

# [Overview of the not for profit sector](https://assignbuster.com/overview-of-the-not-for-profit-sector/)

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In this literature review, I am going to give a brief overview from the material that is available on the not for profit sector including a brief history and development of the sector, how it allowed the scandals to happen that did throughout the 90’s and 2000’s and the impact that it had on the sector.

In looking at the history of the sector, I will look at what has been happening in Ireland since the 18th century into the 19th century right up to today’s modern day not for profit sector, evaluating the major key players and influencers in that development. I will analyse the change in the sector; the role of the public sector and how the sector delivered the services of the public services. I will also go on to explore the role that corporates now play in the not for profit sector and their influence as well as examining the more recent profile of the not for profit sector in Ireland. I will consider the role of ethics within the not for profit sector, or the lack there of in analysing the ethical scandals that took place across all sections of the sector, from small charities to international charities. From that, I will go on to discuss the change that has been brought about in the sector from these scandals, through the development of the governance code, the charities regulator, and more responsibilities and ownership being placed on the board of these organisations. Finally, I will look to the future and how the development of the sector will continue in light of these scandals and the importance and role that ethics plays in the integrity of the sector. The not for profit sector – the development of the sector since its inception to modern day not for profit sector in Ireland. I am going to use the work of Karen Sonnelitter and Geary and Walsh to set the scene of the equivalent of the not for profit sector and philanthropic history of Ireland and where you see the influence that has left on Irish culture in today’s modern society. In Sonnelitter’s work, Charity Movements in 18th Century Ireland; philanthropy and movement, she speaks about the influence of the Catholic Church as well as the charitable set up in schools and hospitals.

Similar to today’s charitable ways, concerts were used as a way to raise funds and awareness for charitable organisations, as far back as 1742 when Handel’s Messiah played a gig in Dublin donating the funds raised to three Dublin City Centre charities. This form of fundraising and form of raising awareness for societal issues went on into the 19th Century. In Geary and Walsh, they speak about the influence of landlords and the politics of estate management in the 19th century. Guinness and the Guinness Iveagh Trust was also a major player in the Ireland’s philanthropic history. The Guinness Trust London and Dublin Funds that was set up in 1890 by Edwards Cecil Guinness is regularly recognised as one of the most generous philanthropic donations in the not only Irish but also British history.

In analysing the more current state of the sector I will use the chartered accountants literature, Charity Accounting and Reporting, at a Time of Change by Ciaran Connolly, Noel Hyndnam and Mariannunziata Liguori. This particular literature will also be useful in identifying the problems that the sector faced early on with accounting, reporting and governance.

## The role of ethics in the not for profit sector

Ethics is vital to the integrity of any company or sector in valuing its integrity and worth in the marketplace. In Justine Simpson’s work, she speaks about the ethical decision making model and the three ethical theories that frame this model; consequentialism, deontology and contractualism.

Consequentialism: is where the end justifies the means which means, if the outcome of an action is moral or ethical therefore the steps taken to get there are correspondingly moral or ethical. This theory is derived from Utilitarianism which states that the moral worth of an action was derived from the amount of good it did for society or to the benefit of individuals as a whole– the greatest good for the greatest number.

Deontology: these theories are based from the Greek term deon, menaing duty that concentrates on motives or intentions. Immanuel Kant (1724 – 1804) would be most famous for deontological theories. Duty based ethics is focused more on the approach than on the outcome of a situation.

Contractualism: this theory is based on the concept that individuals can agree what is moral and what is not in the form of a social contract. Therefore, an immoral act is one that is wrong by any set of social principles that no one would reasonably reject. There are no moral absolutes and also the end does not justify the means.

## Development and reform in the sector

These scandals have brought about a positive change to the sector. There are more structures and regulations in the sector as a result. There is still a long way to go in ensuring a robust and reliable governance of the sector but changes are happening for the betterment of society. A governance code has bene established in the sector. Similar scandals and changes happened in the corporate sector not too long ago either and more rigorous governance structures have also been put in place so the not for profit sector are not too far behind the more historically well governed corporate world. These changes are well overdue and maybe potentially the scandals are the silver lining on some disastrous and sector changing scenarios for the sector. I will look at the introduction of the Governance code, the Charities Regulator, the Charities Act, the Irish NGOs Code of Corporate Governance as well as the development and improvement of some already established organisations and institutes including Boardmatch Ireland, Volunteer Ireland, The Carmichael Centre, Charities Institute Ireland and The Wheel.

The Chartered Accountants book on Charity Accounting and Reporting as well as Jill Solomon’s, Corporate Governance and Accountability will have useful information and content on the newly implemented governance structures and legalities now in place for the not for profit sector. I will also gather information from the relevant websites. The future of the not for profit sector The third sector as the sector is more commonly known these days according to Courtney, looks like it will continue to grow while having a significant economic, cultural and social impact. However, there is still plenty of work to be done by the major stakeholders in the sector to maintain the current reputation while also striving to banish the black mark and uncertainty that was left by the scandals of recent times. Some of the key elements to this continued successful growth is trust, confidence and accurate and good accounting and reporting processes. The charities regulator will play an even more significant role going forward.

While analysing this final part of the thesis, I will use the Chartered Accountants literature again – Charity Accounting and reporting, at a Time of Change as well as Voluntary Sector in Transition by Linda Milbourne.