Change management and strategy in the Victorian charitable sector

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Certificate of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material, which to a substantial extent has been accepted for the award of any other degree or diploma at Charles Sturt University or any other educational institution, except where due acknowledgment is made in the thesis.

Any contribution made to the research by colleagues with whom I have worked at Charles Sturt University or elsewhere during my candidature is fully acknowledged. I agree that this thesis be accessible for the purpose of study and research in accordance with the normal conditions established by the Executive Director, Library Services or nominee, for the care, loan and reproduction of theses.

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13 October 2014

Mr David Ewens
School of Management and Marketing
Charles Sturt University
WAGGA WAGGA CAMPUS

Dear Mr Ewens

Thank you for the additional information forwarded in response to a request from the Business Faculty Human Research Ethics Committee.

The Committee has now approved your proposal entitled “The usefulness of traditional corporate change management strategies applied to the Victorian Not-For-Profit sector” for a twelve month period beginning 13 October 2014. The protocol number issued with respect to the project is 200/2014/10. Please be sure to quote this number when responding to any request made by the Committee.

You must notify the Committee immediately should your research differ in any way from that proposed.

You are also required to complete a Progress Report form, which can be downloaded from http://www.csu.edu.au/research/ethics_safety/human/ehrc_managing, and return it on completion of your research or by 13 October 2015 if your research has not been completed by that date.

Please do not hesitate to contact me on telephone (02) 6933 2696 or email bramudu@csu.edu.au should you wish to discuss this matter further.

Yours sincerely

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Abstract

Charitable organisations around the world and in Australia face unprecedented challenges as macro political and economic pressures force many of them to change rapidly and continuously in order to survive and continue to provide essential services for users and other stakeholders.

The literature review that follows is not a research method. Rather, it serves the critical purpose of explaining the environment for Australian charities and introducing, using prefatory and relevant discussions, key change management concepts, legislative, economic and political trends. This establishes the comparative basis for the core research tool of the interviews conducted within the selected charities.

This study challenges the holistic notion that charities should simply adopt modern change management and strategy strategies practised in the for-profit sectors (Butcher, 2011; Kelleher & Nolan, 2010) for effective strategic change. This approach is simplistic and inadequate for a sector whose size is growing in numbers and complexity. Rather, it finds that key elements traditionally researched by scholars and practised in profit-based corporations may provide a suitable conceptual framework for charities to use, but these are subject to the impact of key external influences: legislative, economic and political that manifest themselves differently for the not-for-profit (NFP) sector.

Additionally, charities typically have less financial resources to direct towards internal training, recruiting and infrastructure, endorsing the notion that the key elements researched: mission statement, organisational culture, unique positioning, leadership and the strategy process must be robust and transferable so as to underpin a more nuanced and pragmatic suite of change programmes and concepts for Australian charities.
Chapter 1: Introduction

The Victorian government identified strategy and planning as a key risk area for Victorian charities (National Disability Services, 2011); the context of this is described using two fundamental observations, which identify recurring and foundational elements of this paper. The first of these is the impact of the pending legislative changes resulting from the National Disability Insurance Scheme Act (promulgated in 2013), which, asserts the core market principal of consumer choice, allowing its beneficiaries to select their own service provider. The second observation concerns the more general challenge of all organisations needing to embrace strategic change, to some extent, to increase their chances of survival.

However, these are not the only contexts Victorian charities need to understand and address. The rate of strategic failure for all organisations (however this is measured) is consistently claimed to be about 70% (Mellahi, Jackson & Sparks, 2002; Haveman & Khaire, 2003). This means charities, already comparatively depleted of the resources available to for-profit enterprises, confront this challenge at the same time as negotiating a docile economy and volatile legislative climate.

In response, this paper examines and justifies using five key change elements as a means of offering a robust change framework with the requisite simplicity, flexibility and verifiable benefits for charities undergoing or considering strategic change. These are: (1) mission and vision statements, (2) unique positioning and competitiveness, (3), the strategy process, (4) organisational culture, and (5) leadership.

In Australia and other western countries, it is argued many of the challenges faced by charitable organisations today have been created or exacerbated by the neo-liberal policies implemented by state and federal governments from the early 1980s (Arvanitakis, 2009; Butcher, 2011; Quiggin, 1999). Regardless of the veracity of this claim, the prevalence of neo-liberalism in Australia is profound and its commencement in the early 1980’s is verified by the radical and neo-liberal reformist agenda pursued by the federal labor government (ALP) after being elected in March, 1983. Traditionally wedded to socialist ideals (National Constitution of the ALP), the ALP adopted and implemented neo-liberal ideals as a new and permanent
paradigm in the national political dogma. Included among its unmistakably neo-liberal reforms, legislated within its first six months of assuming government, was floating the Australian dollar, reducing tariffs on imports, completely reforming the tax system, privatising publicly owned companies such as Qantas and the Commonwealth Bank and deregulating large parts of the national banking system (Beeson & Firth, 1998).

This heralded Australia’s political and macroeconomic submission to globalisation (Henry, 2002), which has since been a recurring element of neo-liberal political philosophy, exemplified by governments advocating unregulated capital markets, wages inequality and increased international trade. At its philosophical core, globalisation asserts the central assumption of classical economics, that unregulated markets, including capital markets are, at least in the long run, self-stabilising and self-correcting (Latham, 1998; Quiggin, 1999).

This study does not examine the merits of economic and political reforms per se, however the impact on the Australian and international charity sectors of neo-liberal policies affects charities in two key ways. The first impact is that strict adherence by governments to free-market ideals (neo-liberalism) expects charities to survive in their own right with less government assistance. In fact, in Australia there is a belief that “neo-liberal and neo-conservative politics and governments recast the idealism of non-governmental organisation (NGO) charters as socially unfashionable and naïve, while the government’s policies sought to undermine their effectiveness” (Arvanitakis, 2009, p. 54). The second profound effect brought about by accepting the superiority of neo-liberal policies is the contestable claim that free-market based organisational strategy programmes are inherently better and mimicking these gives charitable organisations their best chance of survival (Edgar, 2008; Lyons, 2003).

This permanent political abandonment of traditional Keynesian economics and the effective breakdown of the Bretton-Woods system has spawned additional debate and newly defined political terms concerning concepts such as “welfare state” and “social capital” (Esping-Andersen, 1999). Interestingly, some scholars go so far as to measure government’s overall morality according to the extent to which these concepts exist and are encouraged (Esping-Andersen, 1991, 1999; Pontusson, 2011; Ryan, 2012).
If globalisation is a sub-set of neo-liberalism, as is widely suggested (Lavoie, 2012; Taylor & Jordan, 2013), then research must extend to charities, economies and government practices overseas (Mirowski & Plehwe, 2009). This needs a focus on members of the Organisation for Economic Co-operation and Development (OECD), who share with Australia the fundamental ideology of democracy. Doing this provides the foundation to compare the intent and effect of government welfare programmes and, more broadly, government economic policies. Existing and entrenched neo-liberal political/economic philosophies inform this thesis about the type of external forces influencing the environment in which charities exist.

In addition to examining literature focusing on external influences, this study examines research concerning change strategy from within the organisation. Specifically, it reviews change management and strategy literature relating to the following: mission statements, organisational culture, unique positioning, leadership and the strategy process. These elements of change approaches are durable and transferable (Drucker, 1990; Young, 2013), justifying their use as the basis for examining strategic change, while also allowing for a nuanced analysis of how these may be adapted to help facilitate meaningful strategic change in the context of the unique needs of the Australian charitable sector.

The research also requires containment. The sheer volume of literature concerning organisational change and political reform and policies demands a focused analysis that applies context, relevance and currency to a rigorous research methodology. This means there is much excluded literature. Furthermore, this is a point-in-time study in a highly volatile and evolving political and economic environment. Numerous incidences of this exist, highlighting how fragile and complex it can be for charities to adapt in this environment. For example, in October 2014 the Australian Federal government revoked the charitable status of 388 charities (Smerdon, 2014) and, in November 2014, postponed a review of funding applications for over 2,000 charities, having commenced its reviews in December 2013 (Smerdon, 2014).

The literature review discusses in-depth the five key change elements, which is fundamental to allowing the interviews that follow (being the key research method) to be understood contextually and their applicability reviewed in light of the prevailing legislative, political and economic climates and the inherent practical
restraints for cash-strapped charities seeking to adopt primarily overseas and for-profit based change methodologies. The interviews are complemented by a survey, designed to help assess the change readiness of charities in Australia. The anticipated contribution of this research is to advance existing literature concerning strategic change for Australian charities and provide practical assistance for charitable organisations that need a nuanced framework for the necessary strategic changes they increasingly have to make.

1.1 Research Gap

Change management and strategy literature and practice fundamentally consider a dichotomy of influences on the organisation: external and internal (Todnem, 2005). Subordinate to each of these is a group of related studies, each potentially relevant to this research. For example, the concept of unique positioning, essentially how the organisation may adjust to improve its market performance, falls within the internal influence category (Chew & Osborne, 2009).

The need for containment of the literature reviewed applies equally to the need to restrict the study of research sub-categories. For example, scholars have examined unique positioning from multiple perspectives: as it applies to individual industries (www.deloitte.com.au), how it is deployed (Kotter & Schlesinger, 2008), and its online distribution architecture (Dimitrov, 2008).

The growth in the number of charities in Australia and overseas is widely reported (Burke, 2001; Watts & McNair-Connolly, 2012; Young, 2013), but government funding and legislative support for Australian charities has decreased under the auspices of neo-liberal policies for the last thirty years (www.probonoaustralia.com.au). Equally, change management and strategy tailored to the specific needs of the Australian charitable sector has been scarce and ineffective, largely because it borrows heavily from change programmes practised (with variable success) in the for-profit sectors overseas (Dimitrov, 2008), where the core motivation for change management and strategy programmes is invariably to improve financial results (Lavoie, 2012). However, this is rarely the primary motivation for charities to change in Australia. More typically, the key driver for
change is to better service the needy, rendering financial management and improvement as only a means to facilitate this (Robbie, 2015).

Collectively this indicates a gap in research and understanding about how resource-poor Australian charities can construct the right organisational change programmes to ensure they continue to survive in increasingly volatile and challenging circumstances.

1.2 Research Aims and Questions

The rationale and value of this thesis are considerable. Its goal is to provide charities with the practical means that will enable them to continue to grow and adapt so that they may continue to service the needy in increasingly complex and challenging political and economic environments. These changing environments, and the identified gaps in understanding, provide additional rationale for this research, which seeks to examine and gain a nuanced understanding of the key factors influencing change within charities, and construct a useful and relevant change management and strategy framework/model for their use.

To address the primary aim of this research the overarching question that needs examining is, how can small charities in Australia adopt and implement effective change management and strategy strategies in order to survive and continue to provide critical services to their clients?

To answer this the following sub questions are considered:

Sub-Question 1: how relevant are change management strategies focused on for-profit organisations to Australian charities?

Sub-Question 2: how applicable are the relationships between overseas governments and charities to Australian charities?

1.3 Research Methodology

A mixed method approach is used. The literature review discusses in-depth the five key change elements, which is fundamental to allowing the interviews that follow (being the key research method) to be understood contextually and their applicability
reviewed in light of the prevailing legislative, political and economic climates and the inherent practical restraints for cash-strapped charities seeking to adopt primarily overseas and for-profit based change methodologies. The interviews are complemented by a survey, designed to assess the change readiness of charities in Australia.

Research suggests this approach has a number of advantages (Creswell, 2003; Krauss, 2005; Teddlie & Tashakkori, 2003). For additional clarity, combining the literature review as a means to establish the context for research with interviews and surveys, qualifies this paper as “mixed methods” (Bryman, 2006; Morgan, 1998; Reichardt & Cook, 1979).

Foremost among the potential advantages of mixed-methods research, recognised by Bryman (2006), is the increased rigour mixed-methods research can bring to both research design and practice. Since Bryman, this belief has increased in popularity and credibility (Cohen, Manion, & Morrison, 2013) and evolved to the point today where mixed-method designs are both highly sophisticated and highly adaptable (Collins et al., 2015; Robson & McCartan, 2016).

Sandelowski (2010) articulates Bryman’s (2006) finding succinctly, ‘Mixed-method research is a dynamic option for expanding the scope and improving the analytic power of studies’ (p. 79). This is essential for this study because the dearth of nuanced, Australian-based literature, and the consequent need to juxtapose overseas-based research, means its veracity in an Australian context needs to be tested. Interviews, in combination with a survey, are appropriate tools for doing this.

The five key change elements and their relationship with Todnem’s (2005) basic internal and external strategy change model direct the literature review. The model extracts, refines and contextualises information addressing the research question, assessing its applicability within the environment of Australian charities.

Interviews combined with a survey form the research method used (Figure 1.1).
Figure 1.1: Research Process

Four stages underpin the process represented above, with each subsequent stage evolving in response to the findings emerging from the previous stage, described as follows:

Stage 1: involved conducting a comprehensive literature review, which identified the key internal and external influences on organisational strategy and change management and strategy within Australian charities;

Stage 2: consisted of fifteen interviews used to gather the perceptions of staff, executives and board members in Australian charities to assess their understanding of change readiness and preparedness to embark on it;

Stage 3: comprised a statistical analysis, calibrating the strength of each response (i.e. Agree...Disagree);

Stage 4: the final stage involved the development of a model or framework for change management and strategy within charities.

Together these measures identify the degree of change readiness within charities as they prepare to adopt new strategies in response to their changing environment.
1.4 Potential Contributions

The intent of this research is to contribute positively to the Australian charitable sector by:

1. offering insights into key external and internal factors impacting upon Australian charitable organisations;
2. examining common aspects/elements of change management and strategy strategies and their relevance to charities;
3. proposing a model/framework for charities that enables change management and strategy practitioners, scholars and, most importantly, managers of charities, to identify the need for strategic change and to implement this meaningfully.

As noted, this must take account of some complex political, legislative and economic factors. These discussions may also be valuable to governments and the corporate sector as they seek to support the charitable sector more efficiently and effectively.

The primary goal of charities is to provide a better return to the community, measured in terms of improved services, not higher profits (Kelleher & Nolan, 2010). Achieving this goal is only possible if the charity remains focused on its mission, which also builds trust and support. David La Piana (2015) recognised this by observing:

In the corporate space you can buy people’s goodwill, you can buy the business, you can pay-off the CEO who is going to go away so that they make so much money that they’re happy to be out of a job. In the NFP world that doesn’t happen, you can’t buy the NFP, and the CEO who loses their job doesn’t get a windfall so that they never have to work again. The big goal is to build trust and keep the focus on the mission so that people can move forward together. (La Piana, 2015)

This study aims to contribute to this goal by supporting the validity of a societal contribution and not financial results as the primary determinant of a charity’s success and effectiveness. To facilitate this, mission statements must be clearly articulated and measured, and the process used to achieve the mission explained with clarity and consideration for the lack of resources charities have.
The final model presented provides a simple, durable and effective framework to assist charities embarking on strategic change. Nuanced for the charitable sector, this model is robust in structure and adaptive to the many different forms and missions of charitable organisations.

For additional robustness and simplicity, the core of this model includes fundamental and durable change guidelines and principles, able to be understood and practiced without significant expense, complexity and minimal disruption to the core mission of the organisation.

1.5 Definitions

The following definitions are thematically important to this paper. Additionally, these establish a common frame of reference for examining participant responses in the context of the study. There are many possible definitions available for these concepts; however, the following best suit the nature of this study and its intent.

1.5.1 Social Capital

“….networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (OECD, 2001).

1.5.2 Social Welfare

For this paper, it is more appropriate to discuss the manifestations and context of social welfare than to try to define it. It is accepted that social welfare is a guiding mission for charities (van Oorschot & Arts, 2005), but the extent and forms to which they can practise it are inextricably linked to the prevailing social welfare programmes of the reigning government/s (Rothstein & Stolle, 2003).

1.5.3 Neo-liberalism

Larner provides a suitable definition of neo-liberalism:

(it) denotes new forms of political-economic governance premised on the extension of market relationships. In critical social science literatures, the term has usurped labels referring to specific political projects (Thatcherism, Regeanomics, Rogernomics) and is more widely used than its counterparts including, for example, economic rationalism, monetarism, neo-conservatism, managerialism and contractualism. (2000, p. 5)
This definition correctly acknowledges the prevalence of neo-liberal philosophies in Australia and other western nations as it relates to the research question and sub-questions.

1.5.4 Charity

The Australian Government in 2013 legislated its Charities Act, which defined a charity as:

a) that is a not-for-profit entity; and
b) all of the purposes of which are:
   • charitable purposes (see Part 3) that are for the public benefit (see Division 2 of this Part); or
   • purposes that are incidental or ancillary to, and in furtherance or in aid of, purposes of the entity covered by subparagraph (i); and

Note 1: In determining the purposes of the entity, have regard to the entity’s governing rules, its activities and any other relevant matter.

Note 2: The requirement in subparagraph (b) (i) that a purpose be for the public benefit does not apply to certain entities (see section 10).

c) none of the purposes of which are disqualifying purposes (see Division 3); and

d) that is not an individual, a political party or a government entity.

(www.legislation.gov.au)

It is reflective of the increasing interest governments have in charities that before this legislation, the meaning of charity in Commonwealth law has largely been that of the common law, based on the preamble to the Statute of Charitable Uses 1601. For this research, a charity is an organisation dedicated to providing services to underprivileged, disabled and/or people unable to physically and/or mentally function as an able-bodied person. This differentiates charities from a local soccer club (as an example).

For this paper, the high number of charities in Victoria and Australia is acknowledged, as is the vast array of services and publics they serve. However, in the same light, charity change programmes are being transferred from overseas, for-
profit organisations, demanding supposition and assumption. This brings into focus the point that homogeneity, while desirable for research, is not ordinarily realistic. However, what unites the subject charities is their sharing of the same challenging legislative, economic and governmental environments. Additionally, it is a reasonable generalisation to make that the majority of charities are inexperienced at strategic change.

1.6 Chapter Outline

Chapter 1 establishes the background to the research and the needs of the Australian charitable sector. It outlines the focus of the topic, the rationale for the study and its value.

Chapter 2 presents a review of the extant literature related to the topic. This requires a detailed analysis of literature to date and a considered review of the modifications needed to prevailing concepts to juxtapose these successfully to meet the particular and evolving needs of the Australian charitable sector. A number of internal and external factors are important to an understanding of the charitable context and the five key strategy change elements are isolated, discussed and integrated to develop a conceptual framework for assisting with change management and strategy.

Chapter 3 describes the research paradigm, explains the methodology employed and justifies this using a mixed-methods approach in the context of the research aims and in recognition of the form and origin of the available information.

Chapter 4 presents the results from the interviews and statistical analysis. The findings are used later to help develop a proposed model for change management and strategy for charities (Chapter 5).

Chapter 5 presents and explains a change model, making recommendations for charities on how it may be used.

Chapter 6, the concluding chapter, summarises the key factors and specific issues identified, and their implications for charities, followed by an explanation of the research limitations. Finally, directions and suggestions for future research are outlined.
1.7 Chapter Summary

This chapter has defined the purpose of this study, provided context for Australian charities (and, by extension, practitioners and researchers), outlined the research design and provided working definitions of key concepts, subject to later examination.
Chapter 2: Literature Review

2.1 Introduction

This chapter uses relevant literature to address the research questions, and uncover and discuss the conditions needed for successful change management and strategy for charities. It focuses on the five key change elements and considers their usefulness in the context of the impact of their internal and external environments on change initiatives. For a pragmatic and progressive focus, it also compares Australian charities and environments to other OECD nations, allowing for a nuanced and comparative discussion about the influence of social welfare and social capital in Australia and overseas. This analysis gives substantial global context for the review that follows, which focuses on the five key change elements and relevant issues relating to these. Authenticating and verifying these change elements by analysing actual change examples allows for a contextual review and a more accurate assessment of their likelihood of strategic success.

Some authors argue that change requires innovation (Dover & Lawrence, 2012; Kotter & Schlesinger, 2008), while others contend that charities only need to adopt, with little modification, some of the change practices used in the private sector to facilitate strategic growth (Kelleher & Nolan, 2010, p. 6; Kennedy, 1991, p. 9). Whilst this might be true, it still requires charity managers to search widely for approaches that will work for their organisations.

2.2 Context of Literature Review

The vast majority of literature concerning change management and strategy for all organisation types originates overseas. This creates a considerable reliance on accurately validating and positioning international change management and strategy ideals, frequently practiced with mixed results, in Australia. Additionally, conceptual and not practitioner-based information dominates the little change management and strategy literature that does exist concerning Australian charities (Dimitrov, 2008).

Furthermore, it is impossible for effective change management and strategy practitioners to rely on a single ideological framework because it quickly becomes outdated (Doz & Prahalad, 1991), which is evident in the significant and diverse
quantity of literature about change management and strategy. With this comes a wide variation in form and findings among change management and strategy and communication literature and highlights one of the many challenges faced by charity leaders and managers seeking strategies that are suitable for them. These circumstances make producing a simple, robust and supportable research model a key goal of this thesis. This is accomplished by highlighting change concepts, including the key change fundamentals existing in management literature, and analysing their applicability and chances of succeeding for Australian charities. For veracity, this includes looking at actual charities and how these principles will/have affect/ed them.

To be sure, the literature on change management and strategy and change communication presents a diverse range of ideas, theories and frameworks. However, the common principles or characteristics identified earlier as mission statement, organisational culture, leadership, unique positioning and the strategy process, are routinely identified as essential elements of effective change management and strategy (Bitici, Mendibil, Nudurupati, Turner, & Garengo, 2004; Franken, Edwards, & Lambert, 2009; Lee & Yu, 2004; Mintzberg, 1987).

This commonality of thought is reassuring for research based on the charitable sector because of the verisimilitudes that typically emerge when addressing the merits of one concept transposed in one set of circumstances into a different set of circumstances. For example, the fundamental difference between the private and charitable sectors about unique positioning. The importance of this in both private and charitable organisations is widely supported (Chew, 2006; Chew & Osborne, 2009; Grant & Crutchfield, 2007), but it routinely assumes separate goals and forms for each of these sectors. This is a critical purpose of the review: to establish the comparative basis for the primary research, being the interviews and surveys.

For private organisations, the basic goal of positioning for survival exists exclusively as an obvious, but necessary platform for their higher objective of positioning to be better than their competition, consequently providing higher financial returns to shareholders. This contrasts with the unique position charities ordinarily adopt, which is not based on competing for higher profits, but on providing a specific and quality service that meets the requirements of the needy in the community. Of
course, surviving and being solvent is needed in order for charities to articulate and achieve their missions and visions.

This is relevant for change practitioners and scholars formulating strategy design for charities because it endorses the merit of the five fundamental change elements as durable and relevant in Australia, even when juxtaposed from both overseas and for-profit organisations. It also suggests their enduring merit, even in light of the ongoing variation in change design and theory.

2.2.1 Context of Australian Charities

Dimitrov (2008) observed the scarce amount of Australian literature focusing on change management and strategy for charities, noting also that the little research that does exist is theory-based. Of the broader issue of change management and strategy and strategy for Australian organisations, it has been said to be highly specific (Kloot & Martin, 2000) and failed to adequately embrace and understand the rapid technology evolutions of the last fifteen years (Willson & Pollard, 2009). This informs this paper of the need for qualified juxtaposing of non-Australian research into an Australian context, a key feature of this being to understand and accommodate the political environment for Australian charities, an elemental role of the literature review. According to some, this has never been more onerous or complicated (Leighton, 2012) and examples of legislative activity, macroeconomic hardship and burdensome compliance, to be presented, highlight this.

Consider the advertisement from February 2016 shown below from Australia’s largest on-line job portal: www.seek.com.au (refer Figure 2.1):
The Australian federal government advertised this position on behalf of a body it created, the Australian Charities and Not-for-profits Commission (ACNC). This seems both ironic and absurd; the purpose of this role is to lobby against government red tape and complex regulations established by the government itself. This could be seen as humorous, or another example of government bureaucracy, but it potentially identifies something more concerning than this, which is the disagreement within and between Australia’s political parties about how to engage with Australian charities. It also suggests the governments’ position concerning their association with charities is that the most meaningful relationship they can share is to regulate them. This philosophy is unoriginal and behind other OECD countries, notably in Scandinavia, where government-charity relationships are typically more symbiotic and mutually beneficial in terms of their community impact.

For Australian charities, this reiterates a focus on being solvent and compliant more than creative and expansive, a concept enacted in recent legislation. For example, in the state of Victoria, the Department of Human Services (DHS) requires charities to
meet a range of minimum risk management protocols across their organisation that are entirely compliance based (www.nfpcompliance.vic.gov.au). These solvency-based milestones are then benchmarked against the Department’s own governance and risk standards and reviewed by an independent auditor approved by the DHS (www.nfpcompliance.vic.gov.au). Organisations that fail this review will have their departmental funding terminated, which, in almost all cases, will cause insolvency.

The implications of this legislation are profound for Victorian charities, and for this research. In the first instance, charities, which are not even considering change, will need to reorganise themselves internally to meet new accounting and reporting standards. Additionally, new occupational health and safety standards, policies, and procedures now need to be upgraded and organised in a particular manner.

However, the greatest challenge for charities may be deeper and more sinister (Leighton, 2012). Some Victorian charities regard the actions of the DHS as a veiled and specious attempt to lower the Department’s own expenses by reducing the number of its beneficiaries (Leighton, 2012; www.redcross.org.au; www.vincentcare.org.au). This suggests a legislative agenda and political philosophy driven to make Victorian charities more financially independent, underpinned by the contestable assumption that charities are more likely to achieve this by themselves, in the same way for-profit organisations do.

Charities are now complaining this means the expectation from government is for them to place financial imperatives at the core of their mission, and therefore their strategic planning, as opposed to community and service-based goals (Ashford, 2012; www.probonoaustralia.com.au). Some see this as a threat to the services for the needy, which is also internally demotivating (Ashford, 2012; Barton, 2013; Edgar, 2008). This paints a picture of discord between all layers of government and charities and, as suggested by the CEO of World Vision, Tim Costello, confuses charities and the donating public (www.probonoaustralia.com.au).

State-based legislative and political momentum for change is rivalled by federal legislative changes in Australia that also appear to lack strategic innovation and be largely dedicated to regulatory acquiescence (Wood, 2002). A telling example of this is the Australian federal government legislating to introduce the Australian Charities
and Not-for-Profits Commission (ACNC) in 2012 (The Australian Government, 2012b). This body is the not-for-profit sector's Commonwealth regulator and the Commissioner oversees its functions, which presents another layer of complexity for charities.

In October 2015, the ACNC warned 8,000 Australian charities they could lose their charitable status for failing to report to the national charity regulator their 2014 Annual Information Statement as required by this body (ACNC) (www.acnc.gov.au). By the end of 2015, the ACNC had revoked the status of over 9,000 charities, after having operated for only three years (www.acnc.gov.au). Registration with the ACNC is also now required to access a number of tax concessions, including income tax exemptions, fringe benefit rebates and GST rebates. Additionally, some deductible gift recipient categories require charities’ registration with the ACNC.

It appears that when innovation and synergy-based relationships are most needed, Australian governments are responding with an increasing call for legislative compliance and independent financial solvency. The difficulty and complexity of this is new for many smaller Australian charities, struggling to adapt to the ACNC, which is now also responsible for implementing a major piece of legislation designed to compel a far higher degree of oversight than previously: The Australian Charities and Not-for-Profit Commission (Consequential and Transitional) Act (2012) (www.aph.gov.au).

Despite this new complexity and oversight, many larger charities still support the ACNC. In fact, when former Prime Minister, Tony Abbott, threatened to abolish the ACNC in 2014, the CEO of World Vision, Tim Costello, and the CEOs from over 40 other charities (including the RSPCA and Wesley Mission Victoria), wrote an open letter to Abbott urging him to retain the recently established body (www.smh.com.au). Interestingly, Tim Costello has also urged charities to consider merging as a means to shore-up financial resources and help deal with the increasing compliance expectations by streamlining compliance reporting (www.probonoaustralia.com.au).

The following example of this is not exclusive, but is included for the brand awareness of the relevant organisation. The South Australian branch of the St
Vincent de Paul Society, a global organisation that is over 170 years old and operates in 150 countries, considered its merging options before deciding to cut its staff numbers by over 20% in 2012, despite having access to over 2,500 volunteers (“Charity to shed SA jobs in tough times,” n.d. paragraph 1). Consistent with this example, charities are experiencing cuts in funding and donations, estimated at a global level to be around 10% (Kelleher & Nolan, 2010) and 12% in Australia (www.probonoaustralia.com.au).

This example, in addition to research (Anheier, 2014), highlights that charities also differentiate themselves from the public and private sectors by having some degree of voluntary input in either the agency’s activities or management, which makes them vulnerable to uncertainty over resources (Anheier, 2014). When the number of paid staff decreases and volunteers replace them, the challenge of implementing change is likely to be greater. Those who donate their time and work can simply leave if they find change unpalatable, as opposed to paid employees, who have a financial incentive to adapt and make the strategy succeed, consistent with the neo-liberal ideal.

Regarding this, scholars observe neo-liberalism as one of the key underpinning philosophies of Australian state and federal political and legislative reform (Quiggin, 1999; Shergold, 2010; Smerdon, 2014). This means charities considering merging, expanding, refocusing or simply maintaining their status quo, must still adapt to meet the requirements imposed by legislative reform, identified as volatile and lacking across-the-board support politically and within charities (Anheier, 2014) and as categorised below as belonging to the “External Socioeconomic Environment” (refer Figure 2.2). Additionally, the challenging legislative and economic environments are also categorised as belonging to the “External Socioeconomic Environment” (refer Figure 2.2). Regardless of the proposed form of the changed entity, since Porter’s seminal 1980 strategy model, the majority of researchers place external factors prominently in their change models, irrespective of industry or organisation type (Scott-Morton, 1991; Saxton, 1996; Chew, 2006). The illustration below (Figure 2.2) reflects this:
The Australian Charities Report (2015), reports the high number of charities (as defined in 1.5.4, by The Australia Charities Act of 2013), combined with the general lack of specific concerning status reporting, makes it impossible to be overly granular and detailed about the breakdown in amounts, form and frequency of revenue sources for charities in general, let alone by (charity’s) size, form, location or purpose (www.australiancharities.acnc.gov.au; www.philanthropy.org.au). In these circumstances, the most accurate statistics concerning these important details are provided by The Australian Charities Report (refer Appendix 1 “Charities Breakdown for Funding”) and are presented below (Figure 2.3). It is acknowledged it would be useful to know more precisely details, such as, does this breakdown apply to larger charities, or, is there an inclination towards greater funding for a charity type (for example, health-based)?
Additionally the multiple forms charities assume needs recognition. The advent of the The Australia Charities Act (2013) provides legislative definition and clarity about charitable forms and types. For a complete summary for these, refer to Appendix 1 “Charity Types”.

2.2.1.1 Context of Australian charities in comparison to other OECD nations

Research suggests that Australian charities are increasingly vulnerable because they suffer from having less social capital than other OECD countries, especially Scandinavian countries (Onyx & Bullen, 2000; www.probonoaustralia.com.au). Defined by the OECD as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (OECD, 2001), social capital is a key concept in many overseas change management and strategy studies on the non-profit sector (Nahapiet & Ghoshal, 1998). However, while this is a general definition that does not offer specific operational or policy direction, the concept offers aspirational ideals, such as innovative and mutually beneficial working relationships, which are useful for this research and for Australian charities.

In fact, despite the considerable agreement that social capital exists and that it matters, a consensus has yet to emerge on a well-developed and measurable concept (Dasgupta & Serageldin, 2000). Consequently, the appropriate first step for any
charity or government (state or federal) seeking to measure social capital in an
Australian context is to use the only study to date that has been considered as a
defining benchmark in measuring social capital: Putnam’s US-based Social Capital
Community Benchmark Survey (Putnam, 2001; Chew, 2006;).

This may assist Australian charities to measure the perceived worthiness, or personal
resonance, of their mission, for example, serving the disabled (mission) or religiosity
(personal resonance), although this has not been convincingly proven anywhere else.
Furthermore, appealing to the donating public today has multiple strategic
implications not considered in 2000; most particularly, how do charities get their
message across to the broadest possible audience using modern communication
strategies, such as social media?

In light of the fragile financial state of many Australian charities, a more practical
definition and use of social capital is one that identifies organisational synergies,
such as the network-based approach advocated by Woolcock and Narayan (2000).
Because this approach emphasises incorporating different levels and dimensions of
social capital and recognises the positive and negative outcomes that social capital is
able to generate, it has the greatest empirical support. This both informs and qualifies
this research concerning the absence of, and subsequent need for, a consistent
approach to conceptualising and measuring social capital in Australia and other
OECD countries.

Woolcock and Narayan (2000) built on the earlier work of Granovetter (1973) by
placing equal emphasis on the commercial and community based imperative for
charities considering merging. In fact, by connecting the commercial importance to
the community importance of merging and other alliances, Woolcock and Narayan
(2000) pioneered the concept that merging can produce both a synergistic outcome
and a greater community benefit.

In the only Australian study seeking to identify and calibrate social capital at the
community level, Onyx and Bullen (2000) constructed a state-based (NSW)
questionnaire and used factor analysis to isolate the underlying elements of social
capital. The eight factors that emerged were participation in local community,
proactivity in social context, feelings of trust and safety, neighbourhood connections,
family and friend connections, tolerance of diversity, value of life, and work connections (Onyx & Bullen, 2000; Woolcock and Narayan, 2000).

Notwithstanding the multiple attempts at defining social capital (rivalled only by the number of authors claiming it is impossible to do this), the findings of this research are useful because they include trust, an attribute most appropriately incorporated in a charity’s mission/vision statement. This reminds charities that trust is earned and visions that are unworthy, unachievable, or that become diluted will inevitably erode donor and public trust.

Popularly regarded as being well developed and politically respected in Scandinavia by the late-1980s (Kumlin & Rothstein, 2005), the concept of social capital has been occasionally discussed and praised, but poorly understood and harnessed in Australia. Peter Costello, in his capacity as Australian treasurer in 2003, spoke on the topic of ‘Building Social Capital’ in anticipation of a paper on that subject, which the Productivity Commission released later that year. Costello also spoke of the importance of trust to a market economy and the role of ‘networks and associations’ in building this (www.apo.org.au). He further noted this source of social capital, and therefore trust, may be declining and bemoaned the possibility that such a ‘culture of public engagement’ may be shrinking in Australia (www.apo.org.au). He argued governments should ensure they did not act in ways that harmed these associations through which people engaged in wider public affairs. Governments, he said, should choose to deliver services in ways that enhance public engagement and protect the voluntary sector from threats to its viability (www.apo.org.au).

This dates the first public endorsement of social capital and the importance of non-profit organisations by a senior government minister as being little over one decade old. To be fair, The Australian Bureau of Statistics did provide a numerically derived definition in 2000 (Australian Bureau of Statistics, 2000), largely in response to significant overseas pressure. Since this time, Australia has endured a global financial crisis (GFC), changed federal government twice and Prime Minister six times, which is not a stable environment for an embryonic concept to flourish. Furthermore, Costello did not back up his comments by attempting to review the practices of his government at the time.
In contrast, the notions of social capital and social welfare in other countries, notably Scandinavian, are sufficiently mature to have been officially defined by the OECD in 2001, and be the subject of scholarly research during the 1990s (Nahapiet & Ghoshal, 1998; Soss, 1999; Whiteley, 1999). Indeed, the research concerning these concepts has advanced to the point where the impact of the rhetoric of social welfare and capital on strategy design has been the subject of academic research in its own right (Erkama & Vaara, 2010).

Examples from Scandinavia indicate ways that state and federal governments in Australia could more effectively discharge their recently enhanced role as overseers of compliance and funding to a model that emphasises a symbiotic and advisory relationship. The Norwegian government mandates charities to invest their cash in ethical funds, cited as a key motivation for the public to confidently donate and participate in the voluntary sector to the extent where Norwegian charities now manage in excess of 85 billion NOK (approximately $14.5 billion AUD) of community funds (Kreander, Beattie, & McPhail, 2010). This promotes a greater level of public trust in these charities (Kreander et al., 2010).

There is some consensus among scholars that in Scandinavian countries, governments, charities and the public have an advanced accord, both structurally and philosophically, towards the needy in their communities (Anttonen & Sipilä, 1995; Esping-Andersen & Korpi, 1986). Research using Scandinavia as a benchmark is qualified, beginning with the distinction between welfare and charity, with the level of charity being a component of the total degree of welfare in a society (Esping-Anderson, 1991). There is a tendency for scholars to group these together in their analyses (Goul, 1993; Therborn, 1995), which may mask as much as it reveals in terms of specific and effective charitable programmes as opposed to, more broadly, welfare programmes.

A further qualification is required. Baldwin stated, “typologizing is the lowest form of intellectual endeavour” (1994, p. 1), but this practice has dominated social science research about welfare regimes since the 1960’s (Abrahamson, 1996). Therefore, Australian practitioners seeking to establish a successful strategy must be able to understand and negotiate the varying criteria being used to model and thematise welfare regimes. For example, Andersen (1991) and Kosonen (1992) describe a
Nordic welfare model as opposed to a continental model, which distinguishes their examination geographically, not based on political ideology. In contrast, the much-cited three-part typology described by Esping-Andersen (1991) is explicitly defined by political ideologies: social democratic, conservative and liberal.

This informs this paper by suggesting for the conclusion that, political uncertainty in Australia means a more productive three-part relationship between governments/charities and the donating public, akin to the Scandinavian philosophy, cannot be constructed, but it is worth their time discussing. Political upheaval at all governmental levels is a reality for charities in Australia, which may help build and propagate unique cultural characteristics and professional disciplines within their organisations, such as mastering the subtle art of pursuing legal action against a government department that is also the primary source of their funds (Ashford, 2012).

For the relationship between charities and their governments to be more engaged and better structured, research in Australia about social welfare and social capital must begin at a rudimentary level. Furthermore, change practitioners must understand that, at least in comparison to Scandinavia, Australian research is behind the times, to the point where Australian socio-economic scholars have not tried the preliminary task of explaining the connections and distinctions between welfare and charity. Depending on how this is defined and explained, one simple possibility emerging from this may be to conclude that the higher the degree of welfare, the less there is a need for charity, which of itself has driven charities in other countries to lobby and partner with governments more effectively.

However, the task for strategy managers is not so much defining social capital as understanding it and its influence on the strategy design process. Putnam’s (2000) US-based Social Capital Community Benchmark Survey measured everything from time spent with friends, giving blood, participating in various groups and associations, levels of trust, to participation in group arts and group sports, and the diversity of friendship patterns (Putnam, 2001). This is relevant because of Putnam’s underpinning philosophy of recognising social capital as a connective force, most suitably measured by the participation of the general population in the third sector, both in volunteerism and financial contribution. Notably, this definition excludes
government contributions to charity, financial and legislative, which may be more suitably calibrated using analyses based on social welfare. In fact, authors generally correlate a high incidence and prevalence of social capital with charities having less requirement to seek their own funding (Durlauf, 2002; Glaeser, Laibson, & Sacerdote, 2002; Rooney, Steinberg, & Schervish, 2004).

2.2.2 Conclusion to the Australian Context

The current position for Australian charities, and researchers concerned with them, is complex and difficult. At the core of this lies intense competition (driving a declining share of public donations), new and changing legislation, and flat economic conditions. In these circumstances, recalling that the entire history of research and practice-based strategy change is littered with conceptual obsolescence and costly mistakes (www.changeleadersnetwork.com), the challenges of providing a relevant and understandable change model are substantial.

Before commencing the following section, 2.3 Mission and Vision Statements, it is appropriate and possible to summarise the Australian context and link this to mission and vision statements by observing that Australia lags behind other nations, notably in Scandinavia, in terms of social capital (however this is defined), meaning that the opportunities for innovative strategic relationships with governments are most likely less than those for other nations. In this context, mission and vision statements, the defining apex of strategic change, must be understood within their realistic scope.

This confines change leaders in Australia to constructing strategy change, and therefore vision and mission statements, within the limitations imposed by increasingly scrutinous governments. This reality is largely contradictory to neoliberal policies that, at their core, assign charities (and other organisations) the task of surviving independently and invite innovation to achieve this.

2.3 Mission and Vision Statements

Literature about mission statements for both the private and charitable sectors is relatively young. During the 1960s and 1970s unique positioning and mission research was pioneered in the private sector marketing journals by Alpert and Gatty (1969) and Ries and Trout (1972). However, as Chew (2006) observes, it was not
until the 1990s that cases of mission statements and, related to this, unique positioning by charitable organisations appeared in the non-profit marketing/strategy literature (Maple, 2013; Roberts-Wray, 1994; Saxton, 1996). Even with this delayed recognition, much of the literature produced lacked suitable theoretical frameworks and empirical studies to guide positioning research and to inform charity management practice (Chew, 2006).

Across all organisation types, before 2000, few researchers sought to link mission statements to the organisation’s performance. Studies on mission statements in the for-profit sectors tended to analyse their content and characteristics, relying primarily on frequency analysis for stating what the principal components should be (Bart & Tabone, 1999). This created disagreement among scholars and managers about which components should be included in a mission statement (Bart & Tabone, 1999).

The recency of this literature, combined with the rigorous debate about their form, measuring their effectiveness, and use in actively evolving environments, means it is understandable that researchers and organisations often combine missions and visions in to the one process, (Porter, 1980). An example of a combined vision/mission statement is Hilton Hotels’, which states:

Building on our rich heritage, and the strength of the Hilton Brand, we will make our hotels the first choice of the world’s travellers in a competitive global market. We will achieve this vision through aggressive expansion, leveraging our resources, fast, focused and flexible delivery of innovative products, services and processes, consistently exceeding expectations, empowerment through training and accountability, continuously improving our balanced score card. The result: a world-class brand and loyal customers, our shareholders/owners, the community, the strategic partners, and our Hilton Team members. (Sufi & Lyons, 2003, p. 256)

The incidence of combining mission and vision statements in both literature and in practice, in addition to their interdependent relationship, makes this practice acceptable and often practical for charities, on the proviso that their critical two purposes are included: where do we want to go (vision), and how do we achieve this (mission)? It is also interesting to see these two purposes separated but combined under recent strategy models, such as the technique used by the international consultancy, Roland Berger (refer Figure 2.4), where the vision, mission (and goals) fall under the banner process of “Target Planning”.

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Despite no two authors using the same operational definition of mission or vision, prior literature allows for a synthesis of their purpose in the strategy planning process (Rigby, 2005). This is summarised as articulating the organisation’s purpose, reason for existence, values and goals. This could assume a multitude of forms, but the specificity of a charity’s purpose must be preserved, making a generic mission/vision inappropriate.

Frequently seen as forming two parts of the same concept (Chun & Davies, 2001; Davies & Glaister, 1997; Stocklin, 2012; www.psychologytoday.com), mission and vision statements must be the starting point of strategy formulation for charities. Because many authors do not distinguish between the two (Chun & Davies, 2001; Stocklin, 2012) it is important to establish a definition for each and understand the finely delineated line between them and how each of these (mission and vision) may also be seen as forming one process. This is demonstrated in the vision for the charity, Autism Spectrum Australia (www.autismspectrum.org.au). Its vision is:

The best opportunities for people on the autism spectrum” (www.autismspectrum.org.au), emphasising an end-goal: a desired vision of the impact of its work and beliefs. Autism Spectrum Australia’s mission complements its vision, “We deliver person-centred solutions, which are flexible, responsive and evidence-informed, with people of all ages on the autism spectrum and their families. (www.autismspectrum.org.au)
This identifies what other recent scholars have recognised as a symbiotic relationship between the organisation’s vision and its mission (Campagna & Fernandez, 2007; Sauntson & Morrish, 2010), helping to explain why these are frequently used interchangeably, or combined into one. The vision statement expresses the organisation’s desired goal and its reason for existence, while a mission statement provides an overview of the plans to realise the vision. Additional, overseas examples also mirror this ideal as shown below (Figure 2.5).

**Biloxi AIDS Service Organization**

**Vision:** Our ultimate goal is a world without HIV/AIDS.

**Mission:** The mission of the Biloxi AIDS Service Organization is to help people both infected and affected by HIV/AIDS to secure adequate nutritional and health support to enhance their lives.

**Figure 2.5: Biloxi AIDS Service Organization Vision and Mission Statements.**

(www.idealist.org)

The above is a nuanced update of the work of earlier scholars, who realised the mission statement must have a strong and lasting impact on an organisation and represent the building blocks to realising the organisation’s vision (Baetz & Bart, 1996; Campbell, Devine, & Young, 1990; Davies & Glaister, 1997; Klemm, Sanderson, & Luffman, 1991). Davies and Glaister (1997) were among the first researchers to identify the interrelated purposes and interdependence of mission and vision statements, based on their research on the relationship between the mission statements of UK-based business schools and their planning processes.

### 2.3.1 Mission and Vision in Charities

Two primary forces have driven the overseas literature concerning mission and vision statements for charities in the last twenty years. The first of these is a growing awareness by scholars of the overall importance of mission statements (Bart & Tabone, 1999; Hess, Rogovsky, & Dunfee, 2002; Mosner, 1995). Secondly, the genuine need for more funds, augmented by the higher visibility afforded through the internet, has made charities realise the need for a laudable vision that appeals to the donating public (Forehand, 2000; Key & Popkin, 1998; Vandijck, Desmidt, & Buelens, 2007).
It is more suitable to identify this as stage one of strategic planning and to recognise, as summarised by a ground-breaking study on charitable health providers in Canada, the following summation of their purpose:

…a mission statement is a formalized document defining an organization's unique and enduring purpose. "Why do we exist?" "What is our purpose?" and "What do we want to achieve?" are some of the fundamental questions that a mission statement aims to answer. In so doing, a mission statement becomes central to every organization's management and hence serves two main purposes: to provide a focused guide for decision-making and to motivate and inspire employees toward common objectives. Mission statements, moreover, are differentiated from objectives and other strategic statements due to their lack of a time frame, their lack of specific quantitative measurements, and their passionate language. (Bart & Tabone, 1999, p. 19)

The importance of a mission statement is irrefutable. It represents the purpose of the organisation, galvanizes shareholders and stakeholders and sets a strategic path and purpose. If the mission is unclear, there is a real danger, as identified by Mintzberg, of a gap occurring between the organisation's intended and realised strategy (Mintzberg, 1987). For the charitable sector, the Centre for Effective Philanthropy identified some key differences from the approach adopted by corporate strategies, such as their approach to unique positioning, to be successful in a competitive external environment (www.mentoringcanada.ca). This is consistent with corporate theory, which typically connects an organisation’s strategy with commentary regarding its competition and unique position within its mission statement.

When deciding on a suitable mission/vision, its internal acceptance is critical (Morphew & Hartley, 2006). In their study on mission statements in North American charities, Brown and Yoshioka (2003) identified three basic principles influencing employee attitudes toward the mission: awareness, agreement, and alignment. First, the mission must be salient in the employees’ minds. Second, employees must agree with the expressed purpose and values of the organisation because, if employees are going to work diligently for what may be lower compensation, they need to perceive agreement between their values and the organisation’s. Third, employees must see a connection between their work and the fulfilment of that mission.

Hartley (2014) was one of the first researchers to fuse the external benefits of an internally well-regarded mission by observing that a shared mission has the capacity
to inspire and motivate those within an organisation to communicate its values to external constituents. This speaks for the self-perpetuating benefits derived from including more staff when deciding on a mission.

To be sure, mission statements are not universally supported by scholars (Chait, 1979; Davies, 1986; Delucchi, 1997), or even used by all organisations, for example the global computer giant, Dell. Beginning with the well-known strategist, Peter Drucker (1973), corporate America started seriously researching and discussing statements about forty years ago. Drucker’s analysis, based on American educational institutions, suggested the explicit purpose of a mission statement is to express an organisational vision and that this is necessary to unite organisations around a common cause. This is a reasonable claim, supported by subsequent research (Caruthers & Lott, 1981; Lenning & Micek, 1976; Martin, 1985; Schwerin, 1980). However, as suggested by Morphew and Hartley (2006), this research on the utility of missions is limited because it provides little empirical evidence on why mission statements are good, or, as Davies notes, it fails to recognise “the unexamined presuppositions upon which they are grounded” (1986, p. 85).

A synthesis of the above for Australian charities is that their mission must be a unifying force, appeal to the public and key external constituents, and it must represent institutional values that place the organisation in the strongest possible position to survive and be able to continue to provide its services to the needy. It has been established that mission statements can be valuable and positively differentiate charities, which begs the question of how nuanced do mission statements for charities need to be? A rigid mission may focus the efforts of the charity but may stifle innovation, or, worse still, become inappropriate in a volatile climate.

One response is to emphasise granularity, for example, by specifying target clients or areas of expertise. However, for charities, it is also important that it is simple and crisp to ensure its appeal to potential donors, users, staff and governments. Many real-life mission statements highlight this and are notable for their simplicity, nobility and flexibility in terms of how they will be achieved. For example, the goal of the Juvenile Diabetes Research Foundation (JDRF) is “To find a cure for diabetes and its complications through the support of research” (www.jdrf.com).
JDRF’s goal is laudable and desired by those with type one and type two diabetes and their families across the world. JDRF also recognises, but does not specifically state in its mission, that the eventual cure may come from not only a range of different sources, but a range of different concepts (for example, cell-regeneration, beta cell transplantation or cultivation, or a mechanical pancreas). This is the appropriate mentality for charities to adopt when constructing their mission: the goal must resonate and be robust, but there needs to be flexibility about how to accomplish it.

Turning to the corporate world, this approach is evident with the global soft drink company, Coca-Cola. Its 2020 corporate roadmap reads:

The world is changing all around us. To continue to thrive as a business over the next ten years and beyond, we must look ahead, understand the trends and forces that will shape our business in the future and move swiftly to prepare for what's to come. We must get ready for tomorrow today. That's what our 2020 Vision is all about. It creates a long-term destination for our business and provides us with a "Roadmap" for winning together with our bottling partners. (www.coca-colacompany.com)

Established in 1886, Coca-Cola recognises that a mission/vision can be durable and almost unchanged (much like its globally recognised logo, which has barely altered in over 100 years), but the means for this to be achieved requires innovation. Coke also provides an excellent example of the mission and vision being the starting point of organisational strategy:

**Our Mission:** Our Roadmap starts with our mission, which is enduring. It declares our purpose as a company and serves as the standard against which we weigh our actions and decisions.

**Our Vision:** Our vision serves as the framework for our Roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth. (www.coca-colacompany.com)

The details of the mission and vision reflect Coke’s innovative and changing approaches to enable the organisation to achieve them. For example, in 2009 Coca-Cola added two distinctly global and non-profit themed components to its mission and its vision: “To inspire moments of optimism and happiness” (mission) and “Be a responsible citizen that makes a difference by helping build and support sustainable communities” (vision) (www.coca-colacompany.com).
As a result of this, in 2012, The Coca-Cola Company was recognised by the Cannes Festival of Creativity as its Creative Marketer of the Year (www.forbes.com). In fact, Coca-Cola won a record 30 Lions with two Grand Prix recognitions. Most importantly, these spanned across multiple award categories (Mobile, Out-of-Home, TV, Integrated), brands (Coca-Cola, Coca-Cola Zero, Sprite) and geographies (Latin America, Asia Pacific, North America) (www.forbes.com).

Historic examples from the charitable sector mirror Coca Colas’ approach. ‘March of Dimes’ states its mission as being, “We help moms have full-term pregnancies and research the problems that threaten the health of babies” (www.marchofdimes.org).

Once again, this is a long-established organisation (founded in 1938 by US President Franklin Roosevelt), whose original mission and goals have not changed, but the charity has evolved to meet them, in this case by adopting and practicing the latest research coming from the fast-growing area of medical research.

An enhanced awareness of their external environment (Environmental Scanning, Porter, 1980) informs charities in Australia about more appropriately understanding and then constructing their vision/mission statements during the “Mission and Objectives” stage (Porter, 1980). This does not consign the mission/vision to being less noble because charities operate in challenging circumstances. Rather, the mission must be realistic and achievable in light of these circumstances, which, as will be shown with the example of Tweddle, can significantly increase the grandeur and reach of the vision if it is appropriately executed and embraced (Mason, 1996; Pearce & David, 1987; Sheehan, 1996).

With the characteristics of an ideal mission/vision statement established and identified as the first step of a durable strategy process, the focus now turns to examining the remaining elements of the strategy process. An abundance of authors and organisations have considered this (Johnson, Scholes, & Whittington, 2008; Lam & Schaubroeck, 1998; Porter, 1980; Porter & Kramer, 2006), but no model has emerged that is regarded, or was ever intended, to be universally applicable.

However, it is widely agreed that organisations will benefit from committing themselves to a strategy that describes their mission and vision (Farrugia, Petrisor, Farrokhyyar, & Bhandari, 2010; Moore, 2000; Morphew & Hartley, 2006; Sterling,
Regarding this, up until the early 2000s, many authors perceived that the most well developed and commonly relied upon models for developing organisational strategies originated in the private sector (Argyres & McGahan, 2002; Moore, 2000).

Moore (2000) articulated the two critical mismatches contained in the assumption that private sector missions/values, from which unique positioning is considered, apply in the charitable sector. Firstly, the value provided by charities lies in the achievement of social purposes for which no revenue stream is readily apparent. Secondly, non-profit organisations usually receive revenues from sources other than customers purchasing products and services. In these circumstances, Moore argued that a charity’s mission must focus on a compelling social purpose (Moore, 2000).

Building on this Kaplan, co-author of the Balanced Scorecard, wrote, “the topic of accountability and performance measurement has become urgent for non-profit organizations as they encounter increasing competition from a proliferating number of agencies, all competing for scarce donor, foundation, and government funding” (Kaplan, 2001, p. 353). Kaplan’s focus was suitable performance measurements for charities, but unique positioning provides a clear link between Moore and Kaplan. In a competitive environment, an organisation is better placed to measure and achieve its mission when it understands its competition and external environments, and uniquely positions itself to succeed.

This is informative for Chapter 5 (Model for Strategic Change) in a number of important ways. In the first instance, it informs charities of the need for their mission/vision to embody laudable, appealing and robust aspirations, underpinned by a sensible business plan and to understand the mission/vision as the apex of their strategy.

Moreover, as the corporate example of Coca-Cola demonstrates, an enduring vision/mission has the potential of longevity, likely attracting increasing following and providing the philosophical basis for charities to continue to change their tactics, products and services, not their values. This notion also emerges in examinations about the merits, or otherwise, of merging with another charity; the essential specialness and appeal of participating charities must not be diluted, or eliminated,
and this must be made clear to all internal and external shareholders and stakeholders considering merging.

In a more practical context, visions/missions are not only aspirational strategic statements, but are products of realistic business planning, which invites and encourages traditional for-profit practices concerning progress measurement, for example Kaplan and Norton’s Balanced Scorecard (Kaplan & Norton, 1996). One of the additional advantages of this, and similar, examples is it is low cost for charities, as well as being a widely respected measurement tool.

2.4 Unique Positioning and Competitiveness

Unique positioning should link inextricably to the organisation’s vision/mission statement (Mintzberg & Lampel, 1999). This makes observations made by Bain & Company (“Bain”, “Bain & Co”) about the evolution of mission statements relevant and noteworthy. This international management consultancy acknowledged that mission statements had been the preeminent tool used by senior managers responsible for strategy design and implementation since the mid-1980s in the for-profit sectors (Bain & Co, 1994). Despite this, there was very little literature or practitioner-based research devoted to linking the mission’s content with an organisation’s performance, and, therefore, the importance of unique positioning in order to achieve the mission was underestimated (Bain & Co, 1994). For charities there was an even greater disconnect because of the lack of information on not-for-profit sector mission statements (Bain & Co, 1994).

Therefore, it is pleasing to see some progression since this time (1994) concerning missions and unique positioning in charities, including in Australia. The mission statement for the Victorian charity, Communication Rights Australia, reads:

Communication Rights Australia is a human rights advocacy and information organisation for people with little or no speech.

We bear witness to human rights infringements; we take action with, or on behalf of the individual or group; and we bring necessary change to protect their future rights.

Communication Rights Australia will strive for a world free of discrimination for the people we represent. (www.caus.com.au)
This mission statement uniquely positions Communication Rights as a service protecting the rights of people with birth and acquired communication disabilities, under the auspices of the United Nations Human Rights Charter. This is unique because there is no other provider of this service in Australia. Additionally, there is no direct or implied mention of a financial/bottom-line imperative that invariably underpins for-profit organisations, such as the multi-national fast-food conglomerate, McDonalds:

McDonald's brand mission is to be our customers' favorite place and way to eat and drink...our worldwide operations are aligned around a global strategy called the Plan to Win, which centers on an exceptional customer experience-People, Products, Place, Price and Promotion. (www.inc.com)

McDonald’s positioning and related offering is not unique because of the abundance of franchised and non-franchised fast-food restaurants that consumers can consider. Moreover, McDonalds’ “Plan to Win” is a clear reference to a bottom-line, profit-based goal, highlighted in an internal marketing plan customised under “Plan to Win” for McDonald’s operators across North Carolina. This reads, “In 2011 we remain committed to executing the Plan to Win together. Our collective focus on People, Operations, Profit, and Marketing and maintaining alignment across the Region will accelerate our business and increase profitability” (www.google.com). As expected, McDonalds’ goals focus specifically on revenue: sales, cash flow and market share (www.google.com). In contrast, Communication Rights Australia uses a mission that is philosophically rooted in protecting human rights and is not diagnostic about how to achieve this.

Communication Rights mission (and others to be examined) suggests the more exclusive (“unique”) the unique position is, the more it serves a vital purpose/s and the more protected and valuable the charity may be. In the language of corporate strategy, this is a “barrier to entry”. Literature about this concept emanates almost entirely from for-profit interests (Geroski, Gilbert, & Jacquemin, 1990; Weizsäcker, 2012) and intuitively gravitates to a financially defined purpose. However, it does reinforce the concept of competition, which charities need to understand.
2.4.1 Unique Positioning and Competition

Theories of competition and business strategy over the last half-century reveal a linear development of early work by academics and consultants, which is relevant to this literature review and subsequent interview-based research (Ghemawat, 2002). Porter elevated this to its most visible historic point to date by his five-force analysis (Porter, 1979), a framework that analyses the level of competition within an industry, and business strategy development (see Figure 2.6 below).

![Five-force Analysis](image)

**Figure 2.6: Five-force Analysis. (adapted from Porter, 1979)**

Porter’s model is significant for charities, its relevance beginning with its core assertion that no organisation can be unaware or unprepared about its external environment and competition. This may seem obvious, but the example of the Comic Relief charity, which originated in 1985 in the United Kingdom, provides meaningful insight into how a full understanding and management of competition can truly enhance a charity’s unique position and fuel growth.

Most recognised for its Red-Nose Day initiative, Comic Relief has raised in excess of one billion pounds in thirty years (www.comicrelief.com). Founder, Jane Tewson, was motivated to differentiate her charity because of her experiences of surviving cancer, being declared clinically dead in a Sudanese refugee camp, and having profound dyslexia. Tewson believed that by emphasising the disease, and not the person, charities, regardless of their purpose, did not differentiate themselves,
thereby inadvertently enhancing competition and weakening their own unique position in the process (www.smh.com.au).

Comic Relief’s vision of “a just world without poverty” (www.comicrelief.com) does not seem unique initially because of the large number of other charities dedicated to similar causes (for example, Concern Worldwide US). However, in an almost contradictory way, the magnitude of Comic Relief’s vision affords it profound specificity: of all the other charities with a turnover higher than (converted) AUD $175 million (Comic Relief: Trustees’ Report & Financial Statements, 2013), each has a more qualified vision. For example, International Rescue Committee, with a turnover (converted) of AUD $825 million (International Rescue Committee, Inc., 2014), confines itself to assisting victims of violence and oppression in 42 countries.

Historically, failures by for-profit organisations to uniquely position to combat competition has often led to the organisation folding. Of many possible examples, the collapse of Ansett in 2001 in Australia is widely attributed to a failure by the airline to acknowledge Qantas Airlines, who had largely been an international carrier up to that point, and other start-ups, like Virgin (www.theaustralian.com.au). Competition strategies also extend beyond simply being aware of competitors. In the corporate sector, it is insufficient to only provide a desirable product or service because the desirability of the product/service will inevitably invite competition. The cutthroat competition between technology firms over the last thirty years is testament to this.

The research about competition in charities is less developed and understood in literature (than for-profit organisations) and the economic and political environments for Australian charities means the strategic changes they require have been identified as a hybrid of “planned changes” and “forced changes”. (Mazmanian, Daffron, Johnson, Davis, & Kantrowitz, 1998). The first of these (“planned changes”) refers to the purposeful efforts of the organisation’s members and constituents, for example ongoing refreshment to strategic and business plans. “Forced changes” are those demanded by environmental or uncontrollable forces, such as compliance requirements imposed by governments and/or a weak economy.
The primary rationale for the use of positioning by commercial organisations is to create a competitive advantage over rival providers of similar services. However, there are different schools of thought concerning competitive strategies in charities. Some authors suggest that actual competition between voluntary organisations for funds, volunteers and contracts is common (Courtney, 2002; Herman, 1994), and should be encouraged. Others observe that charitable organisations are traditionally uncomfortable with the notion of competition (Bruce, 1998; Hibbert, 1995).

Addressing the challenges of combining unique positioning, to one extent or another, as a tool to combat competition for charities should begin by recognising two fundamental points about unique positioning. Firstly, it is a key element of the strategy process (Lovelock & Weinberg, 1990; Porter, 1980) and, more recently, part of the marketing process too (Andreasen & Kotler, 2003). Secondly, researchers and practitioners need to understand the forces driving the need and form of positioning by considering the prevailing internal and external circumstances that impact charities.

Chew’s (2006) study of the UK charitable sector warned unique positioning for charities can be too specific, leading to high costs and confusion about strategic direction and change. There is little evidence of this in Australia (www.probonoaustralia.com.au) and examples of comparative specificity, for example the R.S.P.C.A, are precise in purpose, but not detailed about how their mission and vision will be achieved. Its Australian mission statement reads, “To prevent cruelty to animals by actively promoting their care and protection” (www.rspca.org.au). This vision is clear and noble, but relies on its mission statement to describe conceptually how to accomplish it, “To be the leading authority in animal care and protection” (www.rspca.org.au).

The preceding discussion has examined the onerous nature of compliance and the importance of unique positioning, and its relationship with mission and vision statements. However, with charities increasingly recording losses and operating with low financial resources, their survival is not guaranteed. This realisation is the primary reason that over 30% of Australian charities have investigated merging in the last twelve months (La Piana, 2015; www.probonoaustralia.com.au).
2.4.1.1 Mergers and acquisitions

Kansal and Chandani succinctly summarise the clear connection between strategic change management and strategy and mergers and acquisitions and the clear behavioural overlap between these:

The on-going dance of merger and acquisition happening every week is hard to miss. But it has been found that most mergers and acquisition fail because of poor handling of change management and strategy. The major reasons that lead to change are system dynamics, structure-focused changed, person-focused change, and profitability issues. The resistance to change can be attributed to the lack of communication, no clear vision, no proper reward system, confusion and frustration, force of habit, fear of unknown, fear of insecurity, loss of competency and lack of support. (Kansal & Chandani, 2014:208).

A pertinent first example of this is the integrity of the mission and the unique position of the charity/s must be preserved for charities considering merging. A noble mission generates a positive organisational culture, reinforces the organisations’ unique position and resonates with the donating public (Bart & Tabone, 1999; Rigby, 2005). These critical attributes promote the organisation’s longevity and internal culture (Bart & Tabone, 1999; Rigby, 2005).

Merging with competitors and other organisations is common practice in the for-profit sector. In 2016 alone, the New York Stock Exchange facilitated over US $200 billion in mergers, including AT&T and Time Warner, Microsoft and LinkedIn, and Shire and Baxalta (www.investopedia.com). This aligns with classic free enterprise and neo-liberalism ideals that encourage change, countering competition, and addressing consumer needs by almost any means necessary. No charity is large enough that it needs to consider a merger of the magnitude of the examples provided, however, examples from the charitable sector of mergers and other unions reveal some of the key elements of both successful and failed mergers. Charities do need to reconsider their revenue generation strategies (www.probonoaustralia.com.au), which includes actively seeking mergers with other charities and for-profit bodies, the latter of which is known as a “social enterprise merger” (www.theguardian.com).

Commentators isolate cultural alignment and attitude as the most critical key success factors that charities should consider prior to merging (www.theguardian.com) and
recent examples from the United Kingdom emphasise this. The 2008 partnership between disability advocacy organisations, Advocacy Partners and Speaking Up, has been a success (www.theguardian.com). Craig Dearden-Phillips, Speaking Up founder, regards the key to this being the alignment of the two bodies in terms of mission, strategy and culture (www.theguardian.com). It is revealing to observe that relevant and cost-saving synergies, such as resource sharing and system consolidation, were regarded as secondary in importance (www.theguardian.com.). Colloquially described, ‘the cultural fit’ was more important than the technical efficiencies gained in the merged entity.

It is equally instructive to learn from failed charitable mergers. When key success factors are absent or mismanaged, organisations considering merging are then better informed. For example, in 2002, the deal uniting homelessness charities Shelter and Crisis in the United Kingdom failed because the latter felt its ethos and focus on Christmas would disappear (www.theguardian.com).

Examples like this emphasise the close and overlapping connections that characterise strategy, organisational culture and unique positioning. For Shelter and Crisis, a weakened and fragmented culture was a key driver of failure: a diminished organisational morale, a critical component driving organisational culture, resulted because staff sensed a dilution of the unique position and mission of each charity after the merger.

Relying once more on juxtaposing from comparable, for-profit based research, Denison, Lief and Ward (2004) identify this connectivity for charities. Using Denison’s own organisational culture survey tool (The Denison Organizational Culture Survey, refer Appendix 2 - Deninson), their research demonstrates a correlation between an internally respected and understood unique position, positive organisational culture and strategic change success. Although based on small family businesses in the for-profit sectors, the comparable size and sense of purpose shared between such businesses and small charities is relevant to this research.

The motivation of profit-based organisations for merging is invariably to increase shareholder financial returns as its primary goal. Beyond this, in the private sector, there is growing evidence that successful mergers, as measured by bottom-line
growth, are more likely to succeed when the phenomena identified above exist: firstly, the merging organisations have retained the core of their original unique position in their markets. Secondly, the impact of the merging cultures has not been divisive.

A cursory examination of the merger between Walt Disney and Pixar in 2006 highlights this. Prior to formally joining, Disney had released all of Pixar’s movies, suggesting a pre-established ability to work together based on a respect and understanding about how each organisation could facilitate the unique offering and growth of the other (www.moneycnn.com). Measured economically, this merger has been a tremendous success with box-office figures exceeding $4 billion USD (www.moneycnn.com), but the forces behind this result are rooted in leadership, culture and a substantially shared mission; using dramatic creativity to create wealth for shareholders. In other words, there was little conflict between the critical success factors of mission enhancement, cultural alignment and unique positioning.

In the first instance, the creative force behind Pixar, Steve Jobs, was welcomed as a board member of Disney, following which John Lasseter, the respected creative director at Pixar, re-joined Disney as chief creative officer for the company's combined animated studios. This created a synergy, described by Disney CEO, Robert Iger, as “the addition of Pixar significantly enhances Disney animation, which is a critical creative engine for driving growth across our businesses” (www.moneycnn.com). This example also emphasises the importance of organisational culture when merging.

In Australia it is interesting to note that, of the 30 Australian companies that merged in 2012 (as approved by the Australian Consumer Competition Commission), 25 of these involved an overseas company, usually as the dominant or acquiring entity, for example, the purchase of Pinion by Microsoft (www.nortonrosefulbright.com.au). This suggests an overall inexperience on the part of Australian organisations, at least as the dominant partner, which extends to the charitable sector.

Despite this, George Liacos wrote,

With policy and demand shifts, Mergers and Acquisitions are inevitable for the survival of many NFPs. This activity is intimidating and requires a lot of
commitment. Due diligence and aligning interests are paramount. The power balance is tricky but worth the effort to nut out to avoid hostile takeovers. There is much to gain from these bold moves, however, from economies of scale, extended reach and multiplied impact (www.probonoaustralia.com.au).

It is correct to acknowledge both that merging is difficult and that consolidating back-of-house functions can bring about cost savings. However, Liacos is coming from a position of what he perceives to be pragmatic inevitability, as opposed to the Disney/Pixar model, which imagined and then produced a profoundly enhanced, synergistic model, characterised by advanced innovation and creativity as the key growth catalysts.

There are opposing opinions about the merits of merging for Australian charities. Alan Greig from Social Business Australia said,

> Mergers amongst Not for Profits will have the downside of an even more concentrated and less innovative charity sector. Maintaining strong links to communities through shared ownership and participation structures builds civil society and social capital…The cooperative sector’s view is that it is better to have greater variety of charities and Not for Profits servicing a wider range of interest groups and customer bases – and cooperating more creatively on service development – than fewer organisations competing on a larger scale. (www.probonoaustralia.com.au)

A recent example of a merger in the Australian charity sector has been highly successful to date (www.probonoaustralia.com.au). The 2015 union of Good Beginnings Australia and Save the Children Australia demonstrates that mergers can succeed, but only when the critical success factors discussed are present: undiminished missions, an enhanced service offer to that which existed previously, motivating (and motivated) cultures and back-office efficiencies. Critically, their individual unique position/offering emerged enhanced after their union. Together Good Beginnings, which specialises in providing early intervention and practical parenting programs for children and their families in disadvantaged communities, and Save the Children, which works around Australia and in more than 120 countries around the world, are now able to reach even more of Australia's and the world’s most vulnerable children.

As observed by the CEO of Good Beginnings Australia, Jayne Meyer Tucker,
Not every child in Australia grows up safe, happy and healthy. There are no simple answers or quick fixes to the complex issues that children face in vulnerable communities. That's why we have been working on a 10-year strategy. Now, by joining with Save the Children an opportunity exists to leverage our joint expertise and local knowledge. Together we can broaden our reach, drive systemic change and become greater advocates for children and their rights. (www.savethechildren.org.au)

The implicit importance of meaningful and engaging mission and vision statements is evident in the above quote, which clearly also reflects their unique positions were not compromised post-merger. In this example, their broad goal is the same, to intervene to protect and enhance the lives of children. From a more nuanced, or unique perspective, both organisations now have a greater customer base and intelligence to perform their specific services, and it is not coincidental that, as with the Disney/Pixar example, these organisations had previously worked effectively together in the Australian Northern Territory, where they delivered Intensive Family Support Services. This does not establish a maxim that merging entities should have a pre-existing and meaningful working relationship to be successful. However, it does hint that having previously worked effectively together suggests the passing of a litmus test of cultural alignment, improved unique positioning and shared leadership capabilities and ideals.

However, the reality is the majority of NFP entities in Australia will not merge (www.probonoaustralia.com.au). There are a number of reasons for this: it is not required, lack of professional experience, and confusion about how to approach this. Therefore, it is encouraging when organisations, with sufficient nous and pragmatism, consider options other than merging, such as forming cooperatives. The 2015 example of an enterprise cooperative formed in the Western Sydney transport sector, created through the “mutualisation” of three existing NFP community transport providers, demonstrates this. The Greater Western Sydney Community Transport Cooperative in the NFP sector is an effective programme by which charities can avoid management conflict and achieve back-of-house savings, provide greater services to the community and retain each member’s own identity and heritage (www.probonoaustralia.com.au).

The literature establishes that mergers can work in the private and charitable sectors. However, it also clearly indicates that certain pre-existing organisational phenomena
(cultural alignment, the vision and mission, and the organisation’s unique position) must emerge from the union stronger than before, or, at a minimum, unchanged. This is useful information for the research chapters and change design that follow.

2.4.1.2 Impact of government on unique positioning and competition

Australian research on forced changes imposed by government and its impact on strategy design suffers from being too compliance focused or confined to legalistic minutia (Harding, 2009). These are relevant points to consider, but there is little literature expanding on the ways the relationship between government and charity could be more synergistic, such as that in Scandinavian countries. Even if this literature existed, writers contend that a constructive relationship between government and charities in Australia is impossible due to turbulent and demanding governments (Dimitrov, 2008; Dover & Lawrence, 2012).

However, this assertion ignores organisations like Tweddle Health Service (“Tweddle”). This charity has chosen to understand and embrace government imposed compliance as a vehicle to enhance its unique position in the community, increase its patronage and better serve its mission. Tweddle Child and Family Health Service is a Public Hospital, as defined in the Health Services Act 1988 (www.tweddle.org.au), and operates under the Australian Council on Healthcare Standards (ACHS) quality standards system EQUIP5 (www.tweddle.org.au).

Established in 1920, its mission is “to provide assistance to families during pregnancy and with children up to school age that are facing multiple challenges and are in urgent need of therapeutic support” (www.tweddle.org.au). This mission, formalised in 2000, reflects what Tweddle has been doing for almost 100 years and has the additional advantages of being nuanced and appealing to a large number of donors. Furthermore, it is robust, innovative and flexible. Genuinely reflective of Tweddle’s purpose, its mission is to be uniquely positioned to provide a suite of specialised and necessary services within the health sector.

In keeping with successful profit-based organisations, the means and forms of how Tweddle asserts its unique position are, to a large extent, powered by its strategic alliances. For example, the global IT firm, IBM, formed around the same time as
Tweddle (1911), today states its mission as being: “we strive to lead in the invention, development and manufacture of the industry's most advanced information technologies, including computer systems, software, storage systems and microelectronics. We translate these advanced technologies into value for our customers through our professional solutions, services and consulting businesses worldwide” (www.ibm.com).

Historically, each of these two organisations has collaborated with providers that enhanced their unique positioning in cost effective and customer-centric ways. In the last five years to increase its reach in commercial markets, IBM has allied with SAP, and for consumer markets, Facebook. For its part, Tweddle holds multiple, synergy-based, partnerships, including over twenty-five with hospitals and medical centres nationally, universities, and other health services, such as Beyond Blue (www.tweddle.org.au). Tweddle’s goal is similar to that of Pixar and Disney’s before, and after, merging: streamline and maximise its essential service offering in the most efficient, cost effective and profit-generating ways possible. In every sense, these are key strategic alliances. Indeed, Tweddle has maintained a long-term service agreement with the Victorian Department of Health and Human Services to administer government-supported policies that provide services, supporting vulnerable children and families from pregnancy to pre-school. This agreement has survived and grown through four changes of state premier and two changes of government.

There are clear differences between the two organisations (IBM and Tweddle), their respective sizes being the most obvious. However, it is revealing to note their philosophical similarities and consider how these have contributed to their shared longevity and success. Arguably, the most important of these is their missions and values have not fundamentally changed in their combined 200 years of operation. More to the point, the strategic changes they have made to serve their respective missions have been sensible, reflect an ability to “move with the times”, and place at their core the people they serve: customers and families, thereby perpetuating their unique position. Tweddle, which commenced as a convalescence home for new mothers in Melbourne’s west, providing the most basic of comforts such as meals and the opportunity to rest, has today evolved to include over 90-trained medical
professionals, addressing current-day issues such as family violence, mental illness, prison programmes and addictions, facilitated with key strategic alliances with local and national hospitals.

Similarly, IBM has evolved to serve its robust mission, no more so in its history than in the last ten years. Since 2005, it has exited the PC market (which it founded) and refocused on higher-value, more profitable markets such as business intelligence, data analytics, business continuity, security and cloud computing. Along the way IBM acquired Kenexa (2012) and SPSS (2009) and divested product lines like its personal computer and x86 server businesses to Lenovo (www.ibm.com). These events are high-dollar milestones in a fast-moving global industry. While it is certainly relevant to note that IBM’s ultimate goal of shareholder returns is vastly different to Tweddles’, which is community services, it is worthwhile reiterating that both organisations have not fundamentally changed their mission and continue to enhance their unique positions. Furthermore, each organisation has clear accountabilities in law: IBM to its shareholders via the various competition and consumer laws that apply in all the countries it operates in (over 100) and Tweddle, which must comply with the financial and behavioural standards demanded by the Victorian Government, through the Victorian Department of Health.

Tweddle proves it is possible for Australian charities to have a mutually beneficial relationship with their respective state and/or federal government/s. In the sense that Tweddle must conform to a raft of government designed rules and regulations this is a “master and servant” relationship. Arrangements like this are also invariably contingent on the charity demonstrating it is serving a required social purpose, which is to observe that Tweddle is acting as an agent of the Victorian government to provide essential services to the community.

The evidence in Australia suggests that existing regulatory compliance is burdensome, but it should not directly affect a charity’s right or ability to define and exercise its unique position. In fact, it only increases its importance. Drawing from Chew’s UK study (2006), the greatest impact on unique positioning for charities in Australia appears to be competition. Chew (2006) argues that competition is forcing charities to reconsider, for the first time, their sub-sectors and the wider voluntary sector for funding and other organisational resources.
The salient message for charities embarking on strategic change is they can explore the option of forming a similar relationship with a state and/or federal government. Realistically, however, charities in the first instance must ensure that their mission and vision are achievable in compliance with the prevailing legislation before their relationship with governments can advance to considering strategic alliances.

This section has considered how Australian charities can practically apply what are essentially corporate philosophies and practices in their increasingly difficult environments. For Chapter 5, which presents the change model for charities, this particularly informs the concepts of environmental scanning (5.3.2). Understanding and responding to competition and seeking to make an organisation (charity) unique is not the sole element of scanning as articulated by Porter (1980). However, it is the synthesis of scanning, meaning the ideal result of the charity understanding its political, social and economic environments, in addition to its internal capabilities and competition, is an organisation (charity) that is unique and competitive and, therefore, durable.

2.5 The Strategy Process

The word strategy derives from the Greek word stratēgos, itself a derivative of two words: stratos (army) and ago (ancient Greek for leading). In this context, strategy is a leadership plan. Preceding discussions have established that formulating the organisation’s mission/vision is the first stage in the strategy process. To begin, it is useful for small charities, where CEOs can also be CFOs, CIOs, bookkeepers and occupational health and safety officers, such as with Communication Rights Australia (Ashford, 2012), to be aware of the important differences between business planning and strategic planning. Some of these are presented below (in Table 2.1).
Table 2.1: Differences Between Business Planning and Strategic Planning

<table>
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<th>Business Planning</th>
<th>Strategic Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture philanthropists’ focus here</td>
<td>Government funding departments’ focus here</td>
</tr>
<tr>
<td>More specific to the customer</td>
<td>More specific to the organisation’s vision</td>
</tr>
<tr>
<td>Often more measurable success factors</td>
<td>Less measurable success factors (i.e. governance)</td>
</tr>
<tr>
<td>Governments do not impose standard elements, excluding solvency</td>
<td>Governments have some generic standards (e.g. governance).</td>
</tr>
</tbody>
</table>


The above table is also a reminder that the following discussion about the strategy process focusses on contextually re-stating and identifying the key elements of what this should include, not on presenting a definitive change model, which is the purpose of chapter 5. Porter’s well-known Five Stages of Strategy Planning (1980) provides a guideline for this endeavour (refer Figure 2.7 below).

![Figure 2.7: Porter’s Five Stages of Strategic Planning](image)

For plurality, Porter’s model (1980) is not universally accepted and is over 30 years old. Another criticism by writers is this model applies only to stable organisations.
and is inflexible to the level of dynamic external change and shifting customer needs in today’s economies (Grant, 2002). However, Porter’s emphasis on external factors (Environmental Scanning) is especially important for Australian charities because of the demanding and difficult nature of their political and economic environments. A greater awareness of compliance requirements and overseas trends better positions charities to refine their unique position, lobby and work with governments and be more aware of and responsive to the current political philosophies.

For charities embarking on strategic change, this is a clear reiteration of the importance of their missions being noble and resonant with stakeholders and the public at large, a concept consistently recognised by writers (Angelica, 2001; Glasrud, 2001). More than a symbol, the mission must be used and seen as a tool that provides a clear and compelling statement about the organisation’s internal and external purpose/s.

2.5.1 Key Success Factors

Winston Churchill observed, “however beautiful the strategy, you should occasionally look at the results” (www.winstonchurchill.org). Churchill realised the importance of measuring political and military strategies to ensure these had succeeded, or, when they failed, understanding the reasons for this. In the case of organisational strategy, a confronting starting point to any discussion about measuring success is, by consensus, 70% of strategic change initiatives fail (Kotter & Schlesinger, 2008). This is sufficiently high that it has created an industry in its own right, which includes the creation of global organisations, like Bridges Consultancy, that are solely devoted to remediating strategic failure. In addition to this, correcting strategic failure is now EY’s second largest revenue-producing service globally (www.ey.com), and strategic failure remediation is now a compulsory unit for students at Harvard’s respected MBA programme (www.harvard.com). There are multiple reasons for strategic failure, however, a 2009 survey by Human Resource Network (HRN) in Europe claimed poor strategy execution is responsible for 81% of strategic failures (“Top Ten Strategy Failures,” n.d., para. 1).

When considering how and when to measure success, change designers must be aware that defining strategic success or failure is elusive and multifaceted, and there
is no uniform method for their calibration. The apex of this lies in the many instances where there is simultaneous disagreement between observers about whether the same strategic initiative has succeeded or failed. An example of this is the 1996 strategic product innovation of the Ford Taurus. This was the first vehicle Ford had developed that used concurrent engineering, a system where product and manufacturing processes are designed at the same time. Because of this ingenuity, the Taurus created Ford’s highest long-term defect rate in 20 years. However, today it is regarded commercially as one of Ford’s most successful models and is still well received in the market.

Despite this confusion, it is important for charities to understand the causal links between strategic change and success. Inevitably, this assumes many forms, but, as noted by scholars, must measure the degree to which the vision/mission has been achieved (Kaplan, 2001; Parsons, 2004; Mulhare, 1999). It has also been argued that strategic change success must be measured, at least in part, by financial performance (Drucker, 1990) and it is sensible to include this as a success factor, but not disassociate this from the publicly visible mission/mission statement.

For charities, borrowing from for-profit, or even military strategy, to measure success appears to be a mismatch at first glance. It has been established for-profits focus on bottom-line growth in their missions, while charities focus on a community-based benefit, meaning two different and separate variables are being measured. Epstein and McFarlan (2011) recognised this inconsistency and explained that financial results are important for charities, but should not be included in their mission. Their argument is simple and strong: without sustainable financial results, no mission will be realised, which relates to their second assertion, which is financial metrics should incorporate dollars raised from donors because this is an important indicator of the charity’s public appeal (Epstein & McFarlan, 2011).

A key challenge of doing this, which applies equally in the for-profit sector, is non-financial measures of success are less precise and harder to measure. The difficulty that emerges is for charities to build-in robust financial performance-based metrics in their day-to-day activities, but formulate their mission around non-financial results. In response to this challenge, there is concern among some that organisations across all sectors invariably fail to identify, analyse and act on the right non-financial
measurements of strategic success (Ittner & Larcker, 2004; Maltz, Shenhar, & Reilly, 2003). Kaplan (2001) substantially agreed with this, but argued that while all organisations, including for-profits, were largely ignorant about identifying and using non-financial performance measurements, they at least recognised that financial measurements in isolation were inadequate.

Kaplan’s core argument is financial measurements record past performance only and communicate very little about long-term value creation (Kaplan, 2001). Building on the work of Forbes (1998), who argued research on performance measurement in non-profits was extensive but inconclusive, Kaplan modified his (and Norton’s) well-known Balanced Scorecard (Kaplan & Norton, 1996) in an attempt to provide meaningful, non-financial performance measurements for charities. Prior to this Forbes (1998) and Herzlinger (1995) argued that non-profit organisations should disclose non-financial quantitative measures of the quantity and quality of their services, but provided no guidance about which measures to select.

Kaplan’s (2001) study reinforces the status of the mission/vision as the first and key step in strategy design. Kaplan notes the work of Sheehan (1996), who studied philanthropic organisations and concluded that, although most had clear statements of mission, very few had developed performance measurement systems that revealed whether the organisation had an impact on its mission. In effect, the organisations had no way to distinguish whether their strategy was succeeding or failing. Because mission/vision statements originated in the for-profit sector, where bottom-line financial goals are accepted, one possible inference is strategy is easier to explain and achieve for corporate entities than for charities.

Given this, the original motivation for Kaplan and Norton’s balanced scorecard is encouraging for charities seeking to articulate non-financial performance benchmarks because its original goal is to overcome deficiencies in the financial accounting model. Kaplan and Norton (1996) argued that purely actuarial measurements fail to signal changes in the organisation’s value that are attached to skills, customers and forward-planning for new products and services (Kaplan & Norton, 1996).
In addition to recording and recognising organisational change, the underpinning philosophy of the balanced scorecard is the need to include measurements aligned to the customer’s perspective, for example turnaround times and satisfaction levels. Additionally, there is scope to measure internal satisfaction and contribution, both key drivers of organisational culture. Finally, Kaplan appropriately includes a fundamental difference that applies to charities, which is recognising donors. After all, donors are a critical source of revenue, who have a vast choice about which organisation deserves their contributions.

The charity, United Way of Southeastern New England (UWSENE), adopted and adapted Kaplan’s suggestions. Its core role is to collect funds from a broad base of donors and distribute these to community-based agencies, making it appropriate that a financial perspective is included at the top of its scorecard as shown in Figure 2.8 below.

![Figure 2.8: UWSENE Adaptation of Kaplan](googleimages.com)

This figure (2.8) places a basic strategic goal at the core of the organisation and, specific to UWSENE’s needs, asks fundamental questions about how this is achievable. However, charities need to take this further by being aware of the importance of measuring the success of strategic programmes and being able to construct and measure the milestones to achieve this. UWSENE recognised this and,
building on the conceptual framework represented in (2.7), introduced specific objectives within this framework that are measurable, and serve the organisation’s mission. It includes financial, customer, and internal measurements, supporting outcomes, which, in turn, support strategic objectives.

Some Australian charities are following this example by forging a community-centred mission, supported by the outcome-based goals of customers, staff, donors and the community (collectively, ‘stakeholders’), measured by specific results designed to facilitate the mission. For example, Barnardos Australia, a charity dedicated to protecting children from violence and trauma at home, adheres to a model containing a vision and mission statement that establishes its strategic goal:

**Our Vision:**

All children and young people will have caring families in which they can grow safely and fulfil their potential. Families, children and young people will be valued and supported by quality services and engaged communities.

**Our Mission:**

Barnardos Australia builds relationships between children, young people, their families and the community. It advocates for children and young people and contributes to community knowledge about their issues and adheres to a clear and measurable plan designed to achieve its mission. (www.barnardos.org.au)

The second element represents its stakeholder’s goals and includes aspirational and community-centric goals around “customers”, “staff”, “donors”, and “the community”. (www.barnardos.org.au).

The preceding discussion endorses robust simplicity, measurable results, and a community-centric mission, facilitated and supported by the requisite commercial disciplines and skills to enhance their chances of strategic success. However, what of strategic failure? Its high incidence has been reported by scholars (Finkelstein, 2005; Jarzabkowski & Spee, 2009), and is evident in many corporate and non-profit strategy failures. In response, charities must seek to understand the key drivers of failure to ensure their elimination, or, at a minimum, mitigation.
2.5.2 Key Failure Factors

By implication, failing to use appropriately the success factors and their measurements, as examined in 2.5.1 (Key success factors), 2.6 (Change leadership) and 2.7 (Organisational culture) presents a risk of strategic failure. In this light, no further analysis is required on these topics. At its core, this paper investigates the importance of a tailored and measured consideration of corporate change ideals, followed by a similarly nuanced and qualified strategic implementation of these for charities. By extension, the following, which describes the negative impact of either outright rejection or direct copying (of corporate change strategies by charities), are relevant examples of key failure factors.

As noted, missions and their measurement in for-profit organisations are invariably characterised by financial benchmarks. This differs for non-profits, typically driven to achieve a community-based mission. One implication of this is for change practitioners to avoid copying corporate strategies in a charity; if the mission is different, the change model must be different (Weisbrod, 2009).

This assertion is reasonable and logical, but strategy designers must be open to the corporate sector as a potential exemplar of good strategy and/or as a partner in a strategic alliance. Having two separate missions does not define one as inherently bad and the other inherently good. Additionally, it does not consign blending for-profit practices of strategic change as incompatible and inappropriate for the charitable sector. Charities must be alert to the possibilities this presents, but must also be prepared to adapt corporate ideologies to suit the needs of the charity. Indeed, Rumelt (2011) describes “bad strategy”, when organisations “ignore the power of choice” (2011, p. 2).

Rumelt elaborates by warning against fundamental mistakes frequently made by strategy designers and managers, many of which reflect confusion about how to build a strategy. Gravitating intuitively to the mission as the critical stage, Rumelt warns NFP change managers not to confuse a goal as a strategy (2011, p. 3), and to ensure their mission does not contain too many goals, or its intent is unclear (2011, p. 4).
These cautionary observations present information about what drove these errors and how charities can avoid making the same mistakes. To this end, preceding discussions about the need for charities to be aware of their external and internal environments are critical, including being alert to the possibility of consummating beneficial alliances, for example, Tweddle. A critical adjunct to this, which did not apply twenty years ago, is the need to have an online policy. Failing to have this ignores today’s paradigm, where people are increasingly seeking to find charities online. Allan Pressell, CEO of PowerSite123, which helps non-profits create websites, social media, SEO, and marketing, writes,

Even when you pursue these people (donors and other key shareholders and stakeholders) the old-fashioned way - say by meeting them at a networking event - no matter how effective a job you do of convincing them of the merits of your non-profit, sometime after that encounter they will probably try to find you online. If they can't find you online, or if they are underwhelmed by what they do find, the chances of them supporting you or engaging with you diminish. (www.guidestar.org)

As with overall organisational strategy, digital strategies (which should complement the organisation’s mission and may include online hits, twitter followers, and Facebook likes) it has been argued should contain measureable outcomes and focus on three overriding goals (www.guidestar.org). First, maximising the number of people who find the charity online. Secondly, maximise the quality of those leads. Finally, maximise conversion rates, meaning the percentage of online visitors, who become "converted" into donors and/or volunteers (www.guidestar.org).

2.5.3 Change Communication

The importance of a mission and vision, unique positioning, and key strategic milestones have been reviewed to this point. The responsibility for these, and all other facets of the strategic change process, has traditionally been assigned to the charity’s board and executives. However, smaller charities are likely to be less complex than corporate entities, meaning it may be easier for board members and executives to engage directly, and more frequently with staff and with constituents during this process. Flawed change communication is sufficiently important to have been identified as the most common cause of strategic failure (Koehler, 1987; Stewart, 2001). Additionally, Porter argues that even the most brilliant corporate strategies will not succeed if their communication is inadequate (Porter, 1980).
Authors further contend, even if the need for change is recognised internally and externally, the development of successful change communication techniques has been slow and fallen behind advances in strategy design (Christensen & Cornelissen, 2010; Nelissen & van Sale, 2008; Parent & Levitt, 2009; Petrou & Demerouti, 2010). Therefore, when commentators, such as Lüscher and Lewis (2008), argue that the ability to design and implement organisational change rests primarily on the ability of organisational leaders to communicate, the importance of effective change communication rivals that of the strategic change itself.

There is a divergence in approaches concerning the frequency and level of communication shared with employees and the proper delivery modalities to use (Kupritz & Cowell, 2011). While organisations have access to improved information-sharing technologies, these may be perceived as impersonal, thereby promoting indifference to change (Bisel, Messersmith, & Keyton, 2010). Equally, change communication strategies used successfully in one organisation may not effectively transfer to another (French & Holden, 2012).

The consensus among authors focusses on phenomena that favours smaller organisations (Summers, Humphrey, & Ferris, 2012). For example, the argument that effective communication requires an in-depth understanding of the nuances of organisational operations as well as the organisational culture (Summers et al., 2012), is positive for small, charitable organisations. One example is Inclusion Melbourne, where the CEO, Daniel Leighton, lists his additional responsibilities are being, CIO, Chief Communication Officer, Leader of Change, Chief of Community Relations and Head of Staff (Leighton, 2012).

Moreover, authors cite that communicating and mediating organisational change among staff is more successful when they unite in a sense of calling and serving the community (Dobrow, 2004; Smith, Arendt, Lahman, Settle, & Duff, 2006). Additionally, the notion of mediating, and not intermediating change, has been identified as the more successful process (Whittle, Suhomlinova, & Mueller, 2011). Muzychka (2012) presents three convincing reasons for this: firstly, there must be clarity for internal and external audiences; secondly, there must be appreciation between board and staff, and finally, there must be understanding about the role of communicating change (Muzychka, 2012 in www.simplycommunicate.com.au).
From a communication perspective, this is consistent with the notion that change communication must be designed to suit the organisation (Franken et al., 2009; Fishel, 2008). In this context, the only disadvantage charities have against corporations is a lack of resources, meaning that common communication tools such as blogs, bulletins, and advertisements, are typically too costly. This is a critical point for change leaders in charities (Fernandez & Rainey, 2006; Herman, 2011; Smillie & Hailey, 2001). In a small charitable organisation, major strategic change cannot (and should not) occur in isolation (Ashford, 2012). There is an opportunity for NFP leaders to organise and enhance the strategy process and results in ways that are not usually available to leaders in larger organisations. In this sense, charities may hold a distinct cultural advantage when undertaking strategic change.

For charities considering change, as well as sections 5.3.3 (Strategy Formulation) and 5.3.4 (Strategy Implementation), this section has identified critical factors for consideration when designing and implementing strategic change. Importantly, it has articulated for charities that the change process is malleable and flexible to pragmatism and the specific needs of the charity.

Arguably, foremost among these critical factors is that charities must understand that strategy design, implementation and change are processes, which assign milestones, measurements and responsibilities to leaders. Not only this, but change leaders in charities must acknowledge the confronting reality of the percentage of strategies that fail, however this is measured. Preventative behaviours and means are suggested to help minimise this risk, for example, charities (and for-profit organisations) are advised not to include financial measurements in their mission/vision statements. These historical figures do not articulate or embody a future desired state.

2.6 Organisational Culture

Organization culture can be a strong enabler or an insurmountable obstacle to implementing change in organizations. Most organization change efforts require some degree of culture shift. Yet changing an organization’s culture continues to be a highly challenging and often elusive endeavour. After all, culture by definition provides stability, continuity and predictability to organizational life. (Alforaboy, n.d)
Organisational culture is a widely researched topic with a wide ranging literature base stemming from organisational and social psychology to social anthropology (Davies, Nutley, & Mannion, 2000). An important acknowledgment is to report the lack of consensus within the fields of general psychology and anthropology regarding the term “culture” in the field of organisational studies. For example, Schein’s (2004) statement that organisational cultures refers to “the climate and practices the organizations develop around their handling of people, or to the espoused values and credo of an organization” (p. 11) is only partially compatible with Hofstede’s assertion that an organisational culture is “the collective programming of the mind which distinguishes the members of one organization from another” (Hofstede, 1998, p. 8).

Other researchers fundamentally dispute the basis of these views by inverting the emphasis of the origin of organisational culture to the individuals’ own external cultural environment. This records that individuals entering the organisation shape the culture of their workplace, as opposed to the culture shaping the organisation at the time they join. For this paper, organisational culture is defined as the shared value system/s of the organisation’s members.

2.6.1 Influence on Performance

Writers acknowledge the power of culture across all organisational sectors (Baird, Harrison, & Reeve, 2007; Denzin & Lincoln, 2011; Hofstede, 1998), agreeing that it can be either a powerful enabler or a major obstacle to change and, when left unattended, usually reinforces the status quo (Levin & Gottlieb, 2009). Recently, some authors have written that charities may enjoy a fundamental cultural advantage over corporations seeking change: their inherent goodwill (Kisby, 2010, pp. 484–491; Watts & McNair-Connolly, 2012).

This claim is evident in other literature about change management and strategy for charities. Dover and Lawrence (2012) reported that charities are inherently innovative and already forging best practice advances in confronting social and community issues, however, the authors fail to provide supporting examples. Conversely, other writers criticise charities for being dogmatic and outdated,
characterised by their unwillingness to adhere to some basic statutory standards, such as producing audited financial accounts (www.charteredaccountants.com.au).

Research acknowledging the influence of culture on an organisation stems primarily from the corporate sector (Baird et al., 2007; Hofstede, 1998; Levin & Gottlieb, 2009; Schraeder & Self, 2003). Indeed, one possible inference from corporate sector failures is that change programmes can be too strategic. This means designs that appear to be conceptually valid and cost effective can ignore the more amorphous, but equally important, elements of successful strategic change such as organisational culture and leadership (Schraeder & Self, 2003).

Those in need of charitable assistance, and their families, founded many small charities in Australia. One example of this is Inclusion Melbourne, which was formed by the parents of intellectually disabled children so they (the parents) could give freely of their time (Leighton, 2012). This emphasises a common and useful characteristic of organisational culture that change agents must harness: where organisations have a sense of calling, there is likely to be greater internal motivation towards the organisation moving positively forward. When change is regarded as necessary and desirable, the degree of organisational investment in the process may well be greater than in the private sector (www.ourcommunity.com.au).

From this emerges the critical challenge of leveraging NFPs’ redoubtable goodwill while also ensuring their skills and commercial disciplines are sufficiently high and consistently practised to ensure the charity survives. According to some, this challenge is not as intractable as it first appears (Watts & McNair-Connolly, 2012), for two reasons. One is that it has so rarely been formally analysed that no one can categorically measure how difficult it is (Kisby, 2010, pp. 484–491). Secondly, there is ample proof that various tools for measuring the organisation’s cultural well-being and overall performance, traditionally used in the corporate sector, such as Kaplan and Norton’s balanced scorecard (2001), have been proven across such a diverse range of for-profit sectors for 20 years that they could probably also be effectively utilised in the charitable sector (Fitzgerald & Moon, 1996).
2.6.2 Influence on Change

Similarly, further exploration of the potential commonalities between corporate change research practice and the charitable sector must consider the role of human psychology, which underlies all organisational change (Arndt, 1985 and Jackson, 1982, as cited in Wilmott, 1993, pp. 681–720). The basis of this claim is the assumption that practitioners capable of isolating and using the human factors that compel people to accept change, can use this to positively motivate and mobilise among the organisations’ members during change (Arndt, 1985 and Jackson, 1982, as cited in Wilmott, 1993, pp. 681–720).

Lewin’s Force Field Analysis (1946) (Figure 2.9), a model not traditionally applied in the charitable sector, is relevant for this purpose. Foremost a social psychologist, Lewin examined the factors (forces) that influence a situation and explained them using human behaviours (Burnes, 2004). While providing no guidance for implementation, Lewin’s model provides an adaptable, robust framework for change managers to consider; it explains the human response to change and identifies some of the forces behind this. Burnes claimed Lewin’s analysis explained how humans need to embrace change in order for organisations to progress (Burnes, 2004).

![Lewin's Force Field Analysis](image.png)

**Figure 2.9: Lewin’s Force Field Analysis**

Lewin’s model focuses on the corporate sector, meaning that judging change management and strategy success or failure must continue to challenge the popular assertion that best-practice change leadership is usually formed and practised in a for-profit organisation (Hudson, 1999; Kramer, 1981; Paton, 1996). Moreover, it is too simplistic to claim change management and strategy disciplines can be universally and effectively applied across different (and similar) sectors (Honig & Karlsson, 2004; Hutt, Walker, & Frankwick, 1995; Kotter, 2011).
Indeed, the notion that workers in charities are somehow less professional or technically capable than workers in the corporate sector is contestable (Murray, 2010). One constructive retort to this belief is recalling that change typically needs much more than merely technical skills to succeed (Shergold, 2010). In fact, organisations driven by a calling may hold a distinct cultural advantage when pursuing change against those driven by profit, irrespective of the level of their technical skills (Murray, 2010; Shergold, 2010). According to Shergold (2010), workers respect and trust leaders, who promote laudable community values and are, accordingly, more likely to trust their leaders in other endeavours, such as implementing strategic change.

Additional research endorses the theme that a workplace culture of trust, irrespective of its origin, may be more conducive to effective strategic change (Chenhall & Langfield-Smith, 2003). For example, some commentators argue shared ethnicity in a workplace positively influences the identity of the organisation’s culture because it engenders trust (Guiso, Sapienza, & Zingales, 2006). These authors surveyed individuals from various European countries within the same organisation and found that nationality and trust are intimately connected, with trust a powerful cultural force in all organisations.

To some extent, all strategic changes are forced (Moore & Manring, 2009). The demand for improved financial returns is a common force behind change in the corporate sector, but for-profit organisations are also motivated by the basic instinct of survival (Robbie, 2015). The concept of forced changes, to one degree or another, applies to charities too, perhaps with a greater emphasis on change to survive, as opposed to generate higher profits (Robbie, 2015).

Defining forced change is difficult (Schein, 2010). To the extent that it is an umbrella term for necessary change that meets with internal resistance, the challenge for charities is to isolate the source of resistance and then deal with them appropriately. One means of doing this is accessing Lewin’s Force Field Analysis, as depicted above (Figure 2.9). As explained, this model calls on organisations to structurally identify and address restraining forces (Lewin, 1946).
Following from this theme, the literature reviewed suggests the culture of small charities, driven by the ethical nature of their missions and unique positions, may be more conducive to strategic change because it (the culture) is likely to meet with less resistance. Another factor that may also better position charities towards successful strategic change is their comparatively small size. Lindsay and Rue (1980) examined the notion of a positive correlation between smaller size organisations and positive strategic change. After introducing the term, 'large-firm-bias alarm', they observed:

Another finding was that the degree of openness in long-range planning processes is directly related to the degree of environmental complexity for large firms, but inversely related for small firms......The evidence obtained from this study suggests that large businesses in a variety of industries are attempting to 'fit' their long range planning processes to their perceived environmental conditions,.....and that small firms should be considered as a separate class in this and future related studies (1980, p. 402).

The connection between the merit of the strategic change, and its effective communication, has some relationship with this finding. Some authors suggest that laudable and simple missions are typically easier to communicate and receive a higher degree of internal cultural acceptance (Huffman, 2001), which increases further when the organisation is smaller and, therefore, potentially offers more direct and fewer communication channels (Huffman, 2001).

Actual examples support this notion. At a global level, the well-documented example of Enron sends two key messages about culture and change, including change communication (Fox, 2003). Culturally it became an organisation characterised by executive sanctioned fraud and misleading accounting practices, motivated almost exclusively by a desire to keep the share price inflated and drive profits (Fox, 2003). Secondly, its strategic change endeavours, despite being named by Fortune magazine as America’s most innovative company six years in a row right up until it collapsed in 2001 (Fox, 2003), diverted from its core power-based businesses into unfamiliar, highly speculative and loss-generating fields such as weather futures. Enron lost sight of its unique position and mission and became unfocussed as a result.

The scarcity of research into the specific links connecting culture and strategy outcomes has been highlighted (Bitici et al., 2004; Lee & Yu, 2004), so it is
important to distinguish between this and the more expansive, general relationship between strategy and culture. There is more research on this topic, discussing the links between strategic initiatives and organisational culture, some of which criticises change practitioners for not understanding them (Bitici et al., 2004; Lee & Yu, 2004). In these circumstances, it is useful to analyse real-life examples, where the impact of the organisation’s culture (negative or positive) is identifiable and has influenced (negatively or positively) change initiatives. The international management consultancy, Booz & Co, found that 45% of employees across all organisation types, including government, do not think their organisations are effectively managing their culture when going through change (www.clomedia.com).

One example of this is Laura Ashley. Established in 1953 by Laura Ashley and her husband (Bernard), this global organisation fired seven CEOs in a 10-year period from the mid-1980s. Each leader was widely regarded as being unable to refresh the internal culture to accept and embrace the distinct fashion trends of that time and move away from its homely and traditional British countryside styles (www.hbr.org). The prevailing thought was that being unable to shift the culture rendered any strategic change, in this case towards retailing more up-to-date clothes, impossible to implement (www.hbr.org).

The literature review is convincing, to the point of being conclusive, about the power of organisational culture and its influence on organisations of all forms and sizes. Chapter 5, which crystallises this paper in the form of a change model, includes four fundamental change processes and their sub-processes. In each of these, culture, while not a process, has the potential to positively and negatively influence the change outcome.

For example, Table 5.3 (Strategy Formulation) requires in the pre-design stage change leaders to consider the human resource implications of change for displacement, role enhancement, willingness to participate and technical skills. Each of these fundamental considerations is critical for success and each is influenced by the attitude (read “culture”) of the staff, managers and directors. Where there is unwillingness or self-protection, this translates to apathy and failure. Similarly, a fighting esprit de corps, which charities may possess in greater to proportion to for-profit organisations, has the potential to galvanise and motivate
staff in a sense of shared participation and purpose, increasing the likelihood of strategic success.

2.7 Leadership

As far back as (circa) 1513, Niccolò Machiavelli observed in his epic 16th-century political treatise, The Prince:

And let it be noted that there is no more delicate matter to take in hand, nor more dangerous to conduct, nor more doubtful in its success, than to set up as a leader in the introduction of changes. For he who innovates will have for his enemies all those who are well off under the existing order of things, and only lukewarm supporters in those who might be better off under the new. (Machiavelli, circa 1513)

The challenges of leadership and change leadership were apparent over 500 years ago and it needs to be recognised that, today, leadership is a full-time job that can last an entire career (Gilley, Gilley, & McMillan, 2009). In contrast, major strategic change projects may take place no more than a few times during the same time-span (Huffman, 2001). Recognising this, the international management consultancy, McKinsey & Co (“McKinseys”), was motivated in 2005 to devote one of its Quarterly Reviews to analysing of the role of leaders during strategy change (www.mckinsey.com). Prior to this McKinseys had given its share of questionable strategic advice, for example, advising AT&T Bell, which had invented cell phones in the 1980s, that there was no future to mobile technology. It had witnessed countless strategic failures without any active role, for example Polaroid, and been called in, usually too late, to provide remediation for failed strategies, such as the collapse of Switzerland’s national carrier, Swissair (www.mckinsey.com).

Recognising these trends, along with the largely unforeseen impact that disruptive technology was beginning to have on organisations, McKinseys implored it readers, staff and clients to understand and embrace how important change leadership is to delivering meaningful change. The recommendations emanating from this study are prosaic in their simplicity and robust in their durability, making them potentially highly applicable for charitable change leaders (www.mckinsey.com). Relevant examples of this are presented in 2.7.1 (Leadership During Change).
2.7.1 Leadership During Change

McKinseys recognised some of the important differences between good leadership and good management, the former being the ability to motivate to deliver positive breakthroughs in performance, and the latter the ability to attain and then maintain efficient operational disciplines (www.mckinsey.com). Since bold strategies often require breakthroughs on a number of fronts, including good leadership, it follows that charities, typically smaller in size than for-profit organisations, may have an intrinsic advantage: their leaders have greater access and visibility at more levels in the organisation. McKinseys argued that leaders in smaller organisations, such as charities, must leverage the benefits of being smaller and less complex, which includes optimising the communication advantages this affords: speaking directly with staff, board members and the public about their views and explaining milestones and results in a timely and understandable manner (www.mckinsey.com).

Further important advantages, connected to the charity’s smaller size, change leaders for charities may hold are their multiple skills and willingness to work (Huffman, 2001). For leaders, change projects usually require some specific technical skills and a broad-based understanding of how the organisation functions across departments (Huffman, 2001). It follows that leaders of charities, many of whom perform multiple and diverse roles, such as the CEO of Communication Rights Australia (Ashford, 2012), may be better informed and, therefore, better able to participate in organisation-wide change. Furthermore, implementing success measurements to calibrate the change programme, for example, Kaplan & Norton’s balanced scorecard, (1996), compliance, and IT infrastructure, is important and requires detailed management, but leaders are not ordinarily required to complete these tasks in larger organisations (Sadler & Jones, 1997). Rather, as observed by Kotter in his studies on management and leadership (1990a; 1990b), management produces order and results, which keeps things working efficiently, but leadership creates and maintains meaningful change.

Both good management and leadership are required for change initiatives to succeed, but using a simply structured argument, Kotter (2011) differentiated between the two; it is the role of management to minimise risk and manage the current system well, but it is the role of leadership to create the new system (Kotter, 2011). Once
again, the recurring challenge of juxtaposing for-profit based change research in a practical context for small charities emerges with this research. The claims made above by Sadler and Jones (1997) and Kotter (2011) are valid and supported (Gill, 2002), but the financial restraints faced by small charities will often make this unrealistic, as actual examples demonstrate. In the Financial Year ending June 2013, the Victorian charity, Communication Rights Australia (CRA) recorded a loss of $3,712 (Communication Rights Australia, 2013). CRA operates with three full-time staff only, up to three volunteers on placement at any one time, and a volunteer board. Moreover, 90% of its funds come from the Victorian Department of Human Services (Communication Rights Australia, 2013).

The CEO of Communication Rights Australia, Jan Ashford, confirms that her additional responsibilities include: managing and negotiating all IT and telecommunication, negotiating rent with the landlord, administering all occupational health and safety, managing all finances, representing the charity at all sector events, and political advocacy (Ashford, 2012).

Larger charities are also financially struggling. During the same financial period (2012-2013), World Vision Australia recorded a loss of $1,372,000 (World Vision Australia, 2013). In fact, in 2015 World Vision, driven by advice from PWC, and federal government cuts in international aid, announced a redundancy programme affecting 90 staff (22% of its Australian workforce) (www.probonoaustralia.com.au). Additionally, World Vision Australia cancelled a number of long-term, overseas-aid programmes, including in Senegal, South Sudan, Uganda, India, Israel, and across the South Pacific (www.abc.net.au).

Practically, being dependent on funds from the Victorian Department of Human Services for survival, CRA cannot negotiate or compromise on the raft of compliance requirements it now faces. Although much larger, World Vision Australia has also suffered from declining donations and onerous compliance obligations. In addition, in a clear example of government policy affecting charitable performance, World Vision, charged with implementing federal-aid programmes, has seen almost $6 million in programme funding slashed by the current federal government (www.abc.net.au).
These examples indicate that with scarce human resources and funds, the ideal of a clear separation between management and leadership roles is rarely realistic for charities. Accordingly, studies, such as Watts and McNair-Connolly’s 2012 investigation into leadership change models for charities, provide the most value when they identify concepts such as the imperative of measuring and improving performance, as opposed to outlining resource-consuming models, rooted in the private sector.

There is little research on the implications of this for charities. However, one further possible advantage to being both a manager and change leader is knowledge continuity, which means knowing both how and why tasks need to be completed (Ashford, 2012; Leighton, 2012). Being small and visibly hands-on may also mean change leaders in charities can extract greater nimbleness among staff, and, when used in conjunction with a more favourable organisational culture, this may enhance change success (Clegg, Kornberger, & Pitsis, 2011; Grant & Crutchfield, 2007).

2.7.1.1 Key success factors

Charity leaders driving change programmes must recognise this more favourable cultural synthesis, created by their smaller and more united organisations, and leverage this when constructing and communicating change. However, NFP change leaders must respect some degree of formality because structure and communication are critical elements of a successful change process/s (Dedeke, 1997).

The prerogative of charity leaders must not deviate from the fundamentals of a mission and measuring its success, and, in so doing, fully maximising the benefits associated with a smaller entity where the channels of communication are typically less cluttered. Information must be provided to employees as soon as possible, which must clearly explain what is happening and why, and includes milestones associated with the changes. Ideally, change for the target sector should be communicated as a series of interrelated concepts.

In 1999, Conger wrote of transformational change leaders, “Over the last decade and a half, the topic areas of charismatic and transformational leadership in organizational settings have undergone a significant evolution in terms of both theory development and empirical investigations. As a result, our knowledge about
these leadership forms has deepened, and there are several dominant theories that are now established paradigms in the leadership field” (Conger, 1999, p. 145). To address these gaps, it is informative to look at research pre-dating Conger and distil from this the overlapping attributes of leaders, capable of transformational and effective strategic change. By far the greatest amount of theory development, as well as empirical research on charismatic and transformational leadership, concerns leader behaviours and, to a lesser extent, follower effects (Bass, 1985; Bryman, 1993; Weierter, 1997; Anderson & Anderson, 2010).

Bass (1985) was one of the first scholars to operationalise the transformational leadership model into a measurement instrument. Researchers since this time have tended to use this model as the basis for their work, employing only minor modifications to accommodate the changing dynamics of change management and strategy, for example the evolution of technology over the last thirty years (Bryman, 1993; Weierter, 1997). Bass’ 1985 model is widely regarded as foundational to subsequent studies of change leadership (Anderson & Anderson, 2010; Higgs & Rowland, 2005; Kirkpatrick & Locke, 1996). Conger (1999), identified common attributes needed for successful change and general leadership and argued this meant successful day-to-day leaders with these qualities would most likely succeed leading change also. These are: (1) charisma or idealised influence; (2) inspiration; (3) intellectual stimulation; and (4) individualised consideration (Conger, 1999).

Bass was motivated to include measurements for these attributes (the Leadership Dimension Questionnaire, “LDQ”) and was personally interested in quantitative measurement (Bass, 1985). However, the preponderance of studies concerning Bass’ specific measurement methodologies have suggested the LDQ is conceptually sound but has methodological shortcomings (Bryman, 1993; Yukl, 1998). One particular example of Bass’ philosophy reflects this and diminishes the primacy of the vision. Bass regarded vision as a component of inspiration, not a core measurement in its own right, and not attached to charismatic leadership. This contrasts with the majority of the literature, which sees vision as a component of charismatic leadership (Zaleznik, 1990).

In the context of Bass’ research, predicated on large American private corporations, it is sufficient for small Australian charities to acknowledge Bass’ key dimensions
for leadership change as relevant and useful for effecting meaningful change, without using his suggested measurement techniques. This is developed in chapter 5 (Change Model).

The core challenges for leaders overseeing organisational change have now been commonly summarised as articulating a vision and gaining wide organisational support for it (Bass & Avolio, 1994; Hatch, 1993; Porras & Robertson, 1992; Michela & Burke, 2000). To support this, change leaders must construct a meaningful strategy change process and assume responsibility for this (Cartwright & Cooper, 2014; Judge, Bono, Ilies, & Gerhardt, 2002, Van Knippenberg & Hogg, 2003). Finally, leaders of change need to identify and embed the form and degree of cultural change within the organisation to fuel success, post strategy implementation (Fishman & Kavanaugh, 1989; Schein, 2010).

David Crosbie, CEO at Community Council for Australia captured some of these challenges this by observing,

In the not-for-profit sector, real leadership is about finding ways to better achieve your organisation’s purpose and more effectively drive positive change in the communities you serve. Real leadership is sometimes hard to find. In the case of Save the Children and Good Beginnings you have outstanding leaders supported by strong, well-informed boards prepared to not only lead, but to set an example of excellence many in the charities sector would do well to imitate. (www.probonoaustralia.com.au)

Regardless of form, a unique position is mandatory for successful change leadership and all charities considering strategic change need to understand this. Their unique offering must not be diluted because of the proposed strategic change, which has profound implications for leaders, who must negotiate the strategy process with a significant focus on their external environment/s. However, there is a lack of distinctive and nuanced literature concerning the impact of their external environment/s on strategic change for Australian charities. In such circumstances, it is appropriate to analyse and qualify the considerable overseas-based literature on this issue, and apply it to the Australian charitable sector. There is substantial overseas literature on macro-political issues and governmental policies such as social welfare towards charities (Nahapiet & Ghoshal, 1998), but it, once more, begs the question of how (or if) charity leaders in Australia should tackle this in their local context?
It is claimed that charities frequently attract higher quality and more dedicated change leaders, motivated to serve what they perceive as being a necessary and fulfilling purpose (Shergold, 2010). Supporting this assertion is the notion that people prepared to work in the NFP sector, for what is largely an ethics-based, as opposed to profit-oriented mission, are more likely to have the drive and genuine sense of purpose to inspire and enact change (Murray, 2010). Murray concisely described this as follows:

I've always said that if you lead well in a not-for-profit (NFP) organisation you can pretty much lead anywhere....The breadth of skills required is much greater, and the wider level of engagement with an extended audience is better suited to people who are more comfortable with networking and constantly pushing their influence and personal brand out into the market to better the cause they are championing. (Murray, 2010, p. 1)

Literature suggests that the key leadership behaviours required to succeed as a “day-to-day” leader are the same as those needed to succeed in transformational (change) leadership: they focus on people-orientation abilities (Drucker, 2006; Gilley et al., 2009; Huffman, 2001). Interestingly, much of the literature about general organisational leadership (i.e. not change-based) involves dyadic relationships between the leader and his/her followers (Hopper & Potter, 2000; Tichy & Cohen, 1997; Yukl, 2002). Thematically, this laid the foundation for authors, such as Yukl (2002), to look at a number of follower-based theories, including leader-member exchange (LMX), leader attributions about subordinates, follower attributes, and implicit theories (Yukl, 2002).

To this point, the potential advantages charity leaders have are substantially related to non-technical factors: smaller and more nimble organisations, a sense of calling, willingness to change, and favourable organisational cultures. These are valid and valuable when understood and harnessed appropriately. However, change leaders in charities also need key technical capabilities (Drucker, 2006; Kavanagh & Ashkanasy, 2006; Mumford, Ginamarie, Gaddis, & Strange, 2002; Wolf, 1999). By its nature, strategic change invariably means technical disruption to the way an organisation currently does things (Bass & Avolio, 1994). To illustrate how this can manifest itself in terms of specific technical capabilities, below is a “Due Diligence Checklist” provided by a Melbourne-based legal firm, Mills Oakley, that specialises in the needs of charities, Mills Oakley (Table 2.2), (www.millsoakley.com.au).
The fact this is only one element in a five-stage process, covering only one possible strategic option for charities (in this example, merging), highlights how complex and multi-faceted the technical aspects of change programmes can be. Presented only from a legal perspective, this excludes other technical issues such as IT infrastructure and organisational finances, not to mention strategy architecture and its measurement. With this high level of specific skills required, it is easy to embrace the ideal discussed earlier, that leaders should lead, and not manage, strategic change (Kotter, 2011; Sadler & Jones, 1997). In other words, leaders should not be involved or need to understand the minutiae of legal or other technicalities. However, this is frequently impractical when charities, such as the earlier example of Communication Rights Australia (2013), contain leaders with multiple responsibilities, capabilities, and an in-depth understanding of both the ‘how and why’ tasks are done. The example of Communication Rights Australia also highlights that the other key motivation for eschewing outsourcing is cost.
### Table 2.2: Due Diligence Checklist by Mills Oakley

<table>
<thead>
<tr>
<th>Technical Issue No 1: Financial Records</th>
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<tbody>
<tr>
<td>• patterns of maintenance and capital expenditure;</td>
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<tr>
<td>• patterns of marketing, sales, general and administrative expenses;</td>
</tr>
<tr>
<td>• unexposed liabilities;</td>
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<tr>
<td>• valuation methods for assets;</td>
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<td>• determination of goodwill.</td>
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<th>Technical Issue No 2: Executive Compensation</th>
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<tr>
<td>• comparison with corporate organisations;</td>
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<td>• bonus structure;</td>
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<td>• equity participation.</td>
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<th>Technical Issue No 3: Legal Exposure</th>
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<tbody>
<tr>
<td>• pending, probable or possible litigation;</td>
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<tr>
<td>• trademark/patent protection/violation;</td>
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<tr>
<td>• environmental exposure (real estate, compliance record);</td>
</tr>
<tr>
<td>• safety and health practices and exposure;</td>
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<td>• potential actions by employees.</td>
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<th>Technical Issue No 4: Services</th>
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<tr>
<td>• detailed examination of the current services provided;</td>
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<tr>
<td>• future service plans;</td>
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<tr>
<td>• extension of current service line (enhancements);</td>
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<tr>
<td>• capital (equipment, buildings, or acquisition);</td>
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<td>• personnel (headcount).</td>
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<th>Technical Issue No 5: HR</th>
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<tr>
<td>• compensation;</td>
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<td>• education;</td>
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<tr>
<td>• pay structures;</td>
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<td>• benefit plans;</td>
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<td>• superannuation;</td>
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<td>• training;</td>
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• education compensation;
• diversity programmes.

(www.millsoakley.com.au)

World Vision Australia again provides an example, in this case of putting the cost of strategic change into perspective. This charity has an annual turnover of $380 million (World Vision Australia, 2014). On the surface, this is a significant revenue result. However, beneath this headline figure is an established organisation, with high global brand awareness, in financial trouble. In 2014 PWC advised World Vision to spend over $20 million in redundancy payments, and major re-strategising, namely expanding into additional markets beyond its traditional child sponsorship and 40-hour famine. On top of this, in order to return to profitability having recorded a loss in June 2013 (2012-2013 Annual Report; World Vision Australia), World Vision needs to generate an additional $20 million in core revenue over the next five years simply to avoid making further losses (Gow, 2015).

Equally, a poignant illustration of the importance of financial resources to fund strategy change is evident with the National Australia Bank (nab), which has been undergoing a major IT restructure since 2010, called “NextGen”. Originally due to be completed in 2013, NextGen is currently $500 million over budget, employs over 900 people full-time, its original technology platform is now almost totally obsolete, and no-one is prepared to commit to a firm completion date. Not only can nab afford to embark on an expensive change programme (engaging expensive consultants in the process), it can afford to get it wrong too (www.heraldsun.com.au). If charities can afford change, they almost certainly cannot afford to get the change wrong.

These examples lend themselves to some definitive observations about resource allocation, or, colloquially, the managerial vs. leadership debate for change leaders. They may or may not have the technical or leadership skills, but their minimum requirement is to have sufficient wherewithal to know when change is needed and be able to calculate if it is affordable, given the skills available both internally and externally. This represents the first stage of what authors have collectively represented as the three most rudimentary stages of change leadership: (1) change identification; (2) the change process and (3) implementation and post change (Kell,
2.7.1.2 Key failure factors

Of change identification, researchers suggest leaders need attitudinal and observational attributes to be amenable to the idea of change (Kavanagh & Ashkanasy, 2006; Kotter & Schlesinger, 2008; Mumford et al, 2002; www.councilofnonprofits.org). Once more, a comparison with for-profit based literature is illuminating. In 2012, the global photography conglomerate, Eastman-Kodak, filed for bankruptcy in the US after operating for 120 years. Its failure has been widely attributed to its leaders’ inability and unwillingness to engage with staff and customers about the threats and opportunities digital photography (which it invented in 1975) presented (www.ft.com; www.forbes.com). In fact, Eastman-Kodak’s isolationist approach was so profound that it ignored over fifty separate internal and external submissions, among other goals, pleading for the company to reembrace its historic culture of innovation and inclusion by tackling head-on the opportunities and threats posed by disruptive new technology (www.forbes.com).

Kotter (2012) suggests that by routinely ignoring recommendations and advice from well-meaning and informed constituents (staff and customers), Eastman-Kodak’s leaders transformed a progressive culture into a complacent one and thus made change identification impossible:

Historically, Kodak was built on a culture of innovation and change. It’s the type of culture that’s full of passionate innovators, already naturally in tune to the urgency surrounding changes in the market and technology. It’s these people – those excited about new ideas within your own organization – who keep your company moving ahead instead of falling behind. One key to avoiding complacency is to ensure these innovators have a voice with enough volume to be heard (and listened to) at the top. It’s these voices that can continue to keep a sense of urgency in your organization. If they are given the power to lead, they will continue to innovate, help keep a culture of urgency and affect change…. As Kodak became more successful, complacency grew, leaders listened less to these voices, which made complacency grow some more. It can be a vicious cycle. It certainly was at Kodak. And if you don’t address it first… good luck. (www.forbes.com)

This reminds researchers of the blurred lines and correlative forces between leadership, culture and change effectiveness. It also warns that failure to understand
these forces, as well as failing to engage with shareholders and stakeholders when considering change, will inevitably lead to strategic failure. From this emerges key disciplines concerning the need for leaders to know when, how and which stakeholders to engage to avoid failure. The concept of stakeholder engagement has evolved broadly from autocratic and non-consultative decision making, to discussion-based, to dialogue-based (Burchell & Cook, 2006). This is complicated for change leaders because, while the concept of dialogue is widely supported in literature (Burchell & Cook, 2006, 2008; Rockwell, 2003), there is very little instruction that specifies how change practitioners can use the additional trust this is believed to generate to their advantage. Burchell & Cook (2008) summarised this challenge:

Undoubtedly a major challenge for future research in this field concerns developing a process for measuring and demonstrating the broad range of outcomes that can emerge from dialogue. How do we understand and measure the impact that increased trust and understanding has between organisations? For all sides, there is significant pressure to demonstrate tangible outcomes from the intensive resources being devoted to dialogue processes. (Burchell & Cook, 2008, p. 45).

This is essentially a question concerning organisational culture and how favourably predisposed it is to accepting change before any dialogue has even begun. It warns leaders that failing to understand their organisation’s cultural “DNA” means that engaging in any kind of dialogue about change means outcomes is pointless, as also noted by Burchell and Cook (2008):

The achievement of tangible outcomes and results from dialogue requires the establishment of the more intangible outcomes first. That is, the creation of jointly created knowledge and shared strategy and policy through dialogue will not be possible without the establishment of stronger relationships between organisations and increased trust between individuals. (Burchell & Cook, 2008, p. 45).

The challenge of meaningful change dialogue is further complicated because there is no consensus in the transformational leadership literature concerning whether a crisis or dissatisfaction with the status quo is necessary for transformational leadership to occur (Eisenbach, Watson, & Pillai, 1999). In these circumstances, Burchell and Cook (2008) suggest that leaders must have an instinct for the organisation’s culture and its receptiveness to change. Leaders unable to gauge this face failure because, as argued by Kouzes and Posner (2006), a leader may not necessarily need to create
dissatisfaction with the present, but he/she must know to what extent they need to justify and explain a vision of a possible future that is attractive and engaging (Kouzes & Posner, 2006).

This discussion will inevitably increase because of the promise it brings to shareholders and stakeholders (Eisenbach et al., 1999). Ford and Ford (1994) argue transformational, charismatic, and visionary leaders intuitively identify a need to change the status quo (Ford & Ford, 1994). Pragmatically, these leaders invest themselves in the well-being of the organisation and will naturally declare both the need for change and provide an attractive vision of the future change will bring (Eisenbach et al., 1999). However, these authors qualify their research with the warning that being visionary and seeing a need for change, does not necessarily translate into effective change leadership.

It is true that effective change leadership demands the leader to conduct himself/herself in a manner that champions change and engages stakeholders, but this needs to be complemented by the acumen to understand how the pieces of change design come together. Essentially, this is achieved by the leader either assembling a cost-effective group with enough power to lead the change effort, or doing it himself/herself.

For charities, two key factors mean change leaders need to understand the link between risk and control management in the change process. The first of these is the increasing demand on compliance imposed by governments in Australia, characterised by risk protocols (www.pwc.com). The second is the fact that many charities perform highly sensitive and specific services (for example Mibbinbah, a charity devoted to mental health issues for Aboriginal males), which demands risk-based protocols focussing on confidentiality (www.minnibah.org). This example demonstrates that it is critical to include performance measurements that monitor and protect risk in the construction and monitoring stages of strategy design.

Yacocone (2007) supports the notion of increasing compliance across all organisations, arguing it reduces the risk of organisational change failure. More specifically, having clear compliance guidelines can make strategy design less complicated and contained, on top of which, having a more diverse stakeholder and
shareholder membership, when properly engaged, exposes change practitioners to a broader range of concepts (Yacocone, 2007).

Dover and Lawrence oppose this view and argue innovation, not compliance, is critical for charities, but they cannot effectively embrace it because of the varying and increasing role of power and politics in Australia (Dover & Lawrence, 2012). This contrasts with the Australian Banking Act of 1959, which was so universal and robust that it provided Australian banks a clear and untouched legislative background for the next fifty years after its passing into law (Neal, 2004). At the same time, charities are grappling with new and changing accounting and reporting standards, such as AASB 10 Consolidated Financial Statements, introduced in 2013 (www.acnc.gov.au).

2.7.1.3 The role of boards

The increasing emphasis on compliance and a desperate lack of financial resources informs charities about the role of boards and governance during and after strategic change. This study contends that board members, more than executives, staff members and outside consultants, are most likely to offer the richest combination of commercial experience, leadership and emotional investment to the change process (see also chapter 4 – Analysis, Results and Discussion). Staff and executives may lack the outside, commercial experience and, while not involved in the day-to-day organisational miniature, board members for charities are usually volunteers, suggesting a genuine investment in the charity’s ethos and desire to see it succeed. Moreover, the growing scrutiny on organisational governance globally means board members are more accountable than ever before.

Since the early 1990s, there has been a growing perception linking organisational failures and scandals to poor organisational governance, leading to major reports and reforms aimed at improving self-regulation (Higgs, 2002). This notion has spread across the public and non-profit sectors (Greer, Hoggett, & Maile, 2003). Despite this, very few writers have tried to identify the specific nature of this link in an organisational context (Mordaunt & Cornforth, 2004).

Mordaunt and Cornforth (2004) addressed this by examining the role of boards during both strategic successes and failures (Mordaunt & Cornforth, 2004). Almost
without exception, these authors found that the boards of successful change endeavours did run counter to the conventional wisdom that the board’s role is mainly strategic, or concerned with policy governance (2004, p. 233). More precisely, and consistent with this paper’s frequently asserted notion that leaders in charities will need to be active participants in the change processes, as well as leading them, Mordaunt and Cornforth found that board members, at least for short periods of time, had to take a very hands-on approach, sometimes taking over aspects of the organisation’s management. The last requirement is a break from the traditional separation between day-to-day work and board oversight (Drucker, 2006; Wolf, 1999), but is justified because of the practical resource limitations and skill level of the charity’s staff (Kisby, 2010, p. 486).

Many extant researchers either directly recognise (Clegg et al., 2011) or imply (Grant & Crutchfield, 2007; Lyons, 2008) that circumstances such as this mean charities hold a change-friendly cultural and structural advantage over private and other organisations. After all, as the number of strategic dimensions and corresponding initiatives increase, so does the pressure on leadership (Kavanagh & Ashkanasy, 2006; Mumford et al., 2002). Relating to this, the smaller and less complex the organisation, the easier communication about change is likely to be (Bass & Avolio, 1994; Hatch, 1993; Porras & Robertson, 1992).

Charity leaders driving change programmes must recognise this more favourable cultural synthesis created by their smaller and more united organisations and leverage this, along with their typically higher degree of visibility when constructing and communicating change. For charity leaders, the prerogative is once more to reiterate the fundamentals and, in so doing, fully maximise the benefits associated with a smaller entity where the channels of communication are fewer and clearer.

Once more, the foregoing analysis is instrumental in shaping the change model presented in Chapter 5. In the first instance, charity change leaders, as well as those leading the organisation on a day-to-day basis (potentially the same person/s), have specific assignments in the proposed change model focussing on environmental scanning (Table 5.2), strategy formulation (Table 5.3) and strategy implementation (Table 5.4). However, the technical components of meaningful change, while
critical, are almost meaningfulness unless change leaders embrace and embody the behavioural ideals articulated in this section.

This section has identified it is critical for leaders to not only articulate and manage change, but to be ambassadors for change and able to calibrate their organisation’s enthusiasm for the change programme. This last capability is important for leaders to alter role assignments, but also to consider motivational tactics. Essentially leaders are the face of change and, usually, the face of the charity after change. The success or otherwise of the strategy carries their imprimatur and their credibility, which profoundly influences the internal and external respect, or otherwise, leaders will attract.

2.8 Change Examples

Tweddle has been discussed and marked as strategically successful because, for almost a century, it has progressively changed by forming key government (and other) alliances and remained fundamentally committed to its mission. Other examples, such as the merger between Save the Children and Good Beginnings Australia, have been shown as an example of a successful merger.

However, strategic change can assume additional forms. The corporate world provides examples of organisations that succeeded by fundamentally and successfully changing their purpose without either merging or using key, long-term alliances. For example, PayPal was not founded as the online payment service that it is today, and was originally envisioned as a cryptography company, and then later as a means of transmitting money via PDAs (Livingston, 2007). After several years of trial and error (and overcoming user fraud that almost destroyed the company) PayPal eventually flourished as the default online payment system of millions and was bought out by eBay for $1.5 billion USD in 2002 (Livingston, 2007).

The implications of examples like this for charities, or indeed for-profit based organisations, are not clear. Traditionally, charities are not underwritten by venture capitalist and/or shareholders motivated to make money. Additionally, the constituents of charities are not “payers”, meaning that when they receive a service/product it is provided free of charge or at a discount rate. Finally, charities
are usually localised and not scalable like PayPal, which has the capacity to reach clients globally through its on-line architecture.

### 2.8.1 Innovation and Purpose

Being innovative and prepared to change course should not be confined to the corporate sector, but research about this suggests the constraints associated with not being commercially oriented and being poorly resourced, mean innovation may be most practically realised through commercial collaborations (www.business-strategy-innovation.com).

#### 2.8.1.1 Successful examples

In the US Northwest Airlines and The Nature Conservancy formed a partnership designed to reduce carbon emissions. Briefly described, customers use the nwa.com reservations system and Northwest's Carbon Emissions Calculator estimates the amount of CO2 emissions generated by their flight and provides a suggested voluntary carbon offset contribution to The Nature Conservancy, to remove or sequester CO2 (www.business-strategy-innovation.com). This successful partnership is not a merger and it does not mark a departure from the Nature Conservancy’s core mission. This leaves observers with the key consideration/question, does collaborating with a profit-based enterprise to serve a pre-existing mission constitute strategic redirection? Perhaps even more importantly, is this the ideal model? After all, it carries less risk than a fundamental change in organisational purpose (such as the failed example of Bear Sterns entry into the sub-prime mortgage market in 2003), is less expensive than merging and gives access to the funding capabilities of a corporate powerhouse.

#### 2.8.1.2 Unsuccessful examples

A 2014 report conducted by the Stanford Social Innovation Review argued that the most effective strategy for charities is to be proactive about merging (www.ssir.org). This United States-based body suggested that mergers hold far more potential to create value in the non-profit sector than most people realise, but four primary barriers were consistently preventing this from being realised:
1. A lack of knowledge about when and how to think about mergers and acquisitions.
2. A dearth of funding for due diligence and post-merger integration.
3. A lack of matchmakers to create an efficient “organizational marketplace” through which non-profits could explore potential merger options.
4. A tendency to look at mergers reactively, as a route out of financial distress or leadership vacuums instead of proactively as an effective growth strategy. (www.ssir.org)

From the above list, point four resonates most loudly for the Australian charitable sector with 7% of charities merging in the last three years, 7% in the process of merging and another 30% seriously considering merging (www.abc.net.au). However, the many examples of failed mergers from the corporate world offer a serious warning to potential partners, and the recent nature of merging activity in the Australian NFP sector makes it too early to judge their success or failure.

In these circumstances, the researcher turns to overseas-based examples, which include examples of both failed mergers (for example, Shelter and Crisis in the UK) and successful mergers (for example, Cancer Research Foundation and Prostrate UK). Mergers and Acquisitions in charitable sectors is in its infancy, particularly in Australia, and it is too early to judge their strategic merit. It is more important for charities to be aware that merging is not an automatic panacea for the many serious challenges they face, but it may be a progressive strategic option, especially in the light of dwindling funding.

In 2014, at a Russian conference convened to discuss how to improve the failure rate of charitable partnerships, Faina Zakharova, President of the “Line of Life” charity, spoke of a failed partnership, which she described as “shooting sparrows with a gun” (www.bearr.org). This referred to a project called “Life in motion, Kilimanjaro 2014”, which was jointly organised by the “BELA”, “Line of Life”, “Artist” and “Happy Families International Centre” charities. Its aim was for a group of young disabled people to make an ascent of Mount Kilimanjaro, the highest point in Africa, in order to raise the profile of charity as a whole, and the activities of charities in particular (www.bearr.org).
Faina explained,

A week before the event was due to start, it emerged that no account for the collection of donations had been created, as well as there being no dedicated number for sending SMS messages. It was initially assumed that live online support would be set up, including Facebook, as many media people were involved in this venture. Every aspect had been thought through, apart from the technology side. We managed to resolve the account and SMS messaging issues during the week, but this didn’t salvage the situation. As a result, two confused messages were left in the minds of the media – disabled people climb Mount Kilimanjaro, and three charities are in tow intent on raising money. We couldn’t report the fact that 149,000 roubles were collected for three charities during the event. The partnership was a complete fiasco. (www.bearr.org)

The widely reported claim that 70% of organisational strategies fail (www.hbr.org) is a salutary warning to charities (or any organisation) considering strategic change. For charities, this risk is compounded by a paucity of resources, commercial inexperience and a confusing legislative environment.

**2.9 Chapter Summary**

In comparison to other OECD nations and their relationship with governments, Australian charities are moving warily from survival, in a confusing environment, to a point of legislative compliance, with the merit of this transition still unproven. However, it is revealing that Australia’s longest-serving treasurer, Peter Costello, eschews any government-led drive to compliance, arguing a functional and desirable relationship between charities and the government (both state and federal) should go beyond compliance to a point of engagement and mutual growth (www.apo.org.au). This more closely reflects the Norwegian model, where the government underwrites “ethical” funding sources for private charities; in other words charities and the government work together for the greater good of the community.

Studying other OECD countries in this light provides some macro insight into the relationship between charities and governments. In this sense, it does not commentate directly on the five key change elements. However, as demonstrated, differences in the respective relationships between charities and governments in Australia and in other OECD countries influences the change elements.
For example, The Norwegian Cancer Society ("Kreftforeningen") works in collaboratively with the Norwegian Government to uphold a number of government mandated health initiatives, for example enforcing the Government's goal that 80 per cent of all cancer patients should start hospital treatment within 20 days from referral, making this a legal right (www.kreftforeningen.no). Interestingly, Kreftforeningen purposely uses “political viewpoints” as its mission, a clear reflection of their close working relationship with government and, for this research, a relevant example of how Australian authorities could work in conjunction with charities to establish their vision/mission (which, in turn, directs their unique positioning and competitiveness).

Warren Bennis acknowledges this, “…at the heart of every great group is a shared dream. All great groups believe that they could change the world… That belief is what brings the necessary cohesion and energy to their work” (Hesselbein & Cohen, 1999, p. 317). This ideal applies in the private sector, where identifying the intrinsic links connecting an organisations’ external environment (frequently, but not always seen as its competition), strategy and mission statement is a critical element in strategy design (www.internationalcompetitionnetwork.org).

However, in addition to considering the possible benefits for Australian charities and governments of utilising the ideals and programmes used in other OECD nations, notably in Scandinavia, this chapter has used literature to explore the five key change elements and how these may be productively applied to assist Australian charities effect strategic change. In this endeavour, mission/vision statements offer a critical tool for charities (and other organisations) primarily for their potential to establish organisational goals, organise, and galvanise the charity around attaining these. This assertion carries clear caveats and provisos.

For example, the relatively young nature of literature concerning mission/vision statements, coupled with the even more recent practice of linking the mission/vision to unique positioning in literature, and in practice, concerns Chew (2006), who argued that there has been insufficient time for mission/vision statements to be proven and adapted to meet changing needs (Chew, 2006). Conceptually the primary proviso concerning missions/visions relates in part to Chew’s argument, that being that no definitive practice or definition of mission/vision statements exists and that
organisations in both for-profit and charitable organisations frequently fail to embrace and appropriately harness the potential these statements offer for purposeful change (Chew, 2006; Saunston & Morrish, 2010).

Despite these concerns, the literature review posits that the importance of mission/vision statements is clear, and their impact enhanced when underpinned by a sensible business plan. Additionally these must reflect a superior service to an identified group/s and appeal to the charity’s internal and external constituents to establish and augment the link between mission/vision and unique positioning and competitiveness (Mintzberg & Lampel, 1999; Bain & Co, 1994).

The literature review argued this link is logical and, in many instances, verifiable. However, with the greater preponderance of change literature focussed on overseas, for-profit based organisations, where unique position and competitiveness is invariably identified with superior profits, juxtaposing this proposition to charitable organisations, more typically motivated to improve community-based services as opposed to increasing returns, requires practitioners to understand unique positioning in a different context to its traditional purpose. Nevertheless, for charities the concept of uniqueness and being superior to like organisations has inherent merit, primarily because it can help clarify a strategic vision and plan, motivating stakeholders towards realising this.

The literature review endorsed the notion that the third fundamental change element, the strategy process, essentially follows chronologically from vision/mission statements and unique positioning. Sequentially charities that have established their vision and how this uniquely position them, must then understand how to implement and monitor this (it is acknowledged that establishing a vision and unique position are parts of a broadly defined process, however, with a clear focus on smaller entities, the review concentrated on the means of implementing the vision once this was established).

For small charities, there may be a tendency to confuse and mix business and strategic planning, which has been increased by the growing intervention and expectations of both state and federal governments for charities to demonstrate certain strategic milestones. Additionally, charities must adhere to new regimes of
reporting and compliance and philosophically align to the neo-liberal ideal of “survival of the fittest”.

However, these requirements complement the suggested protocol that the results of strategic redirection must be measurable, which forms the link between business planning and results with the charity’s strategy. For example, governments do not impose operational business planning or results on charities, except expecting solvency, but they do require governance standards, traditionally the domain of strategic planning.

To this extent, charities must understand the potential operational implications of new and more rigorous strategic regimes and the inter-connectivity of these. For example; the state government imposed strategic imperative of decreasing risk invariably has multiple applications and forms, even within the same charity. For instance, Communication Rights Australia is now required to use a new and more secure database to protect privacy, meaning greater investment in software and training, increasing hardware capacity and conducting internal training on upgraded privacy and protection regulations.

Not coincidentally, examples such as this, which created minor disruption, also highlight connections with organisational culture and leadership. The literature review highlighted these as fundamental to not only change, but to overall success for all organisation types. Examples presented from the corporate sector demonstrated the costs of flawed cultures and leadership, such as Enron, and the benefits of positive leadership and organisational culture.

Relating to this, the literature articulated the association between leadership and organisational culture, being that culture is directed by the organisation’s leaders. Organisational culture is amorphous in form, but leaders must understand it and be able to influence it towards necessary change. The review presented a number of scenarios demonstrating the importance of this, one of these being that charities may need to investigate merging. The corporate sector offers numerous examples of failed mergers, where different cultures and opposition to change (or perhaps simply intuitive gravitation to the existing status quo) drove the strategic change failure (such as Daimler-Chrysler).
It is possible that smaller charities, typically characterised by a more authentic esprit de corps, offer the inherent advantages of less cluttered communication channels, greater and more direct access to stakeholders and a more refined survival instinct. The example presented of Tweddle is evidence of this.
Chapter 3: Methodology

3.1 Introduction

This chapter discusses and validates the epistemological and ontological assumptions underpinning the literature research and its associated statistical analysis, which follows in chapter 4. Chapters 2, 3 and 4 reflect the discovery and testing of answers to the research questions. Chapter 5 builds on this by presenting a change model for charities that captures the findings presented in the preceding three chapters. Accordingly, while the literature review discusses ideas about suitable strategy concepts and processes, it deliberately does not present a change model or process, which is the purpose of chapter 5.

While this chapter is devoted to analysing research methods, paradigms, and their merits, the following prefatory comments about qualitative research are relevant and worth noting. Van Maanen observed the inherently higher degree of subjectivity attached to qualitative research, especially literature reviews, by writing, “there are probably rules for writing the persuasive, memorable and publishable qualitative research article but, rest assured, no one knows what they are” (Van Maanen, 1998, p. 25). Regardless of the veracity of this claim, it does not dismiss or dilute the intrinsic merit of qualitative research, which lies in the value derived from asking questions about and understanding how social experience is created and given meaning using naturalistic and interpretive approaches (Denzin & Lincoln, 1994).

Beyond this point, qualitative research has been described as being "particularly difficult to pin down" because of its "flexibility and emergent character" (Van Maanen, 1998, p. 11). It is also important to recognise that qualitative research can be designed at the same time it is being done, and frequently requires contextualised and individual judgements. The most profound rejection of qualitative research is its abandonment in favour of quantitative approaches (Echambadi, Campbell, & Agarwal, 2006). Finally, it is acknowledged that contemporary qualitative research is conducted from a large number of various paradigms, influencing conceptual and metatheoretical concerns of legitimacy, control, data analysis, ontology and epistemology (Loseke & Cahil, 2007, pp. 491–506).
Denzin and Lincoln (2000) suggest clarity about qualitative research occurs by contrasting qualitative research with quantitative research that "emphasizes measurement and analysis of causal relations among variables" (Denzin & Lincoln, 2000, p. 8). Although the two research genres overlap, qualitative research may be conceived of as inductive and interpretive (Van Maanen, 1998). Qualitative researchers seek to explain research observations by providing substantiated conceptual insights that reveal how broad concepts and theories operate in particular cases. This approach is distinct from quantitative research, which uses the hypothetical-deductive model to uncover important relationships among variables, and tests general propositions.

Being a qualitative enquiry form used in many different disciplines, and having originated in the disciplines of sociology and anthropology (Creswell, 2003), the sheer volume of literature published over the last decade seeking to perfect literature review approaches demonstrates an overwhelming desire to increase the understanding of this approach, and that of qualitative enquiry more broadly (Denzin & Lincoln, 2008). Literature reviews are an iterative process focussing on what already exists on a given topic(s), meaning this type of research is capable of serving multiple purposes, including serving as a stand-alone form of qualitative research, or highlighting gaps in previous work (Creswell, 2009).

Similarly, interviews have been defined as a conversation with the aim of understanding perspectives given by interviewees to specific issues (Bogdan & Biklen, 1998b; Kvale, 2006; Patton, 1990). This implies a passive role for the interviewer, akin to a facilitator, charged with bringing richness and context to the interviewees’ responses (Enosh & Buchbinder, 2005). Interviews are the most commonly used methodological tool in qualitative research (Denzin & Lincoln, 1994), which means there are numerous techniques for conducting them. The only real commonality between these approaches is the shared goals of discovery and verification of information relevant to the researcher (Gubrium & Holstein, 2002). These are the purposes of the interviews used in this research.

Directly and indirectly, the interview questions focus on the five fundamentals of change management and strategy, designed to compare, contrast and calibrate the level of understanding and support the three organisational tiers have towards them.
The first three main questions (each followed by ten sub-questions) are derived from the five change fundamentals: mission and vision, organisational culture, and leadership. The final two main questions (each followed by ten sub-questions) focus on the related and complementary issues of communication and resources, revealed in the literature reviews to be critical to the effectiveness of each of the five change elements.

Pragmatically, strategic change will either invariably fail, or not take place at all, without adequate resources and communication. To help test and address this, a semi-structured interview approach was used, where participants answered a series of questions related, directly and indirectly, to the five key changes fundamentals (see Appendix 3 – Interview and Survey Questions), which included calibrating the resource capacity and communication levels of their charity. Tables 3.1 (a) & (b) (below) represent the purpose and connectedness of these approaches. It demonstrates the breadth and depth of the literature reviewed, the appropriateness and richness of the interview process, and the associated benefits of using and comparing averages and trends to analyse the survey results, providing testing to the foregoing discoveries.

Table 3.1(a): Approach

<table>
<thead>
<tr>
<th>Discovery &amp; Analysis</th>
<th>Research, Verification &amp; Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature Review</td>
<td>Interviews</td>
</tr>
<tr>
<td>Five Change Elements</td>
<td>Survey Analysis</td>
</tr>
</tbody>
</table>

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Table 3.1(b): Approach, Method and Testing

<table>
<thead>
<tr>
<th>Approach</th>
<th>Method</th>
<th>Sources</th>
<th>Change Element/s</th>
<th>Tested By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualitative</td>
<td>Literature Reviews</td>
<td>Articles; Texts; websites; Legislation; Academic papers;</td>
<td>1. Mission &amp; Vision; 2. Organisational culture; 3. Leadership; 4. Unique Positioning; 5. Strategy Process</td>
<td>Interviews &amp; Survey Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualitative</td>
<td>Interviews</td>
<td>Charities</td>
<td>1. Mission &amp; Vision; 2. Organisational culture; 3. Leadership;</td>
<td>Survey Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

Mackenzie and Knipe (2006) observed that many researchers have abandoned the choice between qualitative and quantitative data and are only concerned with establishing the most meaningful combination of both to support their research. This claim is not original or recent. As far back as 1946, Merton and Kendall wrote of the choice between qualitative and quantitative research, “social scientists have come to abandon the spurious choice between qualitative and quantitative data; they are concerned rather with the combination of both which makes use of the most valuable features of each. The problem becomes one of determining at which points he should adopt the one, and at which the other, approach” (Merton & Kendall, 1946, p. 557).

A recurring question in qualitative and quantitative studies, including when these are combined, is “what is the right sample size” (Guest, Bunce & Johnson, 2006; Patton, 2006; Patton, 2002).

However, it is noted that, in their own words, the minimum benchmark of 16 interviews is needed to achieve the aspirational goal of being able to “understand it all” (Hennik, Kaiser & Marconi:1). This research uses 15 interviews, which are important from an empirical perspective, but are used in combination with literature reviews (essentially to test the theory established by literature in an empirical environment) and measured statistically. The relevant point is that interviews are not the sole information source and they are not used in isolation for this research.

Moreover, the point of saturation is debatable and no conclusive figure, however desirable, is established. This is inevitable when one considers the number of potential study topics, approaches, statistical approaches and responses. Guest, Bunce and Johnson (2006) contend that scholars have done a “poor job of operationalizing the concept of saturation, providing no description of how saturation might be determined and no practical guidelines for estimating sample sizes for purposively sampled interviews” (Guest, Bunce & Johnson, 2006:60). Indeed, from a purely mathematical perspective, it is important to remember statistics is only ever inferential and there is an equal danger of using too many samples as there is of using too few (Ewens, 2015; Lehmann, 1959).

For the purposes of this paper, the maxim suggested by Lenth (2001), that research statistics be “adequate relative to the goals of the study” provides a suitable guideline (Lenth, 2001:2). Additionally, it is contextual for this research as the interviews and complementing surveys are used in conjunction with the literature to test the applicability of change concepts derived from the literature review, not as a means of uncovering new theories, as Hennik, Kaiser and Marconi (2006) posit as a goal that is reached when nine (or more) interviews have taken place.

3.2 Research Paradigm

Similarly, research paradigms receive varied attention in texts, which can lead to confusion about their role in research. It is important to be clear about the role of
paradigms and their relationship with methodologies; therefore, this research recognises a research paradigm as a theoretical framework, as distinct from a theory. This aligns with the notion that the research paradigm influences the way knowledge is studied and interpreted (Mertens, 2007) and that choosing a research paradigm establishes the intent and expectations for the research (Bogdan & Biklen, 1998a).

The historical origins of most research paradigms, traditionally rooted in science and social science, qualify a linear adherence to a single, individual approach. This recognises the potential gaps in methodological integrity and contextual application that can arise when applying the ideals of what originated as scientific and social-scientific theory over one hundred years ago in an entirely different set of circumstances today. Latour (1987) recognised this by claiming that science in action, as opposed to accepted science, is a flawed and easily contested series of processes designed around constructing facts (Latour, 1987). Latour’s initial social constructionist approach to scientific practice has evolved and diverged to the point where he is now a primary developer of actor-network theory, which seeks to explain how material–semiotic networks come together to act as a whole (Latour, 1987).

Another example of change and conflicting definitions is the evolutionary link between positivism and post-positivism research paradigms. Trochim writes, “post-positivism is a wholesale rejection of the central tenets of positivism” (2006, p. 4). In contrast, Guba believes post-positivism “is best characterised as a modified version of positivism”, (1990, p. 20). In fact, positivism evolved from being an approach to the philosophy of science, practised by enlightenment thinkers such as Henri de Saint-Simon, to being a valid scientific method of replacing metaphysics, a shift most readily identified with Auguste Comte, who recognised the circular dependence of theory and observation in science (Macherey, 1989).

For this study, Guba provides a suitable definition of a research paradigm, notable for its less stringent and more loosely defined boundaries: “a basic set of beliefs that guide action”, (1990, p. 18). Moreover, working within a more flexible framework promotes a broader discussion about the merits and range of the research paradigms used in the literature reviewed. Guba is particularly strong on this point and argues that the definition of a research paradigm should remain in “problematic limbo” and retaining a high degree of imprecision and flexibility around a definition of paradigm.
is “intellectually useful” (1990, p. 17). Arguably, more important than establishing a
definition of paradigm is researchers being aware of their own beliefs about the
phenomenon they are investigating (Falconer & Mackay, 2000).

At the conclusion to this discussion concerning both the definition and researcher
awareness about paradigms is a synthesis: sound research design requires the use of a
research method(s) appropriate to the ontology of the research problem(s) and the
researcher’s epistemology.

The justification for using a mixed approach is pragmatism: literature provides the
underlining information concerning the key internal and external influences on
organisational strategy and change management and strategy. To complement this,
interviews, followed by a simple and robust statistical analysis that calibrates the
extent of each response (i.e. Agree...Disagree), measure the degree of change
readiness within charities as they consider using strategies uncovered during the
literature review.

The purpose of the interviews for this analysis is consistent with Haynes’ position
that interview questions arise primarily from the need to both test and fill any
residual knowledge gaps arising from earlier research (2006, pp. 881–886). This
means designing the right research model and formulating suitable questions within
it are processes necessarily preceded and driven by determining what is uncertain
and by rationalising established ideas with testing.

Seen as the paradigm that provides the underlying framework for mixed-methods
research (Somekh & Lewin, 2005; Teddlie & Tashakkori, 2003), pragmatism is not
committed to a single system, reality or philosophy and focuses on the 'what' and
'how' of the research problem (Creswell, 2003). Early pragmatists "rejected the
scientific notion that social inquiry was able to access the 'truth' about the real world
solely by virtue of a single scientific method" (Mertens, 2007, p. 26).

The paradigmatic approach for the research aligns with Denzin and Lincoln’s claim
that post-modernist research today largely eschews any notion of hegemony or
supremacy among research paradigms (Denzin & Lincoln, 2011, p. 6). It is clear that
Geertz’s 1993 prediction of genres blurring within twenty years is being rapidly
realised (Geertz, 1993), which has been heralded as both inevitable and desirable by
scholars (Creswell & Clark, 2007; Healy & Perry, 2000; Östlund, Kidd, Wengström, & Rowa-Dewar, 2011). These scholars fundamentally assert “Inquiry methodology can no longer be treated as a set of universally acceptable rules or abstractions” (Denzin & Lincoln, 2011, p. 6) and this belief characterises the ontology and methodology used in this research.

When used as a methodological metaphor, testing can facilitate the integration of qualitative and quantitative findings and help researchers clarify their theoretical propositions and the basis of their results (Östlund et al., 2011). This can offer a better understanding of the links between theory and empirical findings, challenge theoretical assumptions, and develop new theory (Östlund et al., 2011).

A relativist, constructivist ontology posits that no objective reality exists; rather, multiple realities exist in line with human construction (Krauss, 2005). Broadly, literature reviews concerning social sciences align with this notion because people effectively impose their own concept of order as a way of building meaning, born from cognition. Following this, people impose order on the world in an effort to construct meaning (Falconer & Mackay, 1999; Guba & Lincoln, 1994). Including a survey as an adjunctive component of the interviewing process is consistent with positivist research (Healy & Perry, 2000).

In addition to pragmatism, mixed-method approaches ordinarily attract realism as a philosophical partner (Creswell, 2009; Johnson & Onwuegbuzie, 2004; Krauss, 2005), a combination increasingly considered to be superior and desirable (Bisman, 2002). Krauss (2005) emphatically positions mixed-research, combining pragmatism and realism, as the most effective means of achieving plurality in results and urges future researchers to employ this approach to achieve a higher degree of authenticity in their findings and to perpetuate the mixed-research momentum, to ensure its continuing perfection (Krauss, 2005).

Within a realism framework, Krauss (2005) argues both qualitative and quantitative methodologies are appropriate for researching the underlying mechanisms that drive actions and events. Providing the detail of this, Krauss (2005) and other researchers are comfortable arguing that “studies and unstructured or semi-structured in-depth interviews are acceptable and appropriate within the paradigm, as are statistical
analyses, such as those derived from structural equation modelling and other techniques” (Bisman, 2002; Krauss, 2005, p. 762; Perry, Alizadeh, & Riege, 1997).

The implication for current researchers is clear: realism as defined above, and used in conjunction with pragmatism, helps eradicate the dichotomy between qualitative and quantitative research (Bisman, 2002; Krauss, 2005, p. 762; Perry et al., 1997). This philosophy reflects the claim that research to date has lacked focus on the specific target groups, validating a focus on filling residual gaps. The axiom of this is the argument that most publications concerning strategic change contain relevant information, which needs to be considered and customised to the specific needs of charities, validating a focus on testing. Appendix 4, Methodological Concepts, is a table reflecting the above discussion by diagrammatically representing the linkages between the concepts described in this chapter.

In this sense, this research is conducted from a “realist” perspective. Supporting this assertion are Perry and Sobh (2006), who define the realist paradigm and its ontology and epistemology as follows:

Reality is “real” but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it. Epistemology - findings probably true – researcher is value-aware and needs to triangulate any perceptions he or she is collecting’ (Perry & Sobh, 2006:191).

As an extension to this, it is noted Perry and Sobh (2006) build their definition of realism upon the considerations of post-positivism presented by Denzin and Lincoln (1994). As framed above it attests to quantitative and qualitative methods and thus mixed methods.

3.3 Methodology: Mixed Method Approach

The methodology satisfies the fundamental requirement of sound research: credibly answering and verifying a research question/s from as many perspectives as is needed to prove thematic consistency (Creswell & Clark, 2007). Historically, critics of mixed-methods research have argued that qualitative and quantitative methodologies are polarised and should not be combined due to different epistemological and ontological assumptions (Brown, Crawford, & Hicks, 2003; Guba & Lincoln, 1988). However, the work of Fielding and Schreier, who suggested...
that quantitative and qualitative research had moved so far apart from one another, that practitioner-based change assumptions and change strategies has assumed two separate and distinct languages, marks something of an end to sustained opposition to combining designs in change literature (Fielding & Schreier, 2001).

Fakis, Hilliam, Stoneley, and Townend (2013) observed that the connection of quantitative and qualitative research with different epistemological and ontological assumptions is not fixed and ineluctable (Fakis et al., 2013). It is also be noted that large strategy change consultants, like Bain and Company, advocate multiple research methods when consulting on the same project (www.bain.com), for example performance analytics (“quantitative”) and staff interviews (“qualitative”).

Of the practitioner-based and research based evolution and maturing in mixed-method acceptance and design, Fakis et al. conclude,

in recent years, mixed methods research has grown due to new frameworks supporting mixed methods and the need for exploring and answering research questions from all possible angles. Mixed methods have also developed as a result of a more “emancipator”- based research strategies being developed and emphasized within policy making. (2013, p. 140)

The introduction featured an explanation and diagrammatic representation of the research process. The integrity of the mixed design was established in sections 3.1 and 3.2. The following elaborates on these by authenticating the literature, interviews and analysis used in terms of their relevance and applicability.

3.3.1 Literature Review Process

A literature review is a specific form of research, focussing on literature relevant to a given topic(s). The scope of this paper includes in excess of 250 sources, ranging from organisation reports (corporate and charity), academic articles, legislation, findings from relevant bodies (for example, OECD), books, websites and journals, each relevant to addressing the research aims. The selection of sources is based on relevance, currency, quantitative and qualitative approaches, and the provenance of the authors.

Analysing, selecting or adapting one or more of the major types of literature reviews may enhance the article selection process; these are identified and described by Veal
in Table 3.2 (Veal’s Literature Review Types and Major Elements), adopted from Veal (2005). Because the scope of the literature review is not restricted to academic and scholarly articles, the “Inclusive” approach, described in Table 3.2 applies. Further, “Content analysis and hermeneutics” (Veal, 2005) is included as this typically includes texts that are not academic in origin, such as a company report. Of Veal’s (2005) remaining three (3) literature review types, exclusive adherence to only one of these types was not appropriate or feasible because of the overall lack of research specifically relating to strategic change in Australian charities.

Table 3.2: Veal’s Literature Review Types and Major Elements

<table>
<thead>
<tr>
<th>Literature Review Type</th>
<th>Major Elements</th>
</tr>
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<tbody>
<tr>
<td>Inclusive</td>
<td>Identifies &amp; lists everything written on the topic</td>
</tr>
<tr>
<td>Inclusive/evaluative/meta-analysis</td>
<td>Expands on the inclusive approach by providing a commentary on the literature</td>
</tr>
<tr>
<td></td>
<td>in terms of its coverage and contribution to knowledge on the topic</td>
</tr>
<tr>
<td>Exploratory</td>
<td>More focused and seeks to discover existing research that might throw light</td>
</tr>
<tr>
<td></td>
<td>on a specific research question or issue</td>
</tr>
<tr>
<td>Instrumental</td>
<td>The primary focus is the issue being researched. May provide quantitative or</td>
</tr>
<tr>
<td></td>
<td>qualitative data on the topic</td>
</tr>
<tr>
<td>Content analysis and hermeneutics</td>
<td>Techniques involve detailed analysis of the content of a certain body of</td>
</tr>
<tr>
<td></td>
<td>literature</td>
</tr>
</tbody>
</table>

(Veal, 2005, pp. 83–84)

Moreover, including, at least in part, the “Inclusive/evaluative/meta-analysis”, “Exploratory” and “Instrumental” approaches has the dual benefit of giving greater plurality and content to this research, revealing new and useful research techniques to be considered for future work.

Individual articles were not reviewed in isolation, recognising the need to organise, review and contrast key themes concurrently. This allows for instant comparisons between researchers and rejection or validation of separate and shared ideas, at the
same time as respecting the protocol that a literature review should not report new primary scholarship. As has been frequently acknowledged, the great preponderance of literature concerning strategic change originates from overseas and focusses on the for-profit sectors.

3.3.2 Interviews and Data Generation

Preparing data for analysis to use in academic and commercial research is typically a multi-faceted exercise and the most time consuming stages often occur prior to obtaining the data. As advocated by scholars (Montgomery, 2008; Sterling, 2003; Creswell, 2009), the preparation included constructing, validating and customising the interview questions to offer participants a simple scale to rate their responses from 1 to 5 (strength of disagreeing to agreeing). Once the interviews were completed, which included asking the interviewees for “on the record comments” as well as calibrating the change readiness of their charity to successfully participate in the specific change process discussed, the responses were contextually analysed using averages to identify substantiate trends (for example, the comparatively lower levels of ability and belief evident in the staff members).

For the researcher, data gathering and analysis must contribute positively and reliably towards addressing the research question/s. To facilitate this, interviews and their corresponding survey results centre on the five key change concepts, either directly (for example, a category of questions focusing on the mission statement), or indirectly, (for example, questions focusing on communication and resources). The data gathered satisfies the test of being:

1. accessible
2. relevant
3. accurate
4. testable
5. practical
   (Montgomery, 2008)

Five charities in Victoria were examined, each meeting the conditions of a turnover of less than $5 million per annum, relying on the Victorian Government for the majority of their funds, less than 10 staff members, and having three essential layers:
board members, executives (CEOs for example) and staff. Presented below is this process (Table 3.3).

The rationale for the charities selected reflects pragmatism and research authenticity. To the first point (pragmatism), the five charities interviewed/surveyed satisfied the basic criteria of being able to provide three tiers of willing participants. For this research, note the agreeable charities were selected from a wider cohort of like charities, all of which met the fundamental test and requirement of being able to provide authentic responses (‘research authenticity’) because they had either undergone, or were seriously considering undergoing, major strategic change.

Table 3.3: Identification Contact and Interview Process.

<table>
<thead>
<tr>
<th>Stage 1 (Internal):</th>
<th>Define key criteria for research and design interviews to meet this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1b (Internal):</td>
<td>Design calibration / statistical analysis for this research</td>
</tr>
<tr>
<td>Stage 2 (External):</td>
<td>Identify appropriate charities for research</td>
</tr>
<tr>
<td>Stage 2b (External):</td>
<td>Contact charities to arrange appointments</td>
</tr>
<tr>
<td>Stage 3 (During Interview):</td>
<td>Reassure participants about protocols, confidentiality and purpose</td>
</tr>
<tr>
<td>Stage 3b (During Interview):</td>
<td>Record responses statistically and key, revealing quotes</td>
</tr>
<tr>
<td>Stage 4 (Post Interview):</td>
<td>Analyse and categorise results statistically and thematically</td>
</tr>
</tbody>
</table>

3.3.2.1 Qualitative / in-depth interviews

Each of the many possible interview questions and methods is subject to its own restrictions, among these being that for written responses, the interviewer is less able to be interactive and sensitive to the language and concepts used by the interviewee (Thompson, Pollio, & Locander, 1994). Irrespective of the method/s used, participants must understand the purpose and design behind the questions asked. This reflects the first element of what some scholars variously describe in their prefatory notes to interviewing as a three-part taxonomy, based on the degree of latitude given to interviewees: structured or fixed response, semi-structured and open-ended interviews (Ezzy, 2010).
Bryman (2006) advocated for minimal research design refinement. Consistent with this, interviewees were asked for their thoughts on three of the change elements (mission/vision, leadership and culture) and the complementary topics of change communication and resource management during change (refer Appendix 7). The purposes of this were to validate these literature review topics and provide insight about their capacity and willingness to positively participate in strategic change.

Initially contacted by telephone, each recipient received an explanation about the format and purpose of the interviews. Concerning this, and the preceding justification for using a mixed-methods approach, Bryman’s (2006) advocacy for researchers using reduced design refinement in their design was observed. Additionally, Bryman endorses multiple typologies, on the proviso that the design construction considers the following different aspects of multi-strategy research (Bryman, 2006):

1. Are the quantitative and qualitative data collected simultaneously or sequentially? (Morgan, 1998; Morse, 2003).
2. Which has priority – the quantitative or the qualitative data? (Morgan, 1998; Morse, 2003).
3. What is the function of the integration – for example, testing, explanation, or exploration? (Creswell, 2003, 2009; Greene, Caracelli, & Graham, 1989).
4. At what stage(s) in the research process does multi-strategy research occur? (Tashakkori & Teddlie, 1998). It may be at stages of research question formulation, data collection, data analysis, or data interpretation.
5. Is there more than one data strand? (Teddlie & Tashakkori, 2003).

Following their agreement to participate, interviewees received formal email invitations (see Appendix 5 – Copy of Participant Invitation for Interviewing), restating the content of their initial invitation, and a suggested time and date for the meeting was provided. One week prior to the interview, participants were contacted by telephone to confirm their appointment and reassure them of the protocols used, which included confidentiality and confirmation of their comfort with the location (on their work premises in all cases).
In response to question 3 (above), the interviews test the findings of the literature review by verifying the importance of the key change elements, while also calibrating change readiness. These are instructive for the change model presented in chapter 5.

3.3.3 Data Generation and Statistical Analysis

3.3.3.1 Qualitative/in-depth interviews

Interview Questions (Appendix 3) measure readiness and awareness across the five identified critical change areas (occurring typically in both conception and execution). To refine these responses, ten sub-questions for each key question were asked. Representatives from five charities were separately interviewed, in each case including a board member, executive and staff member. Stromquist (2000, p. 141) observed, “The qualitative researcher must have some clear criteria for the selection of the interviewees”. For this research, representatives spanning the three nominated layers of organisational hierarchy: employee, executive and board, participated in this research. This serves the thematic and practical purposes of triangulating the key elements of strategy design and assessing the practical capacity of charities to implement successful strategic change.

It is important to understand this in context; both literature reviews and interviews are qualitative investigations; however, using a statistical analysis (quantitative) is a means of guarding against both researcher bias and pure constructionism, defined as the notion that all ideals are socially constructed.

Interviewees agreed to participate on an anonymous basis, offered with the expectation this would encourage candid responses (Grinyer, 2002; Weiss, 1994). In pursuing candour, interviewers must be alert to a range of potential human behaviours that may limit the authenticity of the answers and/or threaten the identity of the participants. Foremost among these is creating an environment that promotes comfort and trust (Kvale, 2006), and ensures a fuller understanding of the purpose and merit of the (Seidman, 2013).

To that end, each interview began with a brief (approximately five minute) verbal recapitulation of the research purpose, followed by reconfirming the participants
understood the importance of the research and their opportunity to contribute to its outcome. This included explaining the interviews and surveys in context, by confirming the relevance of the topics examined in the literature review, and that the questions being asked were designed to assess how prepared charities are to undertake strategic change. This included verbally reiterating confidentiality.

Additionally, restating the high number of like Victorian charities (over 4,000) further reassured participants about the unlikelihood of either their charity or themselves being individually identified. For this research, such a high degree of homogeneity means the potential for deductive disclosure (Sieber, 1993; Tolich, 2004) is remote. Kaiser wrote of this, “given that qualitative studies often contain rich descriptions of study participants, confidentiality breaches via deductive disclosure are of particular concern to qualitative researchers. As such, qualitative researchers face a conflict between conveying detailed, accurate accounts of the social world and protecting the identities of the individuals who participated in their research” (Kaiser, 2009, p. 1634).

The table below (3.4) intentionally includes an analysis on research and change communication and excludes two of the original five change elements, the strategy process and resources. The rationale for this being the complementarity between the three included change elements and the ability and need for these to be both communicated and resourced in charities. The paucity of charitable resources is noted frequently in this paper, making its inclusion in concert with, for example, leadership, appropriate.
Table 3.4: Literature and Interview Key Phenomena

<table>
<thead>
<tr>
<th>Phenomena studied</th>
<th>Included in literature review?</th>
<th>Included in interviews?</th>
<th>Reason/s for inclusion:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>Yes (2.3.1) – Mission and Vision Statements in Australian Charities</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>Yes (2.6) – Organisational Culture</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Leadership</td>
<td>Yes (2.7) – Leadership</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Unique positioning</td>
<td>Yes (2.4) – Unique Positioning</td>
<td>No</td>
<td>Typically confined to executives</td>
</tr>
<tr>
<td>Strategy process</td>
<td>Yes (2.5) – Strategy Process</td>
<td>No</td>
<td>Design typically confined to executives</td>
</tr>
<tr>
<td>Resources</td>
<td>No</td>
<td>Yes</td>
<td>Board members typically removed from this</td>
</tr>
<tr>
<td>Communication</td>
<td>No</td>
<td>Yes</td>
<td>Board members typically removed from this</td>
</tr>
</tbody>
</table>

The table above (3.4) also serves to inform the strategy model presented in Chapter Five. One critical example of this is the recommendation in Table 5.3 (Strategy Formulation) that strategy design, traditionally the domain of executives and board members, should include staff members too. This resulted directly from the literature reviews and interviews, where the potential value and enthusiasm on offer from staff members to this process was examined.

3.3.3.2 Quantitative

The following analysis of selected averages across the survey responses highlights significant differences and similarities within and between like organisations concerning their understanding of change programmes. By design there is
duplication between some phenomena analysed in the literature reviews, notably 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, and the interviews (see Table 3.3 following). For clarity, this means the following series of averages surveys and analyses the following topics (among others) also contained in the literature review: mission/vision statements, organisational culture and leadership. In fact, the quantitative analysis also helps bridge any perceived epistemological chasm between quantitative and qualitative research, as suggested by Silverman in 1993, which can emerge in interview-based research as suggested in Table 3.5 below.

### Table 3.5: Silverman’s Interviewer Epistemology Summary

<table>
<thead>
<tr>
<th></th>
<th>Positivism</th>
<th>Interactionism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interviewer</strong></td>
<td>Object – following research protocol</td>
<td>Subject – creating interview context</td>
</tr>
<tr>
<td><strong>Interviewer</strong></td>
<td>Object – revealing items relevant to the research protocols</td>
<td>Subject – complying with or resisting definition of the situation</td>
</tr>
</tbody>
</table>

(Silverman, 1993, p. 94).

#### 3.3.3.3 Research aim and questions

The questions calibrate the change readiness across the three basic tiers of a prototype charity (employee, executive and board member) by interviewing and surveying representatives of each of these tiers working in actual charities. Questions cover key organisational phenomena relevant to the likelihood of change success, both in construction and execution.

### 3.4 Population and Recruitment Strategy

To reiterate, the interviews and their complimentary surveys serve two key purposes. Firstly, to validate the key research topics examined in the literature review, and, secondly, to measure the change readiness of charities to participate in effective strategic change. Additionally, and importantly for plurality, each charity was able to provide a “top-to-bottom” perspective, meaning staff, managers and board members were interviewed to give a holistic perspective and to measure any sizeable difference of opinion and understanding within the same charity on any given topic.
3.4.1 Sampling Strategy

The sampling technique employed is a crucial element of the research process and the most suitable strategy for this research is purposive sampling, used primarily in qualitative studies and defined as “selecting units (e.g., individuals, groups of individuals, institutions) based on specific purposes associated with answering a research study’s questions” (Teddlie & Yu, 2007, p. 77). Maxwell (2008) elaborated on this definition by describing sampling as a process in which, “particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices” (p. 224).

3.4.2 Inclusion Criteria

The criteria for the interviews and surveys was appropriate and simple: participants had to be working in a charity of 10 or less employees and be a representative of one of the three tiers of hierarchy: staff, executive (including managers) and board members. This allowed participants to represent the views of charities from a range of positions, colloquially “day-to-day” to strategic oversight. Additionally, participants agreed to discuss strategic change from the dual perspectives of their own experiences, and how this should occur in today’s environment. Finally, participating charities must have either considered, or undergone, a strategic change agenda within the last three years.

3.4.3 Sourcing Participants

Participants came from charities located in Melbourne, Victoria. Prior research identified the desired organisations in terms of staff numbers and turnover, and 25 invitations were sent to these organisations via email. Of the 25, 12 responded, agreeing to be interviewed without follow-up. Selection of the final charities was predicated on the key criterion that members from each of the three tiers (staff, manager, board member) were available.

The interviews were conducted over a six-month period during 2015, requiring five separate on-site visits to the selected charity. The discipline of waiting at least two weeks between interviews was followed to allow for adequate time between each block of interviews for researcher reflection and interpretation (Seidman, 2013).
The three tiers (staff, managers, directors) were interviewed during the same visit, with each of the three sessions lasting approximately one hour. Pragmatism and statistical integrity directed the sample size of one participant of each tier being interviewed and surveyed (i.e. a total of three per charity, multiplied by five charities totalling 15 interviews). To expand on pragmatism, a significant number of charities rely on volunteerism and experience a high staff turnover, measured in the UK at over 20% (www.theguardian.com). This means that finding longer-term staff members able to speak with experience and authority about their organisation is challenging. Additionally, as already argued in this research, there is no unequivocal rule governing the optimal number of participants. Furthermore, it is reiterated the interviews complement the literature review and are not relied upon as an isolated source of empirical data.

3.4.4 Sample Size

A number of issues can affect sample size in qualitative research, but the traditional reference point is the concept of saturation (Crouch & McKenzie, 2006; Glaser & Strauss, 1967; Mason, 2010). While this concept has been explored by scholars for decades (Mason, 2010; Roth, Iddekinge, Huffcutt, Eidson, & Schmit, 2005; Walker, 2012), no consensus has emerged about the right number and, according to many, this concept is poorly understood (Crouch & McKenzie, 2006; Mason, 2010). This is not surprising when the multifarious nature of qualitative research is recognised.

Mason (2010) acknowledged this by observing, “Frequencies are rarely important in qualitative research, as one occurrence of the data is potentially as useful as many in understanding the process behind a topic. This is because qualitative research is concerned with meaning and not making generalised hypothesis statements” (p. 1).

The process for gathering the information included spending approximately two minutes explaining each question contextually, seeking permission to publish any “on the record” comments where appropriate and recording the respondent’s survey answer on a password protected flash drive, kept in a locked safety box when not being used.
3.5 Data Analysis

For the statistical analysis of the interviews, using robust averages ("arithmetic mean") for predetermined groups and investigations removes the need for coding, more commonly represented by a word or short phrase that assigns a summative and salient attribute for data. For this analysis, clearly categorised themes (the five key elements) with a simple numeric measurement, analysed statistically through a series of average calculations, performs this function.

3.5.1 Content Analysis (Transcription, Coding/Themes)

Building on the work of Kaid and Wadsworth (1989), Hsieh and Shannon (2005) argue, “all approaches to qualitative content analysis require a similar analytical process of seven classic steps, including formulating the research questions to be answered, selecting the sample to be analysed, defining the categories to be applied, outlining the coding process and the coder training, implementing the coding process, determining trustworthiness, and analysing the results of the coding process” (Hsieh & Shannon, 2005, p. 1285).

The process of this research follows similar milestones. In addition to mathematics and statistics, the arithmetic mean ("average") is frequently used in fields such as economics, sociology, and history. For example, per capita income is the arithmetic average income of a nation's population (Libich, Nguyen, Dat, & Stehlík, 2015). This is an ideal and functional substitute for the traditional coding process. Because the survey analysis investigates the five key change themes ("categories"), its findings are actually mathematically codified responses to the research questions, in addition to being a tool for triangulating the findings of the literature review.

3.5.2 Quantitative

The most rudimentary observation about statistical analysis is that it provides inferential information only (Ewens, 2015), which is easily demonstrated through a range of basic statistical procedures, for example the Null Hypothesis Theory (refer Appendix 6 - Null Hypothesis Theory Example). The second basic and relevant observation to make is that statistics, particularly in a meta-analysis context such as this, should be as uncomplicated as possible to avoid confusion.
3.5.3 Testing (Literature, Interviews, Quantitative data)

Bryman (2006) accepted the combination of qualitative and quantitative research and sought to move beyond typologies of the ways these are integrated to an examination of their practical union (Bryman, 2006). At the foundation of his research are the five key questions, relevant for this research (refer 2.3.2.1 Qualitative / in-depth interviews).

The survey results were then analysed using specific and targeted average calculations to highlight any significant variation among the three tiers of the target sector. The statistical analysis employed is simple and a standard tool used to highlight any significant variation of opinion among target organisations concerning their capacity to accept and execute organisational change.

The statistical analysis is complementary to the interview process and addresses many of Bryman’s (2006) key questions. The qualitative data were obtained first and assumes the status of the primary source of research. The function of the integration research approach is to test the literature review findings and practically understand how prepared charities are to embark in the change programmes many now face to survive.

3.6 Design and Procedures

The mixed method research used has been described and validated and is appropriate for this examination. The literature review considers and isolates key change factors, which are tested by interviews, the results of which are statistically analysed. These results then measure change readiness, willingness and capacity.

3.7 Ethics, Anonymity and Confidentiality

Ethics approval for this research was provided by Charles Sturt University, School of Management and Marketing on 13/10/2014, protocol number 200/2014/10 (refer page 7 – Charles Sturt University Protocol Approval). Additionally, the research strictly adheres to the protocols outlined in “The National Statement on Ethical Conduct in Human Research, 2007, updated in May, 2015” (www.nhmrc.gov.au). Data, when not in use by the author, is stored in a locked safety box on a password protected flash drive. Raw data will be kept for 7 years as per Charles Sturt
University research protocol. Participants agreed to thesis publication on the condition of anonymity.

3.8 Limitations

Qualitative research is ethnographic in nature and, ultimately, explores and interprets people’s experiences and thoughts and, as such, disallows definitive judgements. Additionally, some social science researchers (Lincoln & Guba, 1985; Schwandt, 1989) perceive qualitative and quantitative approaches as incompatible, while others argue for their combination (Patton, 1990; Reichardt & Cook, 1979). One potential limitation emerging from mixed-approaches is the confusion that can arise when qualitative research argues from the underlying philosophical nature of each paradigm, while quantitative research focuses on the apparent compatibility of the research methods, deriving the rewards of both numbers and words (Atieno, 2009). Because the positivist and the interpretive paradigms rest on different assumptions about the nature of the world, when a philosophical difference concerning qualitative and quantitative research occurs, different instruments and procedures are needed to find the type of data desired (Atieno, 2009).

3.9 Chapter Summary

The stated purpose of this chapter is to validate the epistemological and ontological assumptions underpinning the literature research, interviews and the following statistical analysis (chapter 4). The foregoing analysis has justified this by chronicling the evolution of mixed-methods research from being discouraged (Lincoln & Guba, 1985), to being accepted (Patton, 1990; Teddlie & Tashakkori, 2003), to its current status, which has been described as the “third methodological movement” (paradigm), with quantitative and qualitative methods representing the first and second movements (paradigms) respectively (Newman, 2008; Teddlie & Tashakkori, 2003). Today mixed-methods research is recognised for being able to “develop rich insights into various phenomena of interest that cannot be fully understood using only a quantitative or a qualitative method” (Venkatesh, Brown, & Bala, 2013, p. 38).

Having legitimised the concept of a mixed-methods investigation, and its design, this research framework is enhanced by the inclusion of qualifications where required.
(for example, when juxtaposing literature from overseas into the Australian context), and a “top-to-bottom” oversight from every-day practitioners.

Chapter 4 builds on this research by further measuring how these change elements, and the internal and external forces affecting them, are understood and embraced within charities. In this sense, it is inadequate to define the purpose of Chapter 4 only using the traditional definition of testing (Flick, 2004). It does not seek solely to validate the findings of Chapter 2 (although there is a considerable element of this). More to the point, Chapter 4 also uses pragmatism, provided by people working in the target organisations, to measure the change willingness and change readiness of these organisations, called upon to embark on organisational change.

This aligns with theory attesting that epistemological questions are a vital issue in the testing of different methods because qualitative and quantitative methods are built on philosophical differences in the structure and confirmation of knowledge (Foss & Ellefsen, 2002). Chapter 4 recognises this and the additional incremental studies suggesting the epistemological basis of practical research should reflect the need for various types of knowledge focused on the core research goal of addressing a real-world need (Howe, 1988; Miller & Glassner, 1997; Tashakkori & Teddlie, 1998).
Chapter 4: Analysis, Results and Discussion.

4.1 Introduction

This chapter serves two (2) purposes. Firstly, it uses feedback from the interviews and surveys to test the context and importance of the key themes of strategic change analysed in the literature review. Secondly, it uses this information to judge the change readiness and preparedness of the participating charities and, by extension, other like organisations.

4.2 Quantitative Research

Chapter 3 discussed the extent of advocacy and acceptance for mixed-method approaches. In the context of this discussion, as it applies to this chapter and its use of surveys to measure change readiness and acceptance, it is reiterated that quantitative research, in particular surveys, has been claimed to reduce researcher bias and promote a higher level of objectivity in researcher findings (McBride & Schostak, 2004). Quantitative research conducted in a practical, every-day environment, also provides measurable results available to managers for organisational decisions. Scholars note statistical results can only ever be inferential (Ewens, 2015) and that, despite the common claim of higher objectivity (when compared to qualitative research), the results of surveys are still subject to researcher design and therefore researcher bias (Riege, 2003).

For this research, the quantitative component focusses on a small sample size and uses direct and relevant questions, thereby providing a valuable source of relevant information for future researchers and for the change model presented in chapter 5.

4.3 Interviews

For this research, interviews provided context, relevance and clarity to the accompanying surveys. Conducted face-to-face, it was important to ensure a full understanding of the questions, and remove researcher bias, in addition to ensuring participants respected this model as relevant to them. To help complete these goals, the fundamental principle of providing information and opinion, was observed,
which is consistent with providing and receiving specific and unambiguous information.

Following is a brief summary of the interviews, including quotes from each of the three levels in the organisations (staff, executive, board). Selecting the quotes for inclusion was guided by their succinctness and the enlightenment they brought to the three key purposes of the survey and interview process: the degree of understanding of the concept of strategic change, the extent to which the organisation currently embraces this, and the confidence the organisation has moving forward with strategic change.

Three of the five key change elements were specifically discussed and surveyed (mission/vision statements, organisational culture and leadership). Additionally, the fundamental and supporting topics of organisational resources and communication were also discussed, and measured, the rationale for this being the rapidly increasing research and recognition afforded to the impact of the organisation’s communication strategy on the strategy itself and its success or failure (Botan, 1997; Seiter, 1995; O’Connor, 2002; Foreman & Argenti, 2005).

4.3.1 Mission and Vision Statements

There was consensus across all tiers and in all charities that mission/vision statements are fundamental to strategy and, in fact, that they articulate the organisation’s strategic intent and endeavour. One CFO observed, “I design my budgets around the expenses and revenue we expect our mission to deliver”. The key difference that emerged concerned establishing who should participate, how, and when in this process? A chairperson (board member) of a charity, dedicated to the needs of people with impaired communication, was adamant that strategic direction is the responsibility of the board, therefore implying that the stated mission/vision is also the board’s responsibility. The comment made being, “In my business experience, board members are responsible for strategy and I don’t see why this should change for charities”.

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4.3.2 Resources

As expected, the observations reflect the clear difference of a profit-driven organisation compared to a charity, in respect to assumptions about resource capacity. In fact, one CEO, who had never worked for a profit-based organisation, observed, “I think I know what we need to do, but I don’t have the money or expertise to invest in these changes and the marketing costs associated with it”. This contrasts with a staff member, who had experience (albeit as a part-time job while studying) in the for-profit sector, commenting, “We should consider engaging McKinseys”.

The perspective about resources from board members varied. For example, one board member, responsible for finance, understood resources in the context of cost containment first, allowing the organisation to provide its services to the needy by using its unspent surplus money. Another board member, responsible for community relations, was seemingly unconcerned about costs or revenue and determined only that his/her charity should “be unique and meaningful in everything we do to serve our constituents”.

It was concerning to hear resources commonly identified by their costs, as opposed to being understood in a human context. For example, the cost of a new database system was discussed, but only one staff member across all charities commented, “Our greatest resource is our people, so I think we need to recognise this better and invest more in it”.

4.3.3 Communication

The concept of communication was approached in two separate, but related contexts. Firstly, in a general sense, meaning the overall ability of all three tiers to engage in effective, day-to-day communication. In this light, it was widely acknowledged that being typically smaller provides charities with a potential advantage in terms of accessibility to less complicated communication channels. Concerning this, one staff member said, “I interact with my CEO every day, which is useful.”

The second context focussed specifically on communicating strategic change. The response to this from staff members being that change, and therefore change
communication, is an experience most had never undergone, which influenced their language and understanding back to their perception of the effectiveness (or otherwise) of general communication in the organisation and, by extension, how effective change communication would or would not be.

One board member, with experience in strategic change in the corporate sector, committed to effective communication during strategic formulation and execution; “nothing is more important than engaging and informing all stakeholders at all times about what we are doing and why we are doing it”. This is a refreshing and welcome attitude, notable for its emphasis on engagement in the process.

### 4.3.4 Organisational Culture

The critical and recurring difference between board members and executives, as opposed to staff members, concerning organisational culture, was assigning responsibility for establishing, changing and perpetuating the charity’s culture. One board member opined, “Culture is everyone’s responsibility, but it is created and changed, if necessary, by the CEO”. In contrast, a staff member from the same organisation countered that culture is set and perpetuated by everyone in the organisation, but staff, willing to positively participate in this process, felt excluded from doing so. The comment made was, “I know culture is important, but I’ve never been asked about how to fix it”.

Amorphous in form and potent in force, definitions of culture also varied. A board member described it as “unidentifiable in form, but possibly the single most important factor in the success or otherwise of any organisation”. One CEO was more confident about describing it, “Culture is how we think, do things and communicate”.

### 4.3.5 Leadership

One of the most interesting observations regarding leadership was the difference of opinions concerning the natural transition from effective organisational leadership to effective change leadership. A cynical question raised by a staff member was “how can a leader unable to manage the organisation he knows change it into an organisation he doesn’t know (meaning the changed organisation post strategy)”?
Although expressed inelegantly, this is a critical question, also explored in the literature review. It does not necessarily follow that the attributes and capabilities required to lead a charity day-to-day mimic those required to lead effective change. Curiously, only one interviewee, a board member, recognised how specific change management and strategy capabilities can be, “I’ve used international consultants before, supposedly experts in strategy change, and they usually muck it up… I don’t see why we should then assume that leaders, no matter how good they are, can automatically understand just how complex strategy design can be”.

To conclude this examination of the interviews, the following table describes, for each charity, the key theme/s emerging about each of the five organisational change elements discussed, and surveyed, (refer Table 3.3). There is a multi-fold motivation for discussing resources and communication. Initial research, including literature reviews and preliminary and informal discussions with the target charities, indicated that unique positioning and the strategy process (which were excluded) have been, to date, almost the exclusive domain of board members and executives. This does not render the opinion or input of staff as not valuable, but suggests the need for a uniform contribution from the staff members. More to the point, it provides an opportunity to discuss with board members and executives’ future ways in which the valuable thoughts and “grass-roots” knowledge of staff could be utilised.

Additionally, the topics of resources and communication are fundamental and complementary to strategic success and the five key change elements. This was recognised by Kaplan and Norton (2005), who identified the intrinsic links between the organisation’s resources, its communication capabilities, and achieving overall strategic success, summarising this as follows, “alignment creates focus and coordination across even the most complex organizations” (Kaplan & Norton, 2005, p. 8).

### 4.3.6 Conclusion to Interviews

Effective qualitative interviews seek to obtain the true feelings of the participants and provide the context and comfort to produce this goal (Kvale, 2006). A synopsis of these results is captured below (refer Tables 4.1-4.5). These tables summarise the varying perspectives across hierarchies and organisations about the key elements and
complementary behaviours that are fundamental to successful strategic change. Additionally, this enhances testing, and uncovers and brings a greater focus to the critical behaviours that underpin a change endeavour. Foremost among these is trust.
## Table 4.1: Mission and Vision Statements

<table>
<thead>
<tr>
<th>Position</th>
<th>Charity No 1</th>
<th>Charity No 2</th>
<th>Charity No 3</th>
<th>Charity No 4</th>
<th>Charity No 5</th>
</tr>
</thead>
</table>
| **Board Member** | - identified as stage one of strategic planning;  
- seen as primarily a board responsibility with limited input from “C-Level”;  
- understood value in for-profit as opposed to NFP context.  
- identified mission/vision as stage one of strategic planning;  
- inclined to engage all staff in processes;  
- greater understanding than charity no 1 that mission/vision should not be bottom-line based.  
- open to merging / joint ventures – therefore flexible and committed to the mission/vision – recognising this must incorporate the shared and individual goals of the merged entity;  
- emphasised simplicity for external and internal audiences.  
- understanding was generic more than specific to the charity;  
- meaningless platitudes are alienating and must be avoided.  
- emphasised simplicity;  
- inclusive mentality, spanning the entire charity;  
- did not see any benefit in engaging outside consultants. | - greater understanding than charity no 1 that mission/vision should not be bottom-line based.  
- should be aspirational and challenge the organisation to grow, in large part to survive;  
- must be clearly differentiated from any like organisations to remove public and internal confusion.  
- disinclined to engage board members in both statement construction and strategy formulation for fear of a generalised and corporate oriented mission/vision, leading to an inappropriate strategic direction;  
- genuine recognition this is the foundational stage of strategy formulation;  
- suggested engaging clients to a qualified degree.  
- emphasised simplicity;  
- inclusive mentality, spanning the entire charity;  
- did not see any benefit in engaging outside consultants. |
| **Executive Member** | - the first and most important stage of strategic planning;  
-“C-level” input is fundamental to success. | - greater understanding than charity no 1 that mission/vision should not be bottom-line based. | - should be aspirational and challenge the organisation to grow, in large part to survive;  
- must be clearly differentiated from any like organisations to remove public and internal confusion.  
- disinclined to engage board members in both statement construction and strategy formulation for fear of a generalised and corporate oriented mission/vision, leading to an inappropriate strategic direction;  
- genuine recognition this is the foundational stage of strategy formulation;  
- suggested engaging clients to a qualified degree.  
- emphasised simplicity;  
- inclusive mentality, spanning the entire charity;  
- did not see any benefit in engaging outside consultants. | - emphasised simplicity;  
- inclusive mentality, spanning the entire charity;  
- did not see any benefit in engaging outside consultants. | - uninspired by most existing mission/vision statements emanating from the corporate sector;  
- concerned about distilling a sensitive and specific service into a readily understood and motivating statement that could be embraced by the general, donating public. |
<table>
<thead>
<tr>
<th>Position</th>
<th>Charity No 1</th>
<th>Charity No 2</th>
<th>Charity No 3</th>
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</thead>
<tbody>
<tr>
<td>Staff Member</td>
<td>- concerned about being excluded from the process;</td>
<td>- some concern that the board would dominate this process and be out of touch with the “heart” of the organisation;</td>
<td>- current statement is outdated and lacks resonance with the internal and external stakeholders and shareholders;</td>
<td>- concerned board members are out-of-touch with the day-to-day miniature of the charity and, therefore, unable to meaningfully contribute;</td>
<td>- wanted fuller engagement;</td>
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<td></td>
<td>- recognised mission/vision as the first step in strategic planning;</td>
<td>- keen to participate in the process in the belief that staff have the clearest appreciation of the organisation’s constituents and what needs to be done.</td>
<td>- new statement needed and staff must be consulted to ensure it is relevant and accurate.</td>
<td>- wanted process to be headed by a committee of “C-level”, staff and an external consultant.</td>
<td>- existing statement needed to be changed as it neither appealed to the public or faithfully explained the necessary work being done;</td>
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<td>- inexperienced at constructing mission/vision statements.</td>
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<td>- expressed concern about marketing the mission/vision effectively.</td>
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Table 4.2: Resources

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<tr>
<th>Position</th>
<th>Charity No 1</th>
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<tbody>
<tr>
<td>Board Member</td>
<td>- understood in a monetised context, for example, the cost of a new employee, or the cost of a new computer system;</td>
<td>- investment in effective communications / marketing seen as one the most important uses of financial resources;</td>
<td>- demonstrated some awareness of the post-implementation costs, including monitoring, measuring, costs to maintain new services;</td>
<td>- resources were identified as costs, not human-based;</td>
<td>- understood a dual need to invest in resources: (1) in general for staff and updated facilities; (2) in strategic changes. Details of both these were not specified.</td>
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<td></td>
<td>- little evidence of the value in investing in human resources, for example, training existing staff.</td>
<td>- saw management of day-to-day budgetary resources as the role of “C-level”;</td>
<td>- did not think staff members would be a capable (human) resource.</td>
<td>- did not believe existing human resource policies for recruiting were adequate and that, consequently, existing staff would not be able to positively participate in a change programme.</td>
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<td>- floated idea of shared “back-of-house” resources with a like entity, for example, a shared receptionist.</td>
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<tr>
<td>Executive</td>
<td>- strong understanding of the potential value of investing in human resources, recruiting, training, etc;</td>
<td>- noted potential benefits of sharing resources through bulk suppliers (e.g. stationery);</td>
<td>- demonstrated some awareness of the post-implementation costs, specifically these were costs to be contained, as opposed to investing in people and programmes in a future-oriented manner;</td>
<td>- suspicious about the board’s understanding of resources, specifically these were costs to be contained, as opposed to investing in people and programmes in a future-oriented manner;</td>
<td>- believed investment in general human resources had been inadequate (for example, training);</td>
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<tr>
<td>Member</td>
<td>- acute awareness of budgetary constraints in terms of resources with a mentality driven by saving money as opposed to using resources in an entrepreneurial manner to increase additional revenue.</td>
<td>- expressed frustration at being unable to invest more in human resources (training and recruiting specifically mentioned);</td>
<td>- did not think staff members would be a capable (human) resource.</td>
<td>- confident investment in human resources, notably training, was adequate for the technical and behavioural requirements of the staff’s day-to-day jobs, but not</td>
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<td>- low awareness about the cost of resources. For example, there is a holding</td>
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<td>- inclined to outsource strategy formulation to an external consultancy,</td>
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<tr>
<td>Staff</td>
<td></td>
<td>- identified themselves as the most important human resource in the organisation due to facing the customers and constituents;</td>
<td>- doubted the intellectual capacity at “C-level” to make a meaningful contribution;</td>
<td>- wanted specific investment to prepare for strategic change. One suggestion made was a simple on-line course in corporate strategy;</td>
<td>- argued board members and executives needed to shift their thinking about resources from cost to people;</td>
</tr>
<tr>
<td>Member</td>
<td>- concerned about a lack of investment in training;</td>
<td>- apprehensive about the willingness of the board to invest in the necessary resources;</td>
<td>- apprehensive about the willingness of the board to invest in the necessary resources;</td>
<td>- felt “C-level” and board members not adequately resourced, in terms of experience, to oversee strategy change;</td>
<td>- wanted greater involvement in how resources were invested. For example, updated databases were perceived to be vital, where board members were focussed on new premises.</td>
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<td></td>
<td>- concerned that recruiting should focus as much on staff being able to underpin and reflect community values as it does on technical capabilities.</td>
<td>- apprehensive about the capacity of the board and “C-Level”, regardless of budget capability, to understand how to appropriately invest.</td>
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<td>- uncomfortable asking executives for additional funding for regular items, such as updated photocopiers.</td>
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Table 4.3: Change Communication

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<tr>
<td>Board Member/s</td>
<td>– referred to communication in multiple contexts, using two broad headings of “internal” and “external” to categorise. For example, internal communication may describe how the board explains strategic decisions to executives and staff and, externally, how this is communicated to the organisation’s constituents and donating public;</td>
<td>– one board member believed poor communication was a result of a lack of trust;</td>
<td>– did not see a need to consult with staff about why the need to change, only this is what the change/s will deliver;</td>
<td>– change communication is vital; even if the strategy was perfect in design, effective communication was fundamental to its successful execution;</td>
<td>– more comfortable communicating change programmes and ideas to executives and not staff;</td>
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<td></td>
<td>– concerned about how the need to change could be explained and how it would be received, most particularly by the staff;</td>
<td>– the example of Nokia was cited (where unfocussed strategy discussions were seen as an impediment to bringing new telecommunication devices to the market);</td>
<td>– felt that any potential discussions with another charity about merging should be strictly confidential and not disclosed to executives or staff members.</td>
<td>– saw the need to communicate with the charity’s primary benefactor, The Victorian Department of Human Services;</td>
<td>– believed role of executives was to communicate the change rationale and then communicate the means by which this will be achieved, primarily referring to the deployment of human and other resources;</td>
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<td>– communicating externally could be practically enhanced with more advanced digital and social media capabilities (for example, Twitter);</td>
<td>– concerned that strategic change is the traditional domain of the corporate sector, therefore, communicating the form and need of strategic change in an inexperienced NFP would be difficult.</td>
<td></td>
<td>– anticipated communicating with executives and staff more about what is being done, more than consulting about how and why things should be done and believed this would be accepted.</td>
<td>– saw no value in external consultants assisting with communication strategies.</td>
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<td>– communication was not encouraged as much as it</td>
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<td>should be in the day-to-day interaction between executives and staff and, by extension, this would impede the various stages and elements of strategic change communication.</td>
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<tr>
<td>Executive (“C-Level”)</td>
<td>− rated the “C-level” communication with staff as more effective than with board members;</td>
<td>− believed communication within the organisation across all levels was effective and anticipated this would assist change communication;</td>
<td>− concerned that board members, with experience in change in the corporate sector, would conceptualise and construct a strategic change without communicating or consulting with the executive/s;</td>
<td>− believed strategy should be agreed between board and “C-levels” prior to communicating with staff about the organisation’s new direction/s;</td>
<td>− believed strategy should be agreed between board and “C-levels” prior to communicating with staff about the organisation’s new direction/s;</td>
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<td></td>
<td>− felt board dictated more than consulted;</td>
<td>− had previously implemented a board-to-staff forum on a bi-annual basis, which had worked well and built trust and rapport at all levels;</td>
<td>− insisted that communication and consultation with staff about strategic change would be transparent and proactive.</td>
<td>− confident that well-honed, general communication within the organisation would translate to effective strategic change communication;</td>
<td>− believed that communication within the charity was generally good and this would assist change communication;</td>
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<td></td>
<td>− uncertainty about how to communicate strategy change, and the reasons for this, to the Victorian Government Department of Human Services (responsible for 85% of the organisation’s revenue);</td>
<td>− little understanding about communicating the need for change externally, especially to the donating public;</td>
<td></td>
<td>− favoured a consultative approach with staff about how to execute, but not formulate, strategy;</td>
<td>− some saw value in consulting all organisational levels in the strategy process;</td>
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<td>− in the event of a merger being discussed, or even progressing to proof-of-concept analysis, was uncomfortable about how this could be explained to staff;</td>
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<td>− saw potential value in engaging outside expertise to assist with communicating changed (and existing) organisational strategy to the general public;</td>
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<td>− unaware and unfamiliar with</td>
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<td>– setting an example of respectful and open communication was mandatory for positive executive leadership.</td>
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<td>modern communication via social and digital media (e.g. Twitter).</td>
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<tr>
<td>Staff Member/s</td>
<td>– rated board’s communication very poorly;</td>
<td></td>
<td>– unfamiliar with communication strategies in general (including how to communicate and construct a mission/vision);</td>
<td>– wanted communication/consultation about strategic direction from the initial stages;</td>
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<td></td>
<td>– comfortable that executives would listen to any concerns about change (or any other major organisational matter), but generally felt disempowered to contribute to the change agenda;</td>
<td></td>
<td>– had confidence in the accessibility and communicativeness of the executives, but not the board members;</td>
<td>– felt board and “C-level” did not understand modern, external communication strategies using social media;</td>
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<td>– day-to-day communication within the organisation and to external constituents was adequate and this would, most likely, translate to meaningfully communicating information about organisational change.</td>
<td></td>
<td>– in the event of a major strategic shift or merger, little idea about how this could be explained/communicated to the needy being served by the charity.</td>
<td>– favoured direct communication from the board, not via the executives;</td>
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<td>– linked good communication in generation to good strategic change communication.</td>
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Table 4.4: Organisational Culture

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<th>Position</th>
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<tbody>
<tr>
<td>Board Member/s</td>
<td>– recognised this as possibly the greatest facilitator or hurdle to effecting change;</td>
<td>– defined culture as complicated and covert;</td>
<td>– emphasised the impact of systemic cultural issues and differences as a factor impeding successful strategic change;</td>
<td>– the sequence of which comes first, organisational strategy or culture is almost indistinguishable;</td>
<td>– claimed the charity did not have an adaptive culture, meaning it would struggle to accept and adapt to strategic change;</td>
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<td></td>
<td>– confident existing culture was amenable to change, based on a sense of calling and the staff and executives wanting to adapt to survive and better serve the needy in the community;</td>
<td>– from previous corporate experience, was wary that unless it is properly harnessed, an organisational culture that enforces the status quo is a significant obstacle;</td>
<td>– from previous corporate experience, argued a clear causal link between organisational culture and the adoption of new technologies was a key factor in the success or failure of mergers and acquisitions;</td>
<td>– had considered holistic changes at executive level, driven by concerns the CEO was staid and inflexible to the cultural change needed to progress the charity;</td>
<td>– organisational culture can be defined as a collection of integrated ideas and tactics ideally designed to enable the charity to achieve its goals and mission;</td>
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<td>– experience where a negative culture, that did not welcome change, ruined an otherwise positive a strategic change initiative (within a department of a law firm);</td>
<td>– indicated a willingness to make executive changes if it meant creating an organisational culture, more conducive to effective change.</td>
<td>– felt that the concept of merely surviving was important, but not inspiring as a cultural feature, and expressed concern this may impede a visionary change agenda;</td>
<td>– priority concerning change was to create an organisational culture that would embrace merging;</td>
<td>– culture is multidimensional and omnipotent and its understanding and leveraging must be complete and positive for strategic change to be effective;</td>
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<td></td>
<td>– believed that, in general, a positive and communicative culture will translate to a positive culture, conductive to organisational change.</td>
<td></td>
<td>– explained the origins of organisational culture in the contexts of anthropology and psychology, but failed to define the links and the impact on the charity today;</td>
<td>– cited key corporate examples, including Daimler-Chrysler, where a merged entity that appeared to be valid conceptually, broke down largely because of a cultural mismatch.</td>
<td>– identified that culture, whether positive or negative, would impact strategic change mostly at implementation, not design.</td>
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<td>Position</td>
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| Executive ("C-Level") | – saw the potential to harness and grow positive elements of the existing culture (citing the example of a united bond between executives and staff) to assist strategic change and implementation;  
– thought that the smaller size of NFPs would make changing culture, to the extent and in the ways needed, easier;  
– once conducted an organisational culture survey, outsourced to an external agency. | – considered organisational culture largely as a reflection of executive leadership;  
– no experience in merging cultures between departments or organisations in the event of a merger;  
– suspected that cultural changes within the organisation would be needed to effect strategic change;  
– had not previously discussed or measured the charity’s organisational culture with either board members or staff. | – believed the culture of the organisation was mostly formed by the behaviours of the individual staff members, including their ethnic norms and values;  
– confident of being able to modify the existing culture to better embrace strategic change, although did not specify the details of this;  
– suggested the culture of the organisation could be reviewed on different levels, including values, individual goals and a sense of commitment to the needy;  
– suggested workers with similar values will display similar cultural behaviours within the organisation. | – concerned the existing culture has been crafted by resilience to challenging social, political and economic factors, and this resilience, while a force for stability, had also created a “one way only” organisational culture;  
– concerned that the organisation’s culture would not be able to adapt to new ideological frameworks for strategic change;  
– accepted responsibility for fashioning the right organisational culture, but was unable to express ideas about how this would be achieved;  
– did not accept the notion that the organisational cultures and change strategies from the for-profit sector were inherently better or able to be easily culturally, the concept and importance of a mission statement are irrefutable: it represents the purpose of the organisation, galvanises shareholders and stakeholders and sets a strategic path and purpose;  
– generally believed that the organisational culture in NFPs is less selfish than for-profit organisations, enhancing the likelihood of staff more fully embracing strategic change if its community-based merit/s were accepted;  
– although unsure of the details, believed being a smaller organisation was an advantage in identifying and leveraging the positive cultural elements and leading a change agenda; |
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<tbody>
<tr>
<td>Staff Member/s</td>
<td>– believed the existing culture, where access to board members was freely available, made it more amenable to positive strategic change;</td>
<td>– a business graduate had studied strategy and observed, historically culture has not easily lent itself to a structured investigation about its impact on strategy initiatives;</td>
<td>– concerned that only a linear strategy programme would be successful because the charity’s CEO was one-dimensional;</td>
<td>– speculated that the organisation’s culture was being increasingly defined and influenced by systems and not people;</td>
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<td></td>
<td>– defined culture as “the way we do things and how we feel about doing”</td>
<td>– speculated about any</td>
<td>– concerned that irresponsible comments about diverse backgrounds within the charity had created disunity within the organisation, which would</td>
<td>– envious of another similar charity, where the culture was perceived to be inclusive and trust-based;</td>
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<td>– attributed the success or failure of strategic change to the (mis)alignment between strategic goals and current behaviours;</td>
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<td>– was uncertain about how, or if, organisational culture can be changed in any context, including to better</td>
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adapted within the charity;
– understood that fundamentally different mission/vision (i.e. monetised in the for-profit sector and community-based in the NFP sector), probably created different cultural norms between for and not-for profit organisations;
– believed that the organisational cultures of NFPs shared a higher sense of purpose (compared to corporate cultures), possibly making charities more adaptive to strategic change if it could be demonstrated these were necessary and an improvement to the current organisational form.
– accepted responsibility for leading and changing both the existing organisational culture and the future organisational culture, post a strategic change programme.
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|          | them”        | commonality between the elements of a successful organisational culture and those of a successful organisational strategy;  
|          |             | – suspected that, unless the organisation’s culture was driven by a need to serve the community, any proposed strategic change/s would fail at implementation due to staff-level lethargy. | impede strategic change;   
|          |             |             | – idealised that a positive organisational culture that would lead to effective change was characterised by (1) trust in the leadership and (2) trust that the work being done was serving a community-based and noble purpose. | generally believed that NFPs would have a higher trust basis in their cultures;   
|          |             |             |             | – confident that “fighting for the cause” was a driving cultural force that would make staff members more accepting if strategic changes reinforced the charity’s purpose in the community. | enable strategic change;   
|          |             |             |             | – trusted executives as being leaders dedicated to the community and therefore the charity, but doubted their professional capability to being about positive change; |             
|          |             |             |             | – felt the generally high level of trust between board, executives and staff was a useful way to define culture and expected this would be helpful in a change endeavour; |             
|          |             |             |             | – did not have a sense of urgency in the organisation’s existing culture. |             |
### Table 4.5: Leadership

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<th>Position</th>
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<tbody>
<tr>
<td>Board Member/s</td>
<td>– thought existing CEO was a better manager than leader (although the details and definition of this were not explained);</td>
<td>– expressed concern that the staff members may lack the cognitive perspective necessary to positively embrace change, regardless of their level of motivation. Accordingly, saw a key part of leadership as being educating staff about this;</td>
<td>– indicated a willingness to be involved at a granular level in leading change. For example, assuming responsibility to for negotiating new supplier terms with key IT vendors;</td>
<td>– did not think that any strategic change needed to be innovative, just an update to bring the organisation up-to-date with current economic and political environments (not specified);</td>
<td>– considered dismissing the current CEO as a symbolic and practical measure to prepare for major strategic change;</td>
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<td></td>
<td>– confident that, although not applicable in his/her organisation, good CEOs should be good change managers in a small NFP;</td>
<td>– saw the role of board members as establishing the direction the charity needs to take and then assisting the executives of the organisation in an advisory capacity;</td>
<td>– realised resource constraints as a practical restriction, but argued effective change leadership is mostly about evangelising a new message and direction;</td>
<td>– did not think the board should provide any “hands-on” leadership during strategic change, other than he construct and articulate the change model;</td>
<td>– feared a constituent fallout in the wake of executing the executive changes (including dismissals) believed to be necessary to bring about strategic change;</td>
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<td>– recognised leadership as being as much about doing the work as about championing for the cause.</td>
<td>– did not see a need for enhanced digital systems to augment strategic change in the context this may dilute the more important element of hands-on leadership for the “C-level”;</td>
<td></td>
<td>– once the change model was established, felt the board should not be involved in its implementation, only received progress updates via the executives of the charity.</td>
<td>– wanted change to be effective and positive, but also fast.</td>
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<td>Position</td>
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<tr>
<td>Executive (“C-Level”)</td>
<td>-- was wary of being inexperienced at change leadership;</td>
<td>-- recognised a need to demonstrate greater charisma when leading strategic change;</td>
<td>-- claimed to understand sufficiently the behaviours of the staff, in addition to knowing how to manage these. It was argued this would be critical in leading strategic change;</td>
<td>-- identified a key leadership attribute as being able to manage resistance to change;</td>
<td>-- viewed board as being generally oppressive and too far removed from understanding the real challenges of leading the charity both generally and during strategic change;</td>
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<td></td>
<td>-- was weary about understanding the right strategic changes to make;</td>
<td>-- recognised a need to demonstrate greater focus on institutional reform. For example, restructuring of roles, progress management, etc.;</td>
<td>-- had studied strategy in a business course and saw not theoretical links with the practical challenges of change leadership;</td>
<td>-- wanted to be accessible as change leaders and defined this largely as a mediator between staff, the board, constituents, the Victorian Government and, if applicable, a merger partner;</td>
<td>-- confident in the ability of the executives to combine structure, strategy and job alignment in leading change;</td>
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<td></td>
<td>-- expecting a significant contribution from the board as change advocates and advisors.</td>
<td>-- expressed nervousness about explaining the reason/s for change but expected staff would have an understanding of the impact of the challenging economic and political environments and, therefore, appreciate the need to change;</td>
<td>-- argued for an inclusive leadership process;</td>
<td>-- saw communication as a critical leadership attribute in general, and vital during strategic change;</td>
<td>-- was not aware of the high rate of strategic failure generally and that the most common point for its occurrence is implementation;</td>
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<td>-- identified two primary and complementary roles: (1) explaining and justifying the need to change and (2) motivating and directing staff members to embrace and assist with the change process/es;</td>
<td>-- thought one of the main challenges of change leadership would be sustaining the energy and engagement levels of staff and other executives;</td>
<td>-- no previous experience leading organisational change;</td>
<td>-- defined leading change as setting a new direction, explaining it and managing it.</td>
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<tr>
<td></td>
<td></td>
<td>-- expected mistakes would occur during change design and implementation, so recognised the need for greater tolerance from a leadership perspective.</td>
<td>-- had no contingency plan/s for how to lead the organisation post a failed strategic initiative;</td>
<td>-- had not sought to consult with peers with experience leading organisational change.</td>
<td></td>
</tr>
<tr>
<td>Position</td>
<td>Charity No 1</td>
<td>Charity No 2</td>
<td>Charity No 3</td>
<td>Charity No 4</td>
<td>Charity No 5</td>
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<tr>
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<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Staff Member/s</td>
<td>respected existing CEO as able and dedicated to the charity, and anticipated this would assist change leadership;</td>
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<td></td>
<td>not seeking a leadership role during the change process and content to follow instructions about implementation;</td>
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<tr>
<td></td>
<td>defined leadership as motivating people to achieve results above their previous best;</td>
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<tr>
<td></td>
<td>expected that strategic change leadership would incorporate advocacy for the change purpose.</td>
<td></td>
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<tr>
<td></td>
<td>suspicious that leaders would not consult collaboratively about the need to change and how this could be facilitated;</td>
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<tr>
<td></td>
<td>expressed a need for higher leadership in the community from the executives, meaning an effective public relations programme to the Victorian Department of Human Services and the charity’s constituents about the motivation for strategic change;</td>
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<tr>
<td></td>
<td>if a merger was being considered, did not fully trust that leaders and board members would reveal this until a decision to, or not to, progress had been made;</td>
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<tr>
<td></td>
<td>doubtful the board and executives could combine cognitive, spiritual and compassion-based change leadership.</td>
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<tr>
<td></td>
<td>trusted executives and saw this as a prerequisite to embracing strategic change;</td>
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<tr>
<td></td>
<td>no previous experience either being lead, or leading organisational change;</td>
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<td></td>
<td>wanted leaders to provide a change programme that enhanced the staff’s participation in the process;</td>
<td></td>
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<tr>
<td></td>
<td>understood the organisation’s current and potential mission and systems were relatively simple and believed this would enhance the changes of change success.</td>
<td></td>
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<tr>
<td></td>
<td>not confident either the board or executives would know how to lead a merger;</td>
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<tr>
<td></td>
<td>hopeful that, in the event of a merger, more innovative board members would replace the current board;</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>wanted to assume a leadership role/s during change. For example, being responsible for leading for a specific element of a broader change programme, such as IT implementation;</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>found current board to be uninspiring leaders and believed this would be demotivating during change.</td>
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<tr>
<td></td>
<td>doubted the current CEO had the technical capabilities to lead change;</td>
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<tr>
<td></td>
<td>defined leadership broadly, meaning not only being responsible for people, but possessing the personal and professional attributes that embrace positive change;</td>
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<tr>
<td></td>
<td>did not see the board as visionary leaders, consequently doubted its ability to articulate a visionary and worthy change strategy;</td>
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<tr>
<td></td>
<td>sceptical that executive leadership focussing on staff support was authentic, attributing this to appeasing a board, growing increasingly impatient with a perceived gap in trust between staff and the CEO.</td>
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<td></td>
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</tbody>
</table>
4.3.7 Summary of Tables 4.1-4.5

Trust and doubt consistently emerged as critical behaviours among the three hierarchies, explained in the contexts of clear communication, organisational culture and technical capabilities. It is concerning to note the numerous instances of distrust, for example staff members not having confidence in the board’s understanding of the daily miniature of their roles, and doubting the ability of CEOs to be visionary. Moreover, there was consistent doubt about the technical abilities of CEOs from board members, one of whom thought firing the CEO was required.

Effective and successful strategic change is difficult enough for a united and trusting organisation. Where there is significant distrust and doubt between any levels over the motivation and/or capabilities to bring about positive change, it is concerning and suggests the need for trust building prior to commencing strategic change. Effective organisational design around a meaningful strategy builds trust by providing clarity of work and clarity of who is responsible for specific tasks and why. This structure provides a shared understanding and appreciation of the accountability and authority that exists between people on how work is organised and delivered.

A notable similarity across staff members was suspicion, not of the will of managers, but of their technical and behavioural capacity to design, implement and mobiles staff towards change. In response, managers could follow two basic options. Firstly, seek to upskill themselves in terms of strategic training, perhaps initially in an observational capacity. Secondly and as repeatedly endorsed in this paper, managers should fully engage staff at all stages in the strategy process. Some of the potential key benefits of this include a fuller understanding of “grass-roots” organisational issues, the likelihood that younger staff can inform managers about the latest developments in technology and communication techniques, and instilling a genuine sense of empowerment for staff.

4.4 Identified Themes and the Results of the Surveys

Chapter two analysed literature concerning strategic change, distilling concepts and processes shown to be relevant for charities considering new strategy initiatives. The following analysis assesses how change-ready charities are to execute the ideas from chapter two. The difficulties associated with constructing and measuring the
success (or failure) of organisational strategies have been repeatedly demonstrated. In parallel to this, the suitability of using the most robust and basic concepts has been emphasised and demonstrated.

Therefore, it is thematically and practically appropriate to construct an analysis framework that is similarly simple and produces durable and relevant results. This process entailed interviewing and obtaining survey results from five separate Melbourne-based charities, which shared in common the following: staff numbers less than 10, turnover less than $5 million, had either considered or undergone a major strategic change in the last three years, and operated with a fundamental three-tiered structure: board members, executives (for example, CEO) and staff. This is representative of thousands of charities in Australia and is appropriate for this reason.

By design there is duplication between some phenomena analysed in the literature reviews and the interviews (see Table 4.6), allowing for the testing of the key elements of strategy design and an assessment of the practical capacity of charities to successfully implement strategic change. The interview/survey design includes (for each of the five charities), five categories of questions (mission statement, leadership, culture, resources, communication) and ten questions in each category. This is included with the statistical results in Appendix 7 – Interview Questions and Survey Results.
<table>
<thead>
<tr>
<th>Phenomena studied</th>
<th>Included in literature review?</th>
<th>Included in interviews/survey?</th>
<th>Reason/s for inclusion:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement / Vision statement</td>
<td>Yes – a key change factor</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>Yes – a key change factor</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Leadership</td>
<td>Yes – a key change factor</td>
<td>Yes</td>
<td>Key for all stakeholders; testing</td>
</tr>
<tr>
<td>Unique positioning</td>
<td>Yes – a key change factor</td>
<td>Not directly, implied in Mission statement questions</td>
<td>One of five key elements, overlaps with mission</td>
</tr>
<tr>
<td>Strategy process</td>
<td>Yes – a key change factor</td>
<td>Not directly, implied in Leadership and Mission Statement questions</td>
<td>Assess ability and awareness of this concept</td>
</tr>
<tr>
<td>Resources</td>
<td>Yes – recurring, most often as part of strategy process</td>
<td>Yes</td>
<td>Board members typically removed from this, may need a better understanding</td>
</tr>
<tr>
<td>Communication</td>
<td>Yes – recurring, most often as part of strategy process</td>
<td>Yes</td>
<td>Board members typically removed from this, may need a more hands-on approach than previously</td>
</tr>
</tbody>
</table>
Additionally, as reflected in the averages and collective survey results, there is sufficient consistency across the five different charities in the overall results to indicate with some authority that these charities are representative of a wider cohort (Ewens, 2015).

### 4.4.1 General Analysis

Hacking (1975), was one of the first authors to highlight historical records reveal no real concept of probability in Europe before the mid-seventeenth century, although the use of dice and other randomising objects was commonplace (Hacking, 1975). Although the concept of averages is typically seen as simple, Hacking (1975), argued that its merits stem from its durability and popularity in basic statistical analysis. Tables 4.7, 4.8, 4.9 present the “arithmetic mean”, widely acknowledged as one of the most reliable measures of “central tendency”, (Weisberg, 1992; Dodge, 2003) for each of the charities responses to the tailored questions concerning the key change elements and complementary phenomena to them.

#### 4.4.1.1 Significant overall differences across the charities

The first analysis of averages tested to see if there were any significant overall differences between the five charities (see Table 4.7), and none occurred. This suggests charities did not differ significantly from one to another, indicating a suitable sample size and, importantly, that the findings of the literature review and model presented in the chapter following has a wide application.
Table 4.7: Test for General Differences Between Charities

<table>
<thead>
<tr>
<th>Charity No</th>
<th>Overall average for all questions / all respondents</th>
<th>Overall total for all questions / all respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 1</td>
<td>3.4</td>
<td>516.0</td>
</tr>
<tr>
<td>No 2</td>
<td>3.5</td>
<td>528.5</td>
</tr>
<tr>
<td>No 3</td>
<td>3.4</td>
<td>516.5</td>
</tr>
<tr>
<td>No 4</td>
<td>3.4</td>
<td>505.0</td>
</tr>
<tr>
<td>No 5</td>
<td>3.5</td>
<td>521.0</td>
</tr>
</tbody>
</table>

In this test, there is no notable difference between the average scores of the five charities. This is evident with the average scores for the five charities being 3.44, 3.52, 3.44, 3.37 and 3.47 (refer Appendix 7). These averages are close to each other and do not exhibit a significant variation among the five charities. Given this result, and the deliberately basic approach adopted to the surveys, there was no reason to adopt another statistical method, such as ANOVA or Regression Analysis to test which charities differ from which, and, the remaining two analyses using aggregated scores, meaning scores aggregated over charities.

4.4.1.2 Significant overall differences across the three tiers (board members, executives/managers and staff)

The results of this survey produced a very significant difference, with staff giving significantly lower scores than the board members and executives (see Table 4.8 below).
Table 4.8: Comparison Between Executives, Staff and Board Members

<table>
<thead>
<tr>
<th>Charity No</th>
<th>Executives: Overall total for all questions / all respondents</th>
<th>Staff: Overall total for all questions / all respondents</th>
<th>Board Members: Overall total for all questions / all respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 1</td>
<td>176.0</td>
<td>157.0</td>
<td>183.0</td>
</tr>
<tr>
<td>No 2</td>
<td>182.5</td>
<td>159.5</td>
<td>186.5</td>
</tr>
<tr>
<td>No 3</td>
<td>177.0</td>
<td>155.5</td>
<td>184.0</td>
</tr>
<tr>
<td>No 4</td>
<td>173.0</td>
<td>153.5</td>
<td>178.5</td>
</tr>
<tr>
<td>No 5</td>
<td>179.5</td>
<td>159.0</td>
<td>182.5</td>
</tr>
<tr>
<td>TOTALS</td>
<td>888.0</td>
<td>784.5</td>
<td>914.5</td>
</tr>
<tr>
<td>AVERAGE SCORE FOR EACH QUESTION</td>
<td>4.4</td>
<td>3.9</td>
<td>4.6</td>
</tr>
</tbody>
</table>

This has clear implications for this research; staff members have considerably less awareness, knowledge and confidence about strategy, missions and leadership than executives and board members. It is important to address this by informing and empowering staff to give the strategy the best possible chance of succeeding. This is expanded upon in chapter 5 (following).

4.4.2 The Five Key Change Elements

It was encouraging to see an overall average of 3.5/5 (70%) with category one, mission statements (refer Appendix 7). The literature review established that having a mission and vision is the primary stage in the strategy process. Additionally, the high level of participation in the mission construction (almost 80% across the board) is positive. When charities number 10 staff or less, 100% participation should be encouraged to foster a sense of equity in the well-being of the charity and allow for an informed plurality of views.

A higher sense of equity in a major process can promote a greater sense of internal enablement and energy (Hoogervorst, van der Flier & Koopman, 2004). Based on the survey results, it is important for charities to continue to encourage staff participation as a lever for enhancing the comparatively lower results staff members recorded in the culture, leadership and communication categories.

Results at this point encourage the fullest-possible organisation-wide participation and knowledge sharing as underpinning philosophies in the strategy model. To help
facilitate this, the following analysis (refer Table 4.9) highlights any significant, collective differences that may impede this and/or that identify specific knowledge and capability gaps that can be addressed. It tests for any significant differences between the scores on the five question groups, (mission statement, ....). The results (refer Table 4.9) demonstrate that, overall, none existed.

**Table 4.9: Comparison Between Question Types**

<table>
<thead>
<tr>
<th>Question Type:</th>
<th>Overall average for all questions / all respondents</th>
<th>Overall total for all questions / all respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Mission Statement Questions</td>
<td>3.5</td>
<td>530.5</td>
</tr>
<tr>
<td>(2) Leadership Questions</td>
<td>3.6</td>
<td>539.0</td>
</tr>
<tr>
<td>(3) Culture Questions</td>
<td>3.4</td>
<td>509.5</td>
</tr>
<tr>
<td>(4) Resources Questions</td>
<td>3.3</td>
<td>495.5</td>
</tr>
<tr>
<td>(5) Communication Questions</td>
<td>3.4</td>
<td>512.5</td>
</tr>
</tbody>
</table>

**4.5 Chapter Summary**

The preceding statistical analysis is intentionally simple and standard and highlights any significant variation of opinion among target organisations concerning their capacity to accept and execute organisational change. By highlighting these variations and pinpointing their sources, the change model presented in the following chapter is more informed about capability gaps that may hinder the change process.

These results and their analysis perform three critical purposes that inform future researchers and the construction of the change model in Chapter Five. In the first instance, Table 4.7 establishes there are no fundamental philosophical or compositional differences between the charities interviewed and surveyed. This consistency suggests a suitable sample size and a cohesive cohort, which gives credibility to their findings.

Secondly, Table 4.8 identifies what appears as communication and philosophical differences between the three tiers in terms of the level of trust between them to execute successful strategic change. This is also important and informs Table 5.3 (Strategy Formulation) in Chapter Five proposing the inclusion of all three levels in change modelling and communication as a means of breaking down this mistrust.
Finally, Table 4.9 is important because it suggests there are no fundamental misunderstanding or definitional differences between the three tiers, which is critical because it validates the robustness of both the questions and their goals, being to filter and define key change initiatives as articulated in Chapter Five.

The epistemology behind using this analysis is justified in the current circumstances for two fundamental reasons. Firstly, there is an absence of targeted and nuanced literature assessing change readiness for Australian charities (Tyler, 2005); and, secondly, the environments charities operate in are dynamic and volatile, meaning whatever research exists is subject to being dated and out of step with the constantly changing political landscape (Barton, 2013; Casey & Dalton, 2006).

With this established, attention is now directed towards making these results relevant to the research aim. The averages and totals, provided in Appendix 7, suggest the following: because the lowest average total concerned question 4, about resources, this indicates a uniform awareness across all levels of the organisation that their resources are low and that this can either impede or be motivation for strategic change. This result reflects a certain maturity across the charities: there is a “top-to-bottom” realisation in the organisation about resources.

It is also pleasing to see transparency, meaning staff, executives and other stakeholders are informed about the health of their charity and less likely to be blindsided by a sudden and unexpected business failure, as can happen in the corporate sector (for example, Monsanto).

Critics arguing that interviews suffer for being unscientific (Hannabuss, 1996; Popper, 2005), conceding only that it may occasionally be propaedeutic to further scientific investigation (Popper, 2005), ignore some critical advantages interviews can bring to research. Foremost of these is the fact that qualitative research, which originated in the disciplines of sociology and anthropology (Creswell, 2003), seeks to serve the critical purpose of providing an in-depth understanding and description of the human experience (Lather, 2009). In fact, when interviewees provide meaningful quotes and observations relating to their own experiences, Kvale argues that, above all other approaches, this provides “descriptions of the life-world of the
interviewee with respect to interpretation of the meaning of the described phenomena” (1983, p. 174). This was evident in some of the quotes provided.

Concerning the critical mission/vision statement, it is illuminating to note some vital differences in perspectives about this. Against the backdrop of similar ratings provided by staff, executives and board members about the importance of the mission/vision (executives: 4; staff: 35; board members: 4), quotes from the interviewees provided perspectives and richness to this question that could not be discerned from the numeric results obtained. While the importance of this was widely acknowledged, the perceived reasons for this varied. An executive stated that a mission/vision is important “…because I can prove to the Victorian Government that we have a purpose and should be funded”. This was not important to one board member, who noted, “Without a mission a useful strategy is impossible”. Finally, one staff member observed, “We need a mission/vision statement to be clear so our board members know what we actually do and so we can appeal to donors”. All these points are important and not mutually exclusive. When understood in context, this informs the strategy designer that the mission/vision, while ideally simple in its wording, may necessarily need to satisfy a range of internal and external expectations, thereby serving multiple purposes.

Similarly, when asked about the importance of leaders being role models (question 2.10), another area where there was little statistical variation across the three tiers, one CEO defined this as being, “…setting an example about how to behave within the organisation”. In turn, one board member placed a higher value on “Being seen in the eyes of the public as representing a worthy charity and cause”. Finally, one staff member emphasised, “Making sure that everyone has a clear job description”. Once more, these are valid observations, demonstrating the many possible perspectives participants have of the fundamental elements of strategic change.

The foregoing analysis and testing is synthesised in thematic form, using the five key change elements in tables 4.6 to 4.9 above. The concluding and key observation about this chapter is that it has summarised and tested the veracity of the five key change elements identified in the literature review chapter (chapter 3) and given important “ground-level” insight about their perceptions in every-day Victorian charities. Chapter 5 uses this tested information to construct a strategic change
model for charities that concentrates on the fundamental change elements and tailors these to the specific internal and external environments for charities.
Chapter 5: Model for Strategic Change

5.1 Introduction

It is responsible to recognise both the consistently high failure rate of strategic initiatives across all organisation types (Lee & Yu, 2004) and the consensus that strategy implementation is the most common cause and point of failure (Baird et al., 2007). Furthermore, charities in Australia are not homogeneous in their form or constituencies (Das, Kerkhof, & Kuiper, 2008), which has directed this research to examine only the most durable and transferable change models and concepts, thereby enhancing their likelihood of succeeding.

Once again, it is relevant to acknowledge the environments for Australian charities to provide context for any proposed change model. This begins by recognising that, while social welfare is a guiding mission for charities (van Oorschot & Arts, 2005), the extent and forms to which they can practise it are typically inextricably linked to the prevailing social welfare programmes of the reigning government (Rothstein & Stolle, 2003). Additionally, unique positioning and vision-based goals for charities usually focus on community-based imperatives and not the financial returns to shareholders commonly pursued in corporate strategies.

In acknowledgement of this, this chapter (5) outlines and describes a four-stage process for meaningful strategic change (refer Figure 5.1). Not one of these stages is conceptually original, but each is tailored to address the specific challenges charities face, including their unique internal and external environments.

The ideals and questions presented in Tables 5.1 – 5.4 are presented as summaries of the preceding analysis provided in Sections 5.3.1-5.3.4.

5.2 Developing a model for strategic change in charities

Building on the findings of chapters two and four, the following discussion proposes a diagnostic model that recognises Australian charities vary in structure, purpose and capabilities (www.probonoaustralia.com.au). The model incorporates previous change management and strategy concepts, combined with the results of this study,
which have revealed and verified the essential components for effective strategic change for charities.

5.3 The contextual environment for charities

Australian charities must navigate volatile internal and external environments that are unique to them. One important example of this, in the context of external scanning (see Figure 5.1 below), is charities must recognise and adapt to the increasing expectation of state and federal governments to pursue corporate change programmes and disciplines, regardless of their overseas success or applicability in the Australian charitable sector. Charities need to also be alert to the growing competition for finite donations and, whatever their strategic aspirations, be cognisant of their own resource limitations.
Figure 5.1: Model for Strategic Change

**Stage 1: Mission/Vision:**
- Resonance with potential volunteers and donating public;
- Demand for the proposed service/product;
- Engagement across all levels;
- Resource capacity to enable this;
- Skill capacity to enable this.

**Stage 2: Environmental Scanning:**
- Demand for the service/product(s);
- Competition;
- Revenue sources and government support;
- Receptiveness to change;
- Resource capacity to enable this;
- Skill capacity to enable this.

**Stage 3: Strategy Formulation:**
- Are there useful precedents and examples in either the private or NFP sectors?
- How to communicate this to constituents and donating public?
- Engage staff;
- Demand for the proposed service/product?
- Allocation of tasks and milestones;
- To be led by "C level" or strategy expert(s)?
- Costs?

**Stage 4: Strategy Implementation:**
- Are there useful precedents and examples in either the private or NFP sectors?
- What systems support may be needed?
- Demand for the proposed service/product?
- Allocation of tasks and milestones;
- To be led by "C level" or strategy expert(s)?
- Costs?
5.3.1 Vision and Mission

Consistently identified in the literature review as the defining process in strategy development (Angelica, 2001; Brown & Yoshioka, 2003), the purpose of the mission/vision is fundamental, and their internal and external environments have a significant influence on what charities can realistically achieve. The ideal is separate but interrelated vision and mission statements. In this scenario, the vision expresses a resonating and noble ideal that appeals to internal and external stakeholders and shareholders. The mission, while also noble, should be more specific and explain the steps by which the vision will be realised. When combined, the consolidated statement must serve these two goals: an appealing and laudable goal, and an explanation about how this is achievable. These statements should be characterised by simplicity and supported by the widest possible internal and external audiences. Most importantly, the mission/vision must link to the organisation’s business plan, represent the organisation’s unique position and be sustainable. Because it is the organisation’s primary statement about its purpose and strategic goals, the mission/vision must also be realistic and measurable. These statements have a considerable capacity to inspire staff, instil a higher sense of fulfilment and calling, and generate a positive organisational culture.

5.3.2 Environmental Scanning

Porter (1980) did not originate environmental scanning as a process in strategy design. Rather, he legitimised its use and enlightened scholars and practitioners about the critical components of this process that make it important. For charities, as the literature revealed, an in-depth awareness of their economic and political environments is critical for change leaders. These volatile and difficult forces demand that leaders understand how they affect their organisations and have the necessary technical and behavioural capabilities to harness them.

This process could assume many forms. Internally, it requires the organisation to investigate the existing and required resources needed to achieve the newly articulated mission/vision. One critical human resource consideration suggested in the literature review is the organisation’s culture; specifically, understanding the
reciprocity of the impact of the prevailing organisational culture on enabling change and the impact of the proposed change on the existing culture.

In response, the literature review described some of the means to assess and understand an organisation’s culture and its conduciveness to change. Internally, using merging as an example, scanning should include calculating costs as these apply legally, financially and in many other ways. From an actuarial perspective, internal and external scanning must ensure the new strategic goal is cost effective. Above all, scanning must be designed to ensure it serves the higher purpose of maintaining the sanctity of the mission/vision.

From an external perspective, the first question change leaders must consider concerns their survival and investigating if the newly articulated mission is achievable in the current external environment. This must account for the income potential measured against the cost of change, in addition to the threats posed through competing with like charities. Moreover, there is an increasing need to confirm the strategy and the means of achieving it comply with Australian federal and state governments.

Using merging as an example, organisations may realise some short-term cost savings and resource efficiencies, but if either, or both of the original missions emerge diluted in the new entity, the strategy will invariably fail. Protecting against this begins by scanning the appropriate parts of the internal and external environments. It is a waste of time, for example, for a faith-based charity to be concerned with government policy specifically about deeds of association requirements for local sporting clubs. However, it is important for that same charity to understand how government policy affects what they do, for example a policy suggestion made by former Prime Minister, Tony Abbott, that the Catholic Church could administer additional education and child minding services on behalf of the federal government (www.smh.com.au).

It is also relevant for such a charity to understand societal trends: is faith-based participation increasing or decreasing, and, based on the response to this, how can it increase existing revenue? Using a religion-based charity in the above examples is not mandatory, but it highlights the key consideration of serving the vision/mission
when scanning. The literature review used the example of the failed merger between Shelter and Crisis in the United Kingdom in 2002, which did not succeed because it created a perceived reduction in the Christian ethos of each organisation (www.theguardian.com).

Scanning activities should play a nuanced and moderating role in strategy formulation by informing leaders about what is achievable and practical, and be recognised as a contingency relationship between the environment, the organisation's internal processes, and performance.

5.3.3 Strategy formulation

Numerous scholars have participated in formulation theory (Kavanagh & Ashkanasy, 2006; Porter, 1980; Rigby, 2005; Todnem, 2005), but there is no uniformly accepted model or process for this. The scant resources and smaller size of charities argues for a formulation approach characterised by simplicity. Hume and Hume (2008) recognise this in the two contexts of clarity and finance. Initially they argue that being unable to invest in complex, time-consuming and potentially irrelevant knowledge management approaches may provide for clearer strategic formulation. Secondly, in an argument endorsed by other authors (Salamon & Anheir, 1992; Crossan et al, 2004), they contend that knowledge and other costly management strategies could significantly increase an already challenging financial and operational burden for charities to the extent that it threatens their operational viability (Hume and Hume, 2008).

The goal of formulation is to take the results of the scanning process and use these to design processes to enable the mission to be accomplished, measured and sustained. Change leaders should not concern themselves with dated theory that focusses too much on bivariate relationships; rather the process should identify the right contingent relationships and assign responsibility for their execution and oversight (leadership). This means everyone involved should play multiple roles: in the first instance, their input is needed to provide plurality, expertise and a sense of ownership. Secondly, once the process is agreed, all participants are informed about the nature and purpose of the tasks they have been assigned, which also builds camaraderie and purpose. The formulation process should reflect the highest
possible practical level of inclusiveness. The literature clearly identified the importance of ownership and cultural forces in effective strategy. In contrast, the interviews and statistical analysis identified that staff feel less empowered and informed about past or pending change endeavours, and, therefore, less invested in their success.

By extension, strategy formulation should include participation from as many stakeholders as possible in the mission/vision construction. One means to facilitate this is through a series of incremental workshops, which obtain agreement about the vision/mission and how to meet this. Leaders and monitors (involved in the execution) should lead workshop discussions, attended by all three tiers of the charity (staff, executives, board members). The objective of this is to construct the process for achieving the mission/vision, which must be cost-effective and supported by the necessary resources to accomplish it. If the capability and capacity exists internally, charities should avoid outsourcing strategy formulation to ensure that scarce financial resources are preserved, they do not receive generic advice, and to leverage the very real passion and capabilities existing within their organisation.

Formulation should also be as simple as possible. Expressed colloquially: this is our mission (goal) and this is how it will be achieved. At times, this will require specialist outside expertise, for example legal advice about the organisation’s registration status. However, such specialist advice is not a proxy for strategy formulation. For example, legal expertise is required for merging to consider some of the legal ramifications and to finalise the arrangement. However, deciding on merging, understanding the environment, maintaining the strategy process or harnessing their internal resources, are decisions and actions for internal management.

5.3.4 Strategy implementation

The literature review identified implementation as the most common point of strategic failure and categorised the traditional reasons for this as being political, infrastructure and focus. As noted, full-participation in designing the mission/vision, and the importance of informed internal scanning, will enhance this process and its likelihood of succeeding. The literature review also highlighted that, because
charities are usually smaller and driven by a sense of calling, it makes sense for change leaders to simplify implementation by focussing on two primary execution exemplars: decision clarity and information flow.

The need for participation, simplicity and accountability has been demonstrated. However, the challenges associated with achieving these cannot ever be fully eliminated. Irrespective of this, pursuing these ideals allows for visibility and ownership across a small organisation, in addition to providing participants with a sense of purpose and fulfilment. The trust invested in them is motivating and, when information flow includes regular progress updates to all required stakeholders, the standard pitfalls of disinterest, distrust and misunderstanding, are watered-down

Implementation assumes two fundamental groups of processes: implementation design and implementation execution. The first of these should assume a basic form, guided by the imperatives of process clarity and information flow. Complementing this is the actual implementation, or execution, which requires the following: a break-down of each specific action and linking this to the vision/mission; establishing the milestones and resources required to achieve this; and, finally, applying basic measurements that incorporate timing and attach cost accounting disciplines to each of these.

The literature review revealed very few writers have considered strategy implementation in Australian charities and, further, suggested that a lack of resources is a common challenge for charities. The survey results from the interviews substantiate this claim. This reality reiterates the need for the implementation process to be simple by including: clear task assignments, clear milestones and measurements, and clear information flow about progress and how completing one task enables another to be commenced. The literature did not identify this, but it is advisable that a common language be taught, understood and used. For instance, “turnover” to an accountant, may be seen as “revenue” to a CEO and, in some cases, as the “cost” of staff leaving the organisation during the previous reporting period.

With alternative designs and means of avoiding the traditional reasons for execution failure, it is expected the incidence of failure will decrease. However, change leaders must respect the history of execution failure and assume a sense of urgency and
ambassadorship for change in all stages. This begins by realising that the implementation stage should follow as quickly as possible after the strategy and mission is articulated, keeping the strategy “alive”, fresh and asserting its merit as the desired future form.

Communication is critical at all stages during implementation, specifically progress-based communication about each specific milestone, the completion of which should be acknowledged. Implementation lies at the heart of the strategy that propels the organisation to achieve its mission and vision, meaning its design and execution must serve the strategy to this end goal. When implementation is understood in this context, it becomes even more powerful, not only as an enabler of successful change, but as a vehicle for ongoing strategy monitoring and, therefore, preservation of the organisation’s mission. This represents the two key goals of implementation: execution and monitoring of the strategy.

5.4 Chapter Summary:

Noble observed, “The researcher interested in strategy implementation faces a formidable challenge. Although this area has drawn many calls for research attention, there is not a deep and cohesive body of prior literature on which to draw in developing new efforts” (Noble, 1999:119). Once more, the paucity of literature and empirical research in the Australian charitable sector makes this difficult challenge even harder.

Moreover, the relationship between strategy formulation and its implementation, although easy to establish in sequence, is problematic. As observed by Day and Wensley (1983), “Many of the models of strategic management assume too simple a link between the development of strategic direction and its actual implementation via the allocation of resources. In practice, the actual process of resource allocation often incorporates a number of implicit but critical strategic moves” (p. 86).

Indeed, practice-based knowledge about strategy formulation, and more particularly implementation, and their reasons for success or failure is limited. Accordingly, recourse to robust simplicity and guidelines continues to present as the practical approach, particularly in light of the lack of resources Australian charities face. The following tables (5.1-5.4) acknowledge this and draw on relevant literature and
interview findings to present a pragmatic and user-friendly checklist, providing resource-starved charities with the critical concepts, and their subordinate milestones and supporting ideals, to participate in meaningful strategic change. Presented sequentially, this combines theoretical discussion with practical solutions.
**Table 5.1: Mission & Vision Statement:**

<table>
<thead>
<tr>
<th>Key component/s</th>
<th>Key concepts and questions</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity</td>
<td>Achievable within existing skill and resource restraints; State clearly and with purpose what the organisation seeks to achieve; Be underpinned by a business plan that is measurable and achievable based on the best available historic and forecast accounting results; Be underpinned by an implementation and success measurement plan, meaningfully calibrated, for example, financial results, client satisfaction, expansion in client base, penetration of new products/services.</td>
<td>C-level and board; All three levels – to ensure maximum understanding of existing and potential organisational form; C-level and staff – does the capability currently exist, or can it be obtained, to achieve the mission and vision? Board and C-level design with C-level responsibility for oversight.</td>
</tr>
<tr>
<td>Appeal to donating public and constituents;</td>
<td>No change should dilute or diminish the perceived merit of the organisation currently, after implementation; Scan competition – will this increase or decrease? Are new markets being sought and, if so, how should these be accessed?</td>
<td>Potential engagement of external expertise to assist; C-level.</td>
</tr>
<tr>
<td>Laudable</td>
<td>Should serve a community-based purpose and seek to be best-in-class in this service; Language must emphasise the above point.</td>
<td>Decision ultimately rests with C-level and board, but involvement of all three levels recommended in construction; Possible engagement of external advice to confirm market appeal and no copyright breaches.</td>
</tr>
</tbody>
</table>
### Table 5.2 (a): Environmental Scanning (External):

<table>
<thead>
<tr>
<th>Key component/s</th>
<th>Key concepts and questions</th>
<th>Responsibility</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>What is the competition and how can this be addressed?</td>
<td>C-level and board;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How will existing competition react?</td>
<td>C-level and board;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How will the existing constituents react to proposed change?</td>
<td>C-level and staff;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How will existing donors and benefactors react to proposed change?</td>
<td>C-level and staff.</td>
<td></td>
</tr>
<tr>
<td>Government/s</td>
<td>Do the proposed changes contravene / comply with existing/proposed state or federal government changes?</td>
<td>C-level and board;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Will any existing funding be increased/decreased from the government because of the planned change/s?</td>
<td>C-level and board and, potentially, a government auditor;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are there new/pending reporting requirements?</td>
<td>C-level and board and, potentially, a government auditor;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is there an opportunity to collaborate with a government (state or federal) and/or administer government services?</td>
<td>C-level and board and, potentially, a government auditor.</td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>Are the proposed change/s suitable for the existing and potential economic environment/s and how is this effectively measured?</td>
<td>Board, C-level and, potentially, external consultant.</td>
<td></td>
</tr>
<tr>
<td>Overseas examples</td>
<td>Have similar organisations undergone comparable change and their results?</td>
<td>Board, C-level and, potentially, external consultant.</td>
<td></td>
</tr>
</tbody>
</table>
Table 5.2 (b): Environmental Scanning (Internal):

<table>
<thead>
<tr>
<th>Key component/s</th>
<th>Key concepts and questions</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Leadership      | Does the proposed leader/s of change have the required technical skills and motivation to succeed?  
|                 | Does the proposed leader/s of change have the required vision and charisma to energise the organisation around a change initiative?  
|                 | Does the leader have the relationship gravitas internally, the ability to span personal to relational relationships internally and, potentially, with outside advisors to galvanise stakeholders to share the new vision?  
|                 | Is the leader able to identify the cultural elements in the organisation, opposed to change and adequately address these? | Board;  
|                 |                                                                                              | Board;  
|                 |                                                                                              | Board;  
|                 |                                                                                              | Board and, potentially, outside consultants. |
| Current staff   | What are the specific technical skills required to design, implement and monitor change and do these exist within the organisation?  
|                 | Will the existing staff, including leadership, be able to succeed during the change process by positively interacting within the ecosystem of (potentially) consultants, accountants, auditors and themselves?  
|                 | What are the best ways to engage staff in the pre, during and post-change processes to both leverage their skills and motivate them through an inclusive approach?  
|                 | Are changes to both staff and structure needed?                                               | C-level and board and, potentially, outside advisor;  
|                 |                                                                                              | C-level and board and, potentially, outside advisor;  
|                 |                                                                                              | C-level and board and, potentially, outside advisor;  
|                 |                                                                                              | C-level and board and, potentially, outside advisor. |
| Resources and systems | Are the current systems adequate to capture and measure strategy change, in all phases (including post implementation)?  
|                 | Are the current / proposed systems compliant with changing government legislation (for example, new tax-based reporting requirements)? | Board, C-level and, potentially, external consultant;  
|                 |                                                                                              | Board, C-level, government auditor, potentially external consultant. |
Table 5.3: Strategy Formulation:

<table>
<thead>
<tr>
<th>Key component</th>
<th>Key concepts and questions</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-design</td>
<td>Can the strategy design achieve the mission/vision? Are the right skills (internal and external) available? Will the existing internal systems support this process? Has the information obtained during the scanning (internal and external) stage been accurately captured? What are the resource implications post implementation? For example, will there be job displacement, reallocation of roles, a recalibration of performance milestones and expectations?</td>
<td>C-level and board; C-level and board; C-level and staff; C-level; C-level and board.</td>
</tr>
<tr>
<td>Design stage</td>
<td>Who will participate / who has the required skills? What are the systems implications of the proposed change/s, especially around planning, control and measurement of actual against desired performance outcomes? Is the strategy design able to be underpinned by a robust business plan that demonstrates adequate financial return and measurement capabilities?</td>
<td>Board, C-Level, potentially outside advisor C-level, staff; Board, C-level, potentially outside advisor and government auditor.</td>
</tr>
<tr>
<td>Communication</td>
<td>How should the formulation progress be communicated internally and externally?</td>
<td>Decision ultimately rests with c-level and board, but involvement of all three levels recommended.</td>
</tr>
</tbody>
</table>
Table 5.4: Strategy Implementation:

<table>
<thead>
<tr>
<th>Key component</th>
<th>Key concepts and questions</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Connecting formulation to implementation | Why have other similar strategies failed at implementation and how can these be avoided?  
Who is articulating the importance of the link between formulation and implementation and how is this being avoided as being mechanistic?  
Will those involved in formulation participate in implementation and, if so, how?  
What skills and motivations are required to effectively and chronologically connect vision -> formulation -> implementation -> post implementation? | C-level and board;  
C-level and board;  
C-level and board;  
C-level and board and, potentially, outside advisor. |
Chapter 6: Conclusion and Implications.

With consideration for the identified research limitations, this chapter summarises the key factors, issues, and their implications for effective strategic change for Australian charities, followed by suggestions for future research. In the first instance, the five key change elements and their critical and recurring themes are reviewed (6.1.1 – 6.1.5). The validity of these themes is influenced by the research methodology and its limitations, summarised following this analysis (6.5). The research implications and its potential future uses are discussed in sections 6.4 and 6.6 respectively.

However, prior to this it is necessary and appropriate to consider to what extent have the two primary research questions (refer Chapter 1.2) been answered? The first sub-question asked “how applicable are change management and strategy strategies focused on for-profit organisations to Australian charities (?)”, which was examined through multiple lenses and from multiple sources. It was concluded through comparative analysis of the merits of mission and vision statements in for-profit organisations in Australian and from overseas that a meaningful mission provides a necessary platform from which strategies may be defined and measured. These must be laudable, realistic and resonate with an increasingly discerning donating public.

More generally it was established that the theory and presence, more than the form of the five change elements (adopted by for-profit organisations), offers value to Australian charities seeking strategic change. This means, for example, that leadership and culture are critical and, ideally, positive drivers of beneficial change when appropriately understood and harnessed. The literature review revealed, however, both a high failure rate in these endeavours by profit-based organisations and, importantly, that unique positioning and competition typically assumes a fundamentally different meaning in non-charitable organisations, essentially to return increasing profits to owners and shareholders, as opposed to serving the community. The manifestation of this fundamentally changes strategy processes and philosophies for charities.

The second research sub-question, “how applicable are examples from the relationships between overseas government and charities to Australian charities “(?),
was analysed primarily from the perspective of other OECD nations with a focus on Scandinavian countries, where the concepts of social capital and social welfare were discussed. The consensus reached concerning this is that Australian governments have embraced and practiced neo-liberal ideals concentrating on financial independence and implemented compliance and benchmark-based legislation, creating an infrastructure and climate that is substantially unconducive to many of these ideals.

6.1 Introduction

The need for a contextual understanding is reiterated in recognition of the ongoing challenges small charities face in Australia today when considering strategic change. Both the literature review and interviews revealed the considerable scope of this context, noting the high rate of strategic failure in general, the lack of nuanced, Australian-based literature concerning change for charities (and, to a lesser extent, for-profit organisations), the volatile Australian economic and political climate, and the resource-starved existence that characterises the majority of small Australian charities.

6.2 Strategic Change Management and Strategy in Charities.

In addition to the contextual challenges noted above, (refer 6.1 Introduction), it is important to be aware of the fundamental difference between the missions of charities and for-profit organisations. The latter primarily exists to generate a profit for shareholders and owners. In contrast, charities exist to serve a community-based mission. This critical distinction highlights the inappropriateness of simply suggesting that charities only have to manage themselves like profit-based organisations in order to survive and successfully execute strategic change.

This point is not being made to discount all elements of traditional change management and strategy approaches emanating from profit-oriented organisations (the vast majority being based overseas), but to demonstrate that research about positive change for Australian charities must be vigilant about considering and adapting these elements to their unique environment. This directed the research design to test the strength and appropriateness of each of the five change elements in multiple contexts, including their frequency in change management and strategy
literature, their applicability in different scenarios, their adaptiveness in the context of Australian charities, and their simplicity.

The interviews measured the usefulness and significance of the change elements by confirming them as being both valid and straightforward. Being valid is critical for motivating staff towards change and away from their natural state of inertia. Additionally, validity resonates with the donating public, potential partners and benefactors, including governments. Being straightforward allows for greater ease of design, implementation and measurement, in addition to the practical benefit of using fewer resources for cash-strapped charities.

Political journals and the interview responses provided a clear consensus of the need for change or, at a minimum, the need to be prepared and willing to change, for charities. This is apparent on a range of thematic levels, the most rudimentary of these being that change, in one form or another, is inevitable for survival, which is especially true in an increasingly globalised and digitally-enabled society. Furthermore, the perilous state of many charities in Victoria and Australia, coupled with continuous state and federal government pressure to achieve compliance milestones, is driving many charities towards strategic redirection.

6.3 The Five Key Elements and The Strategy Process.

At a granular level, the five key change elements, described and summarised following (6.3.1-6.3.5), had their relevance consistently verified by literature, interviews and the statistical analysis. The following (6.3.1-6.3.5) summarises their verification.

6.3.1 Mission and Vision Statements.

The organisation’s mission/vision is fundamental to the success of strategic change. If this is absent, unclear or inappropriate, the charity will invariably be unable to unite around a shared purpose and fail to structure its resources internally in the ways needed to ensure that a suitable business plan underpins its mission/vision. The advent of digital marketing and social media may make this more important than in previous generations because the charity’s purpose (mission/vision) is instantly
visible to its internal and external stakeholders, shareholders, and its prevailing state and federal governments.

6.3.2 Unique Position and Competition.

The comparatively (relative to private sector corporations) embryonic nature of this is clear for Australian and Victorian charities. Manifestly important to an organisation’s success, little literature exists specifically linking the charity’s vision/mission to its unique position. However, practitioner-based research suggests a more specific (“unique”) position better positions a charity to serve its mission, in effect, by creating a barrier to entry. The example of Red-Nose Day Charity highlighted this, where positive differentiation is derived by emphasising the person, not the disease.

6.3.3 The Strategy Process.

In the first instance, charities must understand this is different to business planning, which is fundamental to the charity surviving and growing, but is a subordinate tool used to underpin the charity’s mission/vision. The primary theme emerging from this discussion is a clear emphasis on robust simplicity, which is also sensible when the lack of resources charities typically operate with is taken into account. Moreover, the prevailing literature concerning the strategy process focuses on corporate strategies, which typically emphasise shareholder driven financial goals, as opposed to a community-based imperative.

It is appropriate to link some of the interview findings concerning the complementary (to the five key change elements) issues of resources and communication (refer Table 3.1(a) and (b)). This serves the dual purposes of highlighting their importance, and validating the linking of communication and resource management to the overall strategy process.

For example, Wooldridge and Schmid (2008) provide large-scale evidence on how participation and communication in strategic planning complement each other in achieving goal congruence (Woolridge & Schmid, 2008). Furthermore, resources are critical in strategy design (Foss, 1997). This is not necessarily desirable as strategy should be aspirational and visionary, however, for charities (and many for-
profit organisations), often one of the first considerations before a mission/vision is articulated is the level of resources within the organisation (Foss, 1997).

These are recurring and realistic considerations for charities. It has been argued, and is contextual to restate here, the combination of being typically smaller and driven by a sense of calling may remove some traditional obstacles associated with these such as multiple layers of staff to communicate to and unmotivated staff to engage in the change process. In fact, Hart and Banbury (1994) combine these notions by suggesting that organisations are capable of developing the resource skills and capabilities from within to deliver successful strategic change, in large part leveraging the phenomena of motivation and cohesion (Hart & Banbury, 2004).

6.3.4 Organisational Culture.

Although amorphous in form, a charity’s organisational culture is vital to change success or failure, meaning change leaders must identify and calibrate the organisation’s culture and assess how, in its current form, it will promote or block change. Leaders must recognise that changing organisational culture, while desirable, is a particularly difficult challenge. An organisation’s culture comprises an interlocking and complicated set of goals, processes, values, behaviours and organisational principals.

6.3.5 Leadership.

Change leadership begins with setting a compelling and galvanising vision/mission, then using suitable management and organisational tools, such as role definition, success measurement, and rewards, to reinforce the change structure. Exceptional day-to-day organisational leadership does not necessarily correlate with exceptional change leadership. Indeed, leaders, especially at board level, must possess the wherewithal to understand the specific change leadership skills needed and be able to adapt to meet these. Both the literature review and interviews identified several examples of this by suggesting that a leader capable of effectively evangelising the change vision does not necessarily possess the required technical skills to bring about meaningful change.
6.4 Implications for Theory and Practice.

This study adds to the existing body of knowledge on strategic change management and strategy in not-for-profit organisations by providing a nuanced analysis of how change design may be constructed and applied in challenging macro political and socio-economic environments. Its veracity was tested using relevant overseas practice and theory and applying what is adaptable and applicable to the Australian context. Rather than developing new theories, this study offers new insights into how existing strategic change management and strategy concepts can be adapted to meet the needs of NFPs, and, in so doing, addresses a significant gap in the strategic change management and strategy literature.

The literature synthesises common underlying key elements, and the model presented has potential value for small charities interested in identifying the key factors and actions required for positive strategic change. The proposed model offers a concise and structured approach, which recognises charities typically lack experience in strategy change, as well as the resources needed to execute it (for example, external consultants). An important underlying philosophy uncovered is that resistance to change, ordinarily seen as the default and natural position in for-profit organisations, may be reduced in charities because of their heightened sense of calling, strong survival instinct, and size.

6.4.1 Theory.

More specifically, this study has contributed to literature in three important areas: strategic change, change management and strategy, and strategy for charities. The first of these, strategic change, was examined through multiple lenses, one of these being the challenges of juxtaposing traditional corporate change strategies, such as competitive advantage (Porter & Kramer, 2006), into Australian charities. In addition to this, strategic design was reviewed (Salamon & Anheir, 1992; Crossan et al, 2004), with the literature and interviews advocating simplicity and durability in change models (Hume and Hume, 2008).

For practicality, these were analysed in terms of their relevance and ability to positively affect smaller charities operating in Australia that need strategic change. For instance, external (to the organisation) factors considered range from nuanced
and specifically related literature, such as state and federal government legislation, to comparable government initiatives and philosophies overseas, to profit-oriented practices emanating from both overseas and in Australia. Similarly, internal (to the organisation) elements discussed span literature on small and large profit-based organisations, to small and large charities, each analysed from several perspectives: human resources, IT enablement, leadership, and organisational culture. Recognising this, in conjunction with the rapid pace of change that now sees Australian charities facing pressure to survive and grow to an extent and in ways not previously experienced, this research brings together and dissects a targeted and relevant selection of theories, such as competitive advantage (Porter & Kramer, 2006), implementation measurement (Kaplan, 2001) and social engagement practices from overseas (Esping-Andersen, 1999) to assist charities to continue to provide their valuable and necessary services to the community.

Similarly, change management and strategy, ostensibly the process for executing strategic change, was examined from both traditional and non-traditional viewpoints. For example, the five key elements outlined and analysed are traditional, appearing in essentially the same form in a variety of sources (Drucker, 1973; Finkelstein, 2005; Bain and Company, 1994). However, this study contemporises and customises these elements by suggesting novel and appropriate variations to how they have historically been practiced. One recurring example of this is the suggestion that non-executives may make a more strategic contribution during the change process, for instance, in the construction of the charity’s mission/vision statement.

Additionally, it was suggested that executives, and even board members, may be able to positively contribute by not only designing and leading change, but actively participating in its execution, which means being individually responsible for achieving certain tasks and milestones. Although novel, this proposal makes sense given a frequent lack of resources, the desire expressed in interviews by staff to see leaders more immersed in the process, and for the additional insight that hands-on participation brings to change leaders.

The third major contribution of this research is for Australian charities in general. Little information exists that incorporates a modular approach to strategy for their use. Moreover, to the best of the author’s knowledge, no single paper exists that
pragmatically and methodically dissects relevant information and presents this is in a robust format. The purpose of is enabling Australian charities, even those not considering a major strategic change, to understand options and approaches such as self-governance, governmental compliance, and choices for their organisational form, such as joint ventures. Furthermore, this paper has highlighted the almost amorphous advantages inherent in an organisation driven by a calling or community-based motive. Among these are a compelling survival instinct and a range of future options that include merging, joint ventures, and government and industry alliances.

This research emphasises that it is not necessary, or even desirable, to accept the simplistic notion that charities only need to mimic the corporate sector when considering strategy change, and, therefore, charities must also ignore any suggestion that for-profit organisations have inherently superior capabilities. In fact, many examples, such as Red-Nose Day, prove charities can lead innovation and set standards for the corporate sector in the process. Described generally, charities now have relevant and practical strategic options, appropriate for Australia, with practical guidelines and a structure for their successful execution. This point, evident in many examples provided, for instance Tweddel (which demonstrates durability, pragmatism, productive government alliances and a well-formed mission statement), highlights this research has identified and linked the critical commonalities between general literature concerning change management and strategy and the real needs of Australian charities (www.tweddle.org.au).

6.4.2 Practice.

The research aim is to provide small Victorian and Australian charities with meaningful and practical change management and strategy approaches and concepts in a growing and volatile sector. This has been met by charities being provided with a workable guideline that explains the technical and behavioural capabilities needed for them to continue to provide their very worthwhile and in-demand services. This research has made this possible by distilling relevant conceptual and practitioner-based literature on change management and strategy for charities and qualifying these by considering the key external and internal factors that have an impact on them. The ideas generated in this study offer relevant and useful change concepts.
and approaches for charities, which have historically lacked the necessary resources and experience needed for sustainable and effective strategic change.

The staged process proposed means this study could be built upon in a range of significant ways. In the first instance, it also applies to community-based organisations (distinguished by noting a community organisation may be a local soccer club, not a charity). Secondly, larger charities could adapt and apply this model. The example used in the literature of World Vision’s precarious financial position highlights that being starved of resources in an increasingly competitive environment extends to larger charities (World Vision Australia, 2013).

This model is also usable for overseas charities. After all, the majority of change management and strategy literature and practice originates from overseas, suggesting it is relevant in these markets. Furthermore, the literature review revealed the growing incidence of strategic change overseas for charities, including joint ventures and mergers, highlighting the currency and topical nature of these discussions in these markets.

Regarding this, the Australian environment includes features that differentiate it from other OECD (or other) countries. One example of this is legislative reform, which exists almost exclusively within the terms of Australian tax and corporation’s law. Furthermore, partnerships between government and charities are not as seen as being as evolved in Australia as they are in some other OECD countries, such as Norway.

6.4.2.1 Implications for change managers.

The research findings suggest a paradigm shift in thinking about strategy design and implementation, which has profound implications for change managers. For example, change leadership, regularly and correctly identified in traditional literature as fundamental to change success, was examined from the new and promising perspective of hands-on participation by leaders in strategy execution as well as design. Similarly, the benefits of mission/vision statement construction were reviewed from the perspective of greater participation from staff, not from the more common angle of executive and board member design alone.
These examples highlight a core implication for change managers, being the change model provided is rooted in a robust and traditional structure, but the processes within each stage of this structure frequently differs from standard approaches. This recognises the need for new and more customised approaches to strategic change in order to address the nuanced and specific needs of charities operating in today’s volatile Australian climate.

Change managers, with either corporate experience and/or an inclination to adopt corporate change models, also need to embrace a paradigm shift in thinking, being that the core mission/vision of the charity is invariably rooted in serving the community, not generating profitable returns for shareholders. Change design, and the business plan underpinning it, must ensure the organisation is solvent, but it does not need to be characterised by a commitment to ever-increasing profits and returns.

Related to this is the range of forms the charity may assume post-strategy implementation. The literature analysed successful and failed mergers, a range of cooperative forms, joint ventures and government alliances. This list presents charities with more choices than for-profit organisations, which will traditionally consider mergers, joint ventures and some changes in direction, but very few seek long-term government alliances. Accordingly, change managers must understand these different organisational forms both legally and commercially.

6.4.2.2 Implications for employers

For charities seeking to employ new or additional staff in the future, this research encourages them to target candidates with a broader skill-set than previously sought. For example, a CFO is typically an executive in any organisation (including charities), ultimately responsible for reporting on the charity’s solvency and ensuring its reporting complies with prevailing regulations. These attributes are fundamental, but it may now also be necessary for CFOs to participate in strategy design and implementation. Using this example, this may mean providing an in-depth analysis of financial results to consider a joint venture, or the tax implications of a government alliance.

Additional capabilities may now also be required for staff members, who demonstrated enthusiasm for contributing to strategic change, but appeared unaware
of how they could do this. Accordingly, a new employment prerogative for charities may be to provide training on organisational strategy, or employ applicants with related capabilities, such as strategy implementation.

Another major implication for employers is for them to be more inclusive in strategic change, specifically, including as many relevant stakeholders as possible and desirable, at the same time as promoting an inclusive culture and process. The findings clearly indicated that staff wanted to participate and felt they had more “grass-roots” knowledge of their organisation, complemented by their contention that board members and executives would not consider the charity’s unique characteristics and, instead, focus on standard change strategies. Indeed, the majority of board members had a corporate background, suggesting a tendency for them to lean towards corporate change practices that may be either outdated and/or inappropriate. With this in mind, the need to employ staff and executives with strategic change capabilities (or the enthusiasm and ability to learn them) is evident.

6.4.2.3 Implications for stakeholders

When ‘stakeholders’ is defined as the three tiers of a charity’s hierarchy, staff, executives and the board, this research has uncovered significant implications. Perhaps the most important of these is a fundamental change in thinking that now requires the board and its executives to engage staff in key strategic processes, such as mission design, implementation and constituent engagement (specific implications for managers and employees are discussed in 6.4.1.4 and 6.4.1.5, following). This challenges traditional scholarship and thinking, which identifies these tasks as senior-level responsibilities. The veracity of this notion is demonstrated when staff members are both capable and willing to provide meaningful strategic input during the change process.

However, ‘stakeholders’ has a more expansive definition than this for charities, a key addition being the inclusion of constituents or clients, meaning those needy members of the community that benefit directly by the work charities perform on their behalf. The core purpose of a charity is to identify and address their needs, and suggestions proposed in this study should be considered only if this central goal is not threatened or diluted. For example, the discussion about joint ventures, mergers and
government alliances uncovered informative examples of when these have and have not succeeded, with the common determinant of this being the impact of change on the original mission/vision of the charity in its new form.

For this to be preserved, change managers must be sympathetic to technical and (organisational) cultural implications. The example of Shelter and Crisis in the UK, a failed merger, is one of many where the primary driver for strategic failure was a cultural mismatch, in this case a perceived dilution of the Christian principles on which Crisis is based (www.theguardian.com). There are even more examples of a cultural mismatch driving failure in the corporate sector, including the multi-billion dollar merger of Daimler and Chrysler, conceived to bring about best-in-class automotive engineering capabilities from Europe (Daimler) and the US (Chrysler) (www.bain.com). This union did not adequately account for the inevitable clashes between American automotive unions, and the misalignment between a prestige (Daimler) manufacturer and a mass production manufacturer (Chrysler) (www.bain.com).

Regardless of the form the post-strategic change entity takes, change is unlikely to succeed without the required technical skills to design, implement and monitor the change programme. This informs stakeholders of the need for specific capabilities for successful change, which may include, digital and IT design and integration, accounting and business planning, project management and communication programmes.

6.4.2.4 Implications for managers in charities.

Examination of prior research revealed that a high proportion of charities are either seeking, or planning to seek, strategic change. Additionally, the fragile state of charities was noted, along with declining and volatile operating conditions and higher competition for donations. This means that managers must have some understanding about strategic change and/or an ability to engage with experts able to assist them (for example, consultants). The need for these managerial capabilities manifests itself consistently throughout the change process, for example, deciding on a unique position requires insight into competition, organisational sustainability and constituent appeal (among other elements), which are separate skills to day-to-day
management tasks, such as budgeting. Even if managers demonstrate a specific change management and strategy competency, managers and leaders must also be able to galvanise staff and motivate them towards change. This need calls on capabilities that are different to routine management requirements.

In addition, it was suggested that managers today need new skills and philosophies that better align to the specific needs of charities seeking strategic change. This includes a willingness and ability for managers to conceptualise, lead, design and participate in the day-to-day minutiae of change management and strategy. For example, managers in charities now need to be able to recognise the need for change, motivate stakeholders and shareholders around it, construct a change management and strategy programme, including performance milestones and, finally, be involved in the change process in areas historically seen as the domain of workers, such as deciding on a new system database and inputting names and details in it.

Another new and critical behaviour driving this is the requirement that managers need to recognise that staff, typically excluded from change leading and design, want to be involved in the change process and can provide useful insight about the constituent’s needs, digital enablement, and the merits of a potential merger or joint venture. In fact, the surveys and interviews highlighted concern from both staff and managers about the understanding and capabilities of board members to lead change, citing aloofness and ignorance of the every-day needs of small charities. Addressing this requires managers to perform the novel task of leading board members during the process of strategy design and implementation.

6.4.2.5 Implications for employees in charities.

The climate for Australian charities is fragile and volatile and they face unprecedented challenges to survive. When an organisation is small, such as the target charities for this research, this calls for staff to engage and be effective in ensuring the charity’s sustainability. The findings revealed a clear willingness from employees to participate in strategic change, in addition to them having some doubts about the capacity and/or willingness of executives and board members to lead a positive change programme.
This does not suggest employees have the required skills and experience to lead change, but it clearly implies that employees must be prepared to be more involved in strategic change programmes than they have traditionally been. There are numerous forms this enhanced participation could take, with the underlying foundation to these being employees, typically operating at a grass-roots level, may be best placed to provide information about the needs of the charity’s constituents. This being the case, employees may also be more able to refashion, or at least significantly influence, a mission/vision statement to address the constituent’s needs.

Furthermore, although this study has not explored the role of social media in communicating change and reaching out to a charity’s shareholders and stakeholders, it is likely that younger employees possess a superior understanding of the power of social media and how it can be used to communicate strategic change and facilitate better stakeholder engagement.

6.4.2.6 Implications for governments

In the first instance, governments in Australia (federal and state) have substantially failed to collaborate with charities to jointly better serve the community (Shergold, 2010; Smerdon, 2014; www.probonoaustralia.com.au). This calls for a fundamental shift in government thinking, which is today largely characterised by promoting corporate strategies without fully understanding their (in)appropriateness, and imposing minimum performance benchmarks, based on financial results (for example, the ACNC’s new mandatory reporting programme). These neo-liberal ideals can be an anachronism in an environment where many smaller charities cannot afford a qualified CFO, whose job is frequently performed by the organisation’s CEO. At a time when charities most need financial assistance and government consistency and stability, many are labouring to comply with changing government legislation and governmental agendas that seem to promote a ‘survival of the fittest’ regime.

It is acknowledged that ASIC demands similar standards of for-profit organisations, meaning any accusation of government bias against charities is heavily qualified, but these are standards businesses have effectively operated under for over 100 years. Moreover, the Australian government currently offers almost 500 grants for small
businesses (www.ausbusinessgrants.org) and approximately 17 for charities (www.governmentgrantsaustralia.org). This points to a philosophical need for governments to better recognise the services charities provide, in some cases alleviating the government burden for doing so, and to be more accessible and flexible to the needs of charities.

This last point is a key and new contribution to the discussion about the potential role/s of government and charities in Australia. The Australian federal government lags behind the ideals of the Scandinavian countries, where governments protect and co-invest in ethical charitable funds and enterprises and, to an extent, the performance of governments and the overall morality of society is judged by their contribution to the charitable sector (Onyx & Bullen, 2000). This does not apply in Australia and this study has discussed the potential benefits to the Australian charitable sector of government alliances, where governments and charities can better deliver their services to the needy. For this to be possible, Australian state and federal governments must embrace a more cooperative philosophy, where the services provided by charities are appreciated and recognised as contributing to the broader obligation of governments to provide wide-ranging welfare services to those in need.

6.5 Research Limitations.

Limitations of the research relate to two areas: research and environment. The research method was justified as contemporary and suitable (Tashakkori & Teddlie, 1998). Despite this, qualitative research approaches may be limited by design and paradigm-based phenomena, in addition to the finite skills of the researcher (Silverman, 1993, 2013). However, mixed-methods research is evolving and increasing in credibility and popularity to the point, according to some scholars, where it is now the most responsible research philosophy (Collins et al, 2015). This is not a universally shared belief, but the research clearly suggests the veracity and appropriateness of singular and/or linear approaches are now equally contested (as multi or mixed-methods), with one emerging consensus being that research is multi-faceted and dynamic, making rigid adherence to any single paradigm or research model outdated and inadequate (Creswell, 2009).
The approach used is underpinned by pragmatism and epistemological integrity; it qualifies the challenges of transplanting corporate best-practice change management and strategy (noting also its high failure rate) in the Australian charitable sector, contextualises the volatile internal and external environments for charities, and synthesises this in a robust and understandable checklist and set of recommendations for change managers. It is recognised the research uses literature primarily published overseas and devoted to for-profit organisations and juxtaposes this within Australian charities. A potential limitation of this approach is the debate about the merits of contemporary qualitative research being conducted from a large number of various paradigms (Loseke, & Cahill, 2007). Therefore, it is important for researchers to be clear themselves regarding their own beliefs about the phenomenon they are investigating (Falconer & Mackay, 2000).

More specifically, limitations of the research approach can be categorised according to their form. For example, the interviews and surveys covered charities operating in Victoria only, restricted to 10 staff or less, and covered only five charities. This brings into focus potential limitations associated with generalising statistical results and mitigating the facets of this approach that are susceptible to error. In this particular example, the fundamental rules of normal distribution and sample size are satisfied in the series of average calculations. Furthermore, the consistency across the five different charities suggests the charities surveyed and interviewed represent a wider group. However, it is recognised it may not be possible to generalise and apply results across all charities because the results are only relevant in the context of this study.

Similarly, the inherent limitations of data collection are acknowledged. Specifically, complementing the inferential nature of statistical analysis, this recognises the interview data chosen, while understood to be accurate, is still simplified. On top of this, the data collected from interviews, where the context and relevance was explained objectively, is nevertheless subject to interviewer bias. At the core of this is the reality that an empirical question inevitably involves, often inadvertently, manipulating and interpreting a variable. For example, when questioned about the importance of a mission/vision statement, executives tended to interpret this as their responsibility, more than discuss how this could be accomplished. In contrast, staff
members wanted to participate in the process, without assuming primary responsibility, by taking on the role of being the major provider of “grass-roots” information, meaning expressing the needs of the charity’s constituents.

This contrast is revealing and demonstrates that data provided were subject to both the interviewer’s technique and biases (perceived or real) and the subject’s interpretation of its intent and how to answer this. Additionally, the participants largely lacked specific experience in change management and strategy, particularly in the NFP sector, potentially diluting both their understanding of the questions and their ability to provide meaningful responses. Despite this, there was clear enthusiasm to embrace change among the interviewees.

In general, participants in interviews are chosen for their capacity to shed both new light on a subject and/or their ability to support previous discoveries. This being the case, it is important to recognise the real value provided by interviewees was to highlight what is unknown and, in many cases, the little consensus that exists in charitable organisations about strategic redirection. This directly endorses key themes presented in this research. One of these being that little instructive or useful literature exists about strategic changes for Australian charities. However, there is consensus that change is complex and carries a low success rate, and charities do not typically possess the strategic skills to complete this, and/or the fiscal capacity to access these externally. In the context of this research, interviewing and surveying participants is heuristic, meaning it is a practical, but not necessarily optimal, approach to gaining first-hand information from key stakeholders. This does not readily lend itself to replicability for future research.

The structure provided and the research approach used has been validated through a targeted research design, pragmatism and nuanced testing and juxtaposing from pre-existing theories. However, organisational strategy is a substantial subject that spans and inter-connects between scholarship and practice. Accordingly, this discipline offers a significant choice of approaches and philosophies. Heading this is the enduring philosophical debate over using qualitative or quantitative methods, or a combination of each. Within this lies critical discussions concerning which quantitative method (if quantitative is the preferred approach) should be used? Even within this narrowed-down range, there are literally hundreds of choices about which
method to use and how to use it. For example, if correlation analysis is used, is it descriptive, predictive or experimental, and how should the data be interpreted?

This was recognised as a critical prefacing observation, being this research needs containment, in terms of its design, research and appropriateness. Accordingly, and inevitably, a range of themes, paradigms and models were considered and dismissed, not because they lack merit or are not widely used, but because they are inappropriate. Take the example of agile project management, which is credible, popular and evolving. However, it is confined almost exclusively to IT and engineering-based organisations, which is incongruous with the goal of assisting charities.

Arguably, a cohort of five charities is an inadequate sample-size and recognition is given that hundreds of other charities, similar in size and disposition, exist in Victoria and Australia. This argument can be countered in many ways, not the least being that it is a larger sample size than that used for the vast majority (if not all) of previous Australian studies. Additionally, the judicious application and interpretation of statistics on the number of similarly-sized charities considering merging or significant change, which had also applied for a range of federal and state government assistance programmes, suggests a majority of like charities face comparable challenges.

Furthermore, qualitative research is sometimes criticised as biased, small-scale and anecdotal (Loseke & Cahill, 2007). Additionally, when research lacks numeric data (as qualitative research frequently does), it can be accused of lacking measurable rigour (Loseke & Cahill, 2007). Generally, but also specific to this research, it is recognised that qualitative research seeks to contextually analyse results, but frequently this context (read also, “environment”) is subject to constant change and volatility, such as the increasing complexity of government-based compliance and policy in Australia and its impact on charities.

Potential limitations relating to the environment for charities concern the volatile and evolving political and legislative landscape in which they operate, in addition to fluctuations in the Australian and global economies. Additionally, within an organisation’s internal environment, measuring strategy success or failure can be
subjective (Porter & Kramer, 2006), and around 70% of organisational strategies are regarded as failures (Sterling, 2003).

6.6 Future Research.

There are several avenues for future research into strategic change for charities. This research marks an important milestone because it is customised, streamlines a number of general approaches and considers a range of environmental impacts on charities. However, future research could consider only one organisational form, such as a social enterprise or a government alliance. An expansion on this last option is the possibility of further research from the perspective of the federal or state government(s). This means investigating how governments can legislate, oversee and collaborate more effectively, and how the interests of governments and charities can be more aligned. This has not yet been fully explored in Australia.

Additionally, this topic needs to be examined specifically through the lens of the people charities serve. Concepts and slogans relating to the notion of hearing the customer’s voice are common in for-profit organisations, recognising that a satisfied customer base is crucial to longevity. Because, as has been noted, charities are not usually as profit-driven as corporate entities, and also because charitable organisations do not compete as vigorously or frequently against one another (as opposed to decades-long, multi-billion dollar battles like Pepsi and Coke or McDonalds and Burger King), it is important that the customer’s needs be sought and addressed in future research, because this is comparatively (to corporate organisations) under-researched. This need was reflected in the interviews conducted with charity staff members, who consistently spoke of the imperative of serving their constituents better and implied that progressive change can only be verified when the needs of constituents are understood and served accordingly.

Complementing this is a critical need for future research to focus on larger charities, such as The Salvation Army. In the first instance, these charities serve the needs of more people than smaller charities and, secondly, their existence is arguably more fragile than it has ever been. The financially weak state of World Vision was discussed, and when established organisations, such as the South Australian RSL, go into administration (2017), the real challenges faced by charities are evident. These
different perspectives may result in calls for a substantially altered change process to that suggested in this study, but the preponderance and durability of concepts such as a laudable and achievable mission, have been proven to be close to inarguable.

6.7 Conclusion.

This study revealed a significant shortage of strategic change management and strategy material for Australian charities. In response, the research tested and synthesised key strategic change ideals from other domains and used these to construct a robust and adaptable change model, tailored to withstand Australia’s volatile political environment, and nuanced to accommodate the resource and skills limitations typically found in charities. It is hoped the research findings, and the proposed change model, highlight the issues faced by small charities and provide useful insights for future research on this growing and under-researched topic.
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Appendix 1: Charities Breakdown for Funding

1. Advancing health
Advancing health includes preventing and relieving sickness, disease or human suffering (and is not limited to these).

Some examples of charities advancing health:

- Associations, foundations and support groups for people with particular illnesses or diseases
- Hospitals, ambulance services, nursing services
- Family planning and support services
- Medical research bodies.

2. Advancing education
Advancing education includes (and is not limited to):

- Formal education
- Vocational training
- Publicly available research directed to expanding human knowledge
- Less formal education aimed at developing core life skills
- Providing prizes and scholarships.

Some examples of charities advancing education:

- Kindergartens, preschools, non-government schools, colleges and universities, industry training organisations
- Bodies for health or childbirth education
- Historical education societies, research institutes, Scouts and Guides groups
- Organisations offering academic scholarships and prizes.

3. Advancing social or public welfare
This is a new purpose introduced by the Charities Act, and includes purposes previously recognised in charity law (such as the relief of poverty and the relief of the needs of the aged). The Charities Act confirms that the following purposes (among many others) are included:

Relieving the poverty, distress or disadvantage of individuals or families

Some examples of charities relieving poverty, distress or disadvantage:
• Accommodation services for people experiencing homelessness
• International aid programs
• Services for refugees
• Soup kitchens
• Employment and training services for people who are unemployed

**Caring for, supporting and protecting children and young individuals**
Some examples of charities that care for, support and protect children and young individuals:

• Child care services
• Youth-at-risk services

**Caring for and supporting the aged**
Some examples of charities that support and care for the aged:

• Residential and non-residential care and assistance.
• Alzheimer's associations, arthritis services, respite services
• Community services that provide food, home visits, home maintenance and assistance with shopping for the elderly
• Organisations that provide social, sporting or recreational activities may be charitable if those activities are for the purposes of addressing the needs of the elderly.
• Residential aged care facilities

**Caring for and supporting individuals with disabilities**
Some examples of charities caring for and supporting individuals with disabilities:

• Residential and non-residential care
• Braille libraries
• Disability employment services
• Guide dog associations
• Support groups for people living with particular disabilities

**Assisting the rebuilding, repairing or securing of assets after a disaster**
This is a specific provision in the Charities Act, and separate from disaster relief for individuals, which is also likely to be charitable and registrable under this subtype.

Some examples of charities that assist with rebuilding, repairing or securing assets damaged by disaster:
Charities raising funds to repair not-for-profit community buildings or other assets damaged by cyclone, bushfire or other disasters.

4. Advancing religion

A religion involves a belief in a supernatural being, thing or principle and acceptance of canons of conduct which give effect to that belief. Advancing religion involves promotion of those beliefs, principles, observances and standards of conduct.

Some examples of charities that advance religion:

- Religious congregations
- Religious education bodies
- Funds for establishing and maintaining religious buildings

Attention - Under the ACNC Act, 'basic religious charities' are exempt from certain reporting requirements and governance standards. To be classified as a 'basic religious charity', one of the requirements is that the charity is only registered with the subtype of advancing religion and could not be registered as any other subtype of charity (for example, could not also be registered for the subtype of advancing education). Read more about basic religious charities.

5. Advancing culture

Advancing culture includes (and is not limited to) the purposes of promoting or fostering culture, and caring for, preserving and protecting Australian heritage.

Some examples of charities advancing culture:

- Organisations that promote Australian Indigenous culture and customs
- Fine arts societies, musical societies
- Foundations for theatre, ballet, and the opera
- Museums and libraries
- Foundations and trusts supporting these activities

6. Promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia

While this is a new charitable purpose in the Charities Act and there is no case law on it yet, it is suggested that this may include:
• Promoting harmony and reducing conflict between people from different races, religions or belief systems
• Eliminating discrimination and promoting equality and diversity
• Promoting restorative justice and other forms of conflict resolution or reconciliation, and
• Mediating, conciliating or reconciling those involved in dispute or conflict.

The groups of individuals referred to **must** be in Australia.

7. **Promoting or protecting human rights**

The Charities Act defines ‘human rights’ as having the same meaning given by the *Human Rights Parliamentary Scrutiny Act 2011* (Cth), meaning rights and freedoms recognised or declared in seven international conventions and covenants named in this Act, as they apply to Australia.

These conventions and covenants are:

• International Convention on the Elimination of all Forms of Racial Discrimination
• International Covenant on Economic, Social and Cultural Rights.
• International Covenant on Civil and Political Rights
• Convention on the Elimination of All Forms of Discrimination Against Women
• Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
• Convention on the Rights of the Child
• Convention on the Rights of Persons with Disabilities.

**Attention** - People have other rights not covered by these conventions. Although these rights are important they are not included in the definition of ‘human rights’ under the Charities Act. Subtype requests for promoting or protecting these other types of rights will be refused.

Promoting or protecting human rights may include:

• monitoring abuses of human rights
• seeking redress and relieving need for victims of human rights abuse
• research into human rights issues
• educating the public about human rights
• providing technical advice to governments and others on human rights
• raising awareness of human rights issues.

Remember, to be eligible to be registered with this subtype, your charity’s objects and activities must be directed towards specifically achieving the promotion or protection of human rights.

8. Advancing the security or safety of Australia or the Australian public

Some examples of charities that advance the safety or security of Australia or its public:

These are organisations that:
• provide safe houses
• promote and support ‘neighbourhood watch’ schemes
• promote the efficiency of the Australian Defence Force
• research defence and national security, historical societies that record and research the history of the armed forces
• look after the welfare of the armed forces including the dependants of injured or deceased veterans
• offer volunteer emergency or safety services, such as surf lifesaving associations.

9. Preventing or relieving the suffering of animals

Some examples of charities that prevent or relieve animal suffering:

• Animal protection societies, animal refuges and shelters, endangered species organisations, animal hospitals
• Scientific bodies studying animal behaviour

10. Advancing the natural environment

Advancing the natural environment includes:

• protecting, preserving, caring for and educating the community about the natural environment
• preserving native flora and fauna
• rescuing or caring for native animals, and
• preserving or rehabilitating habitats.

Some examples of charities that advance the natural environment:
• Conservation bodies and societies
• Bodies establishing and managing botanic gardens
• Land care groups
• Environmental education groups
• Natural resource organisations

11. Any other purpose beneficial to the general public that may reasonably be regarded as analogous to, or within the spirit of, any of the purposes mentioned in the subtypes above.

This purpose includes other purposes previously recognised by the courts as being charitable, as well as allowing for the development of charitable purposes over time.

Before selecting this subtype, consider whether your charity’s purposes fall within one of the other subtypes listed. If all of your charity’s purposes fall within other subtypes, do not select this subtype. If you believe that your charity’s purposes are similar to but not fully covered by its other subtypes, you can select this subtype.

12. Advancing public debate (promoting or opposing a change to any matter established by law, policy or practice in the Commonwealth, a state, a territory or another country).

Where the charity's purpose is to promote a change, this change must further or be in aid of one of the 11 other purposes listed in the Charities Act. If the charity's purpose is to oppose change, that change must not oppose or hinder one or more of the purposes listed in the Charities Act.

Some examples of charities that advance public debate:

• Human rights research bodies that provide law reform submissions to government
• Education research institutes that develop public policy position papers

Other recognised subtypes of charity

13. Health promotion charities

A health promotion charity is a charitable institution whose principal activity is to promote the prevention or control of diseases in people. This may include providing public information about a disease, research to develop cures or treatments, or providing equipment to help people who are suffering from the disease.

Some examples of health promotion charities:

• Some community health care providers
• Some medical research organisations
• Organisations that work to raise awareness of human diseases

Not all health related charities will be health promotion charities.

Read more about health promotion charities.

14. Public benevolent institutions

A public benevolent institution is a type of charitable institution whose main purpose is to relieve suffering that is serious enough that it would arouse a feeling of pity or compassion in members of the community. Such suffering could be caused by conditions such as poverty, sickness, helplessness or distress.

Some examples of public benevolent institutions:

• Some hospitals and hospices
• Some disability support services
• Some aged care services
• Providers of low-cost rental or subsidised housing for people in need

Source: www.acnc.gov.au
Appendix 2: The Denison Organizational Culture Survey
Sample Organization
Sample Culture Survey 2016
2016 Overall
**Mission**

2016 Overall

*In this organization...*

**Strategic Direction & Intent**
- There is a long-term purpose and direction.
- Our strategy leads other organizations to change the way they compete in the industry.
- There is a clear mission that gives meaning and direction to our work.
- There is a clear strategy for the future.
- Our strategic direction is unclear to me.*

**Goals & Objectives**
- There is widespread agreement about goals.
- Leaders set goals that are ambitious, but realistic.
- The leadership has "gone on record" about the objectives we are trying to meet.
- We continuously track our progress against our stated goals.
- People understand what needs to be done for us to succeed in the long run.

**Vision**
- We have a shared vision of what the organization will be like in the future.
- Leaders have a long-term viewpoint.
- Short-term thinking often compromises our long-term vision.*
- Our vision creates excitement and motivation for our employees.
- We are able to meet short-term demands without compromising our long-term vision.

*For this negatively worded item, the raw score has been reversed. In all cases, a higher score indicates a more favorable condition.*
Core Values
The leaders and managers "practice what they preach."
There is a characteristic management style and a distinct set of management practices.
There is a clear and consistent set of values that governs the way we do business.
Ignoring core values will get you in trouble.
There is an ethical code that guides our behavior and tells us right from wrong.

Agreement
When disagreements occur, we work hard to achieve "win-win" solutions.
There is a "strong" culture.
It is easy to reach consensus, even on difficult issues.
We often have trouble reaching agreement on key issues.*
There is a clear agreement about the right way and the wrong way to do things.

Coordination & Integration
Our approach to doing business is very consistent and predictable.
People from different parts of the organization share a common perspective.
It is easy to coordinate projects across different parts of the organization.
Working with someone from another part of this organization is like working with someone from a different organization.*
There is good alignment of goals across levels.

*For this negatively worded item, the raw score has been reversed.
IN ALL CASES, A HIGHER SCORE INDICATES A MORE FAVORABLE CONDITION.
In this organization...

**Involvement**

**2016 Overall**

**Empowerment**
- Most employees are highly involved in their work.
- Decisions are usually made at the level where the best information is available.
- Information is widely shared so that everyone can get the information he or she needs when it's needed.
- Everyone believes that he or she can have a positive impact.
- Business planning is ongoing and involves everyone in the process to some degree.

**Team Orientation**
- Cooperation across different parts of the organization is actively encouraged.
- People work like they are part of a team.
- Teamwork is used to get work done, rather than hierarchy.
- Teams are our primary building blocks.
- Work is organized so that each person can see the relationship between his or her job and the goals of the organization.

**Capability Development**
- Authority is delegated so that people can act on their own.
- The "bench strength" (capability of people) is constantly improving.
- There is continuous investment in the skills of employees.
- The capabilities of people are viewed as an important source of competitive advantage.
- Problems often arise because we do not have the skills necessary to do the job.*

*For this negatively worded item, the raw score has been reversed.
In all cases, a higher score indicates a more favorable condition.
Adaptability
2016 Overall

In this organization...

Creating Change
- The way things are done is very flexible and easy to change.
  - 65 percentile
- We respond well to competitors and other changes in the business environment.
  - 66 percentile
- New and improved ways to do work are continually adopted.
  - 88 percentile
- Attempts to create change usually meet with resistance.*
  - 81 percentile
- Different parts of the organization often cooperate to create change.
  - 90 percentile

Customer Focus
- Customer comments and recommendations often lead to changes.
  - 58 percentile
- Customer input directly influences our decisions.
  - 53 percentile
- All members have a deep understanding of customer wants and needs.
  - 84 percentile
- The interests of the customer often get ignored in our decisions.*
  - 23 percentile
- We encourage direct contact with customers by our people.
  - 38 percentile

Organizational Learning
- We view failure as an opportunity for learning and improvement.
  - 50 percentile
- Innovation and risk taking are encouraged and rewarded.
  - 84 percentile
- Lots of things "fall between the cracks."
  - 88 percentile
- Learning is an important objective in our day-to-day work.
  - 22 percentile
- We make certain that the "right hand knows what the left hand is doing."
  - 92 percentile

*For this negatively worded item, the raw score has been reversed.
IN ALL CASES, A HIGHER SCORE INDICATES A MORE FAVORABLE CONDITION.
Highest & Lowest Scores
2016 Overall

In this organization...

HIGHEST SCORES

94  Short-term thinking often compromises our long-term vision.*
94  It is easy to coordinate projects across different parts of the organization.
92  We make certain that the "right hand knows what the left hand is doing."
90  The way things are done is very flexible and easy to change.
90  It is easy to reach consensus, even on difficult issues.

LOWEST SCORES

3   Most employees are highly involved in their work.
16  There is an ethical code that guides our behavior and tells us right from wrong.
16  Ignoring core values will get you in trouble.
22  Learning is an important objective in our day-to-day work.
23  The interests of the customer often get ignored in our decisions.*

*For this negatively worded item, the raw score has been reversed.
IN ALL CASES, A HIGHER SCORE INDICATES A MORE FAVORABLE CONDITION.
Appendix 3: Interview and Survey Questions

<table>
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<tr>
<th>(1) Mission Statement Questions</th>
<th>Executive Rating (1)</th>
<th>Staff Rating (2)</th>
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Appendix 4: Methodological Concepts
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<th>Issue</th>
<th>Positivism</th>
<th>Postpositivism</th>
<th>Critical Theory</th>
<th>Constructivism</th>
<th>Participatory</th>
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<tbody>
<tr>
<td><strong>Ontology:</strong> Dealing with the nature of being</td>
<td>Naive realism – “real” reality but apprehensible</td>
<td>Critical realism – “real” reality but only imperfectly and probabilistically apprehensible</td>
<td>Historical realism – virtual reality shaped by social, political, cultural, economic, ethnic, and gender values; crystalised over time</td>
<td>Relativism – local and specific co-constructed realities</td>
<td>Participative reality – subjective-objective reality, co-created by mind and given cosmos</td>
</tr>
<tr>
<td></td>
<td>REALIST: Reality exists independent of observer’s perceptions and operates according to immutable natural laws that often take cause/effect form</td>
<td></td>
<td></td>
<td>RELATIVIST: There exists multiple, socially constructed realities ungoverned by natural laws – causal or otherwise</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRUTH is defined as that set of statements that accurately describe reality</td>
<td></td>
<td></td>
<td>TRUTH is defined as consensus construction of the combined quantity and quality of information that provided the most powerful understanding that leads to action</td>
<td></td>
</tr>
<tr>
<td><strong>Epistemology:</strong> dealing with the nature of knowledge, its presuppositions, foundations, extent and validity</td>
<td>Dualist/objectivist (knowledge is a phenomenon that exists external to the observer; the observer maintains a distance and studies the phenomenon – sometimes referred to as empiricism)</td>
<td>Modified dualist/objectivist; critical tradition/community; findings probably true</td>
<td>Transactional/subjectivist (knowledge is created by inquiry through a dynamic interaction with the environment; knowing and being are the same thing); value-mediated findings</td>
<td>Transactional/subjectivist; co-created findings</td>
<td>Critical subjectivity in participatory transaction with cosmos, extended epistemology of experiential, propositional and practical knowing; co-created findings</td>
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<tr>
<td><strong>Methodology</strong></td>
<td>Experimental/manipulative; verification of hypotheses; chiefly quantitative methods</td>
<td>Modified experimental/manipulative; critical multiplism; falsification of hypotheses; may include qualitative</td>
<td>Dialogic/dialectical</td>
<td>Hermeneutical/dialectical (Interpretation): seeks a dialectic (a dialogue)</td>
<td>Political participation in collaborative action inquiry; primacy of the practical; use of language grounded in</td>
</tr>
<tr>
<td>Nature of Knowledge</td>
<td>Verified hypotheses established as facts or laws</td>
<td>Nonfalsified hypotheses that are probable facts of laws</td>
<td>Structural / historical insights</td>
<td>Individual and collective reconstructions sometimes coalescing around consensus</td>
<td>Extended epistemology: primacy of practical knowing; critical subjectivity; living knowledge</td>
</tr>
<tr>
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<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Knowledge Accumulation</td>
<td>Accretion – building blocks adding to edifice of knowledge; generalisations and cause-effect linkages</td>
<td>Accretion – building blocks adding to edifice of knowledge; generalisations and cause-effect linkages</td>
<td>Historical revisionism; generalisations by similarity</td>
<td>More informed and sophisticated reconstructions; vicarious experience</td>
<td>In communities of inquiry embedded in communities of practice</td>
</tr>
<tr>
<td>Goodness or quality criteria</td>
<td>Conventional benchmarks of rigour: internal and external validity, reliability and objectivity</td>
<td>Conventional benchmarks of rigour: internal and external validity, reliability and objectivity</td>
<td>Historical situatedness; erosion of ignorance and misapprehension; action stimulus</td>
<td>Trustworthiness and authenticity including catalyst for action</td>
<td>Congruence of experiential, presentational, propositional, and practical knowing; leads to action to transform the world in the service of human flourishing</td>
</tr>
<tr>
<td>Values</td>
<td>Excluded – influence denied</td>
<td>Excluded – influence denied</td>
<td>Included - formative</td>
<td></td>
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<tr>
<td>Ethics</td>
<td>Extrinsic – tilt toward deception</td>
<td>Extrinsic – tilt toward deception</td>
<td>Intrinsic – moral tilt toward revelation</td>
<td>Intrinsic – process tilt toward revelation</td>
<td>Intrinsic – process tilt toward revelation</td>
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<tr>
<td>Inquirer Posture</td>
<td>“Disinterested scientist” as informer of decision makers, and change agents</td>
<td>“Disinterested scientist” as informer of decision makers, and change agents</td>
<td>“Transformative intellectual” as advocate and activist</td>
<td>“Passionate participant” as facilitator of multivoice reconstruction</td>
<td>Primary voice manifest through aware self-reflective action; secondary voices in illuminating theory, narrative, movement, song, dance, and other presentational forms</td>
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<tr>
<td>Training</td>
<td>Technical and quantitative; substantive theories</td>
<td>Technical; quantitative and qualitative; substantive theories</td>
<td>Re-socialisation; qualitative and quantitative history; values of altruism, empowerment and liberation</td>
<td>Re-socialisation; qualitative and quantitative history; values of altruism, empowerment and liberation</td>
<td>Co-research initiated by facilitators</td>
</tr>
</tbody>
</table>

**QUANTITATIVE METHODOLOGY**

Influenced by psychological research traditions

Emphasis is on designing experiments, doing research with groups of students, and testing hypotheses using measurement and statistics

Numerical reporting

Quantitative analysis

Emphasises explaining

**QUALITATIVE METHODOLOGY**

Influenced by anthropological research traditions

Focuses on a particular event, group of people, process, institution, or concept in a case study design

Rich contextual descriptions

Qualitative analysis

Emphasises understanding

Appendix 5: Copy of Participant Invitation for Interviewing

Dear…..

I refer to our phone call dated (insert date). This email confirms our agreed meeting date as being (insert date and time), at your offices located (insert location).

This study is approved by Charles Sturt University (Ethics Approval Number) 200/2014/10 (see copy attached), meaning your anonymity is assured.

During this time, you will be asked a series of questions relating to five key change management and strategy concepts. I will be asking you to calibrate your response to each of these questions and, additionally, provide you with an opportunity to provide quotes that will give additional understanding to these concepts.

Thank you for agreeing to participate. I will call you one week prior to our meeting date to reconfirm.

Yours…. 
Appendix 6: Null Hypothesis Theory Example

In the following example, the user suspects there is a bias towards heads on a coin:

(1) A “null hypothesis” is established that the coin is fair. An “alternative hypothesis” is also set up, in this case that the coin is biased towards heads. Depending on the data that is eventually produced, the user accepts either the null or the alternative hypothesis.

(2) The user realises that there is randomness involved in the outcome of tossing a coin, and that as a result he / she might eventually accept the wrong hypothesis. For example, a user tossing the coin ten times and getting ten heads would accept (see later) the alternative hypothesis. However, it is possible that the coin actually was fair and just happened to give ten heads in ten tosses. In this case, the user would accept the alternative hypothesis (see below, again) but in fact, the null hypothesis was true, meaning the user accepted the wrong hypothesis.

This demonstrates it must be accepted that in a world involving randomness, users can always accept the wrong hypothesis, as with the coin example. However, one does not want to accept the wrong hypothesis too often. In particular, one does not want to accept the alternative hypothesis too often when the null hypothesis is true. In this step, the practitioner chooses the numerical value of the so-called Type 1 error.

This error is the error in accepting the alternative hypothesis when the null hypothesis happens to be true. There is no set rule for the numerical value you choose for the probability of making this error. However a suitable value is 0.05 (= 5%). This is a frequently chosen value, which is also the default option in SPSS / PASW. Accordingly, this is used below.

(3) Step 3 consists of choosing a “test statistic”. Users typically have a complex set of data. From this data, the user computes one single statistic and accepts or rejects the null hypothesis based entirely on the value of that statistic.
In the case of the coin tossing example the statistic is simple, namely the total number of heads the user observed.

(4) For this final step, the user computes a “P-value”. This refers to the probability of getting the observed value of the user’s test statistic, or one more extreme in the direction of the alternative hypothesis, when the null hypothesis is true. In the coin case, for a user who got ten heads out of ten tosses, this probability is \( \frac{1}{2} \times \frac{1}{2} \times \frac{1}{2} \ldots \times \frac{1}{2} \) (ten multiplications) or about 0.00097. If this P-value is less than the numerical value of the Type I error that chosen in step 2 the user would reject the null hypothesis (that the coin is fair) because since 0.00097 is less than the chosen value 0.05 (see step 2 above).

Similarly a user getting nine heads from ten tosses would calculate the probability of this as being approximately 0.01, and would again reject the null hypothesis (that the coin is fair).

However, a user who got eight heads from your ten tosses would calculate the probability of getting either eight or (more extreme) nine or ten heads from ten tosses is about 0.1, and since this is not less than 0.05, there is now insufficient evidence to reject the null hypothesis (that the coin is fair).
## Appendix 7: Interview Questions and Survey Results

### Charity 1

#### (1) Mission Statement Questions

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<th>Question</th>
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<th>Board Member Rating</th>
<th>Average Per Question</th>
<th>Total Per Question</th>
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<tr>
<td>1. How personally important do you regard a mission statement to be?</td>
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<td>2. How important do you regard a mission statement to be?</td>
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<td>3. How well is the mission statement understood by your organization?</td>
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#### (2) Leadership Questions

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<th>Board Member Rating</th>
<th>Average Per Question</th>
<th>Total Per Question</th>
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<tr>
<td>1. Are you satisfied with your leadership efforts?</td>
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<td>2. How effective is your leadership in your organization?</td>
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<tr>
<td>3. How effective is your leadership in your organization?</td>
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<td>3</td>
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<td>4. How effective is your leadership in your organization?</td>
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<td>5. How effective is your leadership in your organization?</td>
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<td>6. How effective is your leadership in your organization?</td>
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<tr>
<td>7. How effective is your leadership in your organization?</td>
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<td>8. How effective is your leadership in your organization?</td>
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<td>9. How effective is your leadership in your organization?</td>
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<td>10. How effective is your leadership in your organization?</td>
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#### (3) Culture Questions

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### Charity 2

#### Mission Statement Questions

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#### Leadership Questions

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#### Culture Questions

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#### Communication Questions

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Legend: Disagree... Agree: 1...5
Charity 3

### Mission Statement Questions

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### Leadership Questions

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### Culture Questions

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### Resource Questions

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### Communication Questions

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Legend: Dissave… Anser 1…5
## Charity 4

### (1) Mission Statement Questions
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### (2) Leadership Questions

### (3) Culture Questions

### (4) Resources Questions

### (5) Communication Questions

*Leadership... Agree 1... 5*
### Mission Statement Questions

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