises that necessary changes are only possible in response to clear central government direction

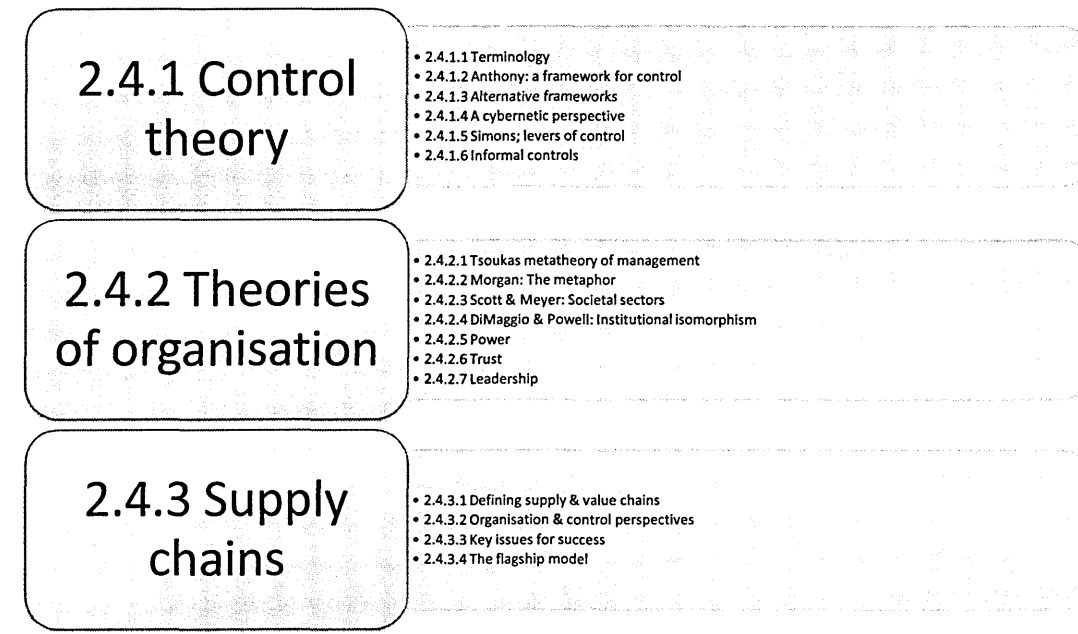
*"It is clear from our research for this report, as well as our other work on third sector issues, that central government's 'soft sell' of improved public funding practices towards the third sector has had limited impact, particularly with local authorities and other local public bodies."*

(NAO, 2007c, p.20)



## 2.4 FRAMEWORKS, MODELS AND THEORIES

Figure 2.7 below illustrates the layout of subsections in this section.



**Figure 2.6: Section 2.4: layout of subsections**

### 2.4.1 Control theory

Aspects of control are wide and varied and thus susceptible to a variety of terminology and interpretation. Anthony (1988) is critical of, specifically, behavioural scientists and agency theorists for what he sees as a propensity to present already known concepts as new, under the guise of a new label. However, he does acknowledge that this may occasionally be justified *“if a new term is more descriptive”* (p.173). That factor and the fact that most ‘issues of control’ are inter-related have made this section, and indeed the whole chapter, difficult to structure definitively. For example, Simons (1995) observes *“Control in organizations is achieved in many ways, ranging from direct surveillance to feedback systems to social and cultural controls”* (p.5). Thus, theories of organisation, theories of control, cultural, social and behavioural issues all have mutual dependence in the context of this study.

#### **2.4.1.1 Control: Terminology**

Organisations have a variety of ownership arrangements, internal structures and are subject to different issues of accountability. For example, in the case of a corporate business organisation, managers 'manage' the business and are accountable to the owners (shareholders). The subject organisations of this study are all charitable hospices, there are no owners, and managers are accountable to a board of trustees who are unpaid volunteers. Whilst there is clear demarcation of responsibility between managers and trustees in principle the practical situation may be far more complicated. For example, some charity trustees may participate in management activities, particularly in small or new charities; indeed, there may be no paid managers. This issue was discussed in section 2.2.4 above in the context of Cornforth & Edwards' (1998) models of governance but despite different structures the entity of a charitable hospice still requires control processes. Many publications appear not to differentiate between management and organisation control possibly seeing them as synonymous. A good example is the influential Otley & Berry (1980) that deals with organisational control but has been included in a volume dedicated to management control (Berry *et al*, 1998). An additional factor is that collaborations also require to be controlled even if they do not form a legal entity or definable organisation. See subsection 2.4.3.3 below for control in the context of collaborative operations. Therefore, the line I have adopted in this section is that elements of control theories will have potential application in the context of my study whether the author(s) refer to management or organisational control.

#### **2.4.1.2 A framework for control: Anthony (1965) and (1988)**

Otley & Berry (1980) acknowledge control as "*a term with more different shades and nuances of meaning than almost any other in the English language*" (p.231). Many authors attribute the roots of management control theory to Anthony (1965) and this seems a good place to start.

The objective of Anthony (1965) was to provide a framework of planning and control systems for the use of researchers, designers, users and students. This framework was further developed in Anthony (1988). The (1965) framework comprised three main 'topics', *strategic planning, management control, and operational control*. Anthony also suggests *information handling and financial accounting* as two other 'topics', related but to be distinguished. In his opening chapter Anthony provides a context for his framework differentiating between 'systems' and 'processes' with the opinion that "*a system facilitates a process*" (p.5). Important limitations acknowledged by Anthony include a caveat that the framework is "*believed to be broadly applicable, it probably is not universally applicable*" (1965, p.9). Specifically he observes that the differences between small and large organisations may invalidate generalisations and also questions the possibility of a cultural impact on the validity of generalisation. Table 2.2 below provides the original framework definitions from 1965 along with the later 1988 developments.

Anthony (1965)	Anthony (1988)
<p>Strategic planning:</p> <p><i>"... the process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use, and disposition of these resources." (p.16).</i></p>	<p>Strategic planning:</p> <p><i>"... the process of deciding on the goals of the organization and the strategies for attaining these goals." (p.10).</i></p>
<p>Management control:</p> <p><i>"... the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives." (p.17).</i></p>	<p>Management control:</p> <p><i>"... the process by which managers influence other members of the organization to implement the organization's strategies." (p.10).</i></p>
<p>Operational control:</p> <p><i>"... the process of assuring that specific tasks are carried out effectively and efficiently." (p18).</i></p>	<p>Task control:</p> <p><i>"... the process of ensuring that specific tasks are carried out effectively and efficiently." (p.12).</i></p>
<p>Information handling:</p> <p><i>"... the process of collecting, manipulating, and transmitting information, whatever its use is to be." (p.21).</i></p>	-
<p>Financial reporting:</p> <p><i>"... the process of reporting financial information about the organization to the outside world." (p.21).</i></p>	-

**Table 2.2: Framework Definitions Anthony (1965 and 1988)**

The Anthony (1988) development is clearly a refinement rather than a total rethink. For example, it features a revised definition of strategic planning in terms of organisational goals and strategies. Anthony stresses that strategic planning is “*unsystematic*”, reactive and irregular, and the province of “*top management*” (1988, p.11). He also differentiates his use of the term strategy from what he believes to be the more limited understanding of a reaction to competition. Similarly, the definition of management control does not differ fundamentally but refers to managers ‘influencing’ other members and replaces ‘objectives’ with ‘strategies’. He observes that the management control process will vary in efficiency and effectiveness between organisations but the purpose of his framework is to establish its purpose. A further point is that management control is systematic, regular, involves every member of the organisation and requires greater personal interaction but less judgemental. Anthony makes only a minor change in his definition of operational control, replacing ‘assuring’ with ‘ensuring’ in his 1988 development but does re-title the topic as ‘task control’. Task control is identified in terms of tasks, performance and comparison with ‘standards’ without necessarily a direct link to strategies. A relevant comment is that Anthony (1965) was published long before the development of information technology with its potential increase in availability of performance data and enhanced processing capability. Consequently whilst the principles of information handling in the context of his framework remain valid more recent publications may be more specifically relevant to current issues.

#### ***2.4.1.3 A need for alternative frameworks?***

Otley (1994) is critical of the Anthony (1965) framework in a number of ways and suggests a need for empirical research to learn from practice. Principally Otley suggests that the business and social environment has changed producing a relative decline in large hierarchical structured organizations in which context the framework was based. Otley believes that the definition of management control encouraged an emphasis on accounting-based controls. Further, Otley maintains that these are no

longer relevant and new types of control systems need to be developed. In his conclusion Otley suggests

*"The context and operation of contemporary organizations requires flexibility, adaptation and continuous learning to occur, but such characteristics are not encouraged by traditional control systems."*

(Otley, 1994, p.298)

Contextual changes identified by Otley include increased uncertainty as a consequence of technological, political and social change; smaller business units; increased levels of collaborative operations; and a decline in manufacturing. Otley observes a blurring of demarcation between strategic planning, management control and operational or task control as defined by Anthony and supports a wider definition of management control from Lowe (1971) although with recognition that even this does not fully cater for rapidly changing organisational environments.

*"A system of organizational information seeking and gathering, accountability and feedback designed to ensure that the enterprise adapts to changes in its substantive environment and that the work behaviour of its employees is measured by reference to a set of operational sub-goals (which conform with overall objectives) so that the discrepancy between the two can be reconciled and corrected for."*

(Lowe, 1971, p.5; also cited in Berry *et al*, 1998, p.xvi)

Marginson (1999) presented a further critical evaluation of the Anthony framework from an empirical perspective. The study employed a case study method of control from several perspectives. Concluding *inter alia*

*"... traditional models of control were found to be too restrictive and unable to adequately reflect the process of management control as effected at Telco."*

(Marginson, 1999, p.226)

The issue and incidence of social controls and the lack of reliance on accounting controls was a major factor leading to the above conclusion and this is considered in more detail in subsection 3.5.6 below. Nixon & Burns (2005) provide further support

to the suggestion that the traditional (Anthony) framework may no longer be relevant in that *“the control needs of the current environment are significantly different from those developed in an earlier period”* with a suggestion that *“improvements are urgently needed”* (p.260). Nixon & Burns (2005) highlight a number of issues underlying their suggestion including the pace of change in the control environment related to issues of deregulation, information technology, and international factors and product life cycles. They identify gaps between management control literature and (1) management practice, and (2) broader control literature.

#### ***2.4.1.4 A cybernetic perspective.***

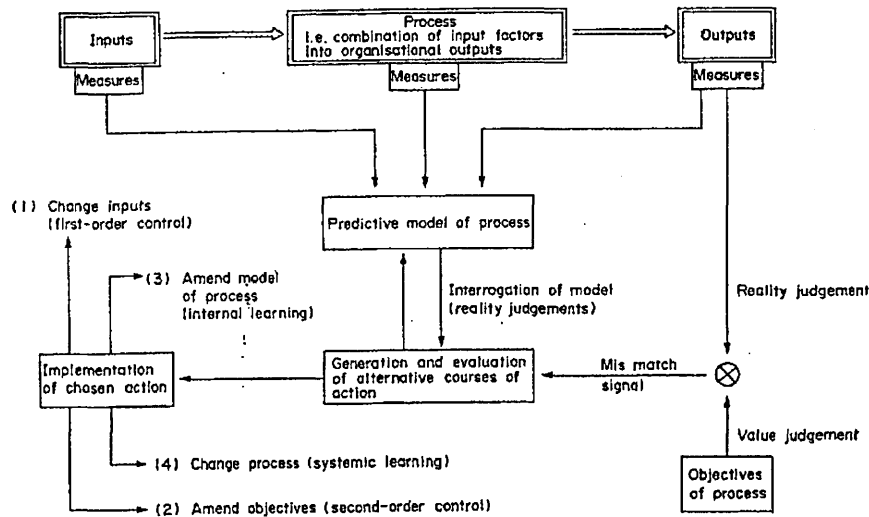
Many models of control employ a basic system analysis of inputs, a process, outputs and a regulator. The simplest is a comparison with a home-heating thermostat. This model works on the basis that the pre-set thermostat regulates room temperature by correcting the process (the boiler) and increasing or decreasing heat output. Anthony (1988) suggests that this analogy is flawed where the baseline comparator is taken to be ‘budgets’ but has more credibility where it is organisation strategies.

Otley & Berry (1980) used earlier work by Tocher (1970; 1976) from a cybernetic perspective and applied it to the control of organisations. They deduced that without a number of conditions being satisfied there may be control activities but there is not a control system. The conditions are given in the following quotation and their diagram is reproduced below as Figure 2.7.

*“... at least four necessary conditions must be satisfied before a process can be said to be controlled. These state that there must exist:*

- (1) an objective for the system being controlled*
- (2) a means of measuring results along the dimensions defined by the objective*
- (3) a predictive model of the system being controlled*
- (4) a choice of relevant alternative actions available to the controller”*

(Otley & Berry, 1980, p.236)



**Figure 2.7: Necessary conditions for a controlled process.**

[Reproduced from Otley & Berry, 1980, Fig. 2, p.236]

A perceived weakness of the Otley & Berry model is in respect of the predictive model. Anthony makes the point that control in organisations is complicated *“because the process involves the reaction of human beings, whose behavior is much more difficult to predict”* (1988, p.10). He made this point in the context of the thermostat analogy but it is a relevant issue in any control system. Otley & Berry clearly recognise the problem and provide a comprehensive discussion from a practical perspective. They acknowledge the influence of the individual with his own *“models, insights and understandings”* and that *“within organisations there are usually multiple and partly conflicting predictive models rather than a single holistic model”* (1980, p.239). The particular difficulty in achieving control is the interdependency of the various models, Otley & Berry see a solution as being in accounting and information systems to collect *“a far wider range of variables than has traditionally been the case”* with consequences for the skills necessary from ‘the accountant’ (1980, p.240). Note: Any reference to ‘accountant’ in this thesis does



not refer to a specific job title or suggest the necessity for a professional qualification. The term 'accountant' is used in the context of someone who provides an account or measurement of a performance factor. In an organisation there may be a person or people who perform this function with commensurate titles but there may equally be others who supply valuable performance information from their management units as an incidental but integral element of their role.

#### ***2.4.1.5 Simons' levers of control***

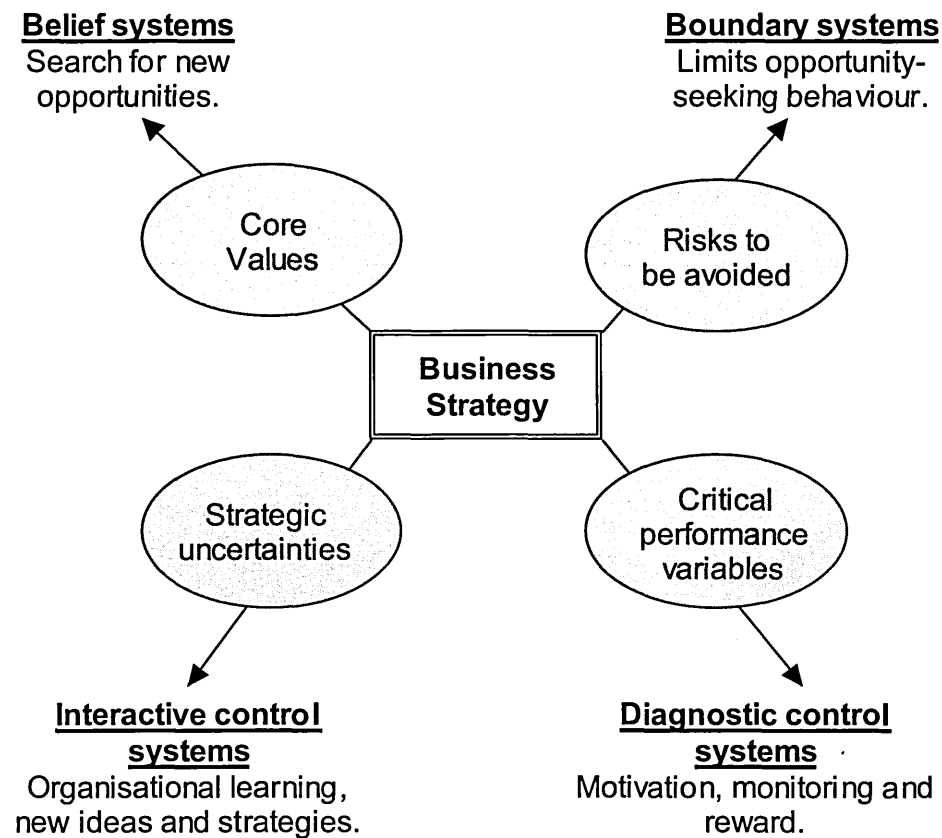
Simons (1995) attempted to provide a new theoretical framework *"for controlling business strategy"* (p.3) in a situation of increasingly competitive environments. Obviously targeted at commercial organisations, Simons (1995, p.4) highlighted differences between old and new *"basic philosophies of control and management"* as in table 2.3 below

Old	New
Top-down Strategy	Customer/Market-Driven Strategy
Standardization	Customization
According to Plan	Continuous Innovation
Keeping Things on Track	Meeting Customer Needs
No Surprises	Empowerment

**Table 2.3: Old and new philosophies of control and management.**

[Table copied from Simons, 1995, p.4]

Simons' (1995) solution to modern strategic control needs incorporates a core of business strategy, four key 'constructs' necessary for successful implementation and a 'lever' for the control of each construct.



**Figure 2.8: Simons' levers of control, interrelationships.**

[Derived from Simons, 1995, p.7]

Simons considers each of these at some length but for the purposes of this chapter a short definition is a useful starting point that is followed by a brief discussion of each.

Lever of control	Definition: Simons (1995)
Beliefs systems	<i>"The primary use of a beliefs system is to inspire and guide organizational search and discovery" (p.36).</i>
Boundary systems	<i>"Boundary systems are like brakes on a car: without them, cars (or organizations) cannot operate at high speeds" (p.41).</i>
Diagnostic control systems	<i>"Diagnostic control systems are the formal information systems that managers use to monitor organizational outcomes and correct deviations from preset standards of performance" (p.59).</i>
Interactive control systems	<i>"Interactive control systems are formal information systems managers use to involve themselves regularly and personally in the decision activities of subordinates" (p.95).</i>

**Table 2.4: Simons' (1995) levers of control, definitions.**

As Figure 2.8 above indicates, a beliefs system controls core values. Simons explains that senior managers communicate *"basic values, purpose, and direction for the organization"* (p.34), requiring their adoption by subordinates. Communication is typically via documents such as mission statements etc. The principal objectives of core values and their control via beliefs systems are to produce *"cohesive organizational outputs"* (p.37), in modern parlance 'to ensure everyone is singing from the same hymn sheet' and to seek efficiency and effectiveness. Scheytt & Soin (2005) recognise a link between the belief system and organisation culture and view the former

*"as a powerful measure to control the behaviour of the members of the organization, rather than just as a simple technical mechanism for management control."*

(Scheytt & Soin, 2005, p.196)

Unsurprisingly, boundary systems set the limits of acceptable activity and are risk based. Simons (1995) comments on the inherently negative and proscriptive nature of boundary systems and uses as an example, the Ten Commandments from the Old Testament. He identifies potential conflict between beliefs and boundary systems that is resolved by formatting boundary systems as minimum standards for behaviour and activity. Simons identifies three distinguishing features of diagnostic control systems as relating to measurement of output, comparison with preset standards and corrective action where there is deviation. There are clear similarities in this to the cybernetic school of management control, indeed, Simons suggests *"Virtually all writing on management control systems refers to diagnostic control systems"* (1995, p.60). In a search for alternatives to diagnostic controls, Simons eschews input controls and standardisation of processes and focuses his attention on 'critical performance variables' *"those factors that must be achieved or implemented successfully for the intended strategy of the business to succeed"* (ibid, p.63). As examples, Simons cites Brown's Return-on-Investment Form (ibid, pp.64-65) and Kaplan & Norton's Balanced Scorecard (ibid, pp.68-69). In common with Anthony (1965; 1988), Simons (1995) adopts the household thermostat analogy to illustrate issues of control, in one instance in support of the technique of management-by-exception. In this context Simons recognises that managers have little direct involvement with diagnostic control systems but involve themselves in three areas, goal setting, receiving reports and exploring significant exceptions. Simons (1995) relates interactive control systems to the search for fresh ideas, learning from the outcomes of these and the *"bottom-up emergence of strategy"* (p.98). He maintains that an organisation will have many control systems, planning, costing human resources, project monitoring etc, but that only one of these will be used interactively – this appears a dubiously sweeping conclusion. However, Simons insists that one system will be used interactively and all other control systems diagnostically. This serves to focus *"the attention of the entire organization on the area where the senior manager is focusing ..."* with a consequential affect on *"managerial behavior"* (1995, p.97).

Simons (1995) presents his 'levers of control' from an empirical perspective, drawing heavily on extensive casework. In this he recognises that control systems *"evolve to meet the information and control needs of individual managers and their organizations"* (p.127). To illustrate this Simons places the levers in the context of the life cycle of the firm from start-up through growth to mature and concludes that *"levers are neither static nor deterministic"* (p.152) but that *"... without these systems, modern organizations could not function"* (p.175). A criticism of Simons (1995) model comes from Scheytt & Soin's (2005) consideration of *Culture and control*. They suggest three factors that are ignored by Simons *"as a consequence of his conceptualisation of culture"* (Scheytt & Soin, 2005, p. 197). These factors are firstly, failure to consider diversity of organisational form, culture and belief systems. Secondly, a suggestion that control measures *"tend to scratch the surface"* and do not make fundamental changes to organisation culture. Thirdly, that control systems can be used to exert power and influence towards *"... the – mostly concealed – interests of powerful individuals or groups in the organization"* (p.197).

#### **2.4.1.6 Informal controls: culture et al**

Anthony (1965) differentiates between formal and informal controls identifying the former as *"those whose structure is visible and whose operation has explicit authorization"* (p.8). He does however acknowledge the impact of informal systems, a point made more explicitly by other authors. A key factor in informal control is that of culture but this is a broad concept and has attracted a number of different definitions from various perspectives. For example, Boland (1996) declares Giddens' structuration theory as being in opposition to the earlier view of Parsons (1964) that *"social order as based upon the shared values and meanings of a common culture"* (Boland, 1996, p.693). Haralambos & Holborn (2000) similarly approach the concept of culture from a sociological perspective and acknowledge the complexity of definition but suggest that all usage differentiates between culture and nature.

*"... things that humans produce or do are cultural, whereas the things that exist or occur without human intervention are part of the natural world."*

(Haralambos & Holborn, 2000, p.884)

Citing the work of Christopher Jencks, Haralambos & Holborn suggest four main 'senses' for the use of the word culture. Their fourth option is the most relevant to studies of governance, management and control, *"the whole way of life"* of a people or society (2000, p.884), equating to Hofstede's 1994 'culture two'. From a management perspective Hofstede (1982, p.1) defines culture as *"the collective programming of the mind which distinguishes the members of one human group from another"* although acknowledging what he considers as a more complete definition by Kluckhohn. In a later publication Hofstede refers to *"mental programs"* and *"software of the mind"* and acknowledges sources of influence as being social environment and life experiences (Hofstede, 1994, p.4). Hofstede explains that differences are manifested by way of symbols (words, gestures, pictures and objects), heroes (possessors of highly prized characteristics), rituals (collective activities not essential to objective performance) and values (broad preferences in subjective areas of perception i.e. good/bad; normal/abnormal etc) and acknowledges that values are acquired very early in life. For this reason values may be unconsciously held, are difficult to change and can only be inferred not directly observed. The idea of values at the core of culture provides a link to other definitions of culture commonly involve the idea of shared or group values (see Drucker, 1974; Otley, 1987; Handy, 1988).

Hofstede goes further, to acknowledge that

*"almost everyone belongs to a number of different groups and categories of people at the same time, people unavoidably carry several layers of mental programming within themselves".*

(Hofstede, 1994, p.10)

From this he provides examples of nation, regional, ethnic, religious, linguistic, gender, generation, social class and organisation or corporate. It is in the context of the organisation that culture is particularly relevant to this study. However, the Hofstede recognition that people belong to several different cultures concurrently raises the possibility that at any time and place one or more cultural influences take precedence over others. This possibility touches on the Ansari & Bell (1991) experience in a study of the effect of culture on control practices over the 22-year life of an organisation. Ansari & Bell concluded that in their specific context, culture had been of considerable influence *"by the way it shapes the world view of participants, their meaning frames and their expectations of reciprocity"* (1991, p.22). The authors noted that cultural influences had produced different effects at the four stages of the life cycle of the organisation from inception through growth/maturity and crisis/conflict to dissolution. A key conclusion of Ansari & Bell (1991) is that *"Accounting/control systems, it seems, are not uniquely fashioned by either the environment, technology or power distributions in an organisation."* (p.24) but that culture can be of considerable if not overriding influence.

Conversely, Hofstede (1994) sees organisation cultures as a different phenomenon to national cultures due to the limited time span of involvement (working hours only) and the element of choice in joining and leaving. He observes that (his) research into the latter *"proved to be only partly useful for the understanding of organization cultures"* (p.18). The issue of organisation culture is thus highly relevant to consideration of issues of organisation. For example, Handy (1993) acknowledged a view that culture may vary between organisations

*"... organizations are as different and varied as the nations and societies of the world. They have differing cultures – sets of values and norms and beliefs – reflecting different structures and systems."*

(Handy, 1993, p.180)

Citing the work of others, Handy identifies four types of culture as *Power* (with a central source of power); *role* (a bureaucracy, run by rules and procedures); *task*

(network and matrix type organisations); and *person* (minimal structure, professional partner practices etc). Handy sees the principal factors affecting organisational culture and structure as being historical, ownership, size, technology, goals and objectives, environment and people (1993, p.192). In his earlier consideration of VS organisations Handy limits influences on cultural to size, work flow, environment and history with the opinion that *"The cultural mix in any one organization depends on the relative importance of each ..."* (1988, p.95). Handy also addresses the issue of the 'fit' of an individual with particular cultures. He notes this as a *"much neglected element in moral and motivation"* and observes that as a consequence of history and traditional factors *"voluntary organizations are particularly prone to cultural confusion"* (1988, p.96).

It is self-evident that not all control processes are of a formal nature. Even the most bureaucratic systems must depend to a degree on less formal elements. Marginson (1999) reported on a study of control processes at a major British organisation (Telco Ltd) concluding that practice did not reflect traditional models of management control and

*"Broadly speaking, the social, rather than the administrative control system, was involved in channelling managers' efforts behind senior management's strategic agendas."*

(Marginson, 1999, p.226)

In support of this Marginson cited the nature of accountability at Telco did not follow a traditional hierarchical model of subordinates accountable to superiors but instead was *"more reciprocal and mutual in nature"*, a form of stakeholder model. *"In effect, it appeared that social pressure was acting as a substitute for formal authority"* (p.217). Pant (2001) considered informal controls from a different perspective that of organisation learning and equality of reward. Starting from the issue of a changing organisational environment of decreasing 'certainty' Pant cites support for the view that *"... when system elements cannot be specified, informal controls become especially important"* (p.701). There is a clear link between social or informal



controls and the concept of culture as 'shared values'. Ouchi (1980) took this idea forward in a discussion of 'clans' that he argues is reliant on "*creating goal congruence*" (p.137). Ouchi's discussion is in the context of 'mediation' or 'control' in individual 'transactional' cooperative relationships. The essence the argument is that in the event of failure of market and bureaucratic systems "*the sole form of mediation remaining is the clan*" (Ouchi, 1980, p.137). Clan control is (it is argued) capable of achieving efficiency under conditions of high performance ambiguity (uncertainty in issues of price/value) and low opportunism (opportunity for one party to take inequitable personal benefit).

The specific issue of culture and control was addressed by Scheytt & Soin (2005) who differentiated between two views of organisation and culture; firstly, the idea that the organisation *has* a culture and secondly that it *is* a culture (original emphasis, p.194). In the former instance the culture is seen as represented by artefactual symbols that may be "*formed or changed by deliberate action*"(p.194). This interpretation is closer to that adopted by Simons (1995). Conversely, in the context of organisations *as* cultures, Scheytt & Soin (1995) suggest that it cannot be deliberately changed. The argument is that the culture must be interpreted "*within its context, since the functional mechanisms of the culture cannot be understood from outside*" (p.194). Scheytt & Soin relate this differentiation to a model by Schein (1985) that suggests culture as comprising three inter-related layers of artefacts, espoused values and basic underlying assumptions. The model is shown briefly in Table 2.5 below.

Level of culture	Characteristics
Artefacts	Visible structures and procedures.  - ( <i>Hard to decipher</i> )
Espoused values	Strategies, goals, philosophies.  - ( <i>Espoused justifications</i> )
Basic underlying assumptions	Unconscious, take-for-granted beliefs, perceptions, thoughts and feelings.  - ( <i>Ultimate source of values and action</i> )

**Table 2.5: Levels of culture**

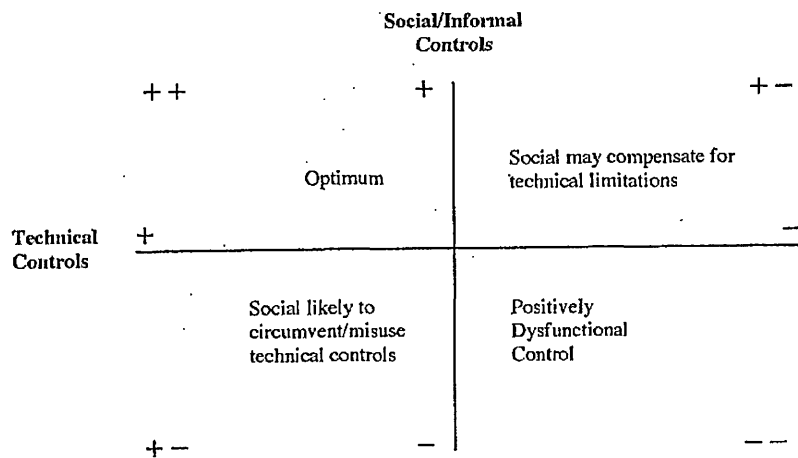
[Derived from Scheytt &amp; Soin, 2005, p. 195; Schein, 1985]

In their later discussion, Scheytt & Soin (2005) cite the work of Macintosh (1994) who identified “*five generic types of control – bureaucratic, charismatic, market, collegial, and tradition*” (Macintosh, 1994, p.132; Scheytt & Soin, 2005, pp. 200-201). Of these, charismatic and tradition appear to have the most relevance to voluntary healthcare organisations although ‘collegial control’, where an elite group have control, may be of some relevance in a healthcare environment. Scheytt & Soin (1995) conclude that culture is the means of understanding control systems for organisation members and there is a recursive relationship between culture and control. Thus control systems may have an indirect effect on culture but changes may be difficult to predict. Similarly, Morgan (1997) recognises corporate culture as “*a living, evolving, self-organizing reality that can be shaped and reshaped but not in an absolute way*” (p.147). Returning to the two perspectives of organisation culture (‘has’ or ‘is’ above), Scheytt & Soin comment on the contextually specific nature of culture and the necessity for that to be recognised in the design of control systems “*Systems of control in organizations should be interpreted as culturally specific in that cultural factors at different levels influence them*” (2005, p.204).

In their introduction to the special issue of Management Accounting Research, Nixon & Burns (2005) differentiate between “*diagnostic and interactive controls*” and “*informal, social controls*” (p.264); the latter they equate to Simons (1995) belief and boundary systems. Two points emerge from this. Firstly, Nixon & Burns recognise a possibility that in modern systems, social controls may be of greater importance relative to technical controls. Secondly, they suggest a need for technical and social controls to be mutually consistent and to match “*dynamic strategic and operational situations*” (2005, p.264). To illustrate the potential difficulty in achieving “harmony” they provide a useful diagram reproduced at Figure 2.9 below. The principal conclusion in relation to this diagram is

*“... managers have three chances of achieving an inappropriate fit compared with just one chance of achieving harmony among controls and between controls and their context”.*

(Nixon & Burns, 2005, p.264)



**Figure 2.9: The consequences of matching and not matching in formal and informal controls.**

[Reproduced from Nixon & Burns, 2005, Fig.1, p.264.]

## **2.4.2 Theories of organisation**

This section is consciously titled ‘theories of organisation’ rather than organisation theory (singular) as there is not one but many such theories that have assumed and declined in precedence over time. This point is particularly well made by Jones & Munro (2005) who suggest that there are *“at least three ways of relating to organization theory”*. Their suggestion is that

*“There are writers who are comfortable in describing themselves as organization theorists. Second, there are those who would not typically call themselves organization theorists but who theorize directly on organization. Third, there are those who neither describe themselves as organization theorists, nor theorize directly on organization, but whose thinking has implications for the wider understanding of organization.”*

(Jones & Munro, 2005, p.8)

Jones & Munro (2005) make two other contextual points that I believe to be relevant to my study and thesis. Firstly, they see organization theory as *“still a young field, as full of promise as it is of wrong directions”* (p.8) and therefore acknowledge the potential for contribution of *“issues and ideas”* that *“few others can see”* (p.9). Secondly, they eschew the idea that statements by such as Foucault or Marx might be unequivocal and consistent. Instead, the themes of the Jones & Munro edited collection are self styled issues and ideas.

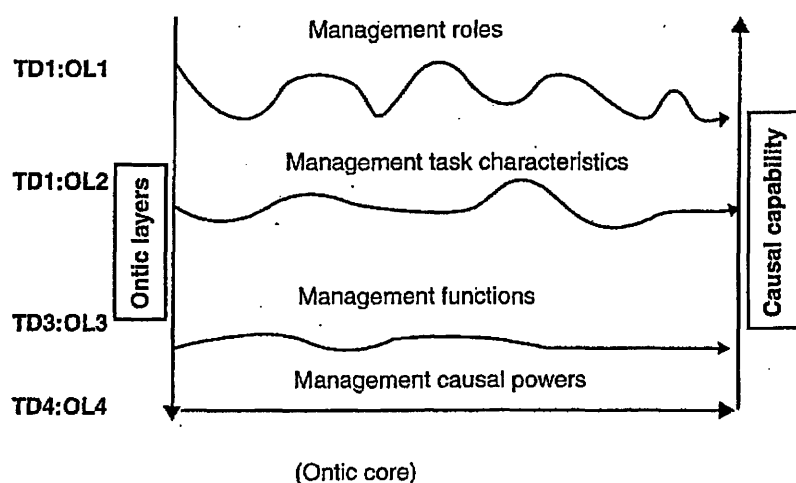
### **2.4.2.1 Tsoukas’ metatheory of management**

The realist ontology and epistemology adopted in this study will be addressed in the methodological chapter 3 following. Tsoukas’ metatheory of management is consistent with this study and has potential relevance to the context of voluntary sector organisations. It is ‘meta’ by designation of the author and in the sense that it is *“a theory of theories of management, namely a **metatheory**”* (Tsoukas, 2000, p.27, original emphasis). (Tsoukas (1994) and the later reproduction Tsoukas (2000) comprise a review of management literature that approach the subject from one of four perspectives. The metatheory claims that each of these perspectives *“deals with*

*issues arising at a different ontological layer ... each one exhibiting its own characteristics and dynamics"* (Tsoukas, 1994, Summary, p.289). Tsoukas identifies a problem of ambiguity in the definition of 'management' in that it might be used in the context of either a *"collective institutional process"* or at the level of *"a set of individuals distinguished by the activities they carry out"* (1994, p.289). Tsoukas argues that this ambiguity between macro and micro perspectives has resulted in fragmentation of literature in the field. Further, that a metatheory of management *"a theory of theories about management"* can serve two purposes. Firstly, it can help to *"clarify the nature of management and our possible knowledge of it"*. Secondly, a metatheory can specify *"individual domains of application"* of different perspectives on management (Tsoukas, 1994, p.290).

The first of the four perspectives on management discussed by Tsoukas considers management functions. In this he identifies separate approaches designated as classical, systems and historical. However, Tsoukas observes that all three schools of thought *"share the assumption that the essence of management can be distilled to a number of functions which need to be carried out in all formal organizations"* (1994, p.293). The second perspective is that of 'management task characteristics'. In this context Tsoukas cites the work of Whitley (1987; 1989) and differentiates task characteristics from functions by Whitley's concern with *"outlining the nature of these tasks, not their content"* (Tsoukas, 1994, p.294). The third perspective is that of 'management roles', an approach adopted by Mintzberg (1973). The approach appears to be based on an assumption *"that management is whatever managers do"* (Tsoukas, 1994, p.294) and a conclusion that managers' activities can be analysed in terms of interrelated roles or behaviours. Tsoukas acknowledges considerable criticism of the Mintzberg methodology by other authors but with common ground of a need for more research. The fourth perspective is that of 'management control', typified by the neo-Marxist view of management as *"the maintenance of control over employees in the pursuit of capital accumulation"* (Tsoukas, 1994, p.294).

Based in these four perspectives on management Tsoukas produced his realist metatheory, modelled at Figure 2.10 below. The model indicates four “*distinct ontological layers of management*” (Tsoukas, 1994, p.295) in descending order of roles, task characteristics, functions and causal powers, each related to the alternative perspectives considered above. An additional point of importance is that the higher layers of the model are more ‘individual’ based (the micro level), lower layers are more abstract and institutional based (the macro level). For context, this study is targeted at the lower levels of the Tsoukas model, particularly causal powers.



**Figure 2.10: Tsoukas' realist redescription of management**

[Reproduced from Tsoukas 2000, p.36; an essentially identical figure appeared at Tsoukas, 1994, p.296.]

The underlying principals of the Tsoukas outline are that each layer is affected by changes in the layers below and that layers closer to the surface are more likely to change than those below. Management ‘roles’ are made possible by ‘task characteristics’ that are in turn made possible by ‘functions’ and these are dictated by ‘causal powers’ that are “*in the domain of real and are not directly observable in the empirical domain*” (Tsoukas, 2000, p.38). Tsoukas suggests three causal powers. The first relates to control over the conversion of potential labour into actual labour.

The second relates to obtaining cooperation via a system of rewards. The third relates to a drive towards efficiency and effectiveness. A further crucial point is that causal powers are “*tendencies*” that “*may or may not produce a desirable set of effects ...*”. In other words, causal powers may lie dormant until activated by contingent circumstances, the dependency of their effects on “*prevailing contingencies*” (2000, p.40). Tsoukas also notes the “*contradictory composition*” of causal powers, for example commenting on management strategies that emphasise either control or cooperation.

Tsoukas does place his outline in the context of “*the industrial structure*” due to the presence of superior – subordinate relationships. However, causal powers of control, co-operation and efficiency and effectiveness are of likely relevance in the specific field of charities albeit with contingent differences in their activation.

#### **2.4.2.2 Morgan (1997): the metaphor**

*“... all theories of organization and management are based on implicit images or metaphors that enable us to see, understand, and manage organizations in distinctive yet partial ways.”*

(Morgan, 1997, p.4)

Morgan (1997) is based in the above premise and he acknowledges that this epistemology has both strengths and weaknesses. Strengths include a framework for understanding organisations and also expressing ourselves. Weaknesses are an inevitable degree of distortion and bias. As examples, Morgan discusses eight metaphors with an objective of encouraging the use of metaphor to explore organisations. The theme running through the publication is that metaphor produces both insight and distortion and has both strengths and limitations “*In creating ways of seeing they tend to create ways of not seeing*” (Morgan, 1997, p.348; original emphasis). The essential point of Morgan’s argument is that we largely find what we are looking for, whether it be ‘structure’ or ‘culture’ for example and that we should make use of multiple metaphors so that “*the insights of one metaphor ...help us overcome the limitations of another*” (p.353). However, Alvesson & Wilmott (1996)

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recognised dangers in a 'supermarket approach' (Darwin *et al*, 2002) that might confirm preconceptions and prejudices rather than challenge them.

#### **2.4.2.3 Scott & Meyer: new institutionalism, societal sectors**

Scott & Meyer (1991) considered issues around an *"assumption that organizations are affected by their environment"* (p.108). They sought to explain organisation structure and performance in terms of inter-firm connections and 'systems of relations'. In this they identified the concept of a 'societal sector' that they define as

*"(1) a collection of organizations operating in the same domain, as identified by the similarity of their services, products or functions, (2) together with those organizations that critically influence the performance of the focal organizations: for example, major suppliers and customers, owners and regulators, funding sources and competitors."*

(Scott & Meyer, 1991, p.117)

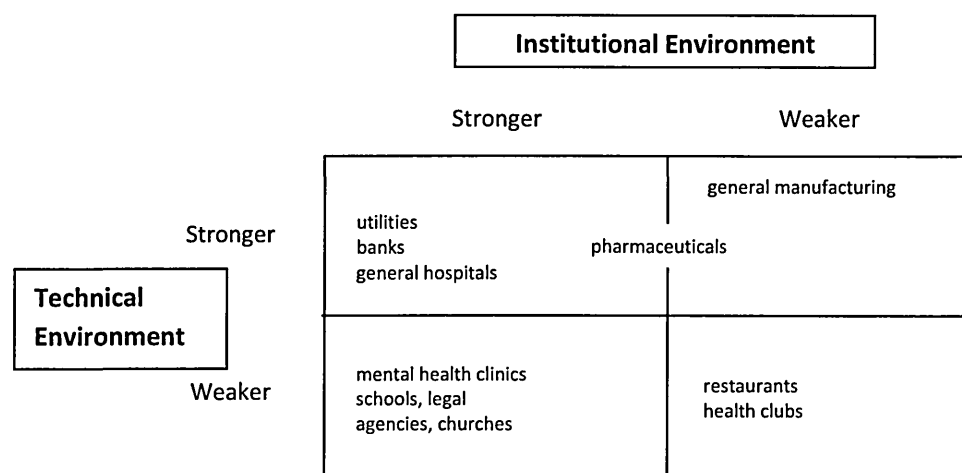
Scott & Meyer stress that this definition is in functional not geographical terms. By this definition, charitable hospices would appear to inhabit a common societal sector possibly along with other elements of UK healthcare commissioners, providers and funders. In their paper, Scott & Meyer developed and tested a number of hypotheses in connection with sector structure and contained organisational units.

Building on their earlier work, Scott & Meyer differentiate between technical environments in which the rewards for an organisation are dependent on *"effective and efficient control of their production systems"* and institutional environments that depend on conformation to rules set by state regulation, professional associations or *"general belief systems"* (Scott & Meyer, 1991, p.123). They make the logical point that technical and institutional environments are not mutually exclusive.

Organisations may be subject to both to a degree and the relative 'strength' of each may vary. On the basis of this point Scott & Meyer produced a two-by-two matrix categorising a range of organisational types by a combination of technical and institutional environments with each defined as 'stronger' or 'weaker' (see Figure 2.11 below). Among examples, Scott & Meyer suggest utilities and banks as



inhabiting environments with strong technical and institutional characteristics but restaurants and health clubs weak in both. Interestingly, they also put general hospitals in the strong/strong category but mental health clinics are suggested as strong institutional but weak technical.



**Figure 2.11: Societal sectors: technical and institutional environments.**

[Copied from Scott & Meyer, 1991, p.124]

It would be interesting to surmise where Scott & Meyer would place charitable hospices in their matrix. There are no indications that they considered this in their review of empirical studies by other authors. It might be possible to position participating organisations in this study in the context of Scott & Meyer (1991) hypotheses but that is not an objective of this study.

#### ***2.4.2.4 DiMaggio and Powell: institutional isomorphism***

Isomorphism relates to ‘similarity of form’ (Allen, 1990). The concept of institutional isomorphism is mainly based around the work of DiMaggio and Powell and relates to *“the tendency of organizations in a field to become more similar over time”* (McKinley & Mone, 2003, p.362). DiMaggio & Powell (1983, later revised as DiMaggio & Powell, 1991) recognised competitive and institutional isomorphism as

distinctive types but concentrated on the latter as *“a useful tool for understanding the politics and ceremony that pervade much modern organizational life”* (DiMaggio & Powell, 1991, p.66). They identified three ‘social processes’ that drove the tendency for sameness, coercive, mimetic and normative. Coercive isomorphism results from pressures from other organisations where there is some degree of dependency and from cultural or social expectations. For a charitable hospice coercive isomorphism relates to their links with the more powerful public sector, issues of charity regulation, healthcare standards and local cultural expectations. Mimetic processes relate to issues of ambiguity and uncertainty. DiMaggio & Powell (1991) suggest that under these conditions organisations may model themselves on others in the field. If empirical evidence supports the concept of isomorphism, and particularly mimetic processes, it could go some way to explaining any similarity between organisations participating in this study. Normative pressures primarily relates to issues of professional practices. This issue is clearly of direct relevance to voluntary sector healthcare that is based around the provision of professional services externally driven and assessed. DiMaggio & Powell (1991) interpret *“professionalization as the collective struggle of members of an occupation to define the conditions and methods of their work ...”* (p.70). Prior contextual experience within a healthcare environment provided some support for this idea as healthcare professionals resisted administrative and organisational change imposed by a parent department. Indeed, eventual change was only achieved via the acceptance of the benefits (or perhaps the inevitability). In this context, voluntary sector healthcare is based around the provision of professional services externally driven and assessed. Similarly, close links to the NHS may induce normative pressure for charitable hospices to adopt NHS administrative practices. The non-clinical perspective is considered by Fennell (1980) who recognises weaknesses in the healthcare market system where the patient is not the consumer. Fennell argues that physicians and hospital administrators are the effective consumers.

#### **2.4.2.5 Power**

A useful definition of power is provided by political scientist Robert Dahl *“power involves an ability to get another person to do something that he or she would not otherwise have done”* (Morgan, 1997, p.171). There are a great many theories of power (Morgan presents fourteen different sources) but this study is not an inquiry into power so there is no necessity for a comprehensive review of literature. However, issues of power certainly have a relevance to governance processes so some consideration is justified.

Formal authority is based in positional status, a formal appointment. Morgan divides this into three categories; charismatic, by inheritance or bureaucratic. Of these, the first and third are possible approaches for trustees at a charity hospice; inherited authority is unlikely. An alternative perspective is control of decision-processes. Again, Morgan (1997) distinguishes between *“control of three interrelated elements: decision **premises**, decision **processes**, and decision **issues and objectives**”* (original emphasis, p.178). All three elements have potential relevance to the chair or controlling influence at a charity trust. A third relevant example of source of power from Morgan is that relating to informal organisations (within the subject actual organisation) comprising such issues as networks and alliances *“(T)he skilled organizational politician systematically builds and cultivates such informal alliances and networks...”* (1997, p.186). In addition to sources of power, theorists consider issues around the legitimacy of exercised power. Burrell & Morgan (1979) make an interesting observation on this issue, noting that some literature differentiates between legitimate power seen as authority, and coercive (non-legitimate) power. Finally, Etzioni (1961) considered control and power in terms of three types of organisation; normative (shared goals of participants), utilitarian (participant goals irrelevant to the organisation), and coercive (conflicting goals). Arguably, normative control practices are more relevant to a charity hospice where participants (particularly trustees) are more influenced by altruistic motivations – a ‘feel-good factor’.

#### **2.4.2.6 Trust**

Human collaboration is not possible without a degree of trust between participating individuals. Arguably VS organisations place a greater reliance on trust than do other economic sectors. A full consideration of this issue is beyond the scope of this study but some consideration is unavoidable. A broad definition of trust is provided by Rousseau *et al* (1998) who suggested that trust is *“a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another”* (p.395). Tyler (2003) differentiated between ‘instrumental’ or ‘rational-choice’ perceptions of trust involving issues of predictability and competence; and social trust related to judgements regarding the motives of others. There is some acceptance that high levels of trust can occur under conditions of shared values (Lewicki *et al*, 1998; Jones & George, 1998) and the latter referred to the concept of ‘unconditional trust’ as the highest form of trust. Barber (1983) suggested a reciprocal link between trust and shared values. Whitmeyer (2000) addressed the issue of trust in the context of expectations of other’s behaviour on the basis of that person’s reputation and their *“likelihood of carrying out certain behaviors in the future”* (p.190). Whitmeyer analysed a number of issues around reputation and their effect on the perceptions of others in the placing of trust. He identified the existence of ‘reputation systems’ that may be positive (awards and credentials) or negative (a criminal record). Both are signals that the ‘holder’ is desirable, or not, for a considered potential interaction. Whitmeyer’s analysis was theoretical and he suggests its future testing in empirical situations.

#### **2.4.2.7 Theories of leadership**

There are many theories of leadership, most can be argued to have a relevance to the context of this study but some have a more direct relevance than others. For example, the ‘style’ approach deals with the behaviour and actions of the leader regarding subordinates. That approach could be applied to the charity hospice but the trust board is not a typical manager – subordinate context. An alternative is the

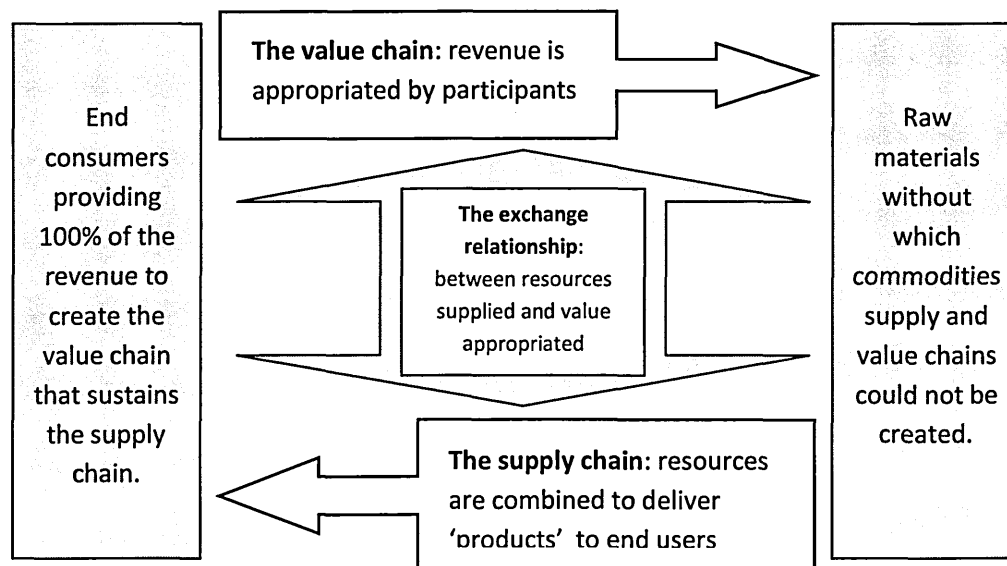
‘trait’ approach that Northouse (2007) identifies with issues of personal qualities, the situational impact and individual traits of the leader. The focus of the trait approach is on the leader as an individual, not the followers or the context. A third approach is based in work by Katz (1955) who suggested leadership as a set of skills categorised as technical, human and conceptual. Certainly, a board of trustees needs a range of skills for the context and Katz’s skill set have considerable relevance although the trust board context does not fit the hierarchical nature of traditional organisations at which it is targeted. Transformational or charismatic leadership is applied in terms of inspiration and empowerment to drive followers/subordinates to greater achievement. There is certainly a clear application of this style of leadership at the charity hospice, indeed, such pressure and influence are arguably essential for the hospice to be created.

Arguably those most relevant to the context of this study are theories of ethical leadership involving issues of justice, honesty, altruism and the building of ‘community’; in particular, a tolerance of opposing views (Northouse, 2007). One potentially relevant leadership concept is that of the servant leader. Robert Greenleaf defined the servant leader as *“a servant first. It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead”* (Lewis & Noble 2008, p.28). Characteristics of servant-leadership include listening, empathy, healing self and others), awareness, persuasion, conceptualization, foresight, stewardship and commitment to the growth of people. The underlying philosophy of servant-leadership is helping others both psychologically and spiritually to achieve their best *“... leaders should be attentive to the concerns of their followers and emphasize with them; they should take care of them and nurture them”* (Northouse, 2007, p.348). Crucially, servant-leadership is independent of positional authority (Northouse, 2007; Lewis & Noble, 2008).

### **2.4.3 Supply chains: achieving the benefits of collaboration**

#### ***2.4.3.1 Defining supply and value chains***

Collaborative arrangements in public healthcare provision were discussed in section 2.3.2 above but 'supply chains' as a collaborative concept has produced considerable attention from theorists and empiricists. Rhodes, Warren & Carter (2006) note inconsistency in terminology and meaning and introduce a range of terms including 'value chains' and 'total product systems' for example. They see this proliferation of terms as *"a range of other conceptualisations which broadly focus on much the same phenomena but with different emphasis"* (p.1). Related terms are those of 'lean' and 'agile'; Christopher (2003) differentiates 'lean' from 'agile', defining the former as techniques relating to waste reduction and efficiency and the latter as related to speed of response to changing market and environmental circumstances. CIMA (2000) and Dyson (2004, citing CIMA, 2000) refer to value chains as apparently the same concept as supply chains. However, Cox (1999) differentiates between the two with a useful diagram reproduced as Figure 2.12 below. This diagram indicates that the supply chain is the forward production of 'product' to meet customer/consumer needs from collective, trans-organisational resources. The value chain is the reverse appropriation of value according to power relationships between participating organizations.



**Figure 2.12: Supply and Value Chain Mapping**

[Derived from Cox (1999, p.174).]

#### **2.4.3.2 Supply and value chains: organisational and control perspectives**

The concept of supply chains has been a topic of discussion since the early 1980s. A useful introduction to the concept was provided by Berry *et al* (1997) who drew on a range of sources in a brief introduction to their planned empirical study. The objective of supply chain management is broadly to optimise performance and the use of resources in order to meet the needs of the ultimate customer at minimum cost. It may be defined as a strategic management process, unifying planning and control of technologies, materials and services, and encompassing planning, design, purchasing, production, inventory control, storage handling, distribution, logistics and quality. Handfield & Nichols (1996) succinctly summarised a supply chain as having three constituent elements, internal functions, upstream suppliers and downstream customers. Citing Harland (1996) Berry *et al* (1997) adopted a wider definition and identified four types or levels of supply chains.

- Internal – within a single organisation from procurement to delivery.
- Management of relationships with immediate suppliers.
- Management of a chain – suppliers; supplier's suppliers; customer; customer's customer.
- Management of a network – interconnected businesses.

Cox (1999) characterises the objectives of supply chain management as being *“operational effectiveness and efficiency”* (p.167). Cox links the terms ‘supply chain’ and ‘lean thinking’ as being sourced at Toyota in the Japanese motor industry. In this context Cox identifies waste as being perceived as *“the major enemy”* at operational level but questions whether sufficient emphasis is being given at a strategic level. Cox also acknowledges doubt over *“the general applicability of the lean approach to supply chain thinking for all companies”* (p.168). In support of this Cox considers the issue of relative power within the chain and respective abilities to appropriate value for the entity. Cox argues that such appropriations are a natural part of economic relationships and *“it is essential that practitioners properly understand the power structures that exist in their supply chains”* (1999, p.172). He concludes that as a consequence supply chains have specific ‘properties’ that influence their fitness for replication to another environment. Thus Cox sees the practice of supply chain management as being fundamentally complex and referring to Figure 2.12 reproduced above maintains

*“First, we need to understand the physical resources that are required within a supply chain to create and deliver a finished product or service to the customer. Second, we must understand the exchange relationship between particular supply chain resources and the flow of revenue in the supply chain. Third, we must also understand what it is about the ownership and control of particular supply chain resources that allows certain resources to command more of the flow of value than others.”*

(Cox, 1999, p.174)



Thus Cox (1999) raises a number of issues relevant to the context of public and voluntary collaboration, including the contingency-based question of suitability for purpose and issues of strategy, resources, power and accounting. Taking the first of these, there is a proliferation of papers on the issue of supply chains across a range of environments, industries and issues. It would be naïve to make an assumption that ‘one-size-fits-all’ or that positive outcomes are achievable simply by application of a standard framework of supply chain techniques. For example, Rhodes, Warren & Carter (2006) include examples from the automotive production (Liker & Wu), automotive recycling (den Hond), office equipment (Cooray & Ratnatunga) and supermarkets (Harvey). Mikurak & Whitaker (2003) note the flexibility in establishing and the potentially transitory nature of supply chain alliances with the comment that they can *“also be quickly dissolved and reconstituted to meet evolving market needs”* (p.296). They principally address the question of delivery of shareholder value and discuss a wide range of supply chain structures to that end. They acknowledge the traditional ‘cost focus’ of supply chains and this must surely be the most relevant in public/voluntary sector issues. However, from a business perspective Mikurak & Whitaker (2003) identify six structures that have *“an impact on different levers of company value”* (p.297). These are

- ‘Omnipresent’ – revenue enhancement via product availability and unit volume.
- ‘Channel-focused’ – revenue enhancement indirectly via partners and unit volume.
- ‘Consumer customized’ – revenue enhancement via greater customer value and unit price.
- ‘Operational agile’ – revenue enhancement via response to emerging markets.
- ‘Speed focused’ – revenue enhancement via ‘faster’ product and minimising inventories.

- ‘Logistics optimization’ – beneficial affects on operating costs and capital employed.

In terms of strategy and resources Cox (1999) differentiates between the ‘operational supply chain’ and the ‘entrepreneurial supply chain’. For the first, strategy is targeted at customer benefit; for the second at organisational benefit. In the latter context the issue of strategy to the structure of the supply chain itself with the suggestion that firms must *“make decisions about how they will control and manage the primary supply chain itself”*. The issue is therefore one of strategy and control of the supply chain not just within organisational boundaries. The underlying principle is therefore *“to position themselves strategically to own those supply chain resources that are difficult to imitate, and around which they can build defensive barriers to market entry”* (p.169/170). An appropriate strategy therefore places the organisation in a position of power relative to other members and provides economic security and the opportunity to acquire maximum benefit to the organisation.

#### ***2.4.3.3 Key issues for success in collaboration***

The potential for conflicts of interest and sub-optimal behaviour among collaborators is fairly wide. For example, Faulkner & Rond (2001) open a debate on ‘collaborative behaviour’ with the suggestion that appropriate behaviour provides *“the ingredient for a successful alliance”* (p.28). They categorise these aspects as relating to culture, trust or commitment. Also, Eden & Huxham (2001) observe *“... there is a great deal of evidence that collaborative ventures often fail to live up to expectations”* (p.373). They briefly touch on some of the issues likely to create problems in practice including cultures, structures, power and accountabilities etc.

The driving force behind a collaborative operation is some commonality of purpose. Eden & Huxham (2001) considered problems of negotiation of purpose from a participant perspective. They identified ‘goals’ at the levels of member organisations, individual representatives and collective group and saw the process of negotiation as

fluid reflecting the three levels but with varying degrees of openness. They also identified the possibility of a group identity. Eden & Huxham (2001) concluded that success appears more likely at collaborations involving small numbers of participating organisations with clearly defined goals and adequate resources. Successful collaborations with higher numbers of participants dealing with complex social issues is related to *"the group members' capacity to manage the tensions"* (p.385). They also acknowledge the suggestion that frequent 'episodes' of imposition (on organisation or group) tend to minimise effective outcomes and those collaborative groups *"are doomed to failure"* (p.385). An outcome of the Eden & Huxham study is a summary of 'episodes' in tabular form *"as an 'aide memoire' for those involved as members, or facilitators, of collaborative groups"* (p.387-8).

Cox (1999) considered the relative power of participating organisations in the context of their respective ability to acquire benefit for themselves (see section 3.7.3 above). A wider consideration of the issue is provided by Gray (2001) who observed *"few domains are comprised of equally powerful stakeholders at the outset"* (p.254) and acknowledged that a successful collaboration requires power to be shared. The earlier Gray (1989) had identified five *"other types of power that stakeholders could exercise"* including that related to convening discussions, strategy, process and authorisation.

Issues of culture are very important in collaborations and provide ample opportunity for conflicting interests and stress among individual participants. As discussed earlier, each member organisation will have its own organisation culture and these may vary considerably. However, the collaborative vehicle may also develop a culture of its own. Tallman, (2001) addresses this issue *"In markets or contractual collaborative ventures, managers are expected to retain loyalty to their parent firm"* but in other types of venture loyalty may be divided, as *"managers must transfer some of their loyalty to the alliance"* (p.105). This issue is of particular relevance in the public/voluntary sector relationship. It is to be expected that the respective cultural stances towards public healthcare services of, say, a health authority finance

director and a charitable hospice founding-chair will be very different with inevitable impact on the relationship. Cooray & Ratnatunga (2006) considered the potential for cultural conflict and suggested several coping mechanisms for their resolution. They expressed a belief that the cultures in question carried national rather than organisational characteristics but their 'modes of adaption' include mutual visiting, knowledgeable staff and the use of external consultants and these are potentially viable in the public/voluntary sector context.

Governance issues in collaborative ventures have attracted considerable empirical interest. This is a huge area for discussion, but it must be generally accepted that collective objectives are not achievable without appropriate and effective governance; it will not occur by chance. Indeed, governance systems have direct consequences for cost. In the context of trust and control Cooray & Ratnatunga (2006) acknowledge *"Little is known of the how the mix of inter- and intra-firm relationships and control mechanisms operates in supply networks"* (their apparent grammatical error, p.150). They differentiate between formal and informal controls and identify a lack of conclusion in other studies as to whether trust replaces control mechanisms or whether they coexist. A good example is Langfield-Smith & Smith (2003) using an empirical study in a outsourcing relationship. They identified that at the early stage of the relationship control was largely trust based but

*"as the relationship matured, the levels of task programmability and outcome measurability increased through joint activities and the increased knowledge that developed between the two parties. This is more characteristic of a bureaucracy based pattern."*

(Langfield-Smith & Smith, 2003, p.300)

Certainly effective collaborations involving close inter-organisational relationships require a high level of trust between members as there is always the potential for members to acquire benefit for themselves not only directly in financial terms but also indirectly via organisational learning (Tallman, 2001). Both Cooray & Ratnatunga (2006) and Tallman (2001) acknowledge a link between the balance of trust/control

and cultures in this close relationship context. Effective collaboration (in common with any other managed activity) is heavily dependent upon information systems. Issues of trust and opportunism feature in this context but there must be an alignment of corporate and collaborative strategies via information systems in order for objectives to be achieved *“These technologies facilitate the exchange of information and the development of tighter relationships and alliances ...”* (Mikurak & Whitaker, 2003, p.305) (see Puckridge & Woolsey, 2003 for a specific and more detailed discussion of information systems strategies).

#### ***2.4.3.4 The flagship model***

Finally, one issue of possible relevance to public healthcare in the UK is that of the ‘flagship model’. Developed by D’Cruz & Rugman (1992; 1993) in the context of multi-national business enterprises, the key features of the model are

*“... first the presence of a flagship firm that pulls the network together and provides leadership for the strategic management of the network as a whole; and secondly, the existence of firms that have established key relationships with that flagship.”*

(Rugman & D’Cruz, 2001, p.58)

Whilst contextually very different to the business environment in which the model was developed, the NHS as a potential flagship firm are in a position to provide the necessary leadership and vision and to contribute *“human resources, facilities, equipment, and institutional arrangements as their role in business network activities”* (Rugman & D’Cruz, 2001, p.72).

## **2.5 SUMMARY AND NEXT CHAPTER**

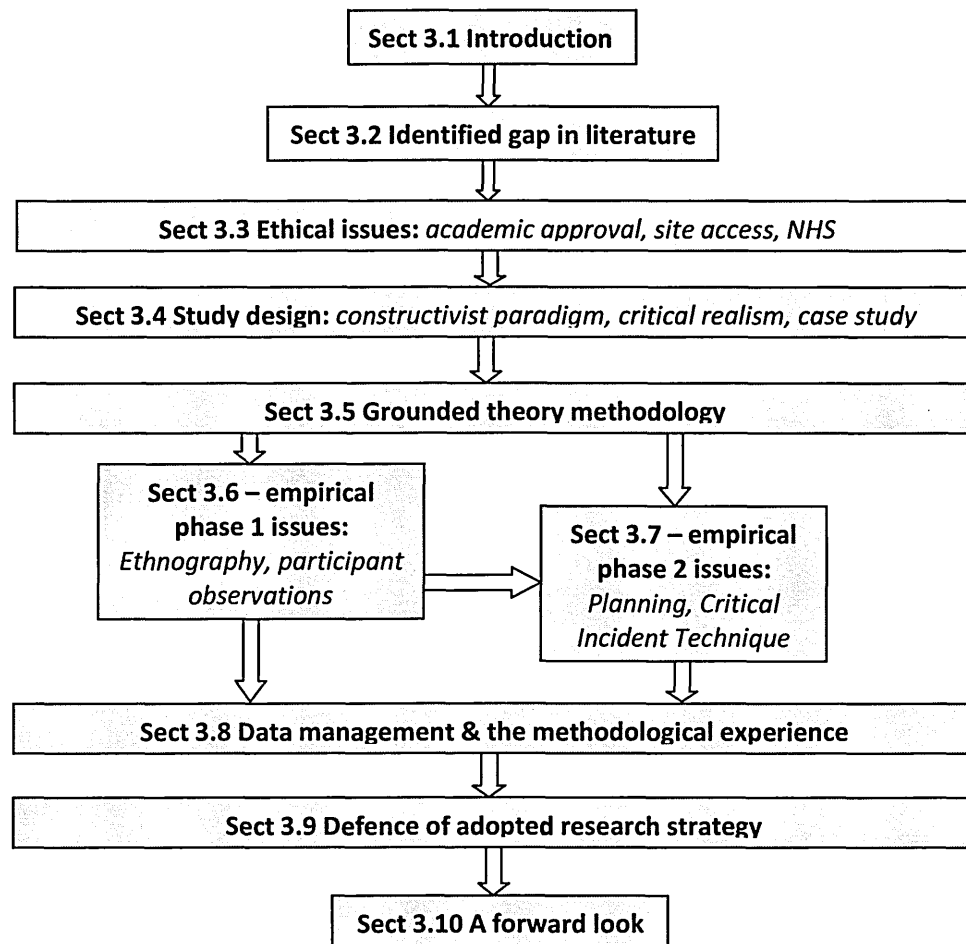
This has of necessity been a lengthy chapter, considering prior literature as a platform for this study. The first main section addressed the context of charities, issues of the wider voluntary sector, and public healthcare before and after the founding of the NHS. The second main section continued with the issue of public

healthcare but in the context of collaborative arrangements. The third main section presented prior theory of relevance to this study. This includes theories of organisational control, organisation and supply chains. The next chapter addresses issues of strategy and design for this study in order to achieve stated aims and objectives.

## CHAPTER 3: STRATEGY, METHODOLOGY, DESIGN AND METHOD

### 3.1 CHAPTER INTRODUCTION

This chapter deals with issues of research strategy, methodology, design and data collection methods employed. The chapter is divided into ten sections as indicated in the sectional layout diagram at Figure 3.1 below.



**Figure 3.1: Sectional layout of Chapter 3**

Following this introduction, section 3.2 identifies the gap in literature that this study addresses. Section 3.3 focuses attention on ethical issues, including approval for the study from the University, research sites and the NHS. This section also presents

discussions of a code of ethics for the study and issues around the close-participative nature of empirics at the initial case study. The case study strategy is the subject of section 3.4 along with identification of the epistemological and ontological platform of the study. Section 3.5 completes discussion of whole-study issues with that of the adopted grounded theory methodology. The next two sections consider the empirical phases in turn. Firstly, the ethnographic credentials of phase 1 at a single case study via participant observations. Secondly, the planning of a cluster of case studies in phase 2 employing Critical Incident Technique. Section 3.8 considers issues of data management from collection to production of theory. Finally, there is a defence of adopted strategy in section 3.8 and a forward look in section 3.10.

### **3.2 THE IDENTIFIED GAP IN LITERATURE**

Chapter 2 has introduced prior literature contextual to this study. This has been used as a context for study aims, objectives and questions established in chapter 1. The academic credentials of this study are based in a gap identified in prior literature and addressed here. Firstly, the Scapens (1990) differentiation of normative (what should happen) and positive (what happens in practice). Issues of voluntary sector governance of a normative perspective (Charity Commission, 2000c, 2001b, 2002b, 2004, 2005b et al) may be differentiated from those of a positive perspective (Gambling & Jones, 1996; Cornforth & Edwards, 1998; Hudson, 2001; Cornforth, 2001; Charity Commission, 2002a, 2003b, 2003c, 2005c, Vinten, 1997). Organisational control literature could similarly differentiate normative and positive issues. Positive-perspective literature includes Ouchi (1980), Simons (1995), Vinten (1997) and Marginson (1999) although many other contributions are clearly based in extensive empirical experience (Anthony, 1965 and 1988; Otley & Berry, 1980).

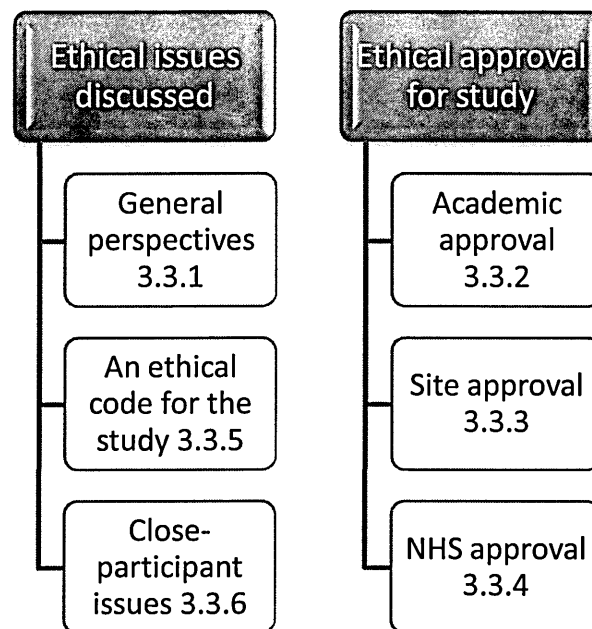
The gap identified and filled by this study is that of how 'positive' events may proceed despite 'normative' expectations to the contrary. This study considers the underlying issues that facilitate divergence and enable this to continue for a considerable period of time even with the active involvement of participants who



have a clear knowledge of the normative. Particularly, previous research in this area has tended to utilise survey data (Kirkland & Sargent, 1995; Cornforth, 2001; Charity Commission 2002c and 2005c). Consequently, findings are based on the responses of those organisations and individuals that chose to participate; those responses may not accurately reflect practices. The close insider perspective of the Somers Park case study demonstrates the potential for events and processes to be hidden from external perception and mechanisms by which this is achieved. The theoretical contribution presented in chapter 8 of this thesis comprises a model of these issues, their inter-relationships and effects.

### **3.3 ETHICAL ISSUES**

The healthcare environment in which this study is placed necessitates a number of ethical issues to be addressed and need for a code of ethics to underpin empirical inquiry. This section deals with two sets of issues, it reviews literature in the field of research ethics and documents the processes of acquiring formal approval from the University, participating organisations and individuals, and the NHS. The section also presents an ethical code to underpin the study and addresses issues in connection with the close-participant nature of empirical activities during the Somers Park case study of phase 1.



**Figure 3.2: The section order of ethical issues**

### 3.3.1 General perspectives

The issue of ethics is complex and individual research methods present different issues. For example, clinical research adopts the concept of ‘informed consent’ for professional-patient relationships. Beauchamp & Childress (2001) address this in considerably more detail than necessary for my study or this paper. They differentiate between two meanings of informed consent in literature and suggest that institutional rules of informed consent are not *“bona fide informed consent”* that they maintain is more properly based on *“the model of autonomous choice”* (original emphasis) that should serve as a *“benchmark for the moral adequacy of institutional rules”* p.79). However, as suggested above, a clinical approach to research ethics is probably unnecessarily strict for the purposes of my research. Indeed, Beauchamp & Childress acknowledge this at a couple of points in their publication, notably in a preliminary discussion of professional morality they observe *“... these rules of consent and confidentiality may not be serviceable or appropriate outside of medicine”* (2001, p.5). A more general discussion but very relevant in this context is Hoeyer *et al* (2005) who consider the underlying causes of ethical tensions

encountered by social scientist's conduction of research in the fields of health and medicine. Hoeyer *et al* acknowledge that medical research is founded on the basis of informed consent. However, they suggest that social scientists tend to use confidentiality and anonymisation as an alternative.

Outside of the area of healthcare there are many discussions of research ethics but two particularly relevant ones for this study are Coghlan & Brannick (2001) who consider ethical issues in the researcher's own organisation and Friedrichs & Lüdtke (1975) who considered participant observations as a research method. The former define ethics in terms of not doing harm, breaching confidentiality or distorting data. They also acknowledge the necessity for 'authentic relationships' between researcher and other participants. In the context of the researcher occupying joint organisational and researcher roles Coghlan & Brannick acknowledge the potential for 'role conflict' and 'ethical dilemma' as do Adler & Adler (1987) who add the assertion that it "... *makes this time near-schizophrenic in its frenzied multiple focus*" (p.70) and also discussed issues of detachment (from either role) and eventual disengagement from the field. Coghlan & Brannick conclude "*Ethics involve not only not deceiving or doing harm, but being true to the process. This does not mean telling everyone everything ...*" (2001, p.73). Friedrichs & Lüdtke (1975) offer a couple of pages on the ethics of participant observations with an acknowledgement that there are no 'universal rules' that could be applied to any circumstances but with a statement

*"The close relationship between the researcher and the field in participant observation and the researcher's participation in the activities of others are not conceivable any more without a professional ethic"*

(Friedrichs & Lüdtke, 1975, p.13).

Their following discussion focuses mainly on illustrations of conflict between the objectives and activities of the research, and the social law. However, one specific point that Friedrichs & Lüdtke make is the inevitable advantage that the possession of information gives the researcher over "*the average actor in the field*" (1975, p.14).

It is important to realise that ethical procedures are for the protection of research standards and not simply to protect subjects, informants or participants. Any discussion of ethics quickly becomes subjective and Alvesson & Sköldbberg (2000) commented on *"a grey zone where data from interviews and participant observation might be slightly altered to fit the theory"* (p.263) in which they see ethical awareness as a means of preventing abuse via *"cheating"*, *"fraud"* and *"bias"*. These possibilities are also recognised by Gaskin (2005) among many others.

Finally, Bell & Bryman (2007) question the viability of management researchers relying on ethics codes that have been developed for and by social researchers. They suggest that ethical issues in management research are very different and context-related. In constructing an argument for ethics codes to be developed specifically for management researchers Bell & Bryman cite differences with other social researchers in four areas. Firstly, they suggest a greater potential for *"conflicts of interest and affiliation bias"* due to issues related to consultancy and university *"entrepreneurial activities"* (p.67). Secondly, they raise the issue of power relations. In this context they discuss the Nuremburg Code as the basis of informed consent and the later Declaration of Helsinki that *"sought to balance the interests of the subject against the need for scientific research"* (P.67). However, Bell & Bryman differentiate management research from other social research in a number of factors. For example, they observe that in a power imbalance it is often the researcher who is in the weaker position. They also briefly discuss possibilities for deployment of defensive mechanisms and obscuration by organisations and senior managers. Thirdly, Bell & Bryman (2007) observe that management researchers are more like to wrong than to harm participants and *"the possibility of removing all potential risk of harm is clearly unrealizable"* (p.69). In this, Bell & Bryman attempt to differentiate between individual and organisational participants. Fourthly, they discuss issues of confidentiality and anonymity but without presenting clear conclusions. For example, they raise the question as to whether anonymity applies to participating organisations as well as individuals and argue that individuals such as

company leaders and politicians may warrant less protection *“because their roles necessarily take them into the public domain”* (2007, p.69).

The critical epistemology of this study potentially poses particular problems in areas of conflict and in this context Butler (2002) proposed a new code of ethics for research in social and care work. Unsurprisingly, Butler suggests that researchers *“should seek to promote emancipatory research and work together with disempowered individuals, groups and communities ...”* (p.245). Bell & Bryman (2007) recognise a similarity in this with critical management research that is *“founded on a moral commitment to expose power relations around which organizational life is woven”* (p.74). In this there is a clear parallel with this study that identifies issues of power imbalance and the potential disempowerment of individuals within a framework of governance in practice. There is clear potential for conflict between objectives of emancipation and empowerment and ethical issues of informed consent, anonymity, confidentiality etc. Bell & Bryman (2007) for example highlight the example of *“groups that do not want to be studied ... even if it is in the interests of public accountability that such groups should be studied”* (p.68). They also defend anonymity as a tactic *“that might enable the study of unofficial or illegal forms of organisation”* (p.69). There is no suggestion that organisations participating in this study have acted in any way illegally or that there has been a deliberate policy of oppression. However, there has always been the possibility of discovery of issues that the organisation might be reluctant to put in the public arena.

### **3.3.2 Academic approval**

Ethical approval was granted by the SHU School of Business & Finance Degrees Committee at their meeting on 3 March 2004 based on the RF1 paper *‘Governance Issues in Voluntary Sector Healthcare Provision on Behalf of Government’*.

### **3.3.3 Access approval from research organisations**

*“The ethical principle governing research is that respondents should not be harmed as a result of participating in the research, and they should give their informed consent to participate.”*

(Bowling, 2002, pp.156-157)

The above principle underlies all research and, for example, the view perceived by many that covert research is unethical. However, Bowling (2002) acknowledges that in the social sciences *“ethical codes tend to be guidelines rather than rules to govern practice”* (p.157). The practice of obtaining informed consent is different for ‘insider’ and ‘outsider’ researchers but the principle is the same requiring consent for research access from the organisation hierarchy as well as from individual participants. Robson (1993) provides a useful introduction to ‘negotiating access’ and Yin (1994; 2003) provide an illustrative letter of introduction for external researchers (unchanged between editions). This subsection deals with the issue of obtaining research access at Somers Park (where I was an insider) and at other organisations where I was a previously unknown outsider.

#### **3.3.3.1 Research access: Phase 1 case study organisation**

I was elected as trustee of Somers Park hospice in March 2003 (having been co-opted from January). During the interview that led to my appointment I had discussed my research interest in this organisation as contextual to an ongoing case study at another. I also had a lengthy informal discussion on the issue with one of the founding members of the hospice immediately following the interview. Within a very few weeks Somers Park became a candidate site for a core case study. I immediately raised this possibility at a trust board meeting that was generally supportive but delegated the issue to the resources sub-committee. I prepared and submitted draft proposals to the committee chair (May 2003) and presented them to the next committee meeting. There was no dissent to a provisional granting of research access pending future (undetermined) events. During the summer of 2004 I

performed a pilot study at Somers Park (reported as Croft, 2004a). This was not formally brought to the attention of the board of trustees but all participants (some of whom were trustees) in the study gave individual verbal authority for data to be used in research. I presented a progress report of my research activities at Somers Park to date to a formal trust board meeting in February 2005 at which time I was referred to a previously unknown hospice research committee. I initiated one brief informal meeting with the chair of that committee but my resignation from all activities with the hospice and termination of the case study took effect before any further action was possible.

In reality there was never going to be sufficient impetus from trustees to grant me formal written access for my study and certainly not within my academic timetable. That was simply not the way things worked outside of clinical areas, and meeting minutes are unreliable as evidence of discussions. One difficulty throughout the case study was the very different epistemology of my grounded theory methodology adopted. For example, it was clear that one very influential trustee was expecting a positivist style of research proposal of the type he was familiar with from his own clinical activities. He was very supportive and on each occasion spoke in favour of my study but informally could not even agree with the title (later revised; he might be happier with the revision). Overall, there was no consensus among trustees as to whether they required more, less or different information concerning my research activities. Some researchers might identify the lack of clearly documented consent as a potential problem. However, Hoeyer *et al* (2005) suggest that confidentiality and anonymisation are used by social scientists as an alternative to informed consent for the protection of informants. There is a further important point in this discussion of ethical practices that is relevant to not only this approval question but also broader ethical issues of my research:

*"It has further-more been argued that if particular, powerful informants are given the right to decide what types of research projects are to be performed, social science will have nothing to offer but a reproduction of the images that elite groups wish to present"*

(Hoeyer *et al*, 2005, p.4, citing Scheper-Hughes, 2000)

### **3.3.3.2 Research access: Phase 2 case study organisations**

The design and planning of phase 2 empirical activities took place through the autumn and early winter of 2005. Short listed organisations were approached by letter in early January 2006 and explanatory meetings held as necessary. In most cases the issue was put to the board of trustees for formal approval. Case studies commenced as soon as possible thereafter. Notwithstanding the granting of organisational access, all individual participants were given a brief verbal summary of the proposal and their expressed willingness to participate sought and obtained. Verbal assurances of confidentiality and anonymity were given before, during and at the close of each interview. Case studies were wound-up in August 2006 and a letter of thanks together with a summary of activities sent to each participating organisation.

### **3.3.4 Research in a healthcare environment: NHS/COREC approval**

Research in a healthcare environment may require prior clearance by the National Health Service (NHS), an issue raised by Winter & Munn-Giddings (2001). The Central Office for Research Ethics Committees (COREC) administers the process via a regional network of Research Ethics Committees (RECs) or Local Research Ethics Committees (LRECs).

NHS (2004b) explains standard operational procedures for NHS ethical committees necessary to meet EU Directive 2001/20/EC that came into force in the UK from May 2004. The COREC approval process is relatively straightforward in principle although Howard (2004) suggests the COREC ethical approval process *"can be an intimidating process, both for new and experienced researchers alike"* (p.1, Summary). There are



practical difficulties, particularly for studies employing qualitative techniques and dealing with subjects on the fringes of health and care. Indeed, Howard notes *“the fear that research in health and social care is in danger of becoming solely positivist”* (p.111).

A comprehensive set of operating procedures for RECs is available as NHS (2004c) but neither of these documents provides a clear definition of what constitutes research requiring NHS/COREC ethical approval. Other useful material is available at the COREC (<http://www.corec.org.uk>) website and Department of Health (2003) but none obviously definitive on the question of whether this study required COREC ethical approval. The question of whether this study fell within the above statement of purpose and scope was open to interpretation and hinged on whether the study is *“within the health and social care systems”* and whether it *“might have an impact on the quality of those services”*. In the light of diverse opinion as to whether COREC approval was required for this study formal application was made as a precaution. The process took several months and required my attendance at an REC meeting. Committee members showed considerable interest in my proposal but after due consideration decided that it did not require their approval. I later received a letter confirming

*“The Committee have advised that the project is not one that is required to be ethically reviewed under the terms of the Governance Arrangements for Research Ethics Committees in the UK.”*

(Letter, 28<sup>th</sup> July 2005, [\*\*\*\*\*] Local Research Ethics Committee)

The letter also provided general advice regarding the boundaries of the approval and in the event of clinical concerns being raised to me in the course of the study (a point that was raised and discussed during my interview with the Committee). The parameters of the approval were kept under review throughout phase 2 empirical activities in order to ensure that no further REC application was required.

### **3.3.5 A code of ethics for this study**

Earlier parts of this section illustrate the difficulties and dilemmas of ethics in relation to this study, notably during the Somers Park case study and in the general area of healthcare. This subsection will establish a general code of ethics for the study, to be followed (section 3.3.6 below) by clarification of specific issues in connection with the the close-participant nature of involvement at the Somers Park case study. Bell & Bryman (2007) reviewed the most commonly used ethics practices in social research with the conclusion that there was not a clear fit to the context of management research. In particular, they identified potential problems for issues of informed consent in grounded theory and action research due to their 'evolutionary' nature. In their discussion of the implications for ethics in management research Bell & Bryman argue that a solution lies in the practice base of management research that should move further towards *"shared practice"* and ethical codes that are *"aspirational rather than enforceable"* principally reliant on *"education rather than regulation to emphasize the unavailability of ethical compromise"* (2007, p.75).

However, a benchmark is required for this study to be judged against and Christians (2000) provides a useful summary of codes of ethics that serve this purpose. Anchoring his discussion in 'value-free social science' Christians suggests that the many codes in use by professional and academic associations fall within *"an overlapping emphasis on four guidelines for directing and inductive science of means towards majoritarian ends"* (p.138). These guidelines he identifies as informed consent; deception; privacy and confidentiality; and accuracy. Christians' view of informed consent relates to the voluntary participation of 'subjects' in the light of full information but he does acknowledge potential difficulties this may cause for many studies and (citing Punch, 1994) concludes *"codes of ethics should serve as a guideline prior to fieldwork, but not intrude on full participation"* (Christians, 2000, p.139). Deception is in principle *"forbidden"* and *"morally unacceptable"* but Christians acknowledges a view that balances a degree of deception against potential knowledge to be acquired (p.139). No deception was employed in this

study; my research interests were openly acknowledged and regularly discussed. Christians' discussion of privacy and confidentiality focuses on issues of private and public knowledge but the relevant issue for this study is his recognition that *"watertight confidentiality has proved to be impossible. Pseudonyms and disguised locations are often recognised by insiders"* (p.139). This is a potential problem for this study and some potentially valuable issues have been masked or omitted entirely in the interests of confidentiality. Finally, 'accuracy' is *"a cardinal principle in social science codes"* and failings in accuracy are regarded as *"both non-scientific and unethical"* (Christians, 2000, p.140). Thus the ethical code followed in this study complies with the general principles of Christians (2000) as discussed above.

### **3.3.6 Close-participant issues**

In addition to the above general code of ethics, there are a number of ethical issues specific to the close-participant nature of this study. Firstly, this study has symmetry of potential outcome; it is not dependent on any particular outcome to be of academic interest (Gill & Johnson, 1997). There are no hypotheses, the objectives were not to prove or falsify any particular position. From this neutral position, any data was of value if it helped to explain how governance processes worked. This ties in with the 'positive' perspective of inquiry of 'how things are', and contrasts with a 'normative' perspective of 'how things should be' (Scapens, 1990). Similarly, I took considerable effort to reassure participants that I was not seeking to criticise or apportion blame in any sense or to any degree, whatever data materialised. In this, I should differentiate my researcher position from my interests as a senior member of the organisation. There were occasions, particularly towards the end of the case study, when I disagreed strongly with a few events and actions of some other participants; indeed, these ultimately led to my resignation and termination of the case study. However, from a research perspective, these events were of particular interest not because they were 'wrong' or attracted potential criticism but because they illustrated how governance processes worked in allowing them to happen. In effect, the research issue was not that they happened, but how they happened and

that they could happen (Peräkylä, 1997). A final note in this context, I recognised the inevitable influence of prior and concurrent contextual experiences but tried to keep an open mind. Following the suggestion of Laughlin (1995) personal material is included where relevant. Strauss & Corbin (1998) advocated brief explanation of the researcher's perspectives and responses to the process to enable *"readers to judge how personal reactions might have influenced the investigation and interpretations placed on data"* (p.273). This issue is illustrated by the effect of phase 2 on my initial views of public sector funding (see the brief comment in chapter 1, section 1.2). Interviews with key players in phase 2 hospices suggested that the issue was far more complex than a simple full-cost payment by the public sector; the issue involves complex social and community interactions (see also the discussion at chapter 7, subsection 7.3.4).

The broader issue of participant observations has attracted a great deal of ethical interest. Much of it centres around the issue of covert research and the Gold or Junkers spectrum of participant/observer role (see section 3.6.2 below for a discussion of participant observation roles). Easterby-Smith et al (1994) discuss ethical issues of participant observations but are dissatisfied with the Gold/Junkers model and characterise research roles as employee, explicit, interrupted involvement and observation; but, again, my reference point was none of these. Perhaps the most important ethical and methodological issue relates to the close proximity of my research interest/inquiries to my organisational role. This was investigated via a brief pilot study (Croft, 2004a) but justifies further consideration in terms of precedents.

My dual organisational/researcher role has a number of very close precedents. Cole (1991) and the very recent Huse & Zattoni (2008) documented research activities from the perspective of the organisational managing board. Both defended their position as being justified in order to acquire familiarity with processes not otherwise available to research. Huse & Zattoni acknowledged ethical considerations but maintained that what they termed 'venturesome research design' can improve

understanding of “*unresearchable issues*” (2008, p.92). Even closer to this study, Parker (2007) presents the results of a study of governance processes at two nonprofit organisations of which he had been a member for over a year prior to starting the study. Parker defends the validity and reliability of his study on the grounds of two years observational period, prior involvement and multiple data collection methods. Authenticity and credibility are defended by the aims of fair representation and interpretation coupled with personal reflection and reflexivity. To a large extent, this study parallels Parker’s in terms of participant observations to the extent that “... *balancing was facilitated by ongoing self-reflection memo-writing addressing the researcher’s own assessments of role detachment and role immersion*” (Parker, 2007, p.925; citing Adler & Adler, 1987 and Glesne, 1998) are reflected in my own research diary, notes, memos and card index entries. A more detailed discussion of data collection, management and analysis in this study is included at section 3.8 below that also illustrates how theory was developed via these processes. Essentially, the validity, reliability and credibility of this study are supported by the closeness in method to Cole (1991), Parker (2007) and Huse & Zattoni (2008).

### **3.4 STUDY DESIGN**

*“... much research into management has tended to obscure the political aspect of organizations, treating management as a technical, neutral activity”*

Johnson & Duberley (2000, p.127)

This study approaches ‘management’ from the broader perspective of ‘governance’, recognising the role of boards of trustees at charitable organisations. It also approaches the subject from a critical practice-oriented position recognising that governance in this arena is neither technical nor neutral but value laden and driven by the value judgements of participants and power relations. It is also relevant that a board of trustees is made up of a number of individuals and process of governance, control and decision-making may be influenced by factors not readily discernable to outsiders, perhaps not always to insiders. Inevitably, any selection of, or comment

on, data will be subject to interpretation. Therefore, the study has adopted a constructivist paradigm; a relativist ontology (multiple realities) and a subjectivist, interpretive epistemology (co-created understandings) (Denzin & Lincoln, 2000b). This philosophical platform is reconciled to critical realism in section 3.4.1 below and to grounded theory in section 3.5.8 further below.

To the extent that phase 1 reflects the researchers own personal experiences, the study is autoethnographic *“where the author appears in the first person as narrator and actor in the ethnographic account, contrary to the positivist tradition”* (Brady, 2000, p.954). A case study strategy and grounded theory methodology have been adopted.

### **3.4.1 Critical research**

Critical research is a broad church and carries a range of philosophical positions. Critical theory is one of the most prevalent, based in the work of the Frankfurt School (Hegel, Marx and Habermas) but critical realism (Bhaskar *et al*) is more appropriate for this study.

Marshall (1998) attributes the development of critical realism from ‘scientific realism’ to Roy Bhaskar in the late 20<sup>th</sup> century but a far more detailed discussion of the topic is provided by Ackroyd & Fleetwood (2000b). The latter usefully position realism (and by development critical realism) in the context of positivism and post-modernism. The realist platform is the *“assumption of a world independent of our beliefs about it”* (Marshall, 1998, p.553) or *“there is a reality ‘out there’ waiting to be discovered”* Easton, 2000, p.207). To differentiate a positivist epistemology of realism from critical realism, the former assumes a reality capable of empirical observation whereas the latter recognises a reality that can only be perceived indirectly via its influences. Ackroyd & Fleetwood (2000b) provide a table reproduced below to explain *“A structured ontology”*.

Domain	Entity
Empirical	Experiences, perceptions
Actual	Events and actions
'Deep'. [Referred to by Easton, 2000 citing the Bhaskar, 1978 classification as "Domain of real".]	Structures, mechanisms, powers, relations

**Table 3.1: A structured ontology**

[Developed from Ackroyd & Fleetwood, 2000b, p.13 and Easton, 2000, p.208.]

Briefly, 'actual' events and actions occur whether observed and empirically recorded or not but they are caused by underlying structures and mechanisms etc (the deep or domain of real). However, Ackroyd & Fleetwood (2000b) discuss problems in observing causal links due to inconsistencies in phasing of domains. They observe the 'transfactual' nature of powers and causal mechanisms "... *once set in motion, they continue to have an influence, even if other countervailing powers and mechanisms prevent this influence manifesting itself*" (p.13). They also discuss Bhaskar's view of society as something that is neither created by people nor existing independently but subject to constant reproduction and transformation.

*"[P]eople do not create society. For it always pre-exists them and is a necessary condition for their activity. Rather society must be regarded as an ensemble of structures, practices and conventions which individuals reproduce and transform, but which would not exist unless they did so. Society does not exist independently of human activity ... . But it is not the product of it ...*

(Ackroyd & Fleetwood, 2000b, p.14 citing Bhaskar, (1989, p.36)

Intuitively, this appears to have a striking relevance to boards of trustees and is therefore a useful platform for empirical activities. However, the critical realist philosophy needs reconciling to the constructivist approach on which this study is based. Bhaskar (1983) declares his approach as being "*ontological realism and*

*epistemological relativism*" (p.259). Thus, critical realism assumes a single reality but accepts that more than one account of it is possible (Smith & Deemer, 2000).

### **3.4.2 Case study strategy**

Study design was based on a case study strategy (Eisenhardt, 1989b and Yin, 1994) or method (Scapens, 1990); a wide concept including many types.

#### **3.4.2.1 The case study**

A useful definition is provided by Yin as

*"... an empirical inquiry that*

- *investigates a contemporary phenomenon within its real-life context, especially when*
- *the boundaries between the phenomenon and context are not clearly evident."*

(Yin, 1994; 2003, p.13, original emphasis)

Importantly, case study 'boundaries' may or may not be consistent with organisation boundaries depending on the nature of the phenomenon being investigated. Yin (1994) identifies exploratory, descriptive and explanatory case studies to which Scapens (1990) adds illustrative and experimental. Both suggest that the choice between these is dependent on the nature of the research and methodology adopted. An alternative perspective is provided by Stake (1994 and 1995) who identifies intrinsic, instrumental and collective case studies. The former represents a situation where we are specifically interested in a particular case rather than seeking generalisation to other cases or a general problem. The instrumental case represents a situation where the case study is performed *"to understand something else"* (1995, p.3). Collective case studies are instrumental case studies covering several cases for the purposes of a *"better understanding, perhaps theorizing, about a still larger collection of cases"* (1994, p.237). Consistent with the purpose of the publication Yin (1994; 2003) provide useful material regarding the design of case studies. In this Yin

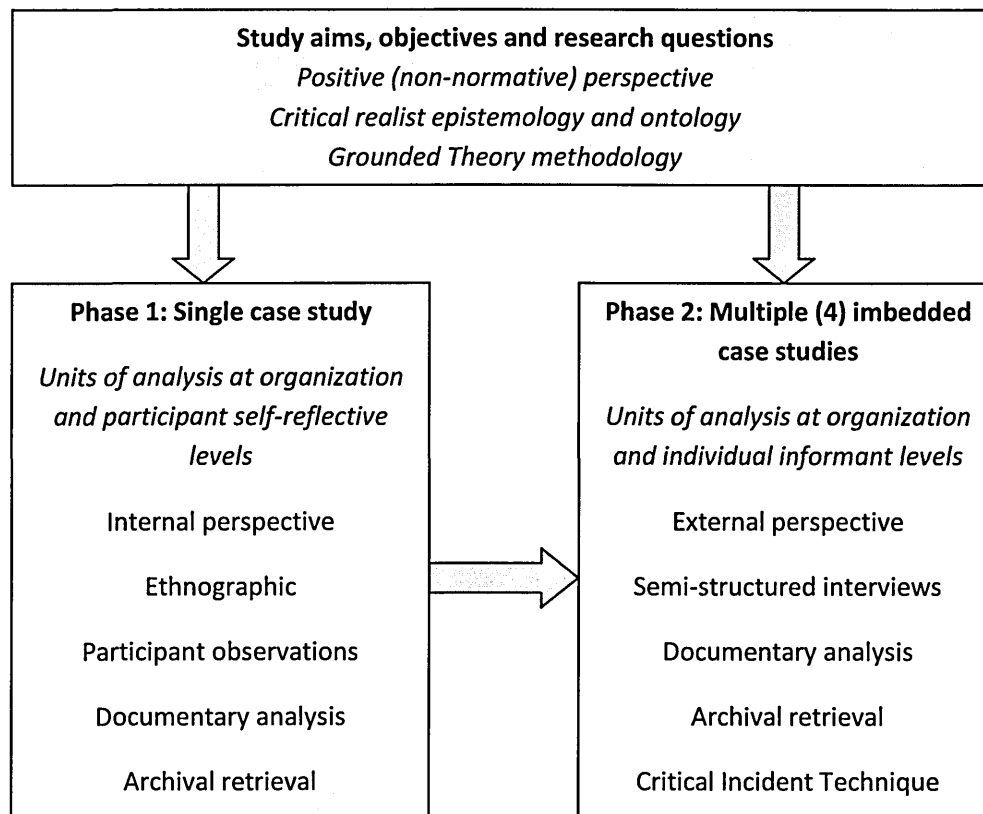


recognises that case studies may be variously 'single' or 'multiple' and 'holistic' or 'embedded'. Yin suggests five "*rationale*" for selecting a single case strategy, when it is; a critical case for testing theory; an extreme or unique case; a representative or typical case; a revelatory case; or a longitudinal case (Yin, 2003, pp.40-42).

Embedded case studies are those where the researcher employs more than one unit of analysis i.e. different organisational sub-units, organisation and individual levels etc.

#### ***3.4.2.2 Case study design: This research study***

This study thus falls to be 'explanatory' (Yin), 'illustrative' (Scapens) and 'collective' (Stake). The strategy adopted is slightly hybrid by Yin's models but within the spirit of an embedded multiple case design. Easton (2000) raises several interesting points with application to this study. Firstly, he recognises the potential value of a single case study of sufficient depth that "*can create and/or test a theory to the extent that it uncovers reality*" (p.214). However, Easton argues against the suggestion that greater numbers of case studies equates to greater explanatory power as this favours breadth over depth. In this context Easton cites Eisenhardt (1989b) as suggesting "*a minimum of eight cases seems reasonable*" (2000, p.214). I can find no such definitive suggestion from Eisenhardt, although she does discuss options from empirical practice by Mintzberg and other authors under the subheading of "*Reaching Closure*" Eisenhardt (1989b, p.545).



**Figure 3.3: Case study strategy**

A detailed timetable of planned activities was prepared at an early stage of the programme and monitored and revised as necessary.

### **3.5 GROUNDED THEORY**

Informed by American pragmatism and symbolic interactionism (Chenitz, 1986; Locke, 2001), the source of grounded theory (GT) was the seminal Glaser & Strauss (1967). In their preface they acknowledge a (then) gap between theory and empirical research and unsuccessful attempts to close it from both perspectives.

### **3.5.1 Development of theory**

Glaser & Strauss suggested a move away from “...canons derived from vigorous quantitative verification ...” to development of “... canons more suited to the discovery of theory ...” their proposal was that, in social research, theory should be “... generated from the data ...” (p.viii). Essentially GT involves the development of theory inductively, closely based on or ‘grounded’ in the data. Glaser & Strauss (1967) recognised two kinds of theory, substantive and formal that they differentiate as

*“By substantive theory, we mean that developed for a substantive, or empirical, area of sociological inquiry, such as patient care, race relations, professional education, delinquency, or research organizations. By formal theory, we mean that developed for a formal, or conceptual, area of sociological inquiry, such as stigma, deviant behavior, formal organization, socialization, status congruency, authority and power, reward systems, or social mobility.”*

(Glaser & Strauss, 1967, p.32)

In this they build on earlier work by Merton to place their substantive and formal theories between his “minor working hypotheses” and “all inclusive grand theories” (ibid, p.33). A broader discussion of theory in the same GT context appears in Strauss & Corbin (1998) who suggest that this is only one way of classifying theories and differentiate between substantive theories as being related to a specific situation whilst formal theories are “... less specific to a group and place, and as such, apply to a wider range of disciplinary concerns and problems” (p.23).

### **3.5.2 Later divergence of approach**

There is recognition that following the publication of ‘Discovery’ (Glaser & Strauss, 1967) the perspectives of the authors diverged. Some researchers believe these differences to be significant to the extent that Skodal-Wilson & Ambler-Hutchinson (1996) comment that (in nursing) researchers must state which version of GT they have employed. Heath & Cowley (2004) express a similar view. Goulding (1998) compares the seminal Glaser & Strauss (1967) with later publications and notes “...

*subtle but distinct differences in perceptions of the method between the two authors since its inception*" (p.52). Goulding documents discussion between the two originators, joined by other researchers. This includes criticism from Glaser that Strauss & Corbin (1990) *"was a methodology, but it was not grounded theory"* (Goulding, 1998, p.52). Primarily, Glaser and others accuse Strauss of forsaking the original basis of GT and of modifying *"his description of grounded theory from its original concept of emergence to a densely codified operation"* (1998, p.52). Heath & Cowley (2004) suggest that Glaser *"is generally seen to have remained faithful to classic grounded theory"* (p.142); a view supported by Charmaz (2000). A second area of disagreement between Glaser and Strauss is in relation to developed theory; Glaser argues that it should only relate to the studied phenomena whereas Strauss suggests wider conceptualisation (Goulding, 1998). Thirdly, grounded theory aims to produce theory from the data, and to avoid distortion by 'forcing' theory to fit preconceived ideas. It is generally recognised that all researchers carry a certain amount of unavoidable 'baggage' as a consequence of personal prior experiences and Glaser & Strauss accepted that the researcher is not starting with a totally blank sheet

*"To be sure one goes out and studies an area with a particular sociological perspective, and with a focus, a general question, or problem in mind. But he can (and we believe should) also study an area without any preconceived theory that dictates prior to the research, "relevancies" in concepts and hypotheses."*

(Glaser & Strauss, 1967, p.33)

However, Glaser adopts a more conservative view of the value of prior reading than Strauss/Corbin, maintaining that a review of literature of *"the substantive area under study"* should be avoided so as not to *"contaminate, constrain, inhibit, stifle or otherwise impede the researcher's effort to discover emergent concepts ..."* (1998, p.68).

The issue of induction/deduction in grounded theory is more problematic and also a source of disagreement between Glaser and Strauss. Heath & Cowley (2004) provide a useful comparison of views on this issue and note their interpretation of the Glaser view that induction is *"the key process, with the researcher moving from the data to empirical generalisation and on to theory"* whereas *"... deduction and verification dominate analysis in the approach described by (Strauss and Corbin, 1990)"* (p.144).

### **3.5.3 Data issues**

Many different methods of data collection are appropriate to the GT methodology. Locke (2001) commented on participant observations as the *"research ideal"* within the symbolic interactionism tradition (p.24). This was the approach taken for Glaser & Strauss (1965a and b) that led to 'Discovery' (Glaser & Strauss, 1967). As Locke (2001) later observes, Glaser & Strauss (1967) are not explicit in their description of data collection methods other than a general recommendation for the use of multi data sources. This idea they termed *"slices of data"* with the recommendation that the best slice of data to obtain is *"... the collection techniques that best can obtain the information desired ..."*. They advocate the use of as many different data slices as possible, including *"... any information that happens his way; even substantively "trivial" data can help"* and *"anecdotal comparison"* through *"... own experiences, general knowledge, or reading, and the stories of others ..."* (pp.65-67). Locke (2001) notes the use by Glaser & Strauss (1967) of the technique of triangulation, seeking robust research results by the use of multiple studies or data sources to complement or verify each other, or, the use of multiple data sources that provide *"... different views or vantage points from which to understand ..."* (Glaser & Strauss, 1967, p.65). Later, Glaser encourages the use of *"all as data"* (1978, p.8) and confirms *"all is data"* (1998, p.8).

### **3.5.4 Constant comparison method**

Glaser & Strauss (1967) recognised what they saw as limitations in techniques for analysing qualitative data at the time and suggested an alternative; this approach

they called *"the constant comparative method"* (p.105). The constant comparative method consisted of four stages

- **'Comparison of incidents'** - comparing incidents with others previously encountered in the same category. The effect of this is twofold, firstly it aids the *"generation of theoretical properties of the category"* and secondly it produces *"conflicts in the emphasis of ... thinking"* (Glaser & Strauss, 1967, p.106-107).
- **'Integrating categories and their properties'** - the comparison of incidents not with other incidents but with the sum of knowledge obtained from incidents in this category. Both categories and their properties are integrated in this process and the theory develops.
- **'Delimiting the theory'**, particularly in large studies, the amount of data collected and coded will be immense. Delimitation reduces the amount of data to manageable proportions by merging and grouping data categories to enable the researcher to become more focused on the important elements of the theory as it develops.
- **'Writing theory'** deals primarily with publication of results although not rigidly defined as such and may be interpreted as including academic theses.

### 3.5.5 Coding and analysis

The activities of data collection, coding and analysing underlie theory production.

Glaser & Strauss (1967) argued against the separation of these and foresaw all three tasks being performed concurrently.

*"Joint collection, coding, and analysis of data is the underlying operation. The generation of theory, coupled with the notion of theory as a process, requires that all three operations be done together as much as possible. They should blur and intertwine continually, from the beginning of an investigation to its end."*

(Glaser & Strauss, 1967, p.43)

Coding practice is at the core of grounded theory data analysis and is also the subject of considerable difference between authors and their respective methods. The original Glaser & Strauss (1967) was largely silent on the issue of levels of coding, limiting explanation to equating coding with categories but providing considerable discussion on coding as an integral element of the constant comparative method of analysis. Goulding (1998) acknowledges a view among some researchers that Strauss has moved away from the *“original concept of emergence to a densely codified operation”* (p.52). This factor appears to be key to the Glaser opinion that Strauss & Corbin (1990) *“was a methodology, but it was not grounded theory”* (Goulding, 1998, p.52). In their comparison of Glaser and Strauss methods, Heath & Cowley (2004) provide a useful table that illustrates respective differences in analysis. From this table it can be seen that Strauss & Corbin suggest three levels of coding; open, axial and selective whilst Glaser uses only two; substantive and theoretical. The whole of Part II of Strauss & Corbin (1998) comprising ten Chapters is dedicated to *“Coding Procedures”*; this provides a perspective on how important they consider coding to the methodology and perhaps reflects the different purpose of the publication.

However, both Strauss/Corbin and Glaser methods require the identification of a core category. Strauss & Corbin (1998) consider that integration starts with deciding on or discovering a *“central category”* or *“core category”* that *“represents the main theme of the research”* (p.146). They set out a six-point list of criteria for deciding on a central category and recognise the difficulties that may be encountered by some researchers but in essence the central category is likely to be the one with the highest level of abstraction and to which all other categories relate. In their comprehensive chapter on selective coding Strauss & Corbin discuss a number of techniques to assist in this decision (1998, p.148-156).

From the technique of comparative analysis Glaser & Strauss (1967) argued for the generation of *“elements of theory”* such as *“conceptual categories and their conceptual properties”* and *“hypotheses or general relations among the categories and their properties”* (p.35). In passing, it is important to be aware that when Glaser

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& Strauss refer to 'hypotheses' they are not using the term in the manner of a scientific hypothesis for testing and verification but in a much more restricted sense of relationships between concepts (Locke, 2001). In explaining the hierarchical nature of categories and properties Glaser & Strauss observe *"(a) category stands by itself as a conceptual element of theory. A property, in turn, is a conceptual aspect or element of a category"* and crucially *"... categories and properties are concepts indicated by the data (and not the data itself); ..."* (1967, p.36). Strauss & Corbin (1998) consider conceptualising to be *"the first step in theory building"* and identify a concept as a

*"... named phenomena. It is an abstract representation of an event, object, or action/interaction that a researcher identifies as being significant in the data"*

(Strauss & Corbin, 1998, p.103, original emphasis)

In this same section of discussion they also refer to 'properties' that they identify as being 'characteristics'. They also discuss the purpose of 'labelling' which is to enable the grouping of data with similar characteristics under a common (mutual) representative heading; the example they use is *"flight"* as a representative label for birds, kites and planes (p.103). However, and crucially, Strauss & Corbin (1998) make the point that any item, object, event etc can be classified in many alternative ways, reintroducing the idea that there are no absolute labels or categories but the researcher decides how to interpret the data. Glaser & Strauss (1967) appear to occasionally equate concepts and categories but do also refer to concept categories and concept properties

### **3.5.6 Theoretical sampling**

Glaser & Strauss (1967) explain the practice of theoretical sampling as

*"... the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges."*

(Glaser & Strauss, 1967, p.45)



In this they clearly differentiate between theoretical sampling and a more scientifically orthodox sampling process. Specifically, decisions as to where to look for the next data set are controlled by emerging theory and will be dependent on the outcome(s) of data previously collected. An important factor in 'sampling' is the importance of 'theoretical sensitivity' that might be defined as remaining sensitive to elements of emerging theory and avoiding the danger of preconceived ideas that may artificially restrict the building of theory from the data (Glaser & Strauss, 1967; Strauss & Corbin, 1998). Both sets of authors see theoretical sensitivity as a learning process but with a basis in the inherent flexibility of the researcher and the study.

### **3.5.7 The value and credibility of a GT approach**

The value of a GT approach is in a flexible approach to theory development enabling theory to be built from the data without artificial pre-constraints or values. Glaser & Strauss (1967) differentiate between the processes of theory verification and theory production, they see a drawback in the former that *"there is no provision for discovering novelty"* and that perspectives with potential for changing the theory under verification *"actually are suppressed"* (p.40). Goulding (1998) concludes that GT *"as a methodology was developed for, and is particularly suited to, the study of behaviour"* (p.56).

Glaser & Strauss (1967) devote a whole chapter to *"The credibility of Grounded Theory"* (IX, pp.223-235) with acknowledgement that the then ideology of verification of theory in research has (had) led to criticism of 'flexible' research. They go on to question the criteria used to 'judge' theory produced from flexible research. One of the points they make concerns 'rigour' and in this they differentiate between research in the physical sciences and sociological research on the grounds that social structures are constantly changing necessitating an exploratory strategy; they express the opinion that for this reason it is *"not reasonable"* to adopt a *"scientific"* approach (p.235). Goulding also addresses the question of rigour, similarly questioning the value of *"premature testing"* and concludes *"... rigour and credibility*

*should stem from full and reflexive interrogation of data ...” (1998, p.56). A perhaps less scientifically convincing view is expressed by Glaser (1998) who argues his interest in “product proof” not “rhetorical wrestling” (p.16). Glaser’s ‘proof’ is in relation to outcomes and requires four criteria in addition to rigour: “Does the theory work to explain relevant behavior ... Does it have relevance to the people ... . Does the theory fit ... . Is it readily modifiable as new data emerges? (1998, p.17).*

### **3.5.8 The choice of grounded theory as a methodology for this study**

*“... , grounded theories as originally conceived are very much orientated towards micro level processes reflected in action and interaction. The researcher focuses on the study of patterns of behaviour and meaning which account for variation in interaction around a substantive problem in order to arrive at conceptually based explanations for the processes operating within the substantive problem area.”*

Locke, 2001, p.41)

My adoption of grounded theory was based on the opportunistic possibility of investigating an important question from the particularly advantageous perspective of a close insider. The question related to issues of governance in charity healthcare and therefore to trustees and managers in their organisational context. Thus it would involve inquiry into people doing things together (Becker, 1986). Thus the decision to adopt grounded theory as the principal research methodology was relatively straightforward but the issue of which version was more suitable was more complex to justify. My initial inclination was largely intuitive but over time it became increasingly apparent that the original Glaser & Strauss (1967) approach had a close fit to the nature of my inquiry and the Glaser development was more appropriate than that of Strauss/Corbin. There are a number of issues around this, but primarily, the majority of the Strauss/Corbin-based papers that I reviewed were in a traditional sociology mould of life-stories and discourse analysis. Whilst my research was sociology based in that it dealt with people, relationships and interactions, it was nevertheless more closely focused on collective issues of organisation and management. Thus the nature of data obtained suggested the Glaser approach to

grounded theory as being more relevant than of the more heavily structured and codified Strauss and Corbin approach. It would have been feasible to adopt the Strauss and Corbin approach to grounded theory for phase 2 but the interests of consistency dictated continued application of the Glaser approach.

The ontological and epistemological assumptions of grounded theory need to be reconciled to the constructivist stance of this study (see section 3.4 above). Section 3.4.1 briefly presented issues of critical realism and reconciled these to constructivism; at first sight, there is a philosophical conflict between critical realism and grounded theory. Indeed, Charmaz (2000) recognises the positivistic leanings of grounded theory, particularly by Glaser (1978; 1992). However, Charmaz differentiates between objectivist and constructivist grounded theory, an assumption for the latter being *“the relativism of multiple social realities”* (p.510). Further evidence of the constructivism of grounded theory is the observation that for the constructivist paradigm findings *“are usually presented in terms of the criteria of grounded theory or ...”* (Denzin & Lincoln, 2000b, p.21). And finally, Glaser acknowledges that a developed theory is still only one of many possible ‘truths’ *“... grounded theory is still only plausible hypotheses, as right as they may be”* (Glaser, 1998, p.248).

### **3.6 EMPIRICAL PHASE 1: THE SOMERS PARK CASE STUDY**

I had occupied a senior role at the charity hospice ‘Somers Park’ for around a year prior to embarking on the PhD programme and the intention was to continue in my organisational role beyond completion of the case study. Alongside the overall grounded theory methodology, phase 1 was ethnographic and the principal data collection method was via participant observations.

#### **3.6.1 Ethnography**

The case study at Somers Park is clearly ethnographic in that the research act involves observing and documenting the behaviour of a social group in their context

(Marshall, 1998). This recognition of a duality of research act and research product is also made by Locke (2001) who notes that ethnographic studies frequently entail a lengthy period in the field by participation and that *“Typically, ethnographers begin data collection without a predetermined set of analytic categories, and focuses more narrowly as the study proceeds”* (p.18). There are clear links here to grounded theory. Similarly, Gill & Johnson explain:

*“In ethnography the focus is on the manner in which people interact and collaborate in observable and regular ways. Typically such work has taken long periods of intensive study and immersion in a well defined locality involving direct participation with some members of the organization in their activities”*

(Gill & Johnson, 1997, p.97).

Further support comes from Dey (2002) who refers to long periods of immersion in empirical settings and identifies ethnography as *“... an attempt to understand and interpret a particular cultural system (for example, an organisation)”* (p108).

‘Conventional’ ethnography has been differentiated from ‘critical’ ethnography by Johnson & Duberley (2000) who incorporate in their definition of critical ethnography the objectives of exposure of oppressive practices and maintenance of emancipatory values. They also comment on an aim of critical ethnographers relating to the causes of *“asymmetrical structures of control”* (p.134). See also Dey (2002) who argues *“critically inspired ethnographic studies are essential to establish meaningful and credible accounts of the research experience”* (p.107).

### **3.6.2 Participant observations**

*“... that method in which the observer participates in the daily life of the people under study, either openly in the role of researcher or covertly in some disguised role, observing things that happen, listening to what is said, and questioning people, over some length of time.”*

(Becker & Geer, 1969, p.322)

McCall & Simmons (1969) observed that participant observation is not a single method but rather a *“characteristic blend or combination of methods and techniques”* involving social interaction, direct observations, interviewing, collection of documents and *“an open-endedness in the directions the study takes”* (p.1).

Denzin (1970) set similar parameters. However, the nature and extent of researcher involvement can vary considerably in practice. Different research approaches will involve variation in the degree of participation by the researcher in group activities and whether the observer status of the researcher is made known to other participants. There are a range of potential problems for the research and researcher in terms of access, artificiality, rigour and ethics depending on the research design and situational issues. A discussion of ethical issues was included in section 3.2.5 and 3.2.6 above.

#### ***3.6.2.1 Participant observation model: Gold (1958)***

There have been several attempts at categorisation by a number of authors. Probably the most well known is believed to have originated by Gold (1958) although Vinten (1994) attributes this to Junkers (1960); Hammersley & Atkinson (1995) appear to allow joint credit. Gold identified a continuum of involvement from complete observer to complete participant via observer-as-participant and participant-as-observer. Denzin (1970) provides a comprehensive discussion of the range but see also the later Robson (1993).

- Complete participant – *“The observer is wholly concealed, his scientific intents are not made known, and he attempts to become a fully-fledged member of the group under investigation”* (Denzin, 1970, p.189).
- Participant as observer – *“... makes his presence as an investigator known and attempts to form a series of relationships with his subjects such that they serve both as respondents and informants”* (Denzin, 1970, p.190).

- Observer as participant – “... *contact is brief, highly formalized ... and there is no attempt to establish any sense of enduring relationship with the respondent ...*” (Denzin, 1970, p.193).
- Complete observer – “... *removes the field worker entirely from interaction and is best seen in experiments where observations are recorded mechanically or conducted through one-way mirrors in the laboratory*” (Denzin, 1970, p.193).

These categories do not exactly fit my own study. I was an active member of the Somers Park organisation long before research commenced and it was always my intention to continue for the foreseeable future, certainly beyond completion of the research. From an organisational perspective I was certainly a complete participant, my appointment dictated this. However, my research activities were far from concealed and only first time or very occasional contacts could have been unaware of my research interests in activities. My position fitted only loosely within the spirit of Gold's 'participant as observer'. Phase 2 case studies for theory development arguably fall within the scope of 'observer-as-participant' but it is relevant that Hammersley & Atkinson (1995) question the value of a distinction between these two concepts.

### ***3.6.2.2 Participant observation model: Friedrichs & Lüdtke (1975)***

An alternative analysis can be found in Friedrichs & Lüdtke (1975) who presented a matrix of participant and non-participant observation as controlled, standardised or uncontrolled, unstandardised as in the following diagram.

	Participant	Non-participant
Controlled, standardised	1	2
Uncontrolled, Unstandardised	3	4

**Table 3.2 – Types of observation**

[Derived from Friedrichs & Lüdtke (1975), p.5]

There is no direct correlation with other models although Friedrichs & Lüdtke (1975) regard their 'type 2' as having a general correspondence with an experimental approach and 'type 4' as relating to *"accidental daily observations"* (p.6). The closest to the Somers Park case study is 'type 3' that the authors maintain

*"corresponds to the observations done in cultural anthropology. Here the field was too big and often too unexplored to lay down a systematical plan of observation. On the other hand, however, the observer did take part in the lives of the groups to be studied ..."*

(Friedrichs & Lüdtke, 1975, p.6)

There is some limited relevance to the Somers Park case study in Friedrichs & Lüdtke (1975) but the majority of material presented is built around 'type 1' observations.

### ***3.6.2.3 Participant observation model: Adler & Adler (1987)***

Adler & Adler (1987) developed a model of field research roles that has a closer relevance to this study. They considered researcher roles, degrees of integration with empirical settings and the effect on data with the focus on

*"... a range of roles that involve regular and intimate contact with members of the group being studied, where members participate as members in some or all of the group's everyday activities".*

(Adler & Adler, 1987, p.8)

Adler & Adler (1987; 1994) argue that researchers can and should adopt a form of membership of the situation they are studying and identify three categories of membership each with its own characteristics:

- Peripheral membership – the researcher seeks *“an insider’s perspective”* but with a conscious detachment from core activities (p.36).
- Active membership – researcher is more actively involved, taking part in core activities; *“they interact as colleagues: coparticipants in a joint endeavour”* (p.50).
- Complete membership – *“status equals, dedicated to sharing in a common set of experiences, feelings and goals”* (p.67).

Adler & Adler (1987) recognise a continuum of commitment from researchers suggesting that the category can be subdivided into *“opportunistic”* and *“converts”*. The former group *“study settings in which they are already members”*; the latter become converted to group membership as research activities proceed (p.68). Opportunistic complete membership has a very close relevance to my experiences during the Somers Park case study. Adler & Adler (1987) suggest that such researchers are *“most similar to the people they study”* (p.69) and that research access may be easier but comes via a different process and necessitates a changing role. They discuss the issue of *“role expectations and exchanges”* in which the treatment of complete members by ordinary members may be considered differently to that of peripheral or active members

*“... perhaps it is thought that as members they will share these interests with the group. Rather, they are expected to fill the full role of members. It is on this basis that they are primarily treated”*

(Adler & Adler, 1987, p.77).

Adler & Adler (1987) observe that there is no equivalent to their complete membership role within Gold’s (1958) model as the complete member *“goes beyond*



*the complete participant in several ways*" (p.83). Finally, in conclusion they make a clear distinction between membership and participation and defend the value of the former as a research technique for data gathering.

*"Perhaps the greatest difference between membership and participation lies in researcher's attitudes towards going native. While complete participants are warned against this occurrence lest they fuse role with self, violate the observer role, and be unable to report their findings, CMRs are urged to embrace the native experience, and to let the member and researcher roles help each other by giving them equal balance and drawing on both. We believe that the native experience does not destroy but, rather, enhances the data-gathering process. Data gathering does not occur only through the detached observational role, but through the subjectively immersed role as well."*

(Adler & Adler, 1987, p.84)

#### **3.6.2.4 Role conflict, disengagement and residual issues**

Denzin (1970) and Robson (1993) both discuss potential problems of role conflict, and also of disengagement on the completion of research activities. These issues were also illustrated by Adler & Adler (1987) who noted the potential for awkwardness, unnaturalness and confusion concluding that it *"... makes this time near-schizophrenic in its frenzied multiple focus. The preexisting membership role undergoes a significant transformation"* (p.70). They identified a sense of guilt *"She felt as if she was betraying the movement through her dual commitment"* (p.74) and fluctuating feelings of detachment from either role at different times in the research process and some may *"... shift back and forth between these roles, alternatively feeling immersed in or detached from both of them"* (p.75). In the context of opportunistic complete membership Adler & Adler suggested *"... the new dimension of their relationship to members and/or their new outside interests set them apart from ordinary members"* (p.76). Adler & Adler (1987) document post-research difficulties encountered by some researchers include strong feelings of 'betrayal' during analysis and writing up (p.80). They also comment on potential consequences for changes to the researcher's own values and perspectives, long term and possibly

permanently. There is an interesting parallel here in Strauss & Corbin (1998) who discuss the impact of the use of grounded theory techniques on the researcher. The authors explore how grounded theorists have been “*shaped by the process*” (p.4) and present a table of “*characteristics of a grounded theorist*” that illustrate relevant personal qualities for practitioners of the methodology (p.7).

### **3.7 EMPIRICAL PHASE 2: A CLUSTER OF CASE STUDIES**

Phase 2 empirics were required to test emerging theory from phase 1 and to provide for its further development thus could not be designed until an appropriate time. A highly relevant factor is that research activities at the Somers Park case study were performed from the perspective of a close participant enabling a valuable insight into events reflecting the non-normative credentials of this study. However, such close proximity was unlikely to be available at other organisations and the duration of each case study would be considerably shorter. From the outset it was recognised that the external researcher status might constrain data collection activities and provide a very different picture. On termination of the Somers Park case study a range of options were identified for their potential value in theoretical sampling (see discussion of this factor in Glaser & Strauss, 1967; Glaser, 1978 and 1998; Locke, 2001 *et al*). It was concluded that there was no ‘ideal’ option available but that an external researcher perspective at a number of other organisations could provide theory development material and that careful research design could go some way towards resolving difficulties. An initial view was formed that data collection would be necessary at between four and six other organisations in order to provide appropriate research rigour.

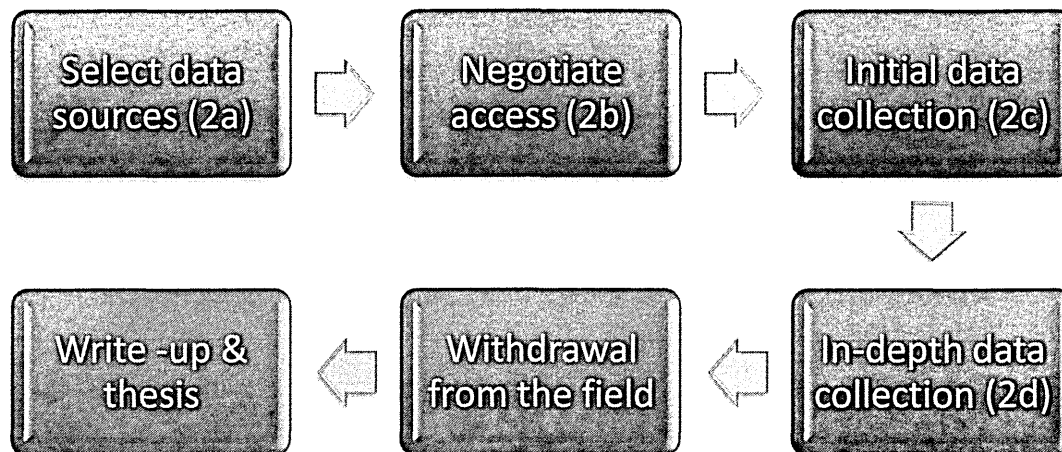
#### **3.7.1 Phase 2 aims, objectives and questions**

The purpose of phase 2 was to develop emergent theory produced from the phase 1 Somers Park case study. The overall aim was therefore to provide further empirical data towards the aims, objectives and questions of the study defined in Chapter 1. The planning objectives of phase 2 were defined as to

- Establish suitable sources of empirical data to support or oppose emerging theory and provisional conclusions from phase 1.
- Design appropriate research activities and methods.
- Perform phase 2 empirics in accordance with academic standards and consistent with overall study aims, objectives and methodologies.
- Analyse, develop theory and report conclusions.

### **3.7.2 Planning: phase 2**

Figure 3.4 below illustrates the plan of activities for phase 2 empirics as presented above. This remainder of this section describes the elements of phase 2 as planned and as practised, by sub phase.



**Figure 3.4: The plan and sequence of phase 2 empirics**

#### ***3.7.2.1 Phase 2a Identification of suitable research sites***

The objective of phase 2a was to identify organisations to be approached for research access and participation in the study. This first necessitated a review of emerging theory in order to identify appropriate parameters for theoretical sampling. The following key questions were devised to inform and focus data

collection. It is recognised that all of these questions are subjective and open to interpretation. It was not proposed to pose these questions directly to informants but actual questions posed would link to one or more of them enabling a view to be formed.

- Who is in control?
- How was that control assumed?
- How is control implemented?
- Is control effective?
- What processes prevent the negative governance issues from Somers Park happening?
- What factors enable the negative governance aspects Somers Park also happening here?

It was essential that broad organisational parameters must be consistent with overall study objectives. There was also some evidence of regional issues that suggested that so far as possible organisations should be selected that were subject to similar service and cultural constraints as those found in the Somers Park case study. Initial criteria were refined as the selection exercise proceeded.

An initial investigation was carried out via the hospice information website (Hospice Information, 2005) that proved to be both informative and comprehensive for the purpose. The result of these preliminary inquiries was a list of 26 potentially suitable organisations. Further inquiries were made via individual organisation websites as available and relevant information noted. Refined selection criteria were then produced and a final selection list in three parts. List one comprised six hospices anticipated as having the closest fit to selection criteria. List two comprised five hospices that had a close fit in most respects but with possibly weaker cultural links. A reserve list was also produced of hospices with significantly larger capacity to act as a general reserve in the event of insufficient acceptances and to provide for the possibility that theoretical sampling might require access to potentially more

professionally governed sites. Apart from their larger size and capacity all broadly fitted the selection criteria but again with weaker cultural links than the initial selection list. At this point no direct contact had been made with any organisation under consideration.

#### ***3.7.2.2 Phase 2b – Introduction and access: Correspondence and exploratory interviews***

The objective of phase 2b was to obtain research access to organisations selected in phase 2a. It was agreed that in order to obtain a sufficient number of acceptances it would be necessary to approach organisations on both lists one and two but that list three would be held in reserve. Introduction to organisations was sought by personal introduction in one instance and by a brief introductory letter in all others. The purpose of the initial approach was to introduce the study and to seek an informal meeting with an appropriate contact point. It was important that the Somers Park case study was given anonymity at all times as were my links to that organisation. Ten organisations were approached for access, planned follow-up action to cover failures to respond proved unnecessary as timely responses of initial interest were received from six organisations. Polite refusals were received from three of those approached and two failed to respond. Several organisations requested an informal meeting to clarify practical issues and the commitment required from the organisation. These took place resulting in formal acceptance by five organisations and a surprising refusal from one (the senior administrator had appeared enthusiastic but I was informed that trustees had declined participation). At a late stage the Chairman of another hospice requested a delay in the research activity for organisational reasons and phase 2c was initiated with four organisations.

#### ***3.7.2.3 Phase 2c – Initial fact finding and contextual data collection: Preliminary interviews***

Phase 2c was designed to obtain background data on relatively factual issues and was to that extent clarification and extension of data already in the public domain.

An interview was arranged with the senior administrator at the hospice location to establish issues of organisation structure, control systems, funding and formal meeting arrangements (see Appendix B(1) for a more detailed list of issues covered). In view of their extensive nature it was anticipated that these inquiries would take considerable time and in practice they averaged around three hours at each organisation although informants other than the senior administrator were involved and in some cases data collection was spread over more than one visit to the location. For example, inquiry into accounting and performance measurement issues was occasionally more relevantly explored with accounting or specialist staff. The planned schedule of inquiry proved useful in practice and was followed fairly closely at all organisations subject organisations. During the preliminary visit a physical tour of the hospice was made, including clinical areas as discretion allowed, to provide a context for the individual case study. Manuscript and mental notes were made during this stage and written up immediately afterward, no audio recordings were made. Specimen copies of relevant documents were taken up, for example, statutory accounts, managing documents and any other relevant publications (e.g. internal newsletters, fundraising literature etc). All participants were found to be enthusiastically co-operative in this respect and no difficulties were encountered in data collection. Later, a further detailed search of other data sources (Charity Commission, NCVO and the hospice's own website, plus news media etc) was made in respect of each organisation.

Phase 2c therefore comprised the following data collection activities, although not necessarily in this order at each location.

- That in the public domain - via organisation website, Charity Commission etc.
- Supplementary - via preliminary inquiries with the senior administrator and others as necessary.
- Observations – via a tour of the location and in the course of other activities.

- Casual conversation with those encountered in the course of the above activities.

#### ***3.7.2.4 Phase 2d – Exploration of perceptions and interpretations of informants: Subjective interviews***

The principal purpose of phase 2d was to collect supplementary data and discreetly to identify any inconsistencies between respondents and/or different data collection methods. To this end, phase 2d explored participant perceptions of key issues in emergent theory via a series of semi-structured interviews. The number of interviews to be held was dependant on organisational factors and availability but a prior expectation was that four or five each of managers and trustees would be need to be interviewed at each organisation in order to achieve theoretical saturation. The broad intention was to interview the senior manager in each of the specialities of administration, medical, care/nursing, and fundraising along with the chair of trustees and several other trustees. Early phase 2d activities were guided by the senior administrator and/or chair and their advice was invaluable regarding participants to meet and interview, documents to inspect etc. One important constraint was that other trustees and staff were certainly in a position to make considerable contribution but care was needed to ensure that research did not stray into activities requiring COREC approval. However, a view was taken based on observations of any other potentially valuable data sources and each case study was individual and specific to the organisation. It had been hoped that I would be able to attend meetings of the board and its main committees as an observer but this proved impractical and will be recognised as a weakness of this study in review and conclusion (see chapter 10). During the presentation of Croft (2006b), a member of the audience asked had I considered interviewing more junior members of staff and volunteers. The view had been taken that it was unlikely that such players would have sufficient contact with core issues in relation to this study and at the time there was no specific intention to interview at those levels. However, this was a valid point

and the issue was kept under review throughout empirical inquiries; in the event, this option was not pursued.

Interviews were designed to match the role of the interviewee and the position of the interview relative to the case study data collection process. Therefore, questions were to be specific to the context and would as necessary follow issues raised by the interviewee. Nevertheless there were common issues such as length of service, recruitment process, perceptions of roles, relationships and controls etc with potential to be explored in most interviews. There were also issues of a more specific nature relevant to managers or trustees and to individuals in each category. For example, the relationship of chairman and senior administrator (particularly, but also the relationship of chairman and other members of the senior management team) was an issue to be explored with both from their respective positions but in some instances others also had valuable perceptions and observations. Consequently three separate interview question lists were prepared to be adapted to individual interviewees as necessary. However, this proved to be cumbersome and unnecessarily restrictive. Later interviews were conducted against a single comprehensive list of questions from which selection was made as appropriate. This question schedule also facilitated the addition of further questions for later interviews as early interviews suggested new areas for inquiry. The schedule was thus a living document and source of considerable assistance in the management of interviews. A copy of the schedule is attached at Appendix B. It should be noted that at all times the schedule was a guide only, questioning often diverted from the provisional semi-structured plan to follow a thought or potentially productive line of inquiry suggested by individual interviews. It is interesting that Kath (2007) adopted a similar approach with *"similar themes"* for all interviews but specific adaption as appropriate, a role for respondents in *"shaping the interviews"* and the inclusion of additional themes in later interviews; *"by the end of the research ... my original framework had been considerably revised"* (p.46). All interviews were audio recorded. Early tapes were fully transcribed but due to the equipment used were not



able to be retained. Later interviews had only key elements transcribed but alternative equipment was used that enabled tapes to be retained for further analysis as necessary. Tables 3.3 and 3.4 below illustrate the coverage of interviews between organisations, trustees and managers.

Phase 2d therefore comprised the following data collection activities, although not necessarily in this order at each location.

- Interviews separately with the chair of trust and senior administrator.
- Interviews with other trustees, managers and staff as appropriate, 6 to 9 at each organisation.
- Observations – from physical presence on site.
- Casual conversation with those encountered in the course of the above activities.

	CS1	CS2	CS4	CS5	CS6
Chair	Yes	Yes	Yes	Yes	
Senior administrator	Yes	Yes	Yes	Yes	Yes [Privately, post- retirement]
Senior clinical	Declined	None	Yes	Yes	
Senior care	Yes	Yes	Yes	Yes	
Senior fundraising	Yes	Yes	Yes	Yes	
Other senior manager		Yes	Yes		
Other trustees	2	1	3	2	

**Table 3.3: Phase 2d interviewees by organisation**

Organisations	4
Chair	4
Senior administrator	5 (including 1 recently retired).
Senior clinical	2
Senior fundraising	4
Other senior manager	2
Trustee	8 (excluding Chairs)
<b>Total interviews</b>	<b>29</b>

**Table 3.4: Phase 2d interviewees by function.**

### **3.7.2.5 Phase 2e – Withdrawal and feedback**

At the conclusion of activities at each location a review of data was performed and any further data or clarification sought. A letter of thanks was sent to the lead contact together with a brief report of activities and any issues specific to the individual organisation for information.

### **3.7.3 Critical Incident Technique**

Critical incident technique (CIT) was defined by Flanagan (1954) in terms of “collecting direct observations of human behaviour” from third parties in respect of ‘incidents’ of a ‘critical’ nature (p.327). Easterby-Smith et al (1994) provides diverse examples of the value of CIT including the investigation of helicopter crashes and an enquiry regarding home improvements. More recently, the technique has been advocated for use in organisational analysis by Elizabeth Chell and a number of associates.

#### **3.7.3.1 The technique**

Chell (1998) identifies six examples of the use of CIT with the observation that there were differences of method in each. Notably CIT has also been used in a grounded theory context (Curran *et al*, 1993). Chell (2004) provides a definition of CIT (unchanged from 1998) that is more useful for this study

*“The critical interview technique is a qualitative interview procedure, which facilitates the investigation of significant occurrences (events, incidents, processes or issues), identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual taking into account cognitive, affective and behavioural elements.*

(Chell, 1998, p.56; 2004, p.48)

Chell (2004) identifies six aspects of CIT that distinguish it as a research method (there were eight in the 1998 publication). These relate mainly to the conduct of the interview including introduction, control and conclusion but also issues of ethics and

analysis. However, the underlying principle that makes CIT a relevant and useful technique for my research is in asking the interviewee to reflect and identify a number of 'significant incidents' that may then be explored in the interview. The intention is *"to capture the thought processes, the frame of reference and the feelings about an incident ..."* (Chell, 1998, p.56).

### ***3.7.3.2 Issues of validity, reliability and generalizability***

Chell (2004) suggests that CIT has issues in common with participant observations but it does not raise all of the same ethical issues and has the advantage of utilising the interviewee's perspective. Chell (1998) suggests that CIT is appropriate for use in both positivist and non-positivist research. In the later publication she also makes the valuable point that replication is possible to some extent under CIT via contingent relationships, different to that of a positivist epistemology where causal relationships are assumed.

*"While the individual firm's circumstances may be unique, the type of incident, the context, strategy and outcomes as a pattern of related activities may in general terms be apparent in other businesses. The relationship between these actions and activities is **contingent**.*

(Chell, 2004, p.58 original emphasis)

Chell provides useful examples of CIT from her practice and these clearly illustrate the value of the technique in a case study context. She touches briefly on the issue of generalizability with the comment that subject to appropriate design controls CIT can provide *"greater explanatory power"* (2004, p.57). Chell makes a number of suggestions on the issue of reliability including the possibility of triangulation by checking results against documents and other interviews. One particular point of note is the possibility of criticism of the method due to deficiencies of recall by interviewees (Easterby-Smith et al, 1994). Chell acknowledges a possible disadvantage in the retrospective nature of responses but defends the method by *"... the fact that the incidents are 'critical' means that subjects usually have very good recall"* (p.55). In a different context Moss & Goldstein (1979) had defended

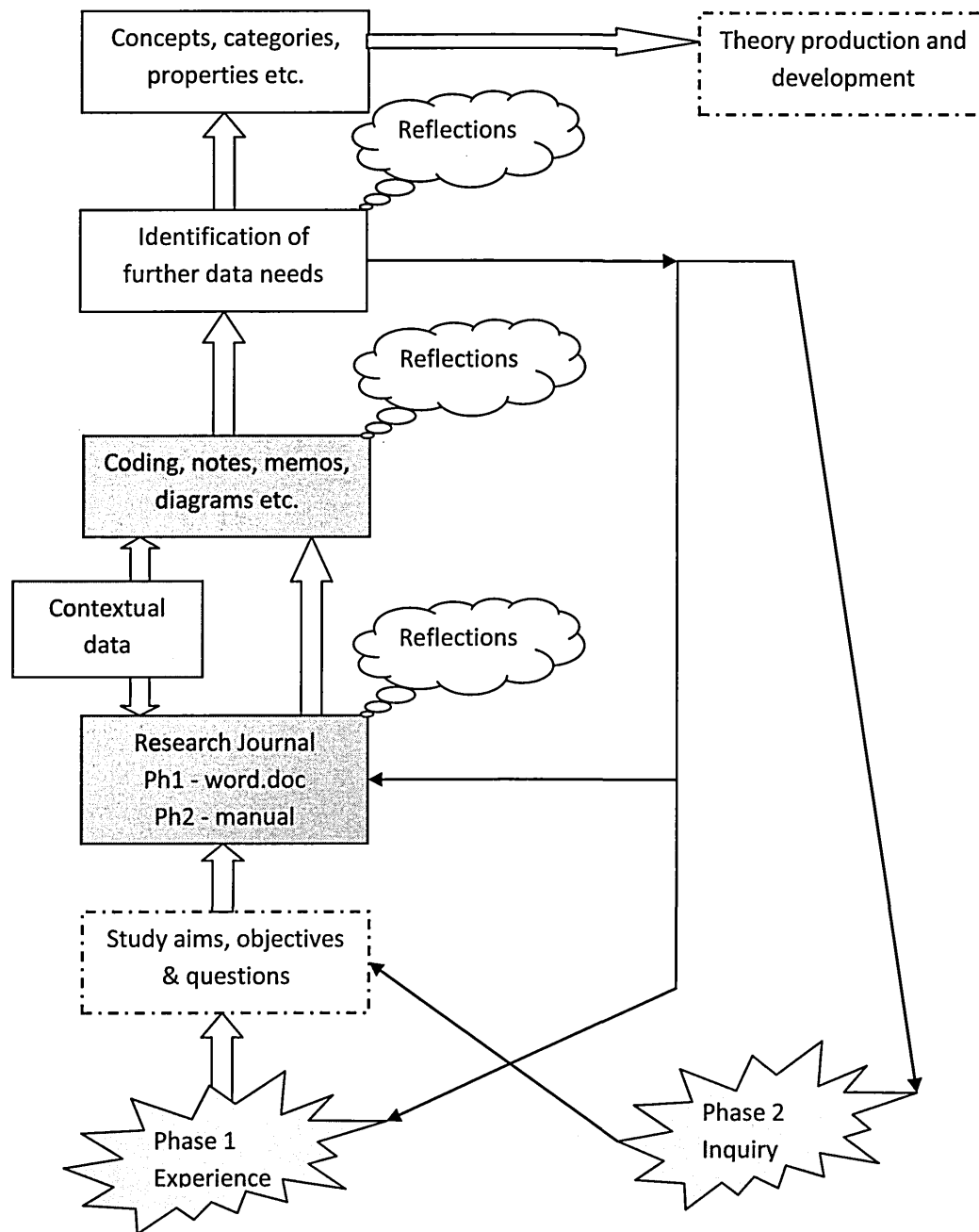
‘recollection’ as producing valid data “... *for analysing those aspects of a respondent’s life which are interpreted by her or him as being the most salient*” (p.93).

### ***3.7.3.3 Critical Incident Technique in this study***

In both publications Chell explains CIT in terms of phenomenological studies, not quite the area of this study. However, in a comparison with other qualitative methods, Chell (1998) recognised the value of CIT in comparative work and suggests an advantage in the use of CIT as enabling the researcher “*to relate context, strategy and outcomes, to look for repetition of patterns of ways of doing ...*” (p.55). In these terms CIT was potentially valuable in establishing how the trustee/management interface worked in practice across the multiple case studies of phase 2 empirics.

## **3.8 DATA MANAGEMENT: COLLECTION, RECORDING, ANALYSIS AND THE METHODOLOGICAL EXPERIENCE**

This section provides a summary of data collection and management processes during the study. Figure 3.5 is a diagrammatic representation of the principal elements of the process towards theory production and development.



**Figure 3.5 Data collection and management**

### **3.8.1 Phase 1**

#### ***3.8.1.1 Data management***

The principal data collection method was via participant observations recorded in tabular form in a computerised Word document research journal. Early entries were less detailed and focused; later entries were much improved reflecting my academic progress through this study. A compilation of extracts to illustrate the sequence of particular events is given at Appendix C and the content used in context in Chapter 4, section 4.3.5. Other data sources have been utilised as available and appropriate. For example, documentary and archival analysis; although in many instances the absence of documentation is as informative as any such documentation might have been. The considerable quantity of physical documentation (agendas, minutes, reports etc) is retained in several bulky files for references as necessary.

A card index system was established for the purposes of theory production and development. The index included identification and naming of concepts, their characteristics, properties and relationships. Memos, summary notes and reflections were also included and referenced.

#### ***3.8.1.2 The methodological experience***

In the early months of my organisational role I consciously adopted a low-key role even when confronted by clear indications of weaknesses in governance and an occasional lack of co-operation. I recognised that I was very much the 'new boy' and did not wish to appear confrontational. Building on this situation my objective during the intermediate stages of the case study was to temper personal frustration with professionalism and this appeared to be very effective. Later however, I became more interventionist. Reflection suggested this could be interpreted as my wrestling with methodological issues at a formative stage of the case study and my academic development. I was conscious of a passive observer versus interventionist dilemma.

Whether coincidental or not, following my adoption of a more proactive stance, the reaction of other participants appeared to change. Although in private there appeared to be a degree of understanding of my concerns little of it was publicly voiced and I was frequently a lone voice of opposition. From this point my relationship with the controlling group and a few other board members deteriorated rapidly. More extensive inquiries revealed many issues of concern not known to all trustees or presented to the board collectively. I felt obliged to press for trustees to be kept more fully informed and this resulted in my achieving a recognisable pariah status with some participants. I came to the reluctant conclusion that there was limited support among other trustees for my attempts to ensure openness and transparency and that I was seen as part of the problem not part of the solution. At this point the personal and professional risk of continuing with the organisation, and the associated personal stress, decided me to resign with immediate effect. It is certainly an issue that during the final few weeks of my involvement it was largely the research interest that persuaded me to persist. It is also likely that without the research interest I would probably have adopted a more forceful approach earlier in my involvement at Somers Park and the outcome may have been different. The one certainty in this is that there was an interaction between my organisational and researcher roles, the consequences of which were not able to be determined. However, the benefit of access at this level and the close proximity to events cannot be overstated. The extent to which chairmen can exercise control over agendas, discussion and minutes of meetings mean that no outsider can be confident they are getting a complete, accurate or representative picture of events. Also, the incidence and effect of extensive informal communication is another area likely to escape observation by an external researcher. These points were recognised by Cole (1991) in a close parallel to this study

*“As an outside researcher, I might perhaps have negotiated access to the board of director’s minutes. But these were often sanitized, bare bones accounts of decisions, mostly stripped of the process that led up to these decisions. I also kept my own reasonably detailed minutes of each meeting. It*



*would have been impossible to deduce from the formal organizational minutes that consultants consistently argued against the IAQC developing its own training materials because it competed with their business. However, this pattern was clearly visible through my own detailed observations and minutes. Moreover, I could then follow up my observation of these processes with interviews of key participants and observers. In short, participation as a fully-fledged member of the board allowed me to experience the unfolding of organizational processes and decisions that would have been extremely difficult to capture using only conventional research methods."*

(Cole, 1991, p.162)

### **3.8.2 Phase 2**

#### **3.8.2.1 Data management**

The different nature of phase 2 empirical activities required different data management processes. A word process file was set up in order to monitor contact with potential organisations and to record activities as they proceed. Initially, in the interests of anonymity, each organisation was allocated a code reference in the series CS1 ... CSX in the order in which they express provisional interest, effectively random. This proved to be unworkable and unnecessary as all within the supervision team were aware of organisations approached and participating along with some contextual data and use of actual names was less confusing. Also, it was observed that use of these reference numbers in thesis writing would endanger organisational and individual anonymity as participants might be able to identify which referred to their own organisation by analysis of matching data. A manual folder was established for each participating organisation and all relevant material retained together

A manual research journal was also brought into use. The Somers Park case study utilised an electronic journal, a similar principal was followed for phase 2 but in manual form. The advantage of this was that I was able to carry the journal with me and record reflections and insights as they occurred and only occasionally resort to rough notes for later transcription. In addition to organisation-specific material the

journal also documented considerable personal reflections. Consideration was given to making use of an electronic software package but it was decided that data analysis would be more effective by refining and expanding the phase 1 card index system.

The issue of audio-recording interviews had been under consideration almost from the commencement of this study. This had been less relevant during the Somers Park case study as the primary data collection method was participant observations but was more crucial for phase 2 interviews. This issue is potentially contentious as Glaser had been quite specific in devoting an entire chapter to taping with advice for a solo researcher *"DO NOT TAPE INTERVIEWS"* (original emphasis, 1998, p.107). My initial view was that as I had adopted the Glaser version of grounded theory I should be consistent unless there was valid justification for doing otherwise and early interviews were not taped. However, at the commencement of ethnographic interviews it was decided that on balance recordings should be made as well as contemporaneous manuscript notes. In practice this proved invaluable, the quantity of data would have been unmanageable and endangered without tapes and transcripts to refer to. Hayes & Mattimoe (2004) present a useful analysis of the practicalities of taping interviews.

### ***3.8.2.2 The methodological experience***

The phase 1 case study at Somers Park was performed from the perspective of a close insider and data collection primarily from participant observations. Phase 2 was very different, comprising four case studies at organisations with which there had been no contact prior to an approach for research access. The external researcher position was readily apparent at all locations and on all occasions. I was quite properly required to sign in as a visitor and be accompanied during all movements through the premises. All persons with whom I had contact were courteous, helpful and, to the extent that they were aware of my reasons for being there, fully co-operative. On a few occasions I was left alone in a room, for example,

to await interviewees but at all times I was treated as an external visitor and therefore an outsider. I was allowed an accompanied tour of the premises at each hospice and this allowed me to meet a small number of other people informally. Generally, and where appropriate, I was introduced to all I met and other than on passing contact my purpose was explained briefly (sometimes simply along the lines of 'Nick is performing a research project ...'). This had the advantage of identifying other potential interviewees. On only one occasion did I have any direct contact with patients, and that was brief, accompanied and purely by coincidence of location.

Just as the experience was different, so was the nature of data. The restrictions of being a visitor constrained casual inquiries other than through my interviewee or 'escort'. This did not adversely affect my pre-determined lines of inquiry but may have blinded me to other possibilities. The likelihood of this as a limitation on data gathering is evidenced by the number of times that interviews took off in an unexpected direction following an interviewee response. Of course, the objective in semi-structuring interviews was to facilitate the flexibility required under grounded theory to pursue the data whichever direction it took. The other advantage of this technique was that as an issue achieved data saturation it could be omitted from future interviews and replaced by a fresh topic. Certainly, there were times when saturation was evident as nothing new appeared in interviewee responses but equally there were occasions quite late on in the interview schedule when a respondent raised an issue that had not featured in earlier interviews.

Another key issue that arose due to the external researcher status of phase 2 case studies was the reflective suspicion that I was only being told what interviewees wanted to tell me. I was constantly aware from experience at Somers Park that many influential events took place outside of formal meetings, sometimes by chance and often involving only a minority of interested parties. Assuming the same situation occurred at phase 2 organisations then I was only seeing the tip-of-the-iceberg. However, I was consistently and pleasantly surprised by the frankness of interviewees even on tape. There were a couple of occasions when I stopped the

tape at the request of an interviewee but there were far more instances where in writing-up I have voluntarily edited data in the interests of individual and organisation anonymity and confidentiality. Some interviewees were forceful and quite specific in their experiences and opinions! Two conclusions arise on reflection. Firstly, there is no reason to disbelieve responses given to questions and no reason to believe that responses were all normative in nature, reflecting how things should be rather than how they are. Indeed, in many instances questions were so structured as not to present 'obvious' or 'correct' answers; after all, my purpose was to explore interviewee personal experiences. Also, as a defence against invalid data, my question schedule employed a degree of triangulation. An example of this is illustrated in chapter 6, section 6.4.5 that documents responses to a question regarding what action trustees might take if they felt uninformed on a key issue. Similar questions were posed to both chair and trustees at the same organisation, responses were not always consistent. Conversely, experience at Somers Park showed how formal documentation often records the normative position; the 'positive' perspective of 'how things are' (Scapens, 1990) may only be available to close participants.

Finally, the importance of extensive reflection at all stages of the programme cannot be overstated and particularly in theory development. The value of critical reflection is usefully indicated by Alvesson & Sköldberg (2000) who argue "*... we must proceed with care and reflection, pondering a good deal more on what empirical data means, and why we make just these particular interpretations, ...*" (p.6). That view illustrates very well the process that I underwent in analysing and reviewing data and in interpreting underpinning methodological issues throughout most of this programme. The reflective process was a major factor in the journey to this point, lengthy periods of elapsed time were dedicated to reflection rather than data collection and drafting, it was vital in ensuring the integrity and application of eventual outcomes and products. Similarly, reflexivity has been vital in recognising my own position relative to the social context and the effect that my presence and

actions had on other participants (Gill & Johnson, 1997; 2002; Cassell & Symon, 2004).

### **3.8.3 Development of theory from data via analysis**

This section presents and discusses a number of examples to illustrate the production and development of theory from data through identification of concepts and categories, production of theoretical elements to theoretical fragments (Chapter 5, section 5.2), emergent theory (Chapter 5, section 5.3) and later development to a theory of governance processes at a charity hospice (Chapter 8, section 8.2).

The issue of Trustee/trust board was recognised from the outset as key to this study, unsurprisingly as the legal position is that trustees are collectively responsible and liable for safeguarding of the charity's assets and activities (Charity Commission, 2002c; 2005b; 2007c). Such prior recognition might be criticised by under a Glaser approach to GT as 'forcing'. In defence and mitigation I would argue that any bias/preconception in this is openly declared and has been a constant reflection throughout the study. However, and in further mitigation, the core concept/category has not been identified as 'the trust board' but instead, aspects around the trust board. For example, emerging theory at termination of the Somers Park case study identified the core category as 'trustee collectivity'. This later developed to the 'effectiveness of trust board' underpinned by 'degrees of collectivity' (intermediate stage). In the theoretical contribution, the core category is 'group cohesion' facilitating effectiveness via trustee 'collective will'. Thus the core category of theoretical contribution has evolved consistent with a grounded theory methodology.

A second example is that of the concept of 'individual leakage'. Somers Park empirics suggested, for example, that trustee 'knowledge' was crucial to individual performance; that knowledge might have many aspects. So, 'knowledge' was a recognised individual 'limiting factor'; legal, financial and fundraising etc are properties of 'knowledge'; the extent of particular experiences and qualifications are

dimensions of 'knowledge'. However, it was identified that knowledge alone is not sufficient, that knowledge must be utilised. This suggested a distinct but related category of 'skills'. Skills are the way knowledge is applied. There is no direct link between 'knowledge' and 'skills', It is possible for highly knowledgeable individuals to struggle to apply that knowledge to a practical situation whilst others with more limited qualifications and experience are able to apply it to great effect. Thus emergent theory recognised 'knowledge', 'skills' and five other categories as the 'limiting factors' to 'individual potential' (see Chapter 5, section 5.3). Later empirics suggested a refinement of this theoretical idea. It was discovered that five of the individual limiting factors established the potential of the individual on the basis that knowledge, skills, personal qualities, bias and preconceptions were relatively fixed; there might be some improvement or degeneration over time but not in the short term. However, 'commitment' and 'availability' were far more volatile. For example, individual commitment might change very quickly in response to intra-group issues and availability is very responsive to domestic, business and social issues. This suggested that commitment and availability did not comprise part of individual potential but detracted from that potential and was therefore relabelled as 'individual leakage' serving to reduce 'individual contribution' but having no limiting constraint on individual potential.

Other examples of theory production include the informal comment from a fellow participant regarding 'Jake's' wish to become chair of the main committee (Chapter 4, section 4.3.5, event sequence 5). This was initially coded as 'ambition'. Later, through a process of delimitation, it was subsumed within a higher level concept called 'personal motivation'. Later still, through further delimitation, it was again subsumed within a higher level concept called 'commitment'. Similarly, the phase 1 case study revealed several instances of conflicts of interest, mostly undeclared although perhaps known to some trustees (see Chapter 4, section 4.4.3.1). These were initially coded as 'conflicts of interest' but later, delimitation suggested that conflicts of interest were not in themselves a problem; the problem arose when they

were undeclared and thus they were incorporated with a category of 'individual and sub-group ethics'. Later, this suggested a higher level concept of 'personal qualities', already recognised as a category at the lower level but identified at a higher level by incorporation of lower level concepts. Finally, my personal withholding of challenge on several issues and over a considerable period of time (see comments in subsection 3.8.1.2 above) was incorporated in the category of 'failure to participate' as 'collective wastage'.

### **3.9 A DEFENCE OF ADOPTED RESEARCH STRATEGY?**

At this point it is pertinent to question whether the research strategy adopted is appropriate in pursuit of aims and objectives. A key factor in this is the issue of the generalisability of findings, conclusions and theoretical contribution. This section discusses this study in the context of its generalisability from the perspective of prior literature in the fields of methodologies and methods adopted.

Eisenhardt (1989b) discusses a number of strengths and weakness in building theory from case studies. Strengths she identifies as including the possibility of "*novel theory*" (p.546), testability and empirical validity. Weaknesses include the possibility of over-complexity, or, "*narrow and idiosyncratic theory*" (p.547). These strengths and weaknesses have implications for the value of produced theory, and in particular for its application to other situations. The issue of generalizability is one that features in a great deal of academic literature on a wide range of subjects and methodologies. Allen (1990) defines the word 'generalizability' in terms of "*general or indefinite terms*" and "*principles or notions*" (p.490). In a more specific research context generalizability is embraced by the term 'external validity' which identifies the extent to which the findings from one study can be applied to other similar situations (see Bowling, 2002; Silverman, 1997; Yin, 1994 et al).

Stake (2000) considers generalizability in the context of case studies and identifies instrumental case studies where the purpose may be a degree of generalization but

the case itself *"is of secondary interest, it plays a supporting role, and it facilitates our understanding of something else"* (p.437). Similarly, Bowling (2002) states quite categorically that case studies are often performed *"with a view to the single case(s) contributing to an understanding of wider situations although the material they generate is not generalizable"* (p.404). She adds the suggestion that case studies are to understand the specific case and that quantitative survey methods can be used later to assess typicality. Janesick (2000) refers to researchers and students who may be 'obsessed' *"... with selecting and defending methods to the exclusion of the actual substance of the story being told"* (p.390) and, with a link to research ethics, relates examples of the use of methods inappropriate to the situation and without proper reflection. On the issue of this 'obsession' she notes that in such examples *"experience is separated from knowing"* (p.390). Later, Janesick argues for the replacement of terms such as generalizability from quantitative research by others more appropriate for qualitative research. Drawing on the work of many other authors she discusses the issue at some length but with the view that *"... the value of the case study is its uniqueness"* and the observation *"We need to capture the lived experience of individuals and their stories ..."* (p.394). She comments on the use of generalizability by bureaucrats for whom it may be expedient but notes its limitations for understanding individual cases involving *"meaning and interpretation"* (p.394). See also Scott & Russell (2005) who suggest that case studies can be *"invaluable in the development of policy and practice"* (p.8).

Scott & Russell (2005) acknowledge that case study research lacks the science to be used in conjunction with techniques involving representative sampling, statistical analysis or comparison with control groups. Yin (1989; 1994; 2003) addresses the issue of generalization from case studies with the consistent view that findings should be generalized to theory instead of to other case studies (see also Easton, 2000). Yin argues that this difference is due to the fact that case studies rely on analytical generalization not statistical generalization. This supported Scapens' (1990) earlier contention *"... this does not imply statistical generalisations to some*



*larger population, but theoretical generalisations which may be helpful in studying other cases"* (p.276). It is worthy of note that Scapens (1990) resulted in a discussion (Llewellyn, 1992 and Scapens, 1992) on a number of issues including the possibility and nature of generalisation from case studies. Any disagreement in this context appears more illusory than real but Llewellyn expresses the useful view that *"The object of the experiment is to produce a general law; the case study seeks to develop a holistic understanding"* (p.28). In his reply Scapens (1992) rejoins the debate on 'replications' of experiment or case study. He re-emphasises his view of the difference by explaining how theory developed from a case study can explain a process. He then goes on to amplify this:

*"Additional case studies will enable the theory to be extended and modified for new conditions (theoretical generalisation). Further case studies of similar situations could be regarded as replication. But as no two case studies are identical, any new cases actually represent an extension of the theory. So long as that theory continues to be helpful in explaining case studies of the process through which ... , it will have validity, although it may need modification along the way."*

(Scapens, 1992, p.380)

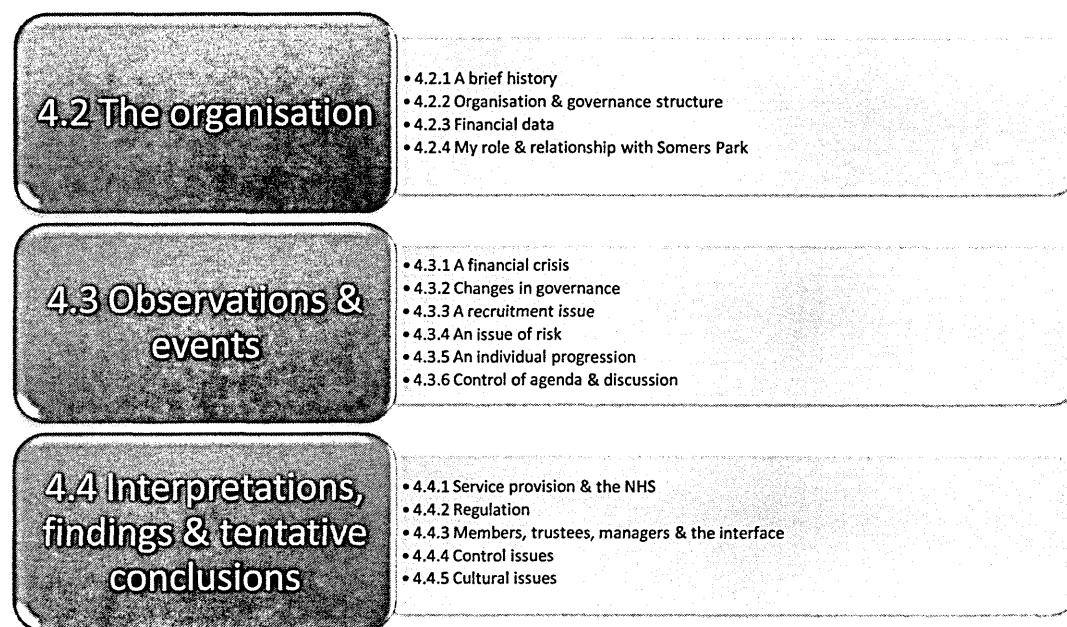
### **3.10 A FORWARD LOOK**

Chapter 2 presented reviews of prior literature in the subject areas of this study. This Chapter 3 has presented a discussion of strategy, design and methodological issues, again drawing on relevant literature to justify choices. The next two chapters deal with the Somers Park hospice case study and resultant emergent theory.

## **CHAPTER 4: PHASE 1 CASE STUDY REPORT**

### **4.1. CHAPTER INTRODUCTION**

This chapter documents the case study performed at Somers Park (SP) for the purposes of producing emergent theory. There are considerable issues of confidentiality and anonymity in reporting on the case study. To this end I have used the masculine throughout although both genders were represented in all parts of the organisation. Also, generic descriptions of role have been used in place of formal titles. Some detail has been omitted and other issues have been obscured where necessary. I have arranged this chapter to provide a context of the case study, to summarise the experience and consequential findings, and to provide a platform from which emergent theory was produced. Figure 4.1 below illustrates the structure of this chapter.



**Figure 4.1: The sectional structure of this chapter**

Thus section 4.2 immediately following this introduction provides contextual information on the organisation, its purpose and structure and links with the public

sector. Section 4.2 also briefly addresses my role in the organisation. Section 4.3 presents a number of 'event sequences', a description of observed events that I believe to be representative of issues experienced during the case study. I then draw on these 'event sequences' to illustrate preliminary interpretations, findings and a few tentative conclusions in section 4.4. Section 4.5 provides a brief link to the following chapter.

## **4.2 THE ORGANISATION**

My purpose in this section is to provide background information on the organisation at which the case study was performed. I have divided the section into sub-sections firstly providing a brief history of the organisation, secondly information on governance and structures, thirdly a brief summary of financial data for context and finally a brief description of my role.

### **4.2.1 A brief history**

Somers Park (SP) is a charitable company with objectives relating to the provision of palliative care services within a geographical region. The hospice occupies purpose built facilities on land leased from the local health authority but the charity owns several other properties that are used for support and fundraising purposes. The charity was founded with considerable local support including informal and active non-financial support from the local health community. Anecdotal information from founders is that the charity was given a promise of public sector funding once they were established with stable reserves. The initial level of public funding was later reduced without consultation following a funding authority reorganisation. Generally, organisational change since formation has been incremental rather than dramatic. However, around eight years after founding a financial crisis necessitated a reduction in capacity. A later improvement in the situation enabled dormant capacity to be reinstated but that was not implemented pending establishment of clinical need. The hospice works very closely with the National Health Service (NHS) and is an integral part of the local health community. SP does not differentiate

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between service beneficiaries in terms of by what means services are commissioned, provided or funded; the concept of 'customer' has no meaning. Most patients are at least initially referred by the patient's own General Practitioner (GP) purely on the basis of clinical need although SP does have its own documented admissions policy.

#### **4.2.2 Organisation and governance structure**

The charity is governed by a board of trustees comprising fifteen to twenty trustees and managed by a management team of four senior employees and an honorary senior clinician. There are also two trading subsidiary companies that operate to raise funds via trading, promotions and a lottery. The legal ownership of the trading subsidiaries is somewhat confused. However, from a practical perspective the trust fully controls the trading companies and accounts for all three entities are consolidated in a set of annual group accounts. The charity has several specialist committees serving the board of trustees. The senior committee deals with financial and general issues and has a personnel sub-committee. There is also a fundraising committee. Occasionally special working groups of nominated trustees and managers are convened to deal with specific issues. Each of the subsidiary trading companies has its own board comprising trustees nominated from the main board with management and secretarial support as appropriate. There are around a hundred paid staff including part-time employees and of these around sixty are involved in clinical activities. The remainder are employed in a range of administration and fundraising support functions. There is also a network of unpaid volunteers providing direct support to service provision or indirectly via fundraising activities. Generally, the volunteer network is controlled from the centre; there are no significant autonomous local groups.

#### **4.2.3 Financial data**

In recent years public sector funding under a contract for services has ranged between 14% and 18% and although theoretically reviewed and negotiated periodically, in practice the hospice has no real influence over the amount of

payment. Other public sector grant funds have been awarded direct against detailed bids. Remaining expenditure is covered by local fundraising activities. These include a relatively healthy local lottery and a network of charity shops selling primarily donated goods but also a small quantity of purchased merchandise. There is a fundraising section of part and full time staff within the charity organising a wide range of sponsored events and activities and attempting to co-ordinating volunteers.

Analysis of financial data extracted from the group statutory accounts for a four year period is provided at Table 1 below.

	Range (£000s)
<b><i>Income and expenditure</i></b>	
Total incoming resources	1,500 to 2,500
Total resources expended	Around 1,800
<b>Surplus (Deficit) for year</b>	<b>Deficit (200) to surplus 600</b>
<b><i>Net assets</i></b>	
Restricted funds	1,500 to 2,000
Unrestricted funds	1,400 to 2,000
<b>Total net assets</b>	<b>3,000 to 4,000</b>

**Table 4.1 – Summary financial data from consolidated group accounts over a four year period**

Table 4.1 above suggests a number of issues. Firstly, a significant proportion of net assets are freehold and long leasehold properties and therefore not available to fund day-to-day expenditure. Secondly, deficits of expenditure to income have to be covered by liquid reserves that are themselves liable to fluctuation in the value of investments. The consequence of this is that in-year deficits and the level of reserves are not fully controllable by the charity.

Analysis of statutory accounts presents a useful set of financial performance figures as shown in Table 4.2 below.

	Range %
<b><i>Income as a % of total incoming resources</i></b>	
Donations	9 to 12%
Grant	Negligible to 12%
Contract income	14 to 19%
Fundraising activities	63 to 73%
<b><i>Expenditure as a % of total resources expended</i></b>	
Support costs	5 to 6.5%
Management & administration (ACE)	3.5 to 4.5%

**Table 4.2 – Financial performance analysis from consolidated group accounts over a four year period**

A few points arise from the above table. Firstly donations have remained fairly consistent as a percentage of total income apart but grant income is dependent on government-funded projects and therefore potentially volatile. The percentage of contract income has shown some variation between years but this reflects variation in other income against relatively static contract funding. Expenditure on support costs and management and administration have remained fairly consistent as a percentage of total expenditure. The calculation and presentation of management and administration costs in relation to total expenditure (the ACE ratio) is in common usage in the voluntary sector although it can be misleading due to variations in the basis of calculation (Paton, 2002). Paton noted a fall in average ACE across a six-year study for the 1990s from 11.4% to 7.3%. My own limited relevant experiences beyond this case study show a range of 2% to 19.7%. SP appears to be within acceptable parameters.

#### **4.2.4 My role and relationship with Somers Park**

I was appointed Trustee and Honorary Treasurer following a local newspaper advertisement and a formal interview by three trustees at the hospice. Prior to my application I had not had contact with the organisation or any trustee or staff member. During my time as trustee I attended meetings of all hospice committees except the personnel committee. I was also a member of both subsidiary company boards. I had intended my involvement with Somers Park to continue beyond the case study but both were terminated quite suddenly in 2005 following unforeseen events.

#### **4.3 OBSERVATIONS AND EVENTS**

This section presents an account of key events from my observations during the case study. Issues are presented in the context of 'event sequences' and I believe they are representative of issues over the three-year period of the case study. Some of these events took place over lengthy periods of time and were to varying degrees concurrent. A precedent for this technique is provided by Eden & Huxham (2001) who use a series of 'episodes' as a unit of analysis in their study. Their concept of an 'episode' embraces a time period (several minutes) and *"a complex set of behaviours"* (p.378, original emphasis). My analytic concept of 'event sequences' is similar although covering larger time scales and interspersed with many other 'events'. I have used this and other material to produce and initially develop theory for further development at other organisations in phase 2 of the study.

##### **4.3.1 Event sequence 1: A financial crisis**

A few months into my time with SP it became apparent that hospice expenditure was exceeding income and it was necessary to agree a deficit budget to be covered by reserves. However, at the same time reserves were also falling due to the poor performance of investments. The finance committee addressed this situation and over a period of some months a programme of economies in expenditure was

agreed including voluntary and compulsory redundancies. The situation was potentially so grave as to require discussion of a provisional plan for an ordered closedown of the hospice should reserves fall to an amount pre-determined as being the minimum necessary to enable closure without leaving unpaid debts. There was a naïve presumption on the part of a minority of trustees that if closure became unavoidable the hospice could simply be handed over to the public sector. It was during this period of disturbance that I became aware of a degree of resentment and ill feeling between factions within the organisation.

#### **4.3.2 Event sequence 2: Changes in style of governance**

My observations over the three years suggested three distinct styles or models of trustee governance and control that were in operation at different times at this one organisation. These models followed a largely evolutionary pattern and are described below. I have tried to identify intervening transitional issues.

##### ***4.3.2.1 The dominant individual***

At the commencement of observations the chairman, acknowledged by most as being the driving force behind the foundation of SP adopted a very hands-on style and frequently drove issues forward without obtaining prior commitment from other board members. This was an obvious source of frustration for managers, staff and trustees to varying degrees and was identified by several informants as “interference”. Formal and informal comment from the chair suggested that he saw this as ‘the only way to get things done’; later observations suggested an element of truth to this view. In further defence of the chairmanship technique it was observed that there was never any apparent attempt to mislead trustees, issues were fully presented to the board at the earliest opportunity albeit occasionally after action had been taken. Also, occasionally on contentious issues discussion was ‘assertively managed’ towards the ‘obvious’ decision.



#### ***4.3.2.2 Democracy in action***

A few months into my observations I detected that the chairman was being 'manoeuvred' out of the chair. It was obvious at the time that he did not wish to relinquish the position and there was no clear time limitation in company documentation. Much later, inquiries revealed that a small group of trustees (mainly the other founders) had been dissatisfied with events and decided to replace him with another of their number. Following the election the former chairman continued to exercise considerable personal influence and remained highly respected by trustees and staff. The new chairman appeared to take several months to settle into the role. During this initial period he adopted a relatively passive role and board and committee meetings proceeded surprisingly positively and democratically. Obviously participation and influence continued to vary between individuals but there was no discernable concentration of power in any individual or group.

#### ***4.3.2.3 A take-over***

The democratic style of governance evolved over about a year but at the end of that time there was a sudden and extensive change in trustee involvement. The catalyst for this change appeared to be the resignation of the senior administrator and his temporary replacement by a social contact of the chairman. After the first few weeks of this arrangement it became apparent that debate was being stifled at board and committee meetings. Over a period of only a few weeks a triumvirate of the Chair, one other trustee (chair of the main sub-committee) and the interim senior administrator had effectively assumed control of SP; I referred to them in research notes as the 'controlling group'. A few other trustees remained involved in some issues but the body of trustees as a whole were generally uninformed on a number of fundamental issues of financial and risk management. This style of governance was characterised by marginalisation of the board of trustees, discounting of 'inconvenient' rules and regulations and a cavalier disregard of risk management processes. I should state that whilst I privately questioned the tactics and personal

motivations of the triumvirate I never had any serious doubts regarding their personal integrity. Neither was there any evidence that this had been a planned coup by the controlling group who appeared to have diverse motives but elements of common interest.

#### ***4.3.2.4 Transitional factors***

During the three-year period of observations the organisation had three very different styles or models of governance. The initial transition was initiated by an informal coup. The second transition was far more complex and beyond the scope of this study but was facilitated by the appointment of three individuals to key posts.

#### **4.3.3 Event sequence 3: A recruitment issue**

The issue concerns the recruitment of an interim senior administrator following the unexpected resignation of an individual who had been with SP for some years. I had a short period of prior notice but the first most trustees knew of the situation was an announcement at a routine board meeting. At that time the chairman commented across the table to another trustee *"we know the ideal person don't we?"*. The view was acknowledged but the prospective candidate was not identified. By the next board meeting the resignation had taken effect and the potential successor was presented to the board effectively as a *fete accompli* and duly appointed for an unspecified 'short period'. This 'short period' stretched to several months during which time the new senior administrator began to propose/make significant changes in the organisation. Initially I had no problem with this arrangement and the individual did make excellent progress with some key issues. However, I found him increasingly uncooperative and evasive and my reaction to this appeared to exacerbate the position. A particular concern was that the board of trustees was given very limited information on the financial position and as treasurer I felt sufficiently vulnerable to request additional information in order to both satisfy myself and to provide assurance to other trustees. My requests were either flatly refused (publicly and privately) or simply never served. From this and other issues I

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concluded that the individual had undoubted skills and abilities but these did not include knowledge of the voluntary sector or basic financial management techniques. My general unease and the extended period of appointment led me to making further inquiries. This required considerable persistence and initial assurances later proved to be unsustainable. Eventually, I discovered that the appointment had been made without application, CV or references and on consultancy terms and rates. These circumstances were unknown even to the chair of personnel. The appointee had also been given immediate access to all accounts and reserves. Following my interventions in committee and at board an obviously retrospective CV was produced for me with references from the chair of the trust and one other trustee, again clearly retrospective. The CV showed no evidence of formal qualification and no evidence of relevant career experience. Anecdotal information obtained some months after my resignation suggested that the appointment was made permanent after about a year at a salary considerably higher than the former incumbent and without an open recruitment process.

#### **4.3.4 Event sequence 4: An issue of risk**

These events occurred over a relatively short period of time of a few weeks. The central issue was the opportunity for a joint venture with a commercial partner not known to any trustee, manager or staff. The project required no financial outlay by the charity but provided income by commission in exchange for use of trading subsidiary premises. There was no direct financial risk to the hospice but potential risk to reputation. The proposal was made in committee with the intention to commit without prior trust board approval. I made personal interventions to support the proposal in principle but subject to trust board approval. There was no support for my concern and the proposal was agreed with the comment "trustees will see the committee minutes". The minutes were presented to a trust board meeting a few weeks later but simply recorded the committee decision without note of my concerns or explanation of the potential risk to hospice reputation. With support from one other concerned trustee who had not attended the committee meeting I

(with considerable difficulty) managed to bring the issue to the attention of trustees and obtain a commitment that the committee would monitor the project and report as necessary.

#### **4.3.5 Event sequence 5: An individual progression**

At my first board meeting of SP I was formally introduced to the board along with another new trustee ('Jake') to be appointed from the same date. I was appointed to the finance committee and Jake was appointed to the fundraising committee. Several weeks later in committee it was discussed that Jake had apparently misunderstood his appointment and had wished to attend finance committee. There was some discussion around this but there was no positive support and the committee unanimously decided not to invite him to join. By around a year later Jake had achieved appointment to the committee but my journal does not record the process. Sometime later it became necessary to appoint a new chairman for the committee and a reluctant interim appointment was made. I considered whether the role should be linked with that of treasurer and informally canvassed opinion. It was remarked (in casual conversation in the car park) that *"(Jake) wants the chair"* and after discussions with Jake and others I decided not to stand as I thought the separation of roles could be useful in improving control. After a trust board meeting I overheard the chair of trust asking if Jake wished to chair the committee and he was appointed at the next trust board without opposition or discussion.

It is relevant that Jake is the other trustee in the 'controlling group' referred to in event sequence 2 above. Several months after his appointment as chair of finance committee I became increasingly concerned at events and in particular the lack of openness and transparency in fundamental issues of governance. I came to the conclusion that it was essential that the 'controlling group' be challenged in order to constrain their dominance and encourage greater involvement by other trustees. Accordingly I gave formal written notice to the chairman that I intended to seek appointment as Vice Chairman with a view to succeeding him as chairman at the end

of his term of office (not imminent). I was conscious that election to VC and my stated intention to stand as chairman meant that it would be seen as natural progression and I would not be expected to be opposed at that later time. My purpose and timing were effectively a pre-emptive strike. I did not wish to forewarn certain others and for tactical reasons did not discuss the issue with any other person. However, it transpired that Jake had apparently declared the same intention to the chairman – possible coincidence but potentially raising issues of confidentiality and manipulation by the incumbent chairman. The subsequent board meeting was therefore presented with a choice. Following some discussion of roles, and at the suggestion of another trustee, Jake and I were both appointed as vice chairmen with a brief to liaise on the wider issues of roles and accountability. Following the board meeting I wrote to Jake setting out my views and suggesting he document his views pending a meeting with others to discuss. I received no reply and at a committee meeting a short while later (only seven persons but all three of the ‘controlling group’ present) it was clear that there was no common understanding of the board decision. Board minutes were not then available but would clearly reflect the ‘controlling group’ view. I recognised that without support from other trustees my interventions would be ineffective and resigned with immediate effect. This cleared the path to the chair for Jake who had therefore progressed from new trustee to probable next chairman in around four years.

#### **4.3.6 Event sequence 6: Control of the agenda and discussion**

As part of the recovery from the financial crisis (section 4.3.1 above) it was decided to initiate a ‘business review’. The proposal was agreed by the board of trustees, broad objectives devised and a consultant appointed from a local government list. Some weeks later a report was provided to trustees but the chair specifically disallowed discussion. In view of my organisational role and personal background I was surprised not to have been consulted during the review or at least been given sight of the report at draft stage. I understand several other trustees were in the same position but failed to protest. This was a clear example of the possibility of

manipulation so long as trustees accept the situation without asserting their right of full knowledge and involvement.

#### **4.4 INTERPRETATIONS, FINDINGS AND TENTATIVE CONCLUSIONS**

This section presents a range of findings and conclusions interpreted from the event sequences presented in section 4.3 above, and other observations. Event sequences are referenced as appropriate to the context under discussion. Emergent theory is the subject of chapter 5 of this thesis but the following material represents the source and context of theoretical fragments that preceded it.

##### **4.4.1 Service provision: The working relationship with the NHS**

The contract for services with NHS commissioners is an extremely vague and poorly drafted document. There is provision within the contract for periodic performance reports but none have ever been submitted or requested. Despite the implied detachment of referral procedures and contract service specification the major part of SP service capacity is committed to providing services to NHS patients initiated by NHS clinical staff and under the overall clinical supervision of an NHS Consultant. The relationship between the NHS and SP had several interesting aspects. Although legally and administratively independent the charity operates in an extremely close clinical partnership with NHS and is an integral element of the local health community. Funding negotiations are between the board of trustees of SP and the local health authority. However, negotiations have been hampered in the past by differences in skill and motivation between the two parties. From the SP perspective initial negotiations are made by the senior administrator and subject to later informal (and often off-record) approaches from individual trustees. The board of trustees give final agreement. At the time of the financial crisis (subsection 4.3.1 above) the health authority apparently recognised that if the charity were forced to close it would result in considerably higher cost to the public purse and offered a small capital grant but only on immediate signature of the renewal contract. At the time I strongly opposed the unbalanced agreement and coercive attitude of the

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health authority but the contract was agreed in committee and formally approved by the board of trustees.

#### **4.4.2 Regulation**

The impact of regulation was patchy but may be identified in three categories as briefly considered in the following sub-sections.

##### ***4.4.2.1 Clinical regulation***

Clinical issues were relatively tightly controlled under the auspices and pressure from the DoH and NHS and were not addressed during this case study. It was not the purpose of this case study to attempt comparisons of SP care against that that might have been anticipated from an NHS provided or funded facility and no evaluation of services has been performed.

##### ***4.4.2.2 Corporate regulation***

SP is a corporate group and as such subject to all relevant parts of company legislation. These are ultimately of some influence although do not necessarily act as an immediate or total constraint. For example, within the final month of the case study I discovered three breaches of company articles. The first related to cheque signing authority and the company had been inadvertently in breach for some years. The second was a failure to properly report committee proceedings to the main board. This may have in the past been a consequence of poor minute writing but a key issue of risk was omitted from the committee minutes submitted to the board of trustees (see subsection 4.3.4 above). The third was failure to provide statutory notice of a general meeting to members, arguable only a technical breach under the circumstances that informal notice had been made available to members some time earlier although a further breach was the apparent failure to maintain a list of members.

#### **4.4.2.3 Charity regulation**

Few trustees or managers were familiar with charity legislation and there was a poor understanding of even basic principles. Indeed, the impression obtained was that so long as 'acceptable moral standards' are met the Charity Commission would not be concerned. The difficulty is that what may be 'acceptable moral standards' are subjectively defined against individual views and experiences. Certainly, the charity fell significantly short of Charity Commission guidance in most areas of non-clinical governance and particularly in business and management systems. Towards the end of the case study the board of trustees were no longer in effective control of the organisation (see subsection 4.3.2 above).

#### **4.4.2.4 Discussion**

This case study strongly reinforced the perception obtained in earlier contextual activities that the enforcement of charity regulation is minimal. The conclusion to be drawn from this is that regulation is largely ineffective as a constraint on trustees and managers. This raises a number of issues around legislative compliance. Firstly, SP trustees generally had a very limited understanding of regulatory requirements and were not inquisitive in nature. This made the board of trustees vulnerable to manipulation whether benevolent or with more sinister intent. The system operates principally on the basis of trust. Individual trustees have a, perhaps natural, trust of other trustees and their own management team. With far less justification they also appear to have a naïve trust in the integrity of third parties with whom they may develop commercial relationships. However, failures in duty of care are only likely to come to the attention of the Charity Commission in the event of a third party complaint and the Commission only have the resources to consider action on a suspicion of significant misuse or misappropriation of charitable funds.



#### **4.4.3 Members, trustees, management and the interfaces**

##### ***4.4.3.1 Members and trustees***

Immediately prior to my appointment I had been informed that there was a list of members but I was never able to find evidence of it. Attendees at the Annual General Meeting (AGM) included trustees, volunteers, managers and staff and local dignitaries. All issues were presented and agreed without question, dissent or vote at the AGMs I attended. The number of trustees varied between fifteen and twenty. Recruitment of trustees was usually by informal approach following personal recommendation. So far as I am aware mine was the only open recruitment exercise and anecdotally initiated by one trustee's foresight of the impending financial crisis (subsection 4.3.1 above). Around half of trustees made little contribution other than to attend board meetings. The other half were involved on committees, fundraising and patient related activities. The skills mix among trustees was varied but the balance was heavily biased towards community and social skills; business-related skills were less prevalent; knowledge of VS regulation was largely non-existent. Informal (social) links between individuals within and outside the organisation are to be expected and occasional conflicts of interest are not necessarily a problem so long as they are appropriately declared. I observed repeated and undeclared conflicts of interest during the case study (see subsections 4.3.2; 4.3.3 and 4.3.5 above).

##### ***4.4.3.2 Trustee meetings***

Board meetings were scheduled bi-monthly with a broadly standard agenda including apologies for absence, minutes of previous meeting, matters arising, management reports (by each of the management team), and other issues as presented. Reports on financial, fundraising and clinical issues were included in the relevant manager's report. Essentially the chair controls the agenda and the minutes. This is fairly standard practice in all economic sectors but there were occasions at SP when the chair curtailed or prevented discussion of relevant issues.

The standard and integrity of minutes of meetings was poor. Throughout my three years at the trust minutes were poorly written to the point of occasional incomprehensibility. They were also frequently late, incomplete and occasionally apparently used to obscure legitimate disagreement or grievance and to directly influence future events.

#### ***4.4.3.3 The trustee/management interface***

This had not worked well in recent years. Trustee involvement was inconsistent; a minority of trustees had tended to interfere in management issues whilst others did little other than attend board meetings. The arrangement of a management team without a recognised leader or even a 'first among equals' produced a situation in which board meetings were unfocused and often presented with superfluous issues and detail. Trust board decisions were often only belatedly implemented or occasionally not at all (see subsection 4.3.5 above). I observed that informal meetings and personal relationships heavily influenced the decision-making process. Many an issue was decided in the car park long before (or instead of) appearing on a formal agenda.

#### **4.4.4 Control issues**

The Otley & Berry (1980) model of management control suggests that for a management control system (MCS) to exist a number of elements were necessary. Without all of these elements there might be said to be control activities but not a control system. This was discussed in chapter 2, subsection 2.4.1.4. The following subsections relate control activities to the model.

##### ***4.4.4.1 Financial monitoring***

In common with many voluntary sector organisations SP was in the position of having relatively fixed expenditure but highly volatile income. Thus the relationship between the two was largely beyond the control of the organisation resulting in

periodic surplus or deficit depending on the incidence of external events and forces. The consequence of this was a heavy reliance on liquid reserves to smooth periodic variations. For example, economic factors led to a fall in the value of reserves at a time of falling income resulting in the financial crisis necessitating severe economies in expenditure and the possibility of closure (see subsection 4.3.1 above). Within three years the economic situation had eased and the fortuitous receipt of several large bequests produced a potentially embarrassing in-year surplus and level of reserves.

Throughout the case study financial control and monitoring systems were extremely rudimentary and at best barely adequate for the purpose. There was a single budget for the whole organisation without delegations or sub-analysis. The budget was agreed at the beginning of the financial year based on the senior administrator's best estimates but never later revised. During the first two-and-a-half years of the case study cash income, expenditure and reserves were monitored competently if unadventurously. The board and committee were provided with a single page analysis of year-to-date income and expenditure by source/type. There was no past-period or variance analysis. Reports include useful manuscript notes but presentation was not user-friendly and probably not fully understood by all recipients. As necessary a brief verbal or written management report was also given on financial issues. The position deteriorated on appointment of the new senior administrator despite his immediate and repeated protestations at the absence of a useful financial control structure. The three board meetings I attended after his recruitment received inconsistent information. The first was presented with little more than a simple statement that income had exceeded expenditure. The second received a spreadsheet analysis broadly similar to that provided by his predecessor but with a more user-friendly presentation. The third presentation reverted to the minimalist approach with a brief narrative supporting aggregate income and expenditure figures without analysis and only a partial statement of reserve account balances. My offers to assist were not taken up and later requests that trustees

should be provided with consistent reports and in an orthodox format were not complied with.

There was no cost centre structure and no analysis of cost below organisational level. SP therefore had no information on service or functional unit costs and although contract income was minimal there was no linking of income to associated cost. It would have been relatively straightforward to produce a basic model of income and expenditure to provide a degree of analysis but the lack of necessary skills within management precluded the possibility. Essentially financial control was limited to the periodic monitoring of cash income, expenditure and reserves. Budgetary procedures were ineffective as a control mechanism and only crudely effective as an early warning system (Ezzamel & Bourne, 1990).

#### ***4.4.4.2 Documentation***

Relevant documentation for the trading subsidiaries was readily available on request and their records appeared reasonably complete and conscientiously maintained. That for the fundraising operation was largely untested but observations suggested that records and documents were probably adequate for the purpose. However, those for the general administration of the charity appeared to be hopelessly inadequate. The new senior administrator noted this factor soon after appointment, finding he was unable to locate key documents. Evidence was that company files did not include the company governing documents or the service contract with the local health authorities. In the latter case a copy was obtained from the contractual partner but found to be incomplete. There was also no audit trail of papers connected with grants and this had to be reconstructed from other sources. A significant issue was the apparent lack of formal terms of reference for committees and post holders, particularly honorary ones. My interventions produced evidence that some such documents had existed at the formation of the trust but had been allowed to lapse and never revised. Observations towards the conclusion of the case study

suggested that although SP organisation files were incomplete individual trustees (including myself) had copies of key documents.

#### ***4.4.4.3 Audit***

External consultants performed an audit and prepared the statutory accounts. There was minimal understanding of accounting and reporting within the organisation. The auditors were familiar with charity accounting requirements and had other voluntary sector clients. However, there was little apparent questioning of information provided by SP. The segregation of restricted and unrestricted funds was based on the memory and knowledge of a junior member of staff without documentary evidence. The public sector contract funding had been incorrectly defined and reported as grant income for some years. Similarly, notes to the accounts required under SORP 2000, e.g. risk management, were provided by trustees and management on the prompting of the auditors but without regard to the facts and without serious challenge or questioning.

The absence of internal audit was a significant weakness. I had attempted to provide some basic internal check facility at the request of and with the active co-operation of the former senior administrator who appeared to recognise his own vulnerability in this issue. However, his successor appeared to see this as a challenge to his personal authority and integrity. I initiated preliminary discussion of an external consultancy provided internal audit function. This was strongly opposed by the 'controlling group'; indeed, I was subjected to considerable personal criticism. No action had been taken on an internal audit function by the time of my departure.

#### ***4.4.4.4 Performance measurement***

Performance measurement within SP was extremely limited. No measures were in operation outside of clinical areas. In my role as trustee and in conjunction with the pilot study (Croft, 2004) I encouraged preliminary steps towards a performance measurement system for fundraising; at the closure of the case study this had not

been progressed beyond my initial work. The only performance measurement to the board of trustees was a clinical report. This report was primarily driven by NHS requirements and consisted of two pages only, a clinical activity report and a diagnosis report.

#### ***4.4.4.5 Risk management***

Non-clinical risk management was ineffective at SP. At one of my first meetings a risk strategy paper was agreed in committee but was not used as the basis of reports to the board trustees or revised during my three years with the organisation. Events around the time of the financial crisis (subsection 4.3.1 above) suggested some trustees and managers were aware of a need for robust risk management but not even basic techniques were practised routinely (see also subsection 4.3.4 above). This bears comparison with contextual experience at other organisations where comprehensive reports are seen by the main boards as a matter of routine.

#### ***4.4.4.6 Recruitment issues***

There were no standard and documented recruitment procedures although such may have existed informally as a generally accepted practice. However, the practice was inconsistent and more often reflected personal links and preferences. Examples of these practices were given in 4.3.3 and 4.4.3 above. A few trustees appeared to recognise this weakness and their pressure led to the establishment of a personnel committee. However, this sub-committee had been ineffective in the recruitment of the new senior administrator (4.3.3 above) and had served no apparent purpose by the time of my termination of the case study.

#### ***4.4.4.7 Conclusion***

Control systems were extremely rudimentary and certainly inadequate for the needs of the organisation at that time and in the then current economic environment. Outside of clinical issues control was minimal, undocumented and inconsistent. To

an extent this may be a consequence of a lack of appropriate skills in trustees and managers but there was worrying evidence of a failure to address the situation. Very few standard controls and processes were observed in use. For example, among the issues that I personally raised were a lack of consistency in recruitment processes and the absence of a formal complaints procedure. An important factor was the extent to which the organisation relied on personal instead of arms length contacts in issues of recruitment, support services and problem solving. SP could not be said to have a management control system as defined by Otley & Berry (1980); control was primarily based in trust and informal relationships.

#### **4.4.5 Cultural issues**

Internal co-operation was inconsistent. There was clear evidence of factional interests and tensions, notably between clinical and fundraising staff but also more generally between staff accommodated in different buildings. I observed many examples of limited co-operation with me in my organisational role, particularly during the early months of my appointment, although none apparently related to my associated researcher role. I journalised the comment that that staff were selectively co-operative but the basis of such selection was and is unknown.

##### ***4.4.5.1 Motivational and ethical issues***

Altruism was clearly an underlying motivation for most participants at SP. This is evident in the case of volunteers who commit their time without pecuniary reward but also to an unidentified degree among salaried staff. However, there was occasional evidence of a more career minded ethic amongst employees. Other possible motivations among trustees for which the study produced some evidence are self-actualisation (I include myself in this), a desire for power and influence (see subsection 4.3.5), and a negative view of the ability of others. Generally moral standards were high but evidence suggests that although the integrity of individuals was not in question ethical practices in governance occasionally fell short of acceptable standards and severely so by the end of the case study.

#### ***4.4.5.2 Change management***

Initial views from observations were mixed and reaction to drivers for change varies according to the source and perceived urgency. For example, the financial crisis (subsection 4.3.1 above) was acted on positively and firmly once recognised although one trustee later informed me that he had expressed concern some considerable time earlier but the issue had been ignored. Conversely, repeated formal and informal requests for financial performance information both for the board of trustees and myself were ignored. Observations produced the following tentative conclusions

- Change may occur in reaction to external events such as a financial crisis but is less likely as a response to changes in legislation or regulatory guidance.
- Change is most likely initiated in response to forceful opinion by dominant and assertive individuals in key positions (subsection 4.3.6).
- The above factors militate against an ordered change process and introduce a random and not always totally rational element.
- There is little formal planning of change even in respect of major environmental events. The example of the financial crisis (subsection 4.3.1) was an exception but it is noted that this was also during a reasonably democratic governance model (subsection 4.3.2).

#### ***4.4.5.3 Trust***

A particularly noticeable feature of SP is the high reliance on trust between individuals and groups in all aspects of organisational life. Trust is substituted for measurement, control and audit. A classic example is the behaviour of some trustees towards the end of my involvement. They clearly recognised and understood my concerns on a number of issues but were not prepared to support my interventions probably on the basis of their personal trust in other trustees. Certainly, it was in the



nature of some of these individuals that they would not have adopted such a 'hands-off' approach were they at all concerned regarding the propriety of events. Journal observations recorded evidence of my own personal trust although with an acknowledgement that there was no firm evidence to support that trust.

#### **4.5 CONCLUSION AND THE NEXT CHAPTER**

This chapter has presented a summary of my participant experiences at Somers Park covering a three-year period of considerable change in the organisation. An initial conclusion is that charity governance is likely to appear very different from a positive perspective than from a normative perspective (Scapens, 1990). The opportunity to experience a positive perspective as a close insider revealed underlying issues that would be extremely difficult to identify and explore from the perspective of an external researcher. The issues identified from the Somers Park case study are not relevant because they will occur at other similar organisations but because they could occur at other similar organisations. This point is authoritatively made by Peräkylä (1997) who suggested that "***possibility***" (original emphasis) is a suitable alternative approach to "*the traditional 'distributional' understanding of generalizability*". Specifically, he maintains that the "*possibility of various practices can be considered generalizable even if the practices are not actualised in similar ways across different settings*" (p.215). To explain this further he provided an example from his own research to illustrate that the results of his study were not generalizable to any other site in a traditional sense but that they "*showed how these practices were made possible through the very detail of the participants' action*" (p.215).

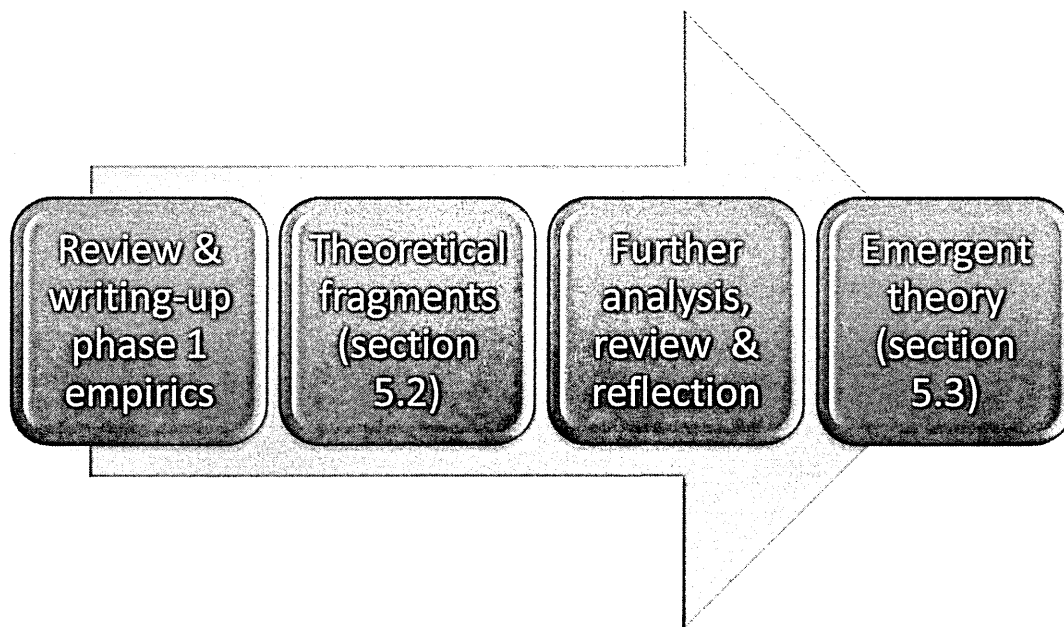
This case study was the vehicle for theory production; the outcome was initially a number of theoretical fragments that shortly afterwards developed into emergent theory. The next chapter presents theoretical fragments and emergent theory that were then tested and developed during phase 2 empirics.

## **CHAPTER 5: THEORETICAL FRAGMENTS AND EMERGENT THEORY**

### **5.1 INTRODUCTION**

Chapter 4 provided a report on phase 1 empirics, comprising the case study at Somers Park. Data from this case study in association with prior and concurrent contextual experience was used to produce emergent theory. This chapter explains the process of theory production from the case study to a testable emergent theory. The chapter discusses theoretical outcomes of the case study and a later research paper presentation to the Voluntary Sector Studies Network (VSSN). The outcomes of the case study did not form a coherent theory, rather a number of loosely related 'theoretical fragments'. The VSSN paper was drafted a few weeks later, by which time continued analysis review and reflection had resulted in a 'theoretical package' that can legitimately be designated as based in 'emergent theory' at that time.

Thus, the structure of this chapter follows the process identified in Figure 5.1 below.



**Figure 5.1: Phase 1 empirics to emergent theory; the basis of this chapter.**

There are two main sections, 5.2 explains the production of theoretical fragments at termination of the Somers Park case study and 5.3 presents and discusses emergent theory. Finally, there is a brief conclusion in section 5.4.

## **5.2 TERMINATION OF PHASE 1: THEORETICAL FRAGMENTS**

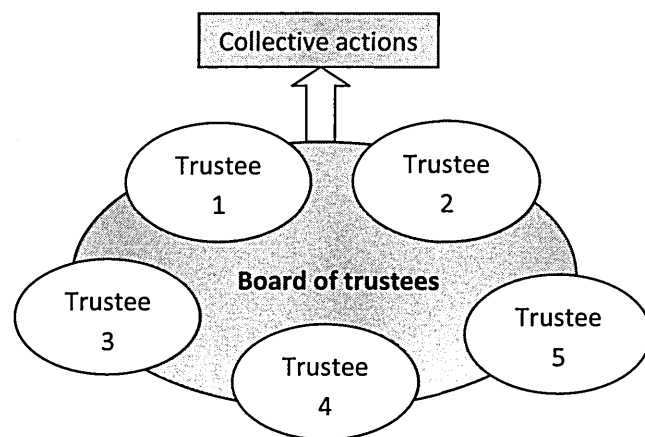
The termination of the Somers Park case study was not planned, but was a reaction to unforeseen events (see Chapter 3, section 3.8.1.2 and chapter 4, section 4.3.5 for brief explanation and discussion). At that time a number of theoretical fragments had been produced but these did not collectively amount to 'a theory'. However, they did comprise a useful starting point for initial development by review and reflection, and by further empirical inquiry at other organisations. This section provides a summary presentation of theoretical fragments from phase 1. The purpose is to show how later theoretical sampling, analysis and interpretation were developed on this early platform. The presentation is not detailed, reflecting the fact that much of it evolved into the interim position of emergent theory (subsection 5.3 below) and thence to the further developed theory of governance at a charity hospice (chapter 8).

### **5.2.1 Theoretical fragment: the board of trustees as a central category**

Strauss & Corbin (1998) discuss the need for identification of a central category that they define as representing "*the main theme of the research*" and serves to provide a logic and an explanation of "*what is going on*" (p.146). In this theoretical snapshot the central category was identified as 'trustee collectivity'. Following the Strauss & Corbin theme, a central category has the ability to "*pull the other categories together to form an explanatory whole*" (p.146). 'Trustee collectivity' achieves this in being the dominant factor in effective non-clinical governance. It is particularly relevant that trustees must 'together' retain overall control of the organisation and although they may focus on issues at a strategic level they remain responsible for oversight of the executive management team (Charity Commission, 2002 and 2005). The collective will of trustees is thus paramount although empirical evidence has

demonstrated how difficult it can be for trustees to ensure they are informed and in control.

A very important theoretical fragment from Somers Park is that a board of trustees is comprised of a number of individuals who all contribute to varying degrees to the whole. The nature, actions and behaviour of a board of trustees are thus dependent on its constituent individuals. However, this situation is a far from static. Over a period of time individual trustees leave and are replaced by newcomers. Also, the commitment and availability of individual trustees can vary over time in competition with other personal and business commitments. Consequently, the nature of a board of trustees is in a constant state of flux due to the influences of changes in the constituent membership. This is arguably true with any managing or governing board but, for example, boards of commercial enterprises may be less volatile in terms of individual turnover or variation in commitment. Critical realism maintains that society is not a human creation, neither does it exist independently of us but is instead subject to constant reproduction and transformation (Bhaskar, 1989). This appears to have a close relevance to the effect of a board of trustees. This theoretical fragment is represented by figure 5.2 below.



**Figure 5.2: Central category, the board of trustees – trustee collectivity.**

### **5.2.2 Theoretical fragment: control of the organisation**

A normative view of control at a voluntary sector healthcare organisation suggests that control is divided between managers who manage day-to-day operations and trustees who oversee strategy and the use of charitable resources. However, this relatively clear distinction was not reflected in empirical experience at Somers Park. Data is consistent with issues identified in prior literature (Hudson, 1995 and 1999; Hind, 1995) and suggests that control of the organisation is shared between management and the board of trustees on a basis that varies over time and across issues. The theoretical fragment also suggests that organisation culture has a controlling effect albeit one that can be changed. It may be argued from a normative perspective that regulation and external scrutiny have a controlling impact. Evidence from Somers Park suggested this impact to be indirect, acting through trustees and managers. Essentially, regulation and external scrutiny are only effective to the extent that the controllers of the organisation are aware of issues and choose to act on them, or are forced to by external processes. It is an important reflection that managers and trustees have experiences outside of an organisation that may produce individual behaviour not in accordance with existing organisation culture. Perhaps most importantly, empirical experience at Somers Park shows that a minority or sub-group of trustees and managers can effectively assume control of the organisation. That control may be exercised through the formal management and trustee structures that they control or by bypassing them without challenge.

### **5.2.3 Linked theoretical fragments: production of external perceptions**

A key product of phase 1 empirics was a tentative model of the process of governance that feeds external perceptions of the hospice. This was quickly superseded but was a useful position for planning phase 2 data collection. Table 5.1 below identifies the key fragments of the model that are discussed in the following sub-sections.

	Clinical services		External information	
			Openness & transparency	
Efficiency	& integrity	In the	use of	resources
	Collective	Knowledge &	Skills	
	Trustee	Collectivity	(Core category)	
	Filter of	Information &	influence	
Individual ethics	Sub-group ethics		Business Systems	
			Balance of Trust/Control	
Organisation Culture			Trust	Control

**Table 5.1: Governance processes feeding external perception of the hospice: core category and key fragments.**

*[A reminder: these are theoretical fragments at a point in time but subsequently heavily revised as discussed in sections 6.3 and 6.4 below.]*

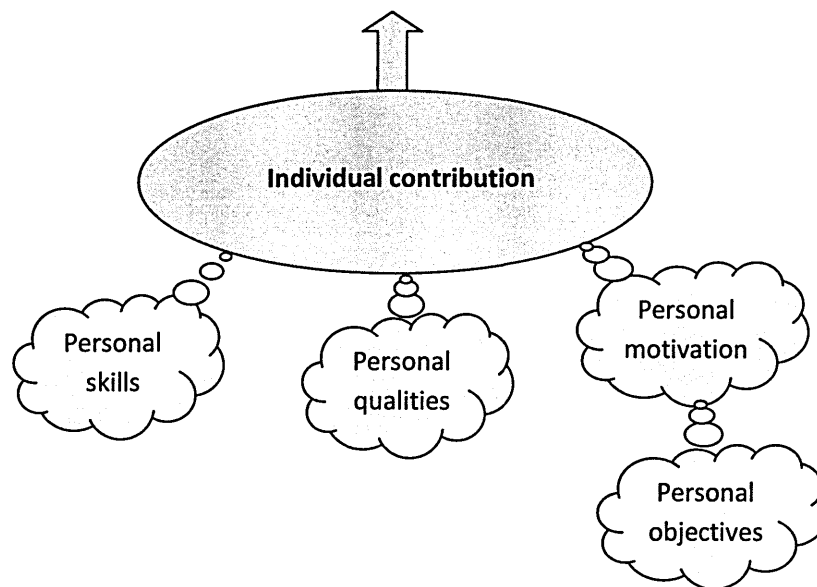
### **5.2.3.1 Organisation culture**

The issue of culture was discussed in chapter 2, subsection 2.4.1.6 in the context of informal controls and culture as a control mechanism. It was also acknowledged in chapter 1 that the issue of culture was influential in the generation of the idea for this study. Handy (1988) acknowledged a view that culture may vary between organisations and it is in that sense that it is relevant here. The issue for theoretical development is that the organisation culture acts as a platform from which decisions of control and information issues are made. Thus all participants act, or are expected to act within a loose and informal boundary of behaviour established by the organisation culture but that is not a totally fixed concept. Pressures for change in the organisation culture are constrained by the inertia of tradition, a counterforce serving to maintain the status quo. Empirical experiences suggested that culture is a relatively inertial phenomenon but is nevertheless subject to pressures for change over time. For example, formal groups such as management, the board of trustees or

subordinate committees may have considerable influence in setting and changing organisation culture. Equally, pressure for cultural change may be available to smaller groups (sub-groups) comprising informal liaisons of individuals with shared interests. Finally, pressure for change in an organisation's culture may result from the views and personality of any single forceful and influential individual.

#### ***5.2.3.2 Individual contribution***

All organisations are made up of individuals, each making their own contribution to events, structures, systems etc. The contribution of an individual will vary depending on their role within the organisation and the influence they are able to exercise. The arrival, change of appointment or change in commitment of a single forceful or influential individual may have a noticeable impact very quickly. This situation was reflected in the appointment of the new senior administrator at Somers Park (see chapter 4, subsection 4.3.2.3). Alternatively, impact may only be identifiable over a relatively long period of time. The use of grounded theory enabled the identification of a category labelled '*individual contribution*' to reflect this phenomenon. Individual contribution is a product of three sub-categories, *personal motivation*, *personal qualities and personal skills* and the contribution made to the organisation by an individual is made up of these three components. It was observed that personal motivation might be at least partly a product of overt or covert personal objectives but these would be very difficult to establish empirically. In the context of pressure for changes to organisation culture it is important to be aware that any formal or informal subgroup (subsection 5.2.3.1 above) may be influenced by the contribution of individual participants. Individuals may participate in several or many sub-groups concurrently or consecutively. The model of individual contribution is at figure 5.3 below.



**Figure 5.3: Sources of individual contribution.**

### ***5.2.3.3 Openness and transparency***

The concept of openness and transparency covers the degree to which events and proceedings are open to scrutiny by those with a legitimate interest. There is potential conflict between a regime of complete openness and transparency and commercial or organisational confidentiality. In this concept we are considering normal non-clinical activities at organisational level; clearly a high level of confidentiality remains necessary in clinical and individual personnel issues. A high level of openness and transparency by an organisation in its activities encourages initiative and learning. A lower level may leave the organisation vulnerable to inadvertent inefficiency in the consumption of resources and possibly even deliberate fraud. It should be noted that this concept has both internal and external perspectives. The external perspective relates to the interface between organisation and environment, particularly regulators, auditors and other stakeholders. It is relatively easy to present a misleading facade to impercipient or non-persistent inquiry or scrutiny. The internal perspective is far more complex and the situation arose at Somers Park in which a failure of openness and transparency served to act



as a 'filter' of information presented to the board of trustees and also acted in the reverse direction in selectively preventing the transmission and implementation of the board's intentions within the organisation. This mechanism could effectively prevent all but the most persistent inquirer from establishing pertinent facts. To resolve issues around the internal perspective of openness and transparency and potential economic inefficiencies it is necessary for this concept to be fully internalised as a genuine rather than token element of the organisation culture. This issue represents a key difference between normative and positive perspectives.

#### **5.2.3.4 Trust and control**

Arguably VS organisations place a greater reliance on trust than do other economic sectors. A useful definition of trust is provided by Rousseau *et al* (1998) who suggested that trust is *"a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another"* (p.395). Tyler (2003) differentiated between 'instrumental' or 'rational-choice' perceptions of trust involving issues of predictability and competence; and social trust related to judgements regarding the motives of others. There is some acceptance that high levels of trust can occur under conditions of shared values (Lewicki *et al*, 1998; Jones & George, 1998) and the latter referred to the concept of 'unconditional trust' as the highest form of trust. Barber (1983) suggested a reciprocal link between trust and shared values. Evidence from Somers Park suggests that a significant number of trustees demonstrated evidence of unconditional trust based on the presumed competence and motives of other trustees and managers. This evidence is manifested in a failure to challenge by those without direct knowledge of circumstances with the result that significant issues were progressed without effective scrutiny. The effect can be, and arguably was at Somers Park, that inappropriate decisions are made resulting in the inefficient use of resources and enabling the collective will of trustees to be manipulated or disabled.

Control and trust are to a degree at opposite ends of a continuum. Both are necessary to effective governance but neither must be dominant over the other. For example, undue reliance on trust is naïve and may leave the organisation vulnerable to counter-productive internal and external influences. Conversely, a failure of trust can produce oppressive, bureaucratic and autocratic control practices that may be at odds with the spirit of organisational objectives and also result in the inefficient use of resources. The optimum point along that continuum will depend on many inter-related issues but may also vary over time within a single organisation. The balance of trust and control in non-clinical governance at a healthcare charity will to some degree be influenced by the organisation culture but this balance of potentially conflicting concepts will tend to have considerable influence on the nature of business systems. For example, a predominantly trust-based culture may result in relatively basic business systems. Conversely a control-based culture would of necessity require more comprehensive business systems.

#### ***5.2.3.5 Individual and sub-group ethics***

Experiences and observations at Somers Park suggested that informal ethical issues played a key role in governance practices at the controlling levels of the organisation. After considerable evaluation and re-evaluation I concluded that the ethical issue was subordinate (in GT category terms) to trustee collectivity but that both issues and their relationship would require considerable further effort in theoretical sampling during phase 2 empirics. I summarise individual and sub-group ethics as relating to practices below trust board level in connection with ensuring that the collective trustee body is properly served for information and support. There are clear links here with issues of culture and openness and transparency.

#### ***5.2.3.6 Business systems***

This study has considered non-clinical governance in voluntary sector healthcare provision and business systems play a key role in this. Business systems are taken to include all formal governance and control systems outside of clinical activities. These

include financial and management accounting, resource management, personnel recruitment, management (including disciplinary and complaints) and termination of employment.

An important point of principle is that more extensive and comprehensive business systems produce greater benefit in terms of information to support decision-making leading to a potentially more effective organisation. However, there is an inevitable trade-off between comprehensive systems that provide information and overly bureaucratic systems that may confuse rather than illuminate. Also, it is an important fact that there is a cost to information. Essentially systems must be able to provide the relevant information at the time it is needed in the decision-making process but without superfluous detail. The business manager (or senior administrator in the terminology used in this study) plays the key role in developing appropriate systems and in responding to management and trustee needs for information. Somers Park appeared to fall significantly short of acceptable practice in this area. For example, whilst there may be some debate as to how much direct control a charity has over its income, a verbal statement from the financial manager *"I can confirm that for this period income exceeded expenditure"* is unlikely to be considered adequate for a formal meeting of trustees (Somers Park case study data).

An important element of business systems is the preparation and retention of records. Empirical data from the Somers Park case study suggested that the availability of accurate and complete documentation was crucial to effective governance. Indeed, some of the negative issues observed would have been of lesser impact had appropriate and accurate documentation been available. Essentially, effective governance is only possible in the light of a common clear view of issues and decisions. The term documentation has wide coverage here, including the financial and management accounting accounts and records, board and committee meeting minutes as well as internal and external correspondence. Failures to produce and maintain documentation to adequate standards were evident from comparison of participant observations and contemporaneous notes with eventual

meeting minutes. This was an issue that provoked concern by the new senior administrator immediately on taking up post.

#### **5.2.4 Theoretical fragment: the management of change**

The focus of this study is governance processes but these are underpinned by issues of tension and the management of change. The study was designed to explore 'drivers', 'facilitators' and 'resistors' of change (McGuire & Hutchings, 2006 referred to these as drivers, enablers and inhibitors of change). In other words, what pressures are created within the organisation to encourage change, what factors produce resistance to such change and by what means or process is change initiated? The Somers Park case study took place over a period of considerable change within the organisation and its economic environment and this enabled interesting and productive participant observations. For example, the organisation went through a period of potentially terminal financial crisis, later reversed to the extent that the high level of liquid reserves became potentially embarrassing (see chapter 4, subsection 4.4.4.1). Other examples include a shift in clinical strategy, changes in leadership and the advent of a new charities accounting and reporting Statement of Recommended Practice (SORP 2005). A table of factors identified in each category is provided below. It can be inferred that a necessity for change may result from external or internal factors or initiatives but it is the conjunction of conflicting drivers and resistors that result in any net pressure for change. This net pressure then operates via a range of facilitators to produce change outcomes. It is important to note that although a change issue might be important (possibly a legal requirement) it will only happen if there is sufficient net pressure and available facilitators. Observations suggested that external pressures have limited direct impact on non-clinical governance. However, internal pressure from dominant individuals or sub-groups can have considerable and immediate impact.

Drivers	Resistors	Facilitators
<i>External factors:</i> Regulatory Economic Environmental Consultancy <i>Internal factors:</i> Crisis Collective knowledge Individual initiative High ethical standards Significant potential benefit Professionalism	Lack of awareness Apathy Failure to recognise Poor ethical standards Parochialism Overconfidence	Available resources: Collective & individual skills Funds Business systems. Ethics: standards and adopted practices.

**Table 5.2: Drivers, resistors and facilitators of change**

To illustrate each group in turn from empirical data at Somers Park, external drivers touched on above include regulatory (SORP 2005, no apparent internal awareness; notified by external auditors); economic (the financial crisis, subsection 4.3.1); environmental (severe parking restrictions); consultancy (the business review, subsection 4.3.6). Somers Park suffered from a degree of inertia and evidence of internal drivers of change was less apparent. However, crisis was recognised in the financial deterioration and in the unexpected resignation of the senior administrator; collective knowledge was evident in an understanding of patient, dependent and local community needs; individual initiative was recognisable in many issues of community representation and fundraising; high ethical standards and professionalism in clinical issues; and significant potential benefit in the availability of grant funds for expansion of facilities.

Resistors of change were all internal. A lack of awareness represents simple ignorance of the necessity for or benefit of change. Apathy is a fairly emotive term

but in this context represents trustees who attend formal meetings but fail to fully participate. There was evidence of this phenomenon on the board of Somers Park. It is also possible that even full participation of trustees they may individually and collectively fail to recognise the importance of key issues. The issue of Parochialism is a potential weakness of many small charities. In the context of Somers Park there are clear links to issues of local culture but the requirement for anonymity discourages further discussion. However, whilst Somers Park was neither small nor new local factors drove many participants to concentrate on local issues to the potential detriment of the bigger picture. Finally, the remaining two resistors are linked in the context of empirical evidence from Somers Park. Apparent poor ethical standards that led to my eventual resignation might suggest weaknesses in individual integrity but I remain convinced that it was more likely overconfidence in personal knowledge and judgement, a case of 'I know best'.

The third group are the 'facilitators' that enable change to be implemented. These are not original, but briefly, collective and individual skills are necessary to firstly provide understanding of the issue in question and secondly to manage an appropriate solution. Clearly sufficient funds must also be available. The financial crisis clearly constrained the ability for the organisation to make change, the later potentially embarrassingly high level of reserves made change potentially less difficult. Business systems must be adequate to provide information to monitor and control change, a weakness at Somers Park, particularly from financial perspectives. Finally, the issue of ethical standards arises again, this time in the context of supporting change action and ensuring that change is ethically based. A good example of this from Somers Park was on my pointing out failures to comply with corporate legalities, immediate action was taken to redress the situation despite considerable short-term disruption to administrative practices.

### **5.3 EMERGENT THEORY**

The principal objective of phase 2 empirics was to develop theoretical fragments from the phase 1 case study at Somers Park into a theoretical contribution. Following the termination of phase 1, a paper was presented to a workshop meeting of the Voluntary Sector Studies Network (VSSN) influenced by early phase 2 data. The process of drafting the paper was an invaluable discipline out of which came an interpretation that 'felt right', in effect a concept referred by Glaser & Strauss (1967) as 'insight', and resulted in a coherently related set of key issues. The paper (Croft, 2006c) was apparently well received and provoked considerable discussion. Participants provided very useful comment, some of which served to improve the model presented to the meeting.

The VSSN paper was based around the model presented and discussed in figures 5.4 and 5.5 below. The model incorporates a number of ideas. Firstly, there was recognition that action (decisions or events) may be initiated by several sources. Clearly the board of trustees can legitimately instigate action, as can managers within the limits of their delegated authority. However, it is also possible for action to be promulgated bypassing legitimate authority. From empirical experiences during the Somers Park case study it was recognised that this could happen by particularly forceful individuals or (more easily) by a sub-group of key managers and/or trustees.

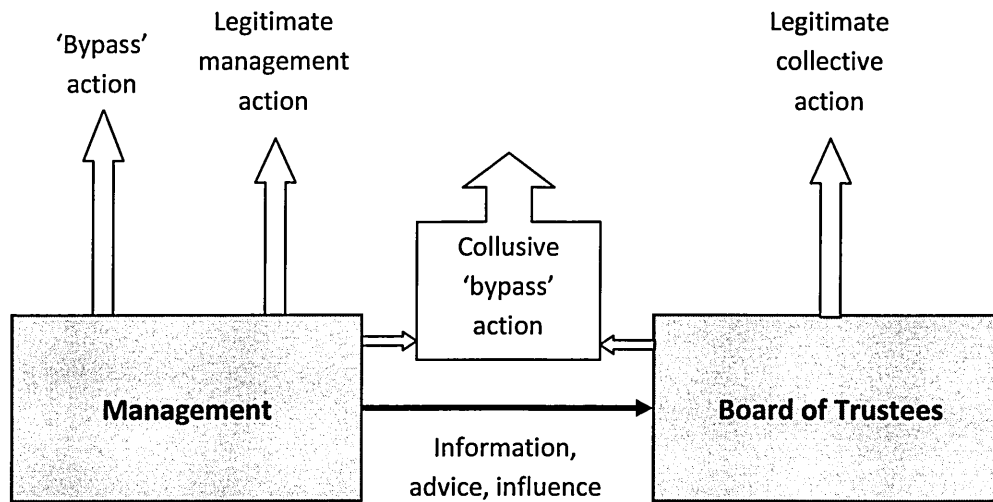
The principle of the division of responsibility between trustee and manager is well documented, but the situation is often far more complicated in practice. Whilst there are decisions and actions (events) distinctively appropriate for either managers or the board of trustees there is often a temptation for individual trustees to become too closely involved in management or operational issues. At the other extreme, there is a possibility of the board of trustees becoming marginalized in decision-making on key issues. The premise is that trustees should act collectively as a board. This does not require that all

members are equally immersed in all issues, merely that all have had equal opportunity to agree or dissent and that best possible use has been made of available potential (see Hind, 1995). It might be possible to develop a measure of collective will against which an organisation might be assessed although it would be necessarily subjective and difficult to test empirically. However, that is not the purpose of this study and no attempt has been made here.

Figure 5.4 below illustrates the relatively straightforward idea that decisions and actions on behalf of the organisation, 'actions', may be initiated at many levels. These include the board of trustees, managers etc. As was indicated above, trustees and management are separate, each with their own distinctive roles and responsibilities. Thus the diagram shows this separation but with a link to indicate that management legitimately provide information, advice and general support to the board of trustees. Management are also in the privileged position of being able to exercise considerable influence over the board in the latter's own 'action' process. In terms of 'actions', there is a range of options identified in the model and illustrated in the diagram below. Firstly, there are legitimate 'actions' initiated by management in accordance with authority delegated to them by the board of trustees. Secondly, there are legitimate 'actions' initiated by the board of trustees collectively in accordance with their statutory powers and responsibilities. However, there is also potential for 'actions' to be initiated without legitimate authority and the diagram illustrates two examples. These have been designated as 'bypass actions' in the model. The first example is that of management exceeding delegated authority; the second is that of one or more trustees acting without the collective authority of the board of trustees, either on their own or in conjunction with management. Two points arise from this. Firstly, it is for the board of trustees to decide by formal delegation policies what decisions (events) are proper for managers and which are reserved for the board of trustees. Secondly, it is the responsibility of trustees individually and collectively to ensure that 'illegitimate' action is not taken. To the extent that the board of trustees fails to prevent 'illegitimate' events they are



falling short of full effectiveness. This was certainly the case at times during the Somers Park case study.



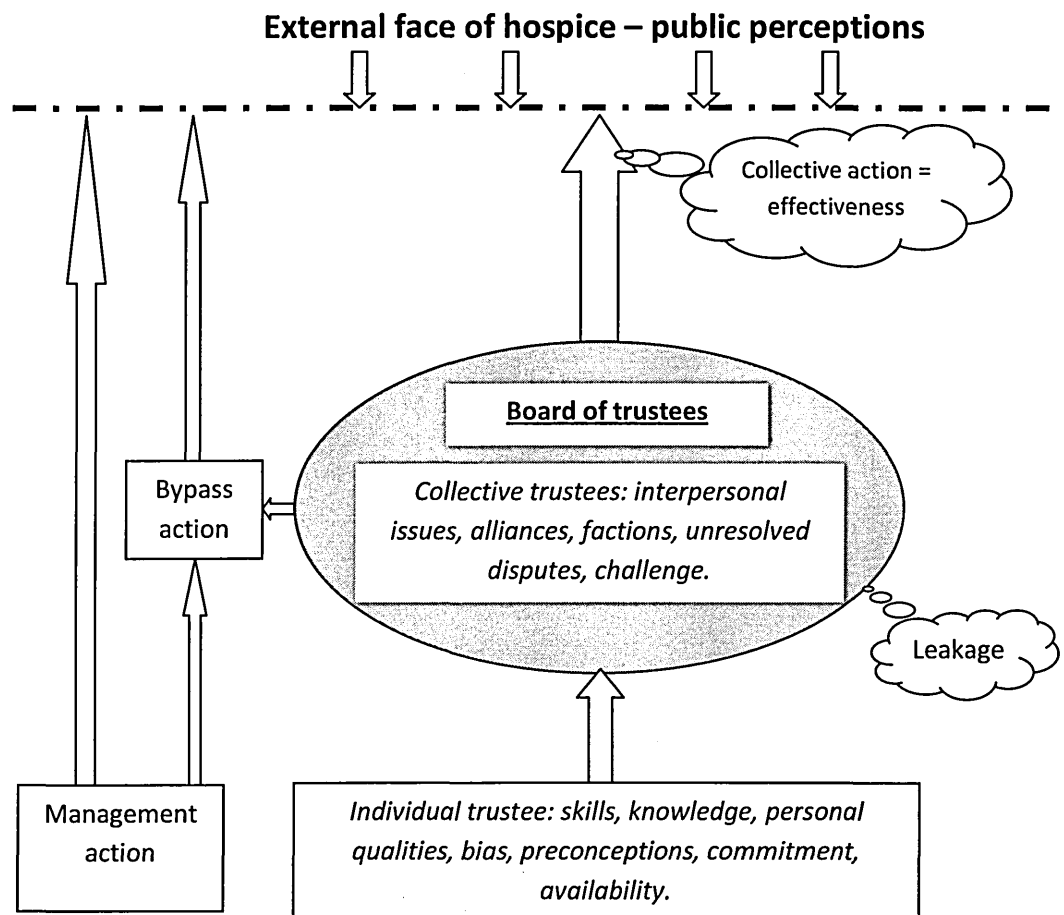
**Figure 5.4: A model of trustee and management action ('actions')**

(Derived from the Appendix figure of VSSN paper (Croft, 2006c)

By the time of the VSSN paper, the contribution of individual trustees was becoming recognised in data analysis as a significant element of theory. Variables feeding into individual contribution had been refined as including skills, knowledge, personal qualities, bias, preconceptions, commitment and availability. This collective contribution was identified as setting the maximum potential of the board of trustees. The effectiveness of a board of trustees was limited by the maximum potential (from individual contribution) but also subject to a number of interpersonal issues, alliances, factions, unresolved disputes and challenge. It was also noted that there was a possibility of some 'leakage' of potential (failure to achieve maximum potential) via the (perhaps occasional or periodic) failure of individuals to fully participate, in which case their individual contribution was reduced. Equally, even with the full participation of all trustees, a poorly managed board could result in dissent being ignored thus leading to sub-optimal board effectiveness. That is not to say that no action is possible without the assent of all trustees, simply that maximum

effectiveness is achieved by managing dissent constructively. Finally, the model recognised that public perceptions of the organisation came via legitimate management action, bypass action and the collective action of the board of trustees; the latter being an issue of variability.

The model presented to the VSSN Workshop at Figure 5.5 below served as an intermediate platform in the development of theory and might be considered as emergent theory.



**Figure 5.5: A model of issues around trust board effectiveness.**

[Derived from VSSN Workshop presentation paper Croft, 2006c, Appendix.]

#### **5.4 CHAPTER SUMMARY AND A FORWARD LOOK**

This chapter started from the point of termination of the phase 1 Somers Park case study, documented and discussed in chapter 4. Section 5.2 of this chapter presented and discussed theoretical fragments produced from the review and writing-up process. Following a relatively short period of analysis, review and reflection, a more coherent theoretical 'package' was developed with the impetus of a paper and presentation to a workshop meeting of the VSSN (Croft, 2006c). This theoretical package can legitimately be considered as emergent theory and was presented and discussed in section 5.3 above. In reality, there was a slight overlap between the development of emergent theory and the initial planning of phase 2. However, in practice, phase 2 empirics were based around emergent theory. The next chapter presents a report of phase 2 case studies.

## **CHAPTER 6: PHASE 2 CASE STUDY REPORTS**

### **6.1 A PRESENTATION OF ISSUES FROM DATA**

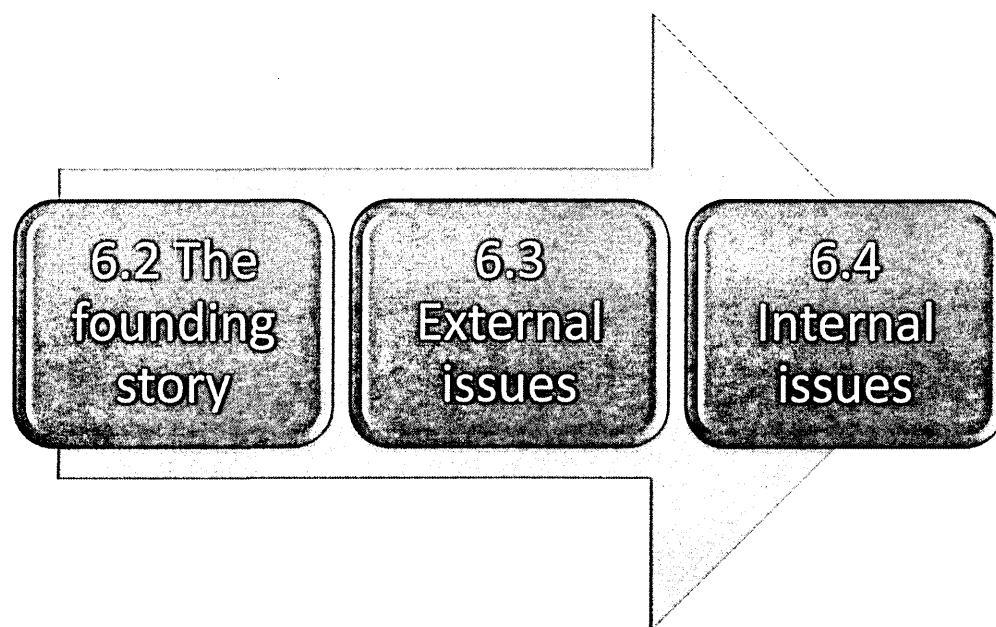
Phase 2 comprised a cluster of four organisational case studies. The detail of process was provided in chapter 3. This chapter will deal with the outcomes of phase 2 in the context of emerging theory from the phase 1 Somers Park case study. It is important to remember the external researcher perspective at these case studies with the consequence that whilst triangulation techniques have been utilised as far as possible, some interview data was required to be taken at the informant's word. In the light of emergent theory a number of specific research questions were devised to inform and focus data collection during phase 2 case studies. These questions were not posed directly to informants. Instead, they were areas of exploration around which interview discussions were conducted enabling a view to be formed. The areas were

- I. Who is in control?
- II. How was that control assumed?
- III. How is control implemented?
- IV. Is control effective?
- V. What prevents the negative governance issues from Somers Park happening?
- VI. What factors would facilitate the negative governance issues identified at Somers Park happening here?

A set of interview questions was compiled around the above research questions and adapted or added to in the light of responses. These are included at Appendix B.

The ordering of this section is loosely based in the order of inquiry topics but in a logical 'story-telling' fashion rather than one dictated by pre-conceived patterns. Thus the section deals with external and internal issues (6.3 and 6.4 respectively) but these are preceded by stories relating to the founding of the organisation (6.2). I must stress that this material is closely grounded in the data and formed the basis of

theory development. However, for the purposes of this section it could be presented in many ways. The objective here is to provide illumination and context for readers who may approach this thesis from a variety of perspectives. Figure 6.1 below illustrates the structure of this chapter. Sections 6.3 and 6.4 have their own illustrative diagrams.



**Figure 6.1: Structure of chapter: main sections.**

## **6.2 THE FOUNDING STORY**

There are some differences in the founding story of hospices participating in this study but most have a common theme of local-community effort without which the hospice would not have materialised. Support of local health boards in founding the hospice varied considerably. Some participants in this study acknowledged positive encouragement from public sector bodies although that was not always reflected in direct financial support. At others local health boards apparently demonstrated a degree of ambivalence regarding the establishment of a charitable hospice *“on their patch”*. The chair of one hospice had detected a hint of *“I wouldn’t say opposition ... but certainly there was ‘we don’t need this’”*. The position of the local health board

along the spectrum of opposition – ambivalence - support may have been of influence in later funding practices but that issue is beyond the scope of this study. Whilst issues and experiences around founding and relationships with the public sector appear mixed, there was no dissent from the observation of one trustee *“there is no public sector equivalent”* of the hospice.

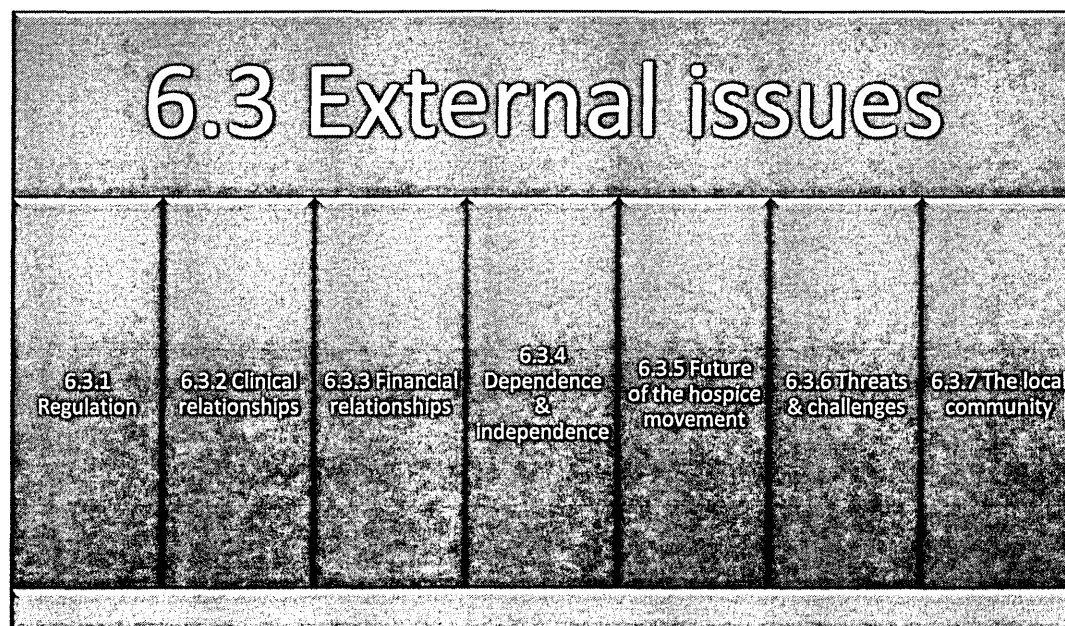
Publication of comparative data via this thesis would endanger the anonymity of the organisations. However, for context, the following table provides data showing the range of parameters for the four organisations that were the subject of phase 2 case studies. The figures have been summarised and rounded in the interests of anonymity.

Item	Range of parameters from latest available statutory accounts
Incoming resources	£1.5 million to £5.5 million
Expenditure in furtherance of charitable objects	£1 million to £ 3.5 million
Fixed assets	£2 million to £6 million
Public sector expenditure as a % of charitable expenditure	18% to 45%
Management and administration as a % of charitable expenditure	Negligible to 27%
In patient capacity	10 to 20 beds
Other common issues	Day care clinics, complementary therapy.

**Table 6.1: Indicative range of parameters for key measures**

## 6.3 EXTERNAL ISSUES

The subsectional structure of this section is illustrated in the following diagram.



**Figure 6.2: Section 6.3 external issues: subsectional structure.**

### 6.3.1 Regulation

There was a general lack of awareness of regulation issues at Somers Park, most trustees and managers appeared to rely on a subjective understanding of ‘good ethical and moral practices’. It was not possible to explore the level of understanding of key regulatory issues at phase 2 participating organisations and there was no consistent data enabling conclusions either way. Very few trustees interviewed thought they had a good understanding of charity regulation although several felt confident on broader regulatory issues in connection with health and safety and employment *“individually I guess people will have expertise more in some areas than in others”*. It was interesting that one trustee acknowledged that *“I didn’t really see the Charity Commission as a regulator in that sense”* In most cases trustees recognised their personal limitations in charity regulation but with the proviso that they had a general awareness and felt they could rely on their senior administrator

to alert them to changes and to *“make sure we do what’s necessary”*. Frequently, my questions on this issue focussed around experiences of constraint due to regulation. No interviewee identified any adverse impact although one acknowledged they had checked certain issues and processes with the Charity Commission, a practice also noted at Somers Park. Thus charity regulation appeared not to cause problems for the organisation in this study and there was no identifiable tension. In fact, one interviewee felt strongly that *“regulations are there to safeguard us and we should respect those regulations. We might not like them all the time and they may get frustrating but they are actually there to safeguard us”*.

### **6.3.2 Clinical relationships**

From interviews, clinical relationships between the hospice and local NHS units appear variable. Not a key issue for this study but in the main relationships were acknowledged as working well to the benefit of patients *“I think it works”*. However, several interviewees acknowledged initial tensions between hospice and NHS and local authority care professionals *“I don’t think [...] recognise the resource they’ve got here”*. Often these were later mitigated by development of a common understanding of respective roles. There was some indication that these tensions had not been totally eliminated at all locations. Each organisation has its own clinical admissions policy/criteria against which GP referrals are assessed for suitability. Interviewees to whom the question was put were consistent in the view that hospice admissions criteria took precedence over GP referral. However, one interviewee made the interesting observation that *“many people think we are [part of the NHS] because you are referred by the hospital, by your GP ... that’s how you come here”*.

### **6.3.3 Financial relationships**

Financial relationships between public sector funders and the hospice were generally strained. Several interviewees acknowledged that negotiations were nominal and the hospice was obliged to accept what was given; the annual report of one hospice was extremely critical of the level of public funding given. Somers Park and at least



one of the phase 2 case studies revealed feelings of public sector funders reneging on previously understandings *“we had an agreement that has not been implemented”* and *“we have been powerless to ensure that they implement what they agreed ...”*. This view reflects an underlying view of most trustees at Somers Park. A more pragmatic view was *“we have to work with the NHS, they are the paymasters and it is essential to have trust in a working relationship not an antagonistic one”*.

The financial relationship can be two-way, and can vary depending on issues of location and clinical links etc. The situation appears to lack consistency at the margins, for example one hospice had pharmacy services provided free, another was charged *“we pay for services that they provide; it would be nice if they were provided free but ultimately we live in a business world”*. There was a very unclear line between grant and contract for public funding purposes; one interviewee intimated that their local funder *“wanted”* the payment to be considered as grant not contract. This possibly reflects that under their control and reporting regimes public sector funding bodies would be required to operate more comprehensive scrutiny arrangements for contracts than grants. Again, this situation reflects that found at Somers Park. At the time of writing-up this thesis and beyond the formal termination of phase 2 case studies one informant advised me that DH’s stated intention of applying PbR to charitable hospices from 2008 had been rescinded due to a *“change of policy”*. The issue of funding was one where phase 2 interviews identified no clear consensus, instead a continuum of views from the aggrieved to the pragmatic. One agreed element was a general recognition that hospice services would be unaffordable if provided in-house by the NHS *“if [patients] had to be in hospital, I don’t know what a hospital bed costs ... but it’s a lot more ... and if social workers, health visitors, if nurses have to visit them at home that has all got to be funded somewhere along the line ...”*. There had been recognition by the public sector links with Somers Park that costs to them would be much higher without the charitable

hospice and there was limited evidence of similar recognition regarding other hospices. However, as one trustee put it *"it doesn't actually work like that"*.

In connection with the issue of public funding and their own fundraising efforts I explored interviewee opinion of public perceptions. I was curious as to whether interviewees felt the public might be more inclined to donate to 'top-up' government funding or to substitute for government funding. During early work of phase 2 I had identified potential extremes of view that donations might be withheld on the basis that 'the hospice should be funded from taxation' or 'the hospice is funded from taxation'. This was primarily an interview area for fundraisers but other senior managers and trustees also made a contribution to the debate. The issue of public awareness has implications for independence discussed in the next subsection. There was no consensus view but fairly typical was *"I think it varies. Some are very close to the organisation. The public think that we all receive a level of funding but they are sometimes surprised how small that is"*.

#### **6.3.4 Dependence and independence**

Issues of dependence and independence of the hospice acquired greater prominence about halfway through the subjective interview phase 2.4. My original framework of questions sought interviewee opinions on the separate subjects of public funding and threats to hospice survival. However, these questions became linked in a discussion of income and finance. Several interviewees volunteered concern regarding potential threat to the independence of the hospice due to public funds received *"we can never be totally independent because we are reliant on statutory funding"*. This was clearly an issue of concern to some interviewees but with different perspectives *"the independence is a bit illusory really"* but alternatively *"... we cannot be seen to be part of the NHS"*. Later interviews focused on this area specifically. It was apparent that 50% public funding was seen as a crucial figure. Interviewees at two sites thought that public funding above the 50% threshold would endanger the independence of the hospice from the public sector. At one of

the sites corroborated data was obtained that their local funding source had actually suggested *“perhaps we should have a representative on your board”*. A similar suggestion had apparently been made to another hospice but less strongly. Interviewees at two hospices also identified threats to their staffing ratios that are higher (apparently in common with all hospice services) than in the NHS. The threat is perceived that funding above the 50% threshold would bring conditions *“we want the following staff ratios – they’ve tried it on”*. The issue of independence had been the subject of trust board discussions at both sites but there was obvious opinion among interviewees that public sector nominees would not be welcome. In this respect it was apparent that clinical representation was welcome but the sticking point was an imposed funding representation. It should be noted that Charity Commission guidance allows such appointments but establishes that appointees must act in the interests of the charity not of any other body that they may represent. Consequently, several interviewees saw 50% public funding as a ceiling not to be exceeded whatever the cost of public healthcare services provided by the hospice. Perhaps surprisingly, even a close contractual link was seen by some as presenting potential issues of *“conflict”* for independence. One interviewee suggested the idea of ‘separation’ of contractual from charitable services but without specifying on what basis.

On the related issue of hospice financial survival, most saw strong links to the local community as being key. This issue is considered in subsections 6.3.6 and 6.3.7 below.

### **6.3.5 The future of the hospice movement**

Questions regarding the future of the hospice movement were designed to ascertain the views of individuals from a wide range of backgrounds and perspective. There was also a methodological interest in providing a degree of triangulation with issues of independence, relationships and challenges. One interviewee detected evidence of a public sector aim for hospice mergers and there was some recognition among

others that not all would survive in the long term *“those that survive will be the hospices with a Consultant”*. In exploring the issue of mergers with a few interviewees, there was not general support for merger although some interest in a planned approach at an appropriate time and opportunity. There was certainly wider support for a strategic approach to hospice services throughout the movement, either by merger or greater collaboration. Among the suggestions offered was the idea of an inter-hospice ‘bed and breakfast’ exchange system to facilitate geographical transfers of patients when necessary for perhaps personal reasons. A popular idea was the extension of hospice services currently primarily targeted at cancer patients (around 95% according to one hospice chair) to providing palliative care to patients suffering other restricting and potentially terminal illnesses. This point featured in interviews of subjects at several hospices. In recognition of the UK aging population issue one interviewee thought this would bring greater need for hospice services as the incidence of incurable disease (MND and heart disease for example) increases *“nursing home do not have the specialist care and the pain control – and spiritual care, that is what is lacking”*. However, several interviewees saw a future expansion of hospice services (and possibly more hospices) as probably being via outpatient and hospice-at-home services and not necessarily more in-patient beds.

A recurring theme for the future is a perceived need for education. In this context education appears to embrace a necessity to educate people in the work of the hospice movement as well as the more obvious education service to those working around the healthcare sector. For example, one interviewee felt strongly that *“we have to educate people in palliative care – teach people how to deal with people when they are dying – people don’t know”*. The same interviewee thought *“palliative care is very low on the agenda in the NHS ... it is not really their thing”*. Potential recipients of ‘education’ include NHS clinical staff, commissioners, local authority officials and elected representatives and local hospice supporters. In essence, this service is closely related to the campaigning effort of the hospice. Most hospices

have an educational service to some degree although in many cases it is an integral element of fundraising and clinical activities. Other hospices may have a formally organised, and occasionally co-operative, education service. Examples of all of these approaches were represented at organisations in this study.

I questioned the issue of fundraising. There was recognition of the competitive element of fundraising among charities in general and specifically among hospices relatively closely co-located. This issue is discussed under threats and challenges in subsection 6.3.6 below. Of relevance in this discussion of the future of the hospice movement is a suggestion was that instead of fundraising via the traditional charity shop the hospice movement should aim at providing a *“retail experience, competing with the likes of Marks and Spencer”*. This suggestion is perhaps a little more ambitious but has some relevance to an earlier research study (case study ‘Stubbs’, reported as Croft, 2000). That study explored management control at a national charity with specific consideration of the trading division. That trading operation was performed on robust commercial principles incorporating a national network of warehouses, shops and disciplined stock rotation.

### **6.3.6 Threats and challenges**

Threats related to issues of public sector funding and independence were discussed above. Beyond those, most interviewees recognised the issue of fund-raising as the principal threat facing their organisation. Those involved in fundraising activities recognised increasing competition among charities for local community donations. It was clear that the hospices had been founded primarily via community efforts and that participants thought this was their only hope of survival *“the hospice is imbedded into [named local community]”* and *“we have to work very hard at that”*. The key issue in this appeared to be *“local ownership”* and a community perception *“this is our hospice”*. On the question of why communities donate to their local hospice a number of issues arose in common. There was a general perception of *“they can see the need”* and *“there but for the grace of god”* but this is reinforced by

the experiences of former beneficiaries and their family and social contacts. The community issue was clearly identified by several interviewees, as one observed, *“people say we like to give to something that is actually in our sights and we know that the money is actually going to care for [the patients]”*.

Several interviewees had observed infringement of previously ‘sacrosanct’ territorial boundaries but with mixed opinions on the issue. The issue had been a sensitive one at Somers Park with a degree of perceived grievance among trustees. Phase 2 case studies suggested a greater degree of ambivalence but with occasional comment *“it is fair game”*. An interviewee at another hospice offered a more cautious view, tempering concern with *“... what I want to stop is a turf war”*. One interviewee was particularly aggrieved that an original fundraising idea of theirs with annual potential had later been adopted by several other local organisations. The focus of their complaint was not that others had ‘poached’ a productive idea but that all these similar events were taking place around the same time thus potentially saturating the market. If there was a common view on fundraising it was that the activity is becoming more professional. That view was borne out by observations of current practices and the employment of managers and staff with relevant experience and qualifications.

There were mixed views on the issue of volunteers (including trustees). A very few interviewees suggested that it might become more difficult to attract volunteers but there was no consensus on this. Harris (2001) touches on the issue of personal constraints on people’s willingness to serve on voluntary boards but it does not appear to be an immediate problem. However, an interesting parallel has arisen from my concurrent contextual experience within the NHS. Observations of the practices of support charities for an NHS hospital trust clearly indicate that volunteers and fundraising events are specifically for the benefit of that trust, again, the community link. It may be that individual volunteers also act in a similar capacity for local charities but that is a matter of individual choice and a separate issue.

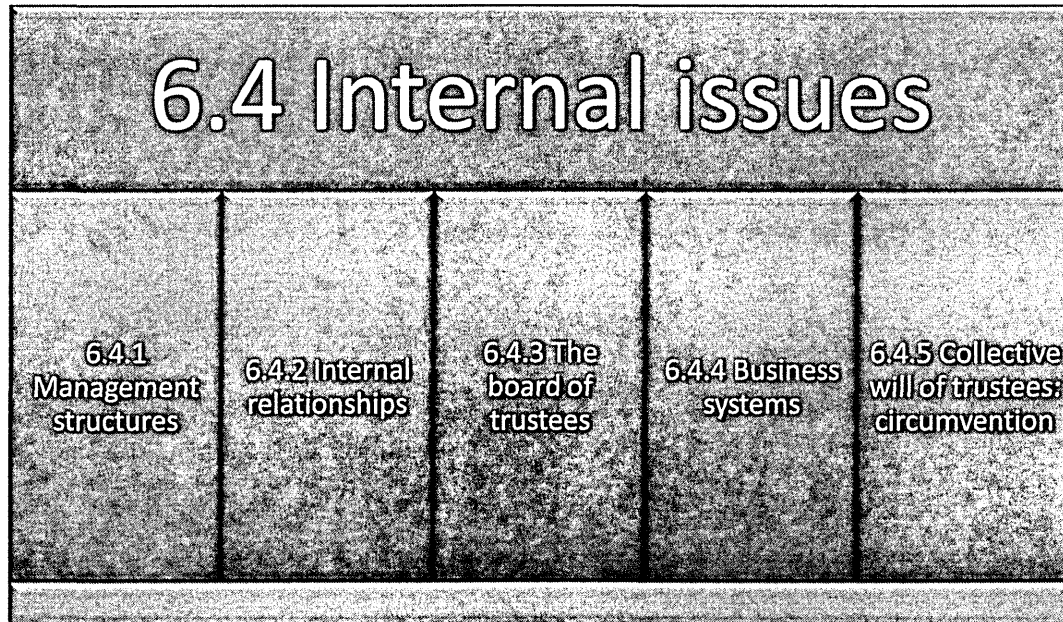
### **6.3.7 The local community: ownership?**

Although it was not the subject of empirical inquiries in this study the hospice does have an informal clinical relationship with the community in that it might be expected to be the first choice in-patient facility for suitable patients and providing regular outpatient services. The reliance of the hospice on the local community for funds was readily apparent from empirical data but the hospice is also reliant on the supply of free labour via a voluntary support network. Thus the hospice is heavily dependent on its local community, and stakeholder groups may exercise considerable influence over trustees individually and collectively. The issue of a public sector representative on the hospice board was mentioned in section 6.3.4 above but some hospices are governed under a representative model in which trustees are nominated by individual support groups and seen as representing that group as a trustee on the trust board. This model is common during the founding process but the hospice board often moves away from it as the hospice becomes more established. A factor in this issue can be the age factor as support groups find it increasingly difficult to find a suitable 'representative' from within their ranks. However, there was also some evidence of increased awareness and professionalism among trustees as the hospice became established resulting in a separation of the hospice board of trustees from support groups. This raises an interesting point of discussion. As a charity, the hospice has no owners; assets and resources are held in trust for the purpose for which they were given. In those terms therefore the community could be interpreted as 'owners' of the hospice, represented by trustees. This is particularly relevant to hospices running under the representative model and has implications for organisational control issues. Whilst ownership could be argued in those terms there are limitations to its relevance. For example, corporate shareholders may vary their interest to the point of complete withdrawal and members of the local community may similarly vary their donations of money and time. But, shareholders rights are clearly defined whereas those of a member of the community are not. Also, shareholders have a common interest in the financial well

being of their company reflected in profit and growth; the interests of community members are far more disparate and many will have no interest at all.

## **6.4 INTERNAL ISSUES**

The subsectional structure of this section is illustrated in the following diagram.



**Figure 6.3: Section 6.4 internal issues: subsectional structure**

All phase 2 organisations in principle adopted a traditional organisation structure for the sector of volunteers and staff, managers, and trustees with all bar the latter organised in functional groups i.e. administration, clinical etc. However there were differences.

### **6.4.1 Management structures**

Two models of management structure were identified. The first was a flat structure typically comprising heads of administration, care, medical and fundraising. All were of equal status and reporting collectively and individually to the chairman and board of trustees. The second structure had a chief executive over the functional heads with special responsibility to the chair and board of trustees. The operation of



respective management models was explored in interview but respondents identified no particular problems and each tended to favour their own model. It was interesting that one organisation had adopted the chief executive model within memory of incumbent functional heads who acknowledged their initial reservations of the change. Deeper exploration of this issue drew tentative suggestions that the eventual success of the new structure benefited from the individual personality and qualities of the appointed chief executive but there was an alternative view, *“you can’t build an organisation on personalities, you’ve got to have clarity of structure”*.

From an external perspective it was not possible to obtain or form a definitive view as to which management model was more effective; the inference drawn was that individual qualities and inter-personal relationships were deciding factors. At one organisation with the flat structure it was acknowledged by several interviewees (including the current chair) that the chair *de facto* acted as a part-time chief executive. A similar situation was reflected at another organisation, the chair acknowledged that prior to the appointment of a salaried Chief Executive *“I was quasi Chief Executive”*.

#### **6.4.2 Trustee/management and inter-manager relationships**

At each of the phase 2 case study organisations there appeared to be a clear distinction between trustee and management roles. I noted that this would also likely be an external-observer conclusion at Somers Park whereas my participant observations suggested less clarity. This is a recognised phenomenon in issues relating to voluntary organisations of varying economic size and age since formation but there is no clear distinction in either respect between Somers Park and phase 2 organisations. This issue was highlighted by one chair who clearly felt very strongly *“one of the earlier things I had to do was to insist ... insist, persuade, bully, cajole my fellow trustees that we were trustees and not managers”*. Another interviewee acknowledged *“some trustees get more involved than others”*. It was interesting that several phase 2 organisations had recognised and made a step transition (rather

than gradual) from the position of a 'hands-on' board of trustees to a more professionally organised structure. The potential tension of this transition was recognised by at several organisations. One trustee observed that the transition was very difficult *"when you start to have staff you've got to hand over the baby that you've grown"*. Others noted the changed role of trustees with comments such as *"we had to step back"* and *"that wasn't our role anymore"*. A highly relevant response was provided by one trustee who was clear *"the objectives and the aims are still down to us and it is still down to us to check that what we want is actually happening"*.

All trustees interviewed felt they were well supported by management without obvious shortcomings *"it is a joint venture, it is not about the board, the staff, it is about a team that is developing [...] as an organisation"*. In view of problems identified in participant observations at Somers Park I explored the issue of their potential dissatisfaction with several interviewees. From interview responses all trustees said that if unsatisfied with information provided at formal meetings they would pursue the issue with the chair. Despite deeper exploration via supplementary questions interviewees were extremely reluctant to admit the possibility of direct approaches to management. All apparently saw the chair as a vital intermediary. Two of the organisations participating in phase 2 empirics made periodic provision for trustees to meet and discuss key issues without managers present. At both, senior administrators and trustees interviewed felt these were positive and productive events.

Inter-functional friction had been noted in my early months at Somers Park and several other participants had acknowledged this as an ongoing problem for the organisation. Phase 2 interviews suggested that this issue was not a major issue for those organisations although an occasional and transitory phenomenon. One interviewee said they had not experienced friction between functions or other factions but *"you get occasional clashes of personality"*. A potential cause of internal friction identified by a few interviewees was the very different functional needs of,

say, a fundraiser who may wish to provide access to potential donors and clinical staff who are concerned primarily with patient care and privacy. In the main, this was an issue dealt with by sensitivity, common understanding and compromise.

#### **6.4.3 The board of trustees**

A number of issues regarding trustees and the collective board were included in the initial framework of questions. Others were added and explored in later interviews as they arose in earlier ones. Only a minority of trustees were interviewed at each organisation with corroboratory data from staff/manager interviews. Two models of board structure were encountered. The first, and more common was a board of individuals with no obvious links outside of their trustee roles. The second followed a representational model in that individual trustees represented local community groups by which they were nominated. This latter model appeared to reflect local founding arrangements. In terms of recruitment, trustees interviewed fell into one of two categories. Firstly, there were a number of founding trustees, those who had been involved with the charity prior to and since its inception. The second group were trustees who had been recruited some time after founding, most of whom had been approached following recommendation of others already within the charity. One interviewee had completed a period of service as trustee, left the charity but later rejoined following a direct approach. Two of the organisations participating in phase 2 of the study expressed the intention of moving to arms-length open processes for the future recruitment of trustees. This is of course how I was appointed at Somers Park although to my knowledge that process was not repeated there. One interviewee commented that *"trustees come usually by word of mouth"*, the recruitment process involving seeking particular skills (e.g. medical), a formally convened Nominations Committee and a competitive appraisal. The issue of trustee skills and backgrounds is important but there was little clear consensus. Many founding trustees were professionally connected to hospice services, i.e. clinical, care or local authority. A few had personal experience in palliative care via family users. Others had been recruited because of legal or financial skills. If there was a

common thread in trustee recruitment it was recognition of the necessity to ensure adequate 'business' skills and a network of local contacts among trustees. The underlying principle appeared to be *"what we have tried to do is make sure the board has the right people in it to be able to collectively have the overall expertise and skills to manage and govern the organisation"*.

All phase 2 organisations had a number of specialist subcommittees for key issues although there was no particular consistency. Subcommittees appeared to have evolved in the context of the specific organisation and the perceptions of key participants. In some instances allocation of trustees to a committee reflected that trustee's individual background and qualifications. The Somers Park case study revealed a number of potential and actual conflicts of interest among trustees that had caused me considerable concern in my trustee role. Phase 2 case studies did not reveal similar instances (possibly due to my external researcher position) but neither did organisations have a standard procedure for identifying conflicts of interest. Instead, the integrity of the individual was relied on to acknowledge any potential conflict of interest and act accordingly. All interviewees questioned on this issue acknowledged the importance of appropriate action and appeared conversant with good practice *"I would declare an interest and take no part in [the discussion]. I would leave [...] to deal with it"*.

There were some suggestions that it might become more difficult to find new trustees, particularly those with specific skills such as legal and financial. However this was largely seen as an issue for the future rather than current problem.

#### **6.4.4 Business systems**

In view of the necessity for considerable persistence to obtain information at Somers Park, I was particularly interested in firstly what information was routinely available to trustees at phase 2 organisations and secondly what steps were available to remedy any perceived (by trustees) shortfall. The dual nature of a charitable hospice was highlighted by one interviewee who remarked *"to make this dream a reality it*

*had to be run like a business as well as being a charity*". From the first perspective, each organisation had their own 'standard' agenda for board of trustee meetings although these varied between organisations. Each appeared to cover the ground adequately, reflecting individual organisational aspects and including planning, financial performance measurement and management reports by function. Generally, functional managers attended board meetings although where there was a chief executive, subordinate managers sometimes attended on a less formal basis. Whilst it was not possible to professionally evaluate financial and performance data available to trustees, copies of actual reports appeared reasonably comprehensive in comparison with that at Somers Park during the case study (see the discussion of this issue in chapter 4, section 4.4.4.1). The supply and availability of information to trustees was briefly touched upon in subsection 6.4.2 above and the general consensus was that if trustees felt they needed further information they would discuss the issue at a formal meeting. Outside of formal meetings initial approaches would be made via the chair. The only exception to this procedure appeared to be on clinical issues where the individual trustee was clinically involved. There was evidence of some inconsistency in responses in this issue as one chair remarked that trustees *"go directly to the manager concerned"*.

#### **6.4.5 Could the collective will of trustees be misdirected or circumvented?**

The underlying framework of interview questions related in part to issues that arose at Somers Park, in particular, weaknesses in governance resulting in the board of trustees losing control of the organisation. In this respect my interest was in what might facilitate or constrain the manifestation of similar issues at other similar organisations. In essence, interview questions were designed to establish the extent to which control was in the hands of the board of trustees and the possibility of that control being circumvented.

At early interviews in the phase 2 case study sequence I approached the issue cautiously partly to avoid confrontation but also to avoid leading the interviewee.

There was also a need to avoid even hinting at ‘examples’ of my line of thought as although I maintained the anonymity of Somers Park it was possible that interviewees could have become aware of my organisational history – not difficult in the relatively close community of hospices. In these earlier interviews, most interviewees failed to contemplate the possibility that the board of trustees could be uninformed or manipulated in any way. It was unclear whether the nature of their board (and individual trustees) precluded such a possibility or whether the informant simply relied on unquestioned trust. During some later interviews, particularly where the personality of the interviewee suggested it was a viable risk, I was deliberately more specific in my questioning. Without making reference to other organisations or earlier data, I felt able, with some interviewees (chairs and senior administrators), to pose an explicit question along the lines of *“if you wanted to get something past the board of trustees that you felt a majority would be opposed to, how would you go about it?”*. *“How could you do it?”*. *“What is to stop you ...?”*. Of the half dozen people to whom this direct question was posed, none said they would attempt any form of coercion or manipulation indeed none appeared to think it possible. The consensus view was that they would attempt to persuade trustees by force of rational argument but if that failed trustee’s decision was final *“you can lead them to the top of the hill but they are not going to charge over the top”*. One interviewee did acknowledge the influence exercised by chair and senior administrator at another organisation within his sphere of knowledge *“... a fair bit of ‘this is what I want’ – both he [the chair] and [the senior administrator] agree then it happens”*. When pressed, one senior administrator did acknowledge *“in theory we could go some way down the road of making something happen but in practice we’d both end up with the sack – which is more important to me than the chairman perhaps”*. Another interviewee reluctantly admitted it was *“theoretically possible”* for him to ‘steamroller an issue past the board but *“I have never had to do it. There are three or four board members who would put up a pretty good fight”*. At all interviews where this issue was explored in depth the fail-safe appeared to be the alertness and challenge of individual trustees *“I can’t even think of one individual on the board that*

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*you could suborn” but “I have worked with boards where you could suborn three or four of them quite easily ... and the others would have nodded it through ...”.* The consensus view from interviews was that it was not possible for even a chair to manipulate the board of trustees *“Oh, he wouldn’t have a hope”* and *“people will speak out”*. However, one chair interviewee who denied the practicality of *“levering”* the board had earlier intimated that if approached by his senior administrator *“can I do it”* he would say *“yes [...] and we’ll tell them afterwards! [laugh]”*. This was an interesting example of the value of data triangulation and provided a degree of assurance of phase 2 design issues.

This raises the question of, from the perception of the interviewee, what issues should go to the board? This question did not appear to be contentious and interviewees collectively suggested most of the key issues from best practice. The most commonly mentioned issues were those of strategy, governance, inspection reports, serious complaints, disciplinary matters (particularly those with potentially legal implications), those relating to senior management (particularly the Chief Executive where there was one) and potential threats to the reputation of the hospice. The latter issue was of particular relevance to my experiences at Somers Park and in connection with this, one hospice chair was adamant that commercial decisions also required reference to the board *“... for example, opening a new shop. It would go to [...] committee who would make recommendation to the board. They couldn’t do it without the board say so”*.

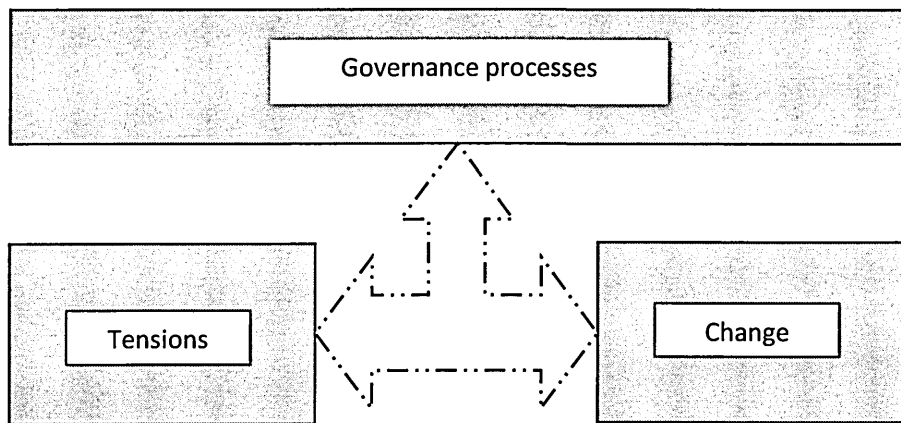
## **6.5 SUMMARY AND CONCLUSIONS**

This chapter has documented empirical activities of phase 2 case studies for the purpose of developing emergent theory. In addition to explanatory and ‘fact-finding’ interviews at participating sites, 29 trustees and managers were interviewed to explore their views and experiences. These interviews form the basis of data that have informed this chapter. The next chapter discusses tensions and change process that underpin theory.

## **CHAPTER 7: TENSIONS AND CHANGE PROCESSES: A DISCUSSION**

### **7.1 CHAPTER INTRODUCTION**

The principal objective of this study is to produce a theory of governance processes from a positive perspective. These processes are underpinned by tensions that require, produce or are produced by change, as illustrated in figure 7.1 below. Thus, no study of governance processes can ignore underlying issues of tension and change.



**Figure 7.1: Governance processes, tensions and change: the inter-relationship**

This chapter presents a discussion of issues around the context of tensions at three levels and associated elements of the change process. The content of this chapter is largely common to phase 1 and 2 case study organisations. Where there are material differences the text will provide specific comment. Section 7.2 below considers tensions in accordance with study aims, objectives and questions (chapter 1, section 1.3.5). However, the charity hospice role in public healthcare provision produces tensions that cross the boundaries of all three levels. Therefore, section 7.2 covers tensions in this context only briefly whilst section 7.3 discusses wider issues of this matter in more detail.



## **7.2 TENSIONS AND THEIR RESOLUTION**

From the outset of this study, it was identified that tensions could be divided into three groups; at the level of government, external to the organisation and internal (see chapter 1, section 1.3.5 for a more detailed explanation of these). The incidence and means of resolution of tensions will be specific to an organisation but there may be issues in common.

### **7.2.1 Tensions at the level of government**

This level considers issues of government policy, regulation and practice and started with an expectation (from prior contextual experience as a career civil servant with several years in a national policy post) that these may be inconsistent. To clarify, policy is what government intends to happen; regulation is what legislation dictates should happen; and practice is what government allows. Government is defined as including central and local government bodies and subsidiary agencies. There is no single policy in this issue but central government policy may be broadly summarised as encouraging the use of voluntary sector organisations in the provision of public healthcare where those organisations have the capability and can comply with appropriate standards. The issue of regulation might have been anticipated as a source of tension but this appears not to be the case. Understanding is patchy, the indications are that many trustees do not have a personal understanding in depth but rely on the advice of colleagues.

There is limited acceptance that VSOs are entitled to funding including a share of fixed or 'core' costs. However, central government stops short of prescription on the issue of public sector funding of services provided by VSOs direct to the public. Thus government agencies may utilise VS resources in service provision but are not constrained in negotiations regarding payment. Indeed, there has been no evidence from this study of anything that might be classed as negotiations taking place. In most instances the public sector stance has been to make a unilateral decision on

the amount to be paid. This is perhaps unsurprising in view of the respective bargaining positions of a local health board and a charitable hospice. I stress that this situation must be seen as economically rational from the perspective of a public sector budget holder. Without some prescriptive force to the contrary they must be expected to ensure maximum value for money by paying as little as will still enable them to meet service objectives.

The above discussion illustrates the potential for inconsistency between policy, regulation and practice; policy is to adequately fund hospice services, regulation is silent on the issue and practice is inconsistent between geographical areas (judged from empirical inquiries of this study) but still falls short of policy.

### **7.2.2 Tensions external to the organisation**

Some external tensions are linked to those above in issues of regulation and public funding. There are however other external tensions as charitable hospices are subject to many external influences and constraints.

Funding tensions may fall into a number of areas. The first is closely connected to the issue of public sector funding. Empirical inquiries from this study suggest that informants fell into one of two camps. The first group expressed great concern and dissatisfaction that their hospice was disadvantaged in negotiations for public funding for their public healthcare services. Some apparently saw this as a lack of good faith but were resigned to being unable to rectify the position. The second group, predominantly at hospices with better funding arrangements, were more relaxed about public funding levels but aware of potential dangers to the independence of the hospice. The second area of funding concern is that of acquiring charitable income to ensure the survival of the hospice. Bequests are a significant source of income to most hospices and clearly the timing of these is unpredictable. There is a greater degree of predictability in respect of other forms of donation that are influenced by fundraising effort and professionalism. Nevertheless the lack of

predictability over income coupled with the relatively high momentum of expenditure brings varying degrees of uncertainty to hospice boards and management. To some extent this uncertainty can be minimised by retaining sufficient reserves to cover 'lean times'. This can be counterproductive as some stakeholders may interpret subjectively high reserves as a failure to make effective use of resources, or a lack of need. Public sector bodies appear to have a particularly poor understanding of the issue of reserves. Empirical evidence suggests a common belief that issues of stability, continuity and independence are all addressed by firmly establishing the hospice within the local community.

Another source of potential external tension was that of clinical relationships with the NHS. There were mixed opinions and experiences among informants. There was some evidence of initial difficulties around the time of founding of the hospice. However, the general view was that clinical relationships worked well albeit with occasional tensions of a professional nature regarding roles and working relationships. The solution to inter-sectoral working relationships was seen as effective communication based in a common understanding of respective roles. A related issue is that of reporting of public healthcare service provision. Clinical issues are reported via local and national procedures; for these purposes the hospice is effectively part of the NHS. Wider performance reporting proved not to be an issue in practice as no participating organisation in this study provided routine performance data to their public sector funders.

### **7.2.3 Tensions internal to the organisation**

Tensions internal to the organisation include issues of governance, accountability, performance measurement, resources, culture and communications. The material in this subsection is a generic representative of internal tensions but the incidence and nature of tensions will be specific to the organisation, context and timing.

One area of potential tension is that of the scope and cost of business systems. Subjective understandings of the need for structured (and more bureaucratic)

accounting and non-clinical performance monitoring systems are likely to vary between individual trustees and managers. There is potential tension in the issue of formal versus informal (social) control practices; this links to cultural beliefs and practices. Another area of potential tension is that of the respective but often locally blurred role of trustees and managers; tension is possible due to differing individual perceptions of roles and responsibilities and the fact that this situation tends to change as individuals arrive and depart and as the organisation evolves. A related issue is that of power and influence. The Somers Park experience illustrates how the incidence and change in power imbalances can produce considerable tension for individuals and groups. Phase 2 empirics suggested no major problem over role understanding but this appeared to be due to strong leadership among trustees. Similarly, there was no evidence of potential manipulation of the collective board. Extensive but discrete probing of this issue at all phase 2 interviews suggested that the only constraint against such events were the personal qualities of key participants and the inquisitive and attentive nature of trustees.

A distinctive (but not unique) feature of charities is the availability of volunteer labour. This is an issue that can present particular problems of management due to the very different motivations of volunteers from employed staff. For example, at some organisations participating in this study volunteers were incorporated into the organisation structure. At others some volunteers worked across the structure in accordance with their skills and perhaps personal wishes. Volunteers may have personal views and motivations that differ from organisational objectives. Clearly it is more difficult to direct a volunteer than a member of paid staff and it is important to note that trustees are themselves volunteers. On this latter point tension within the board of trustees may be either constructive or obstructive.

Internal tensions were observed at Somers Park in the form of inter-functional relationships. The particular form was tension between administrative support staff and fundraising staff with clinical staff largely affiliating themselves to the administrative group. This was slightly surprising, cultural differences between

clinical and non-clinical staff might have been expected to create a divide along those lines. However, there were other organisationally specific causal possibilities for the actual divide but discussion of these might endanger the anonymity of the organisation. The issue was explored during phase 2 empirical inquiries but without evidence of supportive examples. Nevertheless this potential remains, particularly at organisations with weak or fragmented leadership. Finally, there is potential for internal tension in the issue of possession and perception of skills. Empirical inquiries support the possibility of tension due to weaknesses in the skill set within trustee and management or in the perceived value of particular skills to the group.

### **7.3 THE ROLE OF THE VOLUNTARY SECTOR HEALTHCARE PROVIDER IN PUBLIC HEALTHCARE PROVISION**

The role of the charity hospice in public healthcare and tensions resulting from that role and relationships with public sector agencies were touched on in the previous section. However, it is a broad topic that crosses boundaries between the levels of government, external and internal to the hospice. Thus, this section considers issues and tensions in this context in more detail; but first, a historic reminder from chapter 2, section 2.2.5.1.

#### **7.3.1 A historical reminder**

Prior to establishment of the NHS public healthcare was unequal and inconsistent. Charitable and voluntary enterprises made some efforts to mitigate these circumstances but their role has varied considerably over the centuries. In earlier times, voluntary or philanthropic healthcare services were the only option available to many in the UK and I am reminded of the Iliffe (1983) comment that during the First World war infants had a higher mortality rate than soldiers on the Western Front (see chapter 2, subsection 2.2.5.1). Later, with the advent of the NHS, the voluntary sector was able to provide services to supplement those available from the public sector. The modern hospice movement was founded on the basis of facilitating a 'holistic' approach to palliative care (see the discussion in section

2.2.5.3). In modern times, government has sought to bring the voluntary sector more central to public healthcare provision in the form of closer 'partnership' working arrangements. However, empirical evidence from this study suggests that although the citizen healthcare experience is considerably improved from historical times there are still inequalities. Several interviewees observed that not all regions of the UK are served by a charitable hospice to the detriment of patients resident in those without. Thus historical precedent continues today, healthcare still has aspects of inequality. There is some support for this view in NAO (2007c) that, in connection with the British Red Cross Home from Hospital, reports the *"patchy availability of funding led to 'postcode lotteries' for service users"* (p.11). This feature of inconsistency and inequality is an important feature of public healthcare through the ages and a significant point to emerge from this study.

### **7.3.2 Current practice: issues of control and co-ordination**

Several issues arise from an analysis of the hospice healthcare provision 'transaction'. Firstly, the process is fragmented and involves a wide range of people and organisations. Secondly, the patient only has involvement at the start and finish of the process, in between their role is largely passive. Thirdly, the analysis highlights the weakness of accountability and payment practices, specifically the absence of a direct link between performance and payment. Finally, there is an obvious lack of coherent structure within the NHS with the uncoordinated involvement of health boards, GPs and clinical inspectors. The lack of a link between service provision and public funding is a worry. Also, none of the participating hospices provide any meaningful non-clinical performance data to their local health board. Consequently, health boards are in no position to monitor hospice performance against grant or contract or to assess value for money. For example, a simple cost per bed day might be illuminating but no such figures are available to health boards. This situation is recognised in Audit Commission (2007) that refers to the *"... very little evidence, ... , on the performance and value for money from voluntary sector providers"* and

suggests a need for data to enable *“robust judgements about the value for money”* across all sectors (p.3).

It is not possible to generalise from the small number of organisations participating in this study but tentative comparisons of control issues are possible across economic sectors in public healthcare provision. Firstly, the provision of healthcare services by the charitable hospice is identifiably less structured in comparison with NHS and commercial providers. This is manifested in issues of performance measurement and payment regimes. Secondly, constraints and external pressures are very different for the hospice notably in areas of control and competition. The key point that healthcare services are available from all three sectors and to identical clinical standards but control and funding issues vary considerably. Ultimately it comes down to bargaining power, even within the voluntary sector ‘Carers’ were in stronger bargaining position than ‘Stubbs’ and therefore able to recover full cost and potentially make a surplus (see the brief discussion of this issue in chapter 1, section 1.2). However, empirical data from all hospices participating in this study demonstrates that they are unlikely to refuse to provide a service even without adequate public funding.

### **7.3.3 Implications for future relationships**

There is an underlying debate regarding the responsibility of the state in public healthcare. In principle, the Secretary of State has a responsibility for all healthcare in England (with differences elsewhere in the UK due the effect of devolution) and the original title for this study focused on services *“provided on behalf of government”*. This proved contentious and unworkable in practice as few participants see their organisation as providing services ‘on behalf of government’. The 1946 Act which established the NHS referred to a comprehensive health service *“to secure improvement in the physical and mental health of the people”* (HMSO, 1946, p.1). This theme is continued in recent Department of Health and NHS objectives that are aimed at ‘improving’ public health (DH, 2007b; 2007d). None of

these sources suggest that the NHS must provide necessary services directly; use of private and voluntary sector resources still arguably meets statutory obligations. This raises a number of issues for discussion. For example, what should be the role of voluntary services in public healthcare provision? A legitimate view is that the voluntary sector should be the provider-of-last-resort; that is to step in to meet a need only when all other avenues have been exhausted. Alternatively it could equally be argued that the public sector should be the provider-of-last-resort. This debate falls to the heart of the purpose and objectives of the NHS; these alternatives are the polar extremes of the argument and many legitimate views lie in the intervening spectrum.

#### **7.3.4 Funding issues**

The issue of funding is another area for debate. One valid argument relies on the NHS (2006a) recognition of General Practitioners (GPs) as gatekeeper to the NHS. If GPs are the gatekeepers then there is a logical argument that their referrals should attract appropriate funding whether the patient is referred to a public, private or voluntary sector organisation. That argument could be stretched to include the expected standard of care from nominated source even if higher than available from another provider, on the basis that it is deemed necessary in the judgement of the GP! Similarly, it is a rational view that voluntary sector providers should be publicly funded to the extent that they are providing services on behalf of, or in substitute for, the NHS. An alternative and economically rational view is that government should only pay sufficient to ensure the survival of a hospice, in order that service provision continues at minimal cost to the public purse. Indeed, it is rational that a public sector body should be ambivalent to the survival of a hospice except to the extent of consequences for public health and expenditure. It is relevant in this context to note that public sector budgets accessed by voluntary sector service providers are likely to be under the control of financial managers not clinicians. Under such circumstances, objectives and responsibilities are to maximise effective outcomes at minimum cost, regardless of personal feelings to the contrary. It would



be irresponsible and economically irrational to pay a hospice any more than necessary to achieve acceptable outcomes. However, a related issue is the effect of public funding on public donations to a charity hospice. Chapter 6, sections 6.3.3 and 6.3.4 discuss issues around the views of some respondents that high levels of public sector funding might reduce the incentive for local communities to support the hospice. This is an area for potential future inquiry.

There is however another important perspective. To the extent that a hospice (or any other voluntary sector healthcare service provider) is providing public healthcare services without one hundred percent public funding for such services (however these may be defined) then charitable funds are being used to subsidise government. NAO (2007b) refers to potential consequences of underfunding and reliance on “*charitable subsidy*” (p.2). There could be considerable debate as to whether this is a legitimate use of charitable funds but that is principally a legal argument and beyond the scope of this thesis. But, there is a wider ‘moral’ aspect to the debate. Most, probably all, NHS trusts have an associated charity (possibly several) to distribute and account for donations received from patients, families, the local community etc. NHS trusts also actively canvas for charitable funds for appropriate purposes, for example to fund clinical research. These funds are properly and legitimately dealt with in accordance with charity regulation (we must assume, but that is beyond the scope of this study) and are used for the purposes for which they were given. However, donations and grants given to a charitable hospice, if used to subsidise the public sector, are arguably not being used openly for the purpose for which they were given. ‘Openly’ is the key word here, it may be that donors would be quite happy for their donations to be used in this way but that is not the choice they have made. We may not assume that the donors of all charitable donations to the hospice would be ambivalent as to whether their donation went directly in support of the charitable hospice or indirectly in support of local NHS trusts. Anecdotally, it is a rule within the NHS that charitable funds may not be used in substitution for NHS funds. I have explored this issue from a practical perspective

via concurrent contextual experience but the 'rule book' in current use is Charity Commission (1995) that is silent on the issue. Major capital projects would tend to be highly visible and appropriately administered but this may not apply to smaller sums. In practice, it is difficult to envisage any NHS hospital trust purpose that would not arguably fall to be eligible for funding by charitable funds and in which any misuse would be readily revealed by external scrutiny. In this context, a recent contextual experience suggests that, at least in some instances, access to internal NHS funds might be withheld if by so doing the cost would be covered by charitable funds. Under these circumstances charitable funds are clearly (but only to a close insider) being substituted for public funds.

Literature and empirics for this study are in general agreement that public sector funding of VS services is still inconsistent, does not follow central guidance and in the main does not cover full cost (Charity Commission, 2007a; NAO, 2007a; 2007b; 2007c; 2007e; Audit Commission, 2007). A conclusion to the discussion from this study is that any equitable advance in the funder/provider relationship between public and voluntary sector appears unaffordable to government. This is probably true of payment by results, formal contractual arrangements or a national commissioner/provider network with the NHS as 'flagship' enterprise (Rugman & D'Cruz, 2001, see the brief discussion of this concept in chapter 2, section 2.4.1.6). The latter structure would also likely require central direction on an even greater scale than that envisaged by NAO (2007c) and be politically unachievable. So, the question remains, on what rational basis and with what justification would government pay more than the minimum necessary to ensure acceptable service? This suggests the likely future for hospice funding as being not significantly different from current arrangements under which hospices are dependent on their local community. Voluntary organisations have historically sought to fill gaps in public need not filled by government. Nevertheless, there is still hope of marginal improvement via collective groups such as the NCVO. This subsection has added to ongoing debate on issues of inter-sectoral working relationships and in particular

that of public sector funding of voluntary sector services. The conclusion is that whilst positive progress (from a voluntary sector perspective) might be possible under a 'black and white' contract versus grant scenario there are two potential 'show-stoppers'. The first is simple public affordability, the second is the difficulty of defining contract services in order that performance might be measured and assessed.

#### **7.4 CHAPTER SUMMARY AND NEXT CHAPTER**

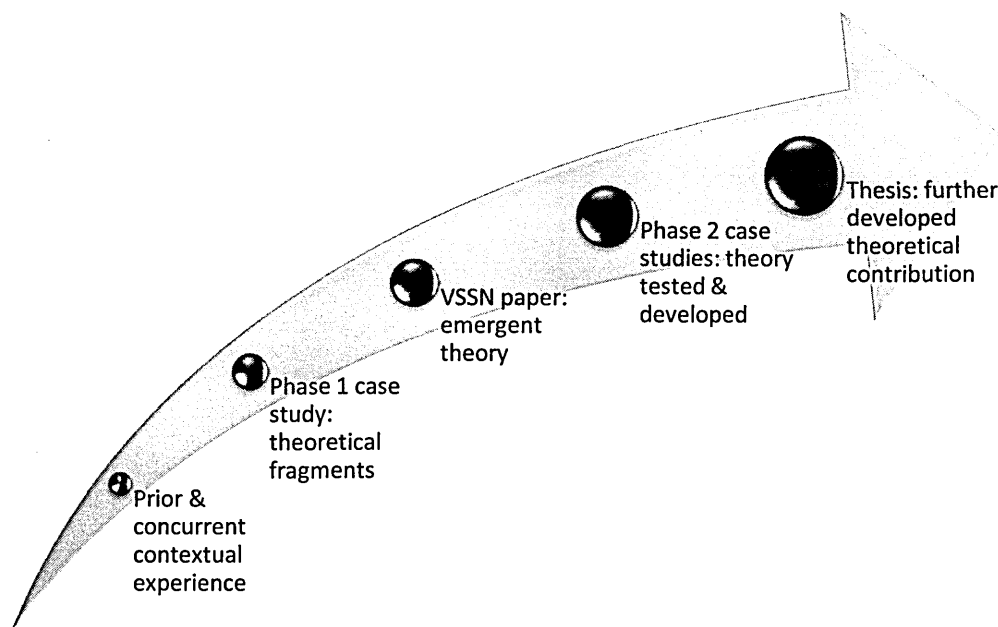
Governance processes are underpinned by issues of tension and change. This chapter has addressed those issues on the basis of two phases of empirical inquiry. The next chapter presents a theory of governance processes produced and developed from those and contextual inquiries, coupled with extensive reflection.

## **CHAPTER 8: A THEORY OF GOVERNANCE PROCESSES:**

### **INDIVIDUAL CONTRIBUTION, LEAKAGE AND COLLECTIVE WILL**

#### **8.1 CHAPTER INTRODUCTION: A ROAD MAP OF THE JOURNEY IN THEORY PRODUCTION AND DEVELOPMENT**

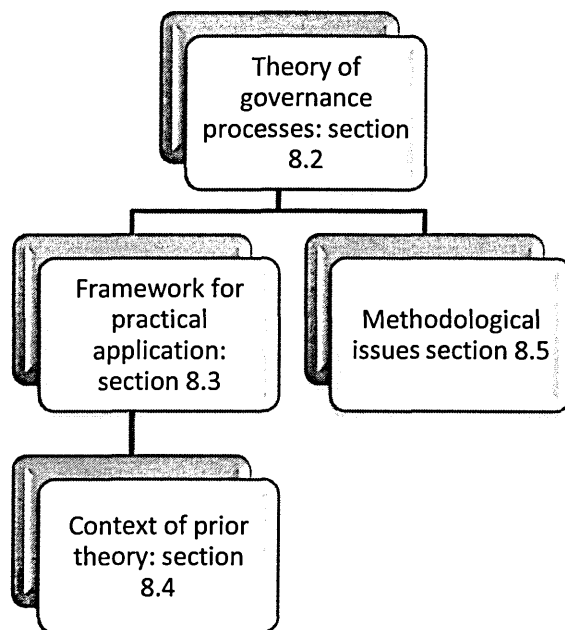
The 'journey' to the theoretical contribution of this thesis has taken around six years, but arguably the contribution of prior and concurrent contextual experience extends the process back several years prior to enrolment for the academic programme. Prior personal experiences at three healthcare charities over a period of around six years involved roles as trustee; voluntary adviser; and, senior manager – three very different perspectives. Figure 8.1 below provides a diagrammatic representation of the stages through which a theory of governance processes in charity hospices has evolved.



**Figure 8.1: The process of production and development of theory.**

To summarise, the phase 1 Somers Park case study (Chapter 4) was performed for the purposes of theory production and initial development from the perspective of a

close insider. Data collection was primarily via participant observations consistent with the Adler & Adler (1987) concept of 'opportunistic complete membership'. The case study is reported in chapter 4; termination of the case study was an opportune point for an extensive review of progress and future data needs. At that time, theory production had progressed to the point of theoretical fragments as a 'snapshot' of an evolving situation. See chapter 5, section 5.2. A progress paper was presented to the Voluntary Sector Studies Network (VSSN) for a Day Conference based in developing theoretical fragments from phase 1 empirics at a very early stage of phase 2. I recognised at the time that it reflected considerable progress in theory development to the extent that had moved on from a loosely connected set of 'fragments' of theory to a coherent, if still incomplete, 'package'. This intermediate stage of theory development might be termed emergent theory and is presented and discussed in chapter 5, section 5.3. The content of that conference paper was used to focus later empirical inquiries of phase 2 (reported in chapter 6) leading to the theoretical contribution discussed in section 8.2 (this chapter) below.



**Figure 8.2: Structural layout of chapter 8**

## **8.2 A THEORY OF GOVERNANCE PROCESSES**

The theoretical contribution from this study contains three sub-elements, a theory of governance processes, a model of the drivers, resistors and facilitators of change, and a three-tier model linking these two together and with organisation culture.

These parts are explained and discussed in this section.

### **8.2.1 The context**

Prior literature on these issues was discussed in Chapter 3. However, empirical inquiries have demonstrated that whatever accountabilities and controls are in place they may still be circumvented with the ignorance, apathy or inaction of the controlling body. The Gambling & Jones (1996) recognition that control of organisation may be 'seized' is inaccurate; control may not be seized, only given up by those to whom it belongs. An underlying theme of this study was to identify constraints on 'inappropriate' behaviour by individuals or groups against the intentions of those with legitimate control, or against the best interests of the organisation and its dependents. Culture was anticipated as being an effective constraint and this was supported by early empirics. Later empirics suggested that cultural pressure could act as a constraint but not under all circumstances. Scheytt & Soin (2005) recognised a differentiation between culture as a concept that an organisation has and the organisation itself as a culture. The former they argued could be deliberately changed, but not the latter. In the context of the theory presented here, 'artifacts' may be overtly or covertly circumvented and this may be facilitated by 'basic underlying assumptions' that limit or discourage appropriate challenge and dissent. The example from empirics is the 'take-over' by a minority group at Somers Park (Chapter 4, subsection 4.3.2.3) in which the respective positions of the 'controlling group' within the organisation may have led others to perceive their actions as legitimate or at least justified. A conclusion drawn from the empirics of this study is that the most effective constraint is the collective action of

trustees; there is no other internal or external constraint that cannot be circumvented.

The remainder of this section explains the theory developed from empirics, starting with discussion of issues around the character of a board of trustees and moving on to consider factors that produce and constrain their collective effectiveness.

### **8.2.2 The character of a board of trustees**

The board of trustees is the governing body of the charity. It may operate under one of a variety of titles but all trustees have equal responsibility and liability as members. As the board comprises a number of individual trustees, early empirics (phase 1, Somers Park case study) suggested that the character of the board is the sum of constituent member characteristics. The collective character reflects constituent individual characteristics. Thus, the nature and performance of a board of trustees varies between organisations as each has a different membership. However, this same principle also applies to a single charity as it changes over time. Inevitably, members leave and new members are appointed, thus the nature of the board changes. With a stable membership this change might be gradual and not be readily apparent to outsiders. This is particularly likely if there are a number of more active members who remain in post. However, there is another factor that tends to greater volatility. The voluntary nature of trusteeship means that trustees inevitably have other demands on their time, have other responsibilities and take part in other activities outside of the charity. Thus, over a period of time the involvement of individual trustees will vary. These variations may take place over relatively long periods of time, for example the founding member who remains with the charity after standing down as chair but adopts a lower profile. Alternatively, variation in involvement may take place quite suddenly, illness or domestic commitments for example. Similarly, variation may persist for some time or be a transitory phenomenon. The outcome of these two factors, changes in membership and variation of involvement, mean that a board of trustees is subject to constant change

and can be said to be evolving throughout its life. This is the underlying principle of the theory that seeks to explain how the evolving board achieves a given level of effectiveness at a point in time. A board of trustees may be seen as a 'society' and Bhaskar's view of society as undergoing constant reproduction is highly relevant to this idea. The following subsections explore key issues in more detail.

### **8.2.3 Individual potential**

Charity Commission guidance identifies the importance of a range of skills, knowledge, experience and individual qualities among trustees but without being specific. Indeed, Charity Commission (2006a, Finding New Trustees) espouses the virtues of diversity and recommends a 'skills' and 'gap' analysis of existing trustees as a forerunner to recruitment of new trustees. The theoretical model presented here bases the potential of the individual trustee in a range of similar factors. These individual 'characteristics' were developed from empirical data during the Somers Park case study and are categorised as 'limiting factors' that serve to constrain that potential. The components of individual potential have been identified as:

- Skills – these may be of a technical nature such as legal, financial, clinical etc but could also be more general as managerial, interpersonal communications etc or situation specific such as religious or fundraising.
- Knowledge – linked to skills but provides a different perspective. In essence, knowledge is the personal 'database' that informs, and skills are the way knowledge is utilised.
- Personal qualities – probably the most influential factor. Includes integrity, judgement, intelligence and the ability to rationalise bias, preconceptions and discussion etc.
- Bias – beliefs based in personal values in turn may be influenced by life factors. Bias may not be rationally derived but may be difficult to alter.



- Preconceptions – differs from bias in that preconceptions may be based in ignorance and potentially more easily altered.

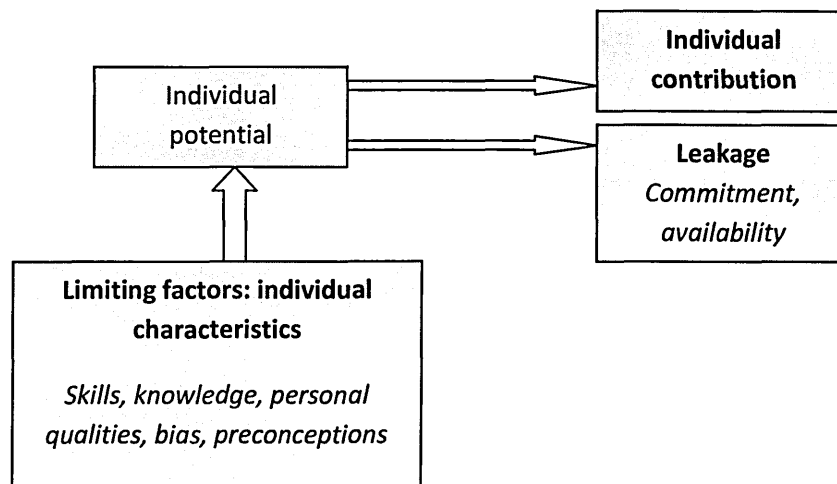
#### **8.2.4 Leakage and individual contribution**

The preceding subsection identified factors producing the potential of the individual but this potential may not always be achieved. This individual potential is constrained by two other elements that may be defined as ‘individual leakage’.

These are:

- Commitment (to the organisation and objectives) – relates to the effort that the individual is prepared to allocate to trust activities. They may be capable of greater effort but choose not to. This factor is linked with motivation; that relationship is not entirely clear but motivation is thought to be a sub-category of commitment i.e. changes in motivation produce changes in commitment. Commitment is based in life experiences and beliefs.
- Availability – relates to the effort an individual is able to allocate to trust activities, a constraint on commitment. Based in choice and life factors.

Thus the contribution an individual trustee makes to the board is limited to their potential (as established by individual limiting factors) but reduced by ‘leakage’ related to issues of commitment and availability. This is shown the diagram at Figure 8.3 below. There was brief illustration of this process in chapter 3, subsection 3.8.3. Charity Commission (2006a, Finding New Trustees) touches on the issue of ‘commitment’ but without differentiating between that and ‘availability’.



**Figure 8.3: Individual potential, leakage and contribution**

### 8.2.5 Synergy

So far we have established that a board is a collective entity with characteristics dictated by its constituent members. Also, that individual contribution is constrained by potential and leakage from that potential. There is one further factor; the question of whether under some circumstances the whole is greater than the constituent parts i.e. synergy. In this context, there is the possibility of a degree of synergy arising between individuals and within the collective board that may facilitate higher performance. This possibility was suggested by a participant at a VSSN workshop to which a partly developed version of this theory was presented (Croft, 2006c). Later data collection and a review of earlier data suggested that this possibility was valid and the theory was revised to incorporate the additional element. The effect of synergy had been observed in the Somers Park case study and in concurrent contextual experience but it is not known how it could be measured. It would be extremely difficult, if not impossible, to observe from an external researcher perspective. Synergy may or may not occur and has a relationship with the interaction of individual characteristics of knowledge, skills, personal qualities

etc. The concept has a theoretical relationship with group issues discussed in the following subsection.

#### **8.2.6 The board of trustees: limiting factors**

Just as individuals have a personal level of potential that may not be achieved in practice, so a board of trustees has a collective potential but may operate at a lower level. Collective potential is in practice affected by issues of cohesion and distributions of power and influence that are related to individual contribution.

Developed theory suggests a number of limiting factors that operate at the collective level and relate to group cohesion. These have a constraining effect on the achievement of collective potential. They are identified as:

- Interpersonal issues – it is an inevitable fact of life that conflict may arise between individuals based in personality, values, life experiences etc. The effectiveness of a group of individuals (in this instance a board of trustees) is dependent on the extent to which such issues arise and how they are resolved. There is some evidence of links with synergy as a positive reflection of interpersonal issues.
- Alliances – relates to informal groupings of trustees with perceived common objectives on a single issue or possibly more generally but still joint-objective related. Empirical evidence from the Somers Park case study suggests that the minority controlling group (see chapter 4, subsection 4.3.2.3) were an informal alliance.
- Factions – informal groups of trustees that are a more permanent manifestation of ‘alliances’ and tending to be across a wide range of issues rather than issue specific. A risk to the independence of a charitable hospice (see discussions in chapter 6, section 6.3.4) is that public sector appointees to boards might act as a ‘faction’ and not necessarily for the best interests of the hospice.

- Challenges – constructive challenge is crucial to a healthy and effective organisation. In this context, an absence of challenge may suggest that individual trustees are being marginalized, possibly from personal choice. This situation may also result from domination by more powerful individuals or groups. However, challenge is not always welcome and the constructive nature of a challenge is to a degree subjective. Again, there are theoretical links to individual limiting factors of ‘personal qualities’ and to a lesser extent ‘bias’ and ‘preconceptions’.
- Unresolved disputes – disputes may have positive effects (see ‘challenges’ above) but if these are not satisfactorily resolved the outcome may be extremely negative. See the discussion of collective leakage factors in the following subsection.

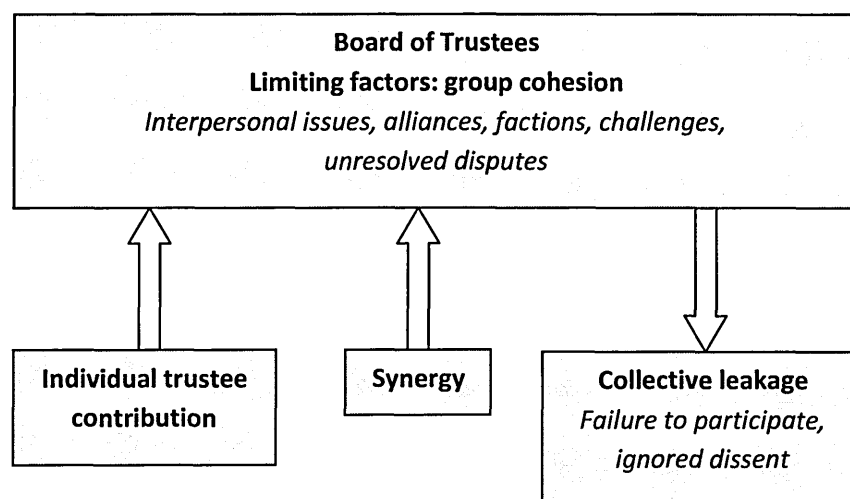
The above factors relate to a board of trustees in operation but there is a possibility of further leakage from collective achievement, ‘collective leakage’. Two concepts have been identified and these are discussed in the next subsection.

### **8.2.7 Collective leakage**

There are two factors of influence in what has been defined as collective leakage, ‘failure to participate’ and ‘ignored dissent’. Firstly, ‘failure to participate’; an individual’s contribution may not be fully achieved at all times due to a failure in their full participation as a board member. There are some links to issues of personal qualities, commitment and availability but this failure of participation covers situations where an individual attends but acts against their normal behaviour on a particular issue or at a particular event (or series of either). The effect is that they consciously refrain from making a contribution on an issue within their sphere of expertise or influence. Reasons could be many, including boredom, feeling unwell or feeling that any contribution might be futile or unproductive. Secondly, there is a possibility of ‘ignored dissent’ as the potential contribution of one or more trustees is deliberately or inadvertently overridden by a controlling influence on the board.

This can have an extremely negative effect via a de-motivational effect on participants. In this instance, the de-motivating effect may not be restricted to those whose dissent is being ignored. Others may fail to participate due to their perception of events. Examples of such issues were observed in data gathering at Somers Park.

Thus the effectiveness of a board of trustees is based in contributions from individual members, and possibly an additional contribution via synergy, but subject to a number of limiting factors to group cohesion and the possibility of some collective leakage. This is represented in the diagram at Figure 8.4 below.



**Figure 8.4: Board of trustees: contributions, limiting factors and leakage**

### **8.2.8 Effectiveness and collective will**

The starting point for this discussion is that the effectiveness of a board of trustees (supported by associated managers and staff) is necessarily subjective. No attempt has been made in this study to address this issue beyond identifying empirical examples from practice. However, it is a reasonable assumption that a board that fully utilises the potential of its members must be operating more effectively than one that does not. Nevertheless, one board may be more effective than another due

to its higher collective potential via greater individual contribution from its members. This is quite consistent with the model presented above. Thus the extent to which board action is truly collective may be seen as a measure (however unquantifiable) of effectiveness. The collective nature of charity trusteeship is enshrined in legislation and guidance, for example, Charity Commission (2006a, Finding New Trustees) “... *the whole trustee board remains in full control of the process and decisions*” (p.9). Similarly, Charity Commission (2007c) specifies that “*All decisions taken by trustees concerning the charity are taken by all the trustees, acting collectively and as a team*” (p.10). The potential for a board of trustees to be marginalised has been recognised in literature sources as diverse as Gambling & Jones (1996) and Charity Commission (2002a, Regulatory Study).

A model of the flow of potential to achievement (effectiveness) is presented at Figure 8.5 below. This ‘stepping stones’ model of theory illustrates the broad theme that

Individual potential – individual leakage = **Individual contribution**

Individual contribution + synergy – collective leakage = **Collective will**

Collective will = effectiveness (in stakeholder perceptions).

The subjective nature of effectiveness is recognised by reference to stakeholder perceptions, in this instance many and varied but typically including patients, families and dependents, managers and staff, public sector commissioners, the local community, and of course trustees.

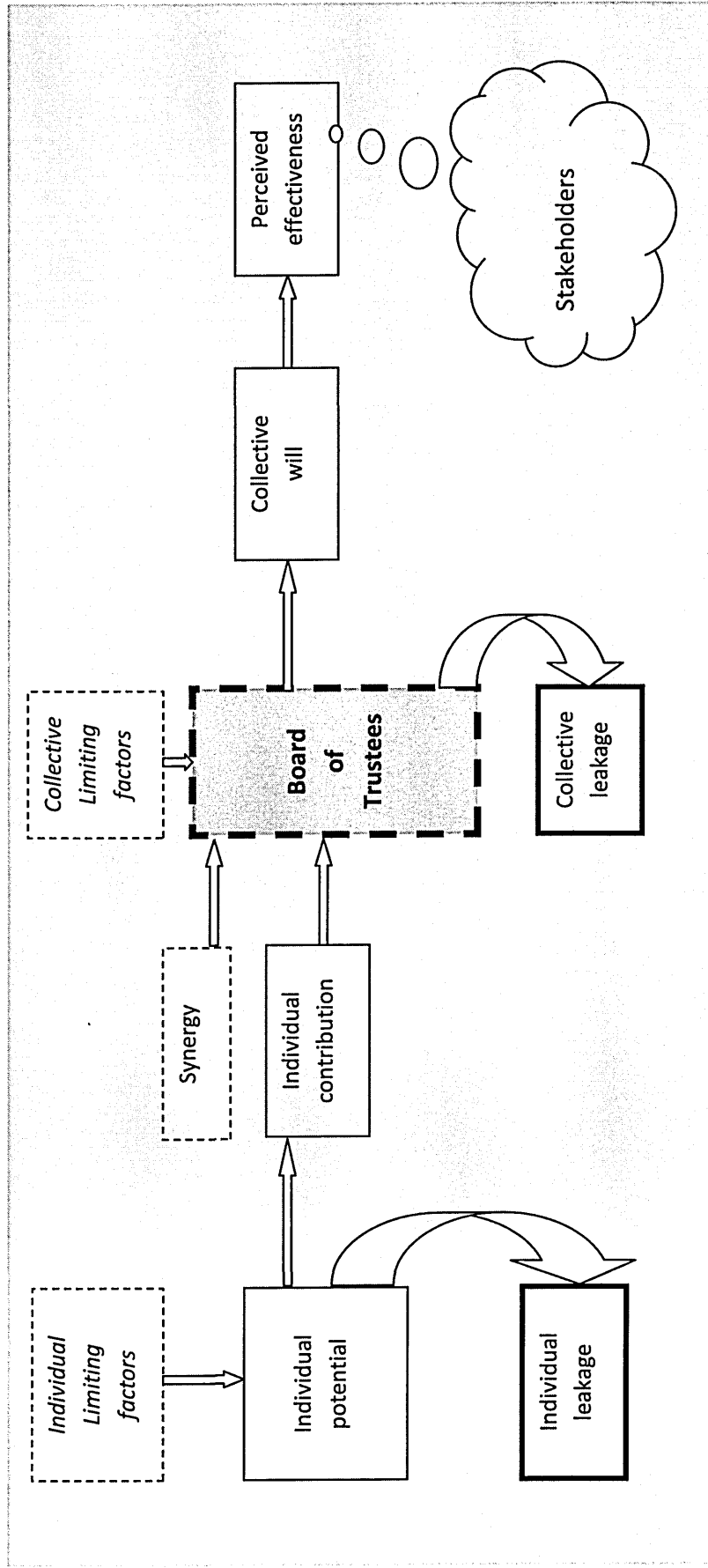


Figure 8.5: The flow of potential to achievement: the 'stepping stones'

### **8.2.9 Related issues: a brief discussion**

There are a number of issues that are not overtly incorporated in the above model but justify some discussion and explanation for their omission. Firstly, an obvious question in the context of control of charities is the impact of management on the effectiveness of a board of trustees. Managers can supportive or hinder their board of trustees in terms of achieving output, 'effectiveness', but have no direct impact on the 'potential'. Indeed, measures of 'potential' and 'effectiveness' include the extent to which a board are competent to, and in fact do, exercise legitimate control over management. By this reasoning, if a board of trustees is performing at a lower level than their potential due to management failings it is the collective weakness in trustees in failing to initiate action to remedy such management failings. Similarly, if board underperformance results from weaknesses in information and communication, systems, structures, reporting or roles and responsibilities these are issues within the scope of an effective board to remedy.

Secondly, the potentially conflicting concepts of trust and control were noted from observations at Somers Park and incorporated into theoretical fragments from phase 1 empirics (see the discussion in chapter 5, subsection 5.2.3.4). Confirmatory data was sought and obtained during phase 2 empirics. It came as no great surprise to conclude that the balance of trust and control varies according to context as does what might be considered an 'appropriate' balance point. Certainly there is a balance to be struck as the extremes of either or are not possible. A heavy reliance on trust increases risk; more comprehensive control procedures have a higher cost in bureaucracy. There is a general acceptance that voluntary organisations may place a greater reliance on trust at the expense of formal control systems. Issues of where the balance of trust and control should lie, and where it lies in practice are subjective and difficult to ascertain empirically. Participant observations at Somers Park revealed several instances of behaviour to suggest that some participants relied too heavily on trust and that formal control systems were woefully inadequate. Phase 2 case studies did not enable sufficiently close observations but served to confirm the



principle that an appropriate balance was vital to the effectiveness of trustee governance.

Thirdly, openness and transparency are closely related to issues of trust and control. At the stage of emerging theory towards the closure of the Somers Park case study openness and transparency were identified as key factors in governance. Indeed, it was failings in openness and transparency that facilitated the transfer of control of the organisation from the board of trustees to a smaller group. I stress that these weaknesses in governance facilitated the transfer but did not cause it. It is the responsibility of other trustees on the board to sufficiently challenge events and to ensure the board is properly informed. In the more developed theory presented in this section, openness and transparency are key issues underlying the collective will of a board of trustees but result from the personal qualities of participants and limiting factors towards group cohesion.

Finally, there is the issue of organisation culture. Culture featured in emerging theory (theoretical fragments, chapter 5, subsection 5.2.3.1) with evidence from the Somers Park case study that pressures for change in organisation culture came from the board of trustees, managers and the controlling sub-group but constrained by tradition. In the context of the theoretical model above, key concepts of individual contribution and board of trustees collective will are of significant, particularly the latter, but there is also weaker contribution from management and any influential sub-group. It is also important to recognise the constraining influence of tradition (inertia to change). However, this inertia can be overridden by a dominant individual or sub-group with the effect that many participants still operate under established organisation cultural 'practices' whilst events proceed under alternative impetus. Thus, culture acts as a constraint (an informal system of control) but only on those that choose to abide within the constraint or are not sufficiently powerful to ignore it. Dominant individuals or groups may, consciously or not, override the constraint or rationalise their actions as essential for the benefit of the organisation.

### **8.2.10 A three-tier model of governance, change management and culture**

The theoretical contribution hinges on two key points, 'individual contribution' and 'collective will'. These two points were common linkages to the governance model of the effectiveness of a board of trustees (sections 8.2.4 and 8.2.8 above) but also have implications for organisation culture and the management of change.

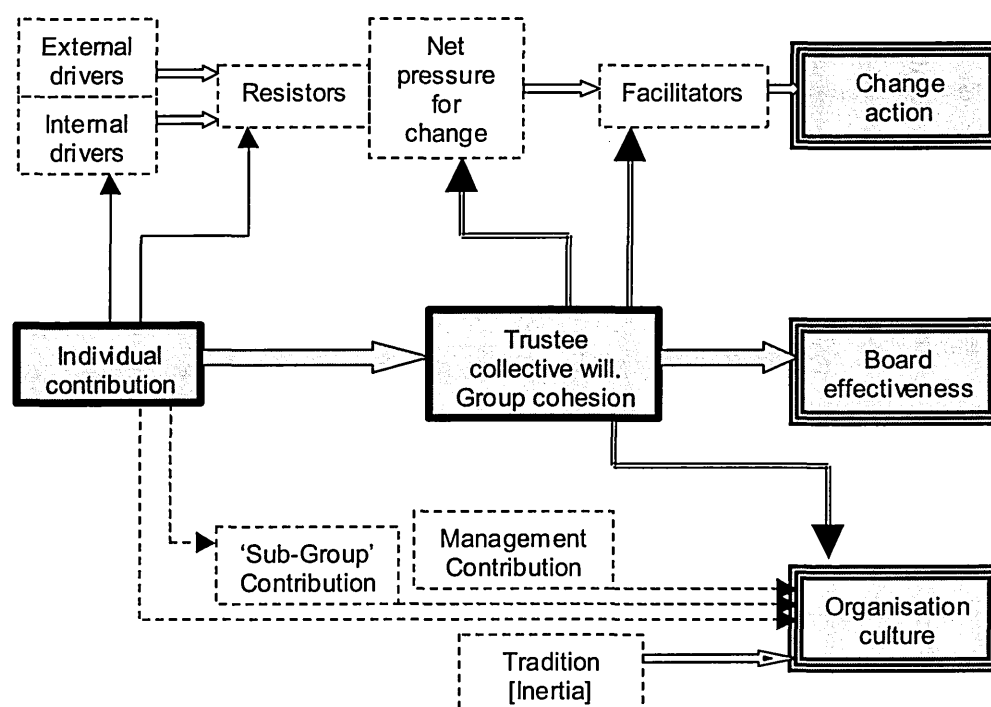
#### ***8.2.10.1 Culture***

The issue of culture was anticipated as being an influential contributory factor to governance. This was recognised in the formative stages of study design. Culture also emerged from phase 1 empirics of the Somers Park case study as a key element of theoretical fragments (see Chapter 5, Section 5.2.3.1). However, reflection and phase 2 empirics at other organisations suggested that culture was less directly influential to governance but was itself directly influenced by 'individual contribution' and 'collective will'. However, section 8.2.9 above noted that pressure for changes in organisational culture came from the board of trustees, managers and the controlling sub-group, but this pressure was constrained by tradition.

#### ***8.2.10.2 Change***

Research objectives considered issues around tensions and the management of change (chapter 1, subsection 1.3.5). Chapter 5, section 5.2.4 discussed a theoretical fragment from phase 1 empirics concerning change processes. Phase 2 suggested no additional drivers, resistors or facilitators of change but the two issues of the theory of governance processes in this main section interact with the management of change. Firstly, 'individual contribution' (see subsection 8.2.4 above) has an impact on drivers and resistors of change and may serve to strengthen or weaken either. In effect resistors and internal drivers are set by 'individual contribution'. Secondly, 'board collective will' (see subsection 8.2.9 above) impacts via 'pressure for change'. The variable nature of 'collective will' influences the pressure for change.

This enables construction of a three-tier model linking these elements together. This combined model is illustrated in figure 8.6 below.



**Figure 8.6: Interlinking of three-tier model of change, effectiveness and culture.**

Figure 8.6 presents the combined three-tier model of culture, change processes and trust board effectiveness in the context of the joint key issues of 'individual contribution' and 'collective will'. Note that the model recognises the potential for managers, sub-groups and individual trustees to influence change in organisation culture. However, these lines on the model are dotted to indicate that such influences are generally less pronounced and weaker. Conversely, the inertia of tradition can be very strong. An essential point is that weak 'collective will' may result from the board of trustees being dominated by individual trustees, managers or sub-groups with these elements achieving far greater influence on organisation culture. These circumstances may also serve to weaken the constraining 'inertia' of tradition. Paradoxically, traditional cultural issues may stifle opposition to dominance by individuals or sub-groups, at least for a time.

### **8.2.11 How this adds to literature**

Earlier subsections above touched on Charity Commission guidance on trustee skills and personal qualities. Similar issues feature in academic and management literature, for example Hudson (1995; 1999); Hind (1995) that also address issues of collective interaction and governance. However, much of this literature adopts a normative perspective of 'how it should work' with the objective of being a source of advice for individuals and organisations (see chapter 2, subsection 2.2.3 for a broader discussion). Literature from a positive perspective of 'how it works in practice' is much scarcer (see chapter 2, subsection 2.2.4). It includes research studies published by the Charity Commission (2002a; 2002d; 2004b), Cornforth (2001; 2003), Cornforth & Edwards (1998) and others. However, most such literature is based in empirics by survey, albeit on a national scale. This study has been empirically based in participant observations and interview. A potential advantage of this is that, at least in part, data represents what happens and not what informants are prepared to admit to. Thus, the theoretical model of this section adds a platform from practice of issues around governance in charitable healthcare.

## **8.3 A FRAMEWORK FOR PRACTICAL APPLICATION OF THE THEORY**

An anticipated by product of this study was a framework of governance for boards of trustees. The theory and models presented above in section 8.2 do provide a useful starting point in this process. Figure 8.6, the three-tier model of change, effectiveness and culture, illustrates the two key factors in all three respects as being the concepts of 'individual contribution' and 'collective will'. At a slightly more detailed level, the summary model at figure 8.5 above (subsection 8.2.8) shows the 'stepping stones' to an effective board as being

Individual potential – individual leakage = **Individual contribution**

Individual contribution + synergy – collective leakage = **Collective will**

Collective will = effectiveness in stakeholder perceptions.

These concepts and their constituent elements form the basis of a self-assessment framework in which the objective is to ascertain and progress to an optimum point of each element. **Note, optimum, not maximum or minimum.** The key is that all of these issues are contextually related and the best fit for one organisation may be materially different from the needs of another, or the same organisation at a different time. The following subsections discuss the 'stepping stones' in the context of a framework for practice.

### **8.3.1 Maximising individual potential**

The first step towards an effective board (and therefore an effective organisation) is to maximise individual 'potential'. In terms of limiting factors of 'skills' and 'knowledge' as defined in subsection 8.2.3 above, it is not sufficient to recruit people with the highest qualifications or most extensive experience; it is more important that their skills and knowledge are the most relevant for the purpose. To illustrate my point, an HR specialist with a sound knowledge of employment law and health and safety issues might be more useful than a top corporate or criminal lawyer; a bookkeeper with extensive experience in charity accounting and reporting would almost certainly have greater potential contribution than a qualified accountant with no prior experience at a charity.

Similar judgements are necessary in issues of personal 'bias' and 'preconceptions'. It is impossible that these be totally eliminated; the key is how the individuals deal with them. From a practical perspective, greater potential is available from individuals who recognise their personal biases and preconceptions as they are manifested and are able to rationalise them to the context. As individuals they must be open to argument and persuasion from other participants and external sources and not allow personal bias and preconception to dictate their action. In this respect there is a close relationship of the two factors to the final limiting factor on individual potential relates, that of 'personal qualities'. This factor is arguably the most critical to individual potential and dictates how they deal with issues of

openness and transparency, and the potentially conflicting requirements of trust and control.

### **8.3.2 Minimising individual leakage and encouraging synergy**

The elements considered above dictate individual potential but issues of 'commitment' and 'availability' are identified in the theory as 'leakage' and serve to constrain contribution to a probable lower level. Again, definitions of these were presented in subsection 8.2.4 above. Having maximised the potential of individual trustees the objective is to minimise the loss of that potential via 'leakage'. Examples here are the comparative commitment of a local dignitary and a close family member of a patient. In these two hypothetical examples, both might feel firmly committed to the charity but that of the latter might be deeper and more personal. However, the close relative of a patient might be too emotionally involved and more concerned with clinical issues. The close relatives of an ex-patient might be more effective in addressing administrative and business issues. Similarly, in practice, the commitment of the local dignitary might be more detached and therefore more effective as a patron or sponsor than trustee. Similarly, the 'availability' of a retired person is likely (although not necessarily) to be greater than that of a person in business or full-time employment. However, there is a balance to be struck between recruiting those with greater availability whilst ensuring that their knowledge and skills have been maintained up to date.

Beyond individual contribution, the final element of contribution to the trust board is that of 'synergy' between individual members. Synergy represents the situation in which the potential of the collective board exceeds that of the constituent individuals. It does not always exist (perhaps 'is not always created' is a more accurate term) but the added value can be identified in practice. The possibility of synergy is to be encouraged.

### **8.3.3 Making best use of individual contribution**

Having maximised individual contribution, and still following the model at figure 8.5, it is important to ensure that this contribution is used to the greatest effect. This requires addressing the limiting factors to group cohesion and the way the board of trustees act collectively (see subsection 8.2.7 above for definitions from the theoretical model). Firstly, in an ideal world negative ‘interpersonal issues’ would not arise, but in practice they are inevitable. Clearly it is in the interests of group cohesion that they be avoided so far as possible but their negative impact may be moderated by positive responses from the chair and other board members and, most importantly, participants in these interpersonal issues.

Secondly, on the issues of ‘alliances’ and ‘factions’, all board members should recognise the adverse consequences for the organisation and remember that as trustees they must act in the best interests of the charity and its beneficiaries. This may not be as straightforward as it appears and examples arose from empirics. For example, a representational structure was one of those encountered in phase 2 empirics (see chapter 6, subsection 6.4.3). Under this structure, the board of trustees comprises nominees from each of the community support groups. There is inevitable pressure for nominees to see themselves as representing ‘their group’ and at least occasionally acting in the perceived best interests of the group rather than the whole organisation. Similarly, and of potentially greater concern, in the event of public sector appointees to a trust board (see chapter 6, subsection 6.3.4), the appointee would be under considerable pressure to respond to the criteria of their public sector employer to the possible detriment of the charity. This also raises issues of conflict of interest for both the individual and their public sector employer.

Thirdly, a major factor towards an effective board is that of encouraging ‘constructive challenge’. Clearly, constant irrational argument produces little benefit and principally only serves to delay progress to the detriment of achievement of objectives. However, for trustees to accept a view on purely ideological grounds ‘it

must be OK because 'X' says so' has similar negative consequences. Examples of both were apparent during the phase 1 Somers Park case study. During the 'democratic' style of governance (chapter 4, subsection 4.3.2.2) my data diary notes that I was impressed (and later told him so) with the chair's handling of a particular issue that served to ensure a full airing of views but minimised the risk of collective indecision. Conversely, following the later 'take-over' (chapter 4, subsection 4.3.2.3) the 'issue of risk' was largely only able to become such a contentious (and unmanaged risk) by virtue of a number of trustees exhibiting excessive trust in the dominant group. The balance between these extremes is for issues to be subjected to constant challenge and review and for all board members to recognise this and fully participate. From empirical, prior and concurrent contextual experience it is probably fair to argue that it is a weak argument that is unable to withstand rational challenge but it is also a human characteristic of some that challenge is unwelcome. Ultimately, legitimate challenge is essential to an effective board.

Finally, the issue of 'unresolved disputes' is difficult to assess. However, again it is not that they occur but how they are handled. If they are ignored, one party in the dispute is likely to feel grievance and may have some support among other participants. This is potentially divisive and may result in the creation of alliances and factions! A more positive approach is illustrated by an example from concurrent contextual experience. Another board member and I disagreed on a fundamental issue of governance for over a year; the issue is unresolved and both views have support from some other board members. However, we openly recognise and acknowledge each other's perspective and issues are decided on their merits by consensus. The 'dispute' is not a problem for us as individuals, and due to sensible handling, has not been divisive of board unity.

#### **8.3.4 Avoiding collective leakage**

There are two other elements in the model that serve to constrain the achievement of board potential; they are the issues comprising 'leakage' at the collective level.



The first is a 'failure to participate' by an individual board member or a number of board members. This may be as a result of various factors. An obvious example is personal health; an individual may be feeling unwell and although attending the meeting does not feel able to fully participate. Equally, an individual may lack interest in a particular issue or be bored by discussions and decide not to participate in discussion and decision. An additional and potentially commendable motive for failing to fully participate is a wish to avoid delay on an issue that they do not believe to be contentious or are ambivalent on the outcome. A defence against any negative effect of occasional failure to participate is for an attentive chair to encourage further participation as discussion progresses and to perhaps openly draw comment from silent individuals.

The second form of leakage is that caused by 'ignored dissent' in which legitimate concerns of board members are ignored rather than being addressed and dealt with to the satisfaction of the dissenter. There were certainly instances of this from empirical experience at Somers Park. Individual trustees must have confidence in their fellow trustees if they are to accept shared responsibility on an issue where they have personal concerns. Once that confidence is weakened the individual may feel increasingly threatened by events in which they appear to have no influence. This factor was primarily the cause of my resignation from Somers Park. The point arrived at which I had lost confidence in the controlling group and effective constraints on them; the situation then presented excessive personal and professional risk. On this issue, the key is that rational dissent should be managed to avoid any lack of confidence in the process and to the end that dissenters feel their concerns have been addressed even if then rationally and collectively discounted.

An attentive observer or participant can identify instances of these factors and it is therefore possible to manage the board constructively. A competent chairperson can minimise the leakage of potential from both of these elements but other board members may also be of assistance in this respect.

### **8.3.5 A test of practical application**

An objective of this study is to make a contribution from a practical perspective (Scapens, 1990 'positive' perspective). The seminal Glaser & Strauss (1967) addresses the practical application of a grounded theory in terms of inter related properties of 'fitness', 'understanding', 'generality' and 'control'. Theory presented in chapter 8, section 8.2 is a substantive not formal theory (Glaser & Strauss, 1967) and has a credible 'fit' to the substantive area of inquiry by virtue of being "*faithful to the everyday realities of the substantive area*" and "*carefully induced from diverse data*" (original emphasis, Glaser & Strauss, 1967, p. 239). The issue of 'understanding' also relates to area 'realities' and the test is whether the theory is understandable to those involved there and whether they may be able to apply it in their context. The substantive theory of governance in this thesis does not have the abstract nature of a formal theory but consists of theoretical elements that should be readily identifiable to practitioners and therefore of direct relevance to problems they encounter in everyday practice. Glaser & Strauss see generality as a compromise or balance between being too abstract or too constrained with integral flexibility as the objective.

*"... flexible enough to make a wide variety of changing situations understandable, and also flexible enough to be readily reformulated, ... , when it does not work in application."*

(Glaser & Strauss, 1967, p.242).

This theoretical contribution was developed via empirical inquiry at five charitable hospices. Thus it has arguable relevance to the substantive area of the charitable hospice and may therefore have application to all organisations in the substantive area. The theory may also have application to the wider area of 'charities' in that they are subject to similar regulatory and control constraints. Such an assumption may not be valid across the wider organisational field of the 'voluntary sector'. However, to the extent that there may be similarities between substantive areas,

this contribution may be of some relevance but the observation of Glaser & Strauss should serve as a constraint.

*“A substantive theory for the area must first be induced with its own general concepts, or else a grounded substantive or formal theory that fits the area for application must be found.”*

(Glaser & Strauss, 1967, p.244)

Finally, the controllability aspect of application relates to whether the user has sufficient control over issues to make application of the theory worth trying. In this context Glaser & Strauss identify both ‘controllable’ and ‘access’ variables within a theory. The former are variables that may be changed in pursuit of improvements in the situation; the latter are the means of accessing the former. A good example from the theory of governance processes is that of ‘ignored dissent’ (an element of ‘collective leakage’). Ignored dissent is a controllable variable as good practice dictates that dissent should be recognised and appropriately managed rather than ignored. Access to this controllable variable is available to the chair of trust whose responsibility it is to facilitate an effective board of trustees. However, other trustees also have access to the issue via the chair or by direct intervention.

## **8.4 THE CONTEXT OF PRIOR LITERATURE**

Section 8.2 above presented the theoretical contribution, a theory of governance processes in charity hospice based in underpinning issues of tensions and change discussed in chapter 7. This section will place the contribution in the broader field of relevant theory, loosely in the same order as appearing in the chapter 2 review of literature.

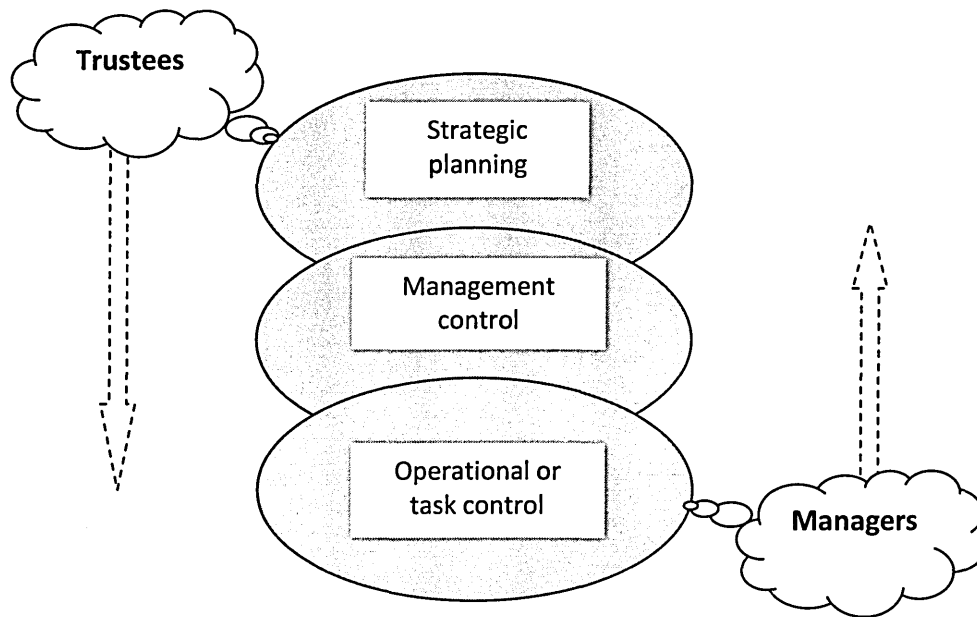
### **8.4.1 Control theory**

A possibility recognised at the outset of this study was that due to the separation of roles of trustees and managers not all aspects of control theory would have application to charities. However, empirical experience did not support this and the issue became one of terminology rather than theoretical application. Firstly, the

term 'organisation control' is more representative than the commonly used 'management control'. Secondly, both trustees and managers have important but different roles in organisational control but these will vary between organisations and over time. It was also a recognised pre-study possibility that the role of a trustee had no obvious equivalent in either public or private sectors. However, empirical inquiries and concurrent contextual experience suggest that there may be limited parallels with the role of Non-Executive Director. Similarities include issues of propriety, an ability to act with a degree of independence and detachment from day-to-day operational issues and an opportunity for the organisation to acquire particular skills without the process and costs associated with direct recruitment and employment. A further common element of the different roles is in the necessity to present constructive challenge. In the case of both trustee and non-executive the benefit is achieved by appointing people with the requisite personal attributes.

The Otley & Berry (1980) cybernetic approach to management control requires a number of factors to be present for there to be said to be a control system. This paper was reviewed in chapter 2, subsection 2.4.1.4 but essential components of a control system are objectives, measurement of results, a predictive model and a choice of actions. The view was expressed in chapter 4, subsection 4.4.4.7 that Somers Park fell short in this respect. That was primarily due to weaknesses in information and communication systems within the organisation and between management and the collective board of trustees. The external researcher perspective of phase 2 was a disadvantage in assessing the validity of control activities but all participating organisations appeared to have more comprehensive information and communication systems to support trustees. Thus there is no reason to doubt the existence of viable control systems at participating organisations but further work would be required to produce a definitive answer. The 'Stubbs' case study (Croft, 2000) assessed control systems at a national charity purely from the perspective of management and no specific cognisance was made of trustee interests. At the time that was a legitimate position, assessing management control

in the light of the Otley & Berry (1980) model. However, assessing organisational control in the same light for this study raises the complementary and overlapping issues of management and trustees. There are several ways of viewing these issues in the context of organisational control. The temptation is to consider the Otley & Berry model as inapplicable to the nature of charitable organisations with their separation of trustee and management control responsibilities. However, this would be misleading and an over-simplification. A more satisfactory position is to consider the control activity on its own merits as an activity, regardless of whether it is performed by trustees, management or both jointly or independently. Assistance with this interpretation comes from the seminal Anthony (1965) and the later refinements Anthony & Dearden (1980) and Anthony (1988). The Anthony papers also adopted a cybernetic approach with a separation of strategic planning, management control and operational control (Anthony, 1965; Anthony & Dearden, 1980); operational control became task control in Anthony (1988). With potential for some confusion, in applying these models, strategic planning and management control are the province of trustees and operational or task control the province of managers although there may not be rigid demarcation, particularly where there is a Chief Executive. Trustees may delegate authority to managers but nevertheless retain overall responsibility (Hind, 1995 and a range of Charity Commission literature deal with this issue). Data from empirics with support from previous literature suggests that 'the nature of charity control' may be drawn within the Anthony model as below.



**Figure 8.7: The nature of charity governance**

[Based in Anthony, 1965; Anthony & Dearden, 1980; Anthony, 1988]

The three-tier structure of strategic planning, management control and operational or task control follows the Anthony & Dearden (1980) precedent. I have added trustees to the model showing their (normative) interest in strategic planning but with a dotted arrow to show that in practice they may have a legitimate direct involvement in management control but less legitimately in operational issues. Similarly, operational issues are the province of managers who also have a legitimate involvement in management control and may have a (perhaps advisory) input into strategic planning. This is even less clear in respect of a chair of trustees (who may also act as a chief executive) and a Chief Executive who can be expected to adopt a more strategic role than other members of the senior management team. There are several other issues in this mix. For example, there is recognition that organisations have a lifecycle, as do boards of charities (Hudson, 1995 and 1999; Cornforth, 2003; Anheier, 2005). The position of a charitable hospice in its lifecycle will have a strong influence on the position of trustees and managers along the dotted arrows in Figure 8.7 above. A further relevant factor is the size of the organisation; trustees of a

newly formed charity with few employees will tend to be more involved in operational issues than those of a larger and more established organisation.

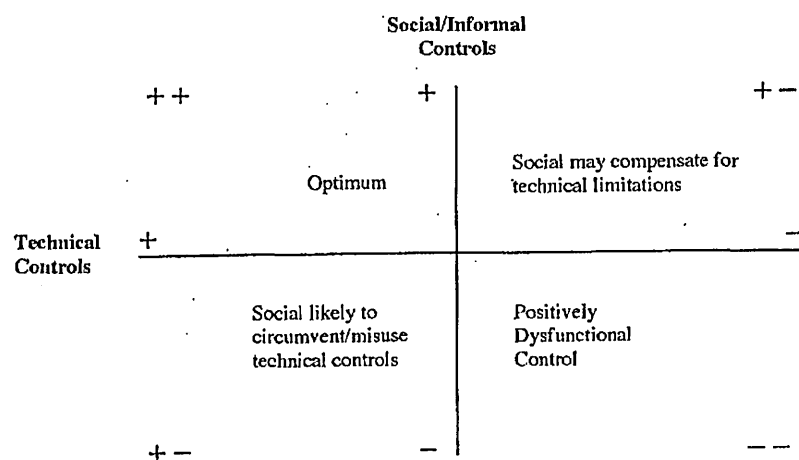
Anthony & Dearden (1980) recognise that control systems may include informal processes. This issue was taken up by Marginson (1999) and is of particular relevance to consideration of control within charitable organisations as borne out by empirical data from this study. Marginson observed from his study organisation that control was significantly based in social issues. Key issues in a 'social control system' include trust and co-operation. These were fundamental to control at Somers Park but that organisation would have failed a test of social control in addition to failing the Otley & Berry (1980) cybernetic test. Data from Somers Park revealed a heavy reliance of trust by individuals (including myself) in others (occasionally clearly misplaced) and co-operation between individuals and sub-groups (occasionally more apparent than real). The Ouchi concept of 'clan' control is also very relevant to the outcomes of this study. Ouchi's (1980) discussion of clans suggests that it relies on the creation of *"goal congruence"* among co-workers so that relationships *"do not require explicit auditing and evaluation"* (p.137). Goal congruence was clearly absent in some issues at Somers Park. Whilst organisations participating in this study did have appraisal systems of varying formality, none were as bureaucratic as those of the NHS (as evidenced by concurrent contextual experience). As has been mentioned, the external researcher perspective of phase 2 did not facilitate close verification of control practices but Ouchi makes an extremely valid comment of direct relevance to events at Somers Park

*"... any tendency towards opportunism will be destructive, because the close auditing and hard contracting necessary to combat it are not possible in a clan."*

(Ouchi, 1980, p.137)

The influence of the 'clan' concept across all organisations participating in this study is supported by heavy reliance on issues of tradition and shared values and beliefs. There is one other control framework of direct relevance to this study before

drawing a final conclusion. That is the matching of social and technical controls highlighted by Nixon & Burns (2005). The framework was discussed in chapter 2, subsection 2.4.1.6 and their matrix diagram presented as figure 2.10 in this thesis. For convenience it is reproduced below.



**Figure 8.8: The consequences of matching and not matching in formal and informal controls.**

[Reproduced from Figure 2.10: Source Nixon & Burns, 2005, Fig.1, p.264.]

It is the nature of charitable organisations that social/informal controls might be expected to be a notable feature. Thus for the sake of context, a hypothetical charity should aim for the Nixon & Burns 'optimum' sector and achieve the benefits of matching controls. However, in practice, pressures of organisation culture may result in social controls being relatively stronger than formal controls. This suggests placement in the top right quadrant indicating that social controls are compensating for weaknesses in technical controls. This would certainly be a comfortable position to place 'Stubbs' (Croft, 2000). Similarly, smaller and newer charities might be expected to be stronger on social/informal controls than technical and therefore appear in the upper right quadrant of Nixon & Burns. In the context of this study, Somers Park had very weak technical controls, particularly during the latter stages of the case study at which time social/informal controls were also failing. This would



categorise Somers Park as having ‘positively dysfunctional control’ (bottom right quadrant, Nixon & Burns 2005 matrix). It was not possible to obtain a close enough view of organisations participating in phase 2 empirics but tentative indications (from an external perspective) suggest that they may feature somewhere in the ‘optimum’ quadrant (for their size and sector). If correct, this suggests that Somers Park might have been atypical at a time falling within the case study.

In conclusion, the guiding framework for phase 2 interviews and observations ‘what facilitates or constrains issues observed at Somers Park happening at other similar organisations?’ is answered simply as ‘there was no discernable difference’.

Empirical inquiries during this study suggest control issues are a consequence of individual characteristics of key participants (trustees and senior managers) and their collective interaction. The governance model in section 8.2 above discusses this in more detail. In the context of Ouchi (1980) ‘opportunism’ is facilitated or constrained by personal factors of participants. Thus incidents observed at Somers Park occurred by a coincidence of opportunities and personal factors among managers and trustees (as individuals but also acting collectively). The atypical possibility of Somers Park’s control circumstances might just have been a ‘blip’ coinciding with the case study but later remedied. A similar coincidence of opportunities and personal factors is therefore theoretically possible (although by no means certain) at any organisation of this nature at a point in time.

#### **8.4.2 Theories of organisation**

*“My view is that organization theory is largely about management in many of its guises and how this intermediate group relates to both its hierarchical superiors and its subordinates.”*

(Burrell, 2003, p.527).

By Burrell’s definition this subsection is closely related to control theory discussed above. Nevertheless, theories of organisation cover a very wide range and organisation and institutional theories are considered together as ‘theories of

organisation'. There is support for this line in literature; both Jaffee (2001) and Tsoukas & Knudsen (2003) include institutional issues in their publications on organisation theory. A crucial link and differentiation is provided by Jaffee who observes that organisations as institutions *"means that they are not simply black boxes that produce goods and services but human organizations driven by emotion and tradition"* (2001, p227). The nature of charity hospices, the environment they inhabit and the distinctive role of trustees does not sit easily within the theoretical mainstream but some aspects are relevant.

#### ***8.4.2.1 Tsoukas' metatheory of management***

Tsoukas' outline of a metatheory of management was presented and discussed in chapter 2, subsection 2.4.2.1. The underlying principles are that each layer is affected by changes in the layers below and that layers closer to the surface are more likely to change than those below. Management 'roles' are made possible by 'task characteristics' that are in turn made possible by 'functions' and these are dictated by 'causal powers' *"in the domain of real and are not directly observable in the empirical domain"* (Tsoukas, 2000, p.38). On the face of it, Tsoukas' *"causal powers of management"* control; co-operation; and efficiency and effectiveness (2000, p.39) lack direct relevance to charities due to the lack of 'owners' and the respective roles of trustees and managers. However, a similar view to that taken of management control (see subsection 8.4.1 above) is more helpful. Trustees may be considered as the owners in trust (on behalf of the local community) of charitable assets but also to a degree dependant on local circumstances have a dual role as managers of those assets and resources. Thus trustees are both outside of Tsoukas' metatheory as those to whom managers are accountable and from whom they draw their causal powers, but are also within the metatheory in their own managerial perspective. The nature of the causal powers potentially produces further issues for discussion in the context of a charitable organisation. Firstly, *controlling* the transformation of labour power into actual labour has orthodox implications for Tsoukas' metatheory in respect of employees but has very different implications for

the voluntary workforce without which many charities could not survive. Regarding volunteers, not only are their personal objectives and motivations likely to be different to those of employees, they may differ significantly from those of managers and the organisation (Madrell, 2000; see the brief discussion of this issue in chapter 2, subsection 2.2.3.5). Secondly, eliciting *co-operation* through a system of rewards also has different implications in respect of volunteers. Clearly, by definition, material rewards have no relevance in the management of volunteers (although this study has identified the possibility of material benefit to individual trustees without public disclosure). However, there were indications at Somers Park that symbolic reward may be important to some individuals. (See the example of 'Jake' in chapter 4, subsection 4.3.5). Thirdly, the question of *efficiency and effectiveness* presents alternative issues. For example, charities do not generally compete in product markets but are heavily constrained by scarcity of resources. Equally, (clinical) effectiveness may be important and realistically appraised both internally and externally but efficiency is driven by a necessity for economy and constrained by available funds.

Tsoukas stresses that causal powers are "*tendencies*" that "*may or may not produce a desirable set of effects ...*". He also notes their "*contradictory composition*" and the dependency of their effects on "*prevailing contingencies*" (2000, p.40). Causal powers of control, co-operation and efficiency and effectiveness are of undoubted relevance in the more specific field of charities albeit with environmental differences in their activation.

#### **8.4.2.2 Morgan: The metaphor**

At an intermediate stage of emerging theory I developed a metaphor to assist my understanding of the nature of a board of trustees. Reflections suggested that a collective board of trustees could be seen as a pot of paint, the colour of the contents being made up of constituent elements of other colours in varying quantities. Without stretching the metaphor too far, the eventual colour of a second

pot will be different if it is made up of different constituent elements, less blue and more red, for example. Application of the metaphor to a board of trustees is possible as the board is made up of a number of individuals, each with their own characteristics. This 'mix' of individuals will vary over time as individuals join and leave and vary their involvement. The 'mix' may change at any time and is likely to be changing constantly to some degree but may also demonstrate periods of apparent stability. The 'paint pot' metaphor has some explanatory validity. There are however limitations. For example, it satisfactorily deals with initial creation and can deal with later additions but less easily with subtractions. This metaphor sits easily with the Bhaskar view of society (considering a charity as a society) as "*... an ensemble of structures, practices and conventions which individuals reproduce and transform*" (Bhaskar, 1989, p.36).

Morgan (1997) recognised the strengths (and limitations) of the metaphor in understanding organisations and management. Morgan also recognised that no single metaphor or theory that can provide a single 'correct' view. Nevertheless several of the metaphors introduced in Morgan (1997) have application in the context of this study. Firstly, Plato's psychic prison (Plato, 1941; Morgan, 1997) recognises the phenomenon that people may be trapped into thinking and acting in a particular way because that is the accepted ideology. There have been occasions during my prior contextual experiences when this phenomenon has been recognisable; 'we always do it this way'. It was certainly evident at times during the Somers Park case study but later events suggested that it could be overridden by changes in participants and balances of power. The psychic prison metaphor is probably more relevant to charities of a more introspective nature, for example smaller and newer ones (where what one phase 2 interviewee called "*the flower hat brigade*" are dominant). A defence against the phenomenon is in ensuring that trustees (collectively) have an appropriate range of skills and by encouraging constructive challenge at formal and informal management events. An interviewee recognised the dangers of "*a nice comfortable shell*" and hoped the hospice

movement would (continue) to take a flexible view of *“where else is the need in the community”*. The emancipatory interest of this critical study is to challenge the ‘prisons’ of many charity trustees.

An alternative metaphor is that of organisations as political systems (Morgan, 1997, chapter 6). Of particular relevance is the Morgan differentiation between unitary, pluralist and radical views of organisations. The characteristic of a unitary view is of integrated teamwork towards the achievement of common interests. Conflict is discouraged and *“usually attributed to the activities of deviants and troublemakers”* (p.202-3). A unitary view does not overtly address issues of power but instead deals with issues of authority and leadership. The Somers Park hospice could be viewed from any of the three perspectives but it is likely that key participants at the organisation during the case study would tend towards a unitary view.

Finally, the issue of culture was considered in chapter 2, subsection 2.4.1.6 and in connection with control theory at subsection 8.4.1 above. The organisation culture is seen by Morgan as fundamental to change and motivation within an organisation. Morgan observes the importance of *“appropriate systems of shared meaning that can mobilize the efforts of people in pursuit of desired aims and objectives”* (1997, p.147). This has stated relevance in management of commercial organisations (particularly large conglomerates such as IBM, 3M, Hewlett-Packard etc) but is arguably the glue that binds a charitable hospice with its mix of employees and volunteers, and a heavy reliance on the local community for survival.

#### ***8.4.2.3 Scott & Meyer: Societal sectors***

Scott & Meyer (1991) sought to explain organisation structure and performance in terms of inter-firm connections and ‘systems of relations’. In this they adopt a sectoral approach – ‘societal sectors’. A discussion of their propositions is included in chapter 2, section 2.4.2.3. Scott & Meyer differentiate between technical environments in which the rewards for an organisation are dependent on *“effective and efficient control of their production systems”* and institutional environments that

depend on conformation to rules set by state regulation, professional associations or “general belief systems” (1991, p.123). As an illustration, Scott & Meyer provide a two-by-two matrix categorising a range of organisational types by a combination of technical and institutional environments with each defined as ‘stronger’ or ‘weaker’. One of their examples is that of a general hospital that they categorise as ‘stronger/stronger’. On the face of it, charity hospices should be in the same category. However, the lack of a direct link between hospice technical performance and income suggests a ‘weaker’ categorisation for technical environment. Enforcement of health and care practices at hospices appears generally effective; the same cannot be said of non-clinical governance issues. Nevertheless, it appears beyond doubt that hospices would feature as ‘stronger’ for institutional environment in the Scott & Meyer matrix. Thus the charitable hospice would fit in the combined category of ‘stronger/weaker’ on a par with their example of mental health clinics. However alternative interpretations are possible. For example, it might be more acceptable to recognise fundamental differences in technical and institutional environments and to place charity hospices in the Scott & Meyer matrix as ‘stronger/stronger’ for clinical issues but ‘weaker/weaker’ for non-clinical issues. A third interpretation might recognise the clinical/non-clinical issues above and the lack of direct links between performance and income. Under this interpretation charity hospices could be seen to fall outside of the Scott & Meyer (1991) model.

#### ***8.4.2.4 DiMaggio & Powell: Institutional isomorphism***

Isomorphism relates to similarity of form (Allen, 1990), and the concept of ‘institutional isomorphism’ was discussed in chapter 2, subsection 2.4.2.4. The concept is mainly based around the work of DiMaggio and Powell and relates to “*the tendency of organizations in a field to become more similar over time*” (McKinley & Mone, 2003, p.362). DiMaggio & Powell (1983, later revised as DiMaggio & Powell, 1991) identified three ‘social processes’ that drove this tendency, coercive, mimetic and normative. Coercive isomorphism for a charity hospice includes issues relating to their links with the more powerful public sector, regulation and cultural

expectations. Mimetic processes relate to issues of ambiguity and uncertainty. DiMaggio & Powell (1991) suggest that under these conditions organisations may model themselves on others in the field. Empirical data from this study confirms that charitable hospices are alert to organisational issues around their peer group and identification of only two organisational structures in use provides some evidence of isomorphism. Finally, normative pressures primarily relates to professionalisation. This issue is clearly of direct relevance to voluntary sector healthcare that is based around the provision of professional services externally driven and assessed. Similarly, close links to the NHS may induce normative pressure for charity hospices to conform with NHS administrative practices. A classic example of this is adoption by the hospices of the NHS 'Agenda for Change' initiative, or at least the pay and grading element of it. This non-clinical perspective is considered by Fennell (1980) who recognises weaknesses in the healthcare market system as the patient is not the consumer. The Fennell (1980) argument that physicians and hospital administrators are the effective consumers has some validity from concurrent contextual experiences within the NHS but perhaps less relevance to the charity hospice. Empirical inquiries during this study provide a degree of confirmation of GP's as arguably consumers of hospice services but the lack of a link between performance and payment does not support local health boards as service consumers. On the contrary, the potential influence of patient, family and dependent (although without payment) suggests they may be seen as consumers.

#### **8.4.2.5 Power**

Just as there are many theories of power, so the concept has considerable importance to any theory of governance. However, there is no clear-cut link between the two. Morgan's (1997) 'charismatic authority' has some credibility in the context of, say, a trustee who was the driving force behind the founding of the hospice; this may extend to all of the key founding trustees. In this context they are respected and listened to because of the founding story, even if that was some years previously. There was some evidence of this phenomenon at Somers Park and phase

2 case study organisations. There was also some (unsurprising) evidence of control of decision processes at Somers Park (see chapter 4, subsection 4.3.6). The third example of a source of power is that of informal alliances and networks. Morgan notes that these *“are not necessarily built around an identity of interests; rather, the requirement for these forms of informal organization is that there be a basis for some form of mutually beneficial exchange”* (1997, p.186). The ‘controlling group’ at Somers Park (chapter 4, subsection 4.3.2.3) appeared to be an example of this phenomenon. It is likely that this example would also (perhaps in the long-run) be interpreted as non-legitimate power (Burrell & Morgan, 1979). One final set of theories of power is that of the operation of elites. Elite theory is based in the work of Field, Higley and Burton and considers *“the powerful position of a small group of individuals or groups who either shape or influence decisions ...”* (Farazmand, 1999, p.330 but see also Cammack, 1990). Empirical experiences at Somers Park define that the ‘controlling group’ were not an elite in terms of elite theory; they were a recent and possibly transitional grouping that achieved their objectives by virtue of subterfuge, obfuscation and intransigence, and then only with the forbearance of others. In practice, a different group (although with one common element) could be argued to be an ‘elite’ - if increasingly fragmented. However, no data was collected on this issue and no meaningful comment is possible.

In terms of power theories and the theory of governance processes at a charity hospice, the exercise of power could have positive or negative consequences. For example, if exercised with the objective of ensuring full debate of an important issue among trustees, the effect will be to improve ‘effectiveness’ via greater ‘collective will’. Conversely, control of the agenda and discussion to forestall open debate (chapter 4, subsection 4.3.6) has a negative effect on the collective nature of trustee decision-making. Further work might be fruitful in assessing the impact of power and elite theory at the charity hospice.



#### **8.4.2.6 Trust**

Theoretical fragments from phase 1 empirics (chapter 5. Subsection 5.2.3.4) recognized a balance to be struck between trust and control. The issue of trust features strongly in voluntary sector organizations and is linked to issues of culture as an element of informal control systems; in particular, social trust (Tyler, 2003), unconditional trust (Jones & George, 1998) and the suggested link with shared values (Barber, 1983). The overall impact of trust on the theory of governance processes is uncertain, it may reduce effectiveness by deterring constructive challenge due to excessive or misplaced trust but it may also have a positive benefit in fostering synergy and in reducing collective leakage via ignored dissent.

#### **8.4.2.7 Leadership**

The issue of leadership was not included in the original thesis submission but has been the subject of considerable review and reflection and is clearly of considerable relevance to governance processes. The conclusion is that the theory of governance processes does not recognise 'leadership' as a material concept but this is not an error or weakness in the theory. It could be argued that leadership should be subsumed within skills (if learned) or personal qualities (if a natural quality); the distinction depends on the leadership theory perspective adopted. However, it now appears more appropriate to recognise leadership as an additional factor not directly internal to the individual but an additional input serving to facilitate implementation of the theory via the collective board. Certainly, leadership is essential to a board of trustees, not only in a chairman, but also, to varying degrees, in all trustees who are in effect leaders of the organisation. In essence, the theory of governance processes may be seen as a two-dimensional model to which leadership adds a third dimension. The theoretical outcomes of this study suggest scope for exploring theories of leadership with a view to identifying that most relevant to the charity trustee context. Arguably the most relevant leadership theory is the Greenleaf theory of servant-leadership (chapter 2, subsection 2.4.2.7). A useful example is that

of 'first amongst equals' that deals with *"a process of shared governance ... traditional boss-subordinate relationships were eliminated"* (Lewis & Noble, 2008, p.161). Nevertheless, I suggest that leadership is not a direct element of the theory of governance processes but is certainly highly relevant to the practical framework that is built around it (Section 8.3 above).

#### **8.4.3 Supply and value chains**

The issue of supply and value chains is addressed here largely for completeness. The issue was discussed in chapter 7, section 7.3 in connection with the collaborative nature of charity hospices providing public healthcare in association with the NHS. Evidence from this study suggests that the collaboration is unequal between partner organisations but there is also inequality of opportunity for patients and dependents between geographical regions. The extent to which the public healthcare supply-chain achieves recognisable service objectives is to a degree dependent on local community and individual initiatives rather than by any planned guidance or direction. This study suggests that a more constructive way forward would be for central direction towards a national supply structure with the NHS leading as the *"... flagship firm that pulls the network together and provides leadership for the strategic management of the network as a whole"* (D'Cruz & Rugman, 2001, p.58). As suggested in section 7.3, this appears an unrealistic hope.

#### **8.4.4 A critical realist interpretation of the theory**

Key literature in critical research relevant to this study was discussed in chapter 2, subsection 2.4.2.1 (Tsoukas' metatheory of management) and chapter 3, subsection 3.4.1 (methodological issues). The purpose of this subsection is to place the theoretical contribution in a critical context. This takes the literature forward in firmly rooting the developed theory in the context of critical realist ontology and epistemology.

Critical realism recognises a 'structured ontology' that Bhaskar classifies as of three domains; '*real*' - structures, mechanisms, powers, relations; '*actual*' - events, actions; and '*empirical*' - experiences, perceptions (Bhaskar, 1978; Easton, 2000; Ackroyd & Fleetwood, 2000). It is possible to view the model of governance presented in section 8.2 above from a critical realist perspective. This has been attempted in figure 8.9 below. The figure shows the three layers of domains from empirical through actual to real or 'deep' and the key elements of theory have been placed appropriately.

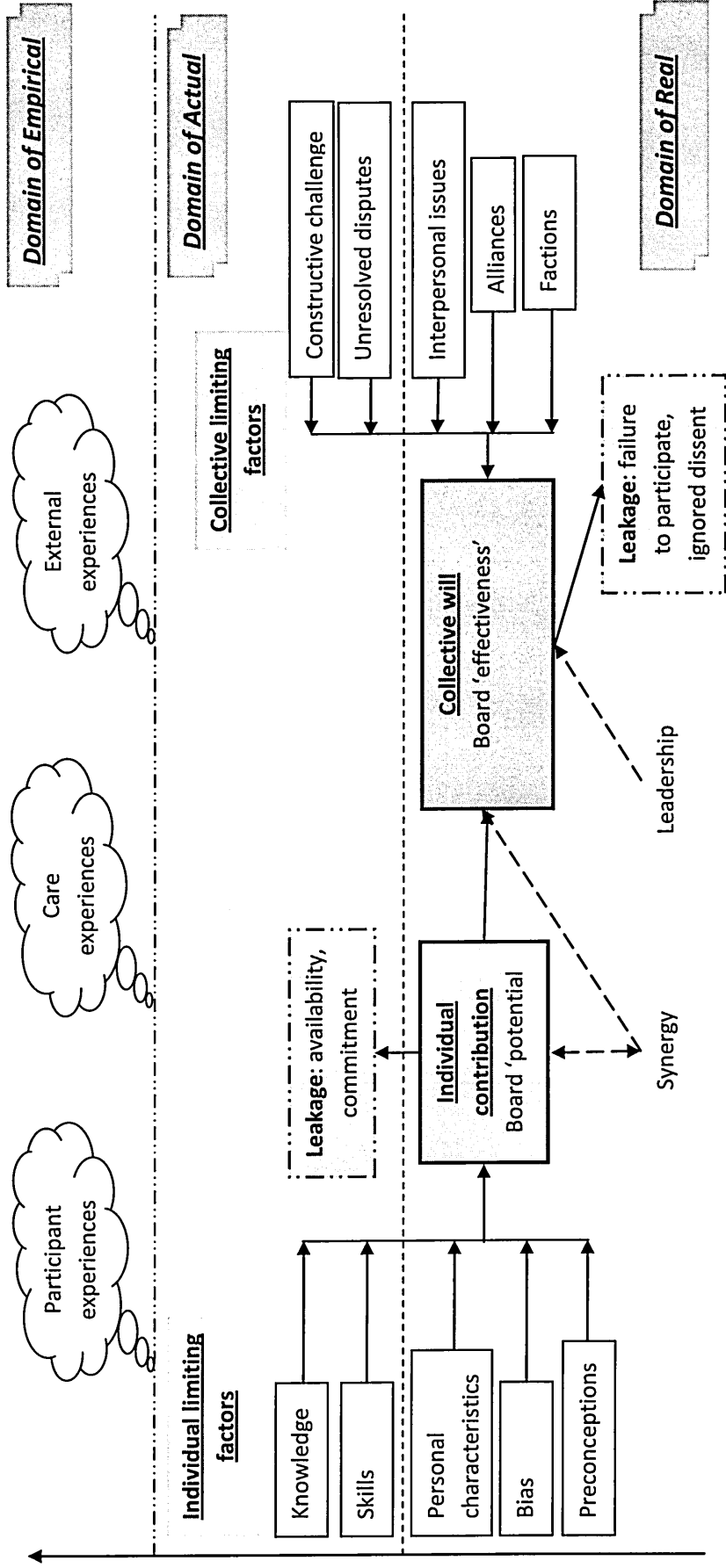


Figure 8.9: A model of hospice governance processes: a critical realist interpretation

I make no claim that Figure 8.9 presents the only interpretation, merely an interpretation from my empirical experiences (see the brief discussion at the end of subsection 3.4.1, chapter 3). The approach I have adopted in allocating theoretical concepts to a domain is that elements that can only be identified by their effect are in the domain of 'real' whereas those that are directly observable are in the domain of 'actual' (Tsoukas, 1994, 2000; Ackroyd & Fleetwood, 2000). I have placed none in the domain of 'empirical' but instead identified participant, care and external 'experiences' that might include any element from the domain of 'actual'.

Firstly, my interpretation suggests that with regard to individual limiting factors, *personal characteristics, bias and preconceptions* are in the domain of real whilst their co-contributory elements of *knowledge and skills* are in the domain of actual. This distinction is justified as the latter are observable and verifiable whereas the former have influence but are hidden from direct view. Similarly, components of individual leakage, *availability and commitment*, are placed in the domain of actual. The same argument, is adopted in placing components of collective limiting factors, *constructive challenge and unresolved disputes* (domain of actual) and *interpersonal issues, alliances and factions* (domain of real). Because elements comprising '*individual contribution*' and '*collective will*' are in the domain of real so must they be. Finally, collective leakage *failure to participate* and *ignored dissent* are also in the domain of real. In anticipation of possible argument in my classification of elements by domain I mount a prior defence that whilst a participant or observer might believe they have identified the nature of 'real' elements and their causal effects it is not possible for them to be absolutely and verifiably sure. For example, some biases and preconceptions may be readily apparent but others may be hidden; the individual may not even be aware of them. Similarly, alliances and factions are often of considerable influence in charity organisations but are not always observable or verifiable and may change (or adapt) without notice and without all participants being aware at the time. Finally, 'synergy' is always a possibility but does not always

occur. Thus the concept is a classic causal power from a critical realist perspective and in the domain of real

*“Generative mechanisms may lie dormant for a while or they may be counteracted by opposing mechanisms, thus cancelling each other out and leading to no events.”*

(Tsoukas, 2000, p.29).

An illustration of Tsoukas’ generative mechanisms occurred to me in the course of drafting this thesis chapter. Radio 4 presented a discussion of cancer and genetics. The issue is not directly relevant to this thesis but one of the discussants made the point that the presence of a particular gene does not necessarily mean that the person will develop cancer. This immediately struck me as being a metaphor for a critical realist view of management. The cancer gene can be viewed as representative of generative mechanisms in management that may not be activated and therefore produce no events. This is another example of the benefit of metaphor to understanding.

Two other points are relevant to the above interpretation of the theoretical model in from a critical realist perspective. Firstly, three items are shown in the domain of empirical; participant experiences, care experiences and external experiences. Participant experiences equates to my experiences as a participant at the Somers Park organisation, all other participants (trustees, managers, staff and volunteers) would have a parallel range of experiences that they would interpret from a personal perspective. Care experiences relates to the experience of beneficiaries (patients and their families; but also, arguably, the wider care network of clinical professionals, funding bodies etc). The external experience is intended to cover all other experiences, for example, those of the community, media, auditors, Charity Commission etc. Secondly, there is the potential for any event to be explored from the domain of actual to the empirical and become ‘an experience’. This is exactly what I did as a researcher, extending my experiences deeper into the model in pursuance of research objectives. To summarise this point, all elements within the

domain of actual have the potential to be brought into the domain of empirical as experiences although this may not occur in practice.

## **8.5 METHODOLOGICAL ISSUES**

This subsection deals with methodological issues from the study and in fulfilment of methodological objectives. The interpretive nature of this study may only be assessed by the reader in knowledge of issues around the researcher and events. This thesis unashamedly tells a story, a story of the journey from prior experiences via empirical inquiry and concurrent experiences, to an original contribution with related findings and conclusions. This section documents useful additions to, or amplifications of, prior methodological literature in three areas, research ethics, grounded emergent theory and the normative/positive differentiation (Scapens, 1990). But first, a brief reminder of the context of this study would be prudent.

The study is based in considerable prior and concurrent contextual experiences. Empirical activities of this study comprised two successive phases. Phase 1, the Somers Park case study, was performed from the perspective of a close insider; a position acquired nearly a year before the start of the academic programme and for totally unrelated reasons. The cluster of case studies comprising phase 2 was performed from the very different perspective of an external researcher with no contact with the organisations prior to a formal approach for research access and co-operation.

### **8.5.1 Ethical issues**

The issue of research in a healthcare environment has ethical implications. Whilst (as discussed in chapter 3, subsection 3.3.4) formal ethical approval proved not to be required, there had been some discussion within the supervision team and wider contacts regarding the possibility of contact with patients. During the Somers Park case study (phase 1) direct contact with patients and their families was negligible. However, that role did bring me into occasional contact with ex-patients and/or

supporters with family connections, at fundraising events for example. Empirical inquiries of phase 2 case studies did not require patient contact and, being conscious of the NHS/COREC ethical approval constraint, I avoided any so far as possible. Nevertheless, it is difficult to visit a hospice without passing patient/dependent contact and unavoidable during any 'tour' of the premises. The point at issue is that any researcher in a healthcare environment must be clear on the issue of patient contact in the context of his or her study. The NHS/COREC approval process (chapter 3, subsection 3.3.4) proved to be a valuable source of guidance in this respect.

### **8.5.2 Emerging/emergent theory**

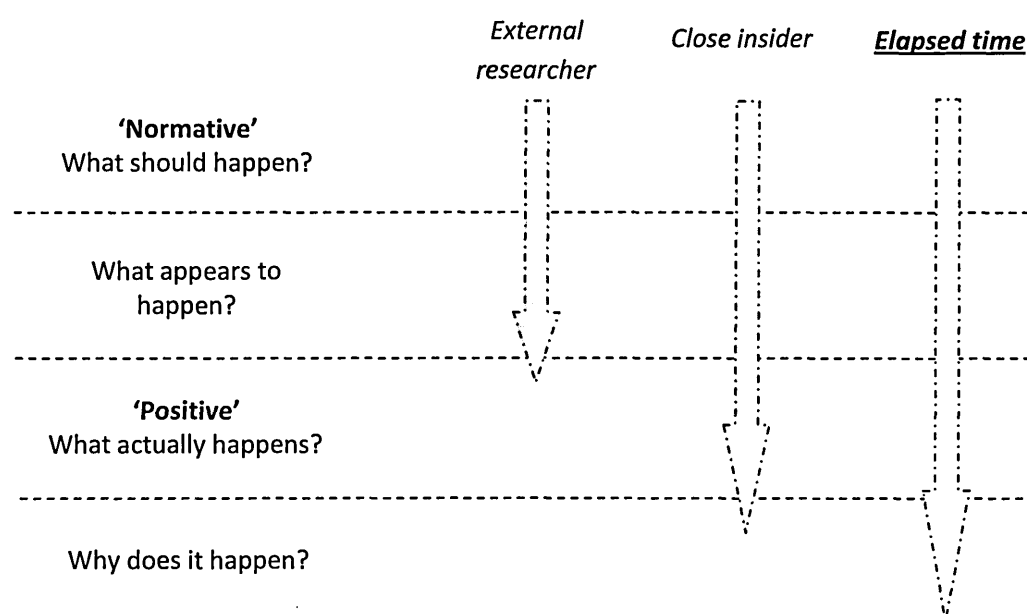
Experience of this study suggests it can be difficult to identify a definitive point at which to say 'I have emergent theory'. A convenient, but artificial, point was on termination of the Somers Park case study. That was certainly a point at which I appraised the situation and commenced planning for what became phase 2 empirics. At that point (which it must be remembered was not planned but happened as a consequence of unforeseen events) I did not have an emergent theory as such, what I had were fragments of emerging theory. Those fragments had been produced from early data, developed via later theoretical sampling and required further development via more theoretical sampling. In the event, the position discussed in chapter 5, section 5.3 can be appropriately designated as 'emergent theory' although this was a relatively fortuitous coincidence of circumstances. This is consistent with much of grounded theory literature. For example, Glaser & Strauss (1967) explain the character of their "emergent concepts" but give no indication that they saw a clear demarcation between emergent theory production and verification or testing. Glaser (1998) refers to a grounded theory 'growing' and this is arguably an appropriate view of the process.

### **8.5.3 Normative and positive perspectives**

This study approaches research questions from a 'positive' (what actually happens) perspective rather than a 'normative' (what should happen) perspective (Scapens,



1990). However, this positive/normative division appears too simplistic for research purposes. Figure 8.10 below illustrates this point by identifying four layers instead of two. The top layer is the normative layer and the third layer is the positive but there is an intermediary layer of 'what appears to happen'. This represents the fact that events may be perceived differently than either normative or positive perspectives. Similarly, there is a fourth layer below the positive perspective that questions 'why do things happen this way?' To an extent (not explored in this study or thesis) the bottom layer may equate to the 'deep' of Bhaskar's critical realism (Ackroyd & Fleetwood, 2000b) and the 'causal factors' of Tsoukas' metatheory of management (Tsoukas, 2000).



**Figure 8.10: Potential depth of insight from level of access.**

I have marked two arrows on the figure to illustrate the potential depth of insight available from external researcher and close insider perspective. Empirical experiences of this study suggest that an external researcher can potentially access the top two layers and possibly a little way into the third. However, a close insider can access the top three layers and possibly obtain some indications of the fourth

(staying faithful to the critical realist credentials of this study). In order to obtain sufficient access and co-operation to explore the third ('positive') layer an external researcher would require a considerable depth of access and for a considerable period of time. Research design issues would need very careful consideration in what could become a classic ethnographic study. There would also be a danger that the researcher becomes increasingly involved in organisational issues, loses the detached perspective and 'goes native' (Adler & Adler, 1987) effectively becoming an insider. An internal researcher faces potentially different issues. Firstly, it may take some time (possibly years) to obtain full acceptance and become a 'close insider'. Cultural and interpersonal issues feature very strongly in this respect. It is certainly easier if the researcher is already a close insider prior to commencement of research activities. Secondly, the researcher will need to maintain a balance between organisational and research activities. Thirdly, the researcher must manage perceptions of the research interest to ensure participant informed consent but without adverse impact on the integrity of data. Finally, from insider and outsider perspectives a greater depth of insight will require a longer time period. However, it should be noted that a close insider has a head start in data gathering and analysis and therefore should make quicker progress through the top layers of the model in Figure 8.10 above.

#### **8.5.4 Methodological analysis of close-insider research**

An objective of this study was to provide a methodological analysis of performing empirical research from the perspective of a close-insider, and the different empirical experiences of 'positive' and 'normative' research. Subsections immediately above provide some of this material and chapter 3, subsections 3.8.1.2 and 3.8.2.2 discuss methodological experiences during the respective phases of close-insider and external researcher perspectives. As evidenced in these earlier sections, role conflict was apparent and was partially mitigated by constant and extensive documented reflection. The experience supports many of the suggestions of earlier literature (Denzin, 1970; Adler & Adler, 1987; Robson, 1993) although to a

degree reflecting individual personality and the context. Certainly, there was an experience of being “*shaped by the process*” (Strauss & Corbin, 1998, p.4) and perhaps that is consistent with changes in my own values and perspectives (Adler & Adler, 1987). However, it is not clear whether these changes are as a result of close-insider research activities or the wider learning experience. In the event, I experienced no problems of disengagement. Disengagement from Somers Park followed unforeseen events; it was relatively sudden and final, there has been no direct contact since. There was never a long-term association with phase 2 case study organisations; my position was always that of an external researcher.

#### **8.5.5 How does this add to literature?**

The principle contribution in this section is in two areas. Firstly, the experience that, other than by convenience or fortuitous events, there may not be a clear-cut identification of ‘emergent theory’ for later testing. Instead, theory emerges over ‘empirical time’ and any defined point is likely to have been arbitrarily decided on the basis of practical issues. That is not to say that such a practical decision is not useful, indeed, study design issues may dictate this, merely that a grounded theory process cannot be ‘shoehorned’ into a rigid structure. This may be of particular relevance for an academic study, an externally structured process. This is of lesser relevance to an ‘independent’ paper that may be viewed on its publicly perceived merits – subject of course to acceptance for publication! Secondly, this section has suggested a more complex ontological structure, with additional intervening and underlying layers (figure 8.10 above), than the perhaps over-simplistic dual normative and positive differentiation of Scapens (1990).

### **8.6 CHAPTER SUMMARY**

This chapter has presented the outcomes of the study, centred around a theory of governance processes at a charity hospice (section 8.2). The theory was produced during phase 1 empirics and developed during phase 2. Section 8.3 develops a framework for practical application of the theory as a tool for improvement of

efficiency and effectiveness in charity hospice governance. The theory is placed in the context of prior literature of control, organisation and supply chains in section 8.4 that also provides a critical realist interpretation. Finally, section 8.5 provides a brief methodological discussion.

## **CHAPTER 9: SUMMARY, OUTCOMES AND A CRITICAL EVALUATION OF THE STUDY**

### **9.1 CHAPTER INTRODUCTION**

This final chapter in the thesis provides a brief summary of the study referenced to chapters and sections of the thesis. Section 9.2 below summarises the study, followed by section 9.3 that does the same for study outcomes. Section 9.4 provides a critical evaluation of the study and thesis from the perspectives of an original contribution and the adopted grounded theory methodology (subsections 9.4.1 and 9.4.2). Subsection 9.4.3 highlights the value of the study in terms of the three outcomes of developed theory, practical application and methodology. Subsection 9.4.4 addresses limitations of the study and theory and suggests further work in development and application of the developed theory and in connection with prior theory and literature. Section 9.5 provides a final conclusion.

### **9.2 THE STUDY AND THESIS: A BRIEF SUMMARY**

#### **9.2.1 Purpose, aims and objectives**

Prior contextual experience suggested that there were inconsistencies in public and voluntary sector relationships in the provision of public healthcare. It also suggested that this was of undetermined effect on service provision. The subject of this study arose directly from a personal and professional interest in the consequences of this relationship, and for the purpose of exploring underlying issues. An initial proposal for this study was exposed for academic advice at a meeting of the Management Control Association (MCA) in 2003. Aims, objectives, research questions, methodology and method were developed during the early months following enrolment at SHU. The aim of this study was to explore governance processes as underpinned by tensions and change at the charity hospice. Research objectives focused on the provision of healthcare services by the voluntary sector, and specifically on those services that government might provide under statute or as a community service. This raises the question of inter-sectoral issues i.e. issues in the

relationships between voluntary sector organisations and public agencies. These relationships include the commissioning or contracting of services and any payment or funding of them.

### **9.2.2 Methodology, design and ethics**

The study was based around a case study strategy (see chapter 3, subsection 3.4.2) in two phases of empirical inquiry. Phase 1 comprised a single organisation site for the purposes of theory production. This was later further developed during phase 2 at a number of other organisations. A grounded theory methodology was adopted (chapter 3, section 3.5). Methodological and design choices were based in many factors but included an opportunistic facility to research non-clinical governance at a charitable hospice from the perspective of a close insider (participant observations, chapter 3, subsection 3.6.2). It was thus a conscious strategy to commence data collection without hypotheses, with a minimum of pre-conceived ideas and to produce theory from experiences to be developed later from a more orthodox perspective of an external researcher.

Ethical issues were of particular importance in this study (chapter 3, section 3.3). In addition to traditional ethical issues for business or social research, there are specific issues for research in a healthcare environment. The SHU Ethical Committee granted prior approval for the study, but it was also necessary to seek formal approval under the NHS COREC procedure (chapter 3, section 3.3.4). There are also issues of ethics and validity in performing research from the perspective of a close-participant (see chapter 3, section 3.3.6).

### **9.2.3 Phase 1 empirics and emerging theory**

Phase 1 empirics comprised a single organisational case study at a charitable hospice. Data collection was primarily via participant observations in the mould of Adler & Adler (1987) opportunistic complete membership (chapter 3, subsection 3.6.2.3). The case study built on a prior involvement with the organisation and lasted

for nearly three years. The level and duration of involvement also provided access to other data sources including considerable documentation and other participant views and experiences. The phase 1 Somers Park case study is reported in chapter 4 that includes some material of a contextual and largely factual nature. However, chapter 4 also includes material of a more subjective nature in connection with a series of illustrative 'events' that, along with other material, formed the basis of production of emerging theory.

The product of phase 1 empirics was a group of theoretical fragments that were later developed in phase 2 as emergent theory. A key observation was that the trust board was a collective body comprising a number of individuals with personal contributions that will vary between organisations and within organisations over time. Thus the nature of a trust board is subject to constant evolution although not to a consistent pattern or direction. A particular issue that arose in relation to emergent theory was the ease with which it was possible for the board of trustees to lose control of the organisation. The idea is not new, among many others Gambling & Jones (1996) recognised it, but the surprise was how quickly this could happen with the apparent acquiescence of trustees.

#### **9.2.4 Phase 2 empirics: further development of theory**

Phase 2 empirics comprised inquiry at four organisations selected for their suitability as sources of data for the further development of theoretical fragments. Data collection was primarily by semi-structured interviews in two phases. The first was as objective as possible, largely fact-finding on issues of organisation structure, documentation and reporting. The second was largely subjective, utilising critical incident techniques to ascertain participant experiences and opinions of relevant issues (Flanagan, 1954; Chell, 1998; 2004; see chapter 3, subsection 3.7.3). Data collection was also via documentary analysis as available and casual observations. The semi-structured nature of interviews provided flexibility to enable issues to be investigated as they arose, frequently at the instigation of the interviewee. Despite

the internal/external researcher dichotomy the data from phase 2 was therefore made as compatible as possible with that from phase 1 in order to facilitate appropriate development of emergent theory.

Key issues from phase 2 case studies were an absence of correlation between public sector funding and the initiation of voluntary sector services and a consequential dependence for survival of charitable hospices on their local community. Also, the effectiveness of governance at a hospice was dependent on the board of trustees, driven collectively or by key individuals, without any external influence that would oblige compliance with legislation or good practice.

### **9.3 STUDY OUTCOMES**

This study was performed with three main objectives as defined in chapter 1, section 1.3.2. These are summarised below.

#### **9.3.1 A theory of governance processes**

The theoretical contribution of this thesis is based in the theory of governance processes presented and discussed in chapter 8, section 8.2. Key elements of this are that the collective trust board is the sum of its constituent members, i.e. individual trustees. The potential of the board is limited to the individual contribution from these members less an element of 'leakage' due to members not achieving their own potential. The effectiveness of the board is dependent on factors relating to how well process are managed, with a further potential for 'leakage' due to failures in this respect.



### **9.3.2 A framework for practical application of the theory**

In support of the theoretical contribution of this thesis is a framework for the application of the theory of governance processes in a practical situation. This is presented and discussed in chapter 8, section 8.3.

### **9.3.3 The methodological experience**

There is also a methodological discussion in chapter 8, section 8.5 building on methodological experiences of the alternative modes of research in chapter 3, section 3.8 and in fulfilment of the methodological objective.

## **9.4 A CRITICAL EVALUATION OF THIS THESIS**

This section provides a critical evaluation of the study in terms of the original contribution (section 9.4.1) and the adopted grounded theory methodology (9.4.2). It briefly indicates the value of the study (9.4.3) considers its limitations and makes suggestions of how this thesis might be used as a starting point for further work in developing and applying theory and practice from related fields (9.4.4).

### **9.4.1 An original contribution?**

Phillips & Pugh (2000) discuss the outcome of a PhD in terms of 'an original contribution to knowledge' with the opinion that the concept *"has to be interpreted quite narrowly"* (p.35). In this they differentiate a contribution that they suggest should be limited in scope from 'a major contribution' and Kuhn's more extensive paradigm shift (Kuhn, 1970). Whetten (1989) discusses a range of options for assessing theoretical contribution from a similar view to that of Phillips & Pugh in expecting that most researchers *"are not going to generate a new theory from scratch"* but instead *"generally work on improving what already exists"* (p.492). In this context, Whetten considers the limited value of 'lists' of factors in a theoretical model (the 'what') and the greater potential contribution of their relationships (the 'how') *"Relationships, not lists, are the domain of theory"* (1989, pp.492-3). By the

above parameters, the theoretical model presented in section 8.2 qualifies to be considered as legitimate theoretical contribution. In particular, identification of individual contribution as the key to the potential of a board of trustees and a number of individual and collective limiting factors as a consequential constraint to the effectiveness of that board combines the 'what' that may already be surmised with the 'how' based in empirical data.

#### **9.4.2 Grounded theory perspectives**

Many methods of evaluation are available from a grounded theory perspective. This study is evaluated here firstly on the basis of the seminal 'discovery' publication Glaser & Strauss (1967) and secondly from the adopted Glaser style. The choice of grounded theory as a research methodology was discussed in chapter 3, section 3.5. It is relevant but unsurprising that in recent contextual experience a leading clinician expressed dissatisfaction with qualitative research methods and a personal and professional preference for quantitatively based data. Glaser & Strauss (1967) are critical of the generality of such opinions and propounded the practical application of grounded theory. It is necessary to evaluate theory developed from this piece of research against the parameters of the methodology; "*... the canons and procedures of the method used to generate the research findings*" (Strauss & Corbin, 1998, p.273). Glaser & Strauss (1967) address the issue of judging the credibility of a grounded theory from the perspective of 'the reader'. Firstly, they suggest the importance of rich description. To this end, section 4.3 of chapter 4 presented a number of event sequences that serve to highlight the participative experience of the Somers Park case study. Similarly, the different perspective of phase 2 case studies is reflected in a comprehensive presentation of issues and informant quotations in chapter 6. Secondly, Glaser & Strauss recognise the assessment of the reader of "*how the researcher came to his conclusions*" (p.230) and recognise the value to credibility of multiple comparison groups. This study goes some way along that route in utilising multiple case studies and multiple units of analysis (see chapter

3, subsection 3.4.2.2 for a more comprehensive explanation of the case study design).

The more recent Glaser (1998) considers the issue of ‘trusting’ grounded theory and acknowledges a link between trust and application. In this consideration, Glaser identifies four criteria for evaluation and it is perhaps unsurprising that there is a similarity between these criteria and the earlier Glaser & Strauss (1967) properties for application of grounded theory. The first of Glaser’s criteria is ‘fit’ and this is met by generating concepts from the data via constant comparison. The second criterion is that of relevance. The theoretical contribution of section 9.2 above meets this criterion by being *“a theory of how what is really going on is continually resolved”* (Glaser, 1998, p.236). The third criterion is ‘does it work?’ In this respect the model of governance presented above appears to satisfactorily account for most variation in the substantive area. The theory meets Glaser’s fourth criterion by having the potential to be modified by further data. Finally, it is important in the context of the interpretive nature of this study that the developed theory is one of many possible ‘truths’ *“... grounded theory is still only plausible hypotheses, as right as they may be”* (Glaser, 1998, p.248). The test of practical application of the theory were considered in chapter 8, subsection 8.3.5.

#### **9.4.3 The value of research findings**

At the commencement of this study a gap of several dimensions was identified in the literature. This gap was related to the Scapens (1990) differentiation of normative and positive perspectives. Considerable material was available regarding the normative ‘what should happen’ perspective (Hind, 1995; Hudson, 1995, 1999) but much of that from a positive ‘what actually happens’ perspective tended to be from survey data. Even though many authors have practical experience in the sector, there was limited prior research of governance processes in charity organisations from the perspective of a closely involved participant. In this, the possibility was acknowledged that there may be tensions between government legislation, policy

and practice; normative and positive perspectives of practice at the charitable hospice, and that documentary evidence may be inconsistent incomplete and inaccurate. Thus, data available from a close-insider 'positive' perspective enables a deeper understanding of governance processes than that available from normative perspective. Crucially, the study has highlighted the importance of the individual contribution by each trustee and the collective coherence of the trustee board in ensuring not simply legislative compliance but, more importantly, effectiveness in service provision and in the use of available funds.

Section 1.4 in chapter 1 of this thesis suggested three outcomes of this study, a theory of governance processes in the charity hospice, a framework for practical application of the theory and a methodological analysis. Although the original contribution of this thesis is the theory of governance processes, each of the outcomes is of value from several perspectives as identified below.

- Theory of governance processes at the charity hospice (chapter 8, section 8.2)
  - Identification of a number of individual and collective 'limiting issues' to effective performance
  - Recognition that maximum effectiveness may not be achieved due to 'leakage' from potential and the factors that provide this
  - The theory has links to issues of culture and change management
  - The thesis has provided a tentative analysis of the theory by critical research methodology.
- Framework for practical application (chapter 8, section 8.3)
  - Based in the theory of governance processes above
  - Requires resources to be optimised rather than maximised or minimised
  - It is therefore specific to the context.
- Methodological issues (chapter 8, section 8.5)

- Research from a positive perspective provides a deeper understanding of relevant issues than that available from a normative perspective
- However, the normative/positive differentiation may be over simplistic for research purposes
- Using grounded theory, there may be a gradual transition from theory production to development and verification rather than a clear-cut change in activity and purpose
- The study has provided support to the Adler & Adler (1987) concept and difficulties in membership roles in research.

In addition, the study contributes to the debate on public sector funding of charity hospices and the commissioning process of public healthcare in the hospice sector. It also provides a platform for further work as suggested in the following subsection.

#### **9.4.4 Limitations and suggestions for further work**

This study was performed at a time of rapid and considerable change affecting the hospice movement. I believe the chance to perform a study at least in part from an insider perspective was too good an opportunity to pass up. A principal difficulty in drafting this thesis has been in deciding what to leave out. Conversely, there is considerable data that I was unable to utilise without endangering the anonymity of people and locations. However, outcomes of this study are an interpretation of participant experiences at one organisation, tested from an external perspective at a number of other organisations with the benefit of considerable contextual data. It is important that this study recognises the inevitability of a degree of bias and preconception introduced by the researcher (Laughlin, 1995). Relevantly, Glaser & Strauss (1967) also comment on a researcher's resultant theory as "*... his perceptions, his personal experiences and his own hard-won analyses*" (p.225). It is within this context that the study and thesis should be considered.

An apparent limitation of this study is that it is based in empirical inquiry at only a few charitable hospices. Thus it has application only to that context and has produced substantive theory based in practice rather than broader formal theory of potential wider application. However, the study is generalisable to theory does not have statistical generalisability and in this context research outcomes have validity despite the small number of research sites participating. Data from phase 2 organisations has validity to the extent that it resulted from planned theoretical sampling to further develop emerging theory but validity is weaker for findings peripheral to that theory. These peripheral findings stand on their merits as based in data from only five organisations within a national context. For example, public sector funding of charitable hospices and their role in public healthcare are ongoing debates. There was sufficient variation at the small number of organisations participating in this study to suggest that the position is inconsistent. There is potential is for further testing, development and expansion of the theory via empirical inquiry at other locations and in other contexts. There is also, perhaps in parallel, potential for exploring peripheral issues at other hospices including those of funding and democratic practices in governance. One unavoidable omission from phase 2 empirics was attendance at trust board meetings of participating organisations. In conjunction with interview and other material this would have provided excellent triangulation data but this was not possible within the constraints of the academic timetable. However, its main value would relate to compatible people, structures and situations; time has already moved on.

This study has had a very sharp focus but has touched upon many other theoretical fields. To the extent that these other areas were not pursued there is considerable scope for further work in deeper exploration of the theory and its relationships with other theories of governance, organisation and control. A few suggestions are grouped below.

- The theory of governance processes

- Governance processes are constrained by individual and collective limiting factors. Collective achievement may be below potential due to the effect of individual and collective leakage but offset by additional potential via synergy. Further research might be useful in further verification of the theory and its perceived effect.
- A useful progression of the outcomes of this study would be to explore avenues to encourage and regulate effective governance practice at charitable hospices. In effect, implementation of the framework built around the theory (chapter 8, section 8.3).
- Related theories
  - Organisation culture as a control mechanism – this study suggests a two-way relationship between organisation culture and the theory of governance processes. Further work would be valuable to more clearly define that relationship.
  - Societal sectors – Scott & Meyer (1991) positioned organisations in respect of their technical and institutional environments. Charity hospices do not feature in their analysis. Section 8.4.2.3 of this thesis suggests possible positioning but also raises a number of issues suitable for exploration.
  - Institutional isomorphism – DiMaggio & Powell (1983; 1991) identified coercive, mimetic and normative social processes that drove a tendency for similarity among organisations in a field. Section 8.4.2.4 provided some discussion of this in the context of the charity hospice and the NHS; this issue could be explored further.
  - Power – section 8.4.2.5 suggested that issues of power can facilitate higher collective achievement via the theory of governance processes but inappropriate use of power can have the opposite effect. For example, what is the impact of internal power structures on organisational effectiveness? This, and the related issue of elite

theory, were not explored in this study and provide useful possibilities for further research.

- Trust – section 8.4.2.6 briefly considered trust, a potentially valuable resource but excessive or misplaced trust can have a negative impact via collective leakage in the theory of governance processes. How may an appropriate balance of trust and control be identified and practiced? This provides another useful area for further research.
- Leadership – section 8.4.2.7, effective leadership can facilitate higher collective achievement. This raises the question of what leadership style or approach would be most effective, and how?
- Inter-sectoral relationships (section 7.3)
  - Charity hospices provide public healthcare services and receive some payment from public funds. It is irrational to expect local budget holders to pay more than the minimum necessary to achieve local objectives. Public funding for a new hospice facility requires either new money or a redistribution of existing allocations. This is a potential area for research from a public sector perspective.
  - Supply and value chains – a supply chain approach to the integrated supply of public healthcare appears the most efficient way forward. However, the appropriation of value by participants may be less defensible. A major study of the public healthcare supply and value chains from an unbiased perspective would be of considerable value in informing inter-sectoral and public debate.

## **9.5 A FINAL CONCLUSION**

The journey to this thesis has been a long one and full of compromise. For at least part of the time I have been concurrently participant, researcher and student, each imposing very different and potentially conflicting constraints. The former involves personal factors of time, commitment and personal subjective views; the second, broader academic views of methodology, method, reliability and validity; the third,

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the discipline of a formal academic programme. Compromise has been necessary in data collection, writing-up and timing. However, the outcome of this study is a theory of governance processes of practical application at a charity hospice, along with fresh perspectives and support for prior literature on a number of methodological issues. The principal contribution of this thesis is the theory of governance, in particular, the concepts of individual contribution of trustees and their group cohesion towards collective will and effectiveness. A key issue in this is the identified elements of 'leakage' that reduce individual and collective potential. The theoretical contribution was produced and developed via two phases of fieldwork with different methodologies, although underpinned by an overall grounded theory approach. I submit the theory of governance processes is a positive advance in the understanding of governance processes in the charity hospice.

The experience has been fulfilling, if a little longer than anticipated. It has required considerable patience and persistence *"The researcher must be able to tolerate confusion, hard work and the tedium of the constant comparative method and wait for concepts to emerge"* (Heath & Cowley, 2004, p.144 citing Glaser, 1999). In this I have drawn confidence and reassurance from several sources including Phillips & Pugh (2000), Denscombe (2002) and Humphrey & Lee (2004). In common with many students I have experienced the occasional crisis of motivation but recognised that the solution was mine to find (Phillips & Pugh, 2000; Komori, 2004; Loft, 2004). Finally, an issue from my experience of direct relevance for many students is that of geographical remoteness from the parent university. In my case, the journey from home to Sheffield was around 3 hours; this imposed some constraints of time and cost. However, the journey facilitated a focus on the programme, away from other distractions and proved to be invaluable as an opportunity for reading, theorising and note-making.

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APPENDIX A: TABLE OF ISSUES TO GUIDE INITIAL DATA COLLECTION

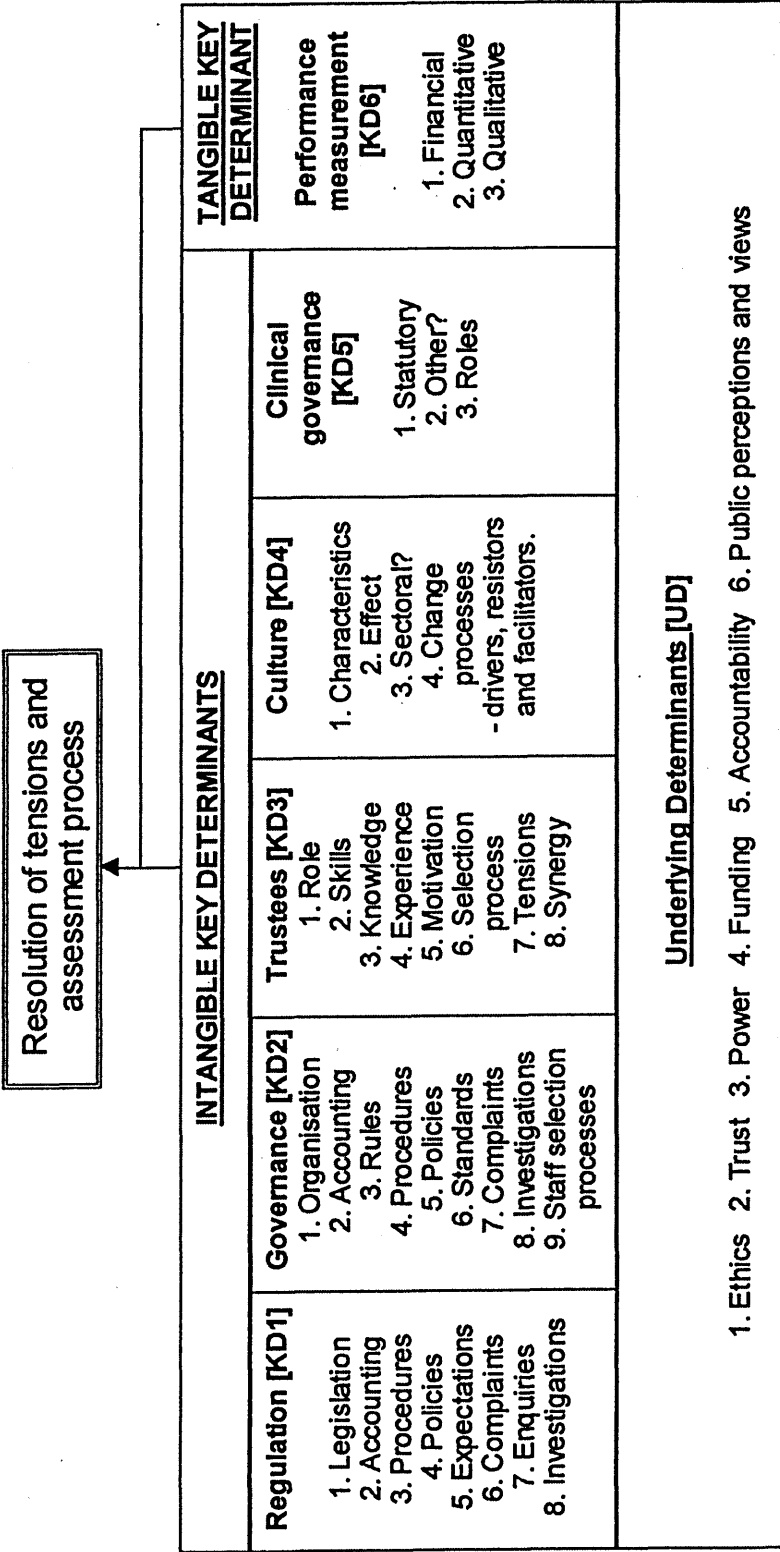


Figure A.1: Table of preliminary key and underlying determinants.

## **APPENDIX B: PHASE 2 EMPIRICAL ACTIVITIES**

*This appendix contains:*

**B(1) - Interview schedule for phase 2c 'factual' inquiries**

**B(2) - Interview schedule for phase 2d 'subjective' interviews**

## **B(1) - INTERVIEW SCHEDULE FOR PHASE 2C 'FACTUAL' INQUIRIES**

*[Interviewee: Senior administrator    Timing: Stage 2 of individual case studies*

*Type: Semi-structured, primarily factual inquiries]*

### **1. The organisation**

- a. How, when and under what circumstances was the hospice established?
  - i. Have there been any significant changes in services and service relationships since?
- b. Boards & committees
  - i. What sub and management committees?
  - ii. Formal terms of reference?
  - iii. Membership/participation – who attends?
  - iv. Frequency of meetings
  - v. Minutes policy
    - 1. What basis – key issues? Detailed records?
    - 2. Where reported?
  - vi. What issues reported to board of trustees?
    - 1. Is there a standard agenda or standard items on all agendas?
- c. Trustees
  - i. How many
  - ii. Appointment policy
  - iii. Qualifications?
    - 1. Professional?
    - 2. By experience?
  - iv. Honorary appointments – Treasurer, Secretary etc.
- d. Management structure
  - i. Roles

- ii. Reporting lines
    - iii. Formal job descriptions?
  - e. Accountability
    - i. Who for what?
  - f. Voluntary and support groups – what, where, how organised and linked etc.
- 2. Funding issues
  - a. Sources
    - i. Contracts
      - 1. With whom?
      - 2. For what?
      - 3. Terms & constraints
    - ii. Grants
      - 1. With whom?
      - 2. For what?
      - 3. Terms & constraints
    - iii. Fundraising activities
      - 1. What?
      - 2. How and where organised?
      - 3. Constraints
  - b. Reserves
    - i. Reserves policy
    - ii. Investment policy
  - c. Performance measures
- 3. Control systems
  - a. Financial accounting system
    - i. Key control factors?
    - ii. Fund accounting?

- iii. Statutory accounts?
- iv. Fit for purpose?
- v. Who prepares statutory accounts?
- b. Management Information System (MIS)
  - i. Electronic or manual links to FIS
  - ii. Budgets
    - 1. Delegations & authority
    - 2. Reports
  - iii. Performance measures
    - 1. What is measured?
    - 2. Reporting arrangements
- c. Audit
  - i. Is there an audit committee?
  - ii. External audit
    - 1. What arrangements?
    - 2. Who meets and how often?
  - iii. Internal audit
    - 1. What arrangements?
- d. Risk management
  - i. What arrangements?
  - ii. How analysed – what technique?
  - iii. How reported and to whom?
- e. Personnel policies
  - i. Key staff
  - ii. Management
  - iii. Trustees
- f. Project management
  - i. For what projects?
  - ii. By what techniques?
  - iii. Who are project managers?



iv. What reporting arrangements?

4. Relationship with the public sector

a. Formal and informal links with the NHS

i. What links?

ii. What performance measures and reporting?

b. General hospice/public sector relationship

i. Funding issues – how do negotiations proceed?

## **B(2) - INTERVIEW SCHEDULE FOR PHASE 2D SUBJECTIVE INTERVIEWS**

(To be selected from as appropriate to the interviewee and timing within the case study)

- 1) How long have you been [... ..] at this charity?
- 2) By what process were you selected and appointed?
- 3) What is your career background?
- 4) What key elements of your prior experience are most valuable in your role here?
- 5) What is your average time commitment per month?
- 6) What activities do you take part in i.e. committees, representative, fundraising etc?
- 7) Do you feel the board of trustees is clear about what they are trying to achieve as an organisation?
  - a) How well do you feel the board achieve or facilitate intended outcomes?
  - b) Are all board members fully involved in decision-making and supportive of decisions made?
  - c) Are there clearly defined roles for trustees and managers, and for chair and [senior administrator]?
  - d) How well do feel the board manage risk?
  - e) How do the trust board ensure transparency in the decision-making process?
  - f) Can you give an example of how the board of trustees have taken the opportunity to improve their effectiveness within the past year?
- 8) Do you find the information provided to you routinely sufficient to enable you to fulfil your responsibilities as a trustee?
  - a) In your view, what are the key issues that the board of trustees should monitor?
  - b) Is there any further information you would like on a regular basis if it were available?

- c) What action would you take if you felt unable, as a trustee, to make or support a decision because relevant information was not available? (By what process would you make further inquiries?)
- 9) Perceptions of voluntary/public sector relationship
- a) In your view, what should be the role of the voluntary sector in healthcare provision?
  - b) In your experience is the relationship between your organisation and the public sector working effectively to the ultimate benefit of the patient/client/beneficiary?
  - c) Are there any factors in the relationship that you believe could or should be changed?
- 10) Perceptions of regulation
- a) To what extent do you believe that trustees and managers have sufficient knowledge of regulation as it applies to this organisation?
  - b) How relevant do you believe regulation is to a charitable hospice?
  - c) How effective do you believe regulation is in maintaining charitable healthcare service standards?
- 11) Perceptions of internal control
- a) Do you believe that the organisation's internal controls are effective in enabling the board of trustees to fulfil their responsibilities?
  - b) Can you give an example of how the board of trustees have taken the opportunity to improve their effectiveness within the past year?
  - c) How do individual trustees satisfy themselves that internal controls are fully effective?
  - d) Are you satisfied that the board of trustees collectively has a balance of appropriate skills to ensure the achievement of organisational objectives?
  - e) Are you satisfied that all significant risks are correctly identified and effectively managed?
  - f) Are you satisfied with the information available to the board from the organisation's business systems?
-

- g) Are there any material deficiencies you believe should be addressed?
- h) How do the trust board ensure transparency in decision-making processes?

12) Perceptions of roles – theirs and others

- a) What do you see as the key elements of your role as chair of the trust?
- b) How does this relate to that of the [senior administrator]
- c) Do trustees take part in activities within the hospice outside of their trustee duties i.e. fundraising etc?
- d) Have you experienced any examples of trustees straying into activities more appropriate for managers?
- e) How are key stakeholders consulted and involved in supporting decision-making at the hospice?

13) Internal relationships – intra staff, intra trustee, inter staff/trustee

- a) What do you believe to be the basis of an effective relationship between trustees and managers and staff?
- b) In your experience does that exist in this organisation?
- c) What factors do you believe to be most important in achieving effective working relationships between staff and managers in diverse functions within the organisation? For example, clinical, administrative and fundraising staff.

14) Have you experienced any major changes in the organisation since you were appointed?

- a) How was that change managed?
- b) Was the outcome as originally planned?

15) Do you feel that key stakeholders are fully consulted and involved in supporting decision-making at the hospice?

- a) How does this happen?

16) How do you perceive the local working relationship between the hospice and the public sector/NHS?

- a) Is this how you believe it should be?

17) What do you see as the major challenges facing the trust

- a) Now?

- b) Over the next five years?
  - 18) What do you see as the most significant external pressures on the organisation?
  - 19) Can you identify 2 or 3 critical or significant events that impacted on your personal area of responsibility?
    - a) What events led to their occurrence?
    - b) What was the actual or potential impact?
    - c) How were they resolved?
    - d) Who was involved in their resolution?
- Were you personally content with the outcomes?

## APPENDIX C: SPECIMEN DATA SAMPLE FROM PHASE 1 EMPIRICS

### EXTRACT FROM RESEARCH DIARY

(Around the issue of Event Sequence 5, Chapter 4, Section 4.3.5)

[...]

14<sup>th</sup> July ep2/4

- [...]

- F&GP – incorporating a presentation ... – (1) ‘Treasurer checks’ ... full agreement received and checks to commence asap. (2) I have for some time been concerned as to the Treasurer role with a feeling that I should be doing more but unsure what. General discussion suggested that the key duty was to present the audited accounts to the AGM. I suggested much more was possible but the role varied considerably between charities (rightly so!). I suggested that I would take views from as many people as possible and prepare a paper for the F&GP/Board. *[My personal view at present is that the Treasurer should play a leading role in financial matters and possibly chair the F&GP. This view would likely meet some opposition from the Trust Chair and [snr admin] plus possibly other sources.]*

15<sup>th</sup> –17<sup>th</sup> July

*[I performed a review of available literature re the role of a treasurer at a charity. My view has evolved a little since the F&GP; I can see arguments for Treasurer also being chair of F&GP (for no readily identifiable reason than it intuitively seems to fit) and against (I can see a potentially useful triangular check possibility with different persons in the respective roles. From a personal perspective chairing F&GP should ensure more involvement in external discussions but I am keen not to be seen as on ‘an ego trip’ or seeking higher office – this is fact, I have no wish to be Trust Chair or Deputy and am content to make best use of my skills so long as I am allowed access and participation. It also seems prudent to maintain as low a profile as possible in the interests of research integrity. There are also likely to be demands of my time as part of the PhD process so my time will perforce be limited.)]*

18<sup>th</sup> July mp9/pn

- Meeting of investment policy working group. [...]
- Following the investment meeting I held brief 1—1 discussions with [...] re the role of the Treasurer. His views were useful in that he has worked at the trust since [...] and is aware of events and circumstances leading to the present situation. There

have only been 3 Chairs, [...]. My predecessor as Treasurer [...] apparently did little more than I do on the hospice side but was more involved in fundraising and was largely responsible for the commencement of the lottery. [...] commented that [...] had been involved from the start of [...] and people listened due to his personal credibility and out of personal respect – notable point. His view was that Treasurer and Chair of F&GP roles should be kept separate. *[My view has firmed up that the roles of Chair, F&GP and Treasurer should be separate so long as the Chair has individual credibility. However, I tentatively believe the Treasurer must have considerable involvement in financial matters, not simply as an after thought or when others feel vulnerable.]*

**11<sup>th</sup> August mp9/11**

[...]

[...]

Post the above meeting had a long one-to-one discussion in the car park with [...]. It was not obvious who was sounding whom out! Nevertheless a valuable discussion.

- [...]

- (Re) F&GP – [...] is aware [...] wants to be Chair. [...] was non-committal but I took this as a degree of support or at least ambivalence. 'Would I want it?' was asked, I said to be under consideration but probably best kept distinct from Treasurer role. But who else? [...] was mooted but there may be complications due to [...].

- Decision-making – [...] thought in the past far too many decisions had been made by key individuals/groups/cliques. This still occurred on occasions but was less prevalent and should be eliminated by improved internal management and accountability.

**26<sup>th</sup> September**

[...]

Drafted a discussion document re the role and activities of 'Honorary Treasurer' based on a model from the Charity Year Book suitably adapted and emailed to [...] for distribution to the 'Chairs' and [...].

*Personal Obs: I have been concerned for some time that the appointment has no clear role, being apparently dependent on the incumbent. The purpose of this document is to establish clear parameters and guidelines for others to consider when HT should be involved. My opinion is that if there is to be such a post it must involve meaningful activities and*

*responsibilities. However, there may not be a need for a formal HT so long as all of the activities and responsibilities are lodged elsewhere.*

[...]

[...]

**7<sup>th</sup> October**

[...] telephoned to give me his comments re my discussion document on the role of the treasurer, nothing major but a couple of useful drafting points.

**8<sup>th</sup> October ep4/7**

- [...]

**Main Board Meeting:**

- [...]
- I am beginning to seriously question the process for making key decisions with [...], it appears arbitrary and collusive.

**After the board meeting:**

- Overheard Chair ask to speak to [...] about the F&GP – must inquire discretely.
- [...]

**Informal discussion with [...] in the car park after the meetings:**

- [...]
- I raised the question of our need to find a Chair for F&GP within a few months and a Vice-Chair (successor) over a longer time span given [...] apparent expressed intention not to be the next Chair of Trust. [...] said he had been approached by [...] to be next chair of F&GP. I told him he had my total support in this appointment and advised him of my developing views on the Treasurer/Chair F&GP roles.

**Reflections –**

- *I must admit to personal frustration and irritation at the approach to [...] to be Chair of F&GP without my views first being sought. However, in view of previous events this should not have come as a surprise although the vibes I had picked up earlier had suggested that [...] would not have been the first choice of key players – either*



*my observations had been mistaken or there has been a change of heart. This may explain his access to some documents and information re events of which I could have anticipated involvement but was not.*

- I detect an increasing air of authority about [...] to go with his undoubted strong views and active involvement in trust activities.*
- I had made a note to look further into trust decision-making, particularly on key issues. [...]*

*Reflection: It is not easy to totally separate the roles of researcher and participator, particularly in the more senior and higher profile role of treasurer. It would certainly be an easier as an 'ordinary' trustee; facilitating unobtrusive observations that may be difficult with a higher profile and known interests. This is a recognised phenomena in the literature although I do not totally agree with the popular view of participator as observer as a 'perform and depart' role, it certainly does not apply to my situation. [...]*

[...]

**17<sup>th</sup> October**

[...] – Telephone discussion with [...] in preparation for the F/R Comm. Meeting on Monday that I shall be unable to attend.

- [...]

- I raised the point that [...] had told me he had been approached to chair F&GP. [...] confirmed that she had not been consulted although [...] had expressed his enthusiasm in the past and stated his intention to manoeuvre himself into that position. We agreed that [...] was the man-for-the-job and would probably be very effective in the role. [...] agreed with my suggestion that [...] had been unpopular with some trustees but said he thought he had probably suffered as a consequence of his friendship and open support for a previous member of staff. He thought he had resolved the problem – at least partly interpersonal relationships and personal tactics. We shared concern at the lack of consultation in the process – not good governance!

- *Reflection: My views and opinions suggest that I am not personally and totally averse to tactical negotiations and planning, indeed, this appears to be the only (and commonly used) approach to getting this done in the presence of a large unwieldy committee/board.*

[...]

**30<sup>th</sup> October**

<ul style="list-style-type: none"> <li>• Telephone call from [...] re Reserves etc wkg. Gp. [...]</li> </ul>
<ul style="list-style-type: none"> <li>• I telephoned [...] re above. [...]</li> </ul>
<ul style="list-style-type: none"> <li>• I took the opportunity to ask if he had been consulted re appointment of [...] as his successor as Chair F&amp;GP. I expressed my surprise at not being consulted and intimated that other likely parties had not been consulted either. His response was uncertain, he said he had not been consulted and had not heard of the suggestion. He also confirmed that he would expect to be consulted. His response was rather vague and it was difficult to interpret without visual clues. There are at least two possibilities; he has been consulted but doesn't want to admit it, or, he is disturbed by the suggestion of [...] being appointed. From that point in the conversation (it was too one-sided to be considered a discussion) he was anxious to break off the call, this could have meant he did not wish to discuss the matter. He appeared agitated and/or possibly irritated. Curious!</li> </ul>

[...]
<b>3<sup>rd</sup> November</b>
<p>Telephoned [...] to arrange his acquisition of my paper for the F&amp;GP, my email last week having been returned undelivered. He confirmed he had the original of some weeks ago. I asked what other items were to be on the agenda, he thought not much but it was with [...] as current chair to decide. I took the opportunity to sound him out about the appointment of the new chair. It may be significant that he had not mentioned the matter to me, knowing of my interest, but acknowledged that he had heard 'a whisper' but apparently source unknown (maybe!). I believe [...] to be not totally reliable in terms of discretion but expressed my concern about how this issue was being handled, it is my view that there should be some form of 'open' competition and that at the very least key trustees should be consulted rather than being faced with a <i>fete accompli</i>. This was deliberately risky on my part as I have no doubt these views will be discussed with and by other parties but I am interested in the reaction to perceived criticism. We shall await developments!</p>
[...]
<b>10<sup>th</sup> November ep2/4</b>
[...] – F&GP meeting

<ul style="list-style-type: none"> <li>• [...]</li> </ul>
<ul style="list-style-type: none"> <li>• I was considering raising the question of a nominee for the new chair of F&amp;GP under AOB, deciding to see if the subject was raised by others first. In the event the current (temporary) chair, [...], raised the issue in terms of 'my time is up can we</li> </ul>

have a resolution at the next meeting'. The trust chair agreed that we could do this. I noted that neither of them mentioned that one member present had already been approached and had agreed so it is a 'done deal' so far as I can see. I decided discretion was the better part of valour and let the matter go (I do think the potential nominee is the right choice at this time but am concerned about the process and, particularly, the apparent unnecessary secrecy and failure to consult).

- [...]

[...]

**18<sup>th</sup> November**

*Comment (not particularly related to this days events): [...] appear to be very amateurish in governance, controls and service to trustees compared to [...]. In particular some of the staff are occasionally less than fully co-operative; or perhaps they are selective as to whom do they give full support and when?*

[...]

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Footnote: At the next Trust Board meeting the Chair [...] announced that he had asked at the previous meeting for nominations to the Chair F&GP (he had not, I was there) as the only nomination was [...] he requested a proposal that he be elected. [...] (retiring Chair) proposed and I seconded (I wanted there to be no doubt that he had my full support): [...] was duly elected unopposed.