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**Legitimizing accounting change in charities: When values count
more than regulation**

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Abstract

Purpose: This paper seeks to explore the way charity accountants understand, interpret and legitimate or delegitimize the introduction of accounting and reporting changes (embedded in the extant Charity Statement of Recommended Practice (SORP)), before these are actually implemented.

Methodology: Drawing on 21 semi-structured interviews with accountants in large UK and Republic of Ireland charities, the manner and extent to which forthcoming changes in charity accounting are legitimated (justified) or delegitimated (criticised) is explored.

Findings: Acceptance of accounting changes in the charity sector by formal regulation may not be necessary for future required adjustments to practice to be legitimated. Using interviews carried out before the implementation of required changes, the results suggest that other factors, such as national culture, identity and mimetic behaviours, may play a major role in the homogenisation and acceptance of accounting and reporting rules. In particular, it is argued that mimetic pressures can be much more influential than regulative pressures in legitimating change in the charity sector, and are more likely to lead to the embedding of change.

Originality/value: The contribution of this paper is threefold: first, it explores rhetoric and legitimation strategies used before changes are actually implemented. Second, it contributes to filling a gap in charities' research related to intra-organisational legitimation of managerial and accounting changes, illustrating institutional-field identity at work to preserve shared organisational values and ideas. Finally, the research illuminates the importance of particular contextual pressures and individual legitimation arguments during accounting-change processes.

Keywords: accounting change, charity sector, SORP, legitimation, identity

Article Classification: Case Study

1. Introduction

Charities are specific third-sector organisationsⁱ that exist to provide public benefit (such as the relief of poverty, the advancement of education, the advancement of religion, etc.). They are facilitated through various legal and administrative frameworks by, for example, significant tax benefits and differing, and possibly lighter-touch, legal and regulatory frameworks. Charities are distinguished from more general third-sector organisations by charitable goals which individual societies deem to serve the public interest or common good. Consequently, the legal definition of a charity may vary from country to country.

The charity sector differs from the private or public sectors in terms of its orientation and motivation, the nature of its activities, its resource availability, and the manner of its contribution to the public good. It is also a sector in which the facts and perceptions of accountability, a key aspect of which is facilitated by good accounting and reporting (hereafter, for convenience, referred to as accounting), are particularly important. Good accountability is viewed as a basis for reducing the potential for scandal and breeding confidence (Mack et al., 2017; McConville, 2017). However, previous literature has often posited that the introduction of new accounting practices does not always yield the expected results (Ellwood and Greenwood, 2016). In attempting to explain this, studies have increasingly investigated private and public-sector organisations to understand the impacts and processes of accounting change (Hyndman and Liguori, 2016; Järvinen, 2016). How change is perceived, justified and understood within charities has, nevertheless, received very limited attention, with research focusing on the achievement of external legitimisation following accounting disclosures (Mack et al., 2017; Yang et al., 2017) or fundraising activities (Guéguen et al., 2015; Hind, 2017). Studies across different sectors and fields, moreover, have investigated new accounting practices and change mainly after these have taken place (ter Bogt and Van Helden, 2000; Hyndman and Liguori, 2018). Brunsson (1989) identified three stages for the enactment of ideas and policies, distinguishing the levels of talk, decision and action. While studies have focused on these stages individually, little is known about how change is assessed, understood and legitimated within an organisation when its implementation has been confirmed but not yet occurred. This period between decision and action is the focus of this paper.

This research explores the way organisational members (in this case, accountants in large charities) understand, interpret and legitimate or delegitimize the introduction of accounting changes before their implementation. This is done in the context of the charity sector and the changes introduced by the new charity Statement of Recommended Practice (SORPⁱⁱ) in the United Kingdom (UK) and Republic of Ireland (ROI). In the UK, there are over 200,000 registered charities with an estimated total annual income approaching £80 billion; in ROI (where the regulatory framework is still in its infancy), it is estimated that there are over 8,000 charities, which are a subset of a larger third sector of 12,000 organisations with an annual income of approximately €6 billion (Connolly et al., 2017). The SORP (which contains accounting requirements that large charities should follow) initially applied existing commercially-based accounting standards to charities. Through time, it has developed into a broader, charity-specific set of accounting recommendations. Its extant version (Charity Commission and Office of the Scottish Charity Regulator (OSCR), 2014), which was published in 2014 and is effective from 2015 (hereafter, SORP2015), is the subject of this study.

While this paper focuses on charity accounting, it explores issues relevant to a wider accounting audience, particularly those involved with public-sector and other third-sector organisations (where there is no profit objective and where non-exchange transactions often dominate) and even, to an extent, with accounting change in businesses. The paper is structured as follows: the next section reviews the main literature on accounting change and legitimisation. Then, the methodology and development of the SORP over time, including the main changes introduced by SORP2015, are described. Subsequently, the study's results are presented and

discussed, before the paper concludes by examining the contribution of the research and offering implications for practice and further research avenues.

2. Legitimizing accounting change in charities

In order for organisational change to be implemented, it is important that it is initially understood and legitimated by the organisational players who are responsible for its implementation. With respect to accounting change, not only is it important to understand the technicalities of what is being implemented, but also to appreciate how accounting practices are mobilised, the aspirations and ambitions attached to them and the roles they play (Kurunmäki et al., 2010). As new accounting instruments are employed, indeed, they interact with ideas which define different and variable relationships across space, people and aspirations.

Liu et al. (2016) investigated the creation and legitimation process of the first Chinese independent charity foundation. They showed that the coexisting and competing relationships among the state and civil society, together with the interaction of social mission and market logics, stimulated organisational change and innovation. At first, the main change levers to gain legitimation were financial resources, international experience and knowledge, charismatic leadership and social influence. Subsequently, with change facilitating increased visibility and credibility, the organisational focus shifted towards cultural resources, and constructing and mobilising societal discursive resources. Silver (2001) highlighted that funders typically legitimate themselves as good citizens by supporting charitable organisations and their work, with charitable donations being instrumental for funders wishing to create socially-responsible identities. In the vast majority of the charity studies that have focused on legitimation, this is linked to ideas emanating from legitimacy theory (Suchman, 1995), whereby an individual or organisation tries to align their actions with external social norms and stakeholder expectations. This perspective, however, concentrates upon the external environment and the generated legitimacy needs and pressures. This leaves limited space to explore how organisations, and individuals within the organisation, can perceive and interpret legitimacy differently, and not necessarily as a result of external jolts. This paper posits that change, and its legitimation, can be generated from within the organisation itself.ⁱⁱⁱ At the intra-organisational level, legitimacy and legitimation can be seen in terms of how 'logical' or 'right' a change is perceived and judged by those implementing it. Adopting an institutional-theory approach, this paper explores this perspective, examining the deployment and use of different individual, rhetorical, legitimation and delegitimation strategies by charity accountants (key individuals who are required to translate and implement changes within the charity setting).

2.1 Legitimation and delegitimation of change

In order to explain how the introduction of a proposed new accounting practice is received within an organisation, it is essential to understand how individuals legitimate (justify/support) or delegitimate (criticise/undermine) the change and the arguments they mobilise for it. As Scott (1995, p. 45) emphasised 'legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support or consonance with relevant rules or laws.' The specific context conditions (historical, administrative or cultural) define 'which ideas are considered 'sensible', which constructions of reality are seen as 'realistic', and which claims are held as 'legitimate' within a certain policy at a specific time' (Koopmans and Statham, 1999, p. 228).

In legitimating change, language can play an important role for its diffusion and implementation (Green, 2004; Hyndman and Liguori, 2016). The rhetorical arguments and strategies employed before or during change can strengthen or weaken the adoption of new practices and the way people assess their usefulness. The ambiguity regarding the process and potential outcome of change induces individuals within organisations to use rhetorical arguments

to construct reality and legitimacy around certain organisational structures and beliefs (Suddaby and Greenwood, 2005). The more persuasive the reasons justifying the introduction of a new practice, the more rational its adoption will be perceived, and ultimately accepted. Recently, institutional-theory scholars have emphasised such aspects. To investigate the role that language and rhetorical arguments play, different approaches have often been presented under the label 'rhetorical institutionalism' (Green and Li, 2011). These include research on framing (Fiss and Zajac, 2006), discourses (Phillips et al., 2004) and rhetoric (Green, 2004). Given its focus, this study draws on this rhetorical institutionalism literature.

This paper adopts the definition of organisational player's legitimation as a socio-cognitive perception (Suddaby et al., 2017), an individual construction of reality (in this specific case, accounting changes) that will affect the way they think, behave and approach new practices and systems introduced within their organisation. This approach sees legitimation as a cross-level process of perceptions, evaluations, judgments and actions that occur in the interactions between organisations and individuals. The focus is on the micro-level (Berger et al., 1998; Hoefer and Green, 2016), where individuals are able to make their own judgments or adopt judgments of others for reasons of cognitive economy (i.e., minimizing effort), social conformity, personal gain, or for fear of sanctions (Tost, 2011; Bitektine and Haack, 2015). In this light, they will assess and rhetorically express the appropriateness or acceptability of a certain legitimacy object (a practice, a change, an authority, etc.).

Studies focusing on accounting have only occasionally investigated the way these changes are framed (Roberts and Jones, 2009; Hyndman and Liguori, 2018), often limiting the analysis to accounting narratives and documents (Clatworthy and Jones, 2003). In charities, aspects of this literature have often viewed the sector as being significantly (and often inappropriately) influenced by what happens in the private and public sectors; with the potential of such influences to generate delegitimation and conflict within charities and increase the risk of mission drift (Järvinen, 2016; Hyndman and McKillop, 2018).

2.2 Rhetorical legitimation strategies

As discussed, legitimation is considered here to be a perception-based, socio-cognitive phenomenon, where individuals play the role of 'evaluators'. Previous studies indicate that legitimacy judgments can be subject to isomorphic pressures, institutionalisation and, ultimately, social control (Bitektine and Haack, 2015). Also, in organisations which implement new tools and practices on the basis of pre-standardised templates, such as accounting, change requires the interaction of internal and external individuals. Individual evaluations of such practices and relationships will be expressed in different rhetorical ways by those involved to justify (legitimate) or criticise (delegitimate) a new practice or provision. As legitimacy and its components span from strong forms of positive validity/propriety (legitimation) to strong forms of negative validity/propriety (delegitimation), this may induce situations of conflicting validity perceptions (Bitektine and Haack, 2015).

When focusing on the rhetorical arguments that individuals can use to interpret and evaluate a new practice, such evaluations and judgments may be shaped by and expressed through different legitimation strategies (Green and Li, 2011; Hyndman and Liguori, 2016). The active role of the individuals involved in a process of change is mirrored in the rhetorical arguments accompanying the introduction of the new practice, thus affecting its assessment. Following Vaara et al. (2006), new techniques can be proposed or halted (i.e. legitimated or delegitimated) through one (or a combination) of five discursive strategies: (i) authorisation, which refers to legitimation or delegitimation by reference to authority of tradition, custom, law and persons upon whom institutional authority of some kind has been bestowed; (ii) rationalisation, related to legitimation or delegitimation via institutionalised social action and knowledge that society has constructed, assessment of costs and benefits, and other forms of rational thinking, giving the proposed change(s) cognitive validity; (iii) normalisation, which legitimates or delegitimises by exemplarity

that can involve ‘retrospective’ or ‘prospective’ references, which make the case at hand something ‘normal’ and professional; (iv) moralisation, which refers to legitimisation or delegitimation by reference to specific moral values (deemed appropriate or otherwise); and (v) narrativisation, which addresses legitimisation or delegitimation conveyed through narratives that provide evidence of (un)acceptable, (in)appropriate or (not)preferential behaviours. Previous literature has also identified an additional route of legitimisation and delegitimation via pathos (i.e. appealing to personal positive (legitimation) or negative (delegitimation) emotions) (Green and Li, 2011; Hyndman and Liguori, 2018).

Legitimation and delegitimation strategies may not always be intentional or conscious, and their use usually decreases with time, when justifications are less needed as a change becomes accepted or taken for granted (Green, 2004). In the early stages of change, legitimisation and delegitimation strategies contribute to creating the organisational conditions that can help the new practice to thrive or be suppressed. To undermine or stop a change, antagonistic framings or destructive strategies may be employed, criticising its validity or ridiculing a specific source of information (Lefsrud and Meyer, 2012).

Previous organisational and accounting literature indicates that legitimisation and delegitimation strategies are often intertwined. For instance, normalisation seems to be strongly supported by other strategies, especially narrativisation. Vaara et al. (2006) found authorisation was linked to rationalisation and moralisation, because authorities themselves symbolically represent specific institutions and viewpoints. Rationalisation appears to be frequently based on moral and ideological bases; moralisation is often an attempt to put authorisation and rationalisation into a particular legitimating or delegitimising perspective (Vaara et al., 2006). Green et al. (2008) suggested that pathos arguments may be particularly relevant at the beginning of the change process, when a stronger push is needed to overturn the initial social and organisation inertia. Once a course of action is chosen, rational arguments more regularly justify the new arrangements as responsible and appropriate. Focusing on central-government accounting, Hyndman and Liguori (2016) highlighted differences in the way accounting change is legitimated as different organisational levels are considered and greater complexity is taken into account. They showed that, although accounting changes were meant to introduce a more ‘rational’ way of managing and taking decisions, these were often justified (legitimated) at lower levels as being primarily based on ‘authority’. The authors suggested that, at the implementation level, changes not legitimated on the basis of authority and rationality would have more difficulty embedding, despite the presence of external pressures promoting them. Similarly, Hyndman and Liguori (2018) posited that for radical change to embed, it is necessary for change to be assessed initially as rational, rather than merely driven by authorisation-based pressures. Additionally, it was argued that pathos is more likely to develop if the individuals have ‘voice’ in the process. Previous research largely shows that, despite initial doubts and resistance, new accounting practices in the public sector tend to be more often legitimated, rather than delegitimated, by those implementing and using them.

3. Methodology

Different from previous studies (see Hyndman and Liguori, 2016), this paper investigates charity accountants’ understanding and legitimisation (or delegitimation) of accounting changes before (rather than after) their implementation. This study therefore does not involve ex-post rationalisation, as individuals were interviewed as the changes were being discussed and implemented within their own organisations. Using intensity sampling (Patton, 2002), this research examines the accounting changes introduced by SORP2015 in two jurisdictions, the UK and ROI. Given that the SORP is mandatory in the UK for large charities but only best practice in ROI (see detail later), and because (unlike the ROI) many more engagement events relating to the shaping of SORP2015 were conducted in the UK (Charity Commission/OSCR, 2009), the expectation was that knowledge and legitimisation of SORP2015 would be greater in the UK. Therefore, a different

intensity of adoption, needs and assessments were expected in the two jurisdictions, allowing variability in the dimensions under study in terms of the legitimisation and implementation of accounting practices arising from SORP2015. This contrast makes the choice of cases particularly interesting.

In terms of the required changes, SORP2015 not only represents requirements and recommendations to be followed, it seeks to align and strengthen charity accounting practices. In particular, with respect to financial statements, this is facilitated by aligning it with FRS102^v. SORP2015 became effective on 1st January 2015 and was applicable to all UK charities preparing accruals accounts for reporting periods beginning on or after 1st January 2016 (in ROI, it remains recommended best practice). Interviews in 11 charities were conducted in the UK (a total of 14 interviewees) and 10 in ROI (a total of 10 interviewees) between September 2015 and March 2016. The use of rhetoric and legitimisation strategies was thus analysed before SORP2015's actual implementation, through the eyes of the main players involved, i.e. the accountants responsible for translating and implementing the new rules within their organisation. From the interviews, it was clear that none of the interviewees had participated in the official Charity Commission/OSCR consultation process developing SORP2015. Moreover, all interviewees were senior charity accountants (having a title of chief accountant, financial director or similar) and all had been in their present post for at least two years. In addition, all interviewees were aware of SORP2015 and many aspects of its requirements prior to the interview.^v

Exploring legitimisation strategies required asking the charity accountants about their experiences and perceptions. This involved conducting semi-structured interviews to elicit the understanding and perceptions (and related, implicit rhetorical strategies of legitimisation or delegitimation) of these key individuals relating to the main SORP changes. Interviewees reflected on the changes contained in either the Trustees' Annual Report (TAR) or the financial statements (the two distinctive components of the SORP), or expressed views on the SORP as a whole. The TAR contains narrative information about the charity, how it is run, its achievements and numbers in the accounts. The questions were standardised and aligned across interviewees and jurisdictions. The main areas of investigation and the questions/prompts used in the interviews were identified largely on the basis of the *SORP Help Sheets* (Charity Commission and OSCR, 2014) (see Appendix 1 for Interview Guide). These *Help Sheets*, aimed at supporting charities in the preparation of the report and accounts, discussed the main changes contained in SORP2015 (see the next section). The interview questions focused on the interviewees' perceptions in relation to SORP2015 and the reactions to (and reflections on) specific changes relating to the TAR and the financial statements. The answers were used to gain an appreciation of the charity accountants' input into the process of change, their assessment of it, and their expectations in relation to the effects such changes would have on their everyday activities and, more broadly, on the sector as a whole.

The charities were identified through criterion sampling to ensure their comparability (Patton, 2002). Only large fundraising charities with incomes over £5 million (in ROI, €6 million) were included. This ensured that all UK charities were subject to SORP2015 through legislation (while best practice in ROI, many charities use it as an important point of reference). While the researchers did not seek to interview only ROI charity accountants whose charities had adopted all aspects of SORP prior to SORP2015, it was found in the interviews that all ROI charities had, at least, adopted aspects of the previous SORP. Table 1 shows the distribution of the interviewed charities by jurisdiction and activity classification, according to the International Classification of Non-profit Organisations (United Nations, 2003).

The interviewees are referenced in the quotations in this paper by their jurisdiction (UK or ROI) and interviewee number. They were identified through snowball sampling (Patton, 2002) in order to get information-rich cases from those directly involved in the process of change. Each interview lasted for about one hour and was recorded and transcribed in full for coding. A preliminary coding scheme was developed based on the relevant literature. Following an iterative process, the coding scheme was further refined and applied to ensure data consistency. The coding

scheme was applied to each of the interviews independently by two researchers, with all cases of disagreement being reviewed and resolved as a team. Data coding was supported by Atlas.ti.

Table 1 – Distribution of interviewed charities by area of activity

Area of activity	UK	ROI
Development, housing and environment	1	1
Health	2	2
International	2	2
Philanthropic intermediaries, social services and other	6	5
Total	11	10

Drawing on Hyndman and Liguori (2016), a specific argument was coded when a legitimisation strategy was used with regard to at least one of the possible areas of change (i.e. TAR, financial statements or SORP as a whole). In distinguishing legitimisation and delegitimation strategies, the typologies proposed by a number of writers were combined (see, for instance, Van Leeuwen and Wodak, 1999; Green, 2004; Vaara et al., 2006; Green and Li, 2011; Hoefer and Green, 2016). This resulted in the following six legitimisation/delegitimation strategies (see ‘*Rhetorical legitimisation strategies*’ subsection above) being operationalised: (i) authorisation (supporting or criticising references in relation to political or mimetic pressures, financial crisis, external stakeholders, market pressures, law and regulation, internal organisation’s management, etc.); (ii) rationalisation (supporting or criticising references in relation to references to the importance of culture, effective planning and decision making, skills and education, resources, IT services, etc.); (iii) normalisation (supporting or criticising references in relation to references to professions, comparison with other sectors, etc.); (iv) moralisation (supporting or criticising references in relation to references to transparency, gender equality, social and environmental sustainability, good administration, etc.); (v) narrativisation (use of organisational ‘stories’ or references to historical events, accounting scandals or exemplars of behaviour to highlight desirable or unacceptable conduct); and (vi) pathos, a strategy particularly supported by the work of Green (2004) and Green and Li (2011) (supporting or criticising references in relation to the role of elements such as organisational and personal commitment to something, and career dedication in strengthening or weakening the implementation of the changes).

Legitimation strategies were coded as ‘1’, indicating interviewees’ comments supported and justified why certain changes were being implemented. Conversely, delegitimation strategies were coded as ‘2’, and indicated interviewees’ critical views and rejection of the changes. The codebook used was an adjusted version of Hyndman and Liguori’s (2016) (see Appendix 2). For instance, with reference to the increased information to be provided in relation to reserves in the TAR:

“It makes sense to explain your reserves. I think it’s one of the areas we already do to a fair degree so I think we can explain slightly more on our designated reserves....” (UK1) – Coded as legitimisation based on arguments of Effective Planning (RAT1).

When commenting on the SORP’s required treatment relating to grants:

“The reporting of grants; I find it very difficult as a concept. If you’re running a commercial firm ok; but here we’ve got massive income from grants. It doesn’t suit charities.” (ROI5) – Coded as delegitimation

based on criticism towards inappropriate professional norms imported from other sectors (NOR2).

The number of occurrences for each strategy was computed so that repetition of the same argument within the same answer was only counted once; although, a number of strategies could co-exist and be used within the same answer and more than one area of change could be mentioned in the same argument. Table 2 distinguishes between the UK and ROI cases and shows each strategy's occurrence in relation to the total number of strategies used. To facilitate a more fine-grained analysis, examples of the arguments employed in relation to the three main legitimisation and delegitimation strategies the charity accountants used (authorisation, rationalisation and narrativisation) are presented in Table 3.

Table 2 – Total counts of legitimisation strategies: a comparison between the UK and ROI

Strategy type	Code	UK Counts and frequency	ROI Counts and frequency
Authorisation	AUT1	445	417
		33.9%	37.3%
	AUT2	53	46
		4.0%	4.1%
Rationalisation	RAT1	286	210
		21.8%	18.8%
	RAT2	82	93
		6.2%	8.3%
Normalisation	NOR1	60	44
		4.6%	3.9%
	NOR2	24	22
		1.8%	2.0%
Pathos	PAT1	34	26
		2.6%	2.3%
	PAT2	9	6
		0.7%	0.5%
Moralisation	MOR1	62	39
		4.7%	3.5%
	MOR2	4	7
		0.3%	0.6%
Narrativisation	NAR1	206	174
		15.7%	15.5%
	NAR2	49	35
		3.7%	3.1%
Number of arguments	TOTAL 1	1093 (83.2% of total)	910 (81.3% of total)
	TOTAL 2	221 (16.8% of total)	209 (18.7% of total)
	Overall total	1314	1119

Table 3 – Arguments per main strategies used

Argument	UK Counts and frequency	Argument	ROI Counts and frequency
Legitimation by Authorisation (AUT1)			
International/mimetic pressure	114	International/mimetic pressure	102
	25.6%		24.5%
Law/official regulations	72	Law/official regulations	71
	16.2%		17.0%
Internal managers	67	Internal managers	39
	15.1%		9.4%
Others	192	Others	205
	43.1%		49.2%
Total	445	Total	417
	100%		100%
Delegitimation by Authorisation (AUT2)			
Law/official regulations	19	Law/official regulations	13
	35.8%		28.3%
International/mimetic pressure	16	International/mimetic pressure	10
	30.2%		21.7%
Media	3	Internal managers	5
	5.7%		10.9%
Others	15	Others	18
	28.3%		39.1%
Total	53	Total	46
	100%		100%
Legitimation by Rationalisation (RAT1)			
Effective Planning	192	Effective Planning	130
	67.1%		61.9%
Resources (£/€, people)	65	Resources (£/€, people))	64
	22.7%		30.5%
Skills/Complexity/Education	12	Skills/Complexity/Education	7
	4.2%		3.3%
Others	17	Others	9
	5.9%		4.2%
Total	286	Total	210
	100%		100%
Delegitimation by Rationalisation (RAT2)			
Effective Planning	70	Effective Planning	80
	85.4%		86.0%
Resources (£/€, people)	6	Skills/Complexity/Education	7
	7.3%		7.6%
Culture	3	Resources (£/€, people)	3
	3.7%		3.2%
Others	3	Others	3
	3.7%		3.2%
Total	82	Total	93
	100%		100%
Legitimation by Narrativisation (NAR1)			
Reference to media, stories and history of the place	206	Reference to media, stories and history of the place	171
			98.3%
	Reference to media, stories and history of the place	100%	Scandals as stories/ exemplars of behaviour
1.7%			
Others	0	Others	0
	0.0%		0.0%

Argument	UK Counts and frequency	Argument	ROI Counts and frequency
Total	206	Total	174
	100%		100%
Delegitimation by Narrativisation (NAR2)			
Reference to media, stories and history of the place	49	Reference to media, stories and history of the place	35
	100%		100%
Others	0	Others	0
	0.0%		0.0%
Total	49	Total	35
	100%		100%

4. The origins and development of the Charity SORP: 1988-2015

A study by Bird and Morgan-Jones (1981) of charities' annual reports and accounts cast significant doubt on their usefulness as a means of providing accurate, reliable and comparable information to stakeholders. Focusing primarily on financial reporting, it revealed a sector where non-compliance with accounting standards was prevalent and there was wide disparity in accounting practices, which had a significant impact on a reader's assessment of the financial statements and their ability to compare charities. The authors suggested that the financial accounts of many charities were misleading, with an apparent objective of the preparers often being the understating of revenue in order to motivate donors to provide funds. These findings were widely regarded as a 'wake-up call' for the sector, especially in the UK. In April 1982, the Accounting Standards Committee (ASC), the regulator and standard-setting body of the UK accounting profession at that time, consulted at length on these issues and, in 1988, released the first charity accounting SORP (ASC, 1988). This focused on addressing the financial reporting deficiencies identified in Bird and Morgan-Jones' (1981) report by applying existing UK commercially-based standards to charities. In the majority of cases, it clarified best practice; for example, that donated assets should be included as incoming resources at a reasonable estimate of their value to the charity and that fixed assets should be capitalised and depreciated. Nonetheless, in a number of cases, SORP1988 still allowed discretion.

Over time, it was accepted that the sector's poor response necessitated the development of a more rigid regulatory framework to ensure proper accountability. Ongoing efforts were made to refine and align it more closely to, not only prevailing (and changing) financial accounting standards, but also to the charity context and the key concerns of charity stakeholders. Since 1990, the preparation of the charity SORP passed to the SORP Committee of the Charity Commission, the regulatory body for charities in England and Wales (in 2006, the Committee became a joint SORP-making body of the Charity Commission and OSCR). Subsequent iterations of the SORP were issued in 1995, 2000, 2005 and, for the extant SORP (SORP2015), in 2014 (Charity Commission and OSCR, 2014).

In the UK (but not in ROI), formal consultations represented an integral part of the SORP-development process over many years as a basis for, among other things, identifying users' needs, encouraging best practice and eliciting buy-in and legitimation from key stakeholders (Connolly et al., 2013). However, the framework for charity accounting in ROI has traditionally been much less developed and engaged with. Until very recently, there was no specific format required for the accounts and reports of Irish charities and the SORP remains only 'best practice'. Given this, it is not surprising that ROI involvement in SORP development, and ROI charities adherence to and knowledge of SORP requirements, has been partial at best (Connolly and Hyndman, 2001; Harrington, 2011). Moreover, while most of the UK has had a charity regulator (the Charity Commission England and Wales) since the mid-nineteenth century to encourage and drive change,

ROI only recently established a national statutory charities regulator, with the Irish Charities Regulator being active as an independent authority from October 2014.

With regards to SORP2015, while applying FRS102's requirements to charity financial statements, this also placed emphasis on the contents of the TAR. With respect to the financial statements, main changes included: the dropping of a separate heading of 'governance costs' as an expenditure line; the requirement to show changes in the value of financial instruments in the statement of financial activities (SOFA), with gains and losses on investments shown before striking a total for 'net income/ expenditure'^{vi}; and the recognition of income when its receipt was 'probable' (the equivalent criterion previously being 'virtually certain'^{vii}). These latter two changes were specifically required to align with FRS102. In the case of the TAR, changes included: encouragement to report on impacts (rather than merely on outputs and activities); a previous, more general, statement concerning risk management was replaced by a requirement to provide a description of the principal risks facing the charity, together with plans for managing those risks; a need to explain the charity's policy for holding reserves (and the reason why they are held); and a requirement to disclose a charity's arrangements for setting the remuneration of its key management personnel.

5. Case analysis: understanding and legitimating the new SORP

The area of change most often discussed during the interviews was the TAR (arguably, the most charity-specific document), followed by the financial statements (47.6% and 37.2% of the arguments made in the UK, 48% and 32.5% in ROI respectively; details not shown in tables). Many interviewees also mentioned the SORP as a whole when assessing the changes (15.1% of the arguments in the UK, 19.5% in ROI). Comparing the two jurisdictions, the striking finding is that, regardless of the SORP being compulsory in the UK and only best practice in ROI, the results are very similar. These are reviewed in more detail below, where instances of legitimisation and delegitimation are highlighted.

5.1 Accountants' legitimisation of change

The interviewees mainly talked about the SORP changes positively (83.2% of UK strategies, 81.3% ROI, Table 2), with rare use of delegitimation strategies. In each jurisdiction, the main legitimisation strategy was authorisation (33.9% of total arguments made in the UK, 37.3% in ROI, Table 2), followed by rationalisation (21.8% in the UK, 18.8% in ROI) and narrativisation (15.7% in the UK, 15.5% in ROI). With the exception of some specific changes, moralisation and normalisation arguments were present only marginally. This perhaps differs from what might be expected when dealing with accounting techniques, as these are usually strongly considered in terms of their potential to increase transparency and external accountability (moralisation arguments). In terms of normalisation arguments, accounting is often viewed as a highly technical area within organisations (possibly more so in charities), where professional bodies, international reporting standards and the private sector are often taken as reference points.

With respect to observations made on the TAR changes, there were many very positive comments about the new emphasis on impact reporting. In the UK interviews, about 38% of the references to the TAR were supportive of this; 30% in ROI (data not shown in tables). Given that the TAR tends to focus on the charities' specific activities (factors of particular interest to external stakeholders, see Connolly and Hyndman, 2013), it is interesting that with respect to this, moralisation arguments (favouring transparency towards donors and beneficiaries, and principles of good governance) were relatively more used than for the other areas of the SORP in each jurisdiction (details not shown in tables). Whether such emphasis on impact was driven by the SORP2015 requirements, or whether SORP2015 reflected an accepted direction of travel for many charities, was a moot point. It is also interesting that, although being in the charity sector, the interviewees showed very little pathos (personal commitment, both in legitimating and

delegitimizing terms, Table 2) towards the changes; pathos being the least used strategy among all. This was only marginally more present in the UK than in ROI, mainly occurring when comments were made about the SORP as a whole, and largely emerging when discussing the SORP's history and impact on the individual charity (data not shown in tables). This 'lack of pathos' might be explained by the fact that many of the changes were in what might be described as quite technical areas of accounting, and so did not particularly affect the charity accountants' perceptions and expectations about their work and or organisational role.

In terms of authorisation (the main legitimization strategy used in each jurisdiction), SORP2015's adoption was primarily justified with reference to the importance of aligning their charity with what other charities were doing, including in other countries (this especially the case with ROI charities). For instance:

"I think it's probably a bit different when you are dealing with the Republic than when you are dealing with some of the other jurisdictions. We are probably coming from further back in terms of our maturity. I think it is probably a bigger jump for some of the charities down here.... A lot of the organisations [in the ROI] wouldn't have complied with the original SORP and you are seeing them jump from a very basic set of accounts to something which is very complicated and detailed and all the rest of that. So I think that is more of a change. I think the not-for-profits are going to see that is the benchmark now and it's something you are going to have to comply with." (ROI3)

The interviewees clearly felt committed to the charity sector and its specific needs, aware that these were different from other sectors and, more the case than in any other sector, one organisation's actions could potentially impact on the whole sector. Consequently, the use of international/mimetic pressure arguments (relating to authorisation legitimization strategies) to justify the SORP changes were more frequently used than references to mere regulatory requirements (law/official regulations) in both ROI (24.5% vs. 17.0% respectively, within authorisation arguments, Table 3) and the UK (where the SORP represents regulation, 25.6% vs. 16.2% respectively). As shown in Table 3, broad management's motivation and push ('organisation's managers') also played an important role in legitimating change via authorisation (UK 15.1%; ROI 9.4%). In each jurisdiction, the changes were planned predominantly to be implemented centrally and top-down from the finance department, making the role of those with management responsibilities particularly important.

Rationalisation was the second most-used legitimization strategy (Table 2). Of particular note was the fact that, again, the basis for legitimating the change was very similar in each jurisdiction (Table 3). For example, in the UK, 67.1% (ROI 61.9%) of legitimization via a rationalisation strategy related to the change supporting decision making and effective planning ('effective planning' in Table 3). For instance:

"It will be interesting to see what this change [the SORP provision relating to impact reporting] does... If you actually see the reporting being an intrinsic part of the board's oversight strategy and delivering all that, then I think that it should lead to a slightly different way of how you approach the reporting and how that process of putting it together is managed." (UK1)

and:

"I think it [more detailed information to be provided on reserves] is a good idea because if you just look at a set of accounts and you see a very high reserves figure, [you] might think: 'God, you're a charity and what are you doing with all this money?' If it's a massive amount, you would think: 'Well, why aren't you spending this money; why is it sitting there?' So to have a clear breakdown is a very good idea and so the reader can see exactly why it's there." (ROI9)

The next most-utilised reason for validating the change based on rationalisation was related to charity size and availability of relevant financial and human resources ('resources') (22.7% of the rationalisation legitimisation strategies used in the UK, compared to 30.5% in ROI, Table 3). Organisational size, in particular, was often referenced as being an essential factor in discriminating across different charities' behaviours:

"Most charities don't have the depth of resources either in finance support or programme to have some of these discussions and to think about some of the alternatives. To be honest, I have always seen the SORP as being for large charities. That should be the minimum that we aspire to. For smaller and medium-sized charities, they are probably strained to stretch to aspire to what is in the SORP." (UK5)

With respect to narrativisation (the third most-frequent legitimisation strategy utilised by the interviewees, Table 2), recent 'scandals' (such as those involving the Kids Company in the UK, and Rehab and the Central Remedial Clinic in ROI^{viii}) appeared to foster a number of narratives and comparisons based on behaviours that had to be avoided at all costs. Scandals were often used to justify externally-driven change and to emphasise the necessity for greater transparency demanded by society and the media. This was particularly evident from NAR1 and NAR2 arguments (i.e. legitimisation and delegitimation via narrativisation) in ROI, and AUT2 arguments (delegitimation via authorisation) in the UK, which often mentioned recent negative events together with media pressures (with the media seen as a form of external authorisation). Again, the sector was perceived as cohesive, showing an awareness that one bad episode may reflect negatively on the wider charity field.

5.2 Accountants' delegitimation of change

As shown in Table 2, there was much less delegitimation (criticism) of the SORP changes. Overall, delegitimation strategies accounted for only 16.8% of the UK's strategies, and 18.7% in ROI. Rationalisation was primarily used to delegitimize SORP2015's changes in each jurisdiction. Criticisms were usually specific and linked to aspects of the required implementation process or technical accounting requirements. For example, when speaking about the increased number of comparative columns in the SOFA, a fairly representative criticism was:

"It's just so ridiculous. You can't force people to put all this detail on the face of the SOFA" (UK4)

Delegitimation via rationalisation was followed by criticisms based on authorisation (4% in the UK, 4.1% in ROI, Table 2) and narrativisation (3.7% in the UK, 3.1% in ROI). Other strategies, although present, played a very minor role in undermining/criticising the changes. The arguments employed mainly mirrored (albeit with negative nuances), those used to legitimate the changes. For example, over 90% of arguments in each jurisdiction relating to RAT2 (delegitimation via rationalisation) were connected to ineffective (rather than effective) planning or insufficient (rather than sufficient) resources (Table 3). Therefore, factors that could bolster the legitimisation of the changes also had the potential to undermine their acceptance (and, possibly, future embeddedness, although, given that the present research was conducted before implementation, it is premature to be definitive regarding such effects).

There was evidence of resistance to some of the SORP2015 changes, and attachment to former measurement and disclosure practices. Delegitimation via rationalisation (RAT2) often pertained to the new provisions associated with the financial statements, usually because of their FRS102 alignment. This was frequently on the basis that private-sector-based principles were inappropriately being imported into the charity sector. Many of the interviewees were particularly critical of the change in the income recognition criterion (from certain to probable, meaning that, for example, legacies, a major source of income for many large charities, would be recorded earlier), and the new way of accounting for gains and losses on investment assets in relation to reporting

net income/expenditure (with, for example, any gain on the value of investments being recorded 'above the line'). These two changes, especially, were delegitimated not only in terms of rationalisation, but also through normalisation strategies, on the basis that charities are not private-sector businesses seeking to make profit. With respect to the changed criterion of income recognition:

"For me the principles are all prudent, so I wasn't sure how to interpret that. I have always gone for the virtually certain in my thinking, particularly around how you estimate funding from the public because working with the history of our funding, we are very heavily supported by [a major funder], the foundation we were founded by at the start." (ROI8)

and in terms of aligning the SORP with FRS102 requirements:

"I don't think the charity sector as a whole is keen on FRS102. An issue I have is in terms of carrying assets, like computers and all that stuff... it could lead to falsely interpreting the accounts at the end of the year." (ROI2)

Interestingly, the alignment of SORP2015 to FRS102 was frequently perceived negatively as representing both a regulative, or externally imposed, constraint (AUT2) (especially in ROI, where adherence to its requirements was often viewed as a mimetic behaviour, following the comparison with other countries) and a professionally-driven unsuitable practice for the charity sector (NOR2). For instance:

"As far as SORP is concerned, ignoring the technical changes, providing additional disclosure is a good thing. [...] But I think then you come to the practicalities of applying it and the practical exercise of what does it actually mean. There are a few areas where there will be an uncomfortable response from journalists and the public and maybe some unintended consequences particularly in relation to fair value within the FRS requirements." (ROI6)

In the UK and ROI, however, delegitimation based on authorisation (AUT2) not only related to pressures from within the sector (possibly leading to inappropriate changes for the specific organisation) or from regulation and the organisation's management, but also from the media. Given recent scandals (often publicised by the media), strong pressure was felt in terms of the need for greater information and transparency, albeit potentially arising from unfair media representation. Interviewees related this to issues including the appropriateness of greater disclosure in the TAR connected to senior management pay disclosure, and its possible (mis)use (or misrepresentation). Many thought that reporting information in the detail required by SORP2015, despite the desire for media outlets and the wider public for such disclosures, could potentially impact negatively. For instance:

"We have to handle this one [salary disclosure] very carefully...there is a huge public trust put on charities because it is public money. I am giving you my pounds to spend on [reference to main purpose of charity]... I think it is so important and difficult because there are so many factors about salary; there are so many factors in what can affect it. What I do think is important is the clarity of the process. When you get into comparisons between charities and comparisons between sectors that is such a difficult issue. I think of the danger that occurs if it is just picked up by individuals and journalists – that is where it can become sort of troublesome." (UK5)

and:

“We do the bandings and we try to describe what is going on. We have to give the exact number for the CEO’s pay and where it comes from. It has to be done, there is a public demand for this. It is not a rational thing. If you are responsible for €50 million a year of public funds and 2,500 people and providing quality services to thousands of service users, you must be paid a professional salary. But it is about transparency.”
(ROI4)

6. Discussion

6.1 The charity sector’s point of view

The empirical findings show, perhaps surprisingly, almost identical results for UK and ROI charities. In each jurisdiction, charity accountants interpreted and assessed the proposed SORP2015 changes similarly, and largely legitimated them. This may be partly due to the common culture and views that the UK and ROI share in terms of the role charities play in society. While this legitimation was expressed before the implementation of the changes, the results suggest that formal regulative requirements (which, with respect to the SORP, are in place in the UK but not in ROI) may not be a necessary condition for internal legitimation (based on authorisation strategies or otherwise). Other factors, such as mimetic pressures, together with a strong sense of belonging and identification with the sector, may be sufficient to self-justify change and engender legitimation.

Previous literature underlines the importance national culture may have in influencing the interpretation and legitimation of accounting practices. The UK and ROI could be classified as part of the Anglo-Saxon system (Hood, 1995; Meyer and Hammerschmid, 2006), and it is possible that different patterns of legitimation of accounting changes for charities might emerge in other countries which are characterised by more legalistic and bureaucratic traditions (as was identified when looking at the public sector, see Hyndman et al., 2014). It is also important to recall that this study focused on larger charities. Because of auditing requirements and comparison needs (within and across jurisdictions), large charities may voluntarily adopt stricter and more rigorous forms of reporting and disclosure. This may especially be so when organisations are part of larger networks or international ‘brands’ (particularly the case for multinational charities, such as Oxfam or Concern). International mimetic pressures and professional standards play, in these organisations, an important role in increasing accounting uniformity, regardless of the regulatory requirements these charities face in various jurisdictions in which they operate (a point often stressed by the interviewees).

Legitimation via authorisation was the most common strategy used, followed by rationalisation, in the UK and ROI. As discussed earlier, Liu et al. (2016) highlighted the significance of financial resources, international experience and charismatic leadership in the early stages of change in the charity sector. Although Liu et al. (2016) did not focus specifically on accounting practices, it is interesting that we also found rational arguments (related to the improvement of decision-making processes and the availability of financial resources) and authorisation arguments (especially connected to benchmarking), as relevant. Our interviewees, however, unlike the Liu et al.’s (2016) study, attached less emphasis to pathos arguments (such as leadership and charisma), and sources of authority were not necessarily seen as something negative or to be fought against (AUT2 arguments being, indeed, only marginal). In terms of formal regulation and accounting requirements, the UK charity sector has had much longer-established processes and requirements than ROI, with the Charity Commission England and Wales having been established in 1853. This, however, did not appear to impact significantly on the interviewees’ judgment and mind-set; of much more importance seemed to be the perception of having to compare, compete for funding, and cooperate with other similar organisations in the same area and sector.

Although low in absolute terms, the results also highlighted a relatively greater use of moralisation arguments in charities compared to the public sector (Hyndman and Liguori, 2016).

The greater acknowledgement of the importance of transparency and accountability, especially in response to external events and scandals, is somehow comparable with previous literature in the private sector where accounting was seen as a possible means to reassure the public (O'Dwyer et al., 2011). Although charities do not pursue profit, they appear sensitive to the importance of themes such as transparency and stakeholder involvement, possibly because they have wide social missions and strongly rely on donations and volunteering. It is also worth noting that the research showed that moralisation strategies (when used) were mainly connected with TAR changes. As this is the area of the SORP that most mirrors the core activities and aims of a charity, it suggests that interviewees felt more personal involvement and pathos with respect to this tool. However, while earlier research, in the charity and private sectors, indicates that pathos arguments (such as personal commitment to the change, leadership, philanthropy, etc.) may contribute at the beginning of the change process in order to motivate and push the implementation of new practices (Green, 2004; Liu et al., 2016), we did not find this. At the time of the interviews, the implementation of SORP2015 was imminent; nevertheless, the accountants involved did not perceive a particular attachment to the changes. This different result may be due to the specific area of change (accounting), towards which not all the interviewees may have felt emotionally drawn, especially with respect to SORP2015 financial-statement changes. Moreover, charity accountants were largely the receivers of the changes and may have perceived that they had very little scope to shape them before their implementation. This possibly affected their commitment to, and sense of ownership of, such changes.

Lower use of narrativisation arguments emerged overall in this research when compared to similar public-sector studies (Hyndman and Liguori, 2016 and 2018). This could be due to previous literature focusing on reforms that had occurred and for which organisational players had a history of operating with. There, unlike in our study, interviewees had life-experience examples to justify their views (either to support or criticise the changes).

Finally, delegitimation strategies were only marginally used in each jurisdiction with respect to the SORP changes. This is consistent with previous studies in other sectors (Vaara et al., 2006; Hyndman and Liguori, 2016 and 2018). It was the financial-statement SORP adjustments that, perhaps unsurprisingly, were relatively more delegitimated. Here, rational arguments, often combined with normalisation ones, were mobilised. This is the area of SORP2015 that most mirrors professional-accounting standards and, in some parts, private-sector accounting requirements. As noted before, the interviewees were particularly critical about the widespread alignment of the SORP with aspects of the private-sector FRS102. Warnings regarding the undermining of the decision-making process and the potential information overload were frequently voiced.

6.2 Institutional-field identity and individual legitimization: a charity tale

While, initially, the role of authorisation strategies appears consistent with former research that examined public-sector accounting changes after their implementation (Hyndman and Liguori, 2016 and 2018), the interviewees strongly and consistently suggested the charity field to be different from any other. A strong sense of identity emerged across the interviewees, possibly reinforced by recent, much-publicised scandals in the sector. The relatively low use of normalisation arguments aligns with this interpretation and only strengthens the idea that charity accountants, and possibly, more widely, charity staff, do not want to be seen as anything else but charity employees. While the weak presence of normalisation arguments may, initially, be viewed as potentially surprising, such a strategy mainly relies on comparisons with other sectors' practices and references to professions and standards where approaches can be read across. Different from the public sector (Hyndman and Liguori, 2016 and 2018), accountants in the charity sector defended their own systems of ideas and specificities. In addition, they were not keen to compare themselves to, or borrow principles from, the private sector. Consistently, delegitimation based on normalisation strategies, when present, aimed to differentiate charities from the other (public and

private) sectors. In each jurisdiction, charities strongly stressed their identity and desire to regulate themselves as a field through common behaviours. For this purpose, legislation was not seen as absolutely necessary to achieve change, as feelings of identity and belonging to the charity sector dominated other influences.

This finding supports the thrusts of recent studies on institutional-field identity (Patvardhan et al., 2015). Here, identity is conceptualised as involving claims of similarity and difference in organisations that have an institutional/field identity, as members of a certain social category (for example, 'the top 20', or 'the luxury sector'), and a more specific organisational identity (Glynn, 2008). On the one hand, institutional (field) identity consists of elements that together create an understanding of how certain organisations should behave (King et al., 2011). Previous literature has paid attention to the mechanisms by which these identities are invoked and pushed by authoritative intermediaries, such as the media, critics and professions (Lockett et al., 2012). The expectation is that organisations that deviate from institutional and societal expectations about their role and position are socially sanctioned and pushed to adjust their behaviour. Similar concerns were also highlighted by the interviewees in this study. Institutional (or field) identity does not only satisfy the members' need to belong, but also facilitates knowledge transfer, innovation and performance management, supporting competitive or co-operative behaviours (Kane, 2010).

In contrast, organisational identity is represented by a set of claims and views about what a certain organisation represents. This influences its members' perceptions, providing them with legitimate and consistent narratives to construct a collective sense of self and provide meaning to their experiences (Whetten and Mackey, 2002). Organisational players' beliefs about such characteristics can evolve in the face of internal and external stimuli. Albert and Whetten (1985) first advanced the idea that external pressures increase the likelihood that organisational members engage in explicit reflection on identity issues and their sustainability. Individuals are likely to reject new conceptualisations, practices and ideas that are perceived as incoherent with the organisational history, tradition and sense of self (Humphreys and Brown, 2002). These aspects were also highlighted in this study. SORP2015 and, in particular, a number of aligned (FRS102) private-sector provisions, provided the charity accountants with a range of cues for reinterpreting and re-evaluating the attributes of their organisation, and subsequently elicited a reaction to the changes. The interviewees' assessment of what a charity mission should be led to them emphasising their field identities throughout the interviews and their subsequent interpretation and legitimisation of the new changes. In this sense, this study provides a counterexample of what previous literature has called an 'identity crisis' (Wobbrock et al., 2009).

Despite the changes that, over the years, have encouraged (or compelled) charities to become more 'business-like' (Hyndman and McKillop, 2018), this research provides evidence that, particularly for those changes that charity accountants perceive as inappropriate, charities still saw themselves as distinctly 'charities' and were reluctant to embrace, without qualification, accounting practices which they viewed as unsuitable. In legitimating change, the charity accountants primarily made use of arguments that compared themselves to the rest of their field (the 'charity sector'). This was perhaps surprising, given that accountants tend to focus primarily on technical areas that are often assumed to be equally applicable to many fields. The feeling of belonging, together with a charity's social-value creation purpose, contributed to strengthen the actors' beliefs in the sector's importance. This also prevented an identity crisis, as managerial practices and new private-sector standards were judged against a yardstick of not undermining their organisation's social mission. This provides some tentative evidence of a charity-sector push back against what is frequently perceived as an all-embracing (and, possibly, all-destroying) managerialism tendency which, at times, attempts to colonise the charity and public sectors (Lapsley, 2009; Hyndman and McKillop, 2018).

7. Conclusions and practical implications

This paper explored how charity accountants evaluate, legitimate or delegitimize accounting changes (as contained in SORP2015) before their actual implementation. Specifically, it investigated large charities in the UK and ROI.

The research suggested that the acceptance of accounting change in the charity sector by formal regulation may be unnecessary for future required adjustments to practice to be legitimized. Indeed, in ROI, where the SORP is presently only regarded as best practice, accountants saw and talked about the changes in a similar fashion to the UK (where it has mandatory status). As discussed, other factors, such as national culture, identity, and mimetic behaviours, appeared to play a major role in the acceptance of accounting rules. In particular, the research suggested that, overall, mimetic pressures were much more influential than regulative pressures in fostering legitimation of change within the sector. Previous literature highlighted that understanding the processes that underlie legitimacy remain unsolved (Johnson et al., 2006; Brown and Toyoki, 2013), especially as internal legitimacy is always contingent (Heusinkveld and Reijers, 2009). Our findings provided evidence of legitimation patterns before a new practice was actually implemented, indicating that regulation is not necessarily the main factor in creating internal legitimation within an organisation. Such findings also contributed to the institutional identity literature, providing a counterexample of how a potential organisational and sectoral identity crisis could be avoided, based on the recognition of common not-for-profit values.

The contribution of this paper is threefold: first, and different from previous studies, it explored rhetoric and legitimation strategies before changes are actually implemented. Second, it contributed to fill the gap in charities' research, which so far has largely neglected aspects related to intra-organisational legitimation. By doing so, it also provided an example of institutional field identity at work to interpret new changes in a way that preserves shared intra-organisational values and ideas. Third, the research suggests that there may be other contextual pressures and individual assessments that impact prior to the implementation of accounting changes. As was seen in the ROI setting, formal regulative requirements were not necessary to elicit positive views relating to the proposed changes. Some tentative indications are presented that the existence of other conditions (such as a supportive national culture and positive attitude towards transparency and accountability, and mimetic pressures within the field) may strongly impact on individuals' cognitive legitimation (some of these matters are explored in a UK and ROI context elsewhere – see, for example, Connolly and Hyndman, 2001 and 2011). While exploration of these issues was not the main focus of this research (and consideration of these in detail would have lengthened the paper considerably), the future exploration of such matters in a charity setting could provide useful further insights.

This study specifically focused on charity accountants' views on the SORP2015 changes. Future research could expand understanding by considering other organisational members (such as marketing and communication managers) who are often involved and affected by the implementation of reporting and accounting adjustments. More studies are also needed to explore the interaction between external and individual factors in the legitimation and implementation of accounting change. The findings also suggested the delegitimation of business-focused accounting practices that were deemed unsuitable for the charity sector. Additional research will be needed once these SORP changes are actually implemented (a stage beyond the research reported in this paper). Whether opposition to the foisting of other business-like, managerial practices on the sector exists is also unknown, as well as the manner and extent to which the sector, or individual charities, attempt to manage such pressures. Further research relating to these issues would complement the research reported here. Finally, this paper considered accounting-related change processes in the charity sector. However, similar influences (and reactions) might be found elsewhere, particularly in other institutions that do not have profit maximisation as an objective and experience similar levels of non-exchange transactions (such as within the public sector or

wider third sector). Indeed, aspects of the research could also be relevant to the business sector. Future comparative studies to explore such issues, and to explore differences in how different sectors legitimate and manage accounting change, is to be welcomed.

From a management and policy point of view, the study suggests that the early presence of positive legitimisation (on authority and rational bases) may affect the embedding of the changes in charity accounting. The way and the extent to which the SORP changes are understood and legitimated (as useful rather than imposed) is likely to influence accountants' perceptions as to why the changes should be (rather than should not be) implemented and how this might unfold. Nevertheless, if the largely positive response shown by the interviewees is promising in terms of the acceptance (and potential future impact) of SORP2015, some caveats also need to be raised. For example, while this research showed that charities are generally positive about SORP2015 changes prior to its implementation, it must be recognised that the implementation process itself may generate problems that prevent, or at least inhibit, their embedment. In addition, charities seemed to perceive themselves as within a largely autonomous sector and appeared reluctant to adopt private-sector standards and systems if these were deemed inconsistent with the charity's needs and mission. This was frequently the basis of criticism of SORP2015 provisions connected to the financial statements. Conversely and consistently, specific charity-designed changes, such as those aimed at providing more transparency in the TAR, were welcomed. Charity legislators, in the UK and ROI (and elsewhere), should carefully consider such claims before planning and promoting future changes.

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Appendix 1 – Semi-structured interview guide

1. Could you please tell us what your role and responsibilities are? How long have you been working in your present role? And in the organisation?
2. To your knowledge, what are the changes that have been happening in relation to accounting, reporting and performance measurement in the charity sector over the past few years? How is SORP2015 different from SORP2005 in your opinion? *[If limited response given, prompts to be used – largely drawn from the content of SORP Help Sheets].*

For each major change [SORP, SOFA, TAR, non-financial measures, impact reporting, etc.]:

3. What changed? How did it change?
4. What was your input in the change process? Were you involved in the consultations? Could you give us examples of how the process unfolded?
5. Why do you think this change was introduced?
6. How was the change promoted throughout the charity? Could you give us examples of how the process unfolded?
7. To your knowledge, was change opposed? By whom? How?
8. Do you see an adjustment in how this change has been perceived [Q 5 and 6] over time? Could you please give us some examples?
9. What results do you expect from this change? Could you please give us an example?
10. Can you give us (at least) an example of the effect the change has already started producing?

Anchoring question:

11. What is your personal opinion on the changes?

Appendix 2 – Codebook (adjusted from Hyndman and Liguori, 2016)

Strategy type

Argument made (in favour or against a change)

Authorisation (AUT1)	
	Political pressure
	International/mimetic pressure
	Financial department pressure
	Financial crisis
	Fiscal requirements
	Organisation's managers
	Stakeholder pressures
	Market pressure
	Scandals as external pressure
	European Union
	International organisations
	Government Pressure
	Law/official regulations
	Others
Authorisation (AUT2)	Political pressure
	International/mimetic pressure
	Financial department pressure
	Financial crisis
	Fiscal requirements
	Organisation's managers
	Stakeholder pressures
	Market pressure
	Scandals as external pressure
	European Union
	International organisations
	Government pressures
	Law/official regulations
	Others
Rationalisation (RAT1)	
	NPM reforms
	Background
	Culture
	Effective Planning
	Skills/Complexity/Education
	Resources ((£/€, people)
	System Support (IT)
	Others
Rationalisation (RAT2)	NPM reforms
	Background

	Culture
	Effective planning
	Skills/complexity/education
	Resources ((£/€, people)
	System support (IT)
	Others

Normalisation (NOR1)	
	Professions
	Background
	Public vs. private legitimation
	Professional scandals
	Others

Normalisation (NOR2)	Professions
	Background
	Public vs. private legitimation
	Professional scandals
	Others

Pathos (PAT1)	
	Personal commitment
	Career dedication
	Patriotism
	Personal commitment/drive/background
	Others

Pathos (PAT2)	Personal commitment
	Career dedication
	Patriotism
	Personal commitment/drive/background
	Others

Moralisation (MOR1)	
	Good governance/transparency for the citizens
	Gender equality/budgeting
	Social and environmental sustainability
	Good administration
	Scandals as unethical events
	Others

Moralisation (MOR2)	Good governance/transparency for the citizens
	Gender equality/budgeting
	Social and environmental sustainability
	Good administration
	Scandals as unethical events

	Others
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Narrativisation (NAR1)	
	Reference to media, stories and history of the place
	Scandals as stories/ exemplars of behaviour
	Others

Narrativisation (NAR1)	Reference to media, stories and history of the place
	Scandals as stories/ exemplars of behaviour
	Others

ENDNOTES

ⁱ The third sector is an umbrella term incorporating organisations that neither belong to the public sector nor the private sector. Third-sector organisations include charities, voluntary and community organisations, social enterprises and cooperatives.

ⁱⁱ SORPs are recommendations on accounting practice for specialised industries or sectors. They supplement other legal and regulatory requirements. Large UK charities (including those in this study) must comply with the extant charity SORP. In ROI, the charity SORP is considered 'best practice'.

ⁱⁱⁱ Legitimacy has been defined and studied in a threefold way (Suddaby et al., 2017): as property (a resource to be negotiated and granted); as an interactive process (during which legitimacy is produced and reproduced); or as a socio-cognitive perception (through which actors form judgements and evaluations on possible future actions and behaviours). While Suchman's (1995) approach aligns with the view of legitimacy as property (especially given the focus on external environment), the processual view is consistent with that proposed by sense-making theory (Weick, 1985). This paper adopts the last approach, defining legitimacy as a socio-cognitive perception. We thank one of the reviewers for this valuable insight.

^{iv} SORPs are developed in alignment with extant financial reporting standards (FRSs) that apply to all entities that are not applying EU-adopted international financial reporting standards (IFRSs). The extant FRS at the time of the publication of SORP2015 is FRS102.

^v Whether the interviewees had been involved in any other discussion or consultative forum in the UK or ROI was unknown, although the extent to which this was possible in the ROI was much more limited (Connolly et al., 2017).

^{vi} The previous SORP, SORP2005, allowed charities to present realised and unrealised investment gains and losses as an item within 'other gains and losses' after striking a total for 'net incoming/outgoing resources'. SORP2015 requires changes in the value of financial instruments measured at fair value are taken through the SOFA, with gains and losses on investments shown before striking a total for 'net income/expenditure'.

^{vii} SORP2015 requires income to be recognised when the charity's entitlement to the economic benefit is probable (there is sufficient certainty of receipt). Previous SORPs indicated the recognition of this entitlement to be reported only when it was 'virtually certain' (a more conservative approach). Such a change had the potential to impact significantly in charities with a large proportion of legacy income. For more detail, see Connolly et al. (2017).

^{viii} For further information on Kids Company see, for instance, <http://www.bbc.co.uk/news/uk-33788415>; for the Rehab case, see <http://www.irishtimes.com/opinion/rehabrecovery-may-offer-some-solace-for-console-1.2711477>; for Central Remedial Clinic, see [http://www.irishtimes.com/news/ireland/irish-news/centralremedial-clinic-will-not-pursue-ex-chief-over-741-000-severance-p ackage-1.2714126](http://www.irishtimes.com/news/ireland/irish-news/centralremedial-clinic-will-not-pursue-ex-chief-over-741-000-severance-package-1.2714126).