GRIFFITH COLLEGE DUBLIN

TRANSPARENCY AND OPENNESS IN IRISH CHARITIES

Research dissertation presented in partial fulfilment of the requirements for the degree of **MSc in Accounting and Finance Management**

Griffith College Dublin

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18th June 2021

Candidate Declaration

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I certify that the dissertation entitled: **Transparency and Openness in Irish Charities.**

submitted for the degree of **MSc in Accounting and Finance Management** is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

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Dedication

This dissertation is dedicated to my family and friends who have been supporting me throughout my period of studying. In particular, my mother Wilma and father Placido, and my sisters Daniela and Damaris, my nephew Davi Solano, my boyfriend Tiago. Thanks for everything.

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"It is your attitude not your aptitude that is determine your altitude" – Zig Ziglar

Writing this research had demanded a lot of work and dedication. It was not easy to conciliate work and study, and many sleepless nights in the last fifteen weeks were necessary to enable its completion. Nevertheless, the feeling when it is complete and ready it is gratifying. The process had many modifications, and it would not be possible without the support and influence received by some people during my journey, which I want to thank you.

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Abstract

TRANSPARENCY AND OPENNESS IN IRISH CHARITIES

Dalete da Silva de Sousa

Background: In recent years, the Irish charity sector has undergone significant regulatory reform, considering a succession of scandals and mismanagement. The sector is being by a decline in public trust, donations, and charities' reputation. These scandals have been affected by a lack of transparency and best practice in the sector.

Purpose: The research purpose is investigating the impact of transparency in the third sector. The main question of this study is:

What are the standards that charities must meet to obtain donations and demonstrate how the donations are spending, and are the public aware of what are the objectives of non-profits organizations?

Methodology: The study is an exploratory study based on a mixed method, with a grounded theory approach to gathering qualitative information through semi-structured interviews with five stakeholders, a questionnaire to the public, and an analysis of key charities` websites and financial statement. All interviewees have a relevant role, direct and indirect, in the charity sector. The interviews were designed to collect information from stakeholders on their governance experiences, transparency expertise, and sector issues. The online questionnaire was conducted with the public, with the purpose to evaluate donors` motivations for donating. Finally, the analysis of websites and financial statements of five large charities that have won excellence awards in 2019, enable the identification of what is involved on the achievement of high standards.

Relevance: The significance of this research is to determine the influence of transparency in Irish non-profits organizations. They distinguish this study from past studies on stakeholders' internal and external perspectives to fulfil the gap between public expectations and charities.

Findings: The main findings in this research reaffirm the literature review that donation, public trust, volunteers, partnerships with a for-profit organization, and attracting donors increases when charities are transparent and disclose their charitable activities. However, there are costs to comply with regulation, legislation, maintain transparency and good governance.

Keywords: Transparency, Good Governance, Best Practice, Charity organization, Stakeholders

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Abbreviations	**Description**
TSO	Third Sector Organizations
NGO	Non-Governmental Organizations
NPO	Non-profit Organizations
CSR	Corporate Social Responsibility
CAF	Charities Aid Foundation
CRA	Charities Regulatory Authority
SORP	Standards of Recommended Practice
ICTR	Irish Charities Tax Research
TAR	Trustees Annual Report
CEO	Chief executive officer
NUI	National university of Galway
ICFO	International Association of National charity monitoring organizations

Chapter 1: Introduction

1.1 Overview

This chapter aims to provide relevant background information on the matter of this research and explain why it was chosen. This chapter will also describe and discuss the dissertation's structure, purpose, objectives, and the significance of its research.

1.2 Research Problem

Non-profit organisations (NPOs) are set up to fill the social gaps that the government cannot load. The NPOs do not aim to make a profit but rather to meet the needs of those who require assistance.

The sector considering the scale of size and its activities, is evident to the public and its consciousness. It relies on the support of donors, funders and volunteers, who hope that their support will make a difference to the particular people and that the NPO will function charitably. Under the Charities Act 2009, in Ireland, the charitable purpose is such as:

- *The relief or prevention of poverty or economic hardship;*
- *The progress of education;*
- *The advancement of religion;*
- *Any other purpose which is a benefit to the community(Charity Act, 2009);*

It is necessary to have trust, transparency, and governance to fulfil the NPO's charitable purpose, and when these factors are not met, scandals can arise and impair the public trust.

The governance of charities is attracting considerable media and political attention due to the scandals involving the misappropriation of funds and increasing concern about the transparency, reports and how the charities are spending the funds. According to the Charities Regulator (2019), the charity's regulator, 130 charities were deregistered as they lost their charitable status, 649 concerns were issued, and the public's awareness of the charity's regulator was is up 5% (Appendix A).

In 2014, a charity called Rehab, 50% funded by the taxpayer, attracted significant controversy in the Irish sector. The scandal was related to excessive payments with seven employees on salaries between €104,000 and €174,000. Companies owned by Frank Flannery (former Rehab CEO) received €5000 a month between 2007 and 2013, and this amounted to over €400,000 for unknown work, while Rehab CEO Angela Kerins, who signed off on these payments, was herself on a salary of €240,000 (Irish Mirror, 2014).

In 2019, a fundraiser setup by NUI Galway had expenses on taxi trips between Galway and Dublin, luxury hotels and travel for directors' spouses where recorded. Most of these trips were made by the former director and former president of NUI Galway, Dr James Brown, who was the institute's president at the time (The Irish Times, 2019).

The Galway University Foundation spent €24,145 on flights, an average of €385 per night on hotels, an additional €32,202 on flights and accommodation for guests. Nearly €11,000 on ten trips for the directors of the foundation's spouses, of which explicitly €7,965 spent on business-class travel for Dr Browne's wife, almost €10,000 on tickets for Rugby Autumn and Six Nations International tickets and €21,200 via a donation to the NUI Galway rugby club. In conclusion, inspector Tom Murray reported that the money spent was inconsistent with best practice (The Journal, 2019).

In a recent incident, David Moloney, a well-known former CEO of the charity Bóthar, admitted to misappropriating large amounts of money contributed to the organisation for his use. In April 2021, in court, he admitted to using €127,000 from an English business named Agricultural Innovation Consultants Limited for services rendered on alleged projects in Rwanda that were never completed.

Furthermore, the former CEO confessed that in 2016, he fraudulently deposited €100,000 from the charity's funds into a pension fund set up for himself. He also confessed using €10,000 of Bóthar's money to build a hayshed on his land, getting paid extra money on top of his €44,000 salary that he should not have gotten, and personally benefiting from the expenditure reimbursements he claimed from Bóthar. He and other charity employees received Christmas bonus payments totalling €19,000 in 2018, which were not authorised by Bóthar's board, among others misappropriating the money mentioned in court (The Journal, 2021).

In its proceedings, Bóthar says that an ongoing inquiry into his actions has revealed that he is "guilty of an egregious breach of trust and an appalling dereliction of his duty to Bóthar and the beneficiaries of its charitable objects" (The Journal, 2021).

Indeed, historical events and facts indicate that public confidence and trust in Ireland's charities have been compromised, potentially limiting individual charitable activities, and undermining the sectors health and sustainability.

1.3 Research Purpose

This section will discuss the aim, objectives, and relevant issues related to the research. The fact that Ireland had seen these many scandals in the past motivated the author to go through the structure of the third sector in Ireland, aiming to show the features, process, regulations, obligations, the necessity of information from donors and how companies are working to develop the trust in the sector.

Apart from several scandals, the third sector has also been affected by a lack of transparency regarding information, which means that companies have not been transparent and reliable concerning their procedures, activities and how they can treat the public's input and donation. In other words, throughout their activity, the third sector companies do not present numbers or data which can bring more donors or consequently keep away the existing ones.

Accountability plays a vital part in developing, preserving, and even restoring trust by explaining that the charities meet the stakeholder's needs and requirements. Furthermore, trustees have an essential role in the sector as a follow-up to the rules, procedures, processes, decision-making and conduct of the charities per its priorities and objectives. Corporate governance is basically about managing the needs of a vast number of stakeholders such as shareholders, senior managers, consumers, vendors, financiers, the government and society (Hyndman and McConville, 2018b).

This research aims to assess good governance and transparency and how charities have dealt with distrust, and the importance of transparency to the third sector to build trust among donors and the public. Another motive to decide this topic would be to comprehend what challenges the charities have faced following the governance code of best practice or the impacts of external factors such as scandals, among others.

This study`s goal is to evaluate the impact of transparency in the Irish third sector. The core goal of this study is to explore the stakeholders' perspective and challenges which the sector is facing to achieve transparency and good governance. Based on this, the author is going to investigate the impact of transparency in Irish charities. To fulfil this exploratory research, the researcher will evaluate the best practice to adopt and what is it impact in an Irish charity context. Moreover, the author will analyse a sample of the five large winners of charities award of excellence and its outcome. The research results may interest the charity sector, government, companies who sponsor the charities, individual donors and people interested in social responsibility.

1.4 Significance of the study

Literature provides charities more concerned to be legitimised rather than provide ethical accounts of their efficiency (Hyndman and McConville, 2016). As has been noted already, there is an increased need for high governance standards, accountability, and transparency in the sector. The aspect of trust has instead been damaged rather than improved. As per Haberberg and Rieple (2001):

"The general public is becoming fatigued with the deluge of increasingly sophisticated solicitations from charities, making it difficult for an individual charity to make its voice heard. This has not been helped by the occasional case reported in the newspapers where donations have been entirely swallowed up by administration costs leaving nothing for the intended recipients of donors 'money."

The significance of this study is to determine the influence of transparency in Irish non-profit organizations. What distinguishes this study from prior research studies and publications is that the inquiry gathers internal and external perspectives of stakeholders to identify a gap between public expectations, charities and give recommendations to address potential threats.

The foundation for the critical analysis of the primary qualitative data collected in this study will include academic peer-reviewed papers, journals, books, and management web pages. The relevant business discipline for this research is internal controls, accounting procedures, laws such as Charity Act 2009, Charities Regulator, Ethics, audit, taxation, and governance. All those business disciplines relate to the academic author area, and it is crucial to the charity world and stakeholders, especially donors.

1.5 Research objectives

The study is not specifically about the scandals, but consequences related to the charities' reputation and the whole sector. The objective will be to investigate the Irish third sector, considering the best practice adopt and their impact on the sector positively and negatively. What are the standards that charities must meet to obtain donations and demonstrate how the donations are spending, and are the public aware of what are the objectives of non-profits organizations?

The main objectives of the research are:

1. To identify the features of transparency and best practice in the third sector.
2. To explore stakeholder's perspective about transparency and their motivation for donating and the challenges faced by charities to comply with regulations while maintaining their autonomy, transparency, and openness.
3. To evaluate and conclude how transparency and governance impact financial and non-financial information to the charities.

Firstly, government has an important part, as they are responsible for creating the laws, regulations and requirements which charities have to follow. In the third sector laws explicitly relate to charities regulator and Charity Act 2009. Accountability is vital to build and maintain trust among the public. This will be analysed through literature review and legislation, identifying the requirements and standards to achieve transparency in Irish charities to fulfil the first objective.

Secondly, the study uses questionnaire to analyse the public motivations for donate and uses semi-structured interviews to evaluate the stakeholder's perspective to comprehend what challenges the trustees or directors have faced following the governance code of best practice, contributing to new empirical data in the study and the vulnerabilities present in the Irish third sector.

To sum up, the research will evaluate how transparency and governance impact financial and non-financial information, such as donations and reputation, to achieve the third objective. The analysis will be supported by understanding the level of report information on efficiency by Irish charities` representatives. The analysis of transparency on charities' information delivered by charities is essential and helps the whole sector, as public trust and confidence are essential to charities to achieve their missions. Another essential point will be that corporate governance plays a crucial role in attracting donors when applying the four core principles: fairness, accountability, responsibility, and transparency. The author will analyse the 5 top large Charites award excellence's websites and financial statements.

1.6 Structure of the study

This research is divided into five chapters. The first chapter introduced the issue that charities faced with past scandals and mismanagement in the sector, the results affect public confidence, and the gaps relate to the literature review of transparency in the third sector. It also highlights the importance of best practice and transparency in the industry. The aim this chapter is to explain the problem, purpose, significance and objective of the study carried out.

In chapter two, the researcher evaluates the impact of transparency in the third sector where it is realized a critical review through literature review, considering the how the third sector works, governing. Monitoring, supports and motivations. It goes further with a history of governance in the third sector, what is corporate governance and transparency and how accountability and good governance can influence transparency, and the benefits of good corporate governance and best practice for third sector results. The study also clarifies the importance of transparency in disclosing information for the third sector success and the cost to maintain high standards of transparency and best practices. The purpose of this chapter is to give a foundation for the appropriate development of exploratory research.

Chapter three discusses the research methodology used in this study, from the philosophical foundation to research design, data collection and data analysis. The objective in this chapter is to provide an explanation of the reason behind of the author choices to carry out the empirical study of the findings.

Chapter four presents and discusses the qualitative data analysis and empirical findings of the interviews with five stakeholders from the third sector. It also comprises the interpretation of the findings of a questionnaire focused on the public about the key factors influencing donations and people awareness of transparency and best practice. Finally, it analyses the five large top charities award of excellence`s website and financial statement and present the findings.

Furthermore, chapter five is the conclusion of the research, with recommendations for further research, presentation of the main contributions and limitations of this research.

Chapter 2: Literature Review

2.1 Introduction

A critical analysis of the literature applicable to the research field was undertaken as part of the research. To meet the research objectives outlined, the author evaluates previous studies' academic literature from multiple sources, journal articles, books and regulation. The literature review is structured and analysed as below:

- Understand the third sector and how it is financed;
- How the third sector is governed and monitored;
- Factors that influence transparency: Good governance and Accountability as key mechanisms;
- Benefits of good governance & transparency;
- The importance of disclosing information for transparency;
- Costs of good governance & transparency;

2.2 Understanding the third Sector

The third sector organizations (TSO) is a group of organizations with different structures, purposes. It does not fit in to the public sector (state) neither the private sector (for profit). These organizations comprise the voluntary sector, non-governmental organizations (NGO), non-profit organizations (NPO), charities, social enterprises, social movements and cooperatives. These terminologies all refer to organizations that share the same foundations:

NGO: Even though they often collaborate with or along with government departments and may accept government grants or commissions, TSO remain independent of the state.

NPO: collects money and creates financial surpluses to spend on educational, environmental, or cultural goals. They are not interested in gaining as an end in itself.

Values-based: TSO follows specific goals that are often linked with specific social and political cause. Sometimes, there is an affiliation with or work with political parties, nonetheless political parties are not third-sector organizations.

The third sector is not only an essential component of most developing countries' distribution of health, education, social, leisure, and other services, but it is also a vital contributor to a stable society and a balanced economy (Wiepking, 2009). In Ireland, the Irish charitable sector contains an immense and increasing sector of economic activity. According to Charities Regulator (2018), there were 10,514 registered charities with an approximate annual revenue of €14.5 billion, with an estimated 189,000 staff and 300,000 volunteers (Appendix B). It contributes significantly to Gross Domestic Product (GDP) and Gross National Product (GNP) as it employs many people.

It includes a wide variety of activities, from grassroots activities that are experienced and impact at the community level to activities that can supplement or complement the state activity, such as health and education (Donoghue et al., 1999). The sector considering the scale of size and its activities is evident to the public and its consciousness. It relies on the support of donors, funders, volunteers, who hope that their support will make a difference to the particular people.

2.3 Supports and Motivations in the Third Sector

Philanthropy, known as individual intervention for the general benefit, covers a range of actions other than interpersonal relationships. More simply, philanthropy refers to a freely donated contribution (money, time, products, expertise) to the public good, mainly for that public good (Meijer *et al.*, 2006). The dilemma that philanthropy serves should answer the question of the "pureness" of philanthropic practices – is it a genuine sacrifice, or is philanthropy a kind of strategic financial behavior?

The need for financing the third sector comes with pressing issues, such as poverty, discrimination, healthcare, lack of education, affordable housing, and must be addressed and is the third sector organization mission. Government supports, private philanthropy and individual donations are necessary to the third sector revenue and fulfil these social gaps. According to the Irish Fundraising

Performance Report (2019), the funding model consists of three sources to non-profit organizations: State, Earned and Fundraised.

The state relies on the sector to provide vital services to the public, particularly Social Services, Health and Local Development & Housing, among others. Such a level of State funding, which Benefacts estimated to be at least €5.9 billion in 2019, has contributed to the professionalization of the sector and posed unique compliance challenges to organizations whose primary source of revenue is the state (Fundraising Performance Report, 2019). As per Grønbjerg (1993) and Salamon et al. (2003), the state continues to be an influential funder of TSO, relying on instruments such as contracts, grants, and contributions. In certain cases, these instruments make charities interdependent. The reliance of charities on public resources, in particular, has important consequences for their actions and decisions (Jung and Moon, 2007), individual donations can also be discouraged as a result (Brooks, 2000).

Earned income accounted for almost 40% of the sector's funding in 2018. The indication of Ireland's not-for-profit sector as the social enterprise model gathers momentum. Social enterprise is embraced by many as a solution that offers independence and self-sustainability to rural and voluntary community organisations, creates jobs, and funds innovation (Fundraising Performance Report, 2019).

The total fundraised income for the not-for-profit sector in 2018 is estimated at €1.24 billion. Irish citizens are each giving a total of €255 a year, accounting for 0.38 per cent of Ireland's GDP (The Wheel, 2021). The Charities Aid Foundation (CAF) measure individual giving behavior in the world. The study complies with 1.3 million views of people around 125 countries. The objective is to identify the countries which are the biggest givers. Ireland comes with the most generous country in Europe, giving and volunteering, and the fifth most generous in the world over five years (McGreevy, 2018).

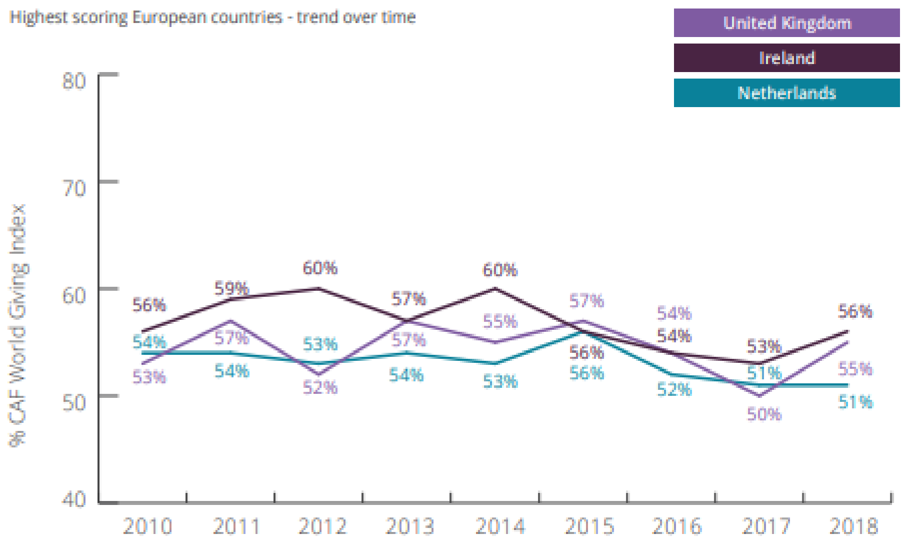


Figure 1: The highest scoring European Countries from 2010 to 2018

(CAF World giving Index, 2019)

Analyzing the comparative between the highest European countries: The United Kingdom, Ireland and Netherlands. They had a fluctuation in the period from 2010 to 2018 more than the top 10 countries. Ireland points at 60% on the CAF World giving in 2012 and 2014 and reached its lowest 53% in 2017. Meanwhile, UK had its highest score of 57% in 2011, 2013 and 2015. In 2015, it was also the year in which the Netherlands scored 56% (CAF World giving Index, 2019).

There are many reasons which drive individuals to donate. As per Glaeser (2006) theory, they believe the donors want everyone to hear about their charitable deeds. As per O'Loughlin Banks and Raciti (2018), fear and empathy premises can affect the amount of money donated to charities. External motivators impact decisions to donate money to charities, such as environmental and political aspects, the origin or circumstance of the donation, the influence, the features of the organization, and personal rewards (Mainardes et al., 2017).

In recent years, corporate giving has grown and increased, with private and non-profit organizations seeking new avenues of participation. According to Business in the Community Ireland, 60 Irish businesses contributed more than €13.5 million in 2018 (Giving Ireland, 2020). An investigation to discover why some companies give to charities and others do not reveals that organizations with a tradition of charitable donations claim altruistic motivations behind their actions. On the opposite, organizations who do not donate to charities, often use commercial excuses to justify their absence (Campbell *et al.*, 1999).

One approach for businesses to show their corporate social responsibility (CSR) is to promote employee volunteering, in which employees participate in socially beneficial programs on company time while being compensated by the organization. Employee volunteers' socio-demographic patterns vary significantly from those of non-volunteers and voluntary volunteers, according to the report by De Gilder et al. (2005). Employee volunteering seems to have favorable impacts on attitudes and actions toward the organization. According to Mittal (2007), CSR is a method for ensuring long-term market development, and companies that struggle to optimize the use of CSR strategies will fall behind.

2.4 Governing and monitoring the third sector

The public interest theory by Cordery (2013), states that statutes regulation is the main factor in growing transparency by reducing data asymmetry. The disclosure of information poorly by charities is the key to lead to a lack of transparency. Charities cultivate a culture of trust and confidence by promoting openness in their activities and making knowledge about their operations and public gain access to stakeholders and funders. Under such a regime, regulators are required to establish minimum requirements, increase publicly accessible knowledge, and improve cross-entity comparability. When publicly accessible information is of adequate consistency and credibility, this occurs.

As per Salamon et al. (2003) charities mainly function to redistribute money from contributors and funders to recipients to fix business and government failures. These organization's role in society, offering such vital resources, necessitates that the public put a high level of faith in them. Society expects that the funds and resources provided to these organizations be appropriately handled to offer the best available service to those in need. The Charities Regulatory Authority (CRA) serves as the public's "watchdog" to ensure that registered charitable organizations follow their legislative responsibilities and comply with compliance with the Charities Act in Ireland.

The Charities Regulatory Authority (2014) states that Irish charities would be immediately eligible to the registry if registered with the Revenue Commissioner for tax purposes. Irish charities who are not already eligible for tax exemptions must apply to the CRA to be included on this register. In Ireland, as part of the Charity Act (2009), numerous governance requirements came into effect for charities. The obligation for organizations to register to call themselves charities, the requirement for transparent records and annual statements of accounts (where revenue or expenditure exceeds €10,000), the requirement for annual reporting, and adherence to fundraising rules.

The Wheel, founded in 1999, is a one-stop resource for voluntary organizations that assists them in achieving their objectives, connecting with the community to improve awareness, and engaging with the government to impact decisions (Wheel, 2021). Boardmatch Ireland is a lot younger, having been established in 2005, with a more basic mission of improving governance by enhancing boards and management committees (Boardmatch, 2017). While Benefacts, founded in 2014, is a social enterprise that aims to improve the efficiency and openness of Ireland's non-profit sector (Benefacts, 2021).

Currently, the Wheel, Boardmatch and Benefacts advocate using Standards of Recommended Practice (SORP) for financial statements, which are compulsory in the United Kingdom but not in Ireland. Aside from SORP, The Wheel, Boardmatch, and Benefacts propose that charities sign up for the Governance Code and the Irish Charities Tax Research (ICTR) to improve the overall governance market.

The ICTR Guiding Principles of Fundraising are a set of recommendations and guidelines for charities on how to conduct and organize fundraising, with the aim of providing contributors and potential contributors with precision on what to expect from the non-profit organizations (Irish Charities Tax Research - ICTR, 2008). The Governance Code is composing of six core standards intended to help charities convince funders that their funding is meeting the charities` mission and the organization are well-governed, prevents risk, that it meets goals quicker, and that it saves money.

Bring the topic to a global scenario. We can find the international association of national charity monitoring organizations (ICFO, 2021), funded since 1958 and exist to ensure that funds are being used adequately. Another code of conduct is available, such as the practice institute of Fundraising (UK), ISOBRO from

Denmark – Ethical Guidelines for fundraising, VFI (Dutch association of fundraising organizations). Furthermore, the CSO self-regulation, which efforts are the product of the sector's voluntary cooperation in establishing and administering common norms and standards of conduct at the national, regional, and international levels, establishes common norms and standards.

Ireland is the 7th country with a high level of CSO self-regulation with more than seven initiatives in the codes of conduct and ethics. At the same time, the USA is the largest with 55 initiatives and the UK with 24 initiatives (Warren and Lloyd, n.d.).

CSO self-regulation falls into five different categories: Codes of conduct and ethics, certification schemes, information services, working groups and award schemes. Furthermore, it is significant for charities to win awards and recognition or achieve your best performance of excellence. There are ratings of four levels (bronze, silver, gold and platinum), each one with different degrees of the public who win awards in the USA. The standard is ranging from basic program information (bronze) to deeper financials (silver), to more about goals and strategies (gold). In 2016, GuideStar added the platinum seal, which involves quantifying progress and results. Those awards show the charities is on the right track to disclose information to the public, increase motivation in the charities` staff and increase trust and donation as a result (Warren and Lloyd, n.d.).

2.5 Factors that influence transparency: Good governance and Accountability as key mechanisms

2.5.1 What is Good Governance?

Good governance is a set of rules, controls, policies put in place to analyse corporate behaviour. It is not a standalone concept. It is not complicated, but it needs to be comprehensive and reliable. It is not about making the correct decision but has the best practice applied to make that decision. The main objective of good governance is to ensure the charitable purpose *(Pobal, n.d.).*

2.5.2 Corporate Governance: Background in the third sector

In the early 1980s, was the start for report management in the UK. The British government asked Roy Griffiths (a Director of J Sainsbury's plc), to introduce the definition of management functions and performance as was not clearly informed in the National Health Service (The health foundation 1983). The Griffith`s report argued for more accountability procedures and administration discipline. The statement showed a lack of control in the management accountability and proposed solutions for the public and private sectors.

In the early 1990s, the new public management was popularised (Hood, 1991). Since then, there is a drive to make non-profit organisations set guidelines and publish in the UK (Kendall, 2000). Corporate governance is crucial to a charities to attend to its requirements, and best serves its stakeholders. To gain stakeholder's trust, charities need to ensure a certain level of transparency and communicate their activities and commitments. One form is the communication between managers and donors by providing the charities' financial statements' condition and performance.

A recent study by Howson and Barnes (2020) explored the lack of transparency or governance mechanisms in the not-for-profit (NFP) monitoring and control. It was analysed the information related to accountability and any information on the director's transparency. The study was realised on 247 listed international charities, and only 68 (28%) had reported their annual statements on the website. The study also concludes that ten charities from 247 were not with the audit report available to the public.

The studies conclude that the International NFP showed a substantial lack of accountability on their annual reports and a lack of corporate governance, 72% of the charities` report was unacceptable with larges gaps presented at the international level.

2.5.3 Transparency

The transparency word is associated with visibility, and its concept is more comprehensive than only the visibility of information through an organisation's website or any other intermediate. A critical requirement that underpins the success of the accountability mechanism is the availability of useful information to stakeholders.

As per Michener and Bersch (2013), useful information is a description of inferable (understandable), quickly drawing verifiable inferences. The information disclosure needs to be easily accessed and readable by stakeholders. Balkin (1999), states that more information disclosure does not represent transparency and public trust. Disclosure alone may lead to confusion when relevant information is hidden in an amount of irrelevant information.

As per Cordery and Morgan (2013) regulation and oversight of Third Sector Organisations (TSO) are prompted in part by calls for greater accountability and transparency. TSOs' reputations would be enhanced if required to adhere to specific requirements such as being lawfully licensed and regularly reporting.

- **Accessibility**

An organisation must publish reports and be open to requests and complaints in order to be accountable. The accessibility practices measure the ease with which non-profits can be reached by post, email, and phone. It also inquiries into the organisation's mechanisms for handling, communicating with, and learning from input (Saxton and Guo, 2011). Finally, a website is needed, as the internet is now a vital platform for non-profits to operate transparently (Gandía, 2011).

- **Online publication**

The internet offers a convenient and, in some cases, a low-cost forum for non-profits to publish data for customers to access (Gandía, 2011). Given the present importance of the internet, practices including online publication of the organisation's plans, goals, annual report, and identity of all board members are typically desirable. The panel of NPOs and non-profit experts actively advocated this activity, likely due to fears about the misuse of some NPOs' legal benefits and obligations in the Netherlands. This was consequence of reports on mismanagement of donations for other objectives than what they were contributed for and on abuse of tax benefits by entity. After that, the government extended tax benefits and since 2014, charities organizations must disclose its information and their websites (Russell and Advocaten, 2021).

- **Reporting**

Reporting is essential for charities to be honest about their history, current status, and plans. The following are included in the annual report:

I. Reporting on the degree to which planned goals are met helps charities and stakeholders objectively assess the approach (Cordery, 2013) (Edwards and Hulme, 1995).

II. Financial reporting contributes to the public's, staff's, and donors' past, current, and future trust (Dalsimer, 1996).

III. Budget with the following fiscal year based on what was gained from meeting targets in the upcoming plan (Edwards and Hulme, 1995).

These records enable the company to maintain consistency with its stakeholders by maintaining upward responsibility to donors, horizontal accountability to other non-profits, and backward accountability to beneficiaries (Ebrahim, 2016).

In Ireland, the requirement to submit the annual report to the Charities Regulator applies to all charities registered. The annual report must describe the charities': -

- **Activities:** On the reporting development, the charities must explain the activities of the charities. NPO should demonstrate care about what activities have been undertaken actively and exclusively to achieve the NPO`s purpose. In case there are more than one purpose, the charities should demonstrate the pursuit of each purpose. The charities needs to show the section(s) the benefits towards the society achieved from their work, the number of staff over the year, and the number of staff hired by the entity(Charities Regulator, 2021).
- **Financial:** The charities must provide details of its gross income and expenditure. It is a vital source of the organization`s revenue and the amount spent on staff expenses during the fiscal year(Charities Regulator, 2021).

This information published in the report helps to update the donors and the stakeholders what was paid, to whom your organization has assisted, how they raised and spent funds and where the benefits of your charities' work were reflected (Charities Regulator, 2021).

Charity Trustees are responsible for ensuring that their entity elaborate correct Annual Reports and make it available on time; failure to do so will result in the Charities Regulator taking disciplinary action. Apart from complying with the legislation, when charities submit the annual report, they have the opportunity to show off the excellent work, what they do and show their commitment to good governance, transparency and accountability (Charities Regulator, 2021).

2.6 The Benefit of good corporate governance and best practices for the sector

Good governance is essential to the stakeholder's trust and to show the organisation's integrity and, as a result, build trust and conserve reputation, which can directly impact the donation (Chen, n.d.). Indeed, historical events and facts indicate that public confidence and trust in Ireland's charities have been compromised, potentially limiting individual charitable activities and undermining the whole area`s health and sustainability.

In the past, many scandals have been exposed and continue to be exposed. In 2013, a scandal in the Irish sector involving with the Central Remedial Clinic (CRC), payments and salary top-ups were received by managers from The Friends and Supporters of the Remedial Clinic, a separate company set up to raise funds for the CRC (Irish Examiner, 2014).

Scandals impacted the public vision about the Irish charitable sector and its reputation, and as a result, the relationships between donors and individual charities were also affected. According to the Irish Independent, 97% of the charities believe that CRC injured public trust and donations decreased by 40% after these scandals (Indenpendent.ie, 2014). Half of the charities that announced a drop-in fundraising said it had resulted in service cuts. The resulting lack of confidence has far-reaching consequences for all other NPO and the public who depended on them for assistance (McCall, 2019).

In Ireland, all Irish charities need to adhere to the Charities Regulator’s Governance Code and its six principles: to focus on advancing their charitable purpose; behave with integrity; lead people effectively; exercise control; work effectively; and be accountable and transparent. As per Charities Governance Code (2009), under section 14(1)(i) of the Charities Act 2009, the code was issued to encourage and enable the better administration and management of the entity. All charities must comply with the code in the current year and report the compliance in the following year. So, public trust is essential to the third sector survival and every charity can benefit from high standards of corporate governance (McCall, 2019).

Furthermore, good practices reduce the possibility of scandals, fraud, misconduct in the charity’s organization. When it comes to decision-making, managers can be led by making a profit, prioritizing personal interests rather than charity`s purpose and stakeholder`s interest (Nordberg, 2008). For this reason, the third sector is calling for more transparency on the information reported.

2.6.1 The importance of transparency in disclosure of information for the third sector organization success

Financial statements and accounts, for example, are among the most commonly used accountability mechanisms, and they are often enforced under legislation in many nations. In the USA, as examples of fiscal, operational, and disclosures requirements, we can mention the tax exemption application under the Internal Revenue Code (Section 501(c)(3)) and annual Form 990 returns. Furthermore, state law mandates also contain licensing and reporting laws requiring periodic financial statements (Fremont-Smith, 2004).

These legal disclosures offer oversight to contributors, stakeholders, and representatives who wish to view these data and allow non-profit boards to fulfil their fiduciary obligations. On the other hand, in the USA, non-profit donors and customers often lack legal standing to sue an organisation for failure to follow legal requirements, with ultimate blame falling on the attorney general as the representative of society at large or the Internal Revenue Service for tax exemption matters.

Around the same time, as has been recorded in many parts of the world, regulatory provisions can be violated by regimes to keep tabs on organisations that criticise them (International Centre for Not for profit Law =(ICNL, 2006)). These issues also gained prominence in the aftermath of September 11th, where non-profit operations are being scrutinised more closely by governments. Funders are being asked to demonstrate that their funds are not being used for actions that endanger national stability, such as Muslim charities are suffering from an "abuse of the presumption of innocence" (Biekart, 2007).

These studies' scope differs significantly between donors and programs, and it is not unusual for non-profit workers to express dissatisfaction with various reporting criteria. Some legal disclosures and reports are real instruments of transparency because they show primary details on non-profit activities accessibility. Since they are distinct and tangible, they are readily available.

Nonetheless, most of this content focuses on upward financial data reporting, with only a tiny suggestion of non-profit job efficiency and virtually no consideration paid to stakeholders' downward transparency. External alternatives to accountability and transparency were enacted by punitive threats such as sacrificing non-profit status or getting grants withdrawn. While these external approaches are undeniably successful as deterrents, they have little potential for inspiring organisations and individuals to take internal accountability for determining their organisational mission, values, and performance, as well as encouraging ethical behaviour.

Another important part in the disclosure of information is the primary area of non-disclosure and non-transparency which relates to the comparative analysis, explanation, and information, which allows the users to judge upon the reliability of the information related to a charitable organisation.

The charity manager may be reluctant to disclose some of the information as it may create misleading information. Now, they are putting more weightage to include the information in the report based on the cost-benefit analysis and how useful it would be for the future contributor.

The charities needs to improve its accountability and transparency, and the lack of transparency between non-profit organisation and donors can be minimised through transparent information disclosure. An empirical investigation realised by Zainon et al. (2011) about the extent of disclosure information by charities in Malaysia. It was analysed the association between organizational-specific attributes and the extent of disclosure.

The analysis used 88 items of information listed in the disclosure index, applied to 65 annual returns. The findings were a low level of disclosure of information, and the presence of an independent audit is meaningfully positive to the disclosure extension, as much as the organisation size and financial performance. Other variables such as age, the board size, and board composition are differential to explaining the extent of disclosure.

An empirical study by Atan *et al.* (2013) tests the effects between internal and external governance mechanisms and disclosures of charities organisations. The study analysed disclosure in annual returns for the year 2009 of 101 registered charities in Malaysia. The measurement was through the ratio of the charities' total score of the possible discloses score, using an unweighted index disclosure.

The results were that external governance was using effective and positive mechanisms relate to extent disclosure. Opposite, from the proxy for the internal governance, was found insignificant results. The research suggested that monitoring through external governance mechanism can result in higher disclosure and better transparency in a charities' annual returns.

The charities' performance and effectiveness in achieving its mission are fundamental to the stakeholder who engage with the organisation (Hyndman and McConville, 2018a), which explored a stakeholder's perspective and how to report the outputs, outcomes and effectiveness of the charities. The study was not about how charities should report, but what reporting practice it is identified and was realised with the top 100 UK charities (by income). The data analysed in the experiment were 100 Trustees' Annual Reports (TARs), 63 yearly reviews and 99 websites.

The findings relate to outputs-based effectiveness was 42%, and outcome-based effectiveness was 26%. However, it is usually reported in the Trustees Annual Report (TARs), but rarely present on the websites if it exists. Compared with prior revisions, the number of NPO reporting ratios has improved, but relevant gaps remained.

The results showed that few NPOs provide comparisons or explanations concerning the previous year, and goal and the usage of various formats, such as narrative, numerical or case study. The research evaluated just a few NPOs providing the information relative to goals, consistency, casual relations or stakeholder's connection.

The conclusion suggested a percussion of improvement to report transparently and effectively. The indication about accessibility has increased over the period and increases the report's improvement. There has been a holistic improvement in all the areas, such as disclosure and framework. There has also been an improvement in transparency behaviour. With greater transparency, stakeholder's confidence, decision and judgement related to the charitable organisation have increased.

2.7 Costs of good governance & transparency

Government's increase regulation in order to limit the number of charities requesting tax exemptions, decrease charities misuse of government support and monitor and prevent scam. As per Neely, (2011), California non-profits subject to the Act's provisions did show a rise in accounting fees subsequent to the implementation of the Act. An analysis of two theories by Cordery and Deguchi (2018), the first analysed is the public theory argue that regulation could grow donation by public trust and confidence in charities. The model built in this study enables the evaluation of the relative costs of legislation on NPO.

Furthermore, new transparency regimes in some jurisdictions impose greater enforcement costs than NPO have historically accepted (e.g., Australia, New Zealand, Japan, China). With time, NPO will become more familiar with the new criteria, and these costs should decrease if the regime is otherwise efficient; therefore, NPO will benefit from increased donor faith and confidence.

The public choice principle was examined next, with the goal of optimizing political returns, managing NPO and govern relationships, and minimizing possible regulatory capture. Regulators should explore how to better explain regulatory quality and comparative alternatives to the public in order to sustain charity enforcement costs at acceptable levels and ensure that such oversight is in the public interest (Cordery and Deguchi, 2018).

According to Verrecchia (1983), since this fixed cost is proprietary in nature, sharing more information will result in a lack of competitive advantage because you are essentially informing your competitors about your company. This perceived association between information and proprietary costs is reinforced further by Dye (1985). He demonstrates that managers conceal or partially reveal information to preserve strategic advantage, minimize transparency costs, and maximize firm value. He also implies that information suppression can worsen the principal–agent problems that already exist between shareholders and managers, which are often induced by information asymmetry.

2.8 Conceptual Framework

A conceptual context allows the researcher to classify the causes and their interrelationships. (Nicholson and Kiel, 2004). Miles and Huberman (1994) state that the definition of the conceptual framework is the current form of the research map of the area to be investigated. Therefore, this research has three objectives and the author structured below to define the variables, the relations between these variables, and how they are differentiated.

The conceptual framework shows the cause-effect relationship between government, community and non-profit organization. As stated before, this research aims to evaluate the impact of transparency in Irish charities. Besides, this is achieved through accountability, good governance and best practices.

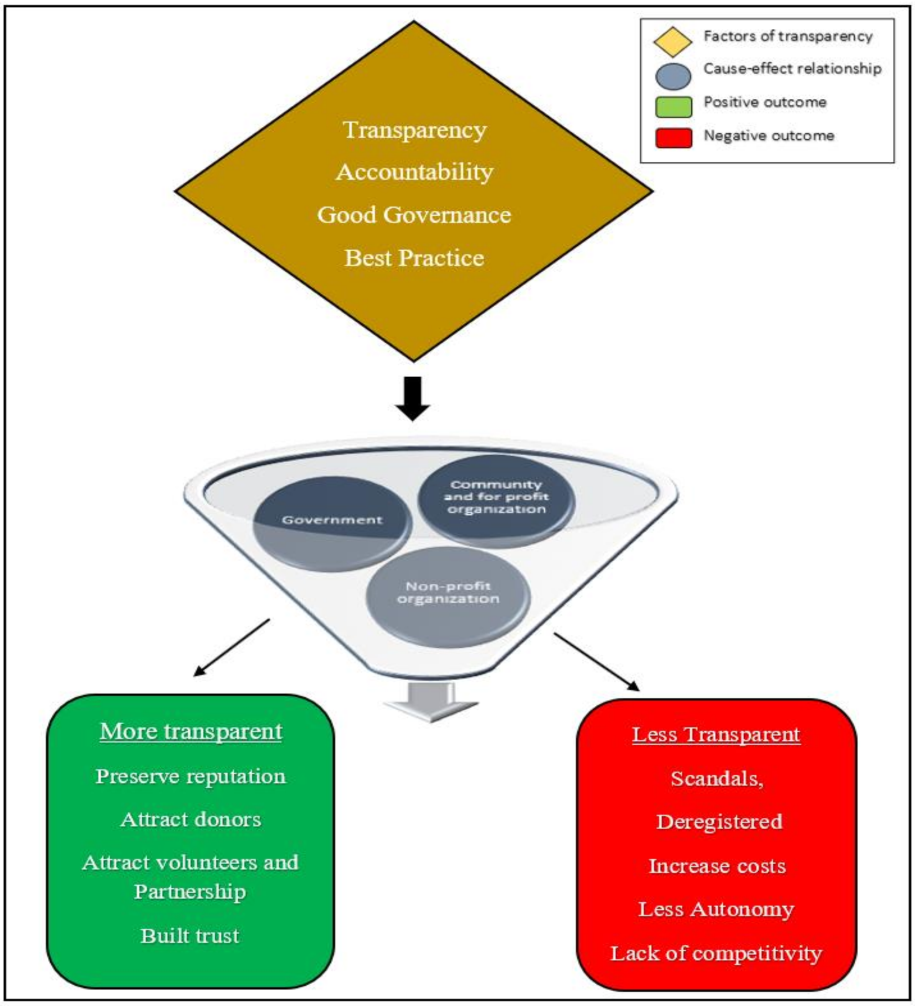


Figure 2: Conceptual Framework (Author)

As mentioned in the literature review, to be transparent, a charity needs to demonstrate to their stakeholders their achievement, goals, financial information, name of the board director, among other information on their website. Accountability, good practice, and best practices (Hyndman and McConville, 2018b), are the main factors of transparency. These factors are essential to build trust (Howson and Barnes, 2020), attract donors (Mainardes et al., 2017), volunteers/partnerships (De Gilder et al., 2005), build the trust and conserve charities` reputation (Howson and Barnes, 2020), shown as positive outcome.

At a basic level, the conceptual framework could describe as simply the trustees' decision-making to determine the charity level of transparency(Salamon et al., 2003). The decisions relate to what the trustees should do, considering ethics, value, morals, what is right to decide to become critical. The trustee's decision has a significant impact on charities, as they rely on funds from the government, voluntary donation, and partnerships with private companies. If that trust is broken, it can affect the entire sector and decrease donations.

The negative outcome of the lack of transparency comes with increased scandals that impact the whole sector negatively, and charities are subject to be deregistered and lose their charitable status, increased costs to comply and maintain transparency (Cordery and Deguchi, 2018), and some cases, loss of autonomy by the charities when the funds come from the state (Jung and Moon, 2007)

Moreover, after past scandals and mismanagement, the government creates regulation and legislation to tell NPOs what they must do and monitor them to grow transparency in the sector (Cordery, 2013). Even though Ireland is the most generous country in Europe, public trust, donations, and reputation can be affected if an organization is not transparent.

In addition, transparency is the primary influence in the cause-effect in the study. It is noticed between governing, which regulates and monitors charities to grow transparency, and between community and charities, which can affect the donation and public trust. Consequently, government, charities and community are appearing in the conceptual framework cause-effect.

To sum up, the conceptual framework looks at transparency in the third sector from three different perspectives: donors (Community and for-profit organization), government and non-profit Organizations themselves, interconnected or affected by transparency. Following this line of research, this research provides a conceptual framework to critically evaluating the impact of transparency and its positive and negative outcome in the third sector. The study intends to contribute to the body of knowledge on transparency in the third sector with the donor’s motivations, the stakeholder`s views about transparency and the charities' challenges to comply with regulations while maintaining its autonomy, transparency, and openness.

2.9 Literature review conclusion

This study has identified that the third sector exists to fulfil social gaps in society. The financing in the third sector comes from the state, earned income, and fundraising (individual and corporation donation of money, time, work). The main reasons for donations are motivations of individuals, altruism, social responsibility or tax reduction. Indeed, historical events and facts indicate that public confidence and trust was compromised by scandals.

The Government plays an essential role in regulating, monitoring the sector of charities to avoid fraud, misleading information, scandals, and misuse of the money donated and reduce abuse of government support. Moreover, the charities must be registered with charities` purpose, activities, commitments, publish an annual report with charities' profit and expenditure, plans, goals, and identity of all board members are typically desirable.

To conclude, corporate governance, best practices, and accountability are essential to achieve transparency, attend to government requirements, restore stakeholders' trust, preserve charities' integrity and reputation, and attract volunteers and partnerships. One form is the communication between managers and donors by providing the charities' financial statements' condition and performance. The cost of being more transparent would be to disclose more information and attract competitors to take advantage of that information (Verrecchia, 1983),which can be very dangerous for organisations. This can lead to a financial impact as competitors could imitate the fundraising strategy, what could directly and negatively impact the donation received by the organisation. Moreover, the non-financial impact would be that if something disclosed is violated in the future, a competitor could take advantage of it, hampering the reputation/image of the organisation.

Chapter 3: Methodology and Research design

3.1 Methodology Overview

The author will discuss the process chosen to focus on the research. It proposes to approach the research process from the philosophical perspective, approach the research strategy's implication, and collect methods and analysis. The philosophical views will be supporting the author's interpretation to achieve the research's goals and plan the study into what is unknown.

3.2 Methodology

As per Saunders *et al.* (2009) the research process's essential elements are research design, evaluating the recognition, assessment and implementation of research methods and techniques. The design process of the research plays a crucial role in the smooth execution of the research activities. It assists in the decision-making of research strategies, data collection methods, and data analysis techniques to concentrate on deriving a strategy that provides sufficient evidence to demonstrate the research objectives.

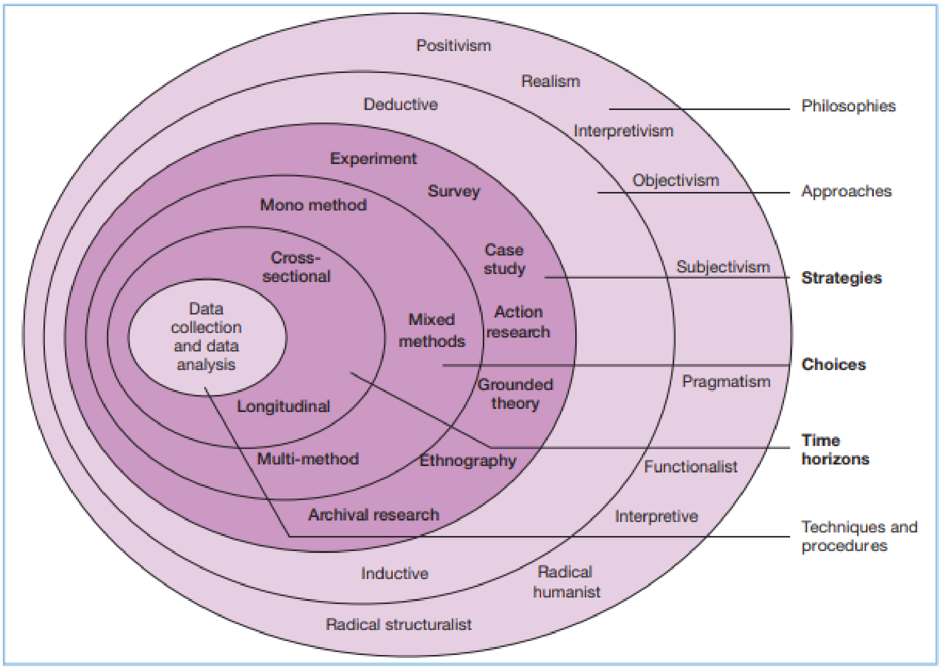


Figure 3: Research onion with author choices (Saunders et al., 2009)

The selection of research methodology, methods (techniques), and the tools (devices) used in the research are governed by the research paradigm and overall approach. The effect is an argument about meaning, either individual or generalizable, on a large and low scale.

3.2.1 Research Philosophy

As per Saunders *et al.* (2009), the research philosophies are the assumptions which the authors view the world. There are two types of research, one searches for facts, the other for feelings, attitudes and it will differ in methods and data to be used and the use of the "research onion", it will be essential to build the study philosophies. There are three philosophical pillars of epistemology (Positivism, Realism and Interpretivism), which concerns what constitutes adequate knowledge in the research; ontology (Objectivism, Subjectivism and Pragmatism), which concerns reality and axiology, which study the value of judgment.

Positivism: The philosophy proposes to predict specific facts while observing circumstances and their effects when applied. It would be impossible to predict human emotions in a business context, but it would be possible to observe humans' attitudes and behaviour in a particular environment.

Realism: In this philosophy, researchers trust what is presented and observed as fact, with no room for assumptions. Realism is divided into direct and critical. The first, what is seen is the reality, and the second one has the same premise, but with levels of reality, considering more variables.

Interpretivism: This philosophy is concerned with the environment's complexity. Individuals, time, contexts cause the primary phenomenon; and the researches do not believe in "truth" when talking about people.

Objectivism: This portrays the position that social entities exist in reality external to social actors.

Subjectivism: The study which approaches details of the situation to understand the reality or what is behind it, or social constructivism.

Pragmatism: This philosophy is based on what is being researched rather than, values and how researchers see the world.

3.2.2 Research Approach

The "research onion", classifies the theory in two approaches, deductive and inductive. The deduction can be developed in five stages:

- Deducing a hypothesis
- Express the hypothesis in operational terms, which proposes a relationship between two specific concepts or variables
- Testing this operational hypothesis
- Examine the specific outcome of the inquiry
- If necessary, modifying the theory in the light of the findings.

The deduction comprises the development of a theory and exposes it to a thorough testing, while with induction, the research develops some assumptions or the shell of a theory from conducting a literature review.

Deduction emphasises	*Induction emphasises*
■ scientific principles	■ gaining an understanding of the meanings humans attach to events
■ moving from theory to data	■ a close understanding of the research context
■ the need to explain causal relationships between variables	■ the collection of qualitative data
■ the collection of quantitative data	■ a more flexible structure to permit changes of research emphasis as the research progresses
■ the application of controls to ensure validity of data	■ a realisation that the researcher is part of the research process
■ the operationalisation of concepts to ensure clarity of definition	■ less concern with the need to generalise
■ a highly structured approach	
■ researcher independence of what is being researched	
■ the necessity to select samples of sufficient size in order to generalise conclusions	

Figure 4: Major difference between deductive and inductive approach (Saunders et al., 2009)

The research method can be classified into three parts: exploratory, descriptive and explanatory.

- Exploratory – what is happening, gain new understandings and ask questions to evaluate in a new light; There are three path to conduct the exploratory method(Saunders *et al.*, 2009):
    - ➢ Literature`s search;
    - ➢ Interview experts in the field, and;
    - ➢ Conduct focus group interviews;
- Descriptive – research used to describe a situation, subject or behaviour;
- Explanatory - attempt to connect different ideas and know the different reasons, causes, and effects.

3.2.3 Research strategy

The terms quantitative data means generate numerical or numbers of surveys and data to be analysed, and qualitative data provides a more detailed response from a small number of participants. According to Koerber and McMichael (2008), quality is more important than quantity, in qualitative research since generalization is not the primary goal. The researchers have three options of methodology. First, mono methodology, uses only one method to collect data. Second mixed methodologies, when qualitative and quantitative analyses are used and finally multiple methodologies when more than one, mainly qualitative or quantitative, is used.

There are seven researches strategy according to (Saunders *et al.*, 2009):

1. Experiment - The study the casual link to analyse the change of an independent variable produces in another dependent. It is used to answer how and why queries.
2. Survey - It is method associate with deductive. It is realized to answer, who, what, where, how much and how many questions.
3. Case study - It is a research which includes an empirical investigation of a certain issue within its realistic context.
4. Action Research - It is a variety of evaluation, investigation, and analytical research methods to diagnose issues and weaknesses.
5. Grounded Theory - The theory explains and predicts behaviour.
6. Ethnography - The aim is to describe and explain the participants' social world and the way they describe and explain it(Saunders et al., 2009)
7. Archival - The records and documents' administrative are the primary source of data.

The snapshot can be cross-sectional and longitudinal. Cross-sectional is a study in a particular time and phenomenon, and longitudinal study can change and develop over time as its strength(Saunders *et al.*, 2009).

3.3 Research design and choices

The author approaches the overall research methodology, with their choices, justifications, limitations, decisions criteria to select sample and participants. The design involves critically evaluating them to gather their validity and reliability, necessary to the primary sources of data.

Research designs are “procedures for collecting, analysing, interpreting and reporting data in research studies” (Creswell and Clark, 2017), since the researcher has reflected on the philosophical foundations, and related methodological approaches, this section discusses the choice of the research design.

The researcher chooses epistemology as natural science, particularly interpretivism. In interpretivism, there is no general rule of thumb for conducting social science research globally, and it all relies on the different understudies. They conduct their research in different situations and scenarios, which would automatically yield different results (Hammersley, n.d.). The main goal of the interpretive study is to develop a modern and deeper view of social worlds and meanings (Saunders et al., 2009). The aim of interpretive analysis would not be a generalization since the researcher will be focusing on the participants' experiences. Bell and Warrier (2018) propose that the interpretivism approach will provide meanings. The researcher would be unable to generalize the study's findings (Cohen et al., n.d.). Furthermore, Ingleby (2012) claimed that the result of a study with interpretivism philosophy would be influenced by the researcher's interpretation and point of view because this paradigm is "subjective" rather than "objective."

The choice of interpretivism was relating to complexities, such as analyses of financial and non-financial information, questionnaires, and the interviewees' point of view. The author is also seeking to gather the knowledge related to transparency in the third sector information, bringing new perspectives and outcomes to the field. To achieve the research objectives of this study, the approach used will be the inductive approach, where the theory would follow the data rather than vice versa.

The researcher will approach a **mixed-method qualitative** research design to understand the possible outcomes of transparency in the third sector in Ireland and the challenges faced by charities to achieve a standard level of transparency. The researcher needs to include qualitative data to understanding, interpreted and generalisations.

In addition to the fit between the research design and the research problem, there are other key reasons for mixing the methods. It is a suitable design for this study as it allows the researcher to achieve the primary research purposes. The field study assists in understanding the research location, context, sampling procedures, data collection and instrument development for the primary cross-sectional analyses.

Additionally, it offers credibility, reliability, validity and understanding of the quantitative results through triangulation and interpretation of qualitative and quantitative data in consideration of the context. As per Masadeh (2012), the challenges that should be addressed by a mixed methods researcher include a lack of appropriate skills, time and resources for extensive data collection and analysis and justification for use of a mixed methods approach to the field of the study.

Furthermore, Fisher (1995), argues that “the use of multiple methods may be helpful in addressing some of the problems of questionnaire-based research.” Therefore, the specific needs of the research questions determine the combination of different methods resulting in the choice of embedded mixed methods research design for this study.

The research does not have a theoretical foundation, but rather it is **exploratory**, using a **grounded theory** approach. This approach includes the analysis of problems, and it is exploring in depth. So, the research is qualitative and exploratory. Since this is exploratory science, the findings have drawbacks, which are discussed in depth in the final portion. Limited data access, along with a scarcity of previous studies in the field, necessitates additional analysis and caution before depending heavily on the findings.

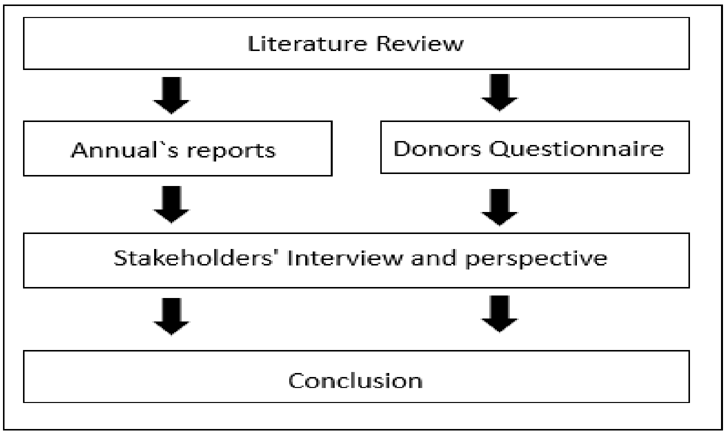


Figure 5: Research Triangulation (The Author)

The approach is composed of observations of the charities` website and publications and an exploratory question during the survey with stakeholder interviews with government and charities’ management. However, apart from this observation, archival records might be another choice. The few explanatory questions about personal characteristics in the questionnaire do not counter that the author is conducting in a qualitative way. As per Saunders et al. (2009), the use of multiple data collection methods within a single analysis to ensure that the data are showing you what you believe they are telling you is referred to as triangulation. This study uses four individual data collection sources, literature review, questionnaire, analyse of annual`s reports, websites and interviews of five stakeholders (Figure 5).

3.3.1 Sampling

The main characteristic of sampling is to select from a group of people to determine features of the population as a whole (Collis and Hussey, 2013).

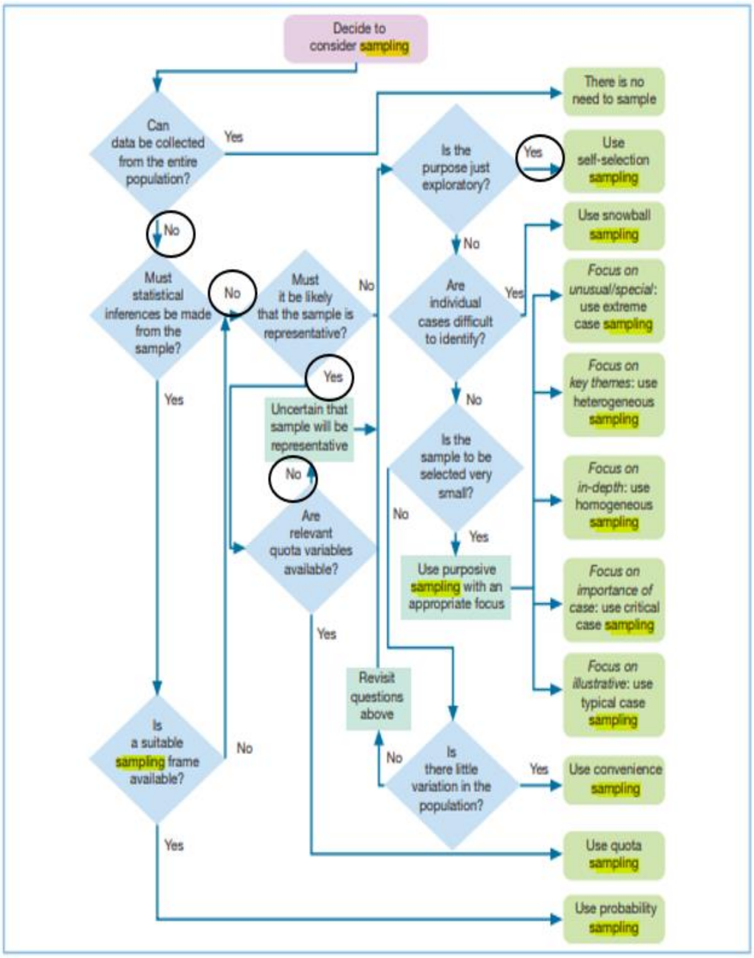


Figure 6: Sampling technique (Saunders et al., 2009)

As per Saunders et al. (2009), there are two types of sampling techniques:

- Probability or representative sampling – the likelihood or probability of each case being designated from the population is known and generally equal for all cases.
- Non-probability or judgmental sampling: The likelihood of each case being chosen from the total population is uncertain. Study questions cannot be answered, or goals that enable you to draw statistical inferences about the population's characteristics cannot be discussed

They propose that in market analysis, the alternative is non-probability sampling methods, probability sampling might not be feasible. In terms of theory and not of the population, this strategy tends towards generalization.

Since the aim of the research is exploratory, the self-selection sampling approach will be used in the questionnaire and semi-structured interviews after data is reviewed from the primary process.

3.3.2 Participants

Employees (accountants), administrators, directors, lawyers, managers, and trustees of charities in Ireland with at least two years of full-time or part-time experience will be invited to participate in this study through interviews. The selection for participation consciously represents the critical characteristic of relevance to position and/role in the third sector.

Furthermore, the questionnaire will be sent to people who are currently living in Ireland to analyse their motivations for donation and knowledge about the topic.

3.4 Data Collection

The most valuable source is knowledge gathered for the public through questionnaires and interviews, aside from inquiries, observation of the charities' website and publications of the charity itself, to not be subjective in the data collection and provide multiple sources.

3.4.1 Questionnaire

The questions are designed to ensure data collection precision, achieve analysis goals, and eliminate study errors. The author is developing the questions based on previous research on questionnaire reliability and validity. The questions were derived from the conceptual framework and literature review.

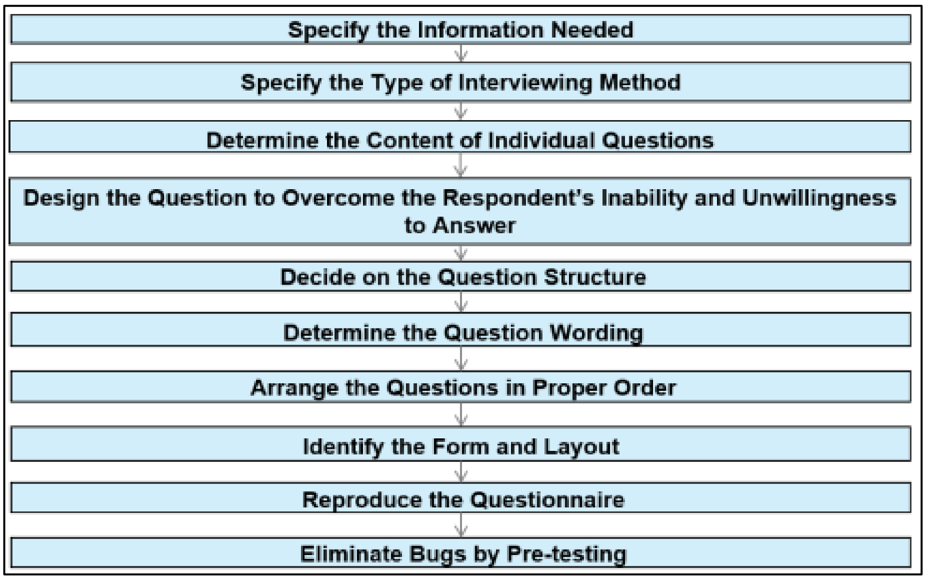


Figure 7: The questionnaire design process (Malhotra, 2010)

The survey will be administered using Google Docs, and it takes five minutes to finish the survey. Participants will be directed to the questionnaire by email or LinkedIn (Appendix C) connection, including the plain language statement. Participants can first give consent by addressing the consent question at the beginning of the survey. According to (Kirst-Ashman and Jr, 2014), participants attempting to self-complete a questionnaire in the absence of a researcher invites respondents to be sincere and honest as this approach requires anonymity.

3.4.2 Semi-structure Interviews

The nature of qualitative data differs, as described by Saunders et al. (2009), from non-numerical or unquantified data, such as textual data, a shortlist of responses, such as verbal data, to more nuanced details, such as transcripts or visuals.

The essence of the data collected in this study as part of the semi-structured interviews would include documenting the answers in verbal data. The verbal data will then be transcribed in textual form, and textual data will also be generated by the notes taken in the study diary during the researcher's interview. Other visual data, such as archival graphs and statistical maps, will help respond to the research inquiry.

A semi-structured interview is considered in the research strategy, with the charitie's stakeholders (donors and government) and trustees, as primary data. The author will evaluate the challenges and perspectives related to transparency in the third sector in Ireland. The participants will be contacted by email or LinkedIn (Appendix D) with the instructions to the plain language statement (Appendix E) and informed consent (Appendix F) form explaining the research's role. The Ethical Clearance from the Research Ethics Committee is considered in this process, and the audio/video online through zoom will be scheduled. The semi-structured interviews will be conducted as exploratory research, and the question will be used as a guide.

The researcher will perform individual interviews with five participants over a two-week duration in May 2021, using the questions mentioned (Appendix G). The interviews would be semi-structured, and the interviewer uses open-ended questions that made for follow-up questions and the development of a more conversational style. Following each interview, the tapes will be moved to a safe file storage location, and the mobile recording unit erased. The ability to save audio files aids in the transcribing and data processing processes.

To ensure the richness of the exploratory study will be observed what the respondents are saying and be flexible with the talks according to the subjects and not lose focus of the actual theme. When the process is finalised, the information and observations will be informed in the data analysis.

3.4.3 Secondary data - Annual reports

Annual accounts and financial statements are necessary secondary details released by Irish charities. These findings should be easily accessible, and organisations should publish them on the internet. This is relevant in the study because it is an essential component of good governance and a factor in achieving accountability among charities.

The annual report review aims to gather information from the not-for-profit sector on what practices are currently being carried out. The author chose to examine the past two years of financial and non-financial data from the 5 top large charities with excellence awards in 2020. The researcher is explicitly searching for the following proof and instances: -

1. When were the charities found?
2. Where the charities are located, the type of charities and gross income?
3. Do the charities is voluntary adopt SORP? Are there publications of Charity Regulatory Authority, codes of fundraising and other codes on their websites?
4. Do the charities disclose their purpose?
5. Do the charities disclose the annual report and financial statement?
6. Are the previous three years of the annual charity report and financial statement available?
7. Are the charities audited, and if so, are there any qualified opinion available?
8. Are there any recognition or awards of excellence on the charities` website?
9. Are the names of the board and trustees available on the charities` website?
10. Do the charities demonstrate their activities, future goals, number of complaints, number of staff over the year, number of staff hired during the year, and budget related to the following year?
11. Do the charities disclosure their profit, expenditure?

Furthermore, because these services should be accessible online, they have not been published securely and lack vital confidentiality. In some circumstances, the data service provider's ethical interest outweighs that of the researcher, and the obligation for ethical consent can be waived.

3.5 Data Analysis

The researcher has opted to analyse the data analysis related to interview answers through a codebook. It is a code prepared for the research purpose and critically evaluating the literature review and some primary data (Brooks et al., 2015). This type of analysis allows the research to see what is and not mentioned (King, 2012).

Table 1: Coding book for data classification of transparency (Author)

Question	Particulars	Codes	Classification as per Conceptual Framework
1	Third Sector Support	Compliance with regulation and guidelines	More transparent
		Financial Monitoring	More transparent
		Non-financial Monitoring	Less Transparent
2	Transparency in the third sector	Visibility of information	More transparent
		Openness	More transparent
3	Good Governance	Publish Annual report	More transparent
		Charity follow their purpose	More transparent
		Good governance Committee	More transparent
		Opening up for auditing and external evaluation	More transparent
		Awareness of donors about the funds	More transparent
		Do not follow the regulation	Less Transparent
4	Criteria to divulge information	Charity Regulator, guidelines	More transparent
		SORP	More transparent
		Wheel and Benefacts	More transparent
		Comprehensive framework of regulation and policies	More transparent

3.6 Ethical issue

Saunders et al. (2009), states "ethics refers to the appropriateness of the researcher behaviour" concerning the interests of those who become the focus of the work or are influenced by it. Consent and anonymity have been described as the two most important ethical considerations for this analysis by the scholar.

The thesis adheres to all of the college's guidelines, maintaining continuity in the research process. As previously stated, when participants are notified by email, a plain language statement will be received in advance. The declaration describes the study's intent, their role, what is expected of them, possible risks, and benefits to the subjects, and it must provide permission to participate and authorisation in the Plain Language Statement.

Public statistics accounts, annual reports of the charities, reports, and journals may be used as secondary evidence. These sites are freely available online, have not been published safely, and lack strong anonymity. In such circumstances, the ethical interest of the data service provider outweighs that of the researcher, and the need for ethical consent can be waived.

The questionnaire does not request any sensitive information that could negatively impact the participants' safety. Participants will also be told that a copy of the study's findings will be made available to them upon request. In the research process, while using Google Docs, it will be available to the researcher the IP addresses of the participants. This knowledge can only be disclosed to the review panel by the author if necessary during the final thesis presentation. Please keep in mind that this detail will not be used in the research and will not be made public.

3.7 Conclusion

The analysis methodology has been addressed in this chapter. To answer the research questions and accomplish the study's goal of investigating how transparency and openness affect the third sector in Ireland, the thesis employs an embedded mixed methods research methodology. Within a typical qualitative research design, the researcher uses an embedded design to capture and analyse qualitative and quantitative data. The method is organised around interpretivism and inductive approaches, with a grounded theory and cross-sectional approach. A survey with the public and five interviews with stakeholders to gather qualitative data will review financial and non-financial data from the top five large charities excellence award in 2020's websites. The choices are justified in the study as exploratory, study, interpretive, and the data is too difficult to access.

Chapter 4: Empirical findings

4.1 Introduction

In this section, the findings are presented and discuss primary and secondary data. The author presents the explanations for choosing a mixed-method qualitative approach for data collection by using semi-structured interviews, the questionnaire as an empirical study of the research. Furthermore, the five large top charities who won the award in excellence's websites and annual financial statements will be analysed as secondary research.

4.2 Findings of the Questionnaire Donors

In the following, the response of the 107 people who participated in the survey is shown. This presentation is split into two sections. First, the demographic background of the interviewees and their answers about their motivation and knowledge about the topic.

This questionnaire was realised to gather information about what motivated donors to donate, what transparency means to them and what could be improved according to their understanding.

It is helpful to know how the table was built up. At first, the number of "yes" and "no" answers, rating from 1 to 5, where one participant strongly disagrees, and five strongly agree with the question. There are also three open-ended questions, which enabled the author to identify the underlying meaning of each answer and combine similar ones.

4.2.1 Demographic Background of the Interviews

The questionnaire had 107 responses, but the author is considering the amount of 94 participants who are living currently in Ireland. Table 2 shows the demographic characteristics of the respondents. Regarding the sex, the male was marginally over-represented at 54 per cent. The majority of the respondents were under 35 years of age. Regarding the income, 29% earn less than € 15,000 a year, and the majority of 41% earn between €15,001 to €25,000.

Table 2: Participants' demographic information (Author)

Demographic variables		Ireland		Other Country	
Quantity of participants		**Female**	**Male**	**Female**	**Male**
Age	>65		1		
	18-25	3	8	1	
	26-36	31	37	6	3
	36-65	10	4	2	1
Total		**44**	**50**	**9**	**4**
Income	Above €45,000	7	3		
	Between €15,001 to €25,000	20	19	4	1
	Between €25,001 to €35,000	7	5		
	Between €35,001 to €45,000	6		1	
	Less than €15,000	10	17	4	3
Total		**50**	**44**	**9**	**4**

The section deals with the interest of the public in non-profit organisations (question 5) (Appendix I). The author also evaluates the past support for the participants and the reasons for supporting an organisation (question 6, 7, 8, 9 and 10). The following questions (question from 11 to 16) would deal with the public knowledge about transparency furthermore if the information delivered through a financial statement or in their websites by the charities were readable and understandable.

- **Interested in the non-for-profit organization (NPO) and reasons**

In relation to the question which the participants are engaging in the third sector, 70 answered "Yes" (74%), and "No" 24 (26%). (Figure 8)

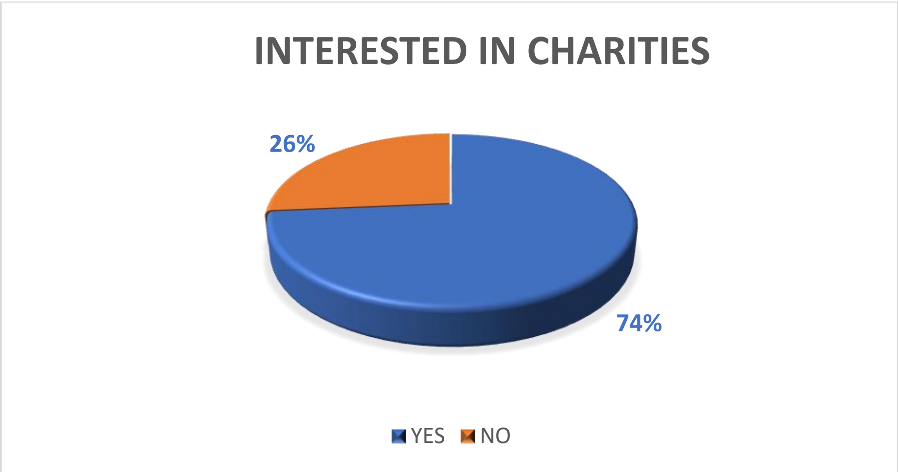


Figure 8: Interested in charities (The Author)

Donors are interested in the third sector because the charities are doing well, which the government cannot or does not do. The charities are providing positive outcomes to society. They also have worthwhile goals compared to private companies and deal with social and environmental issues. Other reasons answered was that voluntary work is worthwhile.

On the other hand, when the public answers "No", charities only do what the government should do. They are busy with their lives and do not want to get involved with it. Another reason was that charities spend too much money aside from the charities' charitable purpose or that the sector does not offer suitable jobs for them.

It is possible to reaffirm with the literature review that external motivators impact donors' interest and decisions (Mainardes et al., 2017).

- **Supported an NPO in the past two years and reasons**

It was asked if the participants had supported a charity at least in the past two years. The answer was 59 (63%) with "Yes" and 35 (37%) with "No". (Figure 9)

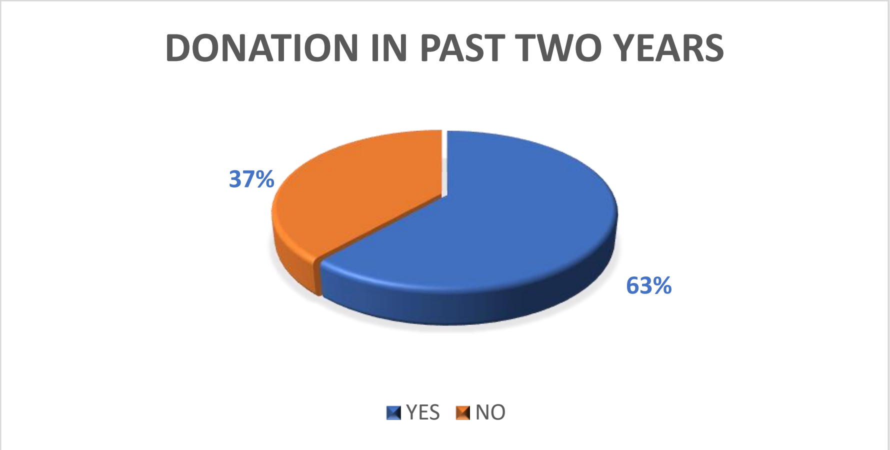


Figure 9: Supported Charities in the past two years (Author)

The reasons given for "Yes" answers were that the participants donated to help people in need or through charities is the easiest way to achieve those in need. Other reasons pointed out are personal beliefs and care about the environment and society. The reasons given for "No" answers were charities spending too much money from the charities' purpose, the charities pay high salaries to their board, and they were not interested in charities.

- **If yes, how have you supported it?**

The total amount of 59 donors who had an answer that supported the third sector in the past two years, the majority of 31 (53%) supported the charities with money, 8 (14%) with a volunteer, 16 (27%) with both and 4 (7%) with other forms not specified. (Figure 10)

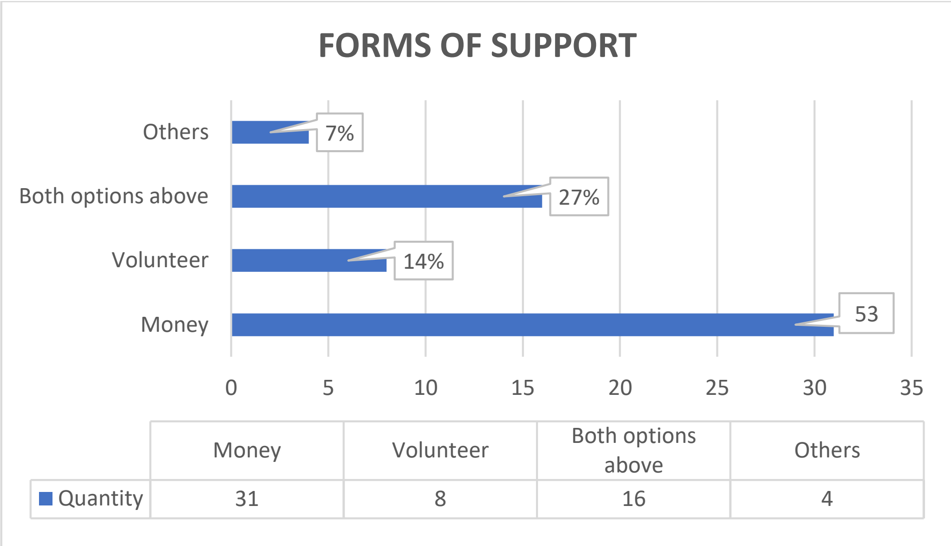


Figure 10: Forms of support (Author)

➢ Motivation to donate

Furthermore, considering the 94 participants living in Ireland, 67 (71%) answered that their motivation to help charities is empathy with the charities' cause. While 4 (4%) answered that altruism, 14 (15%) both apply for their criteria, and 9 (10%) have other reasons not specified.

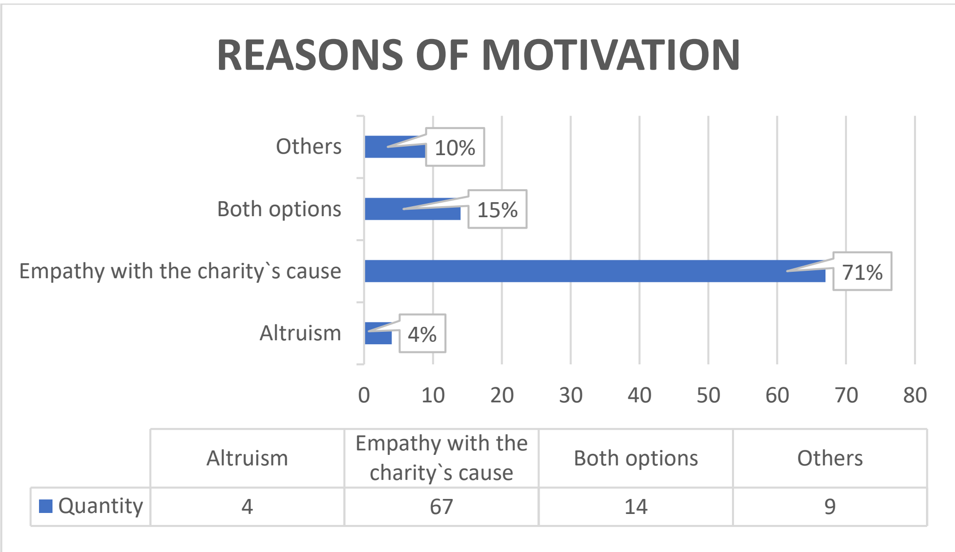


Figure 11: Reasons of motivation (Author)

As O'Loughlin Banks and Raciti (2018) state, it is possible to reaffirm with the literature review that empathy for the charities` cause is a factor considering among the public when donating.

- **Transparency in reporting its impact on third sector**

Another question analyzed in the questionnaire was whether the participants agree that if a charity publishes whom they have assisted, how they raised and spent funds and where the charities' work was reflected, it will increase their confidence. According to figure 12 (43%) strongly agree with that statement, and 40 (43%) agree. While 7 (7%) does not agree nor disagree and 7 (7%) with their reasons not specified.

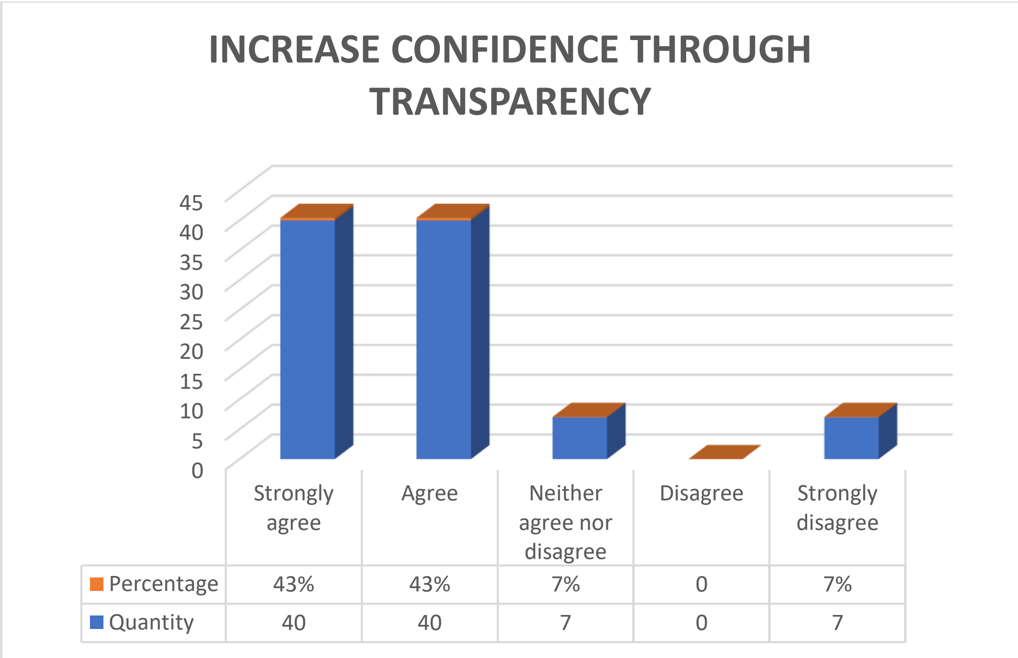


Figure 12: Increase Confidence Through Transparency (Author)

As per McCall (2019), scandals in the sector is affecting public confidence. The results show that most 86% of the sample agree that increasing their confidence through transparency, and transparency is key to building trust and confidence in the donors.

- **Motivation through financial statements and annual reports disclosed on charities' website**

The final issue considered was if the donor believes that if a charity has revealed their financial statements and yearly reports on their website, it will boost their incentive to contribute. A total of 33 (35%) strongly agree and 43 (46%) agree with this statement. While 9 (10%) disagree or strongly disagree with not reasons specified. 9 (10%) does not agree nor disagree.

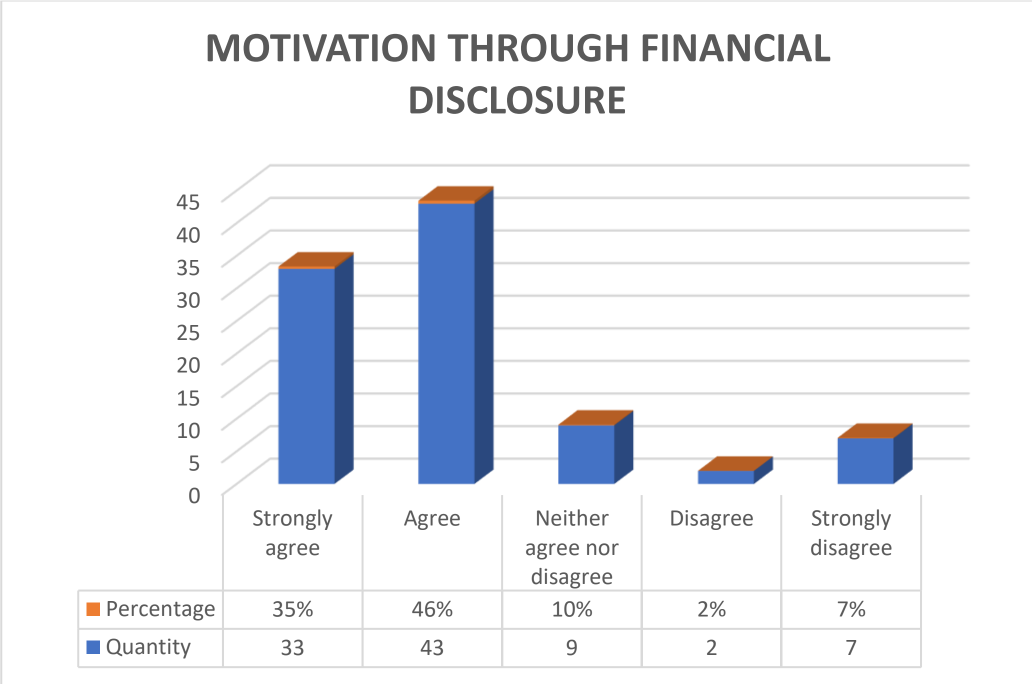
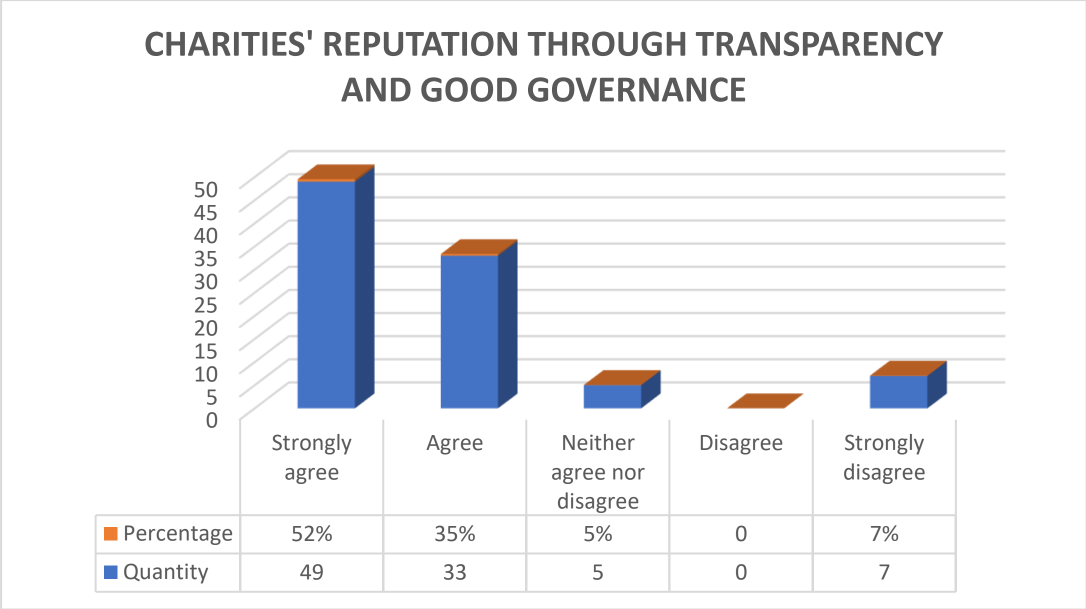


Figure 13: Motivation through Financial disclosure (Author)

The study confirms the findings of the literature analysis that transparency attracts donor (Mainardes et al., 2017). The donors are more attracted to and aware of the importance of charities disclosing annual reports and financial statements.

- **Good governance and transparency as key to preserve charities` reputation**

As mentioned above, the following questions (from 11 to 16) analysed the public knowledge about charities, transparency, and the quality of disclosure of information. As per Howson and Barnes (2020), transparency and good governance are essential to conserving charities` reputation. As observed in the chart below, 33 (35%) participants agree and 49 (52%) strongly agree that the charities' reputation can be damaged without good governance and transparency.

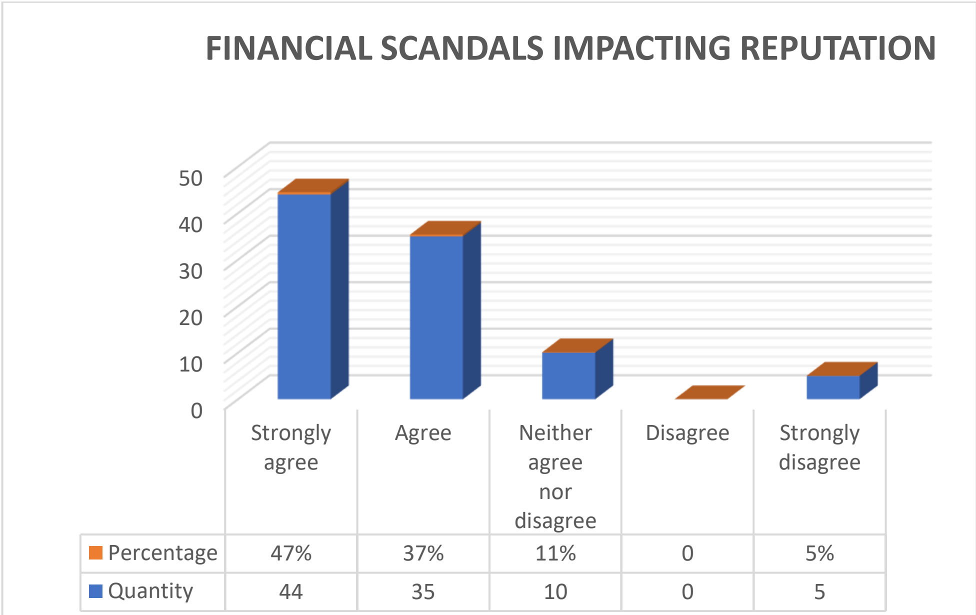


	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Percentage	52%	35%	5%	0	7%
Quantity	49	33	5	0	7

Figure 14: Charities' Reputation through Transparency and Good Governance (Author)

- ➢ **Fraud, financial scandals and money mismanagement and the impact in the third sector**

Another relevant point answered if the participants agree that fraud, scandals, and money mismanagement can harm the entire third sector, and the majority of 35 (37%) people agree or strongly agree 44 (47%) with the impact that bad governance causes in the sector.



	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Percentage	47%	37%	11%	0	5%
Quantity	44	35	10	0	5

Figure 15: Fraud, Financial Scandals and Money Mismanagement harm the entire sector (Author)

➢ Consideration of charities conditions and performance while donate

Furthermore, 74 (79%) participants care about the charities' performance when donating, while 20 (21%) do not consider the charities' conditions and performance.

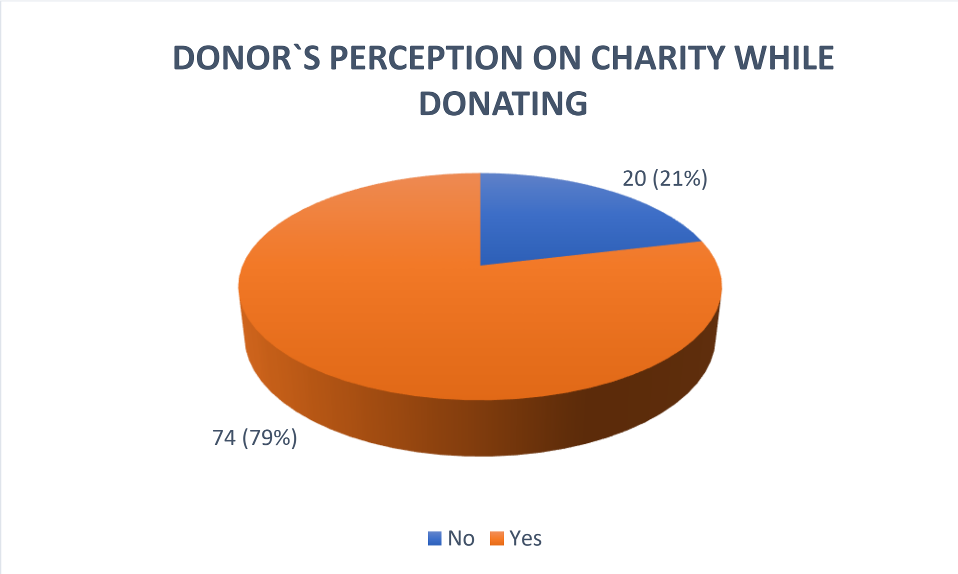


Figure 16: Charities' conditions and performance it is a factor when donate (Author)

➢ Donors' attitude of checking financial information on charities websites before donating

A total of 52 (55%) of the participants do not check websites and financial statements before donating, while 42 (45%) check the websites before realizing a donation.

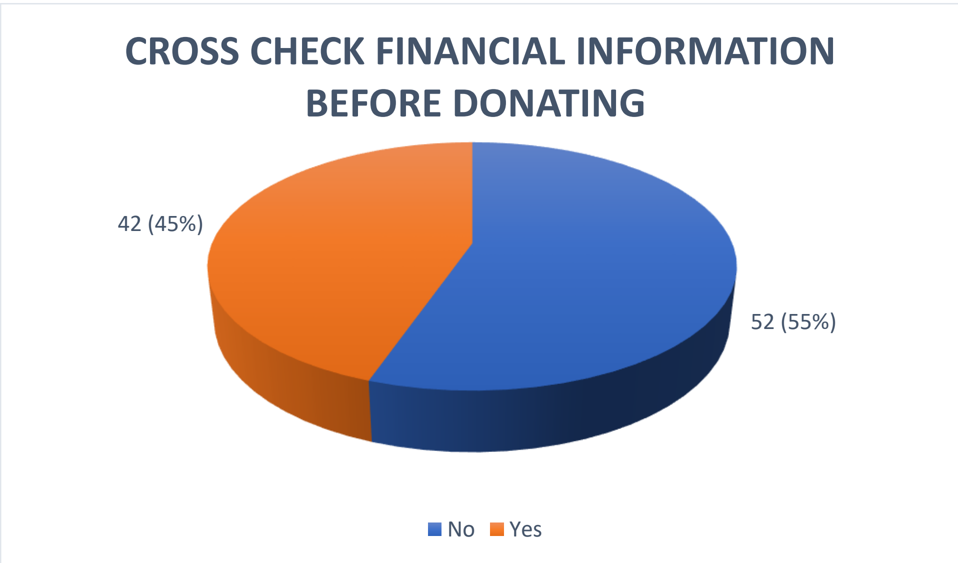


Figure 17: Check on Websites before donating (Author)

- ➢ **Whether information available on the websites are easily accessible and readable, if not, then why**

It was asked to the 42 participants who check the websites if the information was accessible and readable, and 12 (29%) believe that it was readable. A total of 13 (31%) does not know if the information is easily accessible and readable.

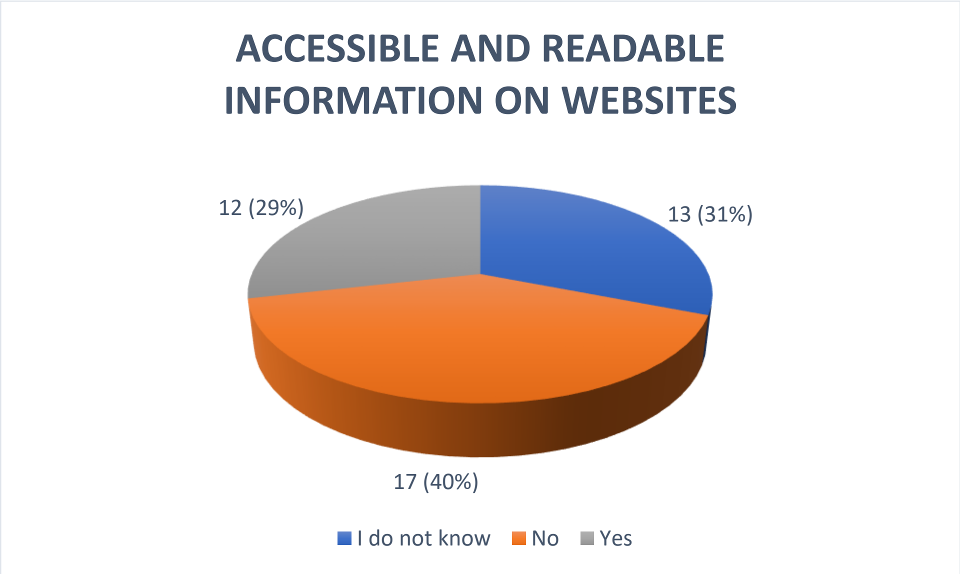


Figure 18: Accessible and Readable Information on Websites (Author)

As per Michener and Bersch (2013), information needs to be accessible and readable by stakeholders, and it noticed that 17 (40%) of this sample did not find the information easily and readable. According to these answers, the author could identify the need for a better report by charities or a lack of understanding of the report by participants.

The reason given by the participants was charities should publish more details on their websites, maintain some decorum while maintaining their page, like creating internet page user friendly internet pages so that people can easily access their financial statements. It is the responsibility of an NGO to make the people aware of their spending and earnings beforehand and having a clearly labelled direct link on the home page to financial statements.

4.3 Primary research - Interview stakeholders' non-profit organizations

There were five interviews, each lasting around 30 minutes (Appendix I), conducted from May 8th to May 27th, 2021, with a fundraising manager, a board of director of a charity which works directly in the third sector and an audit manager, an associate solicitor, a partner in large international accountancy firm which works indirectly with the third sector (Table 3). The female was somewhat over-represented in terms of sex, accounting for 60% of the total. The total of participants varies in age from 33 to 42 years old.

Charities engaged in a stakeholder's perception of transparency and good governance through financial reports and disclosure of information. So, get contact with a suitable profile of the non-profit organisations was a more significant challenge. The interviewees were contacted at first through email and LinkedIn. All of the interviewees required to analyse the question before and then agreed to have an interview.

Table 3: Overview of interviewees **(Author)**

Participants	Role	Age	Gender	Educational background	Industry (Year)	Organization (Year)	Reference
1	Fundraising Manager	33	Female	Higher education	8	6	P1
2	Board of directors	42	Male	Higher education	11	3	P2
3	Auditor Manager	40	Female	Higher education	7	5	P3
4	Associate Solicitor	35	Female	Higher education	8	4	P4
5	Partner in an International Accountancy firm	37	Male	Higher education	15	2	P5

This section will examine the major results that emerged from the research investigation. All of the participants have a higher level of education. All participants had current roles direct or indirect with the Irish sector, but there is a variation of perspective of the stakeholders relate to the roles (Table 1). The interview process gathered valuable information, with some similarities and differences among the participants.

These are combined to demonstrate some concerns that are currently influencing charities in Ireland strategically. This section will preserve the framework of the interview questions and, for accuracy, incorporate some direct quotations from the participants to aid the reader and present the findings cohesively. The main questions are asked for all the participants, and when applicable, they will be asked a specific question to gather further information because of the variety of experience in their role.

4.3.1 Findings and discussions from the data collected

- **Third Sector Support**

The first question asked was how the third sector is financed and monitored and how it would be improved. Many charitable organisations are financed through various sources, including government grants for specific projects, bequests/ donations (religious organisations), fundraising events, and financed internally via return on investments held by the organisation, as answered by the participants. In this study, the author focuses on the financed and monitored through the for-profit organisation, individual donors, and government supports.

All the participants had a positive view of the sector after the Charities Act of 2009, and the Charities Regulator took place, and the government play an important role in the industry.

"Charities Act of 2009 was a very positive step for charities to put in place a legislative framework that Charities need to adhere to and comply with". (Participant 4)

"Given that Government is the key source of financing for charities, I feel they could have more involvement to ensure best in class standards within the third sector". (Participant 5)

From a charities' perspective, the large charities follow the regulation and guidelines to achieve high standards to access grants or build trust in the donor. They are monitored by third parties and audit by revenue every year.

"Depend on the kind of the charity you are. All charities registered in Ireland, compliance with certain guidelines, rules and regulations and it is how they monitored by the government." (Participant 1)

"The majority perspective we all audit by the revenue every year because we are a charity. There is financial monitoring of bank accounts, where the money goes." (Participant 2)

The auditor's perspective in the study is valuable as auditors valid the financial information disclosure annually. Charities aim to obtain an unqualified opinion in the financial statement, which is free from material misstatement. This can be beneficial for the companies of this sector, which are constantly seeking government grants and corporate funds, among others.

"In relation to government grants, there are usually audits completed to the amounts received from the government for specific projects as part of the agreement in place. Audits completed by third parties and a report is signed off, which outlines whether the charitable organisation has complied with the requirements set out in the initial grant letter. For the other forms of income generated by these organisations, usually as part of the annual audit, a review is completed on a sample basis of the income received by these organisations and third-party supporting documentation, approval and evidence of receipt is obtained to support the amounts recognised by the charity." (Participant 3)

The findings presented a consistent answer suggesting that the act provides powers to govern and regulate; however, its application may need improvement. The overall obstacle charities face is related to accurately understand the complex regulation, which is hard to achieve without qualified professional or third parties, and also to afford this kind of support.

"these regulations are very hard to achieve, without a proper support in place". "if you look to improve the regulation the monitoring, it would be the accessibility of doing so, many charities do not have the time and energy to put those regulations in place". (Participant 1)

"bring the external company, to help us, to make sure that we are up to the code and regulation. We do not have the time to do that." (Participant 2)

In order to fulfil the second objective of this study, the author asked what the challenge faced by charities to comply with regulations is. Participants 1 and 2 answered that the challenges are related to money and time.

"Cost is a huge challenge, and time is a huge challenge for organisations." (Participant 1)

"Hire someone, or you have to do by yourself. It is a lot of challenge to get there, it is an extra time and effort and the money that's going into it." (Participant 2)

Taking a look at the codebook (Table 1) that was created, it is possible to conclude that regulation, legislation and audit play a vital role in the third sector, and through these regulations, it is possible to monitor the actual situation of a charity in the sector. However, a lack of accessibility was identified on the charities part to comply with these regulations, related to time to execute and money to finance the costs.

- **Transparency in the third sector**

When asked to explain their understanding of transparency in the third sector, a remarkably similar set of concepts emerged. For example, Interviewees P1 and P2 said it in this regard that transparency:

"means people can see exactly what you are doing, can see exactly where the money goes, they can see exactly how much your staff makes." (Participant 2)

"...telling the truth and you are not hiding anything, that builds trust with the consumers and people who support you that show them you are doing what you said you do." (Participant 1)

" In the Not-For-Profit ("NOP") sector, transparency is where the organisation is required to make available/publish their annual accounts and other important/critical information about how the organisation operates, generated funding, type of expenditure, investments held, etc., during a specific financial period." (Participant 3)

"Transparency is optional. Without it, we have unfortunately seen a number of high-profile failures in the charity sector. We see progress; however, it needs to happen sooner. Full access to utilisation of funds should be provided as the highest standard of transparency" (Participant 5)

"Transparency and the desire to be transparent however inherently linked to the organisation's behaviour and culture." (Participant 4)

The following comment was made by the partner on transparency being optional. Then, in response to a follow-up question on why certain charities choose not to be open, P5 stated:

"This centres on the standards expected. Meeting and maintaining standards require commitment and, at times, professional costs. As a result, many

organisations will seek to minimise the costs and thus maintain minimum standards." (Participant 5)

Taking a look at the codebook (Table 1) and analysing the participant's answer, the author can confirm the finding in the literature. Determining transparency is related to openness, visibility, and decision-making (Salamon et al., 2003) and transparency and best practices are essential in reporting information.(Hyndman and McConville, 2018b).

- **Good governance**

It was asked how transparency and good governance is achieved and what is the benefits of it. The most significant subject that emerged from my study was governance. The benefits of charitable organisations being transparent are that they improve and enhance public confidence in their organisation and operation.

"I suppose it is achieved ask for help and seeking the kind of the third party's advice, the wheel the benefits people who are giving money because they can trust us, and benefit the people who are receiving the service because at the end of the day they will get that service which was promised. It is a two falls benefits." (Participant 1)

"...achieving a lot of the times by an external company or external contract. If you are transparent, you are opening yourself up to auditing or an external evaluation. A good transparent organisation will allow a third party to come in and make sure their accounts are correcting and their governance is in place." (Participant 2)

The Audit Manager considered appropriate procedures throughout an organisation when concern arise, ensuring good governance and more transparency:

"Ensure transparency throughout the organisation is their main focus not only to the organisation's financial activities but also any current media attention, the organisations' objectives and projects for a particular period, etc. If concerns or issues arise from the organisation being transparent, ensure the appropriate procedures are put in place to deal and respond to these items efficiently and appropriately." (Participant 3)

The interviewees P4 and P5 have a common answer related to implementing high standards, organisation's behaviour and culture, which impact transparency.

"I believe that legislation is the framework to implement the standards, and transparency is achieved by adhering to the highest possible expectation of the standards, not the minimal. Transparency and the desire to be transparent however inherently linked to the organisation's behaviour and culture." (Participant 4)

Considering the codebook (Table 1) and the participants` answers, good governance and transparency are achieved with high standards, legislation, opening up for auditing and external evaluation, publishing annual reports, and charities following their charitable purpose. The literature review confirms that the government creates regulation and legislation to tell NPOs what they must do and monitor them to grow transparency in the sector (Cordery, 2013). Furthermore, the finding indicates that the voluntary adoption of SORP in Irish charities can improve transparency and can be seen as best practice.

- **Criteria to divulge information**

To begin measuring financial and non-financial knowledge, the researcher sought to determine if respondents feel any criteria for charities disclosing information. The associate solicitor was the only one who identified compliance as a critical factor in disclosing information.

"Implementing higher degree of compliance with regard to the availability of financial information and the use of funding." (Participant 4)

The Audit Manager was the only one mentioned SORP as a voluntary adoption to follow the best practice.

"NPO's are required to disclose both financial and non-financial information when preparing their annual financial statements. NPO's need to ensure their accounts are prepared in line with Charity SORP "Statement of Recommended Practice". (Participant 3)

The partner was the only one whose views related to the outcomes of the charities.

"...divulge a full disclosure of utilisation of funds, the projects in which they were invested, the outcomes (to the extent measurable or quantifiable), and all to be corroborated by the receipts (domestic and international)." (Participant 5)

The fundraising manager and the board of director`s answers concerning the need for the third party to help them interpret those criteria to divulge the information is the key.

"...looking to external organisations, like the wheel, the charity regulator to answers that question, take a lot of skills to interpretant that a lot of time. I think having a charity regulator, the wheel, and other organisations that have that framework is really important." (Participant 1)

"We look into the regulation, into the wheel, guideline, external sources, codes to make sure we are doing what is supposed to do." (Participant 2)

Considering the codebook (Table 1) and the participants` answers, the finding showed criteria of divulgation of the information. Charities need to disclose the utilisation of the funds and prepare financial statements according to SORP, Charity Regulator, charitable activities, and projects. However, charities need a certain skill level to interpret the requirements to impose in the legislation. Guidelines, wheel and external sources can be helpful in advice and fulfil this gap.

- **Cost of being transparent**

The following question was asked to the interviewees to determine the cost of being and maintaining transparency. The three participants neutrally answered more, in a financial and non-financial term, as following:

"Transparency within NOP's usually results in more information of a sensitive nature being made publicly available. Results in more financial and non-financial information of the NOP are becoming available so they are held accountable for their actions, which can sometimes be viewed as a positive and negative." (Participant 3)

"This is very hard to quantify in actual financial terms for actual outputs. However, transparency as a cultural aspiration cost nothing. It is behavioural in the first instance." (Participant 5)

"Where there is no requirement to be transparent, organisations will elect to be this way. It is less costly from an administrative perspective to provide the minimum amount of information." (Participant 4)

It was possible to identify from P1 and P2, which work directly with charities, the areas and amount that increase the costs of being transparent.

"If you think about staff cost, compliance, risk management, reporting, hiring someone to maintain your governance, you are hiring someone to audit, make sure what you are doing are correct. The need for professional staff to run well-governed and compliant charities costs money. It is up 10% of costs." (Participant 2)

"To be honest, the cost can range from getting compliance from 10 thousand to 30 thousand euro. It is quite an expensive process to make sure that you are up to code and regulated; that is why I think it is not accessible to other charities. Many charities do not have that money, and it is a good point to bring up because it cost time and money." (Participant 1)

The finding reaffirms the literature review that the costs increase to comply and maintain transparency (Cordery and Deguchi, 2018). The research finding the cost to be transparent is connected to compliance, professional compliance with the legislation, high standard of good governance, and can result financial and non-financial to the charities.

- **Positive and Negative effect of transparency in your organization**

The researcher asked about the positive and negative impacts of transparency in their organisation. The positive outcome was connected with trust, public confidence and openness.

"Transparency within a charitable organisation is important as it is seen as a "trust-building" tool with the wider community which this organisation serves. The more transparent an organisation becomes, the more trustworthy it will be viewed publicly." (Participant 3)

"Greater transparency is directly linked to public confidence and vis-à-vis greater public support – both financially and non-financially." (Participant 5)

"It allows trust between the people who support and the people whom we support." (Participant 1)

"The more transparent you are, and the more honest you are about the money is going. People are afraid to give money to where they do not know where to go." (Participant 2)

The study's findings reinforce the conclusions of the literature review, and the results of the transparency enhance trust and public confidence (Howson and Barnes, 2020). Furthermore, the responses to the unfavourable outcome concerned the costs of maintaining transparency, confirm the literature review (Cordery and Deguchi, 2018).

- **Vulnerabilities presented by the NPO**

The researcher asked about the vulnerabilities in the third sector to understand what gap may need to be improved. The participants answered in common that the NPO concerns increase and comply with the regulation.

"Vast majorities of Charities are seeking to contribute to noble and worthy causes. Manty would therefore argue that increased regulation and compliance distract from their mission, both financial and from an investment of resource and time. I think that most charities are seeking to balance these challenges, with limited financial support in many cases." (Participant 5)

"Many charities deal with very sensitive causes. In complying with a Regulator requirement, they are seeking to manage distrust. However, this needs to go further to instil greater degrees of public confidence." (Participant 4)

"Currently the main concern faced by NPO's is increased regulation and disclosure requirements within the sector, which will eventually become a legal requirement." (Participant 3)

In short, increase regulation and building up trust among the public is the non-profit concern, and it is the key to conserve charities' reputation, and it was aligned with the literature review (Howson and Barnes, 2020).

- **Corporate Social Responsibilities (CSR)**

The author asked the partner of the international accountancy firm the reasons and motivations that companies support charities. It was answered about the organization`s values similar with the charities supported and the positive outcome to an organization associated with CSR.

"Main reasons are typically to support a charity close to the company's values. Also, to give back to local community. There is an increasing belief that there is an obligation to do this. There is also a positive perception when companies are associated with a programme of charity donation." (Participant 5)

Based on this answer, it is possible to compare with the literature review, in which Campbell et al. (1999) reveals altruism as motivation by companies donating.

Furthermore, the author wants to ask about the advantages of CSR in his business.

"CSR is hugely topical. Culturally this is very important, for team spirit to support a cause less fortunate than the companies own. Having a strong policy for CSR can attract talent, motivate teams, improve brand image." (Participant 5)

Yes, we have a CSR program which ranges from volunteering to fundraising for aligned charities. Yes, it has a hugely positive impact on team. They really value the firm's commitment to afford time to volunteer. Most want to be involved. (Participant 5)

According to the participant answer, it is possible to reaffirm the positive impact on organizations` employees that promote CSR as per De Gilder et al. (2005).

- **Charities' strategy regarding transparency**

Moving forward, the researcher asked the following question only to the Participant 1 and 2 who is working directly with the charities to understand if there is any strategy which they follow to be transparent. The answers were common to relate to the charities' openness, elaboration of annual report and audit every year as the main factors to achieve transparency.

"...do the annual report, take the time to be audit every year, make sure that all your taxes are in order, it is a lot of admin work to make sure that all the receipt are labelled, make sure they all donation go to the right place." (Participant 1)

"...being transparent, demonstrate how the funds are spent, do the annual report every year, with all the numbers on it, do the audit every year. Keep on top of this kind of details. It is really important." (Participant 2)

Furthermore, it was asked which target audience (corporate, individual or govern) charities would be more concerned when planning these strategies.

"the government is so far the most regulated fund that you can receive, the company not as much, of course, they want to know their money is going to the right place, but benefit the company to be charitable because there is a tax exemption for them, same in the individual. By far, the most strategical regulation would be around government funds because you need to make sure every single penny is an account for or else you are in big trouble. It is the most to take into consideration." (Participant 1)

Based on this, when charities plan their strategy, the focus on government funds is greater than in corporate and individual funds. Moreover, an increase of the exigency of the government when they support charities is identified. It was not possible to confirm any impact on charities' autonomy when the funds come from the state (Jung and Moon, 2007).

- **The benefit of winning award**

The interviews, P1 and P2, currently working in charities that won award such as Impact 2020, Chartered Accountants Ireland published financial statements award 2019, Leadership awards across sectors 2020, Awards for specific service provision 2019, Distinguished Service Cross - DSC Awards 2017, Dun Laoghaire Rathdown DLR Community & Volunteer Awards 2018. The research asked what the benefit is to publish winning the award and publish it on charities` websites. The participants' answers related to recognition and its outcomes would increase the donation and corporate partnership.

"...about the work is being recognised that we are trust organisation, and what we are doing matters and for supporters look and see ok they are doing good work as I support them again. It is less about the money and more about the recognition that is imported." (Participant 1)

"You open yourself up for more donation and open yourself for more corporate partnership. People look and think, we are going to donate here because they are doing well." (Participant 2)

The findings reaffirm the literature review that publishes awards on charities `websites increase trust (Howson and Barnes, 2020), increase donation (Warren and Lloyd, n.d.), increase volunteers, partnerships (De Gilder et al., 2005), attract donors as results (Mainardes et al., 2017), and build the trust and conserve charities' reputation (Howson and Barnes, 2020).

4.4 Annual reports and charities `websites analysis

The author selected a small sample of the 5 top large, registered charities, which have won the award excellence. The five charities are all company limited by Guarantee with an income of more than €1,000,000 and exist over 30 years. Two charities are located on Kildare and three charities on Dublin. The sample selected has its purpose focus on health, education and local development, housing (table 4).

Apart from the small sample, the author wants to verify and learn what is necessary to achieve high standard and excellence. The author is carrying out a deep analysis in two parts: websites and financial statements.

Table 4: Profile of the 5 charities selected (Author)

Sample	Founded	Location	Purpose
Charity 1	1994	Kildare	Advancement of community welfare including the relief of those in need by reason of youth, age, ill-health, or disability
Charity 2	1968	Dublin	Relief of poverty or economic hardship
Charity 3	1969	Dublin	Relief of poverty or economic hardship
Charity 4	1978	Dublin	Relief of poverty or economic hardship and education
Charity 5	1973	Kildare	Relief of poverty or economic hardship

First, it is relevant to stakeholders that charities prepare financial statements and annual report on time. Boards have historically used annual reviews to explain their corporate governance policies to stakeholders. The inability of a non-profit organisation to follow this fundamental principle of good governance by creating and posting an annual report on their website was seen as casting severe doubt on the efficacy of corporate governance. In terms of that analysis, the researcher confirmed if specific organisations were still economically significant not-for-profit organisations by analysing the annual report and not-for-profit organisation website, through the government websites, such as Wheel and Benefacts.

Second, according to the literature review, the author critically evaluates what was necessary to be disclosed for charities to be transparent and then verify the information on the websites. The analysis of the charities' websites is based on eighteen elements from (chapter 3.4.3), as mentioned in table 5.

A total of 3 charities (60% of the sample) is disclosing the income and expenditure only in the TARs, and it was available on one charities' website (20%). The other charities (20%) had not disclosed their income and expenditure neither on its websites nor in the TARs[1]. Instead, it was informed only in the financial statement of the amount corresponding to expenditure and income.

Table 5: Information analysed on Charities` website (Author)

Website Publication	Charity 1	Charity 2	Charity 3	Charity 4	Charity 5
1. Annual Report	✔	✔	✔	✔	✔
2. Financial Report	✔	✔	✔	✔	✔
3. Audit report/qualified opinion	✗	✗	✗	✗	✗
4. External Audit	✔	✔	✔	✔	✔
5. Charity Regulatory Authority	✔	✔	✔	TARs*	✔
6. Codes of fundraising	✔	✔	✔	TARs*	✔
7. Voluntary codes	✔	✔	✔	TARs*	✔
8. SORP	✔	✔	✔	✔	✔
9. Income	TARs*	TARs*	TARs*	✗	✔
10. Expenditure	TARs*	TARs*	TARs*	✗	✔
11. Activities	✔	✔	✔	✔	✔
12. Purpose	✔	✔	✔	✔	✔
13. Number of complains	✗	TARs*	✗	✗	✗
14. Future Plans	✔	✔	✔	✔	✔
15. N. staff over the year	✔	✔	✔	✔	✔
16. N. staff hired in the year	✔	✔	✔	✗	✔
17. Name of the all board	TARs*	TARs*	✔	✔	TARs*
18. Awards/recognition published	✔	✔	TARs*	TARs*	TARs*
19. Budget - the following year	✗	✗	✗	✗	✔

[1] TARs - Trustees Annual Report

Likewise, all information was available on the five charities' websites (100% of the sample) the key data: activities, charities' purpose, plans, and staff number over the year 2019. Furthermore, the number of staff hired during 2019 was available on four charities` website (80% of the sample).

It was identified all board names, and the award recognition on the website was available only to 2 charities (40%). Furthermore, three charities (60%) were informed only in the TARs of their award. Four charities (80%) were not disclosing the number of complaints and the budget for the following year. While one charity (20%) disclosure complaints only in the TARs[2]. and one charity (20%) relate to the budget for the following year was available on its website.

The author considers 18 elements analysed on the 5 charities' websites (table 5). In the figure below, there is the percentage of data analysed by charities. In addition, the author considers the total of data-informed only in TARs, the total of data-informed on the charities` website and the total not informed.

Table 6: Total of data analyses on percentage by charities analysed (Author)

Sample Charities 'websites	Charity 1		Charity 2		Charity 3		Charity 4		Charity 5		Accumulated
Key data Analysed	Quant.	(%)	Quant.	(%)	Quant.	(%)	Quant.	(%)	Quant.	(%)	Total (%)
Total only in the TARs	3	17%	4	22%	3	17%	4	22%	2	11%	18%
Total available on website	13	72%	13	72%	13	72%	9	50%	15	83%	70%
Total not informed at all	2	11%	1	6%	2	11%	5	28%	1	6%	12%
Total key data analysed	18	100%	18	100%	18	100%	18	100%	18	100%	100%

Furthermore, when analysed, it is possible to conclude that 16 (18%) elements of the information were available only in the TARs, 11 (12%) elements of information were not disclosed. Finally, 63 (70%) of the information was available on the charities` website. The author arrived at these percentage considering the cumulative quantity of the entire sample of 90 elements of data analysed (18 elements data *5 charities' websites (Table 6)). The author noticed that the five charities reported the three last year at least of their annual report, financial statements. It was found that the audit report with an unqualified opinion in 2019.

Furthermore, the author will analyse the financial information of the last three years, 2017, 2018 and 2019 (the charity 5 has a year ended as of February) of the 5

[2] TARs - Trustees Annual Report

top large charities who won the award excellent in 2019. It was noticed that four charities (80%) disclosed the Charity Regulatory Authority, Codes of fundraising and voluntary codes and only one charity (20%) had disclosed only in the TARs. At the same time, one charity had disclosure it on their websites.

Table 7: Gross Income Analysis (Author)

Sampling	Income 2017 (€'000)	Income 2018 (€'000)	Income 2019 (€'000)	2017/ 2018	2018/ 2019	2017/ 2019
Charity 1	8,140	6,411	7,858	-21.24%	22.57%	-3.46%
Charity 2	191,614	163,509	189,481	-14.67%	15.88%	-1.11%
Charity 3	19,148	21,457	22,360	12.06%	4.21%	16.77%
Charity 4	2,899	2,928	3,118	1.00%	6.49%	7.55%
Sampling	**Income 2018**	**Income 2019**	**Income 2020**	**2018/ 2019**	**2019/ 2020**	**2018/ 2020**
Charity 5	75,005	69,074	63,655	-7.91%	-7.85%	-15.13%

Furthermore, all charities have complied with the SORP, which is not mandatory in Ireland, and it contains a high standard of disclosure information. The author observed the increase of clarity and better presentation of the reports from 2017 to 2019.

When discussing figures, three charities (60%) had a decrease in their income from 2017 to 2018, one charity (20%) had an increase of 1% and the other one charity (20%) increased by 12,06%. These figures have a positive change in the income from the year 2018 to 2019 with a rise of (22.57%) to charity 1, (15.88%) to charity 2, (4.21%) to charity 3, (6.49%) charity four (table 7).

Table 8: Government Funds Analysis (Author)

Sampling	Government Funds 2017 (€'000)	Government Funds 2018 (€'000)	Government Funds 2019 (€'000)	2017/ 2018	2018/ 2019	2017/ 2019
Charity 1	151,365	151,366	151,366	0.00%	0.00%	0.00%
Charity 2	135,958	116,743	138,650	-14.13%	18.77%	1.98%
Charity 3	16,871	11,513	12,378	-31.76%	7.51%	-26.63%
Charity 4	87	83	86	-4.60%	3.61%	-1.15%
Sampling	**Government Funds 2018**	**Government Funds 2019**	**Government Funds 2020**	**2018/ 2019**	**2019/ 2020**	**2018/ 2020**
Charity 5	32,466	32,006	29,563	-1.42%	-7.63%	-8.94%

Furthermore, considering the government funds from 2017 to 2018, four charities (80%) decreased in that period. When analysing the funds from 2018 to 2019, three charities (60%) had increased in the government funds by (3.61%), (7.51%), and (18.77%). Only one charity (20%) had a decrease of (7.63%). Analysing the data from 2017 to 2019, three charities (60%) had a decrease of (26.63%), (1.15%) and (8.94%), while one charity (20%) had an increase by (1.98%). Apart from that sample, charity one (20%) was stable with the number of funds from 2017 to 2019 (table 8).

Similarly, the corporate funds that are originated from private organisations, from 2017 to 2018, charity 4 had a drop significantly by (72.03%), charity two by (31.60%), charity three by (6.17%) and charity five by (1.71%). Only charity 1 had a rise of (18.96%). Observing the data from 2018 to 2019, two charities (40%) increased (47.23%) and (127.27%).

Table 9: Corporate Funds Analysis (Author)

	€'000	€'000	€'000			
Sampling	**Corporate Funds 2017**	**Corporate Funds 2018**	**Corporate Funds 2019**	**2017/ 2018**	**2018/ 2019**	**2017/ 2019**
Charity 1	1,287	1,531	1,272	18.96%	-16.92%	-1.17%
Charity 2	4,427	3,028	4,458	-31.60%	47.23%	0.70%
Charity 3	7,882	7,396	6,739	-6.17%	-8.88%	-14.50%
Charity 4	118	33	75	-72.03%	127.27%	-36.44%

Sampling	Corporate Funds 2018	Corporate Funds 2019	Corporate Funds 20120	2018/ 2019	2019/ 2020	2018/ 2020
Charity 5	6,319	6,211	5,299	-1.71%	-14.68%	-16.14%

The other three charities (60%) decreased the corporate funds by (16.92%), (8.88) and (16.14%). Comparing the data from 2017 to 2019, only charity 2 (20%) had a slight increase of 0.70%. Apart from the four charities (80%), had a drop in the period. Charity 1 by (1.17%), charity 3 by (14.50%), charity 4 by (36.44%) and charity 5 by (16.14%) (year ended in February (table 9).

Table 10: Individual Giving Analysis (Author)

Sampling	€'000 Individual Giving 2017	€'000 Individual Giving 2018	€'000 Individual Giving 2019	2017/ 2018	2018/ 2019	2017/ 2019
Charity 1	2,371	2,441	3,130	2.95%	28.23%	32.01%
Charity 2	28,426	27,172	28,230	-4.41%	3.89%	-0.69%
Charity 3	1,708	2,096	2,350	22.72%	12.12%	37.59%
Charity 4	573	610	614	6.46%	0.66%	7.16%

Sampling	Individual Giving 2018	Individual Giving 2019	Individual Giving 2020	2018/ 2019	2019/ 2020	2018/ 2020
Charity 5	29,142	23,170	22,919	-20.49%	-1.08%	-21.35%

Moreover, observing the individual giving from 2017 to 2018, charity two (20%) had a decrease by (4.41%), and charity five by (20.49%). Despite the fact, charity one rose by (2.95%), charity three by (22.72%) and charity four by (6.46%). The figures improved from 2018 to 2019, with four charities (80%) had increased their funds from an individual. Charity one by (28.23%), charity two by (3.89%), charity three by (12.12%) and charity four by (0.66%). Charity five was the only one who had a drop of 1.08% in that period. Analysing the data from 2017 to 2019, three charities (60%) increased their individual donation, such as charity one by (32.01%), charity three by (37.59%) and charity four by (7.16%). The number fell to charity two by (0.69%) and charity five by (21.35%) (Table 10).

Table 11: Balance Analysis (Author)

Sampling	€'000 Balance at 31 December 2017	€'000 Balance at 31 December 2018	€'000 Balance at 31 December 2019	2017/ 2018	2018/ 2019	2017/ 2019
Charity 1	26,712	26,889	29,754	0.66%	10.65%	11.39%
Charity 2	63,339	67,806	73,275	7.05%	8.07%	15.69%
Charity 3	3,497	3,162	1,219	-9.58%	-61.45%	-65.14%
Charity 4	3,269	3,338	3,526	2.11%	5.63%	7.86%

Sampling	Balance at 28 February 2018	Balance at 28 February 2019	Balance at 29 February 2020	2018/ 2019	2019/ 2020	2018/ 2020
Charity 5	49,083	44,143	39,830	-10.06%	-9.77%	-18.85%

The author analysed the charities` balance from the past three years, and charity one increased in the figures by (11.39%), charity two by (15,69%), charity four by (7.86%), while charity three had a considerable decreased by (65.14%) and charity five (18.85%) from the year 2017 to 2019 (table 11).

Table 12: Expenditure Analysis (Author)

Sampling	€'000 Expenditure 2017	€'000 Expenditure 2018	€'000 Expenditure 2019	2017/2018	2018/2019	2017/2019
Charity 1	5,464	5,943	6,283	8.77%	5.72%	14.99%
Charity 2	183,067	159,811	183,756	-12.70%	14.98%	0.38%
Charity 3	15,650	18,294	21,141	16.89%	15.56%	35.09%
Charity 4	2,644	2,859	2,931	8.13%	2.52%	10.85%
Sampling	**Expenditure 2018**	**Expenditure 2019**	**Expenditure 2020**	**2018/2019**	**2019/2020**	**2018/2020**
Charity 5	71,099	75,250	67,318	5.84%	-10.54%	-5.32%

The analysis relates to expenditure had increased from 2017 to 2019. Charity one increased by (14.99%), charity two by (0.38%), charity three by (35%), charity four (10.85%). The only one who had decreased the expenditure was the charity five by (5.32%) (Table 12).

The results demonstrate that there has been an effort by these Irish charities to disclose information demonstrating their governance and accountability. Some charities disclose only in the TARs or on their website, but the charities comply with the reporting standards. Furthermore, another relevant point that needs to be considered is the difficult time faced by charities with the COVID-19, which could negatively impact the whole scenario in the third sector, relate to fundraising income, increase costs, deliver service, and meet the plans. Further analyse should be made considering the impact of COVID-19 on the third sector, however, it was not specifically analysed as it is not the scope of this study.

4.5 Findings Conclusion

In this section, this research presented and discussed the findings of primary and secondary data. The study is suitable for large charities in Ireland and was divided into three parts: analysis of the five top large charities who won the award excellence` website and financial statement, a questionnaire to the public, and Interviews with stakeholders.

First of all, the five charities` websites and financial statement were analysed to learn from them what is necessary to achieve high standards and the benefits of it, which is the recognition which it is formed to prove to the public that those charities can be trust, and it consecutively results in an increase of donation and public confidence. The findings were analysed in light of the research goals, and observations were made based on the data gathered. It was noticed that the vast majority of the information analysed was found in the charities` websites or the trustees' annual report.

When analysing the last three years available of charities financial statement, an increase in compliance and disclosure of the information with high standards was noticed. Furthermore, when comparing the years analysed from 2017/2018 and 2018/2019, it observed the increase in the year 2018/2019 in the income of four charities (80%) (table 7), increase in government funds of three charities (60%) (table 8), increase in the corporate funds of two charities (40%) (table 9), and four charities (80%) had an increase in the individual giving (table 10).

When analysed the expenditure from 2017/2018 and 2018/2019, it observed the increase of the costs in the year 2018/2019 in four charities (80%) (Table 12). To sum up, these charities have improved in analysing their disclosure in information, transparency and best practice. In the period analysed, the charities donation has increased and their expenditure, which can be related to cost to achieve good governance.

The questionnaire was designed to obtain the public perception about governance and transparency and to discover their motivation to donate. The author observes that most of the sample donate through money, and it is motivated through empathy with charities` causes. Furthermore, most of the participants change their perception positively when charities are transparent, disclose financial statements on their websites, and increase confidence in them and motivate them to donate when charities are more transparent. A pattern is also identified on participants, where most of them agree that financial scandals are prejudicial to the entire sector, and transparency and good governance help preserve charities` reputation. Checking charities` performance and conditions before donating is another key point that can be seen.

Furthermore, the interviews were designed to obtain insights from the stakeholder's perception. The range of stakeholders' perspective about transparency and good governance in the third sector was evident in the interviewees' experiences. The findings relate to transparency and good governance reaffirmed the literature review that transparency is essential to disclosing information, building trust among the donors, conserving charities' reputation, and responsible for doing legislation and monitoring the industry's growth of transparency, but transparency is optional. When the organization do not make the right decision, it can generate financial scandals, mismanagement, and harm the whole sector.

The research findings have also stressed that good governance and best practice is achieved by asking for third parties' pieces of advice, such Wheel, Benefacts, guidelines, to interpreting what is required in the legislation from charities 'perspective, and also implementing high standards and appropriate procedures in the charities from the other stakeholder`s point of view.

In short, it is possible to reaffirm with the literature compliance and maintain transparency and best practice, audit the charities, hiring staff increase charities 'cost, and the results can be financial and non-financial and up to 10% of costs.

In the interviews, it was also possible to gather findings relate to CSR, which reaffirm in the literature the corporate motivation for donating and the benefits that this action brings positive motivation to the organization 'employees. Moreover, relate to charities award and recognition when publishes it on their websites, which increase trust (Howson and Barnes, 2020), increase donation (Warren and Lloyd, n.d.), increase volunteers, partnerships (De Gilder et al., 2005), attract donors as results (Mainardes et al., 2017), and build the trust and conserve charities` reputation (Howson and Barnes, 2020). To summarize, most of the findings reported here have been reaffirmed and given in the literature review. It is possible to notice the importance the transparency and best practice to the third sector, and it is achieved through legislation and monitored.

The findings also suggest that the CRA educate the Irish people on the charitable landscape in Ireland. In terms of participation, openness, and governance structures, charities must make informed judgments about which organizations to support. It will increase donors' confidence in their decision-making and motivate them to join in charitable activities. This education should also address donors' environmental knowledge to understand what the charities is required by law to provide and educate the public on differentiating between input costs and the efficacy of NPO services. It should come from the CRA rather than the charities themselves because it will have greater credibility and reach throughout the sector, whereas leaving it up to the charities themselves will put further burden on already-stressed organizations.

Chapter 5: Conclusions and Recommendations

5.1 Introduction

This chapter summarises the primary results of analysing the five interviews, the questionnaire to the public and the websites and financial statements of the five top charities who won award excellence. Afterwards, it discusses the thesis's implication and recommendations for non-profit organisations and the research's limitations.

Finally, further study directions are recommended, including reflections about the research. The goal of this qualitative study was to assess the effects of transparency in the Irish non-profit sector. The core goal of this study was to explore the stakeholders' perspective and the challenges which the sector is facing to achieve transparency and good governance. Finally, to conclude, the financial and non-financial issues which influence this outcome.

5.2 Results and implication of findings

The findings indicate that governance regulation in the non-profit sector motivates non-profit organisations to act right when forced by legislation and regulation. The legislation plays a vital role in preventing the well-publicised financial frauds from occurring and will benefit the third sector. Transparency becomes a critical issue for public confidence and must be made evident. Transparency and effective governance are required to gain societal credibility, which permits an organisation and its aims to be sustained. The demand for high degrees of transparency in non-profits is founded on two main pillars: on the one hand, public entities have become one of the key stakeholders of non-profits, demanding openness in order to give financial assistance from the donation. On the other side, an NPO's improper or fraudulent operations do significant harm, particularly in the industry.

First, the findings analysed was the five top large charities who won award excellence's websites and financial statements. First, it was analysed the eighteen items (table 5) demonstrate in the literature review on the charities` websites. The number of complaints and the following year budget was not found in (80%) of the sample. The other sixteen items were sometimes found only in the TARs, but most cases were on the charities' websites.

Second, the financial statement's last three years (2017, 2018 and 2019), considering the income, expenditure, balance sheet, government, corporate, and individual funds. The funds relate to government funds, and corporate funds have decreased from 2017 to 2019 in (80%) of the sample. In contrast, the individual donation had increased from 2017 to 2019 in (60%) of the sample. In general, the income had improved from 2018 to 2019 in (80%) of the sample. The author could observe the increase of information disclosed an increase in donation from 2018 to 2019. There is also an increase in the expenditure from 2018 to 2019 in (80%) of the sample. Its increases can be related to the cost to improve the charities governance and comply with the legislation.

When analysing the questionnaire to the public, 84% confirm that fraud, mismanagement negatively impact the third sector, and 89% believe that good governance and transparency are the keys to preserving reputation. Furthermore, 80% of the participants believe that public confidence increases when a charity is transparent, 81% are inspired to contribute when a charity reveals its financial statements on its websites. When these judgments are made, the charities' performance is also considered. When a charity is transparent, it exhibits good behaviour, which boosts contributions.

The findings regarding the interviews of stakeholders, transparency has a positive outcome in the sector, and it is achieved through good governance, high standards, complying with legislation, publishing an annual report, doing an annual audit, divulging the name of the boards and the plans and projects. A criterion to divulge information that will increase transparency and best practice would be the voluntary adoption of SORP, as in Ireland, it is not mandatory. These positive outcomes were found to be charities` strategy to achieve transparency. When bringing it to the fund's scenario, charities increase concerns relate to government funds rather than corporate funds and individuals. Because if there is any inconsistency in the information report, charities can be penalised concerning cut funds and being deregistered and lost their charitable status.

The researcher identified severe concerns regarding the charities understanding of requirement, legislation and the lack of support and time to make it possible, so it is crucial for charities to have external support such as guidelines, Wheel, Benefacts and third parties. Based on the interviewee's answers provided, it was suggested that transparency and governance of non-profit organisations increase the costs related to compliance, professional, risk management, reporting, and audit. It also suggested that the cost could be one reason why charities opt to keep minimum standards and provide less information, and complying with those requirements could distract them from their mission. Furthermore, charities that achieve the recognition and awards for best practices has a positive outcome when disclosing this information on their website, helping to attract donor and increase corporate partnership.

To sum up, the charities had a strong desire to produce "best practice" annual reports, and the stakeholders are concerned about transparency, good governance, and the cost of producing them. To conclude, three main points can be presented:

- Transparency and accountability are achieved through good governance.
- Public trust is essential for their decision making when donating, and administrative efficiency, transparency and accountability are primary determinants of their trust towards charities organisation.
- Donation increase when charities are more transparent.

All these points reaffirm the importance of considering transparency and effective governance to obtain credibility with the public, which guarantees the charities are achieving its goals and that is sustainable in the long term.

5.3 Limitations and Contributions of the research

5.3.1 Limitations

The methods used for this study were discussed during the research process. Qualitative research was used to discuss the purpose of this study. It is essential to recognise both current and future shortcomings when doing this study. The author identifies sample size, time management, data sensitivity, trustee access, and data collection and interpretation are all critical factors.

The limited amount of time to finalise this research is perhaps the most significant limitation since there was a finite time to complete this study. Consequently, to reach the deadline, must strictly stick to the intended timetable. The sample size utilised to analyse the financial and non-financial information on the charities' website was limited as was the limited number of research participants. Because of their hesitation, the access to stakeholders were too optimistic. The author reduced this limitation through online connections and networks, via contacts with several stakeholders involved in this field and sending the interview question before, as information that is highly confidential and disclosing such information could negatively impact the organisation.

The data sensitivity of the requested data was a concern, although it was not a challenge, as there was no proposal for precise personal details such as remuneration. Because the non-profit sector has been scrutinised in the past, some organisations may be hesitant to discuss specific plans with a new face to avoid unwanted impressions.

The data collection and interpretation of the finding were also a concern raised relate to the reliability of the interpretation and interpretation of the participants' narratives. There are no statistical measures available to assess reliability and validity in qualitative research, as there are in quantitative research.

5.3.2 Contributions

The main contribution of my research is that all the charities can understand how fruitful it is to be transparent and how transparency helps increase the donation. Hence, this will contribute to a more transparent environment in the third sector and provide a background reason for how transparency helps attract donors.

It will add as a knowledge bank to support all the charities in growing them and understand how transparency plays an essential role in attracting donors.

The author recognized the small sample size and generalizations is not applicable in this case, but the research expects to contribute to the knowledge related to transparency on the third sector information, bringing new perspectives and outcome in the field.

5.4 Recommendations for Non-profit organisations

This research's primary recommendation is that non-profit organisations have to be open, transparent, and honest about spending the money donated. The public, in general, expects to be fully informed of the use of the money and the undertaken activities. The recommendation, therefore, is the voluntary adoption by all charities of SORP, a governance code and an annual audit, as the annual report and financial statements are mandatory already. The charities' interactions with its donors should be open at all times, whether through the media, websites, or social media sites, since the more involvement they can have with donors, the deeper the bond of trust.

Charities must provide governance and transparency at a level where funders and the public can understand exactly where the charities are operationally and why governance of a given standard has been implemented. Doubtless, the increase in providing this information needs more resources, professional or third parties help, and it will increase administrative costs. An idea proposed by one interviewee was to involve outside expertise on an incentivised basis to improve the oversight and governance standards, supporting charities that may otherwise not be able to afford outside assistance and expertise. Incentives such as professional service tax credits may be an option. To sum up, charities should assess their public and stakeholder perceptions of themselves to meet expectations about their financial, organisational, and ideological behaviour.

5.5 Recommendations for further research

Despite the few limitations, this study presents a picture of how transparency and good governance are essential to the third sector. It is not appropriate to generalise this study because of the sample size, and the empirical study was focused on the large charities which already comply with best practices. The sector is so diversified in terms of size and service offerings that judging the whole sector only on the outcomes of the larger charities is unfair.

It suggests a further study with larger sample sizes, homogenising the sample based on size, activities, longitudinal study, with the purpose of the study being probable for generalisation and identifying differences in transparency in different organisations based on size and their efficiency in reporting information. In addition, further studies comparing Irish NPO with other European countries could bring an international reflection on the issues and threats faced in the sector on a large scale.

Moreover, the influence of COVID-19 on donations and the impacts on the third sector offers an extensive area to be analysed for researchers, considering the imposition of lockdowns all over the world and the health, social and economic global crisis.

Finally, further research relates to the cost of transparency and governance, as it is a challenge that charities are facing to comply with high standards, and the public is demanding more details about non-profit organisations.

5.6 Final Conclusions

This study explores transparency and good governance in Irish charities at a time of many scandals in effecting in the sector. The study goal was to learn from the best charities what must and should be done, understand the challenges faced by charities to comply with transparency and good governance, and identify possible solutions.

Given the sector's complexity and the various non-profit activities, it is challenging to develop generic advice that applies to all organisations to satisfy the governance standards. Based on the study data obtained, the above explores how preliminary efforts might address issues and obstacles.

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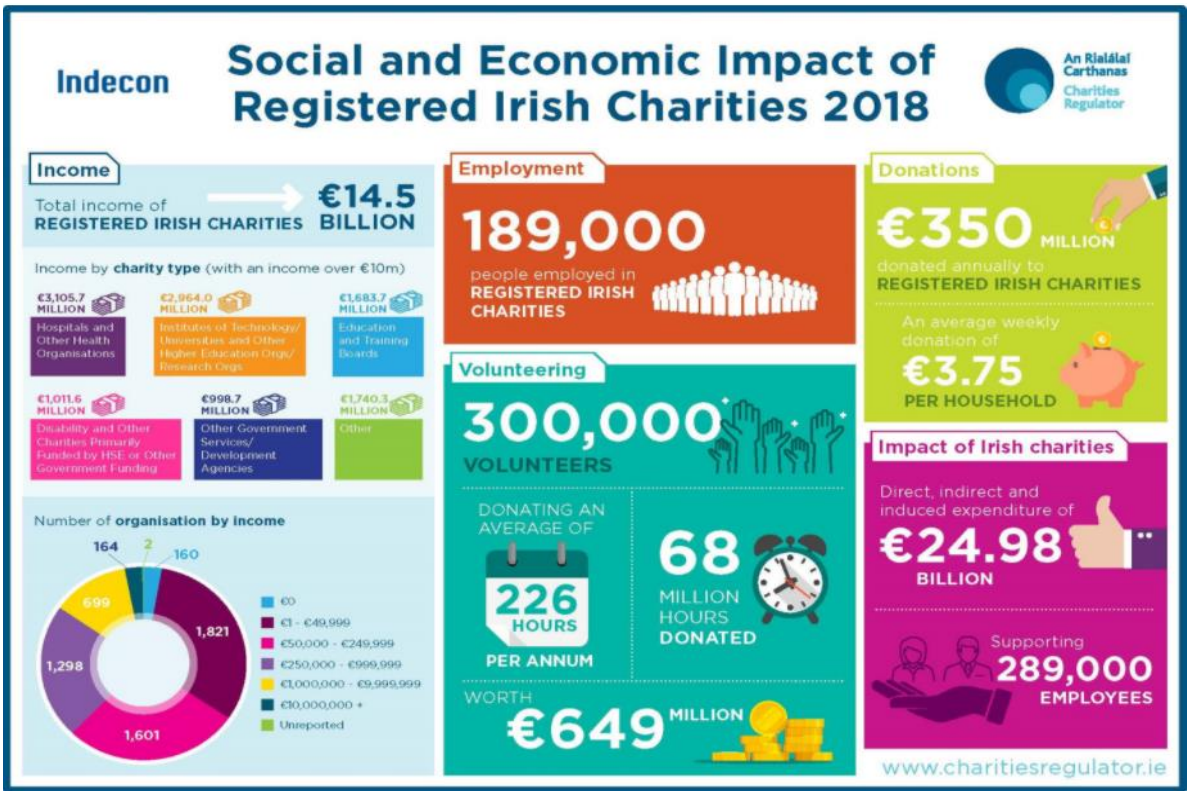
Appendices

Appendix – A – Charities Regulator Annual Report 2019

(Charities Regulator, 2019)

Appendix – B – Social and Economic Impact of Registered Irish Charities 2018



Charities Regulator (2018)

Appendix – C – E-mail`s participants Interview

Dear Participant,

Thank you for your helping.

My Master's thesis topic is Transparency and Openness in Irish Charities and its impact in the third sector.
The research purpose is to evaluate the stakeholders/trustee's perspective to comprehend the challenges the charities face to comply with regulations while maintaining their autonomy, transparency, and openness.

The research focuses on the transparency in charity in Ireland. It is enclosure in this email the follow forms:

A. Plain Language Statement which informs you what is expected from you as a participant and the benefits of this research. Your participation is voluntary and entirely confidential. It provides a contact of the Ethical Committee officer for reporting any unethical conduct during the research undertaken.

B. Informed Consent Form - This is a form through which you Agree to participate in this study. If your answer is **No** to any of the questions in this form, please notify me by replying to this mail. If all answers to the questions are **Yes**, request you to reply to this email that you provide your consent to be a part of this study.

Data protection for the interview would be taken with the highest priority.
The findings of the research will be included in my final dissertation. The results of this research will be provided on request.

If you have any queries regarding this, please contact me on Mobile: 0830527839
Email: Dalete.sousa@student.griffith.ie

Request your support to comply with the instructions in this email.

Best Regards,

Dalete Sousa

Appendix – D – E-mail`s participants Survey

Dear Participant,

I am Dalete Sousa, and I am doing my master's thesis on transparency and Openness in Irish Charities and its impact in the third sector. Therefore, this study may benefit you by providing you with the opportunity to contribute to the body of knowledge on transparency in the third sector in Ireland so that you, the third sector and the society may benefit.
You will find the survey on the link below:

https://docs.google.com/forms/d/e/1FAIpQLScocztGTcwfENZXUhFTJ_QG5YYe3_SSTtD8Bm_7S0ADNKgA3g/viewform?usp=sf_link

The whole questionnaire should take approximately 5 minutes to complete. No personal data will be collected.

Thanking you in advance for your participation.

Dalete Sousa
Postgraduate Accounting and Finance Management at Griffith College Dublin

Appendix – E – Plain Language Statement

GRIFFITH COLLEGE DUBLIN

Plain Language Statement for Research Participants

Introduction and Purpose of the Research Study

The research working title is "*Transparency and Openness in Irish Charities*" and its impact in the third sector".

This research is designed to evaluate the stakeholders/trustee's perspective to comprehend what is the challenges faced by charities to comply with regulations, while maintaining its autonomy, transparency and openness.

The research is being conducted by Dalete Sousa, a MSc Accounting and Finance Management student in the Graduate Business School, Griffith College, Dublin.

Dalete Sousa e-mail: dalete.sousa@student.griffith.ie

Details of what involvement in the Research Study will require

This project involves taking part in qualitative semi-structured interviews. The interviews/survey responses will be recorded, and seek to gather information on your experience of transparency in the third sector. Questions are directed towards your thoughts on their perceptions about transparency and their challenges face to follow the regulations and procedures. I estimate the interviews/survey will take no longer than 20 minutes to complete.

Potential risks to participants from involvement in the Research Study

I do not anticipate any risk to participants as a result of participation in this Research Study.

Benefits (direct or indirect) to participants from involvement in the Research Study

The objective of this research is to gain knowledge that will enable improve the understanding relate to openness and transparency in Irish charities. This study may, therefore, be of benefit to you by providing you with the opportunity to contribute to body of knowledge on transparency in the third sector in Ireland so that you and or society may benefit.

Advice as to arrangements to be made to protect the confidentiality of data, including that confidentiality of information provided is subject to legal limitations

Every effort is made to ensure the confidentiality of the participant. Participant names will not be recorded, as all participants will be assigned a code. Where used, recorded interviews/survey data will be downloaded to a password-controlled computer, typed transcripts/survey results are held within password-controlled documents. Participant biographical details and or mention of other persons will be omitted in the final report. Confidentiality of information provided is subject to legal limitations.

Advice as to whether or not data is to be destroyed after a minimum period

Audio tapes/Survey data will be destroyed on the successful completion of this master's degree in full compliance with GDPR regulations.

Statement that involvement in the Research Study is voluntary

Involvement in this Research Study is voluntary. Participants who decide to take part may withdraw from the Research Study at any point. There will be no penalty for withdrawing before all stages of the Research Study are complete.

If participants have concerns about this study and wish to contact an independent person, please contact:

Dr Garrett Ryan

MSCIB Programme director
Graduate Business School
Office: A109

Griffith College
South Circular Road, Dublin 8, Ireland

Phone: + 353 1 416 3324
Email: garrett.ryan@griffith.ie

Website: www.griffith.ie

Appendix – F – Participant Inform Consent Form

GRIFFITH COLLEGE DUBLIN

Research Participant Informed Consent Form

Research Study

The research working title is "*Transparency and Openness in Irish Charities*". The research is being conducted by Dalete Sousa, a MSc Accounting and Finance Management student in the Graduate Business School, Griffith College, Dublin.

Purpose of the Research

The objective of this research is analysing the Irish third sector considering the importance of good governance, good practice and transparency. There has been limited research done to explore which is the level of transparency and its impact to donors and to the whole sector. This study aims to generate new insights into the area evaluate the stakeholders/trustee's perspective to comprehend what is the challenges faced by charities to comply with regulations, while maintaining its autonomy, transparency and openness.

Confirmation of requirements as highlighted in the Plain Language Statement

As stated in the Plain Language Statement, a follow up semi-structured interview will be conducted via audio/video zoom, which the researcher will request to record.

Participant – Please complete the following (Circle Yes or No for each question)

I have read the Plain Language Statement (or had it read to me)	Yes/No
I understand the information provided	Yes/No
I have had an opportunity to ask questions and discuss this study	Yes/No
I have received satisfactory answers to all my questions	Yes/No
I am aware that my interview will be recorded	Yes/No
I am aware that a transcription of my interview will be made	Yes/No
I may aware that I can withdraw from the Research Study at any point	Yes/No
I am aware that my real name will not be disclosure in the study	Yes/No

Participant has the right to withdraw from the research study at any point. There will be no penalty for withdrawing before all stages of the research study have been completed.

Procedures to Protect Confidentiality of data

Every effort will be made to respect the participants anonymity. The data collected will be analysed by the principal researcher alone. Participants' actual names will be protected, and pseudo names will be used if direct references are required. Interview notes and/or transcripts and subsequent analysis of the data will be held by the principal researcher and stored in secure location (personal laptop of principal researcher).

Signature

I have read and understood the information in this form. My questions and concerns have been answered by the researcher, and I have a copy of this consent form. Therefore, I consent to take part in this research project

Participants Signature: ____________________

Name in Block Capitals: ___________________

Witness: ________________________

Date: ________________________

Appendix – G – Interview Questions

<u>Questions asked to all interviewees</u>

1) How long have you been working in the third sector and your current organization?
2) What is your position in the government/charity?
3) What do you understand by transparency in the third sector, and why do some charities choose not to be transparent?
4) How is transparency and good governance achieved, and the benefits of it?
5) What are the costs of being transparent?
6) What are the criteria to divulge the information from the NPO?
7) What are the principal vulnerabilities presented by the NPO? How have third sector companies worked to minimize the complaints and distrust from donors?
8) What is the positive and negative impact relating to transparency? Have you ever presented in your organization? Please give examples.

<u>Questions asked only to the Partner of an International Accountancy firm</u>

9) What are the reasons that driven companies to give and not to give to charities? What are the mains motivations of a private company to donate?
10) What are the benefits of Corporate Social Responsibility?
11) Does your company have any volunteer programme? have you noticed any impact on the employee's attitudes towards the organization since this programme was implemented?

<u>Questions asked only to Participants that work directly with the charities</u>

12) What is the challenge that charities are facing to comply with the regulations?
13) Does your organization adopt any strategy relate to transparency? Is there any concern in charities strategies relate to government, corporate partnership or individual donors?
14) What are the benefits of winning an award to a charity? Does it attract donor?

Appendix – H – Interview Report

Interviewer: - Dalete Sousa

Interviewees: - Chapter 4 contains the information on the participants (Table 3)

Interview arrangement:

1) **Participant 1**: The interview was performed by zoom call on the 15th of May 2021 at 15:30 (GMT-3)
2) **Participant 2**: The interview was performed by zoom call on the 17th of May 2021 at 10:00 (GMT-3)
3) **Participant 3**: The interview was performed by zoom call on the 25th of May 2021 at 14:00 (GMT-3)
4) **Participant 4**: The interview was performed by zoom call on the 26th of May 2021 at 11:30 (GMT-3)
5) **Participant 5**: The interview was performed by zoom call on the 27th of May 2021 at 13:30 (GMT-3)

The total period of the interviewees: 2 hours 10 minutes.

The transcripts of the interviews are available upon request.

Appendix – I – Questionnaire

The importance of openness and transparency to Irish Charities

Dear Participants,
This survey is conducted for the research project of Dalete Sousa as a part of the dissertation for the Master's programme in Graduate Business School at Griffith College Dublin in Ireland.

This study evaluates the donors perspective is about transparency and openness and its importance in the third sector.

Confidentiality

Your participation in this research study is voluntary. The survey data is strictly confidential, and all responses will be treated confidentially and remain anonymous. Your answers will be only available to the research team and will be used only for this research.

Instructions

This survey will only require 3 minutes of your time. Please select the answer that most closely corresponds to your opinion.

Thank you for your support, and your participation in this survey is much appreciated.

Research team

Researcher: Dalete Sousa(dalete.sousa@student.griffith.ie)
Supervisor: Suzanne Burdis (suzanne.burdis@griffith.ie)

* Required

1. What is you gender? *

Mark only one oval.

- Female
- Male
- Prefer not to disclose

2. What is your age? *

Mark only one oval.

- <18
- 18-25
- 26-36
- 36-65
- >65

3. What country are you currently reside in? *

Mark only one oval.

- Ireland
- Others

4. What is your latest annual salary range?

Mark only one oval.

- Less than €15,000
- Between €15,001 to €25,000
- Between €25,001 to €35,000
- Between €35,001 to €45,000
- Above €45,000

5. Are you interested in the non-for-profit organization (NPO)? Please give your reasons. *

L

6. Have you supported an NPO in the past two years? Please give your reasons. *

7. If yes, how have you supported it?

Check all that apply.

- [ ] Money
- [ ] Volunteer
- [ ] Both options above
- [ ] Others

8. What reasons motivated you to donated? *

Check all that apply.

- [ ] Altruism
- [ ] Empathy with the charity`s cause
- [ ] Both options above
- [ ] Others

9. If a charity publishes to whom they have assisted, how they raised and spent funds and where the benefits of the charity's work were reflected, it would increase your confidence in them? *

Mark only one oval.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

M

10. Would you feel more motivated to donate if a charity had its financial statements and annual reports disclosed on their website? *

Mark only one oval.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

11. Do you agree that good governance and transparency preserves a charity`s reputation? *

Mark only one oval.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

12. Do you agree that Fraud, financial scandals and money mismanagement can harm the entire third sector? *

Mark only one oval.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

N

13. When donating, do you take into consideration the charities conditions and performance? *

Mark only one oval.

- Yes
- No

14. Do you usually check the charities websites and look for financial information's such as financial statements, before donating? *

Mark only one oval.

- Yes
- No

15. If yes, do you think the information is easily accessible and readable? *

Mark only one oval.

- Yes
- No
- I do not know

16. If not, please describe what could be improved?

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