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# How Organizations Address Legitimacy Issues: The Case of Oxfam

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## **Abstract**

**Title:** How Organizations Address Legitimacy Issues: The Case of Oxfam

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This dissertation focuses on the responses given by non-governmental organizations when addressing a legitimacy issue on the aftermath of a scandal.

For this purpose, a qualitative research was conducted, and a case-study design was adopted. The chosen organization was Oxfam, as it was subjected to a legitimacy challenge due to sexual misconduct in Haiti in 2011, a scandal that was uncovered in February 2018, and had repercussions throughout the whole aid sector. To analyze how the organization addressed the legitimacy issue, we used the Lamin & Zaheer's (2012) model, which categorizes the responses into four categories: denial, defiance, decoupling and accommodation.

The findings suggest that as an international organization embedded in a complex environment, Oxfam used a multidimensional approach and employed responses that can be fitted in all four categories. Further, it also demonstrates a preference for substantive responses, namely accommodating and decoupling. Due to the intense scrutiny by the media and the importance of moral legitimacy to an NGO like Oxfam, the organization could not rely on merely symbolic actions and had to demonstrate that was implementing effective change.

This study contributes to theory as it addresses a gap in literature regarding how NGOs address legitimacy challenges on complex environments and deal with contradictory institutional demands. In practical terms, this study can provide insights to managers of social organizations facing legitimacy issues.

**Key words:** Legitimacy challenges, Repairing legitimacy, NGOs

## **Resumo**

**Título:** Como as Organizações Respondem a Problemas de Legitimidade: O Caso da Oxfam

**Autor:** Margarida Santos

Esta dissertação foca-se nas respostas dadas por organizações não-governamentais a um desafio à sua legitimidade, nomeadamente na sequência de um escândalo.

Com este propósito, foi feito um estudo qualitativo no formato de um estudo de caso. A organização escolhida foi a Oxfam, uma vez que viu a sua legitimidade contestada em 2018 devido a má conduta sexual no Haiti em 2011. Para analisar como a organização lidou com as contestações à sua legitimidade, foi utilizado o modelo de Lamin & Zaheer (2012), que categoriza as respostas dadas em quatro categorias: negação, desafio, desassociação e acomodação.

Os resultados deste estudo sugerem que por ser uma organização internacional inserida num ambiente complexo, a Oxfam serviu-se de uma solução multidimensional e utilizou respostas de todas as quatro categorias do modelo. Contudo, denota-se uma preferência por respostas substantivas, tais como a desassociação e a acomodação. Devido ao escrutínio dos media e à importância da legitimidade moral para uma ONG, a organização não poderia responder apenas simbolicamente, tendo de implementar mudanças efetivas aos seus procedimentos.

Esta dissertação contribui para a literatura uma vez que existem poucos estudos relativamente à forma como organizações internacionais, inseridas num ambiente complexo e com necessidades institucionais contraditórias, respondem a desafios à sua legitimidade. Em termos práticos, este estudo pode contribuir para o processo de gestão e reparação de legitimidade de organizações internacionais.

**Palavras-Chave:** Desafios à legitimidade, Reparação de Legitimidade, ONGs

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## 1. Introduction

Nowadays with globalization and the widespread access to news, organizations are increasingly exposed to the eye of the public. Consequently, stakeholders are more informed about organizational practices and have more means to expose their views and communicate their expectations to the organizations. Increasing pressures from different stakeholders forced organizations to strengthen their practices regarding ethical and social responsibilities (Burchell & Cook, 2007), since these stakeholders are likely to avoid establishing relations or support organizations whose values and practices they do not approve. In fact, they want organizations to act with integrity in the sense that the organization must be tuned with societal values (Schwartz, Sagiv, & Boehnke, 2000). Organizational legitimacy depends on this harmony between the organization and the society.

The problem that this thesis strives to understand is the following: *How social organizations respond to legitimacy issues?* With this question, the objective is to comprehend if organizations use a single approach or a mix of approaches when responding to legitimacy challenges.

To do so, this dissertation focuses on a single case study, which is the recent case of an international NGO – Oxfam - which faced legitimacy issues, after the exposure of sexual misconduct during its presence in Haiti in 2010.

To address this problem, secondary data will be the main source as it represents a more controlled process and also because of time constraints, it is safer to rely on it. We collected qualitative data, such as, media coverage, press releases and internal reports, for a period between February and November of 2018, as the scandal was only uncovered on the 9th of February of 2018.

Legitimacy is a crucial intangible asset for organizations, as it enables the acquisition of key resources which are fundamental for survival (Dowling & Pfeffer, 1975; Elsbach & Sutton, 1992) . According to Suchman (1995, p. 574) “*legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions*”. Because of the inability to successfully perform without legitimacy, organizations engage in legitimation efforts since their creation. These legitimation efforts have three main purposes: gaining legitimacy, maintaining legitimacy, and defending or repairing legitimacy (Deephouse & Suchman, 2008).

The focus of this dissertation will be on the third purpose, defending and repairing legitimacy after a delegitimizing event. Repairing legitimacy as defined by Suchman (1995, p. 597) is a “*reactive response to an unforeseen crisis of meaning*”.

Despite the possibility of manipulating and actively pursue legitimacy, organizations are the subjects of legitimation, not its source. This means that the aforementioned legitimacy efforts must be validated by the internal and external audiences that observe organizations (Deephouse & Suchman, 2008). The main sources of legitimacy are society-at-large, the state and its regulatory agencies, the media (which is also a reflection and an influence of society-at-large), and the interorganizational relations, since organizations are perceived as legitimate when they are connected with legitimate actors (Galaskiewicz, 1985)

The source of legitimacy that will be under analysis for this dissertation is the media, due to its crucial part in informing the public of the organizations’ behavior and its role as critic and opinion maker (Dowling & Pfeffer, 1975). More than simply informing the public about what organizations do and how they do it, the media has a double-role as it influences the public opinion in the way it frames the events, while also a reflecting the public opinion (Deephouse & Suchman, 2008).

The increasing demands of different stakeholders regarding the ethical and environmental responsibilities of the organizations, imply that nowadays they must comply with social and environmental concerns to be perceived as legitimate. This enlargement of responsibilities, makes necessary for organizations to be perceived as moral agents, making them more vulnerable and exposed when they defraud those commitments.

In this context, it is of major importance to understand how organizations address legitimacy threats and which approaches are used by social organizations to repair the legitimacy after a wrong-doing or misfortune. The accuracy of the strategy is of extreme importance since seeking legitimacy inappropriately may trigger dangerous feedback loops (Suchman, 1995).

Finally, and despite the extensive literature on legitimacy and on its importance, and on how to address and overcome a legitimacy threat, there is still little literature on how a delegitimizing event impacts NGOs. In fact, most of the literature on NGOs’ legitimacy focuses on its normative aspects, namely on how NGOs can gain legitimacy and accountability (Pallas, Gethings, & Harris, 2015).

## **1.1 Academic and Managerial Relevance**

Regarding the academic relevance, the main contribution of this dissertation is the clarification of the importance of the adequacy of legitimation responses for social organizations when addressing legitimacy issues. This is important, because:

- a) International organizations operate in complex environments and there is a lack of studies on how those organizations address legitimacy challenges and how they approach paradoxical institutional demands (Pache & Santos, 2010; Pallas et al., 2015).
- b) It is of the foremost importance to analyze and comprehend how organizations respond to legitimacy issues, as legitimacy is crucial to their success and there is a need to develop structures and procedures that enable appropriate responses (Baumann-Pauly, Scherer, & Palazzo, 2016).

Further, this topic has managerial relevance due to the increasing exposure of organizations in the media, which has a global reach and a deep impact on the public perception of those organizations, affecting their performance and success (Pallas et al., 2015). Consequently, understanding what are the strategies that are used to respond to a legitimacy challenge (regardless of the context of the scandal that threatened their legitimacy) will help to define better approaches that suit organizational needs when trying to repair legitimacy.

## **1.2. Thesis Organization**

Finally, and regarding its structure, this thesis will be organized in six chapters. The first chapter was the introduction to the problem and the relevance of it in academic and managerial terms. The second one, comprises the literature review and theoretical framework on organizational legitimacy and legitimacy repair. The third section covers the methodology and clarifies the research setting and data collection. The fourth chapter presents the Oxfam case in-depth, by introducing an overview of the organization and a detailed analysis of how the scandal unfolded and how it was addressed. Then, on the fifth chapter the main findings are presented and discussed. Lastly, the conclusions of this study, its limitations and suggestions for future research are presented on the sixth chapter.

## **2. Literature Review**

### **2.1. Organizational Legitimacy**

Organizational legitimacy, as in the social acceptance of the organizational practices, is regarded as key factor for organizational survival, since it enables the acquisition of resources and asserts the support of the organization's constituency (Deephouse & Suchman, 2008a).

Concerning legitimacy literature, there are two leading approaches: the institutional approach and the strategic approach. The institutional approach focuses on legitimacy as shaped and mainly influenced by the external environment, reflecting the set of beliefs, values and norms of society-at-large (DiMaggio & Powell, 1991; Reast, Maon, Lindgreen, & Vanhamme, 2013a; Scott & Meyer, 1983; Suchman, 1995). Differently, the strategic approach defines legitimacy as the translation of internal and external audiences' support and endorsement of an organization (Elsbach & Sutton, 1992; Suchman, 1995), which implies a greater control of the organization over its own legitimacy (Ashforth & Gibbs, 1990). The main difference between strategic and organizational approaches concerns the perspective, as strategic theorists adopt the manager view – “looking out”, and institutional theorists adopt the society view – “looking in” (Elsbach, 1993).

According to Suchman's (1995, p.574) definition of legitimacy, legitimacy has an evaluative dimension that is asserted by its compliance to a set of expectations. However, this can create a dilemma as complying with one demand, might signify disregard or violate other expectations, which can hinder the organizational legitimacy (Baumann-Pauly et al., 2016).

In fact, legitimacy is not a homogenous concept and there is a distinction between three forms of legitimacy – pragmatic, moral, and cognitive (Suchman, 1995). On the one hand, pragmatic legitimacy focuses on the perceived organization's ability to produce tangible benefits for its audience, implying that the evaluation of pragmatic legitimacy is mainly based on self-interest (Suchman, 1995; Thomas & Lamm, 2012). On the other hand, moral legitimacy focuses on assessing the extent to which an organization complies with prevailing social norms, which indicates that the main criteria is not the self-interest of the evaluator, but the understanding of what is “the right thing to do” (Aldrich & Fiol, 1994; Thomas & Lamm, 2012). Finally, cognitive legitimacy rests on the comprehensibility and taken-for-grantedness of the role and policies of an organization, meaning that the main criteria for the evaluator is the congruence of the organization with established narratives (Aldrich & Fiol, 1994; DiMaggio & Powell, 1991).

Usually these three dimensions contribute to enforcement of each other (Suchman, 1995), but sometimes they can be conflicting. For example, providing a desirable product at a reasonable price can contribute to enhance the pragmatic legitimacy of an enterprise, while the practices and procedures behind the manufacturing conditions of those products can jeopardize the moral legitimacy of the organization. Thus, obtaining and maintaining legitimacy requires sensibility and communication between the organization and its different audiences (Elsbach, 1993), in order to perceive changes in the corporate environment and in the heterogeneous expectations of multiple stakeholders (Baumann-Pauly et al., 2016; Suchman, 1995).

## **2.2. Addressing Legitimacy Issues**

Nowadays firms are increasingly held accountable for their social and environmental impacts (Hahn & Lülfs, 2014). When firm's behaviors and actions are perceived as being misaligned with stakeholders' values, the organization's legitimacy is threatened. This indicates that organizational legitimacy is not an objective fact, but an evaluation depending on the system of values of the beholder (Hahn & Lülfs, 2014).

Due to the aforementioned importance of legitimacy to secure support from stakeholders and access to key resources (Dowling & Pfeffer, 1975), organizations are concerned with securing legitimacy through legitimation strategies. There are two main occurrences that call for the employment of these strategies: a) when some event already hindered the legitimacy of an enterprise, making it necessary to resort to legitimation strategies; b) when some incident already happened but has not been disclosed yet, making organizations pro-actively seek for legitimacy to help minimize the loss of credibility when the disclosure happens (Caillouet & Allen, 1996). In both situations, communication with the organization's audience is imperative to achieve success and gain legitimacy (Suchman, 1995).

To repair their legitimacy, firms typically employ a variety of strategies (*Rindova, Petkova, & Kotha, 2007*) that differ depending on the type of legitimacy addressed (pragmatic, moral, or cognitive) and on the different circumstances that catalyzed the threat to legitimacy. There are two general approaches to gain legitimacy, a substantive approach and a symbolic approach (Ashforth & Gibbs, 1990), under which the main strategies fall. The symbolic approach works better when addressing pragmatic legitimacy and is usually faster to implement than substantive strategies, as most of the first reactions to a legitimacy challenge come in the form of a symbolic action. However, studies show that this approach is weaker in promoting

lasting organizational legitimacy (Ashforth & Gibbs, 1990). Further, stakeholders tend to be more skeptical of big gestures after a legitimacy threat and to demand tangible results, which are harder to deliver because the symbolic approach is superficial and focuses on the manipulation of stakeholder's perceptions (Ashforth & Gibbs, 1990)

Regardless of the strategy used, the first step to address a legitimacy crisis is to create a firewall between the incident that caused the disruption and the essence of the organization as a whole (Reast et al., 2013a; Suchman, 1995). One of the most used strategies to insulate the organization from the event is to offer normalizing accounts (Massey, 2001; Reast et al., 2013a; Suchman, 1995) There four main types of normalizing accounts: a) deny the problem; b) disregard the problem by questioning the organization's moral responsibility; c) justify the disruption d) explain the disruptive event in a way that minimizes the negative perception of the audience (Suchman, 1995). Successful accounts either convince the audience of the innocence of the organization or influence the stakeholders to mildly judge the disruptive event (Elsbach, 1993; Schönbach, 1980). Further, and to facilitate the repair of legitimacy, organizations might engage in strategic restructuring (Pfeffer, 2009; Suchman, 1995).

For instance, the organization might confess that a limited aspect was flawed and assertively act to visibly remedy those specific error. Suchman (1995, p. 598) distinguishes between two types of restructuring: a) the creating of watchdogs and monitors to ensure that the firm does not relapse into the condemned behavior or practices; b) disassociation, through which the firm distances itself from "bad influences" or delegitimized procedures.

More recent literature addresses legitimation strategies by dividing them into four different categories – denial, defiance, decoupling and accommodation (Lamin & Zaheer, 2012). The denial strategy focuses on the dismissal of the threatening allegation, by completely denying the problem. Secondly, the defiance strategy goes one step further than denial, as it not only contests the allegation, but also challenges the accuser and tries to undermine his/her credibility in the eyes of the public. Thirdly, the use of decoupling tactics is based on the disassociation between the organization and the "identified" source of the problem (Elsbach & Sutton, 1992; Meyer & Rowan, 1977) and often relies on finding a scapegoat (Lamin & Zaheer, 2012) in the attempt of protecting the organization from the consequences of the delegitimizing event. Finally, accommodation strategies are based on the admission of guilt (or part of the guilt) and on the expressed desire to change and conform to society's norms and values (Lamin & Zaheer, 2012), which is likely to increase its legitimacy (DiMaggio & Powell, 1991).

Additional strategies include identifying with legitimate external entities (Galaskiewicz, 1985; Reast et al., 2013a), obtaining external endorsements (Elsbach, 1993; Reast, Maon, Lindgreen, & Vanhamme, 2013b; Salancik & Pfeffer, 1978), and identify with symbols or values that offer social legitimacy, such as CSR initiatives or making contributions to charities (Elsbach, 1993; Reast et al., 2013b).

Finally, and despite the similarities of legitimacy repair with legitimacy creation (as both call for intensity and decisiveness), legitimacy repair also resembles legitimacy maintenance, as both require sensitiveness to the audience reactions (Suchman, 1995). To successfully repair legitimacy is important to be subtle to avoid the cynicism of stakeholders, who may perceive the legitimation efforts as artificial and manipulative, which might have the opposite result of the one intended (Lamin & Zaheer, 2012).

### **3. Methodology**

#### **3.1. Research Design**

This study uses a qualitative method, as it is the most appropriate to understand behaviors and motivations, and consequently it is the most suited to address to the research question of this study. For this purpose, this thesis has a case-study design (Kibler et al., 2015; (Ramus & Vaccaro, 2017), which can be defined as an extensive study of a single situation or organization (White, 2003). The objective is to analyze how social organizations address legitimacy issues, namely by analyzing the responses employed by the NGO, Oxfam, when addressing the exposure of sexual misconduct during its presence in Haiti after the earthquake of 2010. This scandal happened in 2011, but was only uncovered in February 2018, meaning that the data concerning the event spans between February-November 2018.

Oxfam case was chosen based on the following reasons:

- 1) Oxfam GB is the fourth biggest charity in the UK and has a strong presence worldwide.
- 2) Oxfam GB is publicly funded by the UK government and EU, and also receives funds from private donors, meaning that is accountable to different stakeholders.
- 3) The scandal that impacted Oxfam was the most up-to-date one, as it occurred in 2018.

- 4) The Oxfam’s Scandal also uncovered misconducts and abuses from other charities and NGOs;
- 5) The dimension of this scandal led the UK regulatory body – the Charity Commission – to open a statutory-inquiry and the Department for International Development (DfID) to make a summit to review practices and reform the safeguarding proceedings sector-wide.

### 3.2. Data collection

To understand how non-profit organizations address a legitimacy crisis, this study will use secondary data, as the data had already been gathered before this study and was available to be and accessed by researchers (Hox & Boeijs, 2005). Therefore, it represents a more controlled and reliable process, which is particularly suited due to time constraints.

To collect the data, this study used LexisNexis, B-On and EBSCO, which are web-based databases with access to news and academic papers, making them crucial sources to find information regarding the scandal and its aftermath. On the one hand, the academic papers will be used to provide a framework for the responses employed by this organization when addressing the disruptive event. On the other hand, the analysis of the media coverage and press releases will be used to gather insights on what responses were employed to respond to the legitimacy issue. As already mentioned, this research will focus on the news articles published between February and November of 2018 concerning the disruptive event, as it was only uncovered on the 9th of February of 2018.

A summary of data collection can be found in table 1:

Sources	N° of Articles
Al Jazeera	5
BBC	12
CNN	6
Devex	4
Financial Times	10
Reuters	7
The Guardian	14
The Independent	10
The Telegraph	6
The Times	14

Third Sector	12
Washington Post	3
Others	30
<b>Total N° of Articles</b>	<b>133</b>

*Table 1- News Articles*

Since the Oxfam misconduct was uncovered on February, it is understandable that most of the news articles were published on the first weeks after the *The Times*' article (the first article to uncover the scandal). Therefore, approximately 73,68% (98 articles) of the 133 articles analyzed were published between the 9<sup>th</sup> February and the end of March.

Finally, the website Oxfam will also be used to extract information concerning the direct communication with stakeholders, as to analyze how the organization answered to the issue and tried to repair their legitimacy. As per below:

<b>Type of Documents</b>	<b>N° of Documents</b>
Press Releases	12
Annual Reports	2 <sup>1</sup>

*Table 2 - Documents from Oxfam's Website*

After collecting this data, an analysis of the responses will be made to understand what responses were used by Oxfam to respond to the legitimacy issues.

In the next chapter, the case of Oxfam is presented and analyzed in-depth.

## **4. The Case of Oxfam**

### **4.1. The History of Oxfam**

Oxfam's name comes from the Oxford Committee for Famine Relief, founded in 1942 in Britain. The group campaigned to send food supplies to Greece, which was occupied during Second World War (Oxfam, 2018). Years later, in 1948, the first Oxfam shop and first UK charity store was opened – nowadays there are approximately 23,000 volunteers and 650 in the UK (Oxfam, 2018b). Oxfam shops started to sell handicraft from developing countries, and

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<sup>1</sup> Analysis between 2017 and 2018 reports, as to understand how the scandal impacted the organization.

today guarantees that 1.65 million workers around the globe are part of a Fairtrade scheme.

With Leslie Kirkley as General Secretary, Oxfam goes from a local charity to a renowned international aid agency, launching Oxfam Canada in 1963, the first of the International Oxfams (Oxfam, 2018b)

The exponential growth of Oxfam and the desire to create a bigger impact on the international stage led to the creation of Oxfam International. OI has its headquarters in Nairobi, Kenya and coordinates the efforts of all different Oxfam affiliates. Currently there 19 member organizations of the Oxfam International confederation, based on: Australia, Belgium, Brazil, Canada, Denmark, France, Germany, Great Britain, Hong Kong, Ireland, India, Italy, Mexico, The Netherlands, New Zealand, Quebec, South Africa, Spain and the United States (Oxfam, 2018c). Since 2017, all the work is reported through the Oxfam International structure to enhance efficiency and diminish costs (Oxfam, 2018c).

Oxfam focuses on delivering emergency relief and on implementing long-term development programs in vulnerable communities (Oxfam, 2018d) and is present in 90 countries around the globe. Each country's development program is managed by one Oxfam affiliate (Oxfam, 2018a)

Finally, Oxfam's is the fourth-largest of British charities, having received £32 million last year from the English government, which according to Oxfam's annual report, represents 8% of its revenues.

#### **4.2. The Haiti Sex Scandal**

On the 9<sup>th</sup> of February 2018, *The Times* published an article where Oxfam is accused of covering up an investigation into the hiring of prostitutes for orgies by Oxfam's senior staff working in Haiti after the 2010 earthquake. In the aftermath of the investigation, the charity allowed three men, including the country director, Roland van Hauwemeiren, to resign, and sacked other four for "gross misconduct" (O'Neill, 2018). Under the leadership of Penny Lawrence and Barbara Stocking, the country director was allowed to have a "phased and dignified exit" and received next month's salary, which is confirmed by Oxfam's internal report in 2011. The charity did not make the sexual misconduct public and failed to inform the UK's regulatory bodies and the Haitian authorities. Not only prostitution is a crime in Haiti, but it was also "impossible to rule out" that some of the prostitutes might be underage, which is also

a crime according to sex tourism laws, meaning that the perpetrators could face UK persecution for the sex crimes (Yorke, 2018).

In this context, the Charity Commission, the regulating body in the UK, launched a statutory-inquiry into Oxfam, due to concerns that Oxfam might not have “fully and frankly disclosed” (Pasha-Robinson, 2018). Two days later, on 11 February, the international development secretary in UK, Penny Mordaunt threatens to cut government funding to Oxfam, which amounted to £32m in 2017 , unless the charity reveals all the information regarding the use of sex workers in Haiti (Blitz, 2018) . Furthermore, the European Union, that also gave Oxfam £29m in the previous year, demanded “maximum transparency as a matter of urgency, and we're ready to review and, if needed, cease funding to any partner who is not living up to the required high ethical standards.”(“Oxfam Deputy Head Penny Lawrence Resigns Over Sex Scandal,” 2018). Whether or not it loses that funding, private donations could be hit by the bad publicity (Bacchi, 2018).

On top of the risk of losing governmental funds, Oxfam also lost 7,000 of its regular donors (Elgot & McVeigh, 2018) and high-profile ambassadors such as Minnie Driver, who worked with the charity for over 20 years (Parkinson, 2018) and Desmond Tutu, who claimed to be “deeply disappointed by allegations of immorality and possible criminality involving humanitarian workers linked to the charity,” (Cropley, 2018).

Therefore, this legitimacy blow presented a concern for future funding and goodwill, not only for Oxfam but for the aid sector as a whole.

**4.3. How did Oxfam Respond to the Scandal? A Timeline**

This sub-chapter presents an overview of the Oxfam responses to the scandal, based on the analyses of the data collected.

<b>Date</b>	<b>Event</b>
<b>09 February</b>	<i>The Times</i> article
<b>09 February</b>	Oxfam initial response
<b>10 February</b>	Mark Goldring comments on the scandal for the 1st time
<b>10 February</b>	Allegations that Oxfam allowed perpetrators to work for other charities
<b>11 February</b>	Caroline Thomson comments on the scandal for the 1st time
<b>12 February</b>	Penny Lawrence resigns

<b>13 February</b>	Helen Evans accused Oxfam of not acting on her concerns
<b>16 February</b>	Mark Goldring defies the critics of Oxfam
<b>16 February</b>	Winnie Byanyima apologises and presents new measures for safeguarding
<b>19 February</b>	Oxfam releases internal report of 2011
<b>23 February</b>	Haiti's government suspends Oxfam GB
<b>05 March</b>	Summit held by DfID
<b>16 March</b>	Oxfam creates independent commission to review its practices & culture
<b>19 April</b>	Number of misconduct reports doubled
<b>16 May</b>	Mark Goldring announces his resignation
<b>18 May</b>	Oxfam announces work and staff reorganization due to financial loss
<b>14 June</b>	Haitian Government withdrew permission of Oxfam GB to work
<b>26 July</b>	Oxfam announces another package of substantive measures on safeguarding
<b>31 July</b>	Oxfam responds to HCIDC's report
<b>11 September</b>	Oxfam announces new CEO, Dhananjavan Sriskandarajah

*Table 3 - Timeline with most significant events concerning the Haiti scandal*

Shortly after *The Times*' article, Oxfam denied trying to cover-up the misconduct and stated that the "primary aim was always to root out and take action against those involved and we publicly announced, including to media, both the investigation and the action we took as a result." (Pasha-Robinson, 2018). The charity condemned the actions of the staff involved in sexual misconduct, but clarified that those actions were perpetrated by few men, and were not representative of the work conduct of its enormous staff, nor reflected the values or culture of the organization (Faulconbridge, 2018).

Furthermore, Oxfam also stated that they are still working to create the "the strongest possible policies to prevent harassment and protect people we work with around the world" (Oxfam, 2018f). The charity claimed to have improved and put in practice a global Safeguarding approach to protect the staff and prevent sexual harassment, exploitation and abuse from happening. Also, since the 2011's event, after the reports of sexual misconduct, Oxfam had put in place a confidential "whistleblowing" line available for all the staff and people that work with the organization. Finally, the press release of 9<sup>th</sup> February 2018, reiterates that openness and transparency are both crucial to improve the safeguarding system (Oxfam, 2018f). Concerning the non-disclosure to the Haitian authorities, Oxfam stated that had received legal advice accordingly, since it would be "extremely unlikely that reporting these

incidents to the police would lead to any action being taken.”.

Barbara Stocking, who was Oxfam chief executive at the time, claimed that she immediately conducted a month-long inquiry and that she was always transparent in her handling of the case. However, the press release made at the time did not mention the sexual misconduct, referring only of staff “involved in a number of instances of misconduct” (John Murray Brown, 2018). The inquiry made, resulted in the dismissal of four staff and resignation of three others, including Roland Van Hauwemeiren, who was allowed a “phased and dignified exit” because he cooperated with the investigation, which led to the discovery of the bigger sex ring (Grierson, 2018) .

On the 10<sup>th</sup> of February, Mark Goldring, the chief-executive of Oxfam GB, stated that looking back it would have been better to disclose the incidents with transparency at the time. However, he also said that he understood why his colleagues (he wasn’t executive-chief at the time) thought that the best decision was to avoid making the incident too public : " I don't think it was in anyone's best interest to be describing the details of the behavior in a way that was actually going to draw extreme attention to it when what we wanted to do was get on and deliver an aid programme." (Harley, 2018). Goldring also emphasized that despite its shortcomings, Oxfam is not worse than most aid organizations and that sexual exploitation is a sector-wide problem (Marris, 2018).

Moreover, other issue appointed to the charity, was that its lack of transparency allowed some of the perpetrators to find jobs in other charities, since these were not informed of the reasons that made them leave Oxfam. To answer to this critics, the organization released a statement on the 10<sup>th</sup> February claiming that 1) has not given positive reference of those who resigned as a result of the Haiti Case; 2) Despite not being able to prevent falsified references, the organization believes that more should be done to guarantee that individuals who are guilty of sexual misconduct do not find work in the field; 3) Refers the legal difficulties that prevented Oxfam from sharing information with other NGOs 4) Advocates for a sector-wide approach as “it is impossible for any organization to communicate with thousands of different NGOS working in countries right across the globe” (Oxfam, 2018o).

On the 11<sup>th</sup> of February, Caroline Thomson, Oxfam GB Chair of Trustees, reinforced that what happened in Haiti was shameful and completely contrary to Oxfam’s values, which is an organization that “prides itself of being a transparent organization that works to make life

better for poor and vulnerable people, an organization that puts women at the heart of everything we do.”. The Chair of Trustees also re-stated that the charity had improved since 2011 and is fully committed to improve even further and to cooperate and report any issues to the regulatory bodies, as it is fundamental to regain the trust of the public. Thomson also announced a package of measures that “will strengthen our vetting, an induction of staff as well as a commitment to drive positive behavior among all staff and improve compliance with our policies”. Furthermore, Oxfam will also establish a new and external whistleblowing help line to encourage staff to voice concerns (Oxfam, 2018k).

However, the day after, on 12<sup>th</sup> February, Penny Lawrence, deputy chief executive of Oxfam, announces her resignation, due to the handling of the sexual misconduct in Haiti, as well as due to the allegations of similar behavior in Chad, 5 years before. On her statement, Lawrence said “It is now clear that these allegations - involving the use of prostitutes and which related to behavior of both the Country Director and members of his team in Chad - were raised before he moved to Haiti.”. Penny Lawrence takes full responsibility for what happened on her watch, saying she is “ashamed” and “desperately sorry for the harm and distress that this has caused to Oxfam’s supporters, the wider development sector and most of all the vulnerable people who trusted Oxfam”. Lawrence’s decision received the support of Mark Goldring, who publicly stated that respected her decision and determination to do what was best for Oxfam (Oxfam, 2018i).

During this turmoil, the former head of safeguarding between 2012 and 2015, Helen Evans, publicly accused senior staff at Oxfam and the Chairity Commision of not acting on the allegations she raised about sexual misconduct by Oxfam employees abroad and at home (Kay, 2018a). Evans said she informed Mark Goldring about her concerns regarding sexual abuse and the lack of funding for safeguarding, but that the chief executive failed to take appropriate action. Oxfam issued a statement apologizing for not acting “quicker and with more resources” on Evans’ concerns. (Schomberg, 2018).

Despite the statement regretting not taking action quicker, on the 16<sup>th</sup> of February, Mark Goldring, on an interview with *The Guardian*, criticizes Evan’s decision to go public, by saying “I think it was very unbalanced and, ironically, didn’t give enough credit to the very work that she promoted. I don’t think she gives either herself or Oxfam enough credit for what was actually steady improvement.” Goldring also stated that he didn’t think he let Oxfam down and

reiterates that the Haiti case was mishandled but believes “it was done in good faith to try to balance being transparent and protecting Oxfam’s work”. During the same interview, Goldring points out that some of the critics to Oxfam were motivated by an anti-aid agenda and says the “attacks feels out of proportion to the level of culpability” and “What did we do? We murdered babies in their cots?” (Aitkenhead, 2018). However, on the other hand, the head of Oxfam’s International, Winnie Byanyima states a different view by saying that what happened in 2011 is “a stain on Oxfam that will shame us for years” and announces a new set of reforms including an independent commission to review the charity’s practices and “funding for safeguarding measures and a crackdown on references issued to former staff” (Aitkenhead & Beaumont, 2018).

On February 19, Oxfam fulfill its promise and publishes the final internal report into allegations of sexual misconduct and unacceptable behavior, which was dated of 2011. The statement emphasized that the organization wanted “to be as transparent as possible about the decisions made during this particular investigation and in recognition of the breach of trust that has been caused”. Oxfam also shared the un-redacted document with the Haitian Ambassador in London and also handed it to the Haitian government in a meeting meant to “apologize for our mistakes and discuss what more we can do, including for the women affected by these events.” (Oxfam, 2018l).

Regardless of the stated commitment to work in cooperation with Haiti’s government, on 23 February the activities of Oxfam GB were suspended for two months, while the government investigated how the charity handled the sexual exploitation cases (Oxfam, 2018n). At this point, Oxfam reinforces its commitment to fully cooperate with the government’s investigation (Hobbs, 2018). However, months later, on 14th of June, the Haitian Government withdrew the permission of Oxfam GB to work in the country. In response to this decision, Oxfam stated that it was “disappointed” but understood Haiti’s Government decision and “apologised to the government and the Haitian people for what happened”. However, it is relevant to mention that Oxfam will still work in Haiti through other affiliate members, such as Italy, Spain and Quebec (Oxfam, 2018e)

On March 5<sup>th</sup>, Oxfam participated on the summit held by the Department for International Development (Dfid) and Charity Commission to ensure support for survivors of sexual abuse and whistleblowers, as well as to discuss new standards to vet staff and prevent

sexual exploitation and abuse (Dearden, 2018a). Furthermore, the summit was also focused on changing organizational culture and form an external watchdog to enforce the new standards and external scrutiny across the aid sector. Moreover, after the warning that Dfid would stop funding charities that did not comply with the standards, Oxfam and 22 more charities pledged to increase the amount of resources spent on safeguarding (Plummer, 2018)

After the summit, on the 16<sup>th</sup> of March, Oxfam appointed an independent commission to review its culture and safeguarding system, in order to minimize the risk of sexual abuse and exploitation. To achieve this, a set of new standards for staff references was implemented, as to prevent “former employees found guilty of gross misconduct from finding work in the sector”. Further, Oxfam also created an external and independent hotline to improve reporting worldwide.

On the aftermath of the scandal, only two months after the *The Times* report, the number of incident reports, which concerned 26 charities, received by the Charity Commission had tripled (McVeigh, 2018; Ricketts, 2018a). The safeguarding taskforce, established by the Charity Commission in the wake of sexual misconduct by Oxfam staff, opened 440 new cases relating to safeguarding concerns since February – The commission said that “in February and March this year it received 532 new reports of serious incidents involving safeguarding, compared with 1,210 in the 2016/17 financial year” (Ricketts, 2018b). Concerning this increase, Mark Goldring, wrote on his letter on Oxfam’s Annual Report 2017/18: “The publicity we received on February has led to an increase in the number of people reporting abuse. I am grateful to all of those who have come forward and is important that they feel able to do so”. Thus, emphasizing that the increase was not related to an increase in abuses, but to an increase in confidence to report it. The CEO also assured that Oxfam would investigate thoroughly and “take decisive and appropriate action” (Oxfam, 2018).

On May 16<sup>th</sup>, and after leading Oxfam through the scandal, Mark Goldring, who has been CEO since 2013 released a statement announcing his resignation at the end of the year. According to Goldring, “the time is coming for a new leader”, as the organization needs a fresh start and “this journey will best be led by someone bringing fresh vision and energy and making a long-term commitment to see it through” (Dewan, 2018; “Oxfam Chief Executive to step down,”, 2018). Goldring also highlighted the efforts made to ensure that the charity is a “safe and respectful place for all who have contact with us” and stated his commitment to “seeing this phase through”(Oxfam, 2018j). Caroline Thomson, chair of Oxfam, accepted the

resignation but with “great sadness and with thanks for his dedication and leadership” (Dearden, 2018b).

Two days later, on May 18<sup>th</sup>, Oxfam released another statement saying that the charity would have to reorganize its work and let some employees go, after private donors – including the British government – frozen Oxfam’s funding. Despite not being completely sure, Oxfam estimated that “the process could affect in the region of 100 staff in UK” (Kay, 2018b). However, the charity also stated its appreciation for the donors that kept supporting its work and reassured the commitment to meet the high standards expected by its partners and the desire to resume its partnerships. Nevertheless, external concerns highlighted the importance of appointing a new chief executive as soon as possible, as it would guarantee that “those making the decision on jobs are dedicated to Oxfam’s long-term future”. The need for savings and cuts was a direct consequence from the sexual misconduct scandal, as shoppers and donors reduced their spending, creating a shortfall in the “unrestricted” budget (the money raised from the charity’s shops and individuals, that is to be spent on whatever Oxfam sees fit) (Hope, 2018). On the other hand, around half of the money raised was from governments or institutions who funded specific projects, meaning that the funding is “restricted” to those causes (Hopkins, 2018). In a statement, Oxfam clarified that the cuts would mainly affect supporting functions, as the organization is committed to continuing delivering its “life-changing work” and in “investing on an action plan to strengthen the continuing efforts to root our sexual harassment and abuse” (Hope, 2018).

On the 26 of July, Oxfam stated that is training “an additional 119 staff to investigate safeguarding incidents around the world as part of the ongoing improvement of safeguarding”. The charity also tripled its funding for safeguarding and established an Independent Commission to review its culture and practices. Moreover, Oxfam will also report data on safeguarding twice a year, and will provide training on safeguarding to its collaborators, as well as strengthening background checks for its employees. Finally, and building up on the whistleblowing line set up after 2011, Oxfam announced an “independent whistleblowing hotline in five languages and encouraged staff to use it in confidence” (Oxfam, 2018m)

On July 31<sup>th</sup>, Oxfam responded to the report by the House of Commons International Development Committee, which resulted from the allegations of sexual misconduct by employees of several NGOs, including Oxfam. In its statement, the Caroline Thomson claimed that “the committee is right to challenge all of us to do better”, despite the painful reading “for

everyone at Oxfam and for the aid sector as whole” (Oxfam, 2018g). Furthermore, the report promoted improved processes for reporting sexual misconduct and a change of culture within organizations. Finally, and to prevent perpetrators from moving from one charity to another, the report also suggested the implementation of a global register of aid workers to firewall sexual predators seeking to work with vulnerable people (McKenzie, 2018). As the chair of trustees claimed, “we need to give the same sustained priority to preventing and tackling sexual abuse as we do to saving lives during humanitarian emergencies”.

On September 11<sup>th</sup>, Oxfam released a statement announcing the new chief executive of Oxfam GB, Dhananjayan Sriskandarajah, who will take up the post in the end of the year (Oxfam, 2018h).

Finally, and despite all the controversy surrounding the charity since February 2018, Oxfam’s annual report states that this was the year that the charity helped most people since its foundation, estimating that it helped 14 million people (Cooney, 2018).

## **5. Repairing Legitimacy**

To analyze how the reports of sexual misconduct affected Oxfam and how the charity responded to the legitimacy issues, this research will focus mainly on the moral dimension of legitimacy.

The reports of sexual misconduct damaged Oxfam’s legitimacy for several reasons. On the one hand, Oxfam allegedly did not fully disclose the misconduct to the regulatory bodies, such as the Charity Commission, nor to the local Haitian authorities, thus preventing due diligence and defrauding the trust of stakeholders who expected transparency. On the other hand, by not disclosing the information, Oxfam failed to be accountable to the victims who did not see any consequences for the perpetrators of sexual exploitation and abuse. Furthermore, by keeping the misconduct reports private, Oxfam allowed three of the perpetrators, including country director, Roland van Hauwemeiren, to resign and accept jobs at other charities, thus putting vulnerable people at risk. Lastly, donors and the general public perceived Oxfam’s actions as egotistical and only concerned with protecting the brand and its reputation and failing to do the right thing.

After analyzing the different reactions by the organization to address the legitimacy issue, it was possible to conclude that, as complex organization, it needed to use a mix of approaches. This mix can be justified by two main reasons:

1. Oxfam is complex organization: The Haiti's events in 2011 happened during the intervention of Oxfam GB. However, as multinational organization that is present in over 90 countries, Oxfam had to address the legitimacy challenge in a cohesive way, as to prevent negative spillovers to the other affiliates. This concern also explains why some of the measures on safeguarding were presented by the head of Oxfam International, Winnie Byanyima.
2. Oxfam works in a complex environment, being influenced and influencing different stakeholders, such as:
  - a. Governmental authorities, both from UK (Charity Commission and DfID) and Haiti;
  - b. International bodies that provided funding, like the EU;
  - c. The Aid Sector as a whole – not only the scandal raised legitimacy issues for other organizations, it also led to the implementation of new measures for the whole sector;
  - d. The Media, particularly in the UK, was very attentive and critic to what happened in Haiti, framing public perception and contributing to some of the measures implemented, namely resignations.
  - e. Supporters of Oxfam were appalled with the sexual misconduct allegations, with several of them stopping donations to the charity, and some high-profile ambassadors quit their roles after discovering the misconduct;
  - f. Critics of Oxfam embraced the opportunity to advance an anti-aid agenda and enforcing the view that government should reduce charity funding.

To address the critics and in the attempt to repair the breach of trust, we observed that Oxfam employed a mix of approaches that the academic literature defines as “repair strategies”,

in the sense that are a reaction to an unpredicted delegitimizing event (Suchman, 1995). To fully comprehend how those responses worked and how can they be qualified, this dissertation employs the model of Lamin & Zaheer (2012). This model identifies four main categories, as per below:

Categories	Definition
<b>Denial</b>	Deny the existence of the problem.
<b>Defiance</b>	Contests the allegation, but also challenges the accuser and tries to undermine its credibility in the eyes of the public.
<b>Decoupling</b>	Disassociation between the organization and the source of the problem (often relies on finding a scapegoat).
<b>Accommodation</b>	Admission of guilt (or part of the guilt) and the expressed desire to change and conform to society’s norms and values.

Table 4- Categories of the Legitimacy Repairing Strategies

Concerning the different categories of approaches used, this dissertation focused mainly on four: denial, defiance, decoupling and accommodation. Despite using at least one time a response falling in each of the categories, the most used approaches were related to decoupling and accommodation. Denial and defiance, which are responses mainly symbolical, meaning that are more superficial and mostly concerned with image management and the manipulation of stakeholders’ perceptions; while decoupling and accommodation often imply more substantive action, which translates in actual changes in practices and procedures and a commitment to satisfy stakeholders’ expectations.

After the *The Times* article, on 9<sup>th</sup> February, the first response of Oxfam can be included in two of the mentioned categories: **denial** and **decoupling**. Oxfam did not deny the sexual misconduct but asserted that the organization hasn’t done “any cover-up” as it had disclosed the information to the regulatory body. Concerning decoupling, Oxfam emphasized that the abhorrent behavior was perpetrated by few members of the staff and that it was completely contrary to the organization’s values. Therefore, the first response to the misconduct was merely

symbolical and did not imply any substantial change.

However, Oxfam quickly followed the symbolic action with more substantive ones. On the one hand, it was stated that the charity was working to “create the strongest possible” policies to prevent sexual abuse and exploitation. On the other hand, Oxfam also enunciated the number of measures that were implemented after the events in 2011, thus showing its commitment to improve and willingness to comply with social norms and prevent future wrongdoing from happening. This statement reflects previous substantive action and symbolically shows that Oxfam wants to do better and keep on improving. This response can be fitted on the **accommodation** category as it demonstrates a clear willingness to comply with societal norms.

On the 10<sup>th</sup> February, Mark Goldring stated that would have been better to disclose, but understood his colleagues decision as he didn't “think that it was in anyone's best interest to be describing the details when the objective was to deliver and aid program” He also claimed that sexual abuse and exploitation is a sectoral that “every organization has to deal with” and that in many aspects Oxfam tries to be better than the majority. With those statements, Goldring has to mains objectives: 1) Show that what happen with Oxfam is a problem that affects every organization within the sector and is not a result of Oxfam's neglect or malpractices; 2) Change the focus from what Oxfam did wrong, to the good things it was trying to achieve. By doing this, the CEO is trying to reframe the events in a way that would get more complacency from the public – Oxfam was not only protecting its brand and interests, it was trying to protect all the others that was trying to serve. Despite the fact that framing events in a way that provides mild judgement (Suchman, 1995) is a typical and often used response to legitimacy challenges, it falls out of the categories conceptualized by Lamin & Zaheer (2012), being the only response that does not fit the model.

Concerning giving positive references to those who resigned or were fired due to the exploitative behavior in 2011, Oxfam started by **denying** the problem: they have not given references. Secondly, claimed that they couldn't have done more, as they cannot prevent other employees from giving references and also because there are external factors that cannot be controlled, such as legal difficulties. Finally, the charity once again asked for a sector-wide reform, dividing the blame and implying that to prevent such situations it cannot act alone. Therefore, it is possible to conclude that the first approach to this subject was also merely symbolic and no concrete change was implemented.

On the 11<sup>th</sup> February, on her first statement on the Haiti events, Caroline Thomson, Oxfam GB's Chair of Trustees, starts by condemning the misconduct but uses the opportunity to emphasize Oxfam's virtues. During her statement it is clear that Thomson tried to disassociate what happened from what Oxfam is by using the **decoupling** strategy. Nevertheless, this symbolic approach is followed by more substantive one, as she states that Oxfam is committed to improve even further and announces a package of measures to tackle the problem. By announcing new measures, Thomson engages in an **accommodating** response.

Following this, Penny Lawrence, deputy chief executive, resigns due to the fact that both allegations of sexual misconduct happened on her "watch". Her resignation is both symbolic and substantive and follows the **decoupling** logic. She takes full responsibility for what happened, admits the wrongdoing and profusely apologizes to Oxfam's supporters, the aid sector as a whole and mostly to the victims.

On a different note, and using a completely different approach, Mark Goldring criticized Helen Evens (former Oxfam employee and head of safeguarding) for her public criticism to Oxfam. Furthermore, Goldring also defied the critics claiming that they were part of an anti-aid agenda, that the wrongdoing was "blown out of proportion". This was the first and only time that an Oxfam representative downplayed what happened in Haiti and questioned the critics and their morality, which fall into the **defiance** category. However, on the same day, Winnie Byanyama, head of Oxfam International, uses a more **accommodating** approach by claiming that what happened is "a stain on Oxfam that will shame us forever" and announcing new measures to improve safeguarding.

Another symbolic and **accommodating** approach was the release of 2011's Internal Report, as it showed transparency and emphasized that Oxfam is committed to clarify what happened and to be open and transparent about its proceedings in 2011. It represents an act of good faith and intends to show the public that the charity is not withholding information from the UK authorities, nor from the Haitian government to whom Oxfam apologized.

Concerning a more substantive approach, Oxfam participated and supported the summit held by the Department for International Development (Dfid) and Charity Commission. Moreover, on the aftermath of the summit, Oxfam not only pledged to increase the amount of resources spent on safeguarding, it also established new standards for staff references, an external hotline for whistleblowing and an external commission to evaluate its safeguarding

procedures and culture. The implementation of this new procedures reinforces Oxfam’s commitment to **accommodate** the social norms.

In the end, and following the **decoupling** logic, Mark Goldring announces his resignation as “Oxfam needs fresher views”. Contrary to the resignation of Penny Lawrence, Goldring’s resignation is mostly symbolic, as he was not CEO or responsible for the events of 2011. However, as he was the face of the scandal that has shaken Oxfam for the past year, he would always be associated with the events. Despite announcing his resignation in May, Goldring made the personal commitment to see this phase through and underlined that the measures implemented to improve safeguarding were already being successful. As he put it, the increase in incidents reported since the scandal broke out indicates that more people have the confidence to come forward. With this statement Goldring tries to decouple himself from Oxfam as a way to decouple Oxfam from the scandal, and he also highlights the accommodating substantive efforts made by Oxfam in order to prevent further abuse. Therefore, stepping down at the end of 2018, symbolically represents the end of this chapter for Oxfam.

**5.1. Main Findings**

We now show an overall synthesis of the main responses of Oxfam, that can be found in table 5. As stated before, the most used approaches were related to decoupling and accommodation, followed by denial and defiance.

Categories	Oxfam’s Response
<b>Denial</b>	<ul style="list-style-type: none"> <li>○ Deny a cover-up of the sexual misconduct;</li> <li>○ Deny giving positive references to the men involved on the sexual misconduct;</li> </ul>
<b>Defiance</b>	<ul style="list-style-type: none"> <li>○ Mark Goldring defies Oxfam critics, claims that they are “gunning” for the charity and blowing the events out of proportion, due to an anti-aid agenda.</li> </ul>
<b>Decoupling</b>	<ul style="list-style-type: none"> <li>○ “What few men did do not represent the values of Oxfam”</li> </ul>

## **Decoupling**

- Few of the staff did wrong, when Oxfam was trying to do right by delivering an aid program.
- Penny Lawrence resigns and assumes full responsibility for what happened.
- Mark Goldring announces his resignation, after helping the organization to “see this phase through”.

## **Accommodation**

- Oxfam apologized for what happened in Haiti and enunciated the measures that it had since put in place to prevent misconduct, as well as a new set of measures.
- Oxfam apologized to the victims of the sexual misconduct, to the Haitian Government, to the UK’s regulatory bodies and to its supporters.
- Caroline Thomson apologizes and announces a new set of measures for safeguarding.
- Winnie Byanyima apologizes and announces new improvements on safeguarding.
- Release of the 2011’s internal investigation on the sexual misconduct.
- Participation of the DfID summit and announcement of new improved measures on safeguarding.

*Table 5- Oxfam’s categorized responses*

Apart from the Mark Goldring’s defiance of the organization’s critics, which was out of character during all the repairing process under analysis, Oxfam often followed symbolic

responses with substantive action. For instance, denial is a typical symbolic response, usually employed by organizations who are mostly focused on image management and are not looking for changing its practices. However, every time Oxfam used **denial**, it also followed the allegations with new measures to prevent it from happening:

1. Oxfam denied covering-up the Haiti events in 2011, enunciated the measures that were put in place after it and announced new measures to tackle the safeguarding problems.
2. Oxfam denied giving positive references of those involved in the sexual misconduct in 2011, even if could not prevent employees from doing so. Therefore, it asserted that would not give positive feedback of people who acted contrary to the organization's values and enunciated legal and external factors that precluded Oxfam from fully disclosing the misconduct to other organizations in the field. Following these allegations new measures were announced and the organization reasserted its willingness to work with all organizations in the field, as well as with governmental authorities, to prevent predators from moving between organizations.

Concerning its **decoupling** efforts, it became clear that they represented both symbolic and substantive approaches. On the one hand, since the beginning of the scandal, in February 9<sup>th</sup>, in all press releases and media statements, the organization made a point in making clear that there was a distinction between the abusers and the organization - they do not represent the enormous staff that composes the charity, they do not reflect the organization values nor its practices. They did wrong, when Oxfam was trying to do good. On the other hand, there were two high-profile resignations: first Penny Lawrence, then Mark Goldring. The first resignation made sense in symbolic and substantive terms, as she was the one that was in charge when the misconduct happened. However, the second resignation is clearly symbolically and emerges after the criticism started to fade – Mark Goldring was the face of Oxfam during the scandal and now the scandal is over, and so is the role of Goldring at the organization.

**Accommodation**, the fourth category enunciated by Lamin & Zaheer (2012), was the most used approach. Oxfam recognized at least part of the wrongdoing from the start and apologized for it, several times and through several channels and directed it to different

stakeholders: to the beneficiaries who suffered the abuse, to the UK and Haiti authorities and to Oxfam supporters. It is also fundamental to understand that Oxfam not only admitted the guilt and expressed the desire to change and raise up to meet the moral standards it was expected to, it also created and implemented different measures to enable the organization to do. Due to the breach of confidence and the moral legitimacy challenge that was raised, Oxfam also engaged in several different symbolic demonstrations as to put forth some of the values that were put in question, such as transparency. A clear demonstration of a symbolic action to reassert the value of transparency and address the legitimacy challenge, was the publication of the 2011's internal investigation that was conducted after the misconduct of its staff in Haiti.

A possible interpretation for the preference for **accommodating** strategies focuses on the organization nature. As an NGO, one of its most valuable assets is moral legitimacy. It depends on this legitimacy to gain support and the means to deliver its aid and development programs. Without moral legitimacy it loses its meaning as organization, it does not have the means – financial, human or even legal – to act and the people who are supposed to benefit from their actions are not interested in receiving their programs. Losing moral legitimacy will likely lead to the loss of pragmatic legitimacy as well – *who would recognize the value of its work?* Consequently, after the allegations of sexual misconduct, it was crucial for Oxfam to emphasize its harmony with societal values and societal well-being. And after being under such tight scrutiny, symbolic actions would not be enough. Therefore, in order to regain the confidence of the different stakeholders, Oxfam had also to engage in substantive actions that asserted the organization commitment to do better in the future: do better in preventing and developing better safeguarding procedures, but also to do better in reporting and assertively respond to misconduct when it happens.

## **6. Conclusions**

This dissertation focuses on the responses used by social organizations, namely NGOS, to address legitimacy challenges, in particular after a delegitimizing event.

To achieve this objective, the Oxfam case was analyzed in-depth. Oxfam was the organization chosen as the scandal that affected the organization is recent and reflects the multidimensional challenges that an international organization has to address when responding to the different stakeholders and perspectives. In this context, Oxfam's case might provide relevant insights to organizations that have a presence in different countries and are facing

legitimacy challenges from different audiences. Moreover, this case also reflects the different practical consequences that arise from a legitimacy challenge, as Oxfam dealt with a negative financial impact (loss of donors and government funding and decrease in trading), loss of ambassadors, bad press and loss of support from the general public.

How organizations respond to legitimacy issues is absolutely crucial, as it affects performance and can create further legitimacy problems. Bearing this in mind, this dissertation focused on how Oxfam responded to the different allegations as the case unfolded, and if the organization used merely one type of approach or if it used a set of mix responses. Further, it was also relevant to understand if symbolic actions were enough, or if the organization had to engage in more substantive actions.

To answer the research question – *how social organizations respond to legitimacy challenges?* – this study analyzed the media articles published after the Oxfam scandal broke out, as well as, the direct communication channels of the organization. To categorize the responses used and how the NGO tried to repair its legitimacy, this dissertation used the model proposed by Lamin & Zaheer (2012).

This model identified four main categories of responses: **denial, defiance, decoupling and accommodation**. With the analysis of the Oxfam case it was possible to conclude the following:

1. As a multinational charity, Oxfam addressed the legitimacy challenge by using at least once each one of the categories enunciated by Lamin & Zaheer (2012). Therefore, it is possible to conclude that complex social organization responds multidimensionally and its response alters itself with time and depending on the stakeholders addressed.
2. The charity used both symbolic and substantive approaches on its effort to repair its legitimacy. It is also relevant to note that most responses either started by being symbolical and then turned into to more substantive responses or were symbolic and substantive simultaneously. It was not found an example of a response to the allegations that appeared substantive and eventually turned simply symbolic.

- a. As a high-profile organization facing a mediatic scandal, Oxfam could not act merely symbolically, as it was under tight scrutiny and changes were demanded by different stakeholders.
3. As a social organization facing moral legitimacy challenges, Oxfam privileged decoupling and accommodating responses. These two categories, unlike denial or defiance, are the ones that imply a substantive action.
4. Addressing a moral legitimacy threat is of the utmost importance for a social organization, as its *raison d'être* depends on it. Losing moral legitimacy may lead to a loss of pragmatic legitimacy and, therefore, when responding to such a threat we can conclude that these organizations will prioritize substantive and accommodating responses.

In this context, and based on the main findings, the principal theoretical contributions of this dissertation are:

- a) Showing how a social organization (e.g. NGO) addressed a legitimacy challenge by using the Lamin & Zaheer's model (2012) that enunciated 4 categories of repairing legitimacy responses: denial, defiance, decoupling and accommodation. This contributes to a systematization and understanding of how social organizations deal with legitimacy issues and how they put in place procedures and measures to facilitate appropriate responses to the increasing, and sometimes contradictory, stakeholders' expectations.
- b) Previous studies (Pache & Santos, 2010; Pallas et al., 2015) also mentioned the lack of literature on how social organizations operating in complex environments approach conflicting institutional demands. This dissertation attempts to cover this gap by analysing how an international NGO addressed its legitimacy issues by responding to different stakeholders – its beneficiaries, the regulatory bodies, the public and private donors and the public at large.

Focusing on a more practical and managerial lenses, analyzing Oxfam's response can provide guidance and valuable insights to social organizations who face legitimacy issues, particularly moral legitimacy challenges. When dealing with a moral legitimacy issue,

managers must understand the importance of successfully addressing it as it is possible that losing moral legitimacy makes the organization lose its whole purpose for stakeholders. Oxfam's response shows how substantive response and the involvement of the whole sector might be a successful way to repair the lost legitimacy.

### **6.1. Limitations and Future Research**

The first limitation of this study rests on the fact that it only analyzed one case, the Oxfam scandal. Therefore, future research should try to expand the sample to verify if the conclusions can be validated on a larger scale. In this particular case, Oxfam used a mix of strategies to address the legitimacy issue. Future research should analyze if other NGOs also use a variety of approaches or if they focus on only one type of particular response.

Secondly, this study identified the different strategies employed by Oxfam, ranging from substantive to merely symbolic actions fitting in four different categories, but fails to analyze which ones were more effective in repairing legitimacy or even if there is one strategy more suited than others.

A third limitation that can be identified concerns the type of data used. This dissertation only used secondary data, namely media articles, press releases from the organization and the financial statements of 2017 and 2018. Because of the data selected, the real drivers behind the approaches used by Oxfam and the statements released is subject to interpretation. Therefore, future research could also conduct in-depth interviews with the relevant parties as to get primary data on the drivers that motivated Oxfam's reaction.

Finally, since the scandal was unveiled on February 2018, we are precluded from evaluating the long-term consequences of the scandal on Oxfam's legitimacy, as well as the efficiency of the repairing strategies employed. Moreover, the financial consequences of the loss of donors are not yet clear and will only be fully comprehensible on the next financial year.

## 7. Appendix

<b>SOURCE</b>	<b>TITLE</b>	<b>DATE</b>
<b>The Independent</b>	Oxfam denies covering up senior aid workers' use of prostitutes	09/02/18
<b>Reuters</b>	Oxfam condemns staff over sex reports in earthquake-hit Haiti	09/02/18
<b>Financial Times</b>	Oxfam denies cover-up of Haiti prostitutes scandal	09/02/18
<b>The Independent</b>	After the Haiti scandal, Oxfam must be held to a higher moral standard	10/02/18
<b>The Guardian</b>	Charities watchdog demands answers from Oxfam over Haiti scandal	10/02/18
<b>BBC</b>	Oxfam haiti prostitute claims: Chief executive denies 'cover-up'	10/02/18
<b>Time</b>	Oxfam CEO Denies Cover-Up of Employee Prostitution Scandal	10/02/18
<b>The Times</b>	Oxfam sex scandal: Sacked staff found new aid jobs	10/02/18
<b>The Telegraph</b>	Oxfam has admitted it 'got it wrong' and should have made its Haiti sex scandal public	10/02/18
<b>Sky News</b>	Oxfam boss 'deeply ashamed' of charity's behaviour	10/02/18
<b>The Guardian</b>	Oxfam: fresh claims that staff used prostitutes in Chad	11/02/18
<b>The Independent</b>	We need to increase the foreign aid budget following the Oxfam Haiti scandal	11/02/18
<b>CNN</b>	Oxfam hit with pay-for-sex allegations in Haiti	11/02/18
<b>NDTV</b>	Oxfam Deputy Head Resigns Over Sex Scandal	12/02/18
<b>Washington Post</b>	Oxfam crisis spreads as Haiti suggests aid workers exploited children for sex	12/02/18
<b>CNN</b>		12/02/18
<b>The Guardian</b>	The Guardian view on Oxfam: time to learn, not destroy	12/02/18
<b>Reuters</b>	Funding fears may drive charities to hide sex abuse after Oxfam scandal: experts	12/02/18

<b>Third Sector</b>	Oxfam Timeline: How the Haiti scandal unfolded	12/02/18
<b>Financial Times</b>	Oxfam rocked by Haiti sex scandal	12/02/18
<b>The Telegraph</b>	Oxfam's deputy chief executive quits £100,000 role over prostitution scandal	12/02/18
<b>BBC</b>	Oxfam: Deputy resigns over how sex claims were handled	12/02/18
<b>POLITICO</b>	Lessons for charities from Oxfam scandal	13/02/18
<b>The Times</b>	Oxfam sex scandal: Charity chief Mark Goldring knew of allegations	13/02/18
<b>The Guardian</b>	Oxfam scandal: ministers have 'serious questions to answer', say Labour - as it happened	13/02/18
<b>The Spectator</b>	Oxfam scandal: Helen Evans' Channel 4 interview, full transcript	13/02/18
<b>Devex</b>	Oxfam sexual abuse scandal: Are the aid sector's HR systems failing?	14/02/18
<b>BBC</b>	Oxfam scandal: Ex-Haiti director denies paying for sex	15/02/18
<b>Pri</b>	The Oxfam scandal shows that reform is needed in the humanitarian aid sector	15/02/18
<b>CBC</b>	Oxfam scandal highlights spectrum of abuse: local staff, recipients — aid workers, too	15/02/18
<b>BBC</b>	Oxfam scandal: UN aid agencies fear backlash	15/02/18
<b>The Economist</b>	The saints and sinners of Oxfam	15/02/18
<b>APPS Policy Forum</b>	Abuse and accountability: lessons from the Oxfam scandal	15/02/18
<b>Reuters</b>	Tutu quits as Oxfam ambassador over aid agency's sex scandal	15/02/18
<b>The Guardian</b>	Desmond Tutu resigns as Oxfam ambassador over 'immorality' claims	15/02/18
<b>The Independent</b>	Oxfam scandal: Former Haiti director admits sex with aid recipient but denies prostitution allegations	16/02/18
<b>Financial Times</b>	Oxfam and the dark side of the aid industry	16/02/18

<b>The Times</b>	Oxfam sex scandal: 'saddened' Tutu quits as ambassador	16/02/18
<b>Sky News</b>	Archbishop Desmond Tutu quits Oxfam role over charity's sex scandal	16/02/18
<b>Financial Times</b>	FT Health: Lessons from the Oxfam scandal	16/02/18
<b>The Telegraph</b>	Oxfam sex scandal is 'tip of the iceberg', Haitian president claims	17/02/18
<b>U.S.News</b>	Oxfam Says Haiti Director Admitted Using Prostitutes	17/02/18
<b>The Independent</b>	Oxfam sex scandal: Glastonbury will stand by charity, festival organiser Emily Eavis pledges	17/02/18
<b>The Telegraph</b>	Oxfam sex scandal is 'tip of the iceberg', Haitian president claims	17/02/18
<b>The Times</b>	Oxfam sex scandal: PR put before safeguarding	17/02/18
<b>The Independent</b>	Mary Beard posts tearful picture of herself after defence of Oxfam aid workers provokes backlash	18/02/18
<b>Daily Mail</b>	Aid workers 'traded wheat, medicines and oil for sex with girls as young as 13 and made them pose naked for pictures' in west Africa scandal	18/02/18
<b>The Week</b>	Oxfam Scandal Trio threatened key witness	19/02/18
<b>Washington Post</b>	For Haiti, the Oxfam scandal just the latest in a string of insults	19/02/18
<b>Washington Post</b>	The Oxfam scandal shows that, yes, nonprofits can behave badly. So why aren't they overseen like for-profits?	19/02/18
<b>France 24</b>	Oxfam apologises to Haiti government over sex scandal	19/02/18
<b>The Times</b>	Oxfam sex scandal: Mary Beard attacked for 'colonial' tweet	19/02/18
<b>DW</b>	Oxfam sex scandal: Staff reportedly bullied witness in Haiti inquiry	19/02/18
<b>IDS</b>	Oxfam club at IU responds to Oxfam UK scandal	19/02/18
<b>SWI</b>	Aid agencies in the eye of the storm	19/02/18

<b>The Times</b>	Oxfam sex scandal: He liked lesbian shows, says teenage lover of Haiti director Roland Van Hauwermeiren	19/02/18
<b>CBS</b>	Oxfam staff accused of sexual misconduct threatened witnesses	19/02/18
<b>Euronews</b>	Oxfam sex scandal: Internal report reveals 'witness intimidation'	19/02/18
<b>Al Jazeera</b>	Oxfam: Witness 'threatened' in sexual misconduct probe	19/02/18
<b>Euronews</b>	Oxfam sex scandal: Internal report reveals 'witness intimidation'	19/02/18
<b>BBC</b>	Oxfam Scandal: We are not complacent says Save the Children UK Chief	20/02/18
<b>The Guardian</b>	Oxfam loses 7000 donors since sexual exploitation scandal	20/02/18
<b>BBC</b>	Oxfam's Mark Goldring apologises over Haiti sex scandal	20/02/18
<b>Reuters</b>	Oxfam chief apologizes for 'babies in cots' comment as more abuse reported	20/02/18
<b>CNN</b>	Sexual exploitation is widespread in the global aid sector, UK lawmakers told	20/02/18
<b>Al Jazeera</b>	Oxfam managers grilled by UK MPs over sex scandal	20/02/18
<b>South China Morning Post</b>	Oxfam Hong Kong loses 715 donors worth over HK\$1.1 million a year as prostitution scandal rocks charity's British arm	20/02/18
<b>Financial Times</b>	Oxfam chief apologises for damaging aid sector as MPs launch inquiry	20/02/18
<b>The Guardian</b>	Oxfam: '7,000 people have cancelled their regular donations'	20/02/18
<b>BBC</b>	Oxfam reputation put at risk by Haiti scandal, says executive	20/02/18

<b>Devex</b>	Private sector 'not exempt' in wake of Oxfam sex abuse, says Penny Mordaunt	20/02/18
<b>Al Jazeera</b>	Oxfam apologises to Haiti over sex scandal	20/02/18
<b>BBC</b>	MPs question charity bosses	20/02/18
<b>NDTV</b>	Oxfam Bosses To be Questioned Over Haiti Sex Scandal: Reports	20/02/18
<b>The Independent</b>	Oxfam received 26 new reports of alleged sexual misconduct after Haiti scandal emerged, MPs told	20/02/18
<b>Fair Observer</b>	The Bigger Problem within Oxfam's Sex Scandal	21/02/18
<b>The Guardian</b>	Minnie Driver: Oxfam bosses 'knew what was going on and did nothing'	21/02/18
<b>BBC</b>	Oxfam sex scandal: Haiti suspends charity's operations	22/02/18
<b>CNN</b>	Haiti suspends Oxfam operations over sexual misconduct scandal	22/02/18
<b>The Telegraph</b>	Oxfam sex scandal: Now Haiti suspends the charity from working in the country	22/02/18
<b>Al Jazeera</b>	NGOs should not be allowed to operate above the law	22/02/18
<b>CBC</b>	Oxfam sexual misconduct scandal warrants 'more than apologies,' says British MP	22/02/18
<b>BBC</b>	Oxfam scandal: Nine charts that show what charities do	23/02/18
<b>The Conversation UK</b>	What Oxfam can learn from charities that survived scandals	23/02/18
<b>BBC</b>	Aid organisations 'truly sorry' for sector's failings	24/02/18
<b>Third Sector</b>	Twenty-two aid charities sign safeguarding pledge	26/02/18
<b>The Guardian</b>	Aid charities ordered to improve standards following Oxfam scandal	05/03/18
<b>The Independent</b>	Oxfam scandal: Aid agencies to pledge action to combat sexual exploitation at Dfid summit	05/03/18
<b>BBC</b>	Aid groups report 80 harm cases in wake of Oxfam scandal	05/03/18

<b>NPR</b>	After Oxfam's Sex Scandal: Shocking Revelations, A Scramble For Solutions	16/03/18
<b>The Times</b>	Oxfam hit by second sex scandal over Haiti	16/03/18
<b>The Guardian</b>	Oxfam 'kept aid worker on in Haiti despite sex harassment claims'	17/03/18
<b>Third Sector</b>	Oxfam: A crisis to end all crises	20/03/18
<b>The Times</b>	Oxfam scandal damages trust in charities	23/03/18
<b>Devex</b>	'In Haiti, no one is surprised by the Oxfam scandal'	23/03/18
<b>Devex</b>	Long Story Short #3: What the Oxfam scandal means for the aid industry	27/03/18
<b>Third Sector</b>	Serious incident reports to regulator 'doubled in first month after Oxfam scandal'	29/03/18
<b>Third Sector</b>	'More than 500 reports of safeguarding incidents' in weeks after Oxfam scandal broke	19/04/18
<b>The Guardian</b>	Steep rise in abuse claims to Charity Commission after Oxfam scandal	19/04/18
<b>CNN</b>	Oxfam chief to step down over Haiti sex scandal	16/05/18
<b>The Independent</b>	Oxfam chief executive Mark Goldring to stand down at end of 2018 after Haiti sex scandal	16/05/18
<b>Third Sector</b>	Oxfam staff face redundancy as sexual misconduct scandal hits income	18/05/18
<b>The Independent</b>	Oxfam to lay off 100 people as funding falls following aid worker sex scandal	18/05/18
<b>The Guardian</b>	Oxfam sexual abuse scandal fallout was 'out of proportion', says Clare Short	05/06/18
<b>The Telegraph</b>	Oxfam faces £16m in cuts after fallout from Haiti sex scandal	15/06/18
<b>The Guardian</b>	Oxfam to axe jobs and aid programmes in £16m cuts after scandal	15/06/18
<b>The Times</b>	Oxfam cuts projects and staff in cash crisis after sex scandal	15/06/18
<b>Third Sector</b>	Oxfam likely to seek £16m of efficiency savings, says leaked document	15/06/18

<b>Third Sector</b>	Commission reveals surge in reporting of safeguarding incidents after Oxfam scandal broke	03/07/18
<b>Reuters</b>	Sexual predators leaving aid world following Oxfam scandal: UK minister	03/07/18
<b>The Week</b>	Reports of abuse at charities skyrockets	05/07/18
<b>The Sun</b>	Oxfam sex scandal – what happened in Haiti, why did Helen Evans resign and who else has quit?	31/07/18
<b>The Times</b>	Oxfam scandal: Charities were ‘verging on complicity’ over sexual abuse, say MPs	31/07/18
<b>CNN</b>	Sexual abuse 'endemic' in international aid sector, damning report finds	31/07/18
<b>Al Jazeera</b>	Sexual abuse 'endemic' within aid sector: report	31/07/18
<b>Reuters</b>	UK watchdog accuses aid groups of failing to tackle sexual misconduct	31/07/18
<b>The Times</b>	Sex claims against charity workers rise	15/10/18
<b>The Guardian</b>	Global register set up to keep criminals out of aid sector	17/10/18
<b>Financial Times</b>	Aid workers face tighter vetting in wake of Oxfam scandal	17/10/18
<b>The Times</b>	Global list of charity sex predators to be launched	17/10/18
<b>The Week</b>	UK launches global sex offender register	18/10/18
<b>The Tribune</b>	Britain says time’s up for sex predators in global aid sector	18/10/18
<b>The Times</b>	Oxfam Haiti scandal prompted a surge in sexual harassment complaints	24/10/18
<b>Third Sector</b>	Oxfam's income from the public fell by £3.8m but overall income increased	24/10/18
<b>Reuters</b>	Oxfam charity hit by sharp rise in sexual misconduct claims	24/10/18
<b>Third Sector</b>	Sector's reputation partially recovered, YouGov polling finds	31/10/18
<b>Third Sector</b>	Charities' response to safeguarding scandal was poor, journalists claim	14/11/18

<b>The Times</b>	Watchdog yet to interview Oxfam chief	14/11/18
<b>Third Sector</b>	Trust in sector holds up in spite of safeguarding scandal, figures show	14/11/18

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