

Abstract

Topic

The decline of charities in Kent: How charity is pursuing an extended growth in its lifecycle?

Aim

This research aims to understand the evolution of charities over its lifecycle. The researchers examine the entry and exit of charities in Kent using data from Charities Commission and Companies House. This research explores key challenges encountered by the charity at different phase of the lifecycle that contributes to its decline. The researchers also investigate how some charities deploy turnaround strategies to escape from a declining phase, moving into the extended growth phase of the lifecycle.

Introduction

Many charities are facing overwhelming challenges to survive. Despite a continuous rise in demand for services at a local and national level in the past several years; Charities are constantly trying to maintain their financial stability while running their activities, providing services and supporting their community. However the challenge is to raise funds to grow revenue, the key determinants that lead to failure to growth are relatively unclear.

Incapable to overcome this challenge would lead to charities being in a long-term stagnation or even precede into intractable decline and subsequently becoming inactive and closure. This phenomenon is prevalent in many charities all over the UK, particularly the regions where there are a high number of small and medium-sized charities. This research takes a macro perspective of children and young people charities in Kent to dive into the phenomenon and trying to identify a pattern, and possible solutions.

In Kent, there were 167 children and young people charities, in various lifecycle phases in the record but about 27% are in a decline or inactive. Quinn and Cameron (1983) believe that understanding the lifecycle of a charity creates an effective ability in establishing a strategic plan, staff support, designing fundraising and financial systems that could gear towards the charity's success and provide overall leadership in the charities direction. The charities lifecycles consist of six stages: start-up, growth, maturity, stagnation, and decline then closure. Connolly and Lukas (2002) believed that charities within their lifecycles might find themselves in new stages by surprise as they have very little insight due to lack of planning.

Nonetheless, Connolly and Klein (1999) suggest that the organisation lifecycle should be used as a tool for organisational development in a strategic way to contribute to their growth. Borrowing the concept of turnaround from strategy literature (Bruton and Rubanik, 1997), this research examines how charities could rejuvenate and revive growth.

Methodology

This research categorises charities in Kent based on their lifecycle phase, based on data (from 2006 to 2017) obtained from the registers of Charities Commission and Companies House. The historical developments of charities were traced, and their lifecycle plotted in order to understand the evolution of charities, in addition to their entry and exit.

Three detailed case studies were selected to give a rich understanding of the challenges faced and strategies deployed by charities at different lifecycle stages. A total of 9 hours of recorded interviews were conducted in addition to informal discussion, with researcher notes and reflections. The respondents are either the President, director or deputy CEO of the charity. The qualitative interview was analysed using manual thematic coding to categorise the challenges and revival strategies, and map them to their lifecycle profile.

Contribution

This study has offered a new classification of phases in the lifecycle of charities. It identifies the extended growth phase, where charities revive from a declining phase and advance in growth. These classifications of phases can anticipate challenges ahead and enhance effectiveness to meet these challenges by anticipating internal issues or potential failures that may occur over any given period between phases.

It also provides some understanding of the key factors leading to the decline of small and medium charities as they fail to maintain sustainable financial. Those charities do not have any backup plan for recovering from a declining phase.

For a charity to successfully turnaround, it needs to have a good understanding of its resources and what's causing the decline. Understanding the declining stage and the key factors in creating an extended growth will increase charities survival and thereby creating a shift towards financial sustainability consequently grows in service provisions to the community.

Implications for policy or practice

It is evident that external factors have a significant impact on the survival of a charity. For instance, changes in government policy. Charities also find it difficult to grow or revive from a declining position due to the lack of expert skills, and innovativeness, subsequently leading to the decline of service performance. Charities are intending to create an extended growth, need to have effective turnaround strategies, such as diversifying their activities and funding sources as well as actively involved in building partnerships. This research suggests that government should invest in building capacity of charities, ensuring their long-term sustainability.

Reference

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