

**Trust as a Form of Governance in Public
Libraries in New Zealand: using Franklin District
Library Trust as a Case Study**

by

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‘Trust as a Form of Governance in Public Libraries in New Zealand: using Franklin District Library Trust as a Case Study’

(hereafter referred to as ‘The MLIS Research Project’)

being undertaken by

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in partial fulfilment of the requirements of the degree of
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ABSTRACT

This research is an attempt to clarify the extraordinary and new concept in public libraries – trust as a form of governance. Public libraries world wide are faced with the dilemma of having to find funding to keep the services they provide for their communities as good, or preferably better, than it has been. Trust as a form of governance is just one possibility facing public libraries in New Zealand today.

At the onset of this research it became clear that no literature has been produced or research undertaken on the topic of trusts in public libraries in New Zealand or on the governance of public library trusts. As trust as a form of governance could become an important issue in the restructuring and funding of public libraries in New Zealand as well as in the management changes facing public libraries in New Zealand today, it is important that research be done on the topic and made available to the public library community.

As a supporting theoretical framework for planning the research, Everett Rogers' Diffusion of Innovation theory and more specifically, the theory of the innovation process in organisations has been used.

Keywords: Public Libraries, Trust, Governance, Funding, Diffusion of innovation, Organisational innovation.

1 – INTRODUCTION

The Local Government Act 1974 of New Zealand, followed by the amendment of 1989, made it mandatory for local councils to consider whether any council services can be tendered to outside sources. The Local Government Amendment Act No. 3 of 1996 enforced this even more. These acts caused a paradigm shift in the mindset of local governments regarding the provision of services. In the last decade of the twentieth century many city and district councils restructured their service delivery units including the services offered by the public libraries, or at least, gave serious thought to the restructuring of their various service delivery units.

To date there are two public libraries operating as trusts, Franklin District Library Trust and Horowhenua Library Trust. Two libraries, Wanganui and Southland are operating as business units. Tararua District Libraries also operated as a trust from 1992, but reverted back to council in 2003. Two public libraries, Invercargill and Papakura, attempted outsourcing the entire library services. Invercargill was prevented by public opinion, whilst Papakura failed to get a tender lower than the in-house cost, so never proceeded. Christchurch and Hamilton have outsourced only their collection management process, except for weeding and some original cataloguing. Several other large libraries are looking at similar strategies. Some, such as Tauranga and Manukau, have outsourced supply of start-up collections for new branch libraries. Most libraries probably outsource some functions e.g. mending, repairing tapes, binding.

The goal of this research is twofold. Using Franklin District Library Trust (FDLT) as a case study, the first goal is to establish the reasoning that led to the cretion of FDLT. The second is to explore the governance of the Trust.

compare the two. However, the scope of this research project does not allow for a patron survey, as mentioned in the limitations (see 2.7).

2.2 – Problem statement

In 2001 the Controller and Auditor-General filed a report entitled *Local Authority Governance of Subsidiary Entities*. According to the report (Audit Office 2001, 81 para. 601):

many authorities have set up stand-alone entities or other arm's-length arrangements to undertake non-profit activities in an efficient and effective manner.

This report (Audit Office 2001, 81 para. 603) determined that the advantages of stand-alone entities, whether incorporated societies, trusts, or unincorporated forms such as partnerships, are that they:

- are free to take a more commercial (although not profit-making) approach to the delivery of services or other activities;
- can provide the opportunity for direct community involvement and participation in governance;
- can attract third-party funding more readily; and
- have a quicker decision-making ability.

Jill Best (2000, 12), who has written several articles on the subject of restructuring and funding of public libraries in New Zealand, states that there are three reasons commonly given for the distancing of the public library from the council core:

- That a split between funder and provider of services is necessary so the funder can monitor the provider's behaviour to ensure best value for ratepayer's money;
- To attract more outside funding;
- To reduce costs and raise revenue through more business-like behaviour.

Best (2001b, 132) places emphasis on the last two reasons, pointing out that, like in many other Western countries, there is an escalating resistance in New Zealand to increases in local rates, whilst there is a growing demand for more and better services. Some authorities have applied substantial user charges, while others have laid the onus on the library management to come up with more innovative solutions.

According to Rebecca R. Martin (1998, 17):

Rapid, far-reaching change is emerging as the dominant paradigm for entering the twenty-first century. ... The organizations that survive will be those that view change as an opportunity rather than a threat. ... Organizational relationships will depart from the familiar hierarchy, and the focus of the library operations will shift to meet new user demands. Change of this magnitude is never easy, and it will present significant challenges to individuals at all levels of the organization.

Libraries today are faced with the challenge of management change and it will be their resilience in the face of change that will make them prosper. Trust as a form of governance is just one possibility facing public libraries in New Zealand today.

At the onset of this research it became clear that apart from the research done by Best, no literature has been produced or research undertaken on the topic of trusts in public libraries in New Zealand or on the governance of public library trusts. As trust as a form of governance could become an important issue in the restructuring and funding of public libraries in New Zealand as well as in the management changes facing public libraries in New Zealand today, it is important that research be done on the topic and made available to the public library community.

2.3 – Theoretical Framework

The theory underpinning this research project is Everett Rogers' *Diffusion of innovation* theory. An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption (Rogers 2003, 12; Zaltman et al. 1973, 10). Spence (1994, 6) states that the important aspect of an innovation is that it is something, which is perceived as novel, whether it is new or not. It is the newness to the individual, which determines the response to it.

Diffusion is the process in which an innovation is communicated through certain channels over time among the members of a social system (Rogers 2003, 5; Clarke 1999, 1; Leckenby 1998, 1; Zaltman et al. 1973, 14). According to Rogers, at its most elementary form, the process involves:

1. an innovation,
2. an individual or other unit of adoption that has knowledge of, or has experienced, using the innovation,

3. another individual or other unit that does not yet have knowledge of, or experience with, the innovation, and
4. a communication channel connecting the two units (Rogers 2003, 18).

Rogers (2003, 168) proposes that the innovation-decision process is the process through which an individual (or other decision-making unit) passes from gaining initial knowledge of an innovation, to forming an attitude toward the innovation, to making a decision to adopt or reject, to implementing the new idea, and to confirming this decision.

As FDLT is an organisation, Rogers' theory of the innovation process in organisations will be used to frame the discussion of this project. According to Rogers (2003, 404) an organisation is a stable system of individuals who work together to achieve common goals through a hierarchy of ranks and a division of labour. Spence (1994, 184) uses Schein's definition, which, according to Spence, tries to include as many relevant general features as possible as it relates to the affairs of people:

An organisation is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, through a hierarchy of authority and responsibility.

The organisational innovation process as set out by Rogers (2003, 421) consists of a sequence of five stages, which in turn consists of two sub-processes. The first of

the two is the initiation sub-process consisting of two stages, the agenda-setting and the matching stages. The second is the implementation sub-process, consisting of the remainder of the five stages, which are the redefining/restructuring stage, the clarifying stage and the routinising stage.

The innovation process in an organisation

1 - INITIATION		2 - IMPLEMENTATION		
DECISION				
#1	#2	#3	#4	#5
Agenda setting	Matching	Redefining/ Restructuring	Clarifying	Routinising
General organisational problems that may create a perceived need for innovation.	Fitting a problem from the organisation's agenda with an innovation.	The innovation is modified and re-invented to fit the organisation, and organisational structures are altered.	The relationship between the organisation and the innovation is defined more clearly.	The innovation becomes an ongoing element in the organisation's activities, and loses its identity.

Figure 1 – The five stages in the innovation process in organisations

Rogers (2003, 420) makes it clear that later stages in the innovation process cannot be undertaken until earlier stages have been completed, either explicitly or implicitly. Rogers (2003, 434) explains the five stages as follows:

- 1) Agenda-setting occurs in the innovation process when a general organisational problem that may create a perceived need for an innovation is defined.
- 2) Matching is the stage at which a problem from the organisation's agenda is fit with an innovation, and this match is planned and designed.
- 3) Redefining/restructuring occurs when the innovation is re-invented so as to accommodate the organisation's needs and structure more closely and when the organisation's structure is modified, to fit with the innovation. Both the organisation and the innovation usually change during the innovation process.
- 4) Clarifying occurs as the innovation is put into more widespread use in an organisation, so that the meaning of the new idea gradually becomes clearer to the organisation's members.
- 5) Routinisation occurs when the innovation has become incorporated into the regular activities of the organisation and loses its separate identity.

The goal for this research is firstly to establish the reasoning that led to the creation of FDLT. The initiation sub-process of this framework, consisting of the two stages, agenda-setting and matching, has been used to establish what occurred in the Franklin District Council as it went through these stages in selecting trust as a new form, that is, an innovation, in the governance of its public library. The second part of the goal is to explore the actual governance of the Trust. To ascertain this, the redefining/restructuring stage, which is stage one of the implementation sub-process, has been used as framework.

Stages two and three, the clarifying stage and the routinising stage of the implementation sub process will have to be explored in further research as the scope of this research does not allow for it.

2.4 - Study objectives

The goal towards which the research is directed is twofold:

1. To establish the reasoning that led to the creation of FDLT, and
2. To explore the governance of the Trust

To achieve this goal the following objectives for the study have been set:

1. To determine the reasoning and the arguments that lead to the establishing of FDLT.
2. To determine why the decision was made to form a trust as opposed to a business unit or outsourcing of the management of the Library.
3. To determine whether the board of trustees of FDLT complies with the features of good governance, as set out by Scott (2002, 25) and Bowen (1994, 18).
4. To highlight the features of good governance which are peculiar to the implementation and operation of a library trust in the FDLT case.
5. To provide the library community with a source of information regarding trust as a form of governance in a public library in New Zealand.

2.5 – Research questions

To achieve these objectives the aim of this research project is to answer the following question:

“Why did the Franklin District Council decide to form a trust to govern the libraries in the district and to structure the Trust in its current form?”

With this question as the focal point, the following sub-questions have been explored:

1. What were the arguments that led to the decision to create a different form of governance?
2. Why did the Franklin District Council decide on trust as a form of governance and not a business unit or outsourcing the management?
3. What is the role of the Board of Trustees of FDLT?
4. What are the responsibilities of the Board of Trustees of FDLT?

2.6 – Definitions

Trust

A legal arrangement whereby the legal title to property is conveyed to a person or group to hold or use or invest for the benefit of those entitled to the beneficial interest, called the beneficiaries (see 3.2.1).

Governance

The accountability relationship between the management of the trading entity and the board of trustees (see 3.3).

Franklin District Library Trust – Te Roopu Tiaki o te Whare Mohiotanga o te Rohe Franklin (FDLT).

Franklin District Library Trust is a governing board and as such is legally responsible for the control and governance of the library and all that happens to it (Franklin District Library Trust 2003, 1).

Organisation

An organisation is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility (Spence 1994, 184).

Innovation

An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption (Rogers 2003, 12; Zaltman et al. 1973, 10).

Diffusion

Diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system (Rogers 2003, 5; Clarke 1999, 1; Leckenby 1998, 1; Zaltman et al. 1973, 14).

2.7 – Limitations of the study

The following limitations have been identified:

- 1 - As an exploratory case study the proposed project's conclusions cannot be generalised to other trusts in New Zealand.
- 2 - The General Manager of the library and the Customer Services Manager are very enthusiastic that the research be done, especially as nothing has been written about the FDLT scenario thus far. The management of FDLT would also like a patron survey to be done, as they did a survey just before the trust went into operation and they would like to compare the two surveys. The scope of this current research does not allow me to do a research into the patron satisfaction of FDLT.
- 3 - As the appointment of the General Manager is one of the first tasks of the Board of Trustees, the research population has been questioned regarding the characteristics, qualifications and experience of the General Manager. An in-depth investigation needs to be done on the role of the General manager, but the scope of this research does not allow for that.
- 4 -To investigate FDLT and trust as a form of governance comprehensively, it is

necessary to explore the impact of the Trust on the management, staff and users.

In addition it is necessary to determine the advantages and disadvantages of trust as a form of governance in public libraries. Once again the scope of this research does not allow for further investigation into any of these.

- 5 - Ideally, it would be very useful to compare FDLT with the governance structures of the other two library trusts, and to determine why Tararua District Library Trust failed, but yet again, this is beyond the scope of the current project.
- 6 - The fact that I am a South African and have limited knowledge of the New Zealand library culture might influence the research. In saying this, the possible influence might not necessarily be negative, as I do not have long standing New Zealand library experience nor attitudes that can potentially influence the results.

2.8 – Delimitations of this study

It would have been advantageous to the research project if the CEO of Franklin District Council during the period that led to the creation of FDLT and the transition period, and the manager of the library during the same period could have been included in the research population of this study. Neither of these two people is currently employees of the council or the library and is employed at a distance from Franklin district.

For the purpose of this research I have decided to operate only within the boundaries of Franklin district, because of distance and time limitations.

2.9 – Assumption of this study

The following assumption underpins this research:

- That the population, used in this study, is willing to be honest and open in their discussion of this topic.

3 - LITERATURE REVIEW

3.1 - Introduction

The literature review has been conducted using the areas of focus identified in the study objectives (see 2.4). Because of the lack of research relating to trust as a form of governance it was necessary to establish the meaning and concept of a legal trust before applying it to public libraries. For that reason, firstly, the definition of a trust is determined, after which a study of the creation of a trust is made. Lastly charitable trusts are discussed

In the next section the meaning of governance is established before the generally accepted features of good governance are determined, which in turn has made it possible to conclude how the Board of Trustees was supposed to govern and what was expected of them after they came into operation. As the appointment of the General Manager and the forming of a strategic plan are such important features of good governance, both of these were researched in separate sections. In addition a section on funding is included, as the generation of funds outside council is one of the determining factors in the creation of a trust and one of the important responsibilities of the trustees.

Although no existing research compares different library trusts, either in New Zealand or internationally, some information on other trusts is included. Information on Horowhenua, the only other operating Trust in New Zealand, is given, followed by information on trusts in the UK and the USA.

The literature review concludes with two sections. The first on organisational innovation is essential to the research. The second on lead user and leading edge status (LES) is not vital to this study, but adds information, which could lead to further research.

3.2 Trust

The notion of trust developed in England out of the 'use', which was adopted by landholders to circumvent the ban on leaving land to their sons by will. They sought ways to avoid the legal requirement that on their death the land had to pass back to their feudal superior (Brookers Online, 2003 para.1-1000). Eagles et al. (2001, 230) maintain that the trust has existed since before the Norman conquest of England in the 11th Century. Cases exist of land having been conveyed to A to be held by him on behalf of or "to the use of" B, often for a limited purpose and time, while, for example, the grantor went off to fight in the crusades and needed to have his family taken care of. According to Watson et al. (2003, 637), the technique of 'use' was used in two circumstances. First for the reason mentioned above and second, as some religious orders could not hold property in their own names, trustees would hold the property for the 'use' of the religious order.

3.2.1 – Definition of trust

Brookers Online (2003, para.1-2000) gives the summary of the elements of a trust provided by the Hague Convention as a definition of trust:

For the purpose of this Convention the term ‘trust’ refers to the legal relationship created – inter vivos or on death – by a person, the settler, when assets have been placed under the control of a trustee for the benefit of a beneficiary or for a specified purpose.

Butterworths Online (2003, para.1) defines trust as follows:

Where a person has property or rights which he or she holds or is bound to exercise for or on behalf of another or others, or for the accomplishment of some particular purpose or particular purposes, that person is said to hold the property or rights in trust for that other or those others, or for that purpose or those purposes, and is called a trustee. A trust is a purely equitable obligation and is enforceable only in a Court in which equity is administered.

Butterworths New Zealand Law Dictionary¹ gives a clear description of a trust:

A trust is an equitable obligation under which a person having the control of property is bound to deal with that property either for the benefit of definite persons or for some object or purpose permitted by law. The person who has the control of the property and is bound to carry out the obligation is called the trustee. The property concerned is called the trust property. The persons for whose benefit the trust is to be carried out are called the beneficiaries or

¹ *Butterworths New Zealand Law Dictionary*, 5th ed., s.v. “Trust.”

cestuis que trust. A trustee may be a beneficiary under the trust he or she is bound to carry out. Any act or omission on the part of the trustee is called breach of trust.

If the trust is created *inter vivos* the person who provides the trust property and created the trust is called the settlor and the document containing the terms of the trust is called the settlement, deed of trust, or declaration of trust.

According to Watson et al. (2003, 636):

A trust is an equitable obligation binding on one person to deal with property for the benefit of another.

Eagles et al. (2001, 231) maintain that in answering the question of what a trust is, a description proves more satisfactory than a definition. Similar to the definition in Butterworths New Zealand Law Dictionary, Eagles et al. give a fairly open-ended description of a trust:

A trust is an equitable obligation, binding a person (who is called a trustee) to deal with the property over which he has control (which is called the trust property) either for the benefit of persons (who are called the beneficiaries or *cestuis que trust*) of whom he may himself be one, and any one of whom may enforce the obligation, or for a charitable purpose, which may be enforced at the instance of the Attorney General, or for some other purpose permitted by law though unenforceable.

While the previous definitions provide insights into the meaning of “trust” as a form of legal relationship, the following two definitions are closer to the point of this research:

An arrangement whereby a person to whom the legal title to a property is conveyed (the trustee) holds such property for the benefit of those entitled to the beneficial interest².

and the definition given by Lawrence (2001, 174):

A trust is a legal arrangement where a person who owns assets, such as land or money, puts them into the control of a trustee or trustees, to hold or use or invest for the benefit of other persons.

For the purpose of this research, and based to a large extent on the previous two definitions, I define trust as follows:

A legal arrangement whereby the legal title to property (*the library and the collection it contains*) is conveyed to a person (*trustee*) or group (*trustees*) to hold or use or invest for the benefit of those entitled to the beneficial interest, called the beneficiaries (*the community*).

² *Collins Concise Dictionary*, 5th ed., s.v. “Trust.”

3.2.2 – Creation of a trust and the parties concerned

In New Zealand the principal statute relating to trusts is the Trustee Act 1956 (Butterworths Online, 2003, para.4).

According to Brookers Online (2003, para.3-2000) there are three ways to create a trust. The following diagram, which clearly illustrates this, is from Brookers Online:

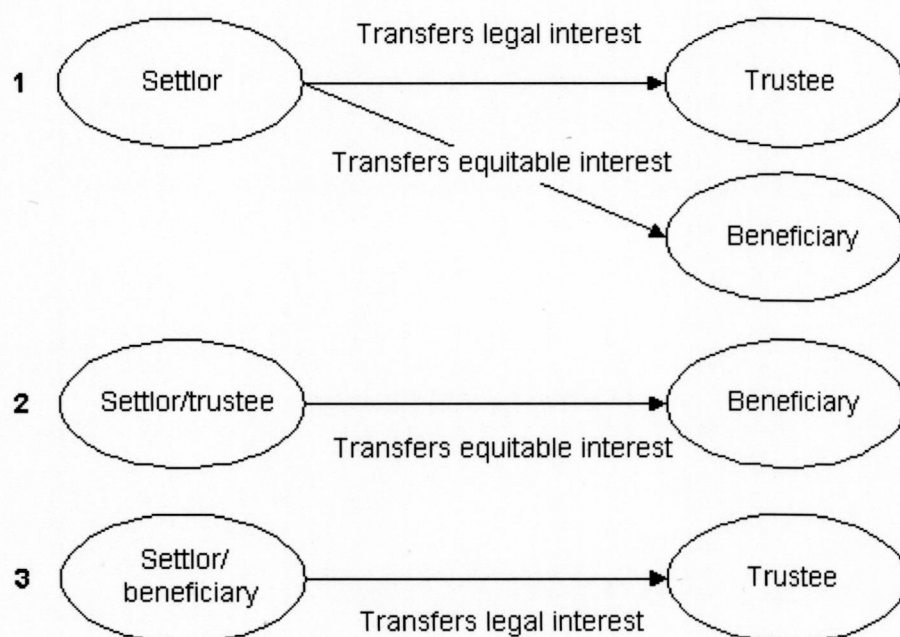


Figure 2 – Three possible ways of creating a trust. In the public library trust situation the first of the three methods in the diagram is applicable.

The three parties to the trust are clearly defined in Brookers Online (2003 *Parties to a Trust*) and Watson et al. (2003, 637-638):

- The **settlor** is the creator of the trust. He transfers the property to the trustee(s) and after creating the trust has no further control over the trust property.
- The **trustee** is the person on whom the trust assets are settled. He takes legal title to the trust property.
- The **beneficiary** or **beneficiaries** are those entitled to the benefit of the trust. The trustees have control of the trust assets, but the benefits, which flow from those assets, pass through to the beneficiaries.

In the public library trust scenario, the council (the settlor) creates the trust by transferring legal title of the relevant property (the library) to one or more trustees (the board of trustees) and equitable title to that property to the beneficiary (the community that the library serves).

3.2.3 – Charitable trusts

Trusts may be divided into private trusts and public trusts, otherwise known as charitable trusts (Watson et al, 2003, 646, Eagles et al. 2001, 249). FDLT is a charitable trust as set out in clause 3.1 of the Deed of Trust (Franklin District Library Trust 1999, 3).

According to Brookers Online (2003, para.3-2416), Mulholland (2001, 356) and Eagles et al. (2001, 249), there is no statutory definition of what constitutes a charitable trust. For a trust to be deemed a charitable trust it must benefit the public at large and not a limited segment of people such as members of one family. The trust could benefit a particular category of people, for example, children, or elderly people, or sportsmen.

Two requirements have been extracted from this:

- 1) The purpose must be beneficial in a way which is charitable; and
- 2) The benefit has to be shown to be available to the public, or a significant section of it, and not just a distinct group or individuals.

In *Income Tax Special Purposes Commissioners v Pemsel* [1891] AC 531, Lord McNaughton classified charities as having one or more of the following four basic purposes:

- 1) The relief of poverty;
- 2) The advancement of education;
- 3) The advancement of religion; or
- 4) Other purposes beneficial to the community.

It can be argued, as a public library, FDLT has the basic purpose of an organisation beneficial to the community, but as an information provider it is also to the advancement of education.

Charitable trusts are granted a number of exemptions (Watson et al 2003, 646; Mulholland 2001, 356) of which the most important, from a business point of view, is the fact that a charitable trust is exempt from payment of income tax.

3.3 Governance

Farrar (2001, 3) gives a clear description of the meaning of the word 'governance' in his book *Corporate Governance in Australia and New Zealand*:

the etymology of 'governance' comes from the Latin words gubernare and gubernator, which refer to steering a ship and to the steerer or captain of the ship. The word 'governance', which has a rather archaic ring to it, comes from the old French word 'gouvernance' and it means control and the state of being governed. According to the Oxford Dictionary, it also means good order. Thus we have from the etymology of the word a useful metaphor – the idea of steering or captaining. We have references to control and also to good order, which is more than simply being on course: it is also being shipshape and in good condition.

The value of Farrar's book for this research is in the fact that it describes essentially the relationship between those who have control and those to whom they are accountable for their management of the company, which Farrar describes as: *The Legal Core*. Furthermore he explains the allocation of power between the shareholders and directors, the duties of directors and the shareholders' rights and duties. The book also deals with the rules that assure the accountability of management. Farrar discusses the key relationships, the appropriate roles of the board and management and business ethics, to name a few. An added value of Farrar's book is the fact that it examines governance in an Australasian context.

According to the Controller and Auditor-General (Audit Office 1994, 3) there is no generally accepted definition of corporate governance. He defined corporate in *Governance of Local Authority Trading Activities* (Audit Office 1994, 3) as:

the accountability relationship between the management of the trading entity and the local authority owner.

This definition has to change somewhat in the public library trust situation, as the local authority is no longer the owner of the trading entity. To suit public library trust circumstances and this research, I have decided that the definition should read:

The accountability relationship between the management of the trading entity and the board of trustees.

3.3.1 – Board of Trustees

Scott (2002, 25) sets out the generally accepted features of good governance:

- Determining the strategic direction and vision of the organisation;
- The formulation of policies for achieving goals;
- Chief executive selection and mentoring;
- Risk management and control;
- Legislative compliance;
- Monitoring performance (analysis against strategic plans and budgets, performance of chief executive, performance of trustees);
- Reporting on stewardship (external relations with beneficiaries);
- Setting the ethical performance standards of the organisation.

According to Bowen (1994, 18) all boards serve six principal functions at the most basic level:

- i) To select, encourage, advise, evaluate and, if need be, replace the Chief Executive Officer (CEO);
- ii) To review and adopt long-term strategic directions and to approve specific objectives, financial and other;
- iii) To ensure, to the extent possible, that the necessary resources, including human resources, will be available to pursue the strategies and achieve the objectives;
- iv) To monitor the performance of management;
- v) To ensure that the organisation operates responsibly as well as effectively;
- vi) To nominate suitable candidates for election to the board, and to establish and carry out an effective system of governance at the board level, including evaluation of board performance.

Lynn McGregor (2000, 10) sums it up by saying:

The function of governance is to rule, lead, create and maintain structures and systems and to monitor performance.

According to her (McGregor 2000, 10) the way people govern depends upon their values and beliefs, their ability to make decisions, as well as their capacity to ensure effective implementation of decisions. She is of the opinion that more is needed than expertise, knowledge and skills, although essential, for efficient

governance. It is about whether those who govern consider themselves responsible for and accountable for the impact that their decisions have on other people.

Donna W. Howell (2004, 15) wrote a very interesting article in the beginning of this year (2004) entitled *The politics of public library boards* in which she considers the type of people who become trustees, looks at people's reasons for serving on library boards, examines the working of the relationship between trustee, library director and community and makes some suggestions for improving both library director and trustee effectiveness. Even though this article applies to public libraries in the USA, it also has relevance for New Zealand public libraries.

Howell (2004, 16-19) is an excellent source for information about the relationship between trustees and library boards. She points out that many trustees choose to serve on library boards because they believe strongly in the importance of libraries to their community. Howell also notes that others feel the need to represent the interests of the community to the library director and to funding agencies. Some become trustees to try to preserve what they see as the traditional library service in light of the overwhelming influence of technology. In addition, many see a responsibility to oversee the fair and ethical expenditure of public tax dollars. Boards of public library trustees are comprised of elected officials, professionals, community and civic leaders, and interested community members. All these people have specialist knowledge and ego issues and most are accustomed to being the person in charge in their respective arenas. This is fertile ground for power games

and head butting. It is also a group charged with having a single employee, the library director, whom they hire, discipline, set compensation for, and, if necessary, fire. Given all the competing agendas and role confusion, how should the trustee/librarian/community relationship work? Ideally, the board of trustees is selected to serve according to procedures detailed in the by-laws of the library. The election of officers, length of terms, and responsibilities should also be covered in the by-laws. Boards fail due to political ineptitude. Problems ensue when trustees and librarians try to fill each other's roles. Trustees frequently seek to be too controlling, partly because they are legally responsible for building ownership, governance, budgeting, and policies. Whatever the causes of board failures, the losers are the libraries and the communities they serve.

Howell concludes (2004, 21) with the observation that few rules actually exist for the running of library boards. Tradition shapes them more than law. Effective interaction between library board members, elected officials who control the purse strings, librarians, library staff, and community members is essential to quality library services. Politics is involved on many levels within and among these groups. Like it or not, politics is an inescapable part of managing public libraries. Librarians and trustees must be willing to accept this fact and develop and use their political acumen.

Ellen G. Miller (2001, 56-59) in *Advocacy ABCs for trustees* focuses on the role of library trustees, their duties, including advocating for funding. She discusses the

perceived reasons for the avoidance of advocacy work and gives tips for strategic planning and advocacy. Once again this is an article aimed at the American public library community, but it is a informative article and boards in New Zealand can gain by the reasoning and conclusions of the author.

3.3.1.1 – Library Manager / CEO

One of the first tasks of the board of trustees is to select a Chief Executive Officer (CEO) for the Trust. The choice of CEO, or general manager as in FDLT, in the creation of a public library trust is of paramount importance as it will be the general manager who leads the library into the future of a public library operating as a business – a charitable trust. The general manager has to be more than a librarian; he/she must also have a business orientated mind. Jill Best considers the general manager as an entrepreneur in her two articles *Supporting the public library entrepreneur* (2001b) and *Put the icing on the cake: Entrepreneurs in the public library* (2001a). However, the general manager may have to be more of an intrapreneur than an entrepreneur. Robbins (2000, 299) describes intrapreneurship as “the effort to create the entrepreneurial spirit in a large organisation.”

Gael McDonald (2001, 30) on the other hand describes the intrapreneur as:

A person within an organisation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation.

Robbins (2001, 37) regards the following as entrepreneurial characteristics:

- High need for achievement;
- Strong belief that you can control your own destiny;
- Desire to take moderate risks;
- Hard work;
- Determination;
- Self-confidence;
- High energy level;
- Optimism.

While the general manager must have the characteristics of the entrepreneur, he is acting from within an organisation and therefore should be regarded as an intrapreneur. This is confirmed by Schermerhorn et al.'s (2004, 257) explanation of intrapreneurship:

Intrapreneurship is entrepreneurial behaviour displayed by people or subunits within large organizations.

Sheila Pantry and Peter Griffiths (1998) published a very useful book: *Becoming a successful intrapreneur: A practical guide to creating an innovative information service*. In it they look at management practice, and consider current trends in information and library work such as knowledge management, and examine ways in which any information and library professional can develop an intrapreneurial style.

According to McDonald (2001, 30) and Pantry and Griffiths (1998, 8) an intrapreneur must have the following characteristics:

- Driven by vision;
- Not motivated by wealth or promotion;
- Moderate risk takers;
- Choose challenging achievable objectives;
- Optimistic but not naive;
- Anticipate obstacles;
- Believe it is easier to ask for forgiveness than permission;
- High tolerance for ambiguity;
- Work regardless of their job description;
- Share credit wisely;
- Ask for advice before resources;
- Follow their intuition;
- Build a sound coalition;
- Come to work willing to be fired.

Susan K. Martin (1998, 1) acknowledges the fact that the role of the CEO or library director has changed with increased costs and decreased funding. It will be necessary for the CEO to acquire non-traditional knowledge and skills, and simultaneously ensure that the library is operating smoothly. She (Martin 1998, 2) admits that most librarians did not enter the profession of librarianship originally with the thought of being out on the road, hat in hand, asking for money and that

there is little solid tradition, and certainly no formal education in the degree programmes, to allow librarians to approach development and marketing with comfort. Although her article concerns the academic library director it is just as applicable to the public library scenario.

Having the spirit of an intrapreneur is very important in the general manager of a public library trust as it is her/his managerial skills that will determine the success, or not, of the public library trust. As Jill Best (2001a) puts it so aptly in the paper she presented at the ALIA 2001 Public Libraries Conference, *Put the icing on the cake: Entrepreneurs in the public library*:

Innovation requires change. The way you manage change is critical. Leadership, communication, human resource policies need the most careful handling to turn the organisational ship where it needs to go without the sailors trying to mutiny or sabotage the effort.

3.3.1.2 – Strategic Planning

Another important task of the board of trustees is to develop a strategic plan for the library trust. Robbins et al (2000, 250) define strategic planning as:

Plans that are organisation-wide, establish overall objectives, and position an organisation in terms of its environment.

In *business.today* Robbins (2001, 308) used almost the same definition but added a very important element “... identify a course of action for achieving those objectives.”

According to McClamroch, Byrd and Sowell (2001, 372) strategic planning is a natural and necessary activity for an organisation to pursue. It takes the long view, the overarching view, of what particular activities an organisation should undertake to align its mission, vision, and values with its environment. It shapes the broader context, goals, and initiatives.

McClamroch, Byrd and Sowell (2001, 372) are of the opinion that the strategic planning process has the following distinctive steps:

- Initiate and agree on a strategic planning process;
- Identify organisational mandates;
- Clarify organisational mission and values;
- Assess the organisation's external and internal environments to identify the strengths, weaknesses, opportunities and threats;
- Identify the strategic issue facing the organisation;
- Formulate strategies to manage these issues;
- Review and adopt the strategic plan or plans.

According to Bolman and Deal (2003, 279) an organisation without a plan is seen as reactive, short-sighted, and rudderless. Planning is a ceremony any reputable organisation must conduct periodically to maintain legitimacy. A plan is a badge of honour that organisations wear conspicuously and with pride.

3.4 – Funding

In the 2001 report by the Controller and Auditor-General entitled *Local authority governance of subsidiary entities* (Audit Office 2001, 81 para.603) it was determined that one of the advantages of stand-alone entities is that they can attract third-party funding more readily. Best (2000, 12) also confirms this point when she says that one of the reasons commonly given for the distancing of the public library from the council core is the fact that they can attract more outside funding.

In 1996 the central government passed the Local Government Amendment Act No. 3, 1996, more commonly known as LGA3. According to Calvert (2000, 47), one of the most important aspects of the new funding policies is that they specify the proportion of funds that the library must find from its own resources, expressed as a ratio in comparison with council funding. This is often referred to as the public/private split.

For his Master of Library and Information Studies research project at the Victoria University of Wellington, Morine (2000, 1) investigated the effects of funding policy on the provision of public library services out of the Local Government Amendment Act No. 3 1996. He (Morine 2000, 48) concluded that, contrary to current thinking, the effects of LGA3 have been beneficial and significant, and that the public has a positive attitude towards funding projects, as opposed to a negative attitude as was expected.

Funding is one of, if not the, most important factor when considering a stand-alone entity, no matter in which form. Trust as form of governance, and especially as a charitable trust, provides the opportunity to attract funding from sources that a council cannot provide.

3.5 – Other library trusts

3.5.1 – New Zealand

3.5.1.1 –Horowhenua Library Trust

Horowhenua Library Trust is the only other library trust operating in New Zealand.

It has an informative website at: <http://www.library.org.nz/about-us/trust/trust-faq.html>.

The Trust was set up in December 1996 and took over the responsibility for delivering library service in Horowhenua District in January 1997. In terms of the Local Government Act 2002, the Trust is a Council-Controlled Organisation. The Trust was set up as the result of a review in which Horowhenua District Council found that their libraries were under-funded. Councillors saw no possibility of the libraries getting extra rating funding. Involving movers and shakers in the community as Trustees was seen as a way of getting greater community involvement and strengthening fundraising possibilities for the libraries.

In Horowhenua, library users have benefited from more money being spent on new books, libraries open for longer hours and extensions to the premises of one of their

libraries. But the biggest advantage is a different attitude. They now have a more empowered approach to library service - if something is worth doing, they find a way to get it done.

The library network includes the District Library in Levin, two branch libraries in Foxton and Shannon and a volunteer-run library at Tokomaru.

3.5.1.2 – Comments

The Horowhenua Library Trust operates much the same as FDLT. They receive bulk funding from council, which is guaranteed in the management contract between council and the trust. A difference is the fact that trustees are appointed by Council and serve a two or three year term, renewable for another two years. There is no direct Council representation on the Trust Board as Trustees, but 2 councilors are appointed as "Liaison Councilors".

Both trusts agree that the community has benefited from the transition and that the staff has been empowered.

3.5.2 – International

3.5.2.1 – United Kingdom

To date there are only two library trusts operating in the UK, the Hounslow Library Network and the Wigan Borough Libraries, which went into operation in 2003. Neither of these two is an independent library trust, but each is operating as part of a much larger trust organisation.

3.5.2.1.1 – Hounslow Library Network

Community Initiative Partnerships (Business Services) Limited (CIP) (2002) manages the Hounslow Library Network. CIP was created as a method of service delivery for local authorities. This has come about as part of the Government's introduction of the "Best Value" continuous improvement programme. Best Value is a process by which the Government has placed a duty on local authorities to deliver services to clear standards of cost and quality by the most economic, efficient and effective means available.

CIP was established as a group of non-profit distributing companies and was formed to be a leisure and cultural regeneration agency with wide objectives operating in London and the South East. CIP offers taxation benefits, external funding opportunities, and the ability to bid from funding sources not open to local authorities or to bid in partnership with a local authority. In addition, CIP has the ability to raise funds from grants and other charitable bodies and capital borrowing potential – the ability to raise capital outside local authority capital controls. CIP operates on a fully commercial basis with a non-profit distributing ethos.

The company fully operates to develop the cultural and community services within Hounslow. To name but a few, their services within Hounslow include:

- Arts – five arts and community venues, cultural industries – artist studios and galleries.
- Library Management – 11 libraries, mobile library, prison library service, school library service, local studies and archive section.

- Sport & Recreation – Five leisure centres, golf course, dual-use sports hall, more than 80 sports grounds (football, rugby, cricket), nearly 80 tennis courts and an outdoor sports centre.
- Parks and Green Spaces – grounds maintenance of parks, green spaces, private property, country parks & highways – 810 hectares of public open spaces, 74 public parks and recreation grounds, ten conservation areas and nature reserves, two country parks, rare breeds centre.
- Heritage, museums and historic houses and re-enactments.

3.5.2.1.2 – Wigan's Libraries

From April 2003, all Wigan Borough's leisure and cultural services are being delivered by a new organisation - Wigan Leisure & Culture Trust (2004) - on behalf of Wigan Council. Wigan Leisure & Culture Trust is a non-profit distributing organisation, which must reinvest its surplus to improve services. The Trust is a registered charity, which brings some financial advantages, and is maintained by external funding and income generation - this includes an annual grant from Wigan Council. In addition, the buildings and facilities will be leased from the Council. There is a board of trustees who have the responsibility for ensuring the Trust is managed appropriately.

The libraries offer a wide range of services to meet educational, recreational and information needs. There is a 15 branch libraries in the network of Wigan Borough Libraries.

3.5.2.1.3 – Comments

Of interest is the fact that Hounslow is part of a large organisation covering a wide range of services - Libraries, Leisure Centres & Swimming Pools, Parks and Open Spaces, Heritage and Tourism, Community Regeneration & Development and Arts. It seems that this was a successful outsourcing or contracting out of services from the Hounslow council to CIP.

The information on the “Best Value” continuous improvement programme is interesting in view of the fact that the changes that are occurring in public libraries in New Zealand today are, as in the UK, the result of legislation. First the Local Government Act 1974 of New Zealand followed by the amendment of 1989, and then the Local Government Amendment Act No. 3 of 1996, which enforced the previous act and amendment (See Introduction).

Taxation benefits are mentioned by CIP, but it is not clear what the benefits actually are. Wigan Leisure & Culture Trust is a registered charity, which presumably is the same as a New Zealand charitable trust. CIP does not mention

being a registered charity. Both mention the fact that they are able to access external funding.

3.5.2.2 – United States of America

According to Maurizi (2001, 1) Sarah Long made a defining statement when she said:

Andrew Carnegie made library buildings possible. He challenged communities to come together and commit to public library service... This citizen involvement is part of the success of America's public libraries, which are far and away the most exciting and relevant in the world.

Long (Maurizi, 2001, 1) is of the opinion that Carnegie and his libraries jump-started the entire public library movement in the USA.

But, as Maurizi (2001, 2) puts it, it wasn't all fun and games:

The libraries didn't just happen. To qualify for a Carnegie grant, a town had to do its part. In fact, it had to do three parts. First, it had to request a grant. Following that, it had to provide a suitable site for the building, and third and most importantly, it had to put into place a taxation mechanism to annually guarantee an amount equal to 10 percent of the grant for the library's upkeep.

The Carnegie library grant program essentially came to an end in 1919, following Andrew Carnegie's death. Though the original building program no longer exists, the Carnegie Corporation still offers a significant amount of library support, last

year giving a \$25 million grant to urban libraries and continuing its assistance program for libraries in Africa. (Maurizi 2001, 3)

American public libraries today experience the same problems as their New Zealand counterparts in that they are under increasing pressure to investigate alternative sources of funding for their services. According to Potts and Roper (1995, 14) research shows that American libraries are actively involved in fund-raising. They are raising money in a variety of ways, including government grants, endowment funds, and donations from individuals, corporations and foundations/trusts.

Potts and Roper (1995, 15) explain foundations/trusts as follows:

Public libraries can also set up their own foundations. This is done primarily to ensure that money raised is used for the intended purpose. It takes time to set up a library foundation but eventually it can be incorporated into the library structure. Once the foundation has been established it is necessary to recruit a board, identify its aims and objectives and then concentrate on raising finances.

Although the Potts and Roper (1995) article was written in 1995 the library funding subject is still a matter of contention. In the beginning of this year, 2004, Steve Coffman (2004) wrote an article *Saving ourselves: Plural funding for public libraries* professes that libraries should consider plural funding, being a variety of funding sources, instead of wasting energy in efforts to convince governments to give them tax monies, which the governments do not have in any case. Libraries should focus on developing funding models and strategies to help save themselves.

In August 2004 Thomas J. Hennen Jr. (2004) replied with his article *Restore our destiny: Full – not plural – funding* in which he says the exact opposite of what Coffman said. Hennen (2004, 43) claims that:

I endorse the value of the tax-supported library as a public good. Yes, let's say it: the tax-supported value of libraries is a good thing! Public libraries can and do rely on multiple sources of funding; but first, foremost, and always they are tax-supported public good.

In the same month, in fact in the same journal, John Buschman (2004) expresses concern over the increasingly entrepreneurial focus of libraries. He argues that by structuring services and collections around economic needs and the economic well being of the library instead of around public purposes, the library profession is abandoning the democratic public sphere and dismantling the essential core of its institutions.

3.5.2.2.1 - Tulsa City County Library

Potts and Roper (1995, 15) also discuss case studies of various US libraries, among others the Tulsa City County Library, Tulsa, Oklahoma, which according to them created a trust in 1972, but the trust was not developed till the 1980's when the library started looking for alternative sources of funding.

Today the Tulsa Library Trust is a non-profit organisation that is shaping the future of the Tulsa City-County Library System (2004). The Internal Revenue Service has

determined that the Tulsa Library Trust is exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. Bequests legacies, devises, transfers, or gifts to the Trust are tax deductible. Eleven volunteer board members govern the Trust, appointed by the Library Commission and by the Friends of the Tulsa City-County Libraries.

3.5.2.2.2 - Comments

Regarding tax exemption, the Tulsa Library Trust is the same as FDLT and also the fact that donations are tax deductible. Tulsa Library Trust (2004) mentions that the board members are volunteers, appointed by the Library Commission and by the Friends of the Tulsa City-County Libraries, but whether these volunteers acted on an advertisement as FDLT board members did, cannot be established from the information found in the website.

3.5.2.3 – Australia

Neither the State Library of NSW nor the National Library of Australia is aware of any libraries in Australia governed as trusts.

3.6 – Organisational innovation

The literature related to organisational innovation dates back to the beginning of the 20th Century, when, in 1903 the original diffusion research was by the French sociologist Gabriel Tarde, one of the forefathers of sociology and social psychology (Leckenby 1998, 1, Rogers 2003, 41).

In 1962 Rogers published the landmark study *Diffusion of Innovation*, of which the fifth edition was published in 2003, in which he describes a general diffusion model (Rogers, 39). According to Rogers (2003, 5) *diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system.*

The diffusion process consists of five sequential stages (Rogers 2003, 169; Clarke 1999, 1):

- i) **knowledge** - exposure to its existence, and understanding of its functions;
- ii) **persuasion** - the forming of a favourable attitude to it;
- iii) **decision** - commitment to its adoption;
- iv) **implementation** - putting it to use;
- v) **confirmation** - reinforcement based on positive outcomes from it.

Drury and Farhoomand (1999, 138) call the implementation stage the *adoption event*.

Gerald Zaltman et al. published *Innovations and Organizations* in 1973. This publication resulted in a turning point in the history of research on innovation in organisations (Rogers 2003, 417). Zaltman and his colleagues specified the distinctive aspects of innovation when it took place in an organisation (see section 2.3).

Although quite a number of studies on innovation in organisations have been published since 1980 (Rogers 2003, 417), limited systematic knowledge is available about the determinants of the diffusion of organisational innovations and their effects (Alänge et al. 1998, 3; Wolfe 1994, 406)

The purpose of the paper by Alänge et al. (1998, 3) is to explore the extent to which the more recent literature on innovation and diffusion, which focuses on technical innovations, can contribute to a useful analytical framework for studying the diffusion of innovation. They concluded that there is a number of interesting implications for an eventual analytical framework for studying the diffusion of organisational innovations (1998, 14). One of the conclusions that has impact on this research, is the following:

The evasive nature of organisational innovations suggests that the definition of the object of the study needs to be given special attention.

- Where is the system boundary that should be included in a specific organisational innovation?
- How should the temporal aspect of the innovation be handled, i.e. the process of continuous adaptation and change? The organisational

innovation that reaches a firm's boundaries is usually not the same after some time, because of continued innovative or adaptive activities.

- When should an organisational innovation be considered as adopted? Is it the first time management makes a decision to use the innovation, or is it when it is implemented to a certain degree inside the adopting firm, and if so, to what extent?

Wolfe (1994, 405) is of the opinion that despite broad interest and a vast literature, understanding of innovative behaviour in organisations remains relatively undeveloped. According to Wolfe (1994, 405) the underdeveloped state of the innovation literature, in spite of the substantial number of studies and reviews conducted across numerous disciplines, suggests that the challenge rests in the complex, context-sensitive, nature of the phenomenon itself.

Willianson et al. (2002, 1) examined user adoptions in a research, which evaluated content, usability, and use of electronic databases in public libraries settings. They based their research on an organisation, the State Library of Victoria, which decided to adopt an innovation on behalf of the public libraries of Victoria. The research was done in terms of Rogers' analysis of the diffusion of innovations and tested against the five attributes of innovation that Rogers describe:

- Relative advantage is the degree to which an innovation is perceived as better than the idea it supersedes. This might include economic profitability or social prestige.

- Compatibility is the degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters. This might include compatibility with sociocultural values and beliefs, with previously introduced ideas, or with client needs for innovation.
- Complexity is the degree to which an innovation is perceived as relatively difficult to understand and use. Rogers generalises that 'The complexity of an innovation, as perceived by members of a social system, is negatively related to its adoption'. He postulates that the perceived complexity of the home computer in the early 1980s '...was an important negative force in their rate of adoption'
- Trialability is the degree to which an innovation may be experimented with on a limited basis. The idea is that if people have a chance to try out an innovation without serious financial commitment then they will be more likely to adopt. This particularly applies to early adopters. Peers who provide their experience and encouragement surround later adopters.
- Observability is the degree to which the results of an innovation are visible to others. The idea here is that some innovations are more observable and can more easily be described to others

(Williamson et al. 2002, 2)

Williamson et al. (2002, 6) used the 1995 edition, the fourth edition, of *The diffusion of innovation* by Everett Rogers. It was only in the 2003 edition, the fifth edition, which Rogers devoted a section to the diffusion of organisational innovation and it is this edition that has been used for this research. Williamson et al. did not have the same information available for this research when they conducted their research.

3.7 - Lead user and leading edge status

Even though the scope of this research does not allow for research into the lead user and leading edge status, it is worth mentioning, as it would be a very interesting research project to determine if FDLT can be regarded as a lead user in the public library community of New Zealand using the leading edge status theoretical framework as determined by Morrison et al. (2004, 352).

According to Morrison et al. (2000, 1513; 2002, 1043;) lead users are defined as users of a given product or service type and combine two characteristics:

- 1) they expect attractive innovation-related benefits from a solution to their needs and so are motivated to innovate, and
- 2) they experience needs for a given innovation earlier than the majority of the target market.

To enable a finer and more flexible definition of lead users, Morrison and her colleagues (2004, 352) introduced the construct of leading edge status (LES). They defined LES as:

the degree to which organizations use and apply technology innovations in new and different ways to solve problems faced by the organization, and the degree to which they perceive the benefits of new products earlier than the rest of the marketplace.

Although trust as a form of governance is not a “technology” innovation, it is still an innovation as perceived by the library community. Morrison and her colleagues defined lead users to be those organisations exhibiting high levels of LES.

What is interesting about the 2004 research paper by Morrison et al. is that they explored the continuous analogue to the lead user construct, LES, and tested its validity and reliability in a sample of innovating and non-innovating users of information technology drawn from the population of Australian libraries.

3.8 – Conclusion

As I could find no published research on trust as a form of governance in libraries, I had to rely on contextualisation of the topic. From the contextual information obtained from the literature review it was possible to define trust and to determine how the governance of a trust is structured, and what the responsibilities and role of the board of trustees are. As a supporting theoretical framework for planning the research, Everett Rogers’ Diffusion of Innovation theory and more specifically, the theory of the innovation process in organisations has been used.

4 – RESEARCH PROCEDURES

4.1 – Research methodology

As a case study this is a qualitative research project. According to Denzin and Lincoln (1994, 236), a case study is not a methodological choice but a choice of object to be studied, which in this instance is FDLT. FDLT is the unit of analysis about which the information is collected as well as the unit we seek to understand as a whole (de Vaus 2001, 220). The research is an instrumental case study (Denzin and Lincoln 1994, 88) as FDLT plays a supportive role in facilitating understanding of trust as a form of governance.

To reduce the likelihood of misinterpretation triangulation has been employed. According to Denzin and Lincoln (1998, 97), triangulation has generally been considered a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation. But, acknowledging that no observations or interpretations are perfectly repeatable, triangulation serves also to clarify meaning by identifying different ways the phenomenon is being seen.

I have used, as form of data collection, the following primary sources to facilitate triangulation of the research:

1. The publicly available records (minutes and reports of council meetings, planning documents, etc) from Franklin District Council leading up to the establishment of the Trust have been studied and analysed to determine the

reasoning behind the establishment of the Trust. Chris Worth, Associate Executive at the Franklin District Council, gave these records to me.

2. Articles that appeared in the local newspapers at the time. I found all the articles that appeared in the newspapers during the establishment of FDLT in a book that the Reference Librarian at the time had cut out and pasted.

As second form of data collection the interview method was used as it offered a more in-depth and revealing look into the chosen research population's perception of trust as a form of governance. Semi-structured interview questions (Appendix 1) were used as it allowed for explanations and perspectives to emerge. Using open-ended techniques such as 'in your opinion' and 'how', 'what', and 'why' questions, resulted in a fuller understanding of the phenomena being researched from the viewpoint of the interviewees.

Interviews were planned with the following:

1. Individual interviews with key stakeholders at the time of the establishment of the trust who are still associated with FDLT.
2. One or more group interviews with the Board of Trustees of FDLT.
3. An individual interview with the General Manager of FDLT.

The group interview with the board of trustees did not materialise because of difficulty getting all the members together. Individual interviews were eventually conducted with four members of the Board of Trustees.

The interviews were audiotaped and, although planned to be approximately 60 minutes in duration, only lasted for about 30 – 40 minutes. The interviews were all transcribed and then sent to the interviewees for verification.

A coding process with the collected data was not justified as there was an insufficient number of interviews. The data has been analysed and interpreted using the research questions as headings and grouping the relevant interview questions together.

4.2 – Specific procedures

4.2.1 – Human Ethics Committee

Human Ethics approval was sought from and granted by the Committee at the Victoria University of Wellington before the interviews were conducted.

4.2.2 – Storage of data

The transcribed interviews have been kept as pass-worded electronic files and the interviews tapes are kept securely. Both the files and the tapes will be destroyed at a date set by the Human Ethics Committee of the Victoria University of Wellington.

4.2.3 – Establishing contact with the research population

Before the research proceeded there were preliminary meetings with Chris Worth, the Associate Executive at Franklin District Council, and Robert Burke, the General

Manager of the libraries, explaining the purpose of the research and obtaining permission to conduct the interviews. The General Manager of the Library, Robert Burke, had to give permission to interview Susan Russell during working hours. A telephone conversation was held with Heather Maloney explaining the purpose of the research project and obtaining permission to conduct an interview with her.

Mr. Bob Bettison, Chairman of the Board of Trustees, was contacted telephonically to explain the purpose of the research project and to obtain permission to conduct a group interview with the board of trustees. As the group interview did not materialise, Margaret Swift, Ian Barton and Helen Fisher, Trustees of the Board of Trustees, were contacted telephonically explaining the purpose of the research project and obtaining permission to conduct interviews with them.

4.2.4 – Pilot study of questions

The interview questions were sent to Jill Best, Lynley Stone, Auckland based MLIS lecturer at Victoria University of Wellington, and Ruth Lam, Client Services Librarian at FDLT, to test the validity and soundness of the questions. A small number of comments were received and slight changes were made to the interview schedule.

4.2.5 – Information sheet and Consent form

An information sheet (Appendix 2) was sent to all the interviewees before the actual interview informing them about the purpose of the research project and the

protocol to be used during and after the interviews. It was also made clear that any opinions provided will be attributable and may appear in any reports or publications that may come out of this project.

A consent form (Appendix 3) was attached to the information sheet with basically the same information as on the information sheet and was collected, signed by the interviewee concerned, before the interview. The consent forms will be kept until completion of the report. These will be destroyed on the same day as set by the Human Ethics Committee of the Victoria University of Wellington for the tapes and transcriptions.

4.3 – Research population

The research population has been determined by virtue of the fact that the research has been designed as a case study. The research population has been dictated by determining key people involved in the creation of the trust, and the same applies for the research population regarding the research into the governance of the trust.

The following people are regarded as key stakeholders for the reason as given:

1. Heather Maloney is an important stakeholder as she was Mayor of Franklin district during the historical period as well as during the past four years of the operation period of FDLT.
2. At the time that the trust was formed, Chris Worth was Associate Executive at Franklin District Council. The setting up of the Trust was a specific

project assigned to him. He has a background in Library and Information Science, having worked in public libraries in various roles for sixteen years. He originally came to Franklin District Council as District Librarian. He had not had much experience with trusts of any sort prior to carrying out the project. He had had some involvement with the Franklin Arts and Cultural Trust as their liaison with council. To date Chris Worth is still Associate Executive at Franklin District Council and as such is a very important source of information.

3. Trustees:

- Bob Bettison is the Chairman of the Board of Trustees. 42 years employment in the chemical industry (technical, engineering, production) principally in Australia, United Kingdom, Canada and New Zealand and following retirement, 5 years as a consultant and auditor in Quality and Environmental Management Systems. A belief in lifelong learning together with the skills learnt in his paid working life led him to put his name forward as a possible trustee for the soon to be formed Franklin District Library Trust.
- Margaret Swift, the Vice-Chairperson of the Board of Trustees, has vast experience as a board member. She was Councillor of Pukekohe Borough Council before it became Franklin District Council. She was a board member and Chairman of Pukekohe High School Board of Trustees. Afterwards she was co-opted back to the latter to chair during the transition from Board of Governors to BOT (Tomorrows Schools). She is

appointed Franklin District Council representative as inaugural trustee of Counties Manukau Sports Foundation. She is a trustee of Enterprise Franklin, again appointed Franklin District Council representative.

- Ian Barton was a member of the Council Working Committee which set up the FDLT and appointed the inaugural trustees and General Manager when the Trust was established in October 1999. He was appointed by the Council as one of the first trustees. He is also Franklin Councils representative on the Museum Electoral College, which appoints the Museum and Motat trusts, member of the Queen's Redoubt Trust and is Chairman of Tane's Tree Trust.
 - Helen Fisher is one of the first elected trustees. She has extensive experience in both private enterprise and community organisations. Her previous trustee involvement was with the Johnsonville Licensing Trust, and Johnsonville Licensing Charitable Trust.
4. Robert Burke was selected by the Board of Trustees as General Manager. He has senior manager experience in Stock and Station industry, Rural Lending, and Sales and Marketing. He is a board member of Business Franklin, Pukekohe Business Association and chairman of the NZ Haemochromatosis Support and Awareness group. He has played, and is still playing, an important part in establishing FDLT as a successful trust business. He also has a close relationship with the Board of Trustees.
- Susan Russell, Customer Services Librarian: Reference and Information Services, Heritage Collections of FDLT, is regarded as a valuable source of

information as she was part of the library management during the historical period and she is still part of the management team of FDLT. She was also part of the working team of the council that set FDLT up.

To determine the success or not of FDLT and the governance thereof, it would have been a positive aspect of the research project to include other senior management, the staff and the users in the research population, but the scope of the research project does not allow for it. (See 2.7)

5 – THE CASE STUDY - FRANKLIN DISTRICT LIBRARY TRUST (FDLT)

Franklin District Council was formed in 1989, at the time of local Government reform, by amalgamation of the Pukekohe, Tuakau and Waiuku Borough Councils, Franklin County Council and part of the Raglan County Council.

Franklin District's boundaries stretch from coast to coast: on the west coast, from the Manukau Heads in the north to south of the Waikato River into the Onewhero/Pukekawa districts and on the east coast to Kaiaua and Miranda. North of the Waikato River the Karaka district forms the boundary and Mercer forms the boundary south of the Waikato River. (Franklin District Council, 2004)

The FDLT library system consists of three branch libraries at Pukekohe, Tuakau and Waiuku, and four community libraries at Hunua, Clarks Beach, Port Waikato, and Kaiaua.

In response to the Council's (1998, 1) deliberations on the Local Government Act, 1974, sec. 247D and E and the Local Government Amendment Act No. 3, 1996, the executive team decided to investigate, evaluate and report on alternative service delivery options for different council services, such as building and recreation, including libraries. The goal was to find alternate service delivery options where Council may obtain major impacts in rates reduction, without compromise in service considerations.

Sections 247D and 247E of the Local Government Act 1974 (Franklin District Council 1998, 2), state that:

... a local authority may carry out its work and perform its functions:

1. By using its own staff; or
2. By entering into an arrangement of contract with:
 - i. The Crown; or
 - ii. Any local authority, department of State, State enterprise, public body, local authority trading enterprise, person, or organisation.

(section 247D [1])

and that in deciding how it is to carry out work or perform functions it will give:

due consideration to the advantages and disadvantages of different options.

(section 247D [2b])

and further, that the Local Authority in entering any contract and arrangement may:

include provision for sharing of control, management, or profits, joint venture activity, reciprocal concessions or otherwise.

(section 247D [3])

The Council (1998, 4) gave consideration to the following mechanisms for the contestable provision of services:

- Benchmarking – where it is impractical for the service to be competitively priced, and where the service is to be delivered directly by the council, benchmarking may be used as a means of achieving efficiency and effectiveness.
- Service agreements – should be used in conjunction with benchmarking. Service agreements provide “in-house” service providers with a way of specifying the level of service to be provided at a particular cost.
- Business units – a progression from service agreements, is for the service provider to be set up as a business unit. This essentially creates an independent sub-unit which contracts (through service agreements or formal contracts) to provide a specified service to council (e.g. information systems and services), or to council for the community (e.g. library services).
- Joint ventures and bureau services – may be entered into as a means of cost effectively providing a service, whilst retaining some direct control by council of the service.
- Trusts – provide a similar contestability mechanism as business units. Trusts may be established as management trusts or independent trusts. Both provide for the separation of service provision from the funding body, and are governed by a contract between the funder/specifier and the trust. Trusts provide greater independence of decision making by the provider,

who will run the service in a businesslike manner, using bulk funding sources to achieve the funding body's specified outcomes.

- Community partnerships – similar to trusts in the way that they work and relate to council. It is most often established as an incorporated society. Or some similar legal entity.
- Employee established companies – established and owned by former employees contracting back to council to provide services, are a provision of service where the expertise is unavailable within the private sector.
- Local Authority Trading Enterprises (L.A.T.E.'s) – are fully capitalized companies owned by Council, but run independently of Council by a Board of Directors. L.A.T.E.'s contract with Council for the provision of services and also compete on the open market to provide services to third parties.
- Outsourcing and contracting out – with the delivery of any service, there may be particular elements of the service which may be outsourced to an external enterprise, while the service as a whole remains an integral part of the Council's own organization. It provides for contestability without loss of in-house control or expertise. Outsourcing of the delivery of the full service is contracting out.
- Franchising – is a particular form of contracting out that provides ownership control of the service, yet removes all elements of risk from the council.
- Privatisation – is the ultimate in contracting out arrangements.

The Council considered joint venture, contracting out and trusts as options, but decided the direction they were going to take for the libraries was to investigate trusts.

At the Forum Committee meeting (1999a) held on 2nd March 1999 it was decided to further investigate the option of placing the libraries activity under trust management, as a staged divestment to a management trust and then to an independent (incorporated) trust and to include this as a significant issue in the 1999/2000 draft plan.

Chris Worth (1999b) explained, and with an accompanying PowerPoint presentation covered, the issues the Council would need to address should it proceed with the alternative option for service delivery of the libraries at the Forum Committee meeting held on 1st June 1999.

On 9th June 1999 a Draft Annual Plan meeting (1999c) was held where 49 submissions were heard. The resolution that the Council confirmed its intention to pursue an alternate service delivery option for the libraries as set out in the Draft Annual Plan, with Council's preferred option being independent trust carried.

The Environment and Wellbeing Committee (1999d) considered the selection criteria for evaluation of applicants to the positions of trustees elect to the Franklin District Libraries Trust and decided on the following at a meeting held on 16th September 1999:

- The settlor (council) has the power to appoint the original trustees for a minimum term of three (3) years, and a maximum term of five (5) years.
- Thereafter, the Trust itself shall appoint from suitable candidates nominated from the community.
- For the original Trust Board, at least two (2) trustees to be appointed for three (3) years, at least two (2) for four (4) years, and a maximum one (1) for five (5) years.
- After the initial term, trustees are to be appointed, in all cases, for a term of three (3) years.
- Trustees will be eligible for re-appointment, to a maximum of three (3) consecutive terms.
- The initial term of appointment of the original trustees shall be decided by drawing lot, excepting that the trustee appointed chairperson shall have an initial term as trustee and chairperson of four (4) years.
- The settlor (council) is to retain the power to appoint two (2) trustees at its sole discretion and by whatever process it thinks fit.
- One of the trustees must be a representative of the district/Iwi Maori-a-rohe of Franklin District.
- Nominations for trustees to be appointed by the trust to be called for through advertisement in The New Zealand Herald (Appendix 4) and the Franklin County News on at least two (2) separate days, in a one (1) month period.

- Minimum number of trustees to be five (5), maximum of seven (7), (not including any advisory trustees).
- The trustees to appoint a chairperson from among their number.
- That an evaluation panel of the chief executive, associate executive, a representative from the libraries team and councillors I. Barton and M. Kay be appointed to consider the applications for positions as trustees elect to the Franklin District Libraries Trust, for recommendation to the council.

At the same meeting the councillors also determined the desired attributes of interested applicants to trusteeship:

- Strong interest in community and track record of contribution to community groups.
- Interest in the aims and endeavours of library service.
- Understanding of the diversity of the community and differing library and information needs of the community.
- Skills in financial and business matters.
- Entrepreneurial – marketing experience.
- Property management / development experience.
- Community networks and fund raising experience.
- Previous governance / board experience.

The responsibilities expected by the Franklin District Council were made clear in the Annual Plan 1999/2000 (1999g) where they stated the following:

The responsibility of trustees shall at all times be the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

Trustees shall have the responsibility:

- for holding upon trust the trust fund, and to pursue the exclusively charitable objects and purposes of the Trust;
- for the financial and business health of the Trust;
- for advocacy on behalf of the Trust and library services within the community and to funding agencies, policy makers etc;
- as the communities' representative for maintaining and developing library services;
- for focusing on services beneficial to users of library services and to the community at large.

The first trustees to be chosen were: Mrs. M. Swift, Mrs. J. Orr, Mr. R. Bettison, Mrs. R. Shaw, Mrs. H. Fisher, Mr. I. Alexander and Councillor I. Barton (1999e). The first trustee meeting (1999e) was held on 14th October 1999. The trustees introduced themselves and the meeting schedule for the rest of the year was discussed.

At a Council meeting (1999f) on 4th November 1999 the Council adopted the Trust Deed for the Franklin District Library Trust. Once signed by the trustees and the Council, the Trust would be established. The Deed would then be presented to the

Inland Revenue Department for tax exemption as a Charitable Trust, and to Internal Affairs Department for incorporation under the Charitable Trusts Act 1957. As a result of this statutory process trustees have both legal and practical responsibilities in carrying out their duties and consequently are accountable under law for actions they take. It was also decided that the Maori name of the trust would be *Roopu Tiaki o te Whare Pukapuka, Maatauranga, Mohiotanga o te Rohe o Franklin*. The Deed of Trust was signed between the Franklin District Council and the seven (7) trustees of the newly formed Franklin District Library Trust on 11th November 1999.

On 3rd February 2000 the final drafts of the Funding Agreement and the Agreement to transfer the business and assets from the Franklin District Libraries to the Franklin District Library Trust were accepted by Council (2000) at a meeting. The Trust started operating on 14th February 2000. FDLT is a governing board and as such is legally responsible for the control and governance of the library and all that happens to it (Franklin District Library Trust 2002, 1). The FDLT library system consists of three branch libraries at Pukekohe, Tuakau and Waiuku, and four community libraries at Hunua, Clarks Beach, Port Waikato, and Kaiaua.

Before the establishment of the Trust the matter enjoyed quite a bit of attention in the newspapers, more specifically the local newspaper the Franklin County News. On 17 August 1999 The New Zealand Herald announced that public opinion was being sought by the Franklin District Council regarding the establishment of a charitable trust to take over providing library services. This was reported on

favourably by Paul Mulrooney in the Franklin County News on 24 August 1999, but less favourably by Nick Corlett in the Franklin County News on 26 August 1999, who regarded the trust move for libraries mean spirited. Mr. R. A. Bettison replied to this in a letter in the Franklin County News of 7 September 1999, in which he said that: "Trust operation of the libraries is an exciting and encouraging prospect." Nick Corlett had his say again in the Franklin County News on 21 September 1999 when he said: "Can council justify putting our libraries into a trust in order to cut down on the \$400,000 front office costs, or do they need to sort out the front office first. The cart before the horse at the moment." In the same edition of the Franklin County News, Paul Mulrooney reported Mayor Heather Maloney saying: "I think it's the most exciting thing that's happened in the past three years. This will give the opportunity to give a much better service to the libraries."

In the interview with Bob Bettison, Chairman of the Trust, on 17th June 2004 at the Pukekohe Library, he mentioned that the Trust had compiled a booklet entitled *Principal governance requirements and responsibilities of a trustee of the Franklin District Library Trust*. Shortly after taking up the office of inaugural trustees of FDLT it was realized how little was known about what the position entailed. Accessing whatever was available, from within New Zealand and off-shore, about community organisation structures and governance, particularly that of public libraries, the trustees came to the conclusion that Trust Board was not 'normal' for a Public Library in this country and that a short handbook should be prepared and made available to all aspiring trustees of FDLT.

The above mentioned confirms my statement:

...no literature has been produced or research undertaken on the topic of trusts in public libraries in New Zealand or on the governance of public library trusts.

(see 2.2)

In a personal communication with Jill Best, Robert Burke, the General Manager of Franklin District Library Trust, made the following interesting comments:

- Creating a Trust has 'liberated' the staff. This is their business; their future is in their hands.
- Customers and sponsors (business organisations) are more inclined to donate materials, money, and pay fines to us, than when the council managed the libraries. Customers feel that whatever they give us will go back into library services not the Council coffers. Businesses will provide sponsorship and donations more freely because we are at arms length from the Council.
- Funding is available from a variety of funding agencies, e.g. ASB Trusts, Lottery Grants Board, Public Charities, etc.
- A funding agreement that is clearly understood by the Trustees and Councillors is critical. Our original trust document had a funding agreement included that was not recognised as being fair by either party. This has since been renegotiated to ensure population growth and inflation is accounted for.

Robert Burke made this fundamental statement in his report at the third annual General Meeting (Franklin District Library Trust 2002b):

The Franklin District Library Trust manages a vital community asset. It is our responsibility to ensure this asset is enjoyed by the whole community.

6 - DATA ANALYSIS AND INTERPRETATION

In this chapter the research question and sub-questions are answered, based on the analysis and interpretation of the data collected. In order to answer the focal research question³ the sub-questions must be answered first.

The data used for analysis and interpretation consisted of documentary evidence in the form of minutes of meetings held by the Franklin District Council, official documents of FDLT, the transcriptions of the interviews and information obtained from the literature review.

6.1 – Sub-question one

This section examines the data related to the first sub-question⁴, which was aimed at establishing the arguments behind changing the form of governance for Franklin District Libraries.

The Local Government Act, 1974, sec 247D and E, and the Local Government Amendment Act No. 3, 1996 (see 5) made it mandatory for local councils to consider alternative service delivery options for different council services.

In the interview held with Susan Russell on 16th June 2004 at the Pukekohe Library, she said that at the time the first investigation was performed, there was

³ The main research question is: “Why did the Franklin District Council decide to form a trust to govern the libraries in the district and to structure the trust in its current form?”

⁴ The first sub-question is: “What were the arguments that led to the decision to create a different form of governance.”

quite a lot of decision making going on in Territorial Local Authority (TLA) throughout New Zealand in terms of examination of their services and delivery mechanisms. This was confirmed by Chris Worth in the interview held on 14th June 2004 at the Franklin District Council offices:

The decision wasn't initially to restructure the governance. The decision was to look at a more efficient way of delivering the service. Under the then current council service delivery policy there was a requirement to look at how we deliver our services and to look at whether there was an alternative form of delivery that was as efficient and as effective as in-house delivery, but with lower cost.

Heather Maloney, Mayor of Franklin District, corroborated this in the interview conducted with her on 14th June 2004 in her rooms at the Franklin District Council, but gives two more arguments that led to the decision to create a different form of governance:

1. The library was a small part of Franklin District Council service; and it was always the poor relation in the budget. It was felt that if people that had an interest in the library ran the library, then the library would get better service at the same cost to the ratepayers.
2. She was hoping to appoint a General Manager who would look on it as a business, rather than a career orientated librarian who would run the library concentrating on the services, rather than on the global picture in relationship to ratepayers' money.

Ian Barton, in an interview on 12th July 2004 held at the researcher's home, expressed the opinion that the Council also felt that a stand-alone form of governance would reduce overheads. There was a general eagerness to find a better

way which would save money and pay for the services. The council came to the realisation that a stand-alone unit would enable the manager to find funding from other sources, whereas the council depended on rates and some library charges.

The data show that apart from the fact that it was mandatory for the Council to consider alternative service delivery options for different council services that were as efficient and effective as in-house delivery, it was also a monetary consideration as the alternative option had to be at a lower cost to council. There was also a eagerness to find a option that would serve the community better by being able to resource funding which would enable the library staff to deliver the library services more effectively and more efficiently.

6.2 – Sub-question two

The second sub-question⁵ was aimed at identifying the reasoning behind the decision to form a trust instead of other possible models.

As mentioned above (see 5), the Council gave consideration to a number of mechanisms for the contestable provision of services, including trust, business unit and outsourcing. According to Chris Worth (interview with author, 14th June 2004, Franklin District Council offices) in respect to a business unit, the main reason that the Council did not go down that way was the fact that a business unit is liable for taxation whereas a council is neutral. So the Library would be in a worse situation.

⁵ The second sub-question is: "Why did the Franklin District Council decide on trust as a form of governance and not a business unit or outsourcing the management?"

In respect to outsourcing there was fundamental and strong political opposition to this option given that it would probably mean outsourcing to another local authority. Another reason in favour of a trust, as opposed to business unit or outsourcing, was the fact that the libraries could be passed over in total to an independent body.

Chris Worth (interview with author, 14th June 2004, Franklin District Council offices) was of the opinion that one of the main reasons for deciding on the trust option was primarily that it kept the Library essentially in community ownership and that it had the ability to behave in a commercial manner where appropriate. In the interview held with Bob Bettison (17th June 2004, Pukekohe Library), he confirmed that, as a community organisation, it would be more acceptable to the community at large as they would perceive it as something that was for the community and part of the community. They would realise, and in fact do realise, that the money they pay, goes back into the Library operation, rather than be swallowed up in the general Council coffers.

Part of the debate, as stated by Heather Maloney in the previously mentioned interview, was the fact that the Trust model offered a different way of attracting funding. A Trust could go to some of the big granting organisations, something that Council could not do. Another factor in favour of a Trust is the tax free status of a charitable trust, which means donations attracted by the Trust, would be tax deductible.

Based on the data, Franklin District Council decided on the trust model, because it allowed Council to pass the libraries over in total to an independent body. A business unit has more disadvantages than advantages in that Council would still be in control and they would lose their tax-free status at the same time. Outsourcing was politically not an acceptable model.

Again, as in sub-question one, the monetary factor was a serious consideration. A charitable trust has tax free status and it allows the trust to go to outside sources for funding, which is then tax deductible.

Another advantage of the trust model was the fact that ownership of the libraries would pass to the community. The community would have a personal stake in the libraries and would be responsive to the fact that all the monies received, whether paid by them or received as donations, would go into the library system and not to the Council.

6.3 – Sub-question three

The third sub-question⁶ endeavoured to establish the role of the trustees as board members of FDLT.

In *Principal governance requirements and responsibilities of a trustee of the Franklin District Library Trust* the trustees' role in representing the total community is described as follows:

⁶ The third sub-question is: "What is the role of the Board of trustees of FDLT?"

...the trust serves as a vital link between the library and the community, bringing the public's point of view and the needs of the community to the development of a responsive library service.

The role of trustees can be difficult because of the varied composition of the community – the ethnic backgrounds, different interests, and social and economic levels that must be considered. Reconciling this diversity representing the total community is the greatest accomplishment to which the trust can aspire.

(Franklin District Library Trust 2002, 1)

The interviewees were all in accordance that basically the role of the Board of Trustees is to govern. The Trustees have to ensure that the Trust business is managed effectively and efficiently and to allow the staff to do that, they must ensure that the resources are in place. It means they have to make wise decisions in relation to the use of the resources. The Trustees have to have an eye to the future and they need to balance current needs and future aspirations.

Each one of the interviewees agreed that the trustees have to have passion for what they are doing. As Chris Worth (interview with author, 14th June 2004, Franklin District Council offices) said: "They have to take that passion and use it to drive for what they want with the library in the wider community."

What all the trustees are clear about is that they have no role what so ever in the management of the Libraries. That is the responsibility of the General Manager they employed and he, through the management team. The Board of Trustees plays no part in the day-to-day management of the Library.

Although the trustees have no input in the routine management of the Libraries, part of their role as governors of the Libraries is to monitor the performance output of the Libraries and to ensure that the services are delivered effectively and efficiently to the community the trustees represent. To measure performance levels the trustees use benchmarking, as Bob Bettison said in the interview (17th June 2004, Pukekohe Library): “Benchmarking is essential in any business really and we look upon the trust as being a business.” The trustees measure the Libraries against the LIANZA Public Library Standards and adopt the standards as the foundation of the Libraries and actively try to improve upon them all the time. Community surveys of customer service levels are also done once a year according to Robert Burke (interview with author, 16th June 2004, Pukekohe Library). According to Bob Bettison (interview with author, 17th June 2004, Pukekohe Library) the trustees use benchmarking to their advantage where there is need to and where they find the Libraries lacking the trustees use that very strongly in their dealings with council for more funding.

The data therefore suggest that the role of the Board of Trustees is to govern the Library. The trustees have no part in the daily management of the Libraries. Their role is to create and maintain structures and systems to ensure that the General Manager and staff have sufficient resources to run the Library effectively and efficiently. To guarantee the professional and responsible performance of the staff, the trustees have to monitor the performance.

6.4 – Sub-question four

The last sub-question⁷ in the research looks at the responsibilities of the board of trustees of FDLT.

In *Principal governance requirements and responsibilities of a trustee of the Franklin District Library Trust* (Franklin District Library Trust 2002, 2), the trustees' responsibilities are set out as follows:

To plan –

- Goals and objectives of the Library.
- Policies of the Library.
- Future growth and priorities of the Library.

To support –

- The Library and Library Manager.
- The community and citizens presented.

To articulate –

- To secure adequate and stable funding for the Library.
- To promote the Library whenever called upon.
- To make him/herself, the Trust, and the Library visible to the community.
- To develop good personal relations with representatives of government – local and central.

⁷ The fourth sub-question is: "What are the responsibilities of the Board of Trustees of FDLT?"

Each of the interviewees mentioned at least one of these responsibilities during the interview in response to the appropriate question.

The responsibilities of the Board of Trustees were made clear by the Franklin District Council in their Annual Plan 1999/2000 (see 5), and Scott (2002, 25) and Bowen (1994, 18), (see 3.3.1).

One issue that none of the interviewees mentioned per se is the appointment of the General Manager. This is an important responsibility as the General Manager is the link between the trustees and the staff. As Helen Fisher said in the interview on 16th July 2004 in her business office:

He is really the only staff member that we have as far as the Board is concerned. He is the one tasked with carrying out the direction set by the Board and ensuring that the strategic direction is communicated to the staff.

In the interview with Bob Bettison (17th June 2004, at the Pukekohe Library) he said:

It was a very big learning curve that all the trustees had to go through, not so much in the mechanics of the Library, we had staff that did that for us, but in the understanding of our responsibilities and what authority we have with regards to that..... The main thing for the Trust was to keep focus on the fact that it was there for governance.

From the data it is clear that the Board of Trustees, as governing agents of FDLT, has fiduciary as well as certain basic legal responsibilities.

The fiduciary responsibilities are as follows (Scott 2002, 25; Bowen 1994, 18; Miller 2001, 56-59):

1. Establish the strategic direction of the Library by determining the goals and objectives of the Library.
2. Formulate the policies of the Library.
3. Appoint, encourage, advise and monitor the Chief Executive.
4. Secure adequate and stable funding to ensure the effective and efficient operation of the Library.
5. Ensure that the necessary resources, including human resources, are available to pursue the strategies and achieve the objectives.
6. Advocate on behalf of the Trust and Library services within the community and to funding agencies, policy makers, etc, to ensure the positive visibility of the Library to the community.

The legal responsibilities are the following (Franklin District Library Trust 2002, 4):

1. Accepting office, including all its powers and obligations.
2. Obeying local and central government laws and regulations.
3. Maintaining good faith with the community.
4. Showing diligence in the job.
5. Managing property and finances for the community with prudence.

6.5 – Research question

My interest in this new concept of trust as a form of governance in public libraries was the decisive factor in determining the research question⁸. As explained (see 2.1) the genesis of this research was as a new employee of bookinopolis, Pukekohe, after an absence of 23 years from the library industry. I found myself working in an industry that was familiar and yet I was faced with a phenomenon that was completely new to the industry. It became important to determine the reasoning and arguments behind the decision of Franklin District Council to form a trust to govern the libraries in the district and to structure the libraries in its present form.

The Local Government Act, 1974 and the Local Government Amendment Act No.3, 1996 made it obligatory for all local governments to reconsider the delivery mechanisms of the services, including libraries. They were required to look at an alternative form of delivery that was as efficient and as effective as in-house delivery, but at a lower cost.

After deliberation, Franklin District Council decided on a trust form of governance to deliver the library services. Trust as a form of governance offered the council the opportunity to pass the library services over to an independent body while keeping the Library essentially in community ownership. Trust as form of governance has a commercial strength, which opens up the venue of accessing funds from outside organisations.

⁸ The research question is: “Why did the Franklin District Council decide to form a trust to govern the libraries in the district and to structure the trust in its current form?”

The Library governed as a Trust has the additional advantage that the governing board has the interests, and only the interests, of the library at heart. This secures a better service to the community at the same cost. As a charitable trust the library is perceived by the community as part of the community. Monies paid by them to the library go back into the library and not into the council coffers as it used to be. They can see their money being used to ensure a more effective and efficient service.

Trust as a form of governance provides public libraries in New Zealand with the opportunity to govern and manage the library in a professional and businesslike manner. As a charitable trust it is exempt from payment of income tax. The Trust can, in addition, as a charitable trust attract funding from organisations and businesses in the community and even from funding agencies outside the community and as all donations by third parties are tax deductible it makes it a very alluring proposition for third party organisations. It also enables the library staff to do long term strategic planning as they know exactly where their finances are coming from and how much it is over a particular period. This allows them to shape the broader context, goals and initiatives of the library. The library staff is also empowered by the fact that they have ownership of the libraries through the community.

7 - CONCLUSION

Rogers' theory of the *diffusion of innovation*, and explicitly his theory of the innovation process in organisations was used as the underpinning theory for this research project (see 2.3). According to Rogers (2003, 421) the innovation process consists of five sequential stages, which in turn consists of two sub processes, the initiation sub-process, consisting of two stages, and the implementation sub-process, consisting of three stages. The two stages of the initiation sub-process are the agenda setting and matching stages. The three stages of the implementation sub-process are the redefining/restructuring, clarifying and routinising stages. Rogers (2003, 420) makes it clear that later stages in the innovation process cannot be undertaken until the earlier stages have been completed, either explicitly or implicitly.

The agenda setting stage is when an organisation becomes aware of a problem that requires special attention and for which the policies and procedures of the organisation do not cater. The Local Government Act, 1974, enforced by the Local Government Amendment Act No.3, 1996 made it obligatory for all local governments to reconsider the delivery mechanisms of the services, including libraries. Franklin District Council, as all the local governments in New Zealand, had to reconsider the delivery mechanism of their library services. A problem in the provision of services in the library system was identified.

When Franklin District Council started deliberations on changing the form of governance of the libraries, they entered the matching stage. Zaltman et al. (1973, 60) states that knowledge of the innovation is a crucial sub-stage. The potential adopters must be aware that the innovation exists and that there is an opportunity to utilise the innovation in the organisation. Franklin District Council considered several governance options in regard to the delivery of services in the libraries. Any one of these options would have been an innovation in public library governance and management. After comprehensive deliberation Franklin District Council decided on trust as a form of governance for the libraries of Franklin District. They had found an innovation to match the problem in their organisation.

Franklin District Council then entered the next sub-process in the innovation process, the implementation sub-process. The implementation sub-process concerns the utilisation of the innovation by the organisation. Franklin District Council entered the first stage of the implementation sub-process, the redefining/restructuring stage. During this stage, both the organisation and the innovation went through a process of adaptation and modification. Franklin District Council changed the structure of the libraries to fit the innovation, and the innovation, the trust, was re-invented to fit the organisation's needs and structure more closely. The Trust was formed and a Board of Trustees was appointed. The Board of Trustees then took over the governance of FDLT.

The two following stages of the implementation process, the clarifying stage and the routinising stage, were not discussed in the research project, as the scope of the project did not allow for it. During the clarifying stage the relationship between the organisation and the innovation is defined more clearly. This could be a separate research project as it will cover the change management that the Library went through, the General Manager and the influence he had on the innovation and organisation, the change in attitude of the staff, as well as the change in attitude of the community. The routinising stage occurs when the innovation has become incorporated into the regular activities of the organisation and loses its separate identity. It will only be possible to determine the routinising stage after a period of time and although FDLT has existed for almost five years, it is yet too soon to determine whether trust as an innovation has lost its separate identity and has become an ongoing element in the Library's activities.

Trust as a form of governance in public libraries in New Zealand has yet to prove itself as there are only two operating Trusts at the moment, i.e. Horowhenua Library Trust and FDLT. It could very well be that some of the other public libraries are waiting in anticipation of the success of trust as a form of governance before deciding to venture down the same track.

The Board of Trustees is a vitally important part of trust as a form of governance, as the success of the Trust depends on the Board to a large extent. It is the Trustees' interest in the Library and the community that determines whether the Trust will be

a success or a failure. That is why it is of fundamental importance that the Trustees be chosen and appointed with careful consideration. As the Trust is essentially a business, the Trustees should be specialists and experienced in their different fields of knowledge. It is not necessary that they have a thorough knowledge of the industry, but it is crucially important that they have a passion for the Library that they are representing. Their commitment guarantees the success of the Library, because it will be their enthusiasm that will motivate and guide them to act in the best interest of the Library and ensure that they are good advocates of the Library. The strength of the Board is in the wide range of skills, competencies and experiences each Trustee brings to the Board. No individual Trustee is likely to bring all the skills and competencies required by the Board but, with the full involvement of all the Trustees, their collective skills and competencies will ensure the Trust and the community will be served (Franklin District Library Trust 2002, 1).

The role of a board of trustees is to develop the strategic planning for the organisation, establish the overall objectives, position the organisation in terms of its environment and identify a course of action for achieving those objectives (Robbins et al. 2000, 250; Robbins 2001, 308). It is furthermore the duty of the Trustees to ensure that the staff has the resources to perform to expectations. They have no role or function in the everyday management of the organisation, but they have to monitor the performance output by the management and staff to ensure that the expectations and objectives they had set are achieved.

With regard to FDLT, the selection and appointment of the General Manager of the Library is the task of the Board of Trustees and he/she is their only member of staff. The appointment of the General Manager is of the utmost importance, as he/she will lead the Library into the future. It is the General Manager that must ensure that the staff fulfils the strategic planning of the Board of Trustees.

An important consideration in establishing a trust is the opportunity to attract funding from outside sources, e.g. businesses in the community, funding agencies, which allows the Trust to plan with more efficiency and the Library to perform more effectively. According to Margaret Swift (interview on 15th June 2004, at her home) this is because the Trust and the Library have the freedom to be able to run their own affairs without having to go through the various tiers of bureaucracy of the Council.

The advantage of trust as a form of governance compared to Council governance is the freedom the Trust has as an independent organisation to run its own affairs. The Trust has control over expenditure and has the discretion about which part of the infrastructure of the Library is to be targeted. The Trustees' ability to spend money where it is needed has been enhanced and this fact is a real positive compared to Council governance. Before the establishment of the Trust all decisions had to be referred back to Council, so decision-making was a slow process because of the difficulty in getting an answer from Council. People not directly involved in the Library affairs were making decisions. As part of the Council the Library had to

compete with other Council departments for its budget and there was always the dilemma of political interference. The Trust has taken politicism out of the governance structure for the Library. The Trust is completely focussed on what they want to achieve. They receive funding from Council under the Funding Agreement, so they know that is the amount available and they have to budget within the amount.

During the interviewees it became clear that all the stakeholders of FDLT experience trust as a form of governance in a very positive manner. In the interview with Heather Maloney (14th June 2004, Mayor's rooms at the Franklin District Council), she expressed the opinion that it has been the most exciting event that has happened since she became Mayor of Franklin District. Helen Fisher (interview with author, 16th July 2004, business office of interviewee) remarked on the positive change of attitude of the staff. Robert Burke (interview with author, 16th July 2004, Pukekohe Library) ascribed this change in attitude to the fact that the staff now takes ownership of the Library and has a greater pride in what they do.

Susan Russell (interview with author, 16th July 2004, Pukekohe Library) found it interesting that the distance between the Trust and the Council has become less clear. According to her in the beginning years of operation the Trust deliberately distanced itself from the Council. The Trust received the bulk fund from the rates and Council had no involvement from that point on. But in 2004 they went back to Council and successfully lobbied for a further \$100,000.00 for book stock, which they will receive over the next several years. She is of the opinion that the Trust has

built up a credibility level with the Council. The Council is now confident that the Trust is operating prudently and that they are delivering a good service to the community.

Margaret Swift (interview with author, 15th June 2004, at her home) confirmed Susan's opinion and added:

I know that our relationship with Council has improved immensely. I am sure a lot of councillors never really understood how libraries worked or why they required more funding. Our Chairman and our Manager have done a lot towards educating councillors, which is a real breakthrough. I just feel, because it is a hands-on operation, the community must benefit from this independent organisation.

The positive change of attitude is the result of the single focus the Trust has of the Library. The Trust is not simply a part of a bigger organisation; it is an autonomous organisation, functioning on its own. The Council is no longer the only source of income; the Trust now competes for resources in a different independent way. It has the ability to be entrepreneurial.

When the Trust went into operation on 14th February 2000 the trustees did not realise that they were entering unexplored territory. Apart from Horowhenua Library Trust, FDLT had very little information on public library trusts to use as guidance. This research project emphasises the barren field of information on trust as a form of governance in public libraries in New Zealand.

In spite of the lack of supporting information, the Trustees accepted the challenge and successfully set out to find answers, determine the goals, pinpoint the responsibilities of the Board of Trustees and give direction of what should be expected of an efficient General Manager. They also compiled a booklet determining the requirements and responsibilities of a trustee (Franklin District Library Trust 2002). They are indeed pioneers in the field of trust as a form of governance in public libraries in New Zealand. Other public libraries in New Zealand and overseas can certainly look to FDLT for guidance should they wish to go down the same road.

8 - RECOMMENDATIONS

To be able to fully comprehend trust as a form of governance in public libraries in New Zealand it is necessary to do further research which the scope of this research project did not allow. It is recommended that further research be conducted in the following areas:

- FDLT, lead user and LES? – As explained (see 3.7) it would be interesting to determine if FDLT can be regarded as a lead user in the field of change governance in public libraries and whether FDLT has the leading edge status (LES), as defined by Morrison and her colleagues (2004, 352), in this field.
- The General Manager – Intrapreneur or Librarian? – The General Manager has a very important role to play in trust as a form of governance in public libraries. A research project into the changing role and attitude of the General Manager would be enlightening.
- Management and the staff – their role in the change management and their experiences as stakeholders of the library. – It has been said that the staff was empowered by the forming of a trust as form of governance. It would be interesting to determine exactly in which way they were empowered.
- Trust as a form of governance and the public good - the patrons and their views on the trust. – As mentioned the General Manager of the library was very eager to have a follow-up patron survey done to compare with the survey done just before the Library Trust went into operation. It would also be to the benefit of the concept of trust as a form of governance to determine the views of the community.

- bookinopolis – the brand name of FDLT – positive or negative impact. – At the time of establishing of the Trust the decision was made to change the name to bookinopolis. Many diverse opinions have been expressed about this change. It would be interesting to conclude what the exact impact of this brand naming has had.
- The advantages and disadvantages of trust as a form of governance. – An important research project that will have to be undertaken sometime.
- A comparison between FDLT and other library trusts, New Zealand as well as internationally:
 - Horowhenua Library Trust and Tararua District Library Trust. – Although Tararua Library Trust does not exist any more, it should still be examined and compared to FDLT. There might have been mistakes made that the wider public library community could learn from.
 - Hounslow Library Network and Wigan Leisure and Culture Trust, both library trusts in England. – The only two library trusts in the UK and as mentioned they are both under the umbrella of a larger organisation. This would be an interesting research.
 - Tulsa Library Trust in the USA – There are a lot of philanthropic library trusts in the USA, but Tulsa Library Trust is the only charitable library trust in the USA.
- A comparison between FDLT as a charitable trust and other charitable trusts, such as Sports Trusts and Arts and Culture Trusts. – This would be an

enlightening research and should help other prospective library trusts in determining the governance of their own trusts.

APPENDIX 1

Interview schedule

- 1) Why did the council decide to restructure the governance of the library?
- 2) What was the reasoning and arguments behind the decision to establish the trust?
- 3) Why was trust chosen as a form of governance as opposed to business unit or outsourcing of management?
- 4) Why was it decided to use a charitable trust as opposed to a trading trust?
- 5) What other examples of trust informed and/or influenced the decision?
- 6) How do the Franklin District Libraries governed as a trust compare to the libraries governed as part of the Franklin District Council?
- 7) How were the trustees chosen or recruited?
- 8) In your opinion which skills and qualifications should trustees have?
- 9) In your opinion what is the extent of the knowledge that trustees should have of the industry?
- 10) In your opinion what is the role and responsibilities of trustees?
- 11) What were the tasks of the trustees after establishment of FDLT?
- 12) What do you use as benchmark to ensure that the organization operates responsibly as well as effectively?
- 13) In your opinion what should the characteristics be of the General Manager of the library?
- 14) In your opinion what qualifications are required of the General Manager of the library?

15) In your opinion what experience is required of the General Manager of the library?

16) How do you define the relationship between the trustees and the General Manager?

17) What input and influence do the trustees perceive they have on the management of the library?

How does the library as a trust compare to the library as a council unit after four years of operation?

APPENDIX 2

Information sheet

Participant Information Sheet

for a study of

Trust as a Form of Governance in Public Libraries in New Zealand, using Franklin District Library Trust (FDLT) as a case study.

Researcher: Ursula Loots: School of Information Management, Victoria University of Wellington (VUW).

I am a Masters in Library and Information Studies (MLIS) student at VUW. This research is being undertaken as part of the requirements of the INFO 550 Research Project, leading to the completion of the MLIS. The project I am undertaking involves a study into *Trust as a form of governance in public libraries in New Zealand, using the Franklin District Library Trust as a case study*. The design of the project complies with the guidelines established by the VUW Human Ethics Committee.

The aim of this study is to establish the reasoning that led to the creation of Franklin District Library Trust (FDLT) and to explore the governance of a trust, using FDLT as a case study. Trust as a form of governance is an important issue in the restructuring and funding of public libraries in New Zealand as well as in the management changes facing public libraries in New Zealand today, therefore it is important that a study be done on the topic and made available to the public library community.

The question I aim to answer at the end of this study is:

“Why did the Franklin District Council decide to form a trust to govern the libraries in the district and to structure the trust in its current form?”

With this question as the focal point, the following sub-questions will be explored:

- 1) What were the arguments that led to the decision to create a different form of governance?
- 2) Why did the Franklin District Council decide on trust as a form of governance and not a business unit, LATE or outsourcing the management?
- 3) What is the role of the board of trustees of FDLT?
- 4) What are the responsibilities of the board of trustees of FDLT?

The objectives and value of the study are:

- 1) To determine the reasoning and the arguments that led to the establishing of FDLT.
- 2) To determine why the decision was made to form a trust as opposed to a business unit, LATE or outsourcing of the management of the library.
- 3) To determine whether the board of trustees of FDLT complies with the features of good governance.
- 4) To highlight the features of good governance which are peculiar to the implementation and operation of a library trust in the FDLT case.
- 5) To provide the library community with a source of information regarding trust as a form of governance in public libraries in New Zealand.

The interview/interview group will be 60 minutes in duration, and you will be asked to sign the attached consent form indicating your willingness to participate, which is voluntary. You may, however, withdraw your agreement to participate at any time prior to the final analysis of data for the research report – 30 July 2004. Interviews will be tape-recorded and a transcription will be made. You may request that the recording be stopped at any point during the interview. **Please note that the information you provide will be attributable to you, and may therefore appear in any reports or publications that come out of this project.**

All material collected will be kept in a locked filing cabinet and will be destroyed at the completion of the project. The material will be destroyed no later than the 30th of October 2004. No other person beside my supervisor, Dr. Dan Dorner, and me will have access to the tapes and transcripts. A copy of the transcript of the interview will be sent to you and you may correct it if you wish.

The research report will be submitted for marking to the School of Information Management and deposited in the Victoria University of Wellington Library. It is anticipated that one or more articles will be submitted for publication in scholarly journals and reported at professional or academic conferences.

A copy of the research report will also be given to the Franklin District Library Trust, the library as well as the board of trustees.

For any enquiries about this project you may contact me by email at ursulaloots@xtra.co.nz, by phone at 09 239 0525, or by mail at 65 West Street, Pukekohe.

My supervisor, Dr. Dan Dorner, Senior Lecturer at the School of Information Management, Victoria University of Wellington, can be contacted by email at dan.dorner@vuw.ac.nz, by phone at 04 463 5781, or by mail at PO Box 600, Wellington.

Thank you for your assistance,

Ursula Loots

APPENDIX 3

Consent form

Trust as a Form of Governance in Public Library in New Zealand, using the Franklin District Library Trust as a Case Study

Please read, sign and return this consent form so that you can be included in the interview/group interview for this research project. This form will be collected before the interview/group interview.

I have been given an information sheet and have had opportunities to seek clarification or explanation. I understand that the information and opinions I provide are to be used to aid in the understanding of trust as a form of governance in public libraries in New Zealand. The primary purpose of this data collection is for the completion of a MLIS 550 research project, and the report of this project will be lodged in the Victoria University of Wellington Library. In addition, discussions of this research may be published in academic journals and may be reported at conferences. Use for any other purpose will require my written consent.

I understand that I am completely free to withdraw from this study at any time before the final analysis of data, 30 July 2004, without providing any explanation, and, in the event of my doing so, that my comments will not be included in the final report.

I understand that my participation is voluntary and that my opinions are to be attributed, as the research is neither anonymous nor confidential, and may appear in any reports or publications that come out of this report.

I understand that a copy of the transcript of the interview will be sent to me and I may correct it if I wish.

I understand that the tape recordings and transcripts of this research will be kept in a secure place during the course of the research, and will be destroyed at the completion of the research at a date no later than 30th of October 2004.

I understand that no other person beside the supervisor of the researcher, Dr. Dan Dorner, and the researcher herself will have access to the tapes and transcripts.

I understand that a copy of the final report will be given to Franklin District Library Trust, the library as well as the board of trustees.

I do/do not (delete one) wish to receive a summary of the findings which will be made available at the completion of the research.

I agree to participate in this research:

Name : _____

E-mail Address : _____

Signature : _____

Date : _____

Appendix 4

Advertisement calling for nominations for trustees to be appointed by the Trust in The New Zealand Herald of 30th August 1999.

TRUSTEES FOR LIBRARY TRUST

The Franklin District Council wishes to establish a Charitable Trust to deliver Public Library and Community Archive Services to the Community and District of Franklin.

Council is looking to appoint five to seven Trustees Elect to the Trust Board, with an inaugural term of between 3 and 5 years.

If you have previous Governance/Board experience, and a strong interest in community wellbeing, and believe you can contribute positively to the aims and endeavours of the library service in Franklin, you are invited to submit your name for consideration for appointment as a Trustee Elect by Council.

You will be able to bring to the Trust Board, access to community networks, specific skills and a proven track record in business matters, including entrepreneurial/marketing experience, financial astuteness and the ability to apply sound stewardship to a valuable community asset, along with a good understanding of the diversity of the community of Franklin District and its various information and leisure requirements as supported by an active Library Service.

For further information, please contact in the first instance, Chris Worth, Associate Executive, ph. 09 237 1315.

Expression of interest in being a Trustee should be accompanied by a full Curriculum Vitae, and will be received up until 5.00 pm, Tuesday, 14 September, 1999. Please address to:

Trustees Elect
Franklin District Council
Private Bag 5
PUKEKOHE



Franklin
DISTRICT COUNCIL

Private Bag 5
Pukekohe
Ph (09) 237-1300
Fax (09) 237-1301

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