
Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Nonprofits

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This article examines the concept of accountability from various disciplinary lenses in order to develop an integrated understanding of the term. Special attention is devoted to principal—agent perspectives from political science and economics. An integrated framework is developed, based on four central observations.

(1) Accountability is relational in nature and is constructed through inter- and intraorganizational relationships. (2) Accountability is complicated by the dual role of nonprofits as both principals and agents in their relationships with other actors.

(3) Characteristics of accountability necessarily vary with the type of nonprofit organization being examined. (4) Accountability operates through external as well as internal processes, such that an emphasis on external oversight and control misses other dimensions of accountability essential to nonprofit organizations.

The analysis draws from the experiences of both Northern and Southern nonprofits, that is, organizations based in wealthy industrialized regions of the world (the global North) and those in economically poorer areas (the South).

AS NONPROFIT and nongovernmental organizations (NGOs) have grown in numbers and visibility in many parts of the world over the past two decades, they have also been beset by numerous highly publicized scandals concerning accountability. Board members and key officers have been accused of wrongdoings ranging from mismanagement of resources and use of funds for personal gain to sexual misconduct and fraud. In the United States, for example, scandals have been reported at well-known organizations such as the United Way of America, Goodwill Industries, Head Start, the American Cancer Society, and the American Red Cross. Concerns

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at these and other organizations of inappropriately high executive compensation; high costs of administration, operation, and fundraising; wealth accumulation; commercialization; and failure to reach the poor have all contributed to an erosion of public confidence in nonprofit organizations (Gibelman and Gelman, 2001; Young, Bania, and Bailey, 1996).

Although public concern about egregious behavior in nonprofits appears to have increased, it is not clear whether the actual number of cases of such behavior (in proportion to the total number of nonprofits) has also gone up. What is clear, however, is that the number of nonprofit organizations around the world has grown considerably since the 1980s (Boris, 1999; Fisher, 1998; Salamon, 1992). This growth has been fueled both by state retrenchment and contracting (Smith and Lipsky, 1993; Wolch, 1990) and by a belief among donors that NGOs are more cost-effective than governments in providing basic social services, are better able to reach the poor, and are key players in democratization processes—despite a lack of sufficient empirical evidence to support these counts (Edwards and Hulme, 1996b; Mackintosh, 1992). In some cases, NGOs are themselves responsible for exaggerating their claims to legitimacy, which are based more on belief in value-driven organizations than on actual monitoring and assessment of their accomplishments. As Riddell (1999, pp. 223–224) has noted, some NGOs “argue that the reason they exist is to respond to the cry for help from poor people” and that “it is wholly inappropriate—even morally wrong—to judge the NGO concerned by the impact of the funds provided.” This view, however, has been increasingly challenged by long-time practitioners and scholars in the field who advocate moving beyond seeing NGOs as “magic bullets” to thinking more concretely about issues of accountability (Edwards and Hulme, 1996a; Najam, 1996, p. 340).

It would seem natural to respond to these accountability concerns with increased oversight and regulation of nonprofit organizations. Arguably, investigative reporting by journalists who have exposed the behavior of errant officials can be considered a success of accountability, especially if it leads to tougher regulations concerning disclosure and reporting. However, it is worth questioning the normative assumption that such regulatory accountability is necessarily “good” by asking whether there is a danger of “too much” accountability. There are two primary concerns in this respect: that funders and oversight agencies might abuse their powers of oversight (especially where the regulators are themselves unregulated) and that efforts to control inappropriate behavior in a relatively small number of organizations might inadvertently stifle experimentation and innovation in the nonprofit sector. The first of these concerns is quite real, particularly in cases where donors have the ability to “punish” NGOs by threatening to cut funds, impose conditions, or tarnish their reputations in cases where NGOs fail to deliver quick results in their projects. While such punitive measures are no doubt

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justifiable in some cases, they can also reflect a failure on the part of funders to appreciate the complexities, uncertainties, and long time frames associated with social development work. In such circumstances, which are quite common among development NGOs in the South, “the most important danger lies not in the NGO’s abusing the trust but in the patron’s abusing its powers of punishment” (Najam, 1996, p. 344). For nonprofits in wealthier countries of the North, where the threat of abuse may not be as obvious, they nonetheless face the risk of co-optation and goal deflection by their funders and regulators (Kramer, 1981; Najam, 2000; Smith and Lipsky, 1993; Young, 1999).

The second key apprehension about accountability is that a “strong unified accountability will be at the expense of diversity and innovation” in the nonprofit sector (Cnaan, 1996, pp. 223–224). This is of particular relevance when considering external regulatory approaches to accountability. In examining the legal framework of accountability of nonprofit organizations in the United States, Chisolm (1995, p. 149) cautions that “there is a delicate balance between enough regulation to protect legitimate social interests in preventing diversion of charitable assets to private pockets . . . and enough regulation to squelch the qualities our society has most valued in the charitable sector” such as creativity and independence of thought and action (Young, Bania, and Bailey, 1996, p. 348).

Both of these concerns—about co-optation and abuse of power by donors and regulators, and about the loss of innovation and diversity as a result of more oversight and regulation—emphasize the potential fallouts of a rather narrow conception of accountability that privileges external oversight. The purpose of this article is to present a broader and multifaceted view of accountability in which the central challenge lies not in a binary relationship between oversight and independence but in a more complex balancing of multiple kinds of accountabilities.

Definitions

It is an irony of accountability that the term itself has often evaded clear definition. In 1995, *Nonprofit Management and Leadership* produced a special issue on the theme of accountability. Yet as Cnaan (1996, p. 221) noted in a subsequent letter to the editor, none of the five contributing authors adequately defined accountability, “either on the assumption that we knew what the term meant or for lack of a clear definition.” As an abstract and composite concept, the term offers a range of possible meanings. For example, Edwards and Hulme (1996b, p. 967) define it as “the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions.” In their study of accountability in the World Bank and NGOs, Fox and Brown (1998, p. 12) similarly describe accountability as “the process of holding actors responsible

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for actions.” In a special issue of the *IDS Bulletin* on “Accountability Through Participation,” Cornwall, Lucas, and Pasteur (2000, p. 3) broaden this perspective by suggesting that accountability is about both being “held responsible” by others and “taking responsibility” for oneself. As such, it is not only a reactive response to overseers but also a proactive one linked to ensuring that the public trust is served.

In breaking the concept down even further, Kearns (1996, p. 43) proposes that accountability be viewed as containing “as many as three dimensions: the higher authority to whom organizations and individuals are accountable, the standards of performance . . . for which organizations are held accountable, and the responses to the accountability environment . . . from inside the organization.” Yet even our understandings of these multiple dimensions of accountability are socially constructed. In his historical analysis of accountability in American democracy, Weber (1999, p. 453) observes that “the conceptualization of democratic accountability, rather than being a sacrosanct concept that all can agree on, varies dramatically over time.” In particular, he demonstrates how specific accountability mechanisms in public administration have changed significantly since the nineteenth century. Hammack (1995) similarly concludes that the changing context and increasing size of nonprofits in the late twentieth century render traditional accountability mechanisms, which relied on shared religious beliefs and compact communities, largely unworkable.

The problem in clearly defining accountability arises not only from its socially constructed nature, but also from the observation that organizations often face plural accountabilities that change over time. They are thus engaged in a complex and ongoing balancing act between accountabilities that are externally driven (that is, top-down or punitive) and those that are internally generated. Accountability may thus be defined as the means through which individuals and organizations are held externally to account for their actions and as the means by which they take internal responsibility for continuously shaping and scrutinizing organizational mission, goals, and performance. To better understand this multifaceted nature of accountability, it is helpful to start with a look at different disciplinary views of the concept.

Legal Perspectives

Some of the most deliberate language on accountability emerges from the field of law. Chisolm (1995, p. 141) defines *legal accountability* as “either an obligation to meet prescribed standards of behavior or an obligation to disclose information about one’s actions even in the absence of a prescribed standard.” For nonprofit organizations in the United States, such accountability is largely enshrined in state law and federal tax exemption law. In particular, state nonprofit corporation law places legal obligations on board members (directors

or trustees) as fiduciaries to organizations. A nonprofit's directors "can be held legally accountable for failure to meet prescribed standards of care, loyalty, and obedience that attach to the board member's role" (Chisolm, 1995, p. 144). Each of these standards of care, loyalty, and obedience is itself subject to varying degrees of ambiguity, but each generally attempts to hold board members responsible for seeking out and considering adequate information on which to base decisions (care), disclosing conflicts of interest and placing the organization's interests over personal ones (loyalty), and acting within the organization's mission while also adhering to internal organizational protocols for decision making (obedience, especially to members). Where there is a failure to meet fiduciary obligations, directors have a right to sue, on behalf of the nonprofit corporation, other fiduciaries or agents of the organization. The rights of members to sue in order to enforce duties of fiduciaries, however, are weaker and less clear (Balda, 1994).

For the most part, legal accountability is focused on deterrence and punitive measures—that is, on the threat of legal action in cases of failure to meet legal obligations. Although this is an important and necessary form of accountability, it is a highly constrained approach that fails to take account of organizational behavior not enshrined in law. It is also focused on external regulation for ensuring accountability, with little regard for internal and less formalized organizational norms or expectations. The legal framework does, however, provide a point of departure for a broader conceptualization of accountability.

Economic Perspectives

Economic perspectives add a series of new insights, particularly in their examination of decision-making behavior of individuals and organizations. One commonly advanced explanation for the existence of nonprofit organizations is market and government failure, in that nonprofits emerge to fill gaps in services not provided by businesses or public agencies and to serve communities not adequately served by the public and private sectors, particularly as states scale back social services in order to cut costs (Weisbrod, 1988). To do so, nonprofits respond to the needs of particular constituents, and they seek funding from governments as well as from foundations and private donors. A central accountability issue, then, becomes the relationship of nonprofits to constituencies or interests such as clients, donors, and regulators, and the roles of these interests in influencing nonprofit behavior.

Two key questions arise from this perspective. First, to whom (which interests and constituents) are nonprofit organizations and managers accountable? And second, how do different interests seek to hold nonprofit organizations and managers to account? On this basis, nonprofit accountability refers not only to the fulfillment of

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the objectives of particular interests, but also to finding a balance among competing objectives and interests. This view of accountability differs considerably from the legal perspective in that it relies not only on external regulation but also on the push and pull of constituent interests. As such, accountability may be viewed as relational in nature: it does not stand objectively apart from organizations but is reflective of relationships of power among organizational actors.

The above questions have been the subject of considerable scrutiny in economics, especially as articulated through theories of public choice, social choice, and principal-agent dynamics. The discussion here focuses primarily on principal-agent theory, although it should be noted that public choice theory has extensively examined how and why interest groups form, the processes through which they communicate and enforce their desires, and how they deal with free riders (see, for example, Mueller, 1989; Olson, 1965). Relatedly, social choice theory has investigated people's interactions in the political arena, detailing, for example, the inherent complexities of making collective decisions (Arrow, 1963; Bogart, 1995).

Principal-Agent Perspectives

Perhaps most significant has been the contribution of principal-agent theory in framing accountability, as articulated not only by economists but also by political scientists. The theory is premised on the observation that some individuals (principals) attempt to have their agendas carried out by other individuals (agents). For example, when voters elect representatives to government, the voters act as principals expressing a particular set of interests that their representatives are expected to carry out as agents. The representatives, in turn, are principals who direct public officials and agencies to serve as their agents. A principal-agent problem arises in contexts where principals are uncertain as to whether their agents adequately represent or implement their wishes (Keohane, 2002; Przeworski, Stokes, and Manin, 1999). Relatedly, the principal-agent problem in microeconomics typically concerns the efforts of business owners (principals) to ensure that workers and managers (agents) are working effectively (Pindyck and Rubinfeld, 1989; Williamson, 1985). Similarly, in cases where nonprofit organizations are funded by the state or provide services of interest to the state, the nonprofits may be described as being agents of the state. From this perspective, accountability may be defined as the principal's "right to require an account" from the agent and also "the right to impose sanctions if the account or the actions accounted for are inadequate" (Leat, 1988, as quoted in McDonald, 1997, p. 53).

This principal-agent framework, however, contains a series of limitations concerning accountability. First, a problem arises when the interests of the agent are not congruent with the interests of the

principal. Arguably, incongruence is not always recognized by principals (such as donors), who sometimes assume that interests are aligned simply because the nonprofit agent does not have a profit motive (see, for example, Hewitt and Brown, 2000). Where incongruence is recognized, however, the problem is typically addressed through two solutions: (1) performance-based compensation, such that the agent is rewarded for adequately serving the interests of the principal (for example, through payment, promotion, or recognition), and (2) monitoring the activities of the agent, such as through quarterly or annual reports and disclosure requirements (Bogart, 1995). These solutions, however, involve extra costs to the principal in terms of monitoring, and they do not guarantee that the agent will not find alternate ways of satisfying self-interests while also giving the appearance of satisfying those of the principal. For nonprofit organizations, this may imply reporting on the easily measurable components of their work (such as numbers of homeless people served or hectares of land reforested) in order to satisfy funders, while failing to report on factors undermining their work, such as increases in homelessness due to rising costs of living or policies that encourage clearing of forests.

A second but related problem concerns “whether accountability is experienced as a monitoring or as an enabling process” (Fry, 1995, p. 186). Public policymakers and funders of nonprofit organizations tend to focus on external means of ensuring accountability, such as monitoring measures, controls, and laws. In doing so, they neglect issues of accountability that are internal to organizations and individuals, such as integrity and mission, and through which principals and agents work toward developing congruent interests and commitments. The central problem from this perspective is not how a principal can enforce accountability, but instead “how accountability can assist in framing a common script about organizational roles and expectations” (Fry, 1995, p. 182).

Third, principal-agent theory tends to focus on the behavioral requirements of agents while deemphasizing those of principals (McDonald, 1997), whereas in practice, principals are responsible for influencing the performance of their agents through a number of means. For example, principals often play multiple roles in relation to their agents. A program officer in a funding organization may be responsible for both monitoring the performance of a grantee and assisting that grantee in building its capacity in project and financial management. Poor-quality assistance in capacity building provided by the principal can directly contribute to project failures by the agent. In addition, principals are sometimes out of touch with the ground realities faced by their agents and can impose requirements that work contrary to organizational strengths. For example, in a study of the Sarvodaya Shramadana Movement in Sri Lanka, Perera (1997, p. 163) argues that intensive evaluation by international donors resulted in programmatic and organizational changes

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that destroyed “the integrated and cohesive character that was the hallmark of Sarvodaya.”

Moreover, the relations between principals and agents are affected by political processes that have an impact on the principal. For instance, McDonald’s (1997) study of two departments of human services in Queensland, Australia, shows that the public agencies were sometimes unwilling to inspect politically powerful nonprofit groups for fear of offending them and ending up in court. And finally, funding bodies sometimes continue to offer grants to nonprofits without systematically tracking their performance, and engage in monitoring only when a problem shows signs of becoming public or politicized (McDonald, 1997). The key point here, for accountability purposes, is that principals play important roles in influencing the performance of their agents, although principal-agent perspectives tend to downplay the significance of these roles.

Nonprofits often resist viewing themselves as agents of an external organization

Fourth, nonprofit organizations are frequently accountable to multiple principals. While business organizations are accountable primarily to shareholders, nonprofits are expected to respond to the interests of their donors, boards, clients, and contracting agencies (Bogart, 1995). Najam (1996) has observed that NGOs are accountable to multiple actors: to patrons, clients, and themselves. NGO-patron accountability, or upward accountability (Edwards and Hulme, 1996b, p. 967), usually refers to relationships with donors, foundations, and governments and is often focused on the “spending of designated moneys for designated purposes” (Najam, 1996, p. 342). NGO accountability to clients refers primarily to relationships with “groups to whom NGOs provide services,” although it may also include communities or regions that are indirectly affected by NGO programs (Najam, 1996, p. 345). This has also been termed downward accountability (Edwards and Hulme, 1996b, p. 967). The third category of accountability articulated by Najam concerns NGOs themselves. This internal accountability includes an NGO’s responsibility to its mission and staff, which includes decision makers as well as field-level implementers. These multiple and sometimes competing accountabilities can become even more complicated in cases where NGOs enter into contractual relationships with foreign donors, local governments, and multinational corporations (Meyer, 1999). Although the interests of each of these principals may coincide to some degree, potential conflicts or ambiguities in their interests can lead nonprofits and NGOs either constantly to alter their rhetoric to appease multiple principals or dogmatically affirm their own missions. Moreover, nonprofits often resist viewing themselves as agents of an external organization, instead seeing themselves as being mission driven.

In short, a principal-agent perspective contributes to our understanding of accountability by focusing attention on relationships between actors (principals and agents) and the strategies used by principals to have their agendas fulfilled. This perspective falls short,

however, in addressing accountability problems arising from incongruent interests between principals and agents, internal rather than external mechanisms, the roles of principals in shaping agent performance, and ambiguities and conflict arising from multiple principals.

An Integrated Perspective on Accountability

What do the above perspectives imply for an integrated view of accountability? Given the diverse nature of nonprofits and NGOs, in both the North and South, how meaningful is an integrated perspective?

The previous discussion leads to a number of general observations about accountability relevant to a range of nonprofit organizations. First, external approaches to accountability, such as laws, codes, and reporting requirements, are only one side of an accountability equation. Laws and regulations in themselves (whether in the North or South) are inadequate as mechanisms of accountability since they represent only a minimum common behavioral standard. Moreover, laws are external regulatory measures with punitive consequences for noncompliance that do little to promote an internalization of accountability in organizations. Equally relevant are internal organizational mechanisms, such as self-evaluation and performance assessment, self-regulation, and participatory decision processes. Although a discussion of these particular mechanisms is outside the boundaries of this article, many have been discussed elsewhere (for example, see Bozzo, 2000; Buckmaster, 1999; Ebrahim, 2003; Fine, Thayer, and Coghlan, 2000; Quarter and Richmond, 2001; Riddell, 1999; Sawhill and Williamson, 2001; Tassie, Murray, and Cutt, 1998; Walker and Grossman, 1999).

Second, accountability issues in Northern and Southern nonprofits are more complex than conventional principal-agent perspectives might suggest, since the actions of nonprofits are influenced not only by multiple principals and interests but also by their own missions and values. For nonprofit organizations, mission statements play an important role in providing a focal point around which to develop internal accountability since it is the mission that provides “a verbal link between the presumably deeply held principles and the conduct of those representing the nonprofit” (Lawry, 1995, p. 174). In this sense, missions add an ethical or value-based dimension to accountability since they emphasize the internal motivations of actors rather than the external pressures exerted by principals. They also provide a basis for judging organizational performance and progress.

In other words, accountability is both internal and external, or, in Fry’s (1995) terms, comprises not simply external control but also “felt responsibility.” This perspective on accountability involves building a shared vision among principals and agents such that traditional relationships of authority and control break down and evolve into collaborations of collective responsibility for outcomes. From

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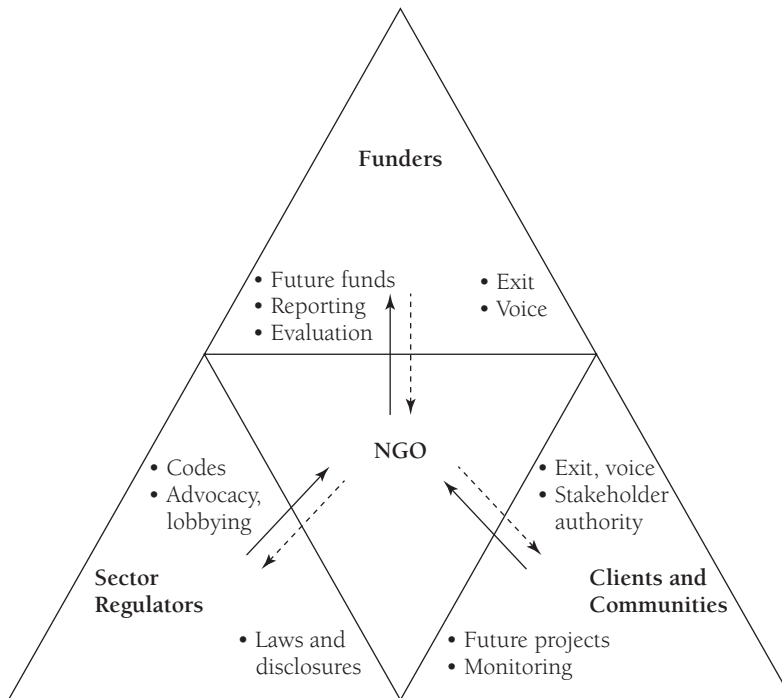
an agent's perspective, the extent to which this intrinsic form of accountability is developed depends on the agent's having a voice in the development of expectations, standards, and monitoring regimes; developing a congruence of intent with principals, such that conflicts of interest are worked through or minimized; and creating a history of exchange with the principal that is established on fairness and dignity (Fry, 1995). This notion of felt responsibility requires that organizational actors, such as NGOs and funders, develop a reciprocated sense of responsibility that is collectively generated rather than unidirectionally imposed.

Third, accountability is relational in nature and can properly be understood only in the context of a nonprofit's interactions with members of its organizational environment. Accountability to donors, operationalized through reports and other forms of oversight, can be at odds with accountability to organizational mission. For example, in cases where there is a mismatch between the goals of a funder and those of a nonprofit organization, the nonprofit has a significant incentive to modify its own goals (even if nominally) rather than to turn down funding. Similarly, NGOs face tensions between accountability to funders and accountability to clients or communities, particularly in cases where funders presume to know the interests of potential beneficiaries or where the time demanded by upward reporting occurs at the expense of time spent in communities. Even within an organization, there can be conflicts of interest between board members and staff. Accountability, as such, may be viewed as a product of inter- and intraorganizational relationships and is likely to be skewed in favor of dominant actors.

Accountability Relationships

The relational nature of accountability is depicted in Figure 1. For purposes of clarity, the organizational environment of NGOs is simplified into three primary groups: (1) funders, which may include public agencies, foundations, individual donors, corporate sponsors, international organizations, and Northern NGOs (which support Southern NGOs); (2) sector regulators, which include government agencies as well as self-regulatory groups that advocate codes of conduct for a particular sector; and (3) clients and communities, such as project beneficiaries, users of services (who may pay for those services), and community members who are not directly involved in a project but are indirectly affected by it. Nonprofits in the global North and South are embedded in rather similar environments, with the distinction that the composition of actors varies somewhat: Southern NGOs often include Northern NGOs as their funders, while Northern nonprofits often raise substantial income from individual donors. Notably, private sector organizations also enter the mix, sometimes as corporate sponsors (and thus as funders) or as competitors in service provision.

Figure 1. Principal-Agent Relations of Accountability



The arrows in Figure 1 point toward the principal and away from the agent. The principal-agent dynamic is complicated by the fact that in each relationship, an NGO can serve as both a principal and an agent. The dominant direction of that relationship is determined by the presence and use of accountability mechanisms to enforce it. Solid arrows suggest a strong relationship in that direction and dashed arrows a weaker relationship. For example, funders provide money to NGOs in exchange for regular reports and evaluations that confirm the legitimate use of those funds. These reports and evaluations (which include financial statements, narratives, performance assessments, and monitoring systems) function to hold NGOs accountable to their funders. In other words, the accountability mechanisms position funders as principals and NGOs as agents, as illustrated with a solid arrow between NGOs and funders in Figure 1.

What mechanisms allow NGOs to act as principals that can hold their funders to account? For the most part, NGOs are left with two options: exit and voice (Hirschman, 1970). They may exit by refusing donor funds, or they may exercise voice through complaints and efforts to reform their funders. While there are indeed cases of non-profits' challenging their funders, this is likely to be true only in cases where the asymmetry in resources is offset by the availability of funds from other sources or in cases where the NGO has a long-established and deeply interdependent relation with its funder (Ebrahim, 2002;

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Hudock, 1999; Pfeffer, 1987; Pfeffer and Salancik, 1978). In sum, the conventional use of reporting and evaluation as a funder control mechanism serves to reinforce the role of the NGO as an agent of its funders. While the rhetoric of funders and NGOs alike might indicate that NGOs and communities are the true principals, the material reality of accountability mechanisms suggests otherwise.

This picture is somewhat more complex with sector regulators. Laws governing nonprofit status and their attendant requirements for information disclosure are generally intended to ensure a minimum level of transparency in NGOs, ostensibly for purposes of ensuring public trust. In this way, they serve as mechanisms of accountability in which NGOs act as agents to some public interest (while recognizing that there are many publics and many interests). Repressive states can, however, abuse powers of regulatory oversight to keep tabs on organizations that are considered subversive. Even in a democratic country like India, the Foreign Contribution Regulation Act of 1976 was enacted shortly after a state of emergency was declared by the government of Indira Gandhi, thus enabling the government to track the flow of foreign funds to NGOs that were critical of it (Sen, 1999). Repressive or not, regulatory oversight nonetheless reinforces the role of NGOs as agents to be monitored or controlled in either a broad public interest or in a narrow state elite interest.

Another form of sector regulation involves the efforts of NGO networks to develop standards or codes of behavior and performance for themselves. In such cases, NGOs are not simply agents of an external authority, but act as principals in shaping standards for the sector as a whole. Standards and codes have been developed by membership organizations the world over, including by the American Council for Voluntary International Action (InterAction) and the Better Business Bureau's Wise Giving Alliance in the United States, the Canadian Council for International Cooperation, the Philippine Council for NGO Certification, the Voluntary Action Network India, the Commonwealth Foundation in Britain, and the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, to name just a few (Ebrahim, 2003; Schweitz, 2001). Relatedly, information gateways also serve to increase self-regulation and transparency, largely by making information publicly available, such as through the GuideStar Web site in the United States, which provides data on about 850,000 nonprofits recognized by the Internal Revenue Service (www.guidestar.org).

In short, NGOs are linked to sector regulators by accountability mechanisms that position them as both agents of the public and of governments (through externally mandated laws and disclosures) and collective principals to the nonprofit sector (through voluntary codes of conduct). By virtue of their wider visibility, NGO networks that operate across a sector are also able to exert a policy influence on public officials. Organizations that lobby for policy change act as both agents of the constituents whose voices they seek to represent

and principals making demands of elected representatives. As such, the arrows linking NGOs to sector regulators in Figure 1 are solid in both directions.

The third set of relationships in Figure 1 involves clients and communities. Like relations between NGOs and funders, those between NGOs and clients tend to be asymmetric as a result of resource allocations. NGOs engaged in the provision of services—such as education, health care, housing, or rural development—typically provide a pre-determined set of services to their clients. To the extent that the interests of clients or “beneficiaries” are congruent with those of the NGO, the services are accepted without conflict. But if clients find the services inadequate or of low priority, their options are generally limited to refusing the service (exit) or complaining about it (voice). The service-providing NGO has the powerful option of threatening to withdraw from current or future projects in the event of noncooperation, in the way that a funder can threaten to withdraw funds from an NGO. In addition, cooperation and project implementation are often monitored by NGOs (at the request of funders) to ensure smooth delivery. Under such conditions, NGOs may be viewed more properly as principals and communities as their agents who accept the services that keep the NGO in business. For this hierarchy to be reversed, client options for voice would have to be considerably stronger, such that the authority over decision making would rest with stakeholders.

Stakeholder authority of this nature is unlikely to become common among NGOs primarily engaged in the delivery of services. After all, their survival depends on offering a set of specialized services or products. In such cases, stakeholders are able to “participate” through their involvement in project implementation, but they hold limited authority with respect to decision making. This is what Najam (1996) has called the “sham ritual” of participation and Cooke and Kothari (2001) have referred to as a “new tyranny” of participation. NGOs that establish services based on an assessment of community needs are less likely to run into this problem of incongruence, except under conditions where the NGO fails to adapt to changes in community needs and circumstances over time.

In sum, accountability is highly contingent on relationships and on mechanisms put in place to ensure it. Accountability, like any other set of relationships, involves a competition among principals. As Lindenberg and Bryant (2001, p. 218) have observed in their study of international relief and development NGOs, “One of the implications for multiple and competing audience pulls is that different kinds of information and feedback are needed for different audiences. Therefore accountability is necessarily contingent upon both the demander and the context of the demand.” In addition, this discussion has sought to demonstrate that the dominant direction of those competing pulls is determined by the presence and use of accountability mechanisms to enforce it.

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Differentiating Accountability Among NGO Types

The discussion has thus far failed to account for the diversity among nonprofit organizations, and hence for conceptual distinctions in accountability in different types of NGOs. Table 1 distinguishes among three types of nonprofit organizations: membership organizations, welfare or service-oriented organizations, and advocacy and network organizations. These categories are adapted from typologies offered by Uphoff (1996) and Vakil (1997) and are selected in order to demonstrate central differences in accountability characteristics. I do not distinguish among nonprofits in the North and South; although they are situated in dissimilar political and developmental contexts, nonetheless they operate in organizational environments with analytical commonalities (as depicted in Figure 1).

The first column in Table 1 lists the three NGO types noted, and the second describes the orientation of each type. Membership organizations are largely oriented toward serving the interests of their members and can include organizations as diverse as agricultural cooperatives and interest-based associations such as the Association for Research on Nonprofit Organizations and Voluntary Action. These organizations are primarily run by and for their members and might also be called self-interest or self-help groups. They operate on the basis of common interests and pooled resources and are not always nonprofit (Uphoff, 1996). Agriculture cooperatives, for example, seek to improve the incomes of their members. This category can also include nonprofits whose members are organizations rather than individuals, such as the United Way of America, which serves to garner financial resources for its member organizations and in

Table 1. Accountability Among NGO Types

<i>NGO Type</i>	<i>Orientation</i>	<i>Accountability to Whom? (Principal)</i>	<i>Mechanisms of Accountability</i>	<i>Key Accountability Characteristics</i>
Membership organization	Self-help development	Member or self	Franchise, reform (voice); dues (exit)	Member centered
Service organization	Charitable development	Funders, sector regulators, clients	Future funding, reporting, evaluation, and performance assessment; laws and disclosures; codes of conduct; stakeholder authority (voice); refusal of services (exit)	Contingent, multiple, weak toward clients
Network organization	Issue-based policy change	Individual members, organizational members	Lobbying, litigation, protest, fact finding, transparency; coordination	Collective and negotiated

this sense is similar to a cooperative (although nonprofit in its orientation).

Most of the discussion in this article has centered on the second type of organization in Table 1: the service organization. The orientation of such NGOs is charitable in the sense that there is no profit motive and that the clients and beneficiaries are generally external to the organization. These organizations provide a wide range of services, from health and education to housing and rural development. The clients of service organizations are usually not involved in creating the NGO in the way that members are; they are external actors to the organization and therefore have less voice in shaping its activities and direction.

The third type of NGO includes those that operate through networks that may be regional, national, or transnational in scale. Many such organizations are involved in issue-based policy advocacy work. I distinguish between two kinds of networks based on the composition of their membership: those made up of organizations and those made up of individuals. The first type typically brings together a number of organizations to pool resources on a focused policy issue. Some of these networks are fairly well established and formalized. The global antidam movement, for example, has linked organizations in the North and South for many years, such as the International Rivers Network and Environmental Defense in the United States, the Narmada Bachao Andolan in India, the European Rivers Network in France, Urgewald in Germany, Help the Volga River in Russia, the Movimento dos Antigos por Barragens in Brazil, the Lesotho Church Highlands Group, and Aid-Watch in Australia, to name just a few (Khagram, 2000). Others, like the antiwar movement that has formed around the U.S.-led war in Iraq, are more recent, less formalized, and akin to a fluid coalition in which many members are likely to be involved for only a short time. In many cases, such networks rely on new information technologies to communicate and the exercise of a collective voice in order to be effective. The second kind of network involves a single organization that joins individuals from dispersed locations around a common cause. This kind of network is exemplified by membership organizations such as Amnesty International and the Sierra Club, which have highly dispersed memberships that care about a specific set of issues (such as human rights or the environment). Such NGOs are distinct from conventional membership organizations because they do not display the characteristics of direct self-help and accountability common to membership organizations like cooperatives.

For accountability purposes, each of these three types of NGOs can be differentiated in two respects: to whom they are accountable (that is, their principals) and the mechanisms they employ for ensuring accountability. For service organizations, these principal-agent links and mechanisms have already been depicted in Figure 1. The context for membership organizations, however, is not accurately

illustrated in that figure. Membership organizations are accountable largely to their own members and as such do not distinguish between the organization and its clients. They are both their own principals and agents. The mechanisms of accountability available to members include franchise (voting for the organization's leaders), revoking membership and dues (and joining another cooperative, for example), and attempting to reform the organization by either influencing leaders or running for a leadership position. As with service organizations, all of these options involve either exit or voice, but they have more impact in membership organizations because the members or clients are internal to the organization. In this way, membership organizations combine internal accountability (to members of the organizations) with downward accountability (to clients, who are members).

Membership organizations . . . do not distinguish between the organization and its clients

Service organizations offer much less powerful forms of voice and exit to their clients, except in highly competitive contexts where clients have multiple service providers from which to choose. The clients or beneficiaries of an NGO, by virtue of being buffered from the organization, "cannot hold it accountable in the same direct way that members can. Clients and beneficiaries of NGOs are in a 'take it or leave it' relationship, quite similar to that of customers and employees of private firms" (Uphoff, 1996, p. 25).

Service organizations offer much less powerful forms of voice and exit to their clients

Network organizations pose new challenges to the above perspectives on accountability. They display characteristics that are common to membership as well as service organizations and also characteristics that are unique. For example, NGOs like the Sierra Club and Amnesty International have individual members who pay dues and thus have the option of taking their dues elsewhere should the organization fail to satisfy their interests. But they are not self-help organizations in the way that cooperatives are, and most members do not have direct access to organizational decision making or even to other members (nor do they necessarily desire such access), despite the fact that they elect board members. They are more like clients of service organizations. In other words, while their options for exit (the franchise and revoking membership dues) are potentially powerful, their actions are likely to be remote and isolated.

These NGOs attract members by virtue of their policy advocacy work, thereby seeking to hold policymakers and public officials accountable to the views of their members. From this perspective, the members are principals who, through the services of NGOs, seek to hold agents (elected officials and political actors) accountable for policymaking at regional, national, or even global levels. The mechanisms of accountability available to them are advocacy oriented (voice), including lobbying, litigation, protest, negotiation, fact finding, and demanding transparency in the reporting of information and events. These actions may be considered legitimate in a pluralistic society to the extent that they represent the collective voice of a group of people. Networks in which the members are organizations rather than individuals involve an additional layer of accountability

that depends on negotiation and coordination among member organizations. Accountability is collective in the sense that it depends on reliable coordination and pooling of resources among key players (for case examples, see Fox and Brown, 1998; Khagram, Riker, and Sikkink, 2002; Smillie, 2003).

In summary, the diversity among nonprofit organizations suggests that accountability relationships and mechanisms necessarily vary with NGO type. Mechanisms of accountability to clients, for example, are quite different in membership organizations (where clients or members are internal to the organization) than they are in service organizations (where clients are external). Accountability in membership organizations may be characterized as being largely member centered, whereas it is multiple and contingent in service organizations. Advocacy networks represent still another type of NGO, with accountability being negotiated and collective in nature.

Conclusion

This article began by noting some concerns about accountability that have arisen in recent years as a result of scandals involving the misuse of resources in prominent U.S. nonprofit organizations. One key result of these events has been an increase in public demand for more regulatory oversight of nonprofit organizations. Such oversight may be necessary in some cases, but it will not solve the accountability problems faced by nonprofit organizations. This article has sought to demonstrate that accountability is a complex and multidimensional concept, with external oversight of nonprofits being only one of its many parts.

In concluding, I offer four broad observations about accountability in nonprofit organizations. First, accountability is a relational concept. It does not stand objectively apart from organizational relationships, since the demands for accountability and the mechanisms used to achieve it are constructed by those very relationships. The key challenges of accountability thus concern the management of day-to-day organizational relationships, which involve a wide range of actors including funding organizations, individual donors, public agencies, nonprofit staff and boards, members, clients, and communities.

Second, and relatedly, nonprofits can function as both principals and agents in each of these relationships. Moreover, the dominant direction of a relationship is determined by the presence and use of accountability mechanisms to enforce it. Regulators and funders that seek to hold NGOs accountable through external oversight effectively act as their principals. In other words, to the extent that NGO-funder relationships are dominated by mechanisms of accounting for funds (such as quarterly and annual reports and conditions of funding), accountability will be biased in favor of funders. Any incongruence of interests between NGOs and funders will be resolved by the revoking of funds (or the threat of doing so), unless there are counterbalancing

The diversity among nonprofit organizations suggests that accountability relationships and mechanisms necessarily vary with NGO type

mechanisms that enable NGOs to express their concerns (such as dialogue in which funding is not threatened or efforts to educate funders about ground-level limitations and realities). This is not to say that funders are not justified in demanding an account for funds provided, but rather to point out that the centrality of funding in interorganizational relationships effectively positions funders as principals and recipients as agents. The corollary is that service-oriented NGOs frequently act as principals to their clients, since they possess resources that are difficult for clients to refuse or modify.

Third, the characteristics of accountability necessarily vary with NGO type. Most of this article has been devoted to examining the contingent and multiple accountabilities that face service organizations. Accountability to clients appears to be weak in these organizations, at least in comparison to accountability to funders and regulators. Membership organizations, however, are structurally distinct from service organizations since their clients are their members, thus enabling a member-centered accountability. Network and advocacy organizations are also unique in that they display a collective accountability that is issue focused, which enables them to make demands of policymakers and elected officials, who are viewed as the agents of a dispersed membership. In addition, when the networks involve other organizations, they rely on negotiated process to allocate responsibility and thus accountability.

Finally, accountability is both external and internal. It may be defined as the means through which individuals and organizations are held externally to account for their actions (for example, through legal obligations and explicit reporting and disclosure requirements) and as the means by which they take internal responsibility for continuously shaping and scrutinizing organizational mission, goals, and performance (such as through self-evaluations, participatory decision processes, and the systematic linking of organizational values to conduct). Although external oversight is necessary, no amount of it will inculcate a felt responsibility.

An integrated perspective recognizes this multidimensional and relational nature of accountability, rather than reducing it to a concept enforced through oversight and regulatory mechanisms. There are legitimate concerns about too much accountability, which can result in co-optation or goal deflection of NGOs by donors and a loss of sectoral innovation and diversity. Within the broader perspective on accountability outlined in this article, however, it is clear that these concerns are about too much external and upward accountability rather than about accountability as a whole. The challenge of accountability lies not in a binary relationship between oversight and independence but in a more complex dynamic between external, internal, upward, and downward mechanisms that are differentiated across NGO types and are embedded in organizational relationships.

Although external oversight is necessary, no amount of it will inculcate a felt responsibility.

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