The importance of accountability for the relationship between governance and performance of UK charities

BELLANTE GIULIA, G. D'Annunzio University of Chieti-Pescara

BERARDI LAURA, G. D'Annunzio University of Chieti-Pescara

MACHOLD SILKE, University of Wolverhampton

NISSI EUGENIA, G. D'Annunzio University of Chieti-Pescara

REA MICHELE A., G. D'Annunzio University of Chieti-Pescara

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ABSTRACT

The aim of this paper is to analyse the relationships between governance characteristics of non-profit organizations (NPOs) (CEO duality and board size) and their performance, considered as their ability to collect financial resources. The study is conducted on a sample of 200 UK registered charities that work in a context characterized by a medium to high level of "mandatory" accountability. With a regression analysis we verify strong positive relationships between the NPOs' financial performance and the CEO duality and board size. Further analyses show that if the charities increase their level of accountability through the use of additional voluntary disclosure mechanisms and tools such as the use of social networks, these relationships are confirmed. Qualitative characteristics of governance and voluntary accountability of UK charities are also analysed in association with some classes of revenues using the logistic regression method and the multiple correspondence analysis.

KEYWORDS: Nonprofit, Governance, Accountability; CEO; Board; Charities.

INTRODUCTION

The governance of not-for-profit, charitable organisations has recently attracted much attention from the public, governments and regulatory bodies in the UK and elsewhere. Similar to what has been witnessed in the corporate world, charities have come under scrutiny for high levels of executive pay (NCVO, 2014), allegations of mis-management and misconduct (Sussex, 2015), and un-ethical fundraising tactics (Jenkin, 2016). As a result, more and more emphasis has been placed on the role of board of trustees in ensuring that charities are well governed and accountable to their various constituent groups. Yet, despite the proliferation of 'good practice' guidelines for governance (both in the corporate and not-for-profit sector), there remains much theoretical controversy about the nature of optimal governance mechanisms and the empirical evidence base is far from clear-cut (Dalton et al., 1998; Hambrick et al., 2008). In the context of non-profit boards, Hyndman & McDonnell (2009) identified a research agenda for to gain a better understanding of governance in charities, which includes questions around the role and composition of boards.

This paper contributes to this emergent research agenda by analysing the relationship between board characteristics of Non-Profit Organizations (NPOs) and their organizational performance in a context characterized by a medium-high level of accountability. We focus on two board characteristics – CEO duality (when the CEO and the board chair are the same person) and board size. CEO duality was chosen because it is a contested concept, both theoretically and empirically. On the one hand, agency theory recommends that the positions of CEO and chair are held by separate individuals in order to limit CEO power and increase board independence (Fama & Jensen, 1983; Rechner & Dalton, 1991), whereas stewardship theory recommends duality in order to empower managers and provide unity of leadership (Donaldson & Davis, 1991). The empirical evidence, however, seems to suggest that whether or not CEO duality affects firm performance is highly context-specific (Boyd, 1995), and as such interesting to explore in the context of NPOs. Similarly when it comes to board size in charities, there are theoretical arguments both for and against large boards and there may be important contingencies affecting this relationship (Hyndman & McDonnell, 2009). The contingency we are particularly interested in is the level of accountability, that is the extent to which the charities chose voluntary disclosure mechanisms above and beyond those mandated by the regulator.

The analysis was conducted on a random sample of 200 UK charities taken from the Charity Commission Register. The United Kingdom, in particular, England and Wales, was chosen as the empirical setting for two reasons. First, as already mentioned, governance in the charity sector in the UK, and especially the role of boards, has recently come under much public scrutiny (House of Commons, 2016). This has happened in the context of a national conservative-led economic austerity programme, which has simultaneously increased the demand for services provided by many NPOs and negatively affected revenues of charities (Bridle, 2012). Second, the charity sector in the UK is characterised by a medium-to-high level of regulation and mandatory accountability required for organizations registered with the Charity Commission. As such, there are already mechanisms in place to mitigate the agency problem vis-à-vis information asymmetries and facilitating the monitoring and control role of board members (trustees). The analysis proceeds in two steps. In the first phase we aim to verify how CEO duality and board size are related to organizational performance (assessed by the level of total revenues achieved in the fiscal year) in charities with a medium-high level of mandatory accountability (as required by the Charity Commission). Next, we explore how the relations found in the previous phase change if the charity increases its level of accountability through mechanisms of voluntary disclosure such as the publication of information on volunteers, the use of social networks and the declared use of a strategic plan. The paper is structured as follows: in the first part we give a brief overview of the literature on the topic of accountability followed by an examination of the theoretical rationale linking CEO duality and board size to organisational performance and associated hypotheses. The second part focuses on the UK (England & Wales) not-for-profit context and explains the reasons why we consider the England & Wales regulator model for charities as an example of good practice in managing the accountability of NPOs. The third part explains the methods and the analysis to verify (or reject) the hypotheses, and this is followed by the discussion of the results and the conclusions.

THEORETICAL BACKGROUND

The topic of accountability of NPOs is a central theme that many authors have explored and analysed in the past and present literature of non-profit governance (Cavill & Sohail, 2007; Connolly et al., 2013; Schedler, 1999). Non-profit organizations' revenues are derived mainly from contributions from government and the general public. These funds, which may be generated through contractual or non-contractual means, are subsequently used to serve group(s) of beneficiaries directly or indirectly. Thus, the ability to create trust and confidence is intrinsic to the nature of NPOs and can be fostered by being accountable to stakeholders (Gibelman and Gelman, 2001). However, there is no single agreed definition of what constitutes "accountability". The lack of a common view of what accountability means in the non-profit sector is highlighted also by Cnaan (1996) in his commentary for the special issue of Non-profit Management and Leadership on this very same theme. Diana Leat (1990) argued that the vagaries surrounding the concept impact our ability to discuss and advance knowledge in this field. Worth defines accountability as "being required to answer, to take responsibility, for one's actions" (Worth, 2009). But he goes on to argue that this concept should not be interpreted as merely following the requirements of the law and that "accountability needs to include more than just avoiding transgressions and exhibiting model behaviour. It may need to encompass demonstrated effectiveness in achieving the purposes for which the non-profit exists. That requires not only that the resources entrusted to the NPO not be misused, but also that they be used to maximum benefit in pursuing the organization's mission" (Worth, 2009, p.). Anheier (2005) affirms that "in contrast to businesses, which are ultimately about financial profit, non-profit governance and management are ultimately about the organization's mission”. In that sense, the adoption by NPOs of “social accountability” instruments, such as social and mission reports or the use of social-networks, is as pertinent as the use of standard financial accounting tools in profit-driven organisations.

In examining what is “accountability” and how it is manifested in for-profit and not-for profit organizations, authors have focused on different aspects and levels. Behn et al (2010) focus on voluntary financial disclosure of US non-profit organizations, developing and testing a model based on several studies on for-profit disclosure. Indeed, even though the goals of non-profit organizations are social in nature, economic and financial efficiency and issues related to control are essential in the non-profit sector too. Behn et al. (2010) find that “if a non-profit has more debt, a larger contribution ratio, a higher compensation expense ratio, and/or is a larger organization in the higher education segment, it is more likely to provide its audited financial statements”. Keating and Frumkin (2003) examine the financial accountability of non-profit organization present seven recommendations to enhance non-profit accounting and reporting, such as “developing active boards and organizations that rely on strategic plans and budgets to improve organizational performance and accountability”. They further highlight the importance of accounting that goes beyond financial results: “Encouraging more extensive disclosure of a program’s rationale, inputs (names of donors and number of employees and volunteers), and outputs (number of clients served and hours of service delivered) would be a useful step”. Ebrahim (2010), focusing on “the many faces of non-profit accountability”, highlights that issues related to accountability involve “deciding both to whom and for what” the NPO is accountable. He views accountability as a “relational concept” that “varies according to the relationships among actors” (Ebrahim, 2010) and that therefore “the characteristics of accountability necessarily vary with NGO type” (Ebrahim, 2003). In addition, the organization should be accountable not only in relation to financial results, but also governance, performance and organizational mission. He identifies five broad mechanisms that can be classified as “tools” and/or “processes”: reports and disclosure statements (tool), performance assessments and evaluations (tool), participation (process), self-regulation (process), and social audits (tool and process) (Ebrahim, 2003). Cavill and Sohail (2007) identify two categories of accountability, practical and strategic, and elaborate the characteristics of the two typologies. Building on the above, we adopt a broad conceptualisation of accountability in NPOs as the degree of transparency and openness, as the level of disclosure and answerability (Schedler, 1999) by members who govern the organization and as a mechanism of governance that can lead the organization towards better performance. We argue that the relationship between a high level of accountability and the increase in organizational performance can be explained due to reductions in information asymmetry between NPO's management, its board and stakeholders (donors and beneficiaries), which will inter alia strengthen board governance by giving the trustees more information (reports, documents, etc.) to assess the activities of the Top Management Team (TMT) against the mission of the NPO. We next turn to the role of boards and how board characteristics may influence organisational performance in the context of medium-to-high levels of accountability.

Boards of directors or trustees are considered to be at the apex of an organisation's internal governance system (Fama & Jensen, 1983). As such, they are expected to fulfil two broad roles – to monitor and control management, and to provide advice and strategic direction (Hillman & Dalziel, 2003; Sundaramurthy & Lewis, 2003). Agency theory underpins the board's monitoring and control task since under conditions of separation of ownership and control, and assuming managers (agents) are inclined to pursue actions that are contrary to the interests of principals (shareholders, donors), there is a need for a governance mechanism such as the board to curb self-seeking behaviours and control the actions of the agent (Fama & Jensen, 1983; Hillman & Dalziel, 2003). Whilst boards' involvement in monitoring and control can prevent value-destruction in the organisation, a range of other theories focus more specifically on how boards can create value. Resource dependence theory (Pfeffer & Salancik, 1987; Hillman & Dalziel, 2003), strategic choice theory (Judge & Zeithaml, 1992), stewardship theory (Davis et al., 1997; Sundaramurthy & Lewis, 2003) and stakeholder theory (van Puyvelde et al., 2012; Wang & Dewhirst, 1992) have been drawn upon to explain how boards contribute resources, provide advice and strategic direction, as well as legitimating the organisation in its external environment. The question that scholars have then sought to address is which board characteristics are most likely to influence boards' ability to perform these different roles. We turn to examine two such characteristics – CEO duality and board size.

The question of whether the CEO should also act as the chair of the board in both corporate and non-profit organisations has attracted much scholarly and practitioner interest (Bradshaw et al, 1998; Fama and Jensen, 1983; Brickley et al, 1997; Peni, 2014; Baliga et al, 1996; Dalton et al, 1998; Dalton and Dalton, 2011; Cornforth, 2001; Elsayed, 2007; Adams et al., 2008; Callen et al. 2003; Miller-Millesen, 2003). According to agency theory, the roles should be held by separate individuals in order to avoid CEO entrenchment and power (Fama & Jensen, 1983; Lorsch and MacIver, 1989), and to prevent compromising the board's monitoring and control role (the same individual being both the monitor and the one being monitored). In contrast, stewardship and resource dependence theorists advocate duality as it empowers managers and promotes unity of command at the top of the organisational hierarchy (Davis et al., 1997; Donaldson & Davis, 1991), which can lead to speedier and more incisive decision-making in the context of environmental uncertainties (Pfeffer & Salancik, 1978). Yet, the empirical evidence in support of either perspective is rather ambiguous (Krause et al. 2014), and one explanation for this may be found in the insufficient attention to the complementarities of governance mechanisms and contextual variables. Early research by Boyd (1991), for example, showed that CEO duality can be beneficial for firm performance in high complexity environments, since under such conditions strong leadership and decision-speed outweigh the disadvantages of CEO power. More recent research has focused on the notion of governance bundles (Aguilera et al., 2008; Misangyi & Acharya, 2014; Schiehll et al., 2014), and the extent to which different governance mechanisms, such as CEO duality, board independence and external control are complementary or substitute each other. The context of UK charities may be described as highly complex and uncertain due to changing funding regimes (Bridle, 2012), the delicate line between market and social orientation that charities tread (Seymour et al. 2006), and the intricacies of donor relations and motivations (Hyndman & McDonnell, 2009). Alongside that, as we discussed earlier, the UK charity sector is characterised by a medium-to-high level of accountability, and regulated by an outside body, the UK Charity Commission. The trustees of boards are akin to non-executive directors in the corporate world, and take up the majority of board seats (Grant Thornton, 2013). Under similar[1] conditions, Misangyi and Acharya (2014) showed that CEO duality can be beneficial for firm performance. Based on these arguments of environmental complexity and supplementarity within governance bundles, we hypothesise that:

> *H1: CEO duality has a positive impact on the organizational performance (measured as its ability to collect resources, i.e. total revenues), in a context characterized by a medium-high level of accountability*.

What constitutes an optimal board size? Scholars have tried to answer this question using a variety of theoretical lenses. The argument from agency scholars is that smaller boards are preferable to large ones as the latter are too unwieldy, may create free-rider problems amongst non-executives and thus generally promote managerial entrenchment (Lipton & Lorsch, 1992; Jensen, 1993). Proponents of resource dependence theory, on the other hand, stress the importance of boards on procuring external resources and mitigating sources of uncertainty in the external environment (Pfeffer & Salancik, 1978). Following that logic, larger boards are advantageous compared to smaller ones, especially in the context of highly complex and uncertain environments. Dalton et al. (1999) in their meta-analysis of board size and firm performance provide empirical support in favour of increased board size. For non-profit boards, the resource dependence arguments have

[1] Their research was in a corporate setting and measured the market for external control rather than external regulation as we would find in the charity sector.

been further supplemented by a stakeholder theory logic (Bai, 2013; Cornforth, 2003; Hyndman & McDonnell, 2009) that argues for the need to have a wide stakeholder representation on boards to ensure their voice and enhance organisational legitimacy. Bai (2013), for example, showed that social performance of non-profit hospitals is greater when there are larger boards, whereas the opposite relationship holds when the hospital is for-profit. We therefore propose that:

> *H2: Increasing board size has a positive impact on the organizational performance (measured as its ability in collecting resources, i.e. total revenues), in a context characterized by a medium-high level of accountability.*

MANDATORY AND VOLUNTARY ACCOUNTABILITY IN UK CHARITIES

As previously stated, the aim of this study is to understand how mechanisms of accountability can indirectly affect the organizational performance, by increasing or mitigating the relationship between board characteristics (CEO duality and board size) and the ability of the organization to collect resources. Our analysis is conducted on a sample of 200 registered charities present on the Charity Commission's Register. The choice fell on the United Kingdom, in particular England & Wales, because it can be considered a good practice example in relation to the regulation and level of mandatory accountability required for organizations registered at the Charity Commission. The UK has three different bodies that are in charge of controlling and regulating UK charities: the "Charity Commission" which registers and regulates charities in England and Wales, the "Charity Commission for Northern Ireland" that deals with regulating charities in Northern Ireland and the "Office of the Scottish Charity Regulator (OSCR)", an independent body that deals with the control and regulation of Scottish charities. A key element that makes the charities in England & Wales particularly "accountable" compared to the NPOs of some other countries, is that in England & Wales the status of charity is not a legal form by which an organization is constituted, it is a status that the organization acquires if it can demonstrate to the regulator that it carries out its activities and uses its available resources for a "charitable purpose" and for the "public benefit". This is one of the main reasons that has led some authors to consider the United Kingdom one of the best countries in term of regulation and accountability of non-profit organizations (Irvine & Ryan, 2010). In the United Kingdom, the word used to identify the organizations that operate in the non-profit sector is “charity”, a concept that is closely connected with the organisational inception having a “charitable purpose”. Anheier and Regina (2005) affirm that “in countries like the UK and Australia, a charity is essentially an instrument for carrying out the purpose of a charitable trust”, and go on to explain that “Charity is an English common law concept that identifies a class of non-profit organization by purpose”.

The Charity Commission as the independent regulator for charities in England & Wales also manages different information that charities (with some exemptions related to their size) have to submit. Table 1 below summarizes the documents charities have to submit according to their income brackets.

Table 1. Due documents for financial periods ending on or after 1 April 2009

Income in the financial period being reported	Update Register Information	Annual Return - basic Register information	Reporting Serious Incidents	Financial Information	Summary Information Return	Trustees' Annual Report and accounts
£10k or less	Yes	-	-	-	-	No
£10-£25k	-	Yes	-	-	-	No
£25k - £500k	-	Yes	Yes	-	-	Yes
£500k - £1m	-	Yes	Yes	Yes	-	Yes
Greater than £1m	-	Yes	Yes	Yes	Yes	Yes

Source: Charity Commission website

Each charity must give some information to the Charity Commission, and the level and complexity of the information depends on its income.

In addition to the mandatory reporting requitements, charities can also provide further voluntary information, using different tools and mechanisms such as communications using an institutional website and social networks (blogs, fora, facebook, twitter, etc.), institutional reports that contain information about volunteers, communication of information about the strategic plan in order to inform the public about their mission, objectives, and future activities. The use of these tools of voluntary disclosure can increase the organization's ability to collect resources making it still more accountable. For example, the results of a study conducted by Saxton et al (2014) "indicate a positive relationship between the level of charitable contributions and the amount of disclosure provided by an organization on its website" (Saxton et al, 2014). Greenberg and Macaulay (2009) suggest that "NPOs should be leaders in using social technologies to grow and strengthen their networks. These are, after all, relationship-driven organizations: online communities and social media offer a new way of harnessing existing loyalty and passion" even if the data reported in their study indicate that this potential remains mostly unused (Greenberg and Macaulay, 2009). Waters et al. (2009) affirm that "Social networking sites can be an effective way to reach stakeholder groups if organizations understand how their stakeholders use the sites. Results from this study show that non-profits are beginning to experiment with different Facebook offerings". The regular collection of information on volunteer involvement, the annual measurement of volunteer impact, and the supervision and communication with volunteers are some of the recommended practices for volunteer management (Hager & Brudney, 2004). Also the use of a strategic plan is considered to be good practice for NPOs since it represents a useful tool for organizations in designing their futures, setting their goals and deciding on the strategies, actions and resources to achieve them. The Charity Commission recommends that trustees of larger organizations "take responsibility for setting the charity's strategic aims and direction, and agreeing appropriate future plans", they should also "periodically review what the charity is achieving, and how effective the charity's activities are" (Charity Commission Guidance). Green and Griesinger (1996) find that the "boards of effective organizations tended to be more fully involved in policy formation, *strategic planning,* program review, board development, resource development, financial planning and control, and dispute resolution than were boards of less effective organizations" (Green and Griesinger, 1996). We argue that the publication of information on volunteers, the declared use of a strategic plan and the presence of social networks are tools of voluntary disclosure that strengthen the positive effects of the mechanisms of mandatory accountability. In essence, the potential for agency problems is substantially diminished if there are additional mechanisms which allow stakeholders (users, donors and the regulator) to hold the organisation to account. We predict a positive impact of the use of these tools on the organizational performance:

H3: The introduction of tools of voluntary disclosure has a positive impact on the organizational performance (measured as its ability in collecting resources, i.e. total revenues), increasing the strength of the mechanisms of mandatory accountability.

Specifically, we propose that:

H3(a): The publication of information on volunteers on the charity's website or reports has a positive impact on the organizational performance (total revenues).

H3(b): The use of social networks (forum, blogs, facebook, twitter, etc.) has a positive impact on the organizational performance (total revenues).

H3(c): The declared use of a strategic plan has a positive impact on the organizational performance (total revenues).

METHODS AND SAMPLE

Our analysis was conducted on a sample of 200 charities selected randomly from the Register of the Charity Commission. We selected the charities that met the following requirements: (a) presence of an institutional website; (b) presence of an annual report or a financial statement (financial data of 2013) published on the Charity Commission's Register. The year considered for the financial data collection is 2013. The analysis, based on econometric techniques, consists of two phases. In the first one we aim to verify the hypotheses about the relationship between the two characteristics of governance (CEO duality and board size) and the organizational performance (H1 and H2). Next, we analyse if and how our model (and the relationships found) change if the charity increases its level of accountability using voluntary disclosure tools (H3, H3(a), H3(b), H3(c)).

VARIABLES AND MODELS

Our *dependent variable*, organisational performance, is operationalised as the natural logarithm of total revenues in the fiscal year 2013 (ln_revenues). Financial indicators are often used to measure organizational performance in studies of non-profit organisations (Harris, 2014), and the ability to collect resources is an important organisational goal (Epstein & McFarlane, 2011). Therefore, similar to Grasse, Davis and Ihrke (2014) we consider revenues to be a good measure of performance in non-profit organizations.

Our *control variable* is the natural logarithm of the charity's number of human resources, calculated as the sum of the number of paid staff and volunteers (ln_hr). This is an organisational-level characteristic which allows us to control for size effects.

Our *independent variables* are, in the **first phase**:

- *CEO duality* (the position of the CEO and that of the chair or president of the board are held by the same person); it is a dummy variable coded 1 if there is duality and 0 if there is not (ceo_duality);

- *board size*, calculated as the number of trustees of the board (board_size).

The *independent variables* considered in the **second phase** are:

- *information on volunteers,* published on the charities' websites or reports. It is a dummy variable coded 1 if there is information on volunteers published (on the charity's website or reports) and 0 if there is not (volunteers_info);

- *use of social networks*. It is a dummy variable coded 1 if the charity uses social networks and 0 if it does not (soc_network);

- *declared use of a strategic plan*. It is a dummy variable coded 1 if the charity has a strategic plan and declares to use it and 0 if it does not (strategic_plan).

We use the natural logarithm of our dependent (total revenues in 2013) and control (number of human resources) variables to control the variability and heterogeneity of these quantitative variables (see table 2). When examining the variable "board_size", the data collected show that the nonprofit board is almost never "oversized", indeed 90.50% of the charities in the sample have a board size with less than 15 members (see table 3).

Table 2. Summary statistics of quantitative variables

Variable	Obs	Mean	Std.Dev.	Min	Max
Revenues (£)	200	2111272	7249464	25190	73355000
hr	167	174.1377	620.4821	4	5019
Board_size	200	8.95	4.24708	2	31

Table 3. Board size

Number of board members	freq.	Percent.
2-14	181	90.50
15-31	19	9.50
Total	**200**	**100.00**

RESULTS AND DISCUSSION

The analysis was conducted using multiple regression models, first in a context of a medium-high level of mandatory accountability and following that, when the charities increase their level of accountability using tools of voluntary disclosure. Our sample is composed of 200 organizations but the analysis (regression models) was conducted on 167 units because of missing values related to the control variable "human resources". Results are reported in table 4. The constant was omitted from our models because it was not significant. Hypothesis 1 predicts that CEO duality has a positive impact on organizational performance (measured as its ability in collecting resources, i.e. total revenues), in a context characterized by a medium-high level of accountability; while according to hypothesis 2, increasing board size has a positive impact on the organizational performance (measured as its ability in collecting resources, i.e. total revenues), in a context characterized by a medium-high level of accountability that can mitigate the possible negative effects considered by the literature on the agency theory.

Table 4. Impact of *board size* and *CEO duality* on the organizational performance in charities characterized by a medium-high level of mandatory accountability and the effects of the use of voluntary disclosure tools

	(1)	(2)	(3)	(4)
VARIABLES	ln_revenues	ln_revenues	ln_revenues	ln_revenues
ln_hr	2.354***	2.193***	1.903***	1.900***
	(0.147)	(0.174)	(0.172)	(0.174)
board_size	0.350***	0.359***	0.278***	0.278***
	(0.0584)	(0.0583)	(0.0564)	(0.0567)
ceo_duality	2.184***	2.121***	1.959***	1.977***
	(0.695)	(0.693)	(0.645)	(0.659)
volunteers_info		0.939*	0.417	0.411
		(0.558)	(0.528)	(0.532)
soc_network			2.912***	2.901***
			(0.566)	(0.573)
strategic_plan				0.0834
				(0.572)
Observations	167	167	167	167
R-squared	0.932	0.934	0.943	0.943

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The first phase of our analysis (Model 1) aims to verify hypotheses 1 (H1) and 2 (H2). The results show that both of our hypotheses are supported. Positive and significant associations are found between board size and the total revenues ($p<0.001$) and between CEO duality and the total revenues ($p<0.001$). These results are consistent with the argument that in a context characterized by a medium-high level of accountability (as in England & Wales), the accountability tools of NPOs reinforce the strength of the board of directors in monitoring the CEO's activities, and blunt one side of the double edged sword related to CEO power (Finkelstein & D'Aveni, 1994). Our control variable, the number of human resources (ln_hr), is highly correlated with the financial performance of the organizations.

The second step of our analysis (Models 2, 3, 4) checks if and how the relations found in the first phase change if the charity introduces some tools of "voluntary disclosure". The relations found in the first phase are confirmed also in the second one. In addition, we predicted positive relations between the three variables considered (volunteers_info, soc_network, strategic_plan) and the ability of the organization to collect resources (ln_revenues). Our hypothesis is partially confirmed: the publication of information about the volunteers has a weak positive and significant ($p<0.1$) effect on the ability of the charity to collect resources (see model 2) but the significance of this relation disappears in the following analysis (see models 3 and 4), while the declared use of a strategic plan seems not to influence the total revenues (ln_revenues). On the contrary, the use of social networks has a strong significant ($p<0.001$) and positive impact on this type of organizational performance. This result can be explained by the typology of the variable itself, in particular the use of social networks can be seen as a tool that allows beneficiaries, workers, lenders, donors and the general public to interact with the charity. Thanks to the use of social networks, such as facebook, twitter, blogs, and so on, people can give their opinion about the charity's activities, can tell their experiences, give advice, and participate in the charity's mission. These results are consistent with the study of Muralidharan et al. (2011) who analysed Facebook and Twitter usage of non-profits during earthquake missions. They found that “Non-profits seem to encourage a steady stream of visitors to Facebook and Twitter forming an important means of increasing donations and active participation than media organizations”, but, in line with Greenberg and Macaulay (2009), they affirm that “Unfortunately, non-profits and media are not utilizing social media to its full potential” (Muralidharan et al. 2011). It is, however, important to highlight that maybe the inverse of this relationship can also be true. For example, Greenberg and Macaulay (2009) affirm that “Even though hardware and software expenses continue to decline in relative terms, the costs of maintaining and upgrading an organization’s technological infrastructure can be prohibitive, particularly for smaller organizations”, this could mean that it is the level of revenues of an organization that influences its use of social-networks, rather than the other way around.

In order to analyse more in depth the qualitative variables considered in this study, we use a different methodology of analysis, namely logistic regression. This different technique of analysis allows us to verify the level of association between pairs of variables: (a) CEO duality - total revenues; (b) information on volunteers - total revenues; (c) the use of social networks - total revenues; (d) the declared use of a strategic plan - total revenues. In order to manage and to interpret easily the variable “total revenues”, we classified it into four groups by means of the quartiles of the distribution [Class 1: total revenues < £ 105217; Class 2: £105218 < total revenues < £287548; Class 3: £ 287549 < total revenues < £948138; Class 4: total revenues > £948139]. The chi-square test on the association tables between each pair of variables is significant for the following associations: (a) ceo_duality and revenues_classes; (c) soc_network and revenues_classes; (d) strategic_plan and revenues_classes. This motivated to estimate a logistic regression for the above pairs of variables. The results are summarized in table 5 below:

Table 5: Logistic Regressions

(a) Dependent variable: ceo_duality
Independent variable: revenues_classes

	Odds Ratio	Std. Err.	z	P(z)	(95% Conf. Interval)	
Ceo_duality	.4407105	.0760446	-4.75	0.000	.3142524	.6180567

(b) Dependent variable: soc_network
Independent variable: revenues_classes

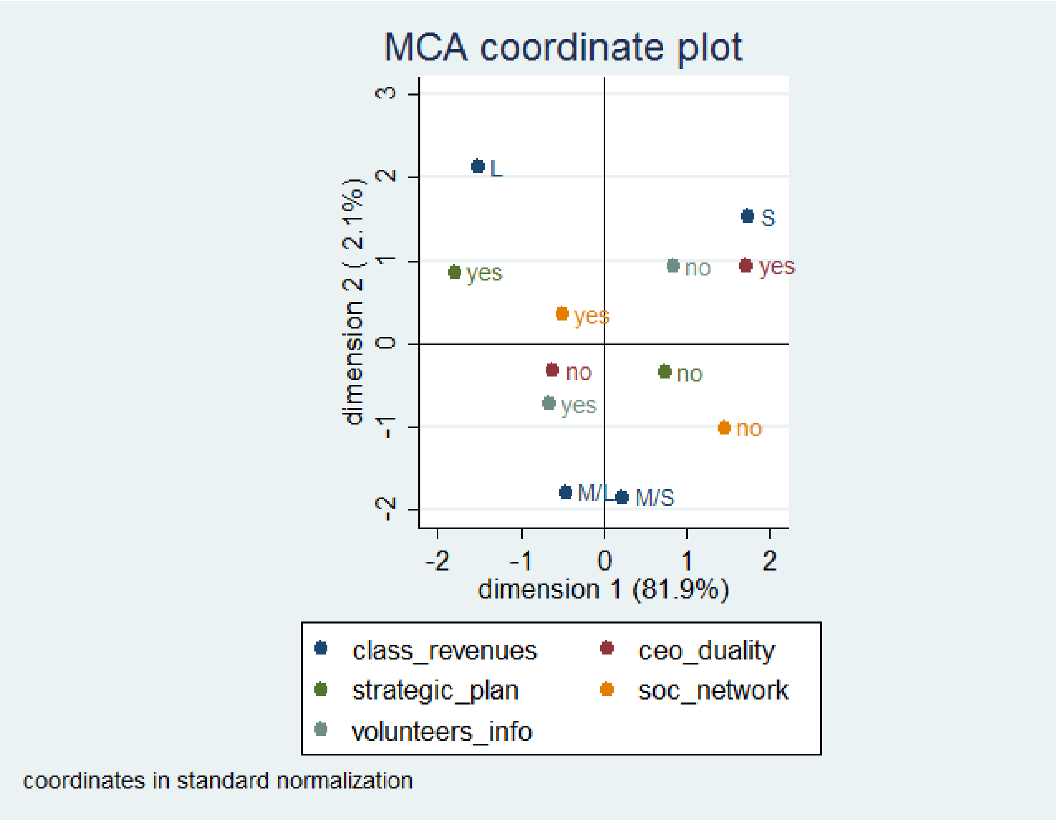
	Odds Ratio	Std. Err.	z	P(z)	(95% Conf. Interval)	
Soc_network	1.460565	.2209521	2.50	0.012	1.085806	1.964669

(c) Dependent variable: strategic_plan
Independent variable: revenues_classes

	Odds Ratio	Std. Err.	z	P(z)	(95% Conf. Interval)	
Strategic_plan	2.174183	.3551047	4.76	0.000	1.578597	2.994478

The results of table 5 can be interpreted as follows: the level of revenues of organizations is associated negatively with the probability to have CEO duality (–56%); positively with the probability to have a social network (+46%); and positively with the probability that the charity uses and declares to make a strategic plan (+117%). The results as shown in table 5 indicate that the presence of CEO duality is negatively associated with the level of revenues of a charity. If we consider the level of revenues as a measure of the charity's size, we can affirm that in larger organizations the probability to have duality is lower than in smaller ones. The results of the logistic regression show also that the use of social networks is positively associated with the organization's size, expressed in terms of total revenues. This result confirms the statement of Greenberg and Macaulay (2009) according to which for smaller organizations the costs related to maintaining and upgrading of the social networks can be too expensive, that is the level of revenues of an organization can influence its use of social-networks. Finally, the findings in table 5 show that the declared use of a strategic plan represents a variable that, even if it seems not to influence the revenues in our previous regression models, is strongly associated with the classes of revenues of charities, and specifically the declared use of an instrument of strategic planning characterizes the largest organizations (in terms of total revenues). This result is consistent with previous studies in literature. Stone et al. (1999) in their review of strategic management in non-profit organisations found that " Many nonprofits have not adopted formal strategic planning. For those that do adopt formal strategic planning, primary determinants are organization size, characteristics of board and of management, prior agreement on organizational goals, and funder requirements to plan". So the organization's size seems to be a determinant for the decision about the adoption of a strategic plan. This result suggests that the recommended practice of the Charity Commission about the importance for "larger charities" to set the "charity's strategic aims and direction", and to agree "appropriate future plans" is widely followed by charities in England & Wales. In order to conclude our exploratory analysis on the relationships between the characteristics of governance and accountability, we conducted a multiple correspondence analysis and we found that the presence of CEO duality is strongly associated with smaller charities, both the presence of social networks and the declared use of a strategic plan are associated with larger organizations, while the publication of information about volunteers characterizes mainly the organizations of medium-large size. We considered the classes of revenues, classified in four groups by means of the quartiles of the distribution, as a measure of the organization's size. Results shown in the following graph are significant, indeed, the first two dimensions explain more than the 84% of the phenomenon studied.

Figure 1: Multiple correspondence analysis (MCA)



Note: "S" means "Small charities" with total revenues less than £ 105.217; "M/S" means "Medium/Small charities" with total revenues between £105.218 and £287.548; "M/L" means "Medium/Large charities" with total revenues between £ 287.549 and £948.138; and "L" means "Large charities" with total revenues higher than £948139.

CONCLUSIONS

The aim of this paper was to understand how mechanisms of accountability can indirectly affect the organizational performance, increasing or mitigating, respectively, the positive or negative effects in the relationship between board characteristics (board size and CEO duality) and the ability of the non-profit organization to collect resources. We predicted that in a context characterized by a medium-high level of accountability, the negative effect of CEO duality and larger board size as hypothesised by agency theory is not likely to occur since the accountability tools and mechanisms are a substitute for board monitoring. To test our hypothesis we referred to the UK third sector context, in particular, England & Wales, because this regulator model represents an example of medium-high level of accountability required of charities. We conducted our analysis on a sample of 200 charities extracted randomly from the Charity Commission Register, and we found support for all our hypotheses; both CEO duality and the board size have a significant positive influence on the ability of the charity to collect resources (total revenues). A consecutive phase of our study aimed to verify if and how the relations found in the previous step change if the charity increases its level of accountability, complementing tools of voluntary disclosure with those mandatory ones required by the Charity Commission. The relationships found in the first phase were confirmed also in the second one. However, of the three tools of voluntary disclosure that we considered, the use of social networks is the variable with the strongest positive and significant effect; the publication of information on volunteers has a weak significant and positive effect on total revenues, while the declared use of a strategic plan is not significant.

This study has several important implications both for the regulators of non-profit organizations in different countries and for the governing bodies of the non-profit organizations themselves. Specifically, the results of this study show that if non-profit organizations work in a context characterized by a medium-high level of accountability, as in England & Wales, CEO duality can indeed be beneficial for organisational performance in particular contexts. Both boards and regulators should therefore pay closer attention to context and avoid 'one-size-fits all' prescriptions. This study also shows that if the NPO provides voluntarily information about its activities through the use of social networks, its ability to collect resources increases. If the organizations provide the public with the opportunity to interact with them, to give opinions, to participate to their activities, the stakeholders (and the potential donors) would probably feel more involved and confident, and therefore more likely to be motivated to contribute with donations to support the organization's mission. Finally, the results of a logistic regression, used to explore how some characteristics of charities related to their level of revenues, showed that large charities are more likely to make use of social networks and declare the use of a strategic plan, while it is less probable to encounter CEO duality here. These results can help the reader to understand how some qualitative characteristics of the NPOs are associated with the organization's size (measured with the total revenues). Findings of the logistic regression are also confirmed by the multiple correspondence analysis that highlights the associations between board characteristics and voluntary disclosure considered in this study and one variable of the organization's dimension, the "total revenues" classified into four groups. Further research could test for these relationships in other medium-to-high accountability NPO contexts (such as Canada and USA); or in countries characterized by a lower level of accountability to verify if and how these relationships change. We are aware that the financial measure of total revenues could be considered as not completely comprehensive of the ability of the charity to collect resources, because there are some resources that are not evaluated or evaluable; in addition it represents only one single aspect of the overall performance. Lastly, the different basis of financial accounting used by the organizations, cash based (12 charities) and accrual based (188 charities), can potentially limit comparability.

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