The construction and operationalisation of NGO accountability: Directing Dutch governmentally funded NGOs towards quality improvement

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CHAPTER 2: NGO ACCOUNTABILITY

2.1 Introduction

This chapter reviews prior literature on (NGO) accountability. As the focus of this study is on the conceptualisation of accountability and the operationalisation of accountability technologies within NGOs, prior literature addressing these topics is reviewed. The chapter is structured in four sections. The first section discusses a variety of possible conceptualisations of accountability in order to portray the fluid and potentially contested nature of accountability. The second section reviews key forms of accountability developed in prior academic literature. The third section introduces key topics that have been addressed in research on NGO accountability in order to place this study in context. This review of these key topics in the NGO accountability literature is organised around four main themes: defining and classifying NGOs; motives for NGO accountability; complexities of NGO accountability; and the operationalisation of NGO accountability.

2.2 Conceptions of accountability

Within academic literature different interpretations of accountability exist and it is often considered a fluid concept with several possible meanings (Gray et al., 2006). Accountability in its simplest sense can be understood as ‘the giving and demanding of reasons for conduct’ (Roberts and Scapens, 1985, p. 447). How accountability is defined can change over time and depends on current ideologies, motifs and the language adopted (Sinclair, 1995). Although the need for accountability is recognised in academic literature and practice, i.e. it is often described as a ‘golden concept that no one can be against’ (Iyoha and Oyerinde, 2010, p. 362), it is far from resolved how to define the concept and no single best definition of accountability exists. Various definitions appear in the academic literature and some examples are provided below;

Accountability is about the conduct and performance of an individual, group or organisation, and the criteria used for assessing this. (Day and Klein, 1987, p. 5)
Accountability can be described as] the right to receive information and the duty to supply it. (Gray, 1992, p. 413)

The means by which individuals and organisations report to a recognised authority (or authorities) and are held responsible for their actions. (Edwards and Hulme, 1996, p. 967)

Accountability [...] involves the production of internally consistent – but not necessarily truthful – accounts of how resources have been used by an organisation, as well as the decisions, rules, and actions that led to them. (Hannan and Freeman, 1989, p. 73-74, cited in Ebrahim, 2005, p. 59)

Despite the lack of consensus on the definition of accountability, most authors agree that it entails two dimensions, i.e. being held to account and holding to account (Mulgan, 2000), and involves at least two parties, i.e. an account giver and an account demander (Brown and Moore, 2001). An accountability relationship is created between parties when an individual or organisation recognises that a promise to do something has been made and a responsibility to aim to fulfil that promise has been accepted (Adil, 1996; Brown and Moore, 2001). This relationship can be concrete, as described in the quotation below:

Accountability is thought of as a concrete relationship between two or more parties. One party is accountable to another for the execution of some duty promised by the former. (Brown and Moore, 2001, p. 571)

Accountability relations can also be more abstract, for example, when an individual (or organisation) considers themselves accountable for the achievement of moral values (Brown and Moore, 2001). In addition to these general conceptions, accountability also has discipline specific meanings. Auditors, for example, perceive it as a financial or numerical matter, while legal scholars see it as part of a legal arrangement where parties can be held accountable for delivering agreed upon services or products (Iyoha and Oyerinde, 2010; Sinclair, 1995). And even within disciplines there seems to be a lack of agreement on what it means to be accountable (Cooper and Owen, 2007).

Although the definitions provided above are aimed at helping to better understand accountability, some authors argue that the more we attempt to define the concept, the murkier or vaguer it becomes (Sinclair, 1995). The concept seems to reside in a ‘bottomless swamp’ (Dahl, 1957, cited in Sinclair, 1995, p. 221), endlessly under development. Combined with the changing nature of accountability, this can lead to situations where it is
seen as an ‘ever expanding concept’ requiring constant clarification and categorisation (Mulgan, 2000). In addition to a range of definitions, numerous authors provide categorisations of accountability that aim to clarify the concept in specific contexts. These are discussed in the next section.

2.3 Forms of accountability

A number of forms of accountability are provided in academic accountability literature aimed at better describing and understanding accountability demands, pressures, motivations and practices within a variety of contexts. This section discusses the forms or categorisations of accountability most referred to in the literature. Figure 2.1 provides an overview of the forms of accountability reviewed in this section. The different forms are grouped under forms of accountability with a focus on resource use, a focus on values or a mixture of the two (hybrid forms). The form of accountability that often receives most attention in practice focuses on resource use. This form is, for example, present in the relationship between a corporation and its shareholders or in the relationship between a NGO and its primary funder. Accountability for values involves the internally felt motivation of an organisation (through its members) to be accountable for broader values, such as its impact on the environment or on a broader group of stakeholders. Hybrid forms of accountability present a mixture of accountability for resource use and values.

2.3.1 Distinctions between forms of accountability with a focus on resource use and values

Several authors provide distinctions between accountability for resource use and accountability for values. This section will discuss the distinctions between externally driven and internally generated accountability (Ebrahim, 2003b), individualising and socialising accountability (Roberts, 1991), individual and communal accountability (Lindkvist and Llewellyn, 2003), relational and identity accountability (Unerman and O'Dwyer, 2006b), and mandatory/codified and collateral/reciprocal accountability (Ritchie and Richardson, 2000) in order to illustrate how these distinctions are unpacked in the literature.
Ebrahim (2003b, p. 813) distinguishes between externally driven and internally generated accountability. Externally driven accountability involves the means through which organisations and individuals are held externally to account for their actions and resources used for performing actions. This form of accountability operates top-down in that an external party imposes accountability requirements upon an individual or organisation. Internally generated accountability is described as the means by which individuals or organisations ‘take internal responsibility for continuously shaping, and scrutinising organisational mission, goals, and performance’ (Ebrahim, 2003b) and thus focuses on values, as put forward in organisational missions and goals, rather than on resource use.
Roberts (1991) introduces a distinction between individualising and socialising forms of accountability. Individualising accountability focuses on how one will be seen and involves a continuous attempt to ‘stand as if outside oneself in order to anticipate the expectations of others’ (Roberts, 1991, p. 359-360; Lindkvist and Llewellyn, 2003). Individualising accountability is considered to be created and maintained around hierarchical accountability, and although it is grounded in social practices, its solitary and isolated character is emphasised. Socialising accountability acknowledges an interdependence of self and others and it is based on the assumptions of relative absence of power asymmetries and face-to-face negotiation of organisational significant events (Roberts, 1991). This form of accountability flourishes in the informal spaces of organisations and suggests that as people potentially encounter others more directly during their work, it is through these encounters that relationships are built that are based on mutual understanding, friendship, loyalty, reciprocal obligation, a sense of individual differences and mutual dependence. Socialising forms of accountability can serve to humanise the experience of work and ‘cushion the individual from the impersonal harshness of hierarchy especially at lower levels of the organisation’ (Roberts, 1991, p. 364).

Although the categorisation provided by Roberts (Roberts, 1991) helps in explaining accountability relations in certain national contexts, such as Great Britain, Lindkvist and Llewellyn (2003) argue that for other contexts the categorisation can be too dichotomous as it separates ‘system world’ and ‘life world’ issues too sharply by only identifying two forms of accountability. This separation assumes that the two forms are taking place in separate locations (work processes take place in the formal regions, while interactions take place in the informal regions), which operate in different ways. The authors argue that the formal and informal are more intertwined and occur simultaneously, with the emphasis shifting continuously. Lindkvist and Llewellyn (2003) argue that individuals do not adapt hierarchical rules in a solitary, silent and non-reflective manner; they ‘are able to relate in a conscious and reflective manner to a broad range of situations’ (Lindkvist and Llewellyn, 2003, p. 257). Instead of solely recognising the individualising sense of accountability systems, it is suggested that these systems can also promote, what they call, a communal sense of accountability. Additionally, they argue that the equation of hierarchical accountability with individualising accountability emphasises that accountability systems are a dividing, partitioning and differentiating practice, where individuals do not recognise their independence with others in their organisation, an argument which, according to them, does
not hold in all cultural and/or organisational contexts. Apart from an individualising sense of accountability, accountability systems within hierarchies can also create a sense of community. There is a possibility that within certain cultural contexts people are more inclined to take into account their fellow workers, making it natural to ‘have a communal responsibility for results, even when these are set by people at higher (hierarchical) levels’ (Lindkvist and Llewellyn, 2003, p. 264).

Lindkvist and Llewellyn (2003) provide an adjusted typology or categorisation of accountability introducing two additional forms. In addition to the individualising, referred to as ‘individual responsibility/accountability for results’, and socialising, referred to as ‘communal responsibility/accountability for values’ senses of accountability, the authors introduce ‘individual responsibility/accountability for values’ and ‘communal responsibility/accountability for results’. Individual responsibility/accountability emphasises that apart from a communal/socialising sense of accountability for values, individuals can also ‘have a sense of standing alone, guided by their own value system, looking inward to their own consciences’ (Lindkvist and Llewellyn, 2003, p. 269). The communal accountability for results recognises that there also exists the possibility of people having a communal sense to attain organisational results (Lindkvist and Llewellyn, 2003).

Unerman and O’Dwyer (2006b) distinguish relational accountability from identity accountability. Relational accountability refers to people being required to explain and take responsibility for action through giving and demand reasons for conduct, while identity accountability focuses on issues of accountability that are internal to individuals and organisations, such as integrity and mission. Aspects of relational accountability can be compared to individualising or hierarchical accountability as defined by Roberts (1991), since this form of accountability can be perceived as a mechanism of control aimed at making visible what used to be invisible by providing information about actions to affected stakeholders. Unerman and O’Dwyer (2006b) however put more emphasis on the importance of stakeholder identification, which is considered crucial for this form of accountability, since it needs to be determined who is affected by certain actions in order to identify duties of accountability (Unerman and O'Dwyer, 2006b).

The other form of accountability introduced by Unerman and O’Dwyer (2006b), identity accountability, is based on an ethical or value based dimension acknowledging that ‘one’s
actions make a difference to both self and others’ (Unerman and O'Dwyer, 2006b, p. 356). Identity accountability is somewhat related to the concept of socialising forms of accountability discussed by Roberts (1991), since it acknowledges the interdependence of self and others. It does, however, not assume the absence of power asymmetries and does not necessarily revolve around face-to-face negotiation of organisationally significant events (Roberts, 1991). It involves a felt accountability to certain stakeholders, while also excluding certain stakeholders to whom the organisation or individuals do not consider themselves accountable (Unerman and O'Dwyer, 2006b, p. 356).

Apart from the broader forms of accountability discussed above, other researchers provide more detailed typologies of forms of accountability. Ritchie and Richardson (2000) for example introduce mandatory/codified accountability to describe accountability that is strongly based on formal rules and highly prescribed or imposed. Collateral/reciprocal accountability on the other hand is described as a form of accountability which involves situated relationships and revolves around individuals, groups and situations rather than formal rules and regulations (Ritchie and Richardson, 2000). In addition to the dichotomy of accountability with a focus on resource use and accountability with a focus on values discussed above, several academic studies describe forms of accountability that are a mixture of both, i.e. so called hybrid forms of accountability.

### 2.3.2 Hybrid forms of accountability

Hybrid forms of accountability involve forms of accountability that combine a focus on resource use and values. O'Dwyer and Unerman (2008) introduced the concept of holistic accountability which combines accountability with a short-term, quantitative focus and orientation towards powerful stakeholders who control access to resources, which they refer to as hierarchical accountability, with accountability for impacts of individuals or organisations on a broader group of stakeholders. Holistic accountability has a longer term focus, taking into consideration organisational mission and the impact of working towards this mission on stakeholders directly or indirectly involved in organisational activities (O'Dwyer and Unerman, 2008). Ritchie and Richardson (2000) provide two more specific forms of accountability that involve a mixture of resource use and values, i.e. contingent/bounded and compliant/assumed accountability. Contingent/bounded forms of
accountability involve a combination of formal rules and regulation and situated relationships, which results in what they call a multifaceted form of accountability (Ritchie and Richardson, 2000). Compliant/assumed accountability involves no formal rules or relational commitment, and therefore involves a variety of diverging forms in practice. It can be related to a mandatory/codified type of accountability, discussed in the previous section, to the extent that it potentially forms the hidden side of this form of accountability as cover for its deficiencies (Ritchie and Richardson, 2000).

2.3.3 Summary of accountability literature review

Section 2.2 and 2.3 provided a review of academic literature that discusses different conceptions and forms of accountability. The purpose of these sections was to provide an insight into the fluid and potentially contested nature of accountability. Section 2.2 discussed several conceptualisations of accountability, ranging from simple to more detailed definitions. Despite their differences in the level of detail provided, these conceptualisations have in common that they identify two core dimensions of accountability, i.e. holding to account and being held to account, and the involvement of at least two parties, i.e. an account giving and an account demanding party. Section 2.3 elaborated on the various forms of accountability constructed in the prior literature. This section showed that, in general, accountability can be categorised into forms that focus on resource use, values or a mix of the two (hybrid forms of accountability). Since accountability can be interpreted differently in different contexts, the next section discusses accountability in the specific context of NGOs (NGO accountability), the focus of this study.

2.4 The nature of NGO Accountability

The rise of NGOs as important actors in international business can be traced to the 1980s. In the 1980s international companies were pressured to divest from South Africa, resulting in the withdrawal of a large amount of US and British companies. In this period, NGOs gained credence as legitimate actors in international business (Doh and Teegen, 2002). This increased international popularity and decreasing satisfaction with conventional politics led to NGOs moving from being ‘ladles in the soup kitchen to a force for transformation in global
politics’ (Edwards and Fowler, 2002, p. 1; Doh and Teegen, 2002). A myth of infallibility emerged around NGOs and a reluctance to scrutinise their work developed (Adil, 1996; Lloyd, 2005; O'Dwyer, 2007). However, since the early 1990s NGOs have faced increasing scrutiny regarding their accountability, governance, legitimacy and wider social impacts (Lloyd, 2005; O’Dwyer, 2007). Before further discussing the consequences of increased scrutiny of the accountability of NGOs, the following section will first review literature that aims to define and classify NGOs. Since there is little consensus on the definition and classification of NGOs and a broad variety of organisations, ranging from development organisations to labour unions, can thus be classified as being an NGO, this will help in explaining the focus of this study on development NGOs and the complexities they face regarding their accountability.

2.4.1 Defining and classifying NGOs

Since NGOs vary in terms of size, topical coverage and scope (Doh and Teegen, 2002) there is little consensus on how to define and classify them (O'Dwyer and Unerman, 2007). The term ‘embraces a range of institutions with little in common beyond the label NGO’ (O'Dwyer and Unerman, 2007, p. 448) and some argue that NGOs can be best defined by what they are not (Gray et al., 2006). Although the variation of NGOs’ size, orientation and scope combined with the representation of a diverse range of interests, such as development cooperation, human rights and economic development, eludes definition (Doh and Teegen, 2002), various authors and institutions provide possible definitions of NGOs.

A subset of civic organisation, defined by the fact that they are formally registered with government, receive a significant proportion of their income from voluntary contributions (usually alongside grants from government), and are governed by a board of trustees rather than the elected representatives of a constituency. If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks sitting silently (but not passively) below. (Edwards, 2000, p. 7-8)

Any non-profit, voluntary citizens’ group which is organised on a local, national or international level. Task-orientated and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions, bring citizens’ concerns to Governments, monitor policies and encourage political participation at the community level. They provide
analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Some are organised around specific issues, such as human rights, the environment or health. (Definition of the United Nations, cited in Gray et al., 2006, p. 324)

Vakil (1997, p. 2060) defines NGOs as ‘self-governing, private, not-for-profit organisations that are geared to improving the quality of life of disadvantages people’. The author however notes that this definition is tentative and needs to be tested in multi-national contexts in order to assure it distinguishes NGOs from other organisations (Vakil, 1997). To overcome the definitional problem, Vakil (1997) suggests that NGOs can be broadly distinguished by their essential organisational attributes, i.e. orientation (the types of activities they engage in, i.e. welfare, development, development education, networking, research, and advocacy) and level of operation (international, national or local community level) (Vakil, 1997). This study is focused on NGOs with a development orientation who are based in the Dutch context but operate at an international level.

2.4.2 Motives for NGO accountability

Prior literature provides several arguments that explain the aforementioned demands for more explicit demonstrations of NGO accountability. The rapid growth in the number of NGOs and increased influence in international business and governments exposed NGOs to increased demands for accountability (Edwards and Fowler, 2002; O’Dwyer, 2007; Fisher, 1997; Ebrahim, 2005; Ebrahim, 2003a; Brown and Moore, 2001). This growth in numbers stems from a belief amongst donors that NGOs are better able to reach the poor and marginalised, that they are key players in democratisation processes and are more cost-effective than governments in providing social services (Ebrahim, 2003a). According to Ebrahim (2003a) this belief was mainly built on trust in NGOs since there is a lack of sufficient empirical evidence to support it.

NGOs became important participants in the negotiation between governments and multinational corporations, and in defining institutional environments in different jurisdictions (Doh and Teegen, 2002). Increased power, influence and presence of NGOs in various fields (O’Dwyer, 2007; Doh and Teegen, 2002; Brown and Moore, 2001), increased levels of funding (Edwards and Fowler, 2002), increased competition amongst NGOs for
funding (O'Dwyer and Unerman, 2008), enhanced development profiles (Vakil, 1997; Ebrahimi, 2005; 2003a; 2003b; Zadek, 1998) and involvement in publicised scandals (Jepson, 2005; O’Dwyer, 2007) triggered demands for more NGO accountability. NGO scandals, such as the disastrous response of NGOs to the Rwanda crisis in 1996 (Callamard, 2004) and a lack of transparency in funding provided to NGOs in order provide aid to victims of the Tsunami in Asia in 2004, led to increased scrutiny of NGOs and public discussion about NGO accountability (O’Dwyer, 2007). These issues harmed the credibility of NGOs and caused the public view to move from NGOs being considered infallible (Adil, 1996; Lloyd, 2005) to a more sceptical perception of NGOs and their work.

Due to the aforementioned calls for more accountability, NGOs during the 1990s started recognising that being open and transparent, engaging stakeholders, evaluating and learning, and responding to complaints was crucial for their accountability (Lloyd et al., 2008). The increased (public) attention and complexity surrounding NGO accountability triggered academic research in the area (Jepson, 2005). This will be further discussed in the following sections.

2.4.3 Forms of NGO accountability – Upward, downward and internal

The majority of academic studies on NGO accountability draw attention to aspects that make NGO accountability complex, such as the multiplicity of stakeholders (Adil, 1996; Edwards and Hulme, 1996; Brown and Moore, 2001), NGO board structures (Tandon, 1996) and conflicting accountability pressures (O'Dwyer and Unerman, 2008; Avina, 1993). NGOs face multiple constituencies to whom they can be considered upwardly, internally or downwardly accountable. Stakeholders to whom NGOs can be considered upwardly accountable include patrons\(^5\), such as donors, foundations, governments and partner NGOs (Adil, 1996; Lloyd, 2005; Fowler, 1995). NGOs can be regarded downwardly accountable to local counterparts/beneficiaries, although prior literature argues that there is a lack of substantive forms of downward accountability in NGO practice (O'Dwyer and Unerman, 2010). Finally, NGOs can also be considered internally accountable to themselves (Lloyd, 2005). Najam

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\(^5\) A patronage relationship exists when failure to fulfil an implied or stated responsibility can result in withdrawal of financial (or non-financial) support. This patronage relationship explains the clear lines of responsibility in NGO-funder relationships combined with strong accountability enforcing mechanisms such as cancellation of grants, decreasing support of members, revoked accreditations, or reconsideration of collective arrangements (Adil, 1996)
(1996) states that this form of accountability manifests itself at various levels, such as being accountable to mission, vision, staff, members, coalition partners, larger constituency and to the NGO community. When NGOs increase in size, the necessity of internal accountability increases in order to ensure that all staff work towards the organisation’s mission or ‘original dream’ (Adil, 1996, p. 348).

Accountability to patrons, i.e. upward accountability, involves a donor asserting financial control by demanding accountability for the provided money in combination with policy control by demanding accountability for the designated purpose (Adil, 1996; Ebrahim, 2005). Financial control and policy control are interrelated, since funds are provided by the donor in order to serve certain policy goals. Funds are often only provided if the pursuit of particular policy goals can be demonstrated or at least argued for (Najam, 1996). Practice shows that policy accountability is in many cases hard to operationalise; therefore financial accountability often becomes a de facto means of achieving policy accountability, i.e. to ensure that the donor’s policy goals are being pursued by the NGOs and to hold NGOs accountable for whether and how donor money is spent. Upward accountability towards patrons often involves forms of accountability focusing on resource use (see Section 2.3), such as hierarchical accountability (O’Dwyer and Unerman, 2008) or externally driven accountability (Ebrahim, 2003b).

Downward accountability to clients, i.e. constituencies to whom NGOs provide services, resources or goods, is often not operationalised within NGOs (Adil, 1996; Ebrahim, 2005). There is a lack of mechanisms available for impoverished communities to hold NGOs accountable (Adil, 1996) and beneficiaries often do not actively demand accountability (O’Dwyer and Unerman, 2008). The dominant coercive accountability mechanisms introduced by donors often lead to downward accountability being ignored. While some NGOs recognise the demand for more downward accountability, mechanisms to enact this form of accountability are often not evident (O’Dwyer & Unerman, 2008). Efforts of NGOs to address calls for more accountability to clients mainly involve forms of participation. Participation, however, often remains undefined, is often misused, is often confused with decentralisation, and can mean nothing more than allowing local communities to agree with what NGOs intend to do (Adil, 1996). It can often be symbolic, i.e. a ‘feel-good exercise’ or ‘a sham ritual of choosing local functionaries and allowing the already chosen objectives to be restated in the local vernacular’ (Adil, 1996, p. 346), due to the fact that objectives (as
presented in funding agreements) of programs and projects are decided upon long before potential participating communities are known. Recently, the issue has received more attention both in practice and academic literature (see O'Dwyer and Unerman, 2010). Forms of accountability that focus on values or hybrid forms of accountability (section 2.3.1 and 2.3.2), such as communal accountability (Lindkvist and Llewellyn, 2003), internally generated accountability (Ebrahim, 2003b) or holistic accountability (O'Dwyer and Unerman, 2008), often include attention to downward accountability (See Section 2.3).

Forms of accountability that focus on values or hybrid forms of accountability can also involve being accountable to one’s own aspirations and goals (Adil, 1996; Ebrahim, 2005). This so-called internal accountability involves NGOs being accountable to their vision, stated mission, staff, supporters and members, coalition partners, and the NGO community at large (Adil, 1996). It can involve a moral accountability to ‘the cause’, whereby expectations of others, such as powerful patrons, are important only if they can be aligned with this primary duty (Brown and Moore, 2001). Whilst internal accountability is crucial for NGOs in order to build and maintain public trust (O'Dwyer and Unerman, 2008, p. 809), the prioritisation of upward accountability often results in NGOs being willing to adjust their goals regarding accountability to themselves in order to adhere to donor demands (Adil, 1996). The next section elaborates on such tensions between the different accountability demands from stakeholders to whom NGOs can be considered upwardly, downwardly or internally accountable.

2.4.4 Tensions between different forms of accountability

Tensions faced by NGOs regarding their upward, downward and internal accountability can lead to conflicting perspectives on how NGOs should operate and account for impacts on their constituencies and the society in general (Fowler, 1995). Governmental funders and other donors often encourage NGOs to pursue a primarily instrumental accountability orientation; these patrons thus determine the language of justification practiced within NGOs (Sinclair, 1995; Roberts, 2001). This instrumental orientation often leads to upward accountability being prioritised within NGOs at the cost of downward accountability to the beneficiaries/clients which NGOs are supposed to serve, since upward accountability is considered less problematic and more achievable (Ebrahim, 2005; O'Dwyer and Unerman,
Additionally, the prioritisation of donor accountability demands can potentially shift attention away from internal accountability and lead to mission drift, whereby NGOs’ achievement of key longer term missions are subverted due to impatience for results amongst powerful patrons (Adil, 1996; O'Dwyer and Unerman, 2008; Unerman and O'Dwyer, 2006a). Some NGOs have even altered their mission statements in order to comply with donor desires to maintain funding and secure their survival (Adil, 1996; O'Dwyer, 2007; Dillon, 2004). This often results in accounting for short term impacts and resource use at the cost of more strategic forms of accountability, which take into consideration longer term impacts on other organisations and the society at large (Adil, 1996; O'Dwyer, 2007; O'Dwyer and Unerman, 2008). O'Dwyer and Unerman (2008) argue that in order to improve NGO accountability, funders need to allow space for more sophisticated forms of accountability, such as holistic accountability (See section 2.3).

The three forms of accountability discussed above may be said to form a system of accountability, wherein the dominant emphasis is mainly on upward accountability (Ebrahim, 2005). In addition to pressures from a variety of constituencies to be accountable, assessment of performance and results further complicates NGO accountability, as there is no widely agreed measure of organisational performance for NGOs. Unlike business and governments, NGOs cannot be evaluated in terms of political support or financial returns (Adil, 1996). As O'Dwyer and Unerman (2008) note, it is often hard to demonstrate NGO influence and measuring success is often impractical due to the second and third order (unexpected) effects often involved in NGO activities.

2.4.5 Donor dominance in NGO accountability

The maintenance of legitimacy in the view of main donors is an overriding concern within NGOs. Due to the overemphasis on donor accountability demands and downplaying of other forms of accountability, NGO accountability systems are often primarily geared at providing a financial account to suit powerful donor demands (Jepson, 2005; O’Dwyer, 2007). In holding NGOs to account, donors often introduce business practices in order to improve efficiency, i.e. donors want to ensure they get ‘bang for their buck’ (O'Dwyer and Unerman, 2008). The expansion of performance measures and reporting by regulators and donors can potentially lead to increased bureaucracy, i.e. ‘bureaucratic drag’ (Jepson, 2005, p. 517), and
may have little effect on NGO efficiency and impact. Some authors advocate for the implementation of these business practices (Bradley et al., 2003; Walsh and Lenihan, 2006), while others question whether these business practices fit within the complexities of NGO practice (Goddard and Assad, 2006).

It is also often argued that the complexities faced by NGOs are likely to confound the simple duplication and application of business practices (Goddard and Assad, 2006). The prevailing ‘auditing culture’, involving the adoption of performance targets and strive to enhance efficiency often fails to improve accountability and transparency (Jepson, 2005). Although the adoption of business-like practices potentially reduces the time available for NGO service delivery (Jepson, 2005), the majority of NGOs still apply them due to donor dependence, which has significant implications for the forms of accountability practiced within the NGO sector (Ebrahim, 2005, cited in O'Dwyer and Unerman, 2007). Instrumental forms of accountability, such as quantitative monitoring and evaluation systems, are prevailing to suit donor demands and assure/maintain funding. Leaving aside the apparent struggles of some NGOs with donor pressures and the prioritisation of upward accountability, a plethora of accountability mechanisms (or technologies) have evolved in the international NGO arena since the 1990s (O'Dwyer, 2007).

If organisations change their strategy or activities, this requires a change of their conception of accountability and how they operationalise this accountability. This implies there is no single accountability structure that is suitable for all (non-governmental) organisations. A dynamic exists whereby an NGOs’ mission should define the accountability system and the accountability system should in its turn shape its organisational mission and strategy (Jepson, 2005). Ideally, NGOs should remain attentive to their core organisational mission whatever pressure they may face to account for performance to powerful donor. This, however, requires strategies to manage the tensions between the different forms of accountability (O'Dwyer and Unerman, 2008). In practice this remains difficult as it is not easy for NGOs to challenge their donors. When challenging their donors, NGOs run the risk of alienating important sources of financial support and lose their capacity to provide resources or services to clients/beneficiaries (Brown and Moore, 2001). Brown and Moore (2001), however, note that many NGOs still take this risk and challenge their donors, since they consider this essential to pursue their organisational mission.
Summarising, NGOs can be considered accountable to a broad range of constituencies, ranging from powerful donors to beneficiaries. Finding a balance or mix between mechanisms/technologies that respond to upward, downward and internal accountability imperatives, while also leading to positive organisational changes is crucial but challenging for NGOs (Ebrahim, 2005).

### 2.4.6 Operationalisation of NGO accountability – The accountability technologies (mechanisms) adopted

As discussed in the previous sections, various concerns about NGO accountability have been raised in academic research. These concerns often involve broad-level discussions regarding to whom and how NGOs can be considered accountable. Should NGOs be considered accountable to governments, to donors, to project partners, to their board of directors, to their board of trustees, or to society at large (Adil, 1996)? Section 2.2 and 2.3 illustrated the extent of different definitions and forms of accountability presented in academic papers, some being narrowly focused while others define accountability more broadly. This sub-section reviews the variety of NGO accountability technologies used in practice. Discussing existing categorisations and technologies of NGO accountability addresses what frequently remains missing from much of the debate revolving around NGO accountability, i.e. *how* accountability is operationalised within NGOs.

Ebrahim (2003a) analyses five broad accountability mechanisms or instruments that are applied in NGOs settings, i.e. reports and disclosure statements, performance assessments and evaluations, participation, self-regulation, and social audits, along three accountability dimensions, i.e. upward-downward, internal-external, and functional-strategic (Ebrahim, 2003a). He divides accountability mechanisms (or technologies) into ‘tools’ and ‘processes’ (Ebrahim, 2003a, p. 815). Tools refer to discrete techniques used to achieve accountability and are characterised by appliance over a limited period of time, documented tangibly, and can be repeated. Examples of tools are financial reports, financial disclosures and performance evaluations performed at specific points in time (Ebrahim, 2003a). Processes are instruments that are more broad and multifaceted, i.e. they often embrace a set of tools. Processes are less time-bound, less tangible, and emphasise a course of action rather than distinct end-results. Examples of process mechanisms are participation and self-regulation.
(Ebrahim, 2003a). Ebrahim (2003a) notes that there are examples of mechanisms, such as social auditing, that straddle the tool-process dichotomy. Social auditing is an instrument through which organisations can assess, report and improve social performance and ethical behaviour (Ebrahim, 2003a). Social auditing combines various tools, such as disclosures and evaluations, with processes, such as participation of stakeholders, which makes it potentially valuable as a more encompassing accountability technology. The accountability technologies described and categorised by Ebrahim (2003a) are combined with technologies identified by Ebrahim (2006), O’Dwyer (2007) and Agyemang et al. (2009) and summarised in Table 2.1. The next section will further discuss these accountability technologies.

2.4.6.1 Accountability technologies

Upward accountability towards funders and donors in the form of disclosure statements/reports and performance assessment/evaluation is often prioritised in international NGO practice (O’Dwyer, 2007; Ebrahim, 2003a; O’Dwyer and Unerman, 2007; Unerman and O’Dwyer, 2006b; O’Dwyer and Unerman, 2008). However, a growing recognition that relying solely on formal upward accountability technologies does not always lead to the most effective deployment of development cooperation funding in terms of its broader goal of alleviating as many people as possible out of poverty, has resulted in the development and operationalisation of forms of internal and downward accountability within NGOs (O’Dwyer and Unerman, 2010). This section provides a brief discussion of the most frequently used accountability technologies with an upward, internal or downward focus. It should, however, be emphasised that accountability technologies can have multiple purposes, such as complying with funding requirements and enhancing public confidence and support.
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The most commonly used technologies of NGO accountability include formal reports and disclosures, such as annual reports, and performance assessments, such as performance monitoring and evaluation. Formal reports are aimed at making basic (mainly financial) data on operations available to the public, donors or oversight bodies and performance assessment are aimed at making the performance of NGOs measurable and comparable. Ebrahim (2003a) distinguishes between internal and external performance evaluations. Internal evaluations involve assessment of progress towards objectives of externally funded programs or internal organisational goals and missions and are performed by NGO staff. External evaluations are conducted by donors and typically involve assessment of whether program goals and objectives have been achieved. Performance assessments can focus on short-term results, i.e. on outputs or activities, or on medium- and long-term results, i.e. impacts or outcomes (Ebrahim, 2003a).

Formal reports and performance assessment are often linked to punitive threats, such as revocation of funds or loss of tax exemption status and therefore leave limited potential for accountability to NGO mission, values and performance (Ebrahim, 2003a). In working with upward accountability technologies, funders tend to overemphasise the assessment of outputs and/or activities, since this allows for easy measurement of short-term quantitative results (Ebrahim, 2005; Ebrahim, 2003a). This focus on short-term output and efficiency criteria can be counterproductive in the long run by drawing resources away from services and lead to NGOs working against their organisational mission due to their losing sight of long-range goals such as social development and change (Ebrahim, 2005; O'Dwyer and Unerman, 2008). Funders and donors often do not consider the overwhelming nature of complex evaluation requirements on organisations, with the risk of NGOs solely developing evaluation systems to satisfy funding requirements, while these systems are perceived by NGOs as irrelevant for (internal) decision making processes (Ebrahim, 2003a).

Solely relying on upward accountability mechanisms aimed at satisfying funder and donor requirements can potentially encourage NGOs to exaggerate successes, discourage them to reveal and closely scrutinise their mistakes (Ebrahim, 2005; Smillie, 1996), and eventually lead to difficult to measure activities, such as lobbying, being ignored (O'Dwyer and Unerman, 2008). NGOs have therefore started to take into consideration organisational values and the views of clients (local NGOs) and beneficiaries in their approach to accountability. Such internal and downward forms of NGO accountability include
technologies such as participatory reviews, self-regulation through NGO networks or certification, and social audits (Ebrahim, 2003a; Agyemang et al., 2009). These accountability technologies are briefly discussed in the following paragraphs to provide a broad understanding of available technologies (see the publication by Agyemang et al. (2009) for a more extensive discussion).

Participatory reviews are held by either Northern NGOs or local executing NGOs with beneficiaries after or during the implementation of projects. Such reviews can vary in their form and focus, i.e. they can involve informal meetings between Northern NGOs and local (executing) NGOs or be more sophisticated involving formal meetings between all parties involved in the execution of projects, such as representatives from Northern NGOs, local NGOs and beneficiaries (Agyemang et al., 2009). While this accountability technology gives voice to a broader group of stakeholders, some authors argue that participation is mainly symbolic, since local communities cannot impose conditionalities upon donors and NGOs.

Self-regulation is an accountability technology that involves efforts to develop standards or codes of conduct by NGOs themselves or the NGO community, partly in order to address the damaged image of the NGO sector after public scandals or exaggerated performance claims, and partly to prevent restrictive governmental and/or donor regulation (Ebrahim, 2003a). In addition, to enhance public (and staff) confidence in NGOs, self-regulation in the form of certification for compliance with certain standards or codes of conduct often requires NGOs to take into consideration the views of beneficiaries and local NGOs and include them in decision making processes. Another accountability technology that enables internal and downward accountability is social auditing. Social auditing is a process of assessing reports and improving social performance and ethical behaviour primarily through stakeholder dialogue (Ebrahim, 2003a). The focus is on assessing the impact of NGO activities on the lives of beneficiaries. This information on how beneficiaries perceive NGO activities can then be used by Northern NGOs in the development of future activities (Agyemang et al., 2009). Several NGO accountability initiatives have been initiated that promote internal and downward forms of accountability by providing guidelines, frameworks or workshops. However, the core focus of this study is on the formal upward accountability of Dutch
development NGOs towards their governmental funder, these initiatives are discussed further here\(^6\).

The previous sections reviewed the various accountability technologies used in NGO settings. The next section discusses the key findings from prior work on the operationalisation of NGO accountability technologies given this is one of the focuses of this study.

2.4.6.2 The operationalisation of NGO accountability technologies

There are few studies examining the effect of the operationalisation of accountability technologies on the behaviour of NGOs (Ebrahim, 2009, p. 900). This section will summarise key findings from the few academic studies that have addressed the enactment of accountability technologies within NGO settings. Five studies focusing on the operationalisation of NGO accountability are discussed. These are: O’Dwyer and Unerman’s (2007) investigation of the development of a NGO funding scheme which encourages the embracement of more social forms of accountability; O’Dwyer and Unerman’s (2008) study on the operationalisation of more holistic forms of accountability within Amnesty Ireland; O’Dwyer and Unerman’s (2010) examination of the promotion of downward forms of accountability; the study by Chenhall et al. (2010) on social capital and management control systems within NGOs; and Everett and Friesen’s (2010) study on humanitarian accountability.

2.4.6.2a Operationalising more holistic forms of accountability

O’Dwyer and Unerman (2007) describe a process within an Irish NGO context where a group of NGOs and their governmental funder developed a funding scheme which aimed at encouraging NGOs to embrace more holistic forms of accountability. The adjusted funding scheme involved a re-orientation towards downward accountability and a re-conceptualisation of the accountability relationship between NGOs and funders, i.e. from a primary financial accountability orientation towards one of mutual accountability and partnership (O’Dwyer and Unerman, 2007). Their study illustrated that although there was a favourable attitude towards developing holistic accountability mechanisms, hierarchical

\(^6\) For more information on and examples of NGO accountability initiatives, see O’Dwyer (2007).
forms of accountability focusing on a narrow range of powerful stakeholders dominated accountability practice within NGOs. The authors identified an inability to translate a programmatic aim involving a sense of partnership into operational reality, due to a lack of resources and expertise within the responsible department within the government, and the failure to include the central ideals of the more socially oriented approach to accountability within the assessment of NGO achievements of set objectives for development cooperation. This resulted in a situation where NGOs re-labelled their operations in their reporting to the government, without changing the nature of operations, thereby maintaining the hierarchical accountability relationship, with an emphasis on control and justification rather than partnership and learning, between the NGOs and their governmental funder. Additionally, NGOs, despite being offered flexibility in developing downward accountability technologies, were unable to develop measures of outcome and impact for their social performance. As a result of this inability to develop specific downward accountability technologies, rigid accountability technologies focusing on the verification of results remained prevalent in practice. O’Dwyer and Unerman (2007) argued that an increased attention to governmental accountability to the general public led to increased pressure on governmental funding of NGOs, forcing the responsible government department to deliver tangible NGO results to the Ministry of Foreign Affairs in order to illustrate successes. This potentially turned the relationship between the government and NGOs into a numbers game aimed at ensuring the survival of governmental funding of NGOs (O’Dwyer and Unerman, 2007).

O’Dwyer and Unerman (2010) focused on perceptions of the operationalisation of more holistic accountability, especially attention to downward accountability, by a Northern highly government funded NGOs in their relationship with local development NGOs and beneficiaries. As part of a rights-based approach, involving a focus on defining people’s rights as laid down in international conventions and empowering them to claim these rights (O’Dwyer and Unerman, 2010), the government funder, Irish Aid, started promoting downward accountability. This approach required funded NGOs to design accountability technologies emphasising participatory, partnership approaches to development aimed at enabling beneficiaries to have a meaningful role in NGO development projects that affected them. The perceptions of NGO officials revealed a top down attitude towards local NGO partners (termed counterparts) and beneficiaries, since no evidence was found of partnership relationships involving a shared sense of purpose, mutual respect and the willingness to negotiate (which is central in the rights-based approach). There was, however, evidence of a
prevailing attitude amongst NGO managers suggesting that Irish NGOs saw partnerships as a politically correct approach, involving lopsided friendships that embraced little of the depth of accountability or the level of formality that was seen as central for substantive downward accountability (Kilby, 2006; O'Dwyer and Unerman, 2010). The findings of O'Dwyer and Unerman (2010) suggest that while commitments to more holistic accountability were considered central within Irish Aid, these efforts were often not operationalised in practice by delivering power to beneficiaries or to locally based NGOs to influence the focus and activities of the Northern donor NGOs.

2.4.6.2b The effects of hierarchical accountability dominance – The threat of mission drift

In a study on accountability within a specific NGO, i.e. Amnesty Ireland, O'Dwyer and Unerman (2008) illustrated how concerns for the NGO’s viability and relevance, and the absence of knowledge about or a desire to experiment with more holistic forms of accountability amongst senior managers, resulted in a shift from internal (more holistic) accountability forms towards the implementation of hierarchical accountability technologies. The authors illustrate that while an ideal of developing more holistic accountability technologies was present amongst some NGO managers, hierarchical accountability technologies started dominating, potentially leading to counterproductive affects such as muting elements of the organisational mission and eventually drifting its focus away from potential beneficiaries (O'Dwyer and Unerman, 2008). Based on their findings, O’Dwyer and Unerman (2008) provide several lessons that can be learned from the operationalisation of accountability within Amnesty. These involved: a need for NGO managers to remain attentive to their organisational mission despite the pressure they may feel to narrowly account for their performance towards funders; developing strategies aimed at managing potential tensions between rigid form of hierarchical accountability and achievement or organisational mission; and realising that if accountability technologies are mainly used for control and justification, rather than for learning, mission drift might become more likely since NGOs became more distant from their beneficiaries.

Chenhall et al. (2010) examined the role of management control systems in the struggle of NGOs to balance between securing sufficient economic capital, i.e. funding, and maintaining
their core values and mission. The authors enrolled the concept of social capital\(^7\) in order to understand the operationalisation of management control systems and the development of social connections between and within organisations. The authors demonstrated how formal management control systems can have both positive and negative effects on the ability of NGOs to work towards achieving their core mission. Management control systems were found to be positive in that they enhanced bonding and bridging between managing economic resources while preserving cultural capital, i.e. an organisations core values and work processes based on humanitarian ideals, thereby operating as a more holistic accountability technology. However, the authors also found that when different elements of the management control system were in conflict, this could potentially harm NGO attempts to develop social capital and prevent them from balancing their core values and mission with attracting funding. The operationalisation of formal accountability technologies, such as budgets within the management control system, was found to be unsuccessful if such technologies primarily involved hierarchical accountability aimed at securing funding, rather than improving the effectiveness of NGO service delivery. NGOs were found to resist the use of more formal, hierarchical, accountability technologies, since the underlying logic was perceived to be in conflict with NGO core ideals and mission (Chenhall et al., 2010).

2.4.6.2c The effects of hierarchical accountability dominance – Disconnecting NGOs from the general public

Everett and Friesen (2010) examined the operationalisation of accountability in humanitarian organisations, i.e. organisations involved in activities such as disaster relief and emergency assistance. While the focus of this PhD study is on NGOs focusing on longer term development cooperation rather than NGOs providing emergency aid, some key findings are relevant. In examining accountability in this specific setting, Everett and Friesen (2010, p. 469) illustrated how organisations ‘jeopardise their efforts to make themselves morally accountable by adhering to certain [hierarchical accountability] scripts’. The adoption of such hierarchical forms of accountability for resource use is required by donors. Despite the fact that some form of accountability is necessary, the current operationalisation through hierarchical, upward focused accountability technologies was perceived as ‘something of a

\(^7\) Social capital was used as a framework for examining the nature of social connections by focusing on bridging, i.e. structural networks built on shared values, and bonding, ‘interpersonal relations that predispose individuals towards mutually beneficial collective action’ (Chenhall et al., 2010, p. 737).
feint, a counterfeit, a ruse’ (Everett and Friesen, 2010). The demand for upward accountability was countered by calls from humanitarian NGOs for more holistic, downward focused accountability. These calls have resulted in the use of guidelines for accountability developed by initiatives that draw attention to the need for broader forms of accountability. While several initiatives suggested indicators that could be of use in operationalising downward forms of accountability, Everett and Friesen (2010) wondered whether the use of such indicators would actually lead to better accountability or just management by different numbers. Another aspect touched upon by Everett and Friesen (2010) was the potential disconnect between public expectations of NGOs and their operational reality. They argue that due to public cynicism and a lack of compassion for NGOs (a point they do not support), funders and donors are not forced to adequately attend to or understand the operational reality and the needs and problems of NGOs, and therefore rely upon hierarchical accountability technologies. Suggested (but vague) solutions, according to the authors, would include developing more intelligent forms of accountability, which are not primarily aimed at implementing technologies based on cynicism and fear that will ‘guarantee’ outcomes but take into consideration issues like charity and trust in developing accountability technologies.

### 2.5 Chapter summary

This chapter was organised into three sections that together provide an overview of the broad (NGO) accountability literature in order to place this study in context. The first section reviewed a variety of possible conceptualisations of accountability provided by the (NGO) accountability literature and illustrated the fluid nature of the concept. Section two discussed key forms of accountability, organised into forms of accountability that focus on resource, values, or a mixture of the two, developed in prior academic literature. The third section reviewed key topics addressed in the NGO accountability literature, organised around four main themes: defining and classifying NGOs; motives for NGO accountability, complexities of NGO accountability; and the operationalisation of NGO accountability.