



### The Contested Nature of Third Sector Organisations

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## The Contested Nature of Third Sector Organisations

### Abstract

#### **Purpose –**

The purpose of this paper is to reflect on the critical themes explored by the five papers in this AAAJ special issue and to offer a prospective analysis of issues for further research.

#### **Design/methodology/approach –**

This reflective article provides a contextual outline of the challenges of managing and accounting for the Third Sector during times of crisis.

#### **Findings –**

Prior studies have covered aspects of trust, accountability, and the use of accounting numbers for performance management in the third sector; however, little is known about how accounting numbers and disclosures can contribute to repairing donor trust and sensemaking following adverse events, or how they can be used to navigate uncertainty. Drawing on accountability, trust and sensemaking literature, the papers in this AAAJ special issue contribute to closing this gap.

#### **Research limitations/implications –**

While the papers presented in this AAAJ special issue provide valuable insights into the challenges faced by third-sector organisations in times of crisis, several vital gaps that merit further investigations have been identified.

#### **Originality/value –**

This paper and AAAJ special issue provide a set of original empirical and theoretical contributions that can be used to advance further investigations into the complex issues faced by the third sector.

**Keywords –** Third Sector, Trust, Accountability, Co-ordination, Sensemaking

**Paper type –** Research paper

## The Contested Nature of Third Sector Organisations

### Introduction

Third-sector organisations (TSOs) are considered key players and catalysts of change in addressing sustainable development concerns because they provide essential services that support improvements in living standards, long-term security, equity, and social development, and they address major societal issues (Kassem *et al.*, 2021). Third-sector organisations supported and sustained vital services to vulnerable communities during the global pandemic. However, the third sector is also a relatively fragile and vulnerable sector regarding its financing and ability to respond to the ever-increasing demands placed on it (Hyndman, 2020). While there is a body of literature that engages with crisis management, we still know little about how third-sector organisations navigate crisis and use accounting information in sensemaking, maintenance of donor trust and accountability, and the effects of accounting information and performance management on organisational behaviour in times of stress. This is particularly acute in a sector dominated by small organisations with rudimentary accounting information, such as bank statements and annual accounts, and without professional financial expertise. The papers in this AAAJ special issue provide valuable insights into the responses of TSOs to crises and how these connect with the use of accounting information.

In this opening paper we reflect on the critical themes explored by the five papers in this AAAJ special issue and offer a prospective analysis of issues for further research. We begin by reflecting on the environment in which TSOs operate. We then reflect on the broad themes that appear within the five papers: donor trust, accountability, co-ordination, the role of accounting information, and performance. These themes are discussed within the context of a range of organisations and locations as diverse as Australian charities, a non-profit disability organisation in Ireland, a US intergovernmental organisation, and UK universities. A common element within each paper is the role that accounting plays in decision and sensemaking and establishing trust. Collectively the papers provide valuable insights into the responses of TSOs to crises and how these connect with the use of accounting information. From our prospective analysis we make a case for a more systematic research endeavour. This applies to specific research topics and the style and manner of handling distinctly different approaches to research by different disciplines.

### The Third Sector Environment

The environment that third-sector organisations operate in is complex and demanding. TSOs are neither efficacy nor authority-driven, but rather hold a unique position that places them between the market and the state (Zimmer and Phal, 2018). Their societal function, organisational culture, governance structures, financial resources, mission, and vision also make them distinct. TSOs are characterised as hybrid open systems due to their interconnection with the community and their reliance on the environment for resources, regulations, and legitimacy (Enjolras *et al.*, 2018).

Over the last three decades, governments and UK public policy, in particular, have purposely encouraged more significant involvement of TSOs in delivering welfare services (Rees and Mullins, 2016). While this opened opportunities and substantial growth for the sector, it also required a recasting of sector boundaries and a need for TSOs to interpret and negotiate new

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3 expectations (Macmillian *et al.*, 2013). At the same time, the sector worldwide faced several  
4 significant challenges, such as the 2008 financial crisis, successive waves of austerity, changes  
5 to the long-term commitment of volunteers, and multiple political landscapes, all of which have  
6 impacted TSOs' relationship with the state and the nature of their operations.  
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9 The global pandemic has added to this complexity. The social, political, and economic  
10 challenges resulting from the global pandemic have put considerable pressure on TSOs, which  
11 were already struggling with limited resources and the ability to provide services to an  
12 increasing number of beneficiaries seeking help. Indeed, raising much-needed funding, and  
13 providing and maintaining services and public confidence during the pandemic have recently  
14 been the toughest challenges third-sector organisations have faced (Hyndman, 2020).  
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17 While a substantial body of research examines third-sector funding, accountability, and use of  
18 accounting information, we still know little about how third-sector organisations navigate  
19 crises and use accounting information in sensemaking, maintenance of donor trust, and  
20 accountability. Likewise, the way managers utilise budgets and performance management, and  
21 its effect on third-sector organisational behaviour in times of stress, are under-researched. The  
22 papers in this AAAJ special issue therefore provide valuable insights into the responses of  
23 TSOs to crises and how these responses connect with the use of accounting information.  
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## 26 27 **Overview of the papers**

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29 Our preliminary expectations for this special issue (as outlined in the call for papers) were that  
30 we might see a wide variety of contemporary challenges in managing third-sector organisations  
31 during times of crisis. The submissions that we received fulfilled that expectation. Our  
32 contributors interpreted the call for papers broadly, yet critically, applying diverse theoretical  
33 and methodological perspectives to a range of countries and regional settings. A common  
34 theme within each paper is the role that accounting plays in decision and sensemaking, and  
35 establishing trust. In the following section we reflect on the contributions and key findings of  
36 each of the five papers.  
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### 39 40 *Donor Trust*

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42 Securing donor trust, establishing legitimacy, and demonstrating accountability are particularly  
43 important for safeguarding future funding income and organisational growth. However, this  
44 can be particularly difficult at the best of times and even more challenging during times of  
45 crisis (Baldvinsdottir *et al.*, 2011). For example, donors expect their chosen charity to behave  
46 and utilise funds responsibly and effectively (Hou *et al.*, 2017); they donate to and support the  
47 charity based on trust. This trust can be broken or damaged if an adverse event comes to light  
48 (Hyndman and McConville, 2018).  
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51 Prior research has focussed on the impact of adverse events on charities' fundraising and how  
52 they discharge their accountability following adverse circumstances (O'Dwyer and Unerman,  
53 2008; Balsam and Harris, 2014). Such studies demonstrate that discharging accountability and  
54 securing donor trust following a negative event is arguably a delicate task given the fragility of  
55 donor trust post-event (Hue *et al.*, 2017). However, these studies have not considered how  
56 donors construe adverse events or how they use accounting disclosures, nor what role, if any,  
57 the accounting disclosures play in maintaining or re-establishing donor trust.  
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3 In this AAAJ special issue, Guo, Hall, and Wiegmann (2023) contribute to closing this gap by  
4 examining voluntary accounting disclosures following an adverse event to ascertain if they  
5 hinder or help to repair individual donor trust. Drawing data from 32 in-depth interviews with  
6 individual donors to Australian charities and the theory of trust literature, they identify three  
7 main donor types, each with different donor decision-making criteria: reasoned donors  
8 (competence-based trust), generalist donors (institution-based trust), and emotional donors  
9 (integrity-based trust). Their analysis found that accounting disclosures after an adverse event  
10 helped repair damage for donors within the reasoned and generalist categories. For donors  
11 within the emotional category, such disclosures were less effective and potentially added more  
12 damage to the trust relationship and cast further doubt over the organisation's intentions and  
13 actions in the donors' minds.  
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17 These observations indicate that accounting disclosures following a negative event need to  
18 differentiate between the different donor groups rather than treating them as a homogeneous  
19 group. Understanding the different donor types and their importance may also be helpful to  
20 charities seeking to attract new donors. Likewise, a more nuanced understanding of the role of  
21 accounting information in developing and supporting the charity-donor relationship could help  
22 discharge their accountability and build trust more subtly.  
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### 25 *Accountability*

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27 While demonstrating accountability has increased in importance for TSOs in recent years, and  
28 investigations into accountability have gained prominence in the literature, there is still much  
29 obscurity regarding who is accountable, to whom, and for what (Onyx, 2008). Different  
30 conceptions of accountability also abound, ranging from narrow to broad definitions. Narrow  
31 definitions centre more on the rights of external parties to information and their ability to  
32 impose sanctions. Broader definitions include the interest of wider stakeholders. However, it  
33 is not always clear how accountability is demonstrated, what compliance mechanisms are in  
34 place, how it is enforced, and where the power lies. At a minimum, the discharging of  
35 accountability involves the sharing of information. The nature and form of that information  
36 (account) should reflect what is being accounted for (Hyndman and McDonnell, 2009).  
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40 While it is recognised that accounting information is embedded within organisational  
41 accountability systems (Roberts and Scapens, 1985), there is also recognition that these  
42 mechanisms must be balanced to prevent mission drift (O'Dwyer and Unerman, 2008). For  
43 many smaller and medium-sized non-profit organisations (NPOs), the accounting information  
44 is likely to be less developed than that of their private-sector counterparts. Also, a feature of  
45 NPO risk comes from entryism (Lapsley, 2021) which can undermine both mission and  
46 management, resulting in high-profile scandals at TSOs. Entryism can come from private-  
47 sector organisations posing as NPOs or by volunteers who purport to share the values of their  
48 host TSO but who do not. For such volunteers, there are numerous examples of the abuse of  
49 both intended beneficiaries of care and fellow workers in lower-level positions (Lapsley, 2021),  
50 which directly undermines the ideals of their host TSOs.  
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54 Conaty and Robbins (2023) demonstrate the role that management control systems (MCS) and  
55 accountability processes may play in supporting the organisation's mission realisation in the  
56 context of a crisis. Based on a case study of four non-profit organisations in Ireland that provide  
57 services to individuals with learning disabilities, and the application of stakeholder salience  
58 theory, they investigate the incorporation of service user advocacy in the design and application  
59 of MCS and accountability processes. Their findings provide evidence of a weak accountability  
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relationship between the organisation's management and service users, resulting from a lack of voice and power on the service user side. These findings demonstrate the importance of the relational and dialogical aspects of accountability, the absence of which can cause power asymmetries and mission drift.

While the study provides several insights into service user advocacy in accountability and management control processes, and how deficiencies could be rectified within disability service organisations, it also suggests opportunities for further research in the area. For example, further investigations could be conducted into the operational interventions that enhance organisational performance and enrich service user experiences within other service user fields. Such research may significantly distinguish service user experiences and develop more collaborative management control practices. Also, researchers need to be alert to the negative impacts of entryism with its adverse impacts on intended NPO beneficiaries.

### *Co-ordination*

Planning, co-ordination, and control are essential factors aiding organisational managers to meet their goals and strategic objectives (Goretzke and Messner, 2016). Prior research has demonstrated how the control function of budgeting and forecasting can help to facilitate intra-organisational co-ordination and sensemaking through the process of calculative analysis (Hansen and Van der Stede, 2004; Miller and O'Leary, 2005, Matejka *et al.*, 2021). While such work increases our knowledge and understanding of how management control functions facilitate co-ordination in stable environments, little is known about their effectiveness in unstable and crisis environments, and even less about their application and effectiveness in TSOs (Grabner and Moers, 2013). Likewise, most of this work has focused on forecasting, with scant attention given to the role of performance information in co-ordination and sensemaking. Furthermore, many private-sector organisations are more likely to be resource-rich regarding management and financial expertise, which is a significant factor in NPO behaviour.

Thambar and Kober (2023) contribute to closing this gap. Through an investigation into how the management control practice of co-ordination within a non-profit organisation in Australia was carried out during the COVID-19 crisis, they emphasise the role that accounting and performance information plays in the co-ordination of crisis management actions. Building on Maitlis' (2005) work on the triggers and enablers of sense-giving in organisations and Robert and Ola's (2021) work on reflexive sense-giving, they have adapted and developed a framework of five organisational sensemaking types (guided, restricted, fragmented, minimal, and reflexive). In their analysis, co-ordination was linked to three of the five sensemaking types (guided, reflexive, and restricted), each of which was sparked to some extent by accounting information related to performance reporting and forecasting. However, it was further noted that while accounting information aids sensemaking, it is not central to the sensemaking process except for the guided organisational sensemaking, which they attribute to the role that accounting plays in calculative reasoning. So, this case offers evidence of accounting information's specific but limited importance in NPOs.

These findings are helpful as they demonstrate how accounting information, mainly performance information, influenced the sense (albeit in a limited way) of the organisational position during the crisis, and was used to establish goals and actions to enable the NPO to navigate the organisation through the pandemic. Future research could usefully expand on this work by exploring how co-ordination is enacted in other TSOs, both large and small, and

whether other contextual factors or forms of information are at play or, indeed, if different types of crises affect organisational sensemaking and co-ordination.

### *Accounting Information*

Accounting information, both financial and non-financial, when viewed through the lens of social constructivism has traditionally been regarded as a mediating instrument that provides answers and may represent reality (Jegers, 2002, Gendron *et al.*, 2007; Miller and O'Leary, 2007). A considerable amount of work has been undertaken that further extends this traditional conception of the role of accounting, depicting the legitimacy of accounting technology and how it can be used as a persuasive tool in managerial decision-making (Rowe *et al.*, 2012; Lambert and Pezet, 2011). However, accounting information and how it is utilised is not without its critics. For example, Mutiganda (2013) demonstrates how budget control could also be transformed into a coercive tool. Similarly, Siverbo *et al.*, (2019) reveal the dysfunctional effects of tight budgets being aligned with performance measurement. Bruno and Lapsley (2018), in their investigation into the use of accrual accounting in government, argue that it can be subjected to improvisation and fabrication. Such works provide valuable insights into how people legitimise actions but may understate the social process of sensemaking from accounting information cues (such as forecasts, budgets etc.).

The contribution of Nhung (2023), examines how competing accounting numbers are used by two teams (an accounting team and human resources team) within a US intergovernmental organisation to make sense of and legitimise actions during times of crisis. Drawing on archival documents, 17 semi-structured interviews, and the sensemaking perspective framework, Nhung's analysis reveals how artificial numbers are compressed from and mediate between existing numbers. Multiple coexisting cues (such as standardised and customised budgets) were identified as being entangled in actions. These cues were also shown to exert coercive power that distorts the sensemaking process and are an elaborate example of an exercise in providing misleading and conflicting information.

The results of this study provide several insights into how people exploit the variety of cues to legitimise their decision-making and actions, and the role of systematic power in the sensemaking process. This study could usefully be expanded to investigate how other users of accounting information (oversight bodies, funding agencies) utilise accounting information in complex environments to make sense of and respond to crises. Likewise, more attention could be given to budgets' behavioural and relational aspects and how these impact actors' reactions to performance targets and measurement when faced with uncertainty.

### *Performance*

Accounting information and performance management systems support managers' and policymakers' decision-making and accountability (Steccolini *et al.*, 2020). Attention towards the performance of TSOs has increased significantly in recent years. This is primarily due to the increasing government reliance on TSOs to bridge the gap in welfare service provisions and its demand for evidence of efficiency and value for money (Cordery and Sinclair, 2013; Paterson *et al.*, 2021a & 2021b). The education sector, particularly universities, has not been excluded from this gaze. Universities, in general, are non-profit organisations that hold charitable status. In the UK, universities have faced changes to their funding structures and demands to demonstrate more commercialisation, application of business-like practices, and income generation and productivity, all of which have contributed to performance management

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3 systems for both teaching and research outputs being imposed within the university setting  
4 (Parker, 2013; Gebreiter and Hidayah, 2017; Du and Lapsley, 2019).  
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6 While much research has been conducted on performance management systems in TSOs, there  
7 remains a gap in understanding how performance management practices are translated into  
8 action in the university setting. A study by Du and Lapsley (2019) demonstrated the  
9 significance of government funding to NPOs. While adopting New Public Management (NPM)  
10 in NPOs is not generally observed, Du and Lapsley show how influential government pressure  
11 has been on the development and application of performance metrics in the context of a shift  
12 from highly centralised bureaucratic structures to more decentralised NPM-type entities. In this  
13 research, the importance of accounting is immense.  
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17 Hyndman and Liguori (2023), provide some useful insights into how performance management  
18 systems in Business and Natural Sciences disciplines in 4 UK universities are understood and  
19 framed. Through data gathered from 28 interviews with academic actors involved in the design,  
20 implementation, and operation of performance management and application of strategic  
21 framing literature, they highlight the effect of primary frames (actors' initial beliefs, cultural  
22 norms, and core values) over strategic instrumental frames to performance management in both  
23 disciplines. However, the alignment of primary frames in the Natural Sciences was found to be  
24 less likely aligned to specific performance management practices than in the Business  
25 discipline. This discrepancy could be attributed to the Business disciplines familiarity and  
26 unconscious biases with business language, and recognition of the need/usefulness of  
27 performance measurement frameworks.  
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31 These findings have important practical implications. While performance information can help  
32 to improve management and accountability, it is important to understand how these are linked  
33 and translated at the individual level to avoid adverse reactions, oppositions and effects, and to  
34 achieve desired outcomes. However, modernisers in reforming complex organisations should  
35 expect to encounter unintended effects and outcomes that may appear irrational. Future  
36 research could usefully expand the Hyndman and Liguori investigation into other disciplines  
37 within and beyond the UK setting, where performance metrics are applied to determine how  
38 and where receptive contexts emerge in university reforms.  
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41 Collectively, the contributions within this special issue provide some unique and valuable  
42 insights into the role of accounting within the third sector and how it is mobilised in response  
43 to a crisis. A particular aspect of this is the government's influence on entities highly dependent  
44 on government funding. While these contributions are significant, they also raise more diverse  
45 questions and opportunities to conduct further research using more challenging ideas and  
46 methodologies.  
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### 49 **A research agenda**

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51 There is considerable diverse research activity on TSOs. All of this research activity aids our  
52 understanding of this sector. However, there is a case for a more systematic research endeavour.  
53 This applies to (1) specific research topics and (2) the style and manner of handling distinctly  
54 different approaches to research by different disciplines.  
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57 *(1) Specific research topics. The following merit serious attention from TSO scholars:*  
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3 At the outset, an observation was made on the importance of government policy. These  
4 comments primarily related to the UK Government, which has adopted various stances ranging  
5 from outright competition between NPOs and public services, through to active partnership  
6 arrangements with NPOs and propping up a public sector in acute financial distress. There is a  
7 case for an international study of government policy towards TSOs. The purpose of this study  
8 would be to gather information on different government policies towards TSOs, their impact,  
9 and the effectiveness of these policies, with the aim of convergence on a consistent policy  
10 perspective. A study of this nature would be a building block for the community of TSO  
11 researchers, commentators, policymakers, and oversight bodies.  
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15 There is a case for more comprehensive detailed research on 'Near Government' TSOs. By  
16 this, we mean TSOs heavily engaged in government contracts or where the government is a  
17 significant funding source. Research into UK and Australian universities has shown that these  
18 circumstances initiate NPM reforms in these sectors. The invasive, colonising influence of  
19 NPM has been evident in public services for decades. If this colonising tendency spreads to  
20 NPOs, researchers must be alert to its emergence in Near Government NPOs.  
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23 The world has been in a state of crisis for several years. The global financial crisis of 2008,  
24 followed by a period of austerity, the global pandemic, global inflation and now war in Europe:  
25 all these phenomena require organisational agility to cope. However, TSOs are not always  
26 equipped with sufficient resources to ride out these storms. There have been isolated studies of  
27 TSOs coping with these pressures, but there is an overwhelming need for a more systematic  
28 study of TSOs in these crises.  
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31 There is a tendency to talk in general terms about TSOs and NPOs; however, the reality is that  
32 this approach is a kind of fiction. Within the TSO landscape, significant NPOs, such as Cancer  
33 Relief UK, are comparable in scope and size to major private-sector companies. There are  
34 medium-sized NPOs, and there are also large numbers of very small NPOs – the left behind  
35 and the new entrants to the market. Instead of debates around 'representative' NPOs, which do  
36 not exist, there is a need for more nuanced research which gathers information on all these  
37 different types of NPOs. As noted in our discussion, the presumption that all these categories  
38 use identical accounting, management control, and performance management systems is  
39 extremely unlikely. A more grounded approach to what accounting practice means in these  
40 different types of NPOs would be helpful.  
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43 A more nuanced approach to the study of TSOs would contribute to the development of the  
44 field of NPO research. This unbundling of what the third sector does includes the examples of  
45 papers in this special issue, which go beyond discussion of NPOs at the entity level, and which  
46 drill down to examine elements of services, such as different parts of universities or distinct  
47 services. This approach would examine the everyday experiences of NPO managers and  
48 beneficiaries, and offer a more closely grained understanding of the complexities and subtleties  
49 of the different client groups in NPOs.  
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52 A study of the nature and efficacy of strategic thinking within NPOs is also needed. The world  
53 of NPOs is often depicted as one in which ideas for new services outstrip available resources.  
54 This results in a hand-to-mouth existence for many NPOs. This is the opposite of strategic  
55 thinking: it encourages short-termism to the detriment of NPO services. However, many NPOs  
56 do not have the resources to recruit specialist strategists with industrial economics and  
57 corporate finance backgrounds. However, an alternative approach to strategising is the use of  
58 'strategy-as-practice', which differs from the standard industrial economics approach. Instead,  
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3 the leaders of NPOs must elaborate upon a mission statement that the entity examines and  
4 discusses to determine what the strategy means for them. This deserves serious investigation.  
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8 *(2) The role of formal theoretical work in non-profit research:*  
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11 Next, we reflect on the positioning of academic journals in accounting and relate this to  
12 research on NPOs. There has historically been a schism between North American and European  
13 Journals in Accounting, with North American journals offering positivist publishing  
14 opportunities, and European accounting journals favouring more qualitative, interpretive  
15 research. This has shifted in more recent times, with European journals such as Management  
16 Accounting Research, Accounting & Business Research and the European Accounting Review  
17 becoming more quantitative and positivist in their acceptance of papers for publication, and  
18 with the North American Contemporary Accounting Research (CAR) offering possibilities for  
19 qualitative accounting research.  
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23 Within this shifting landscape, the Accounting, Auditing and Accountability Journal (AAAJ)  
24 has remained committed to publishing qualitative, interdisciplinary research in accounting.  
25 This position of AAAJ is shared by other journals, such as Critical Perspectives on Accounting  
26 Research, Accounting, Organizations and Society (which occasionally publishes quantitative  
27 papers), Financial Accountability & Management, the British Accounting Review, and  
28 Qualitative Research in Accounting & Management. Those who submit papers to AAAJ are  
29 encouraged at every stage of the process to engage with interdisciplinary research in other  
30 accounting journals. The Guest Editors of this special issue endorse this approach. However,  
31 by restricting an interdisciplinary focus to accounting journals that embrace interdisciplinarity,  
32 AAAJ and these other journals may be restricting their reference points, causing would-be  
33 authors to work within the bounds of existing knowledge and approaches. Ultimately, this  
34 preoccupation with established thinking could lead to the ossification of accounting research.  
35 Therefore, the Guest Editors of this AAAJ special issue endorse interdisciplinary research,  
36 which may introduce new ideas to open up interdisciplinary research. In addition, while the  
37 Guest Editors are not advocating that articles submitted to AAAJ should be mathematical or  
38 based on economic thinking, we recognise that diverse literature may feature novel  
39 interpretations of phenomena which could facilitate and progress accounting research in NPOs.  
40 In this section, we elaborate upon examples of such research, which may offer fresh insights to  
41 accounting researchers on NPOs.  
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46 When browsing the 'traditional' non-profit related journals<sup>1</sup> and the papers selected for the  
47 current special issue, one notices the almost complete absence of formal ('mathematical' or  
48 'economic') theoretical work, contrary to qualitative and inferential quantitative research. This  
49 is not to say there is no formal theoretical work available, but it is mainly found in broadly  
50 scoped journals, such as Public Economics journals, where the focus, understandably, is on  
51 welfare effects. This has even led to seemingly integrated but conceptually distinct streams of  
52 literature, as a number of these contributions, some of them highly cited, are not built on the  
53 exact definitions of non-profit organisations. An example is the body of research engendered  
54 by the frequently referred to paper by Glaeser and Shleifer (2001), for whom a NPO is  
55 characterised by the non-profit entrepreneur 'forced to spend [profits] on perquisites' (p. 103),  
56 a definition only partly overlapping with the traditional 'non-distribution constraint' definition  
57 by Hansmann (1987, p. 28) or the 'structural-operational' definition by Salamon and Anheier  
58 (1992, p. 135).  
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4 Focusing on formal non-profit management papers also shows a wide array of outlets where  
5 researchers publish their results, with the risk of being unnoticed by the non-profit research  
6 community. To give an example: as far as we can ascertain, there are three theoretical papers  
7 on the impact that competing with for-profit organisations has on the strategic decision-making  
8 of non-profit organisations. They are published in the Journal of Public Policy and Marketing,  
9 the Journal of Marketing Research, and the Journal of Institutional and Theoretical Economics,  
10 respectively (Liu and Weinberg, 2004; Moon and Shugan, 2020; Stenbacka and Tombak,  
11 2020). A formal paper comparing strategic decision-making between non-profit and for-profit  
12 organisations can be found in Health Economics (Banks *et al.*, 1997).  
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16 This diversity in domain and focus is to be observed for almost all formal work on the different  
17 aspects of non-profit management<sup>2</sup>: output decisions under different subsidy regimes  
18 (Duizendstraal and Nentjes, 1994), choosing the level of profit-generating activities (Bises,  
19 2000; Schiff and Weisbrod, 1991), financing constraints (Jegers, 2011), wage setting and  
20 intrinsic/extrinsic motivation (Frey, 1997), and staff selection (Besley and Ghatak, 2005). In  
21 the specific realm of accounting, auditing<sup>3</sup>, and accountability, we can also refer to work on  
22 when and why to implement governance mechanisms in NPOs (Jegers, 2019), or on earnings  
23 and cost allocation manipulations (Jegers, 2010).  
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26 While formal non-profit research is available, most of it does not have much impact on  
27 'traditional' non-profit research. The main reason for this is that formal theories mostly appear  
28 in journals, not in the range of interest and expertise of most non-profit researchers, combined  
29 with the observation that there does not seem to be a well-defined or generally recognised  
30 journal selection process when submitting formal non-profit work. The outcome is that relevant  
31 work is not visible to the non-profit research community. This is unfortunate, as in several of  
32 the papers referred to above, it is shown that numerous pieces of traditional empirical non-  
33 profit research unknowingly conceptually fit into the models developed, albeit leaving many  
34 interesting testable hypotheses untested, ignoring an additional avenue to enrich conceptual  
35 thinking about (the functioning of) non-profit organisations. The Guest Editors of this special  
36 issue plea for a better integration of the two strands in the literature, whether lightly by cross-  
37 referencing between journal types, or comprehensively by adopting formal models in  
38 submissions to journals such as AAAJ.  
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42 This would imply efforts from both 'sides': apart from publishing the modelling work in  
43 methodologically matching outlets, their authors should also find ways to make the insights  
44 generated by their work accessible to the (multidisciplinary) non-profit research community,  
45 which, in turn, should be (more) open for this, leaving behind unjustified stereotypical  
46 characterisations of this kind of work (such as neo-liberalism). This also applies to non-profit  
47 journal editors. Otherwise, it would not be easy to make more theoretical insights and  
48 hypotheses permeate (in a correctly adapted way) the non-profit world. This also might provide  
49 the necessary incentives to theoretical researchers to further develop their work, keeping an  
50 eye (or even better: both eyes) on novelty, fresh thinking, relevance, and testability.  
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## 54 **Concluding Remarks**

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56 Without a doubt, the third sector makes a valuable contribution to society, a fact that was  
57 glaringly apparent during the global pandemic and is further evidenced in the collection of  
58 papers within this special issue. However, it is also a sector that is relatively fragile and  
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vulnerable in terms of its financing and ability to respond to the ever-increasing demands placed on it. The pandemic also highlighted multiple dimensions of vulnerability experienced by millions of people globally, the shortcomings in the social contract between government, business, and society, and the pressures placed on the third sector. While the pandemic is waning, its impact on the sector will continue to be felt for the foreseeable future. As communities and NPOs continue to wrestle with the consequences of the global pandemic and the current economic and political crisis, we need to give serious consideration to the issues highlighted above.

Collectively, the papers included in this special issue provide a significant contribution to our knowledge and understanding of the role of accounting and its calculative practices in supporting and aiding TSOs to manage crises. However, they also signify that much more work needs to be conducted at the interface of accounting and the third sector. Indeed, as indicated above, there are exciting opportunities to develop this critical strand of research further.

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### Notes

<sup>1</sup> such as *Financial Accountability and Management*, *Journal of Governmental & Non-profit Accounting*, *Non-profit and Voluntary Sector Quarterly*, *Non-profit Management and Leadership*, *Voluntas: International Journal of Voluntary and Non-profit Organizations*, to mention most of the prominent ones.

<sup>2</sup> for the journals involved, we for what follows refer to the list of references.

<sup>3</sup> for a non-analytical but graphical theoretical ('accounting and economics') analysis of the presence and depth of accounting and auditing in non-profit organisations, see Jegers (2002).

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