

## Accountability Myopia: Losing Sight of Organizational Learning

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*This article challenges a normative assumption about accountability in organizations: that more accountability is necessarily better. More specifically, it examines two forms of “myopia” that characterize conceptions of accountability among service-oriented non-profit organizations: (a) accountability as a set of unconnected binary relationships rather than as a system of relations and (b) accountability as short-term and rule-following behavior rather than as a means to longer-term social change. The article explores the effects of these myopias on a central mechanism of accountability in organizations—evaluation—and proposes a broader view of accountability that includes organizational learning. Future directions for research and practice are elaborated.*

**Keywords:** *accountability; organizational learning; evaluation; reporting; outcome measurement*

The notion of accountability has attracted much attention over the past decade. In dealing with failures of accountability—whether it involves a fudging of accounts and disclosures in the corporate sector, a lack of transparency among public agencies and in the halls of democratic decision making, or a failure to deliver the results promised to funders by a nonprofit organization (NPO)—it is generally assumed that more accountability is better.

A key purpose of this article is to challenge this dominant but myopic view of accountability. I contend that for NPOs and nongovernmental organizations (NGOs) involved in activities of complex social development and poverty alleviation, too much accountability can hinder them in achieving their missions.<sup>1</sup> This article proposes that organizational learning is foundational for a broader view of accountability and crucial for focusing organizational attention on mission. Paradoxically, certain accountability requirements can

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hinder organizational learning, and it is thus important to differentiate among factors that enable and impede learning.

Although this article focuses on the experiences of NPOs, the general concerns about accountability are of interest to many public and for-profit organizations. Questions of accountability have garnered particular attention in public policy discourse, including discussions on democratic accountability and representation (Behn, 2001; Przeworski, Stokes, & Manin, 1999), ethics and integrity in public service (Dobel, 1999; Gawthrop, 1998), and reform in public management, education, and human services (Bardach & Lessor, 1996; Behn, 2001; Hill, Lake, & Celio, 2002; Kearns, 1996; Ladd, 1996), to name just a few sources. In the business world, attention to corporate social responsibility and transparency in accounting has increased in the past few years, not only as a result of highly visible cases of corporate malfeasance and whistle-blowing but also from a growing recognition of the diverse interests and values of corporate stakeholders (e.g., Braithwaite & Drahos, 2000; Gundlach, Douglas, & Martinko, 2003; Halal, 2001; Weaver & Agle, 2002; Zadek, Pruzan, & Evans, 1997). Arguably, managers of complex organizations—be they public, private, or nonprofit—face similar challenges of accountability.

Nonetheless, there are limitations to the generalizability of this article due to structural features peculiar to the nonprofit funding world. This article focuses primarily on NGOs or nonprofits that are dependent on funding from a limited number of external sources such as foundations and public agencies. These are cases where resource dependence plays a central role in shaping relationships of accountability. They generally include small and medium-sized nonprofit providers of social and human services, such as health care, education, housing, and rural development. Within the United States, many nonprofit service providers, including member organizations of the United Way, fall into this category. More generally, in the wealthy countries of the global North and in the poorer countries of the global South, there has been a trend toward public service contracting by many such service or development organizations and a substantial growth in their numbers since the 1980s (Boris, 1999; Fisher, 1998; Robinson, 1994; Salamon, 1992; Smith & Lipsky, 1993; Wolch, 1990). An established literature in both the global North and South suggests that as NGOs increasingly seek external grants, they are simultaneously facing the constraints of donor dependence, public service contracting, and narrow manifestations of accountability that are heavily weighted toward their patrons or funders (Drabek, 1987; Edwards & Hulme, 1996; Hodson, 1997; Najam, 1996; Perera, 1997; Smillie, 1996).

The analysis in this article does not, however, include large, well-resourced, international membership NGOs such as Amnesty International, Oxfam, or the Sierra Club, or organizations that have substantial endowments and are thus more akin to foundations, or those that draw considerable revenue from commercial activities. Nor does it include solely membership-based organizations such as cooperatives where members are the primary source of revenue. These sets of organizations do, of course, have their own accountability

concerns. For example, the first report of the Global Accountability Project (Kovach, Neligan, & Burall, 2003), based in the United Kingdom, notes that a number of international NGOs fare very poorly in providing public access to information about how they spend their money or how well they are achieving their aims.<sup>2</sup> There are indeed some serious accountability concerns among such organizations, but given the peculiarities of their resource environment, they should be examined separately from the service or development organizations discussed here.

The focus of this article is on those organizations in which resource dependence is a central feature of NGO-donor relations, and where accountability to donors in terms of reporting on funds and activities is fairly high. In other words, these are nonprofits that devote considerable attention to reporting to donors. This structural characteristic also casts service NGOs in a somewhat different accountability light than many private sector organizations whose financial support base is more diverse (through consumers, investors, and shareholders). There may, however, be parallels with some forms of private sector organizations such as start-up firms dependent on a small number of investors or specialized firms with limited contract opportunities. By and large, however, the highly structured nature of patronage that characterizes this NGO and NPO landscape does not appear to be as commonplace in the private sector. Thus, rather than seeking to overgeneralize, *this article focuses on NGO-funder relations where resource dependence and accountability to donors are tightly coupled*. Examples from other sectors are raised below only where a broader patterning is apparent.

The article is organized into four core sections. The first section provides various definitions of accountability and introduces two myopias that characterize current conceptualizations of accountability among service delivery nonprofits. Second, I take a critical look at the effects of these myopias on one central mechanism of accountability—*evaluation*. Although there are numerous other mechanisms of accountability (such as reports and disclosure statements, audits, and participatory decision processes, to name a few), I focus on evaluation not only due to its salience among NPOs and funders for explicit purposes of accountability, but also because of its link to organizational learning. In the third section of the article, I elaborate on this pivotal role played by evaluation in enabling both accountability and organizational learning. Finally, I offer a series of propositions for research concerning the challenges that organizations face in enhancing organizational learning while also maintaining high accountability to donors.

#### MEANINGS AND MYOPIAS OF ACCOUNTABILITY

Accountability is frequently described as “the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions” (Edwards & Hulme, 1996, p. 967) or as “the

process of holding actors responsible for actions" (Fox & Brown, 1998, p. 12). This perspective focuses on accountability as being external to an organizational actor in that an external principal holds an agent to account. Others have suggested that this is a limiting view of accountability and have argued that the concept is both about being "held responsible" by external actors and about "taking responsibility" for oneself (Cornwall, Lucas, & Pasteur, 2000, p. 3). This internal dimension of accountability is motivated by a "felt responsibility" as expressed through individual action and organizational mission (Fry, 1995).

Discussions on accountability in the organizational behavior literature have largely revolved around organizational ecology, resource dependence, and stakeholder theories. The organizational ecology literature has suggested that accountability provides a sense of stability in organizational relations by maintaining the commitments of members and clients. Accountability, as such, involves the production of internally consistent—but not necessarily truthful—accounts of how resources have been used by an organization, as well as the decisions, rules, and actions that led to them (Hannan & Freeman, 1989, pp. 73-74, 245). Social selection processes tend to favor organizational forms with high levels of such accountability and reliability.

The resource-dependence literature, on the other hand, deals more explicitly with the problems of establishing such stability in the face of asymmetries in resources, and thus power. Much of this literature has focused on private sector firms (e.g., Pfeffer & Salancik, 1974, 1978), although it is equally applicable to relationships among NPOs and their funders. Indeed, NGO concerns about accountability to donors have often centered on asymmetries in resources that have resulted in excessive conditionalities or onerous reporting requirements being attached to funding. Accountability mechanisms, such as annual project reports and financial statements, are used not only by funders to keep track of NGO spending but also by NGOs to leverage funds by publicizing their projects and programs. There is thus a resource interdependence (albeit often asymmetric) in which NGOs rely on donors for money, and donors rely on NGOs for their reputations in development activities. Studies of resource dependence potentially offer much insight on accountability, especially by revealing the kinds of mechanisms used by organizations to leverage responsiveness (see, e.g., Ebrahim, 2002; Hudock, 1999; Smith, 1999).

Accountability relationships are complicated by the fact that organizations often deal with competing accountability demands. Stakeholder perspectives from the organizational behavior literature point directly to this gap. Much of the early work in this field is credited to Edward Freeman's (1984) writing on a "stakeholder approach" to strategic management, in which stakeholders are defined to include not only stockholders but also other individuals and groups who can affect, or are affected by, a particular business. This work has fed into a burgeoning literature on corporate social responsibility, performance, and ethics (e.g., Clarkson, 1995; Hummels, 1998; Jawahar & McLaughlin, 2001; Soule, 2002; Wheeler & Sillanpää, 1997; Wicks, Gilbert, &

Freeman, 1994), which has become only more relevant in the wake of recent corporate accounting scandals. Private firms are thus not only accountable to stockholders but increasingly also to customers and communities who demand performance with respect to social and environmental criteria.

Similarly, a number of observers of NPOs have noted that they are accountable to multiple actors: to patrons, to clients, and to themselves (Kearns, 1996; Lindenberg & Bryant, 2001; Najam, 1996). NGO-patron accountability or "upwards" accountability (Edwards & Hulme, 1996, 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 indirectly affected by NGO programs (Najam, 1996, p. 345). This has also been termed "downwards" accountability (Edwards & Hulme, 1996, p. 967). The third category of accountability 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, pp. 110-115). Some observers have even suggested that there are as many types of accountability as there are distinct relationships among people and organizations (Lerner & Tetlock, 1999, p. 256). At the very least, it seems that accountability is not the simple and clear social panacea that its advocates might pitch, but rather a complex and somewhat ambiguous construct.

What this discussion makes clear, however, is that accountability is a relational concept. Accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social and institutional environment. This suggests that asymmetric relationships among stakeholders are likely to result in a skewing toward accountability mechanisms that satisfy the interests of dominant actors. In other words, accountability is also about power, in that asymmetries in resources become important in influencing who is able to hold whom accountable.

It is inescapable that NPOs are accountable to numerous actors (upward to patrons, downward to clients, and internally to themselves and their missions). These relations may be said to form a system of accountability. Within this system, the dominant emphasis remains largely on accountability of NGOs to donors or patrons (i.e., upward accountability). This focus can thus be seen as myopic in two respects. First, it privileges one kind of accountability relation over a broader accountability system. Mechanisms for holding NGOs accountable to funders, for example, can overshadow or marginalize mechanisms for holding NGOs accountable to communities or to their own missions. In other words, this myopia focuses attention on funders and external stakeholder demands rather than on NGO missions and theories of social

change. The second kind of myopia is normative. What is the purpose of holding an actor to account for its behavior? Is it simply to enforce rule-following behavior, or is it linked to a larger view of public interests? I argue below that accountability mechanisms that emphasize rule-following operational behavior run the risk of promoting NGO activities that are so focused on short-term outputs and efficiency criteria that they lose sight of long-range goals concerning social development and change. Levinthal and March (1993, p. 101) have identified very similar kinds of myopia of learning (rather than of accountability): a tendency to ignore the long run, a tendency to ignore the larger picture, and a tendency to overlook failures. Clearly, these two kinds of myopia do not hold in cases where donors encourage and recognize the need for downward accountability and in cases where donor commitments and reporting and evaluation requirements reflect a long-term perspective. However, as discussed below, such cases appear to be exceptional rather than usual.

The task of this article is to examine the functioning of these two kinds of myopia. In doing so, however, I do not call for eliminating conventional or more myopic forms of accountability. Indeed, there are legitimate and historically grounded roles for conventional accountability mechanisms. Legal reporting requirements, for example, are necessary for ensuring that organizations classified as tax exempt under Section 501(c)(3) of the Internal Revenue Code of the United States are indeed engaged in nonprofit activities that are primarily for educational, charitable, religious, or scientific purposes and for public, rather than private, benefit. Similarly, in cases where nonprofit and religious organizations take on government services or engage in political lobbying efforts, transparency in funding sources and use is essential for public accountability. More broadly, donors that fund NPOs, or investors that support private corporations, have a right to quarterly reports detailing how their funds have been spent. In short, the demands of donors and investors for reports and evaluations are rational attempts to hold organizations to account.

Although recognizing these legitimate roles for conventional accountability mechanisms, this article highlights the downside of such efforts. In particular, it suggests that there are systemic negative impacts for organizations whose missions require a capacity to develop a longer-term approach to social and political change. For an NPO that aims to feed schoolchildren a daily warm breakfast, there may be no problem with regular reporting on the number of children fed. But for an organization that aims to address broader public policies concerning urban poverty, such measures may provide limited useful information on how to tackle long-term systemic change. The challenge for such organizations lies in *finding a balance* between short-term, rule-oriented mechanisms of accountability and more long-term approaches to evaluation and organizational learning.

For present purposes, I focus primarily on the use of evaluation as a mechanism of accountability commonly employed by NPOs and their funders. Given that systems of accountability involve numerous mechanisms and

actors, my focus on evaluation covers only a slice of these broader systems. (For a review of several additional mechanisms, see Behn, 2001; Bovens, 1998; Ebrahim, 2003; Kearns, 1996; Najam, 1996). Evaluations, however, merit special scrutiny not only because they are widely used for explicit purposes of accountability but also because they provide a critical link between accountability and organizational learning.

### MUDDLED MECHANISMS: LINKING EVALUATION AND LEARNING

This section begins with a look at the nature and purpose of evaluation. Why and for whom do NPOs conduct evaluations? This discussion provides a basis for understanding the central role of evaluation in mediating the relationship between organizational learning and accountability.

#### PURPOSE AND RELEVANCE OF EVALUATION

NPOs utilize various kinds of evaluation, including performance and impact assessment. Donors commonly conduct external evaluations of NGO work near the end of a grant or program phase, and are increasingly employing midterm assessments as well. Such evaluations typically aim to assess whether and to what extent program goals and objectives have been achieved and are pivotal to determining future funding to NGOs. These appraisals tend to focus on short-term results of organizational intervention (i.e., “outputs” or “activities”) such as training programs offered or housing units built. Increasingly, however, evaluations are being used to examine medium- and long-term results (i.e., “impacts” or “outcomes”) such as improvements in client income, health, and natural resource base (Buckmaster, 1999; Roche, 1999, p. 22; United Way of America, 2002). Internal evaluations are also common in which NGO staff gauge their own progress, either toward the objectives of externally funded programs or toward internal goals and missions. Hybrid internal and external evaluations are not uncommon, with NGO staff working jointly with external evaluators.

Before examining the links between evaluation and accountability, it is helpful to explore why and for whom nonprofits engage in evaluation. In a study of 140 U.S. nonprofit agencies that had recently completed program evaluations, Fine, Thayer, and Coghlan (2000) found that the most commonly cited reason for conducting an evaluation was to measure program outcomes or impact, with about 56% designed for this purpose. From the same pool of organizations, less than one tenth reported other purposes, such as for informing strategic planning, assessing implementation, assessing quality of operations, and measuring client satisfaction. The audiences for these evaluations were primarily funders (69%), followed by program staff (61%), board members (56%), potential funders (44%), government agencies (28%), clients or

participants (24%), and other NPOs (9%). Somewhat similar findings were reported by Hoefler (2000, p. 171) in a study of 91 human service nonprofit agencies in the Dallas, Texas metropolitan area. He found that over half of the organizations conducted evaluations “to make sure that the program complies with proper procedures” and “to see how the program is doing.” Nearly 40% of the organizations conducted evaluations to satisfy funders, either to show them “how good the program is” or because a funder demanded an evaluation.

This pattern also appears relevant in the developing world—the global South—where NGOs typically engage in evaluations at the request of donors, usually midway through a project or program and at its conclusion. In his review of a report on evaluations commissioned by 10 bilateral donors throughout the 1980s and 1990s, Riddell (1999) observed that the donor-initiated evaluations tended to emphasize cost-effectiveness and measurable benefits. In contrast, NGOs’ own evaluations tended to allow for the use of more participatory methods and placed a greater emphasis on evaluation as a means of providing feedback for enhancing future interventions. In their in-depth study of nine very successful development NGOs in South Asia, Smillie and Hailey (2001, p. 84) have noted that it is not always clear whether evaluations are used for purposes of policing performance and financial expenditure or whether they shape future behavior. They do suggest, however, that it is more common among older and more established organizations to treat evaluation as a positive process that can generate useful insights and learning. Smaller and younger organizations do not always have the experience or leverage with donors to shape evaluations to be more useful for learning.

Most evaluations, including those described above, tend to focus on specific programs or projects, and they are often interchangeably described as assessments of “impact” or “performance” or “effectiveness.” The universe of evaluations, however, is multidimensional and extends beyond specific programs or projects. A useful model for framing evaluations is provided by Tassie, Murray, and Cutt (1998), who outline three dimensions along which evaluations may be conducted: (a) a “scope” dimension that identifies *who is being evaluated*, be it a single project, a program, an organization, or a system; (b) a “focus” dimension that refers to *what is being evaluated*, be it short-term outputs or activities, long-term outcomes or results, or the process by which activities are carried out and services are delivered; and (c) a “method” dimension that indicates *how an evaluation is done*, using formalized methods that aim at some degree of objectivity or nonformal methods that rely on conversation, impression, and reputation. The evaluations contained in the two U.S. studies cited above, for example, all appear to involve a scope at the program level, but have a focus that varies from outputs to outcomes to processes.

What this means for practical purposes is that one can come to different conclusions about an organization’s “effectiveness” depending on how an evaluation is framed. Tassie and his colleagues argue precisely this point, showing how three funding organizations in Canada came to somewhat



different conclusions about the same two nonprofits as a result of how they framed their evaluations. The multiple combinations of scope, method, and focus (12 in all) suggest that “inconsistencies can easily arise between evaluators, as they can have differing bases for their evaluations” (Tassie et al., 1998, p. 63). Organizational effectiveness, as such, can be viewed as highly malleable.

This problem is particularly apparent in conflicts among NGOs and funders over whether they should be assessing processes such as “participation” and “empowerment” or whether they should measure more tangible products such as the numbers of schools built and children graduated, or numbers of trees planted and land area reforested. For the most part, appraisals by funders tend to focus on products—they are short-term and emphasize easily measurable and quantifiable results over more ambiguous and less tangible change in social and political processes. Such measurement, often operationalized through a method known as “logical framework analysis,” has important implications for accountability. Edwards and Hulme (1996) suggest that the wide use of logical frameworks and their derivatives may “distort accountability by overemphasizing short-term quantitative targets and favoring hierarchical management structures” (p. 968).

Evaluations, especially those that build on logical frameworks, are typically premised on a goal-attainment model of assessment. That is, they are based on an assumption that the goals, services, and products offered by an NGO can easily be measured. However, D’Aunno (1992) suggests that it might make more sense to vary assessments with the context of an organization. In cases where an organization’s work is indeed fairly easy to measure (e.g., a nonprofit that aims to serve meals to the poor) and performance criteria are likely to be shared across different stakeholder groups, a rational or goal-attainment approach is sensible. However, in cases where performance criteria vary among stakeholders, it would make more sense to adopt a multiconstituency model that gauges organizational performance in relation to the preferences of different groups. This is likely to be more useful among organizations whose goals are more process oriented (such as participation or gender equity) and where there may be conflicting goals among constituents. In other cases, attainment of organizational goals may be even more difficult to measure, such as in the case of policy advocacy or empowerment. Such organizations may be better assessed by an institutional-theory model, that is, by measuring their conformity to what society expects of them. For example, if one were to measure the progress of a human rights organization based on the number of national policies it is able to change, its progress is likely to look slow and limited. However, an institutional-theory approach might instead assess the organization on its ability to garner resources from the public as a result of behaving how we expect it to—by fighting for a set of espoused rights and doing so through socially legitimated structures and processes such as courts, even if it takes decades to achieve those rights.

This brings us to a broader concern about the purpose and relevance of evaluation. It is natural to assume that evaluations serve a clear and objectively verifiable purpose: to assess performance or effectiveness. There are at least three significant problems with this view. First, as already discussed, the results of an evaluation are dependent on how it is framed. A social constructivist perspective on organizational effectiveness opens the door to evaluations being conducted for purposes of social legitimation. Particularly in cases where a single NPO is subject to conflicting demands imposed by multiple funders or constituents, evaluations can be used as instruments which signal that an organization “*appears* to conform with social norms, values, and expectations” (Tassie et al., 1998, p. 77). As such, the information emerging from evaluations and impact studies is not simply utilitarian in its relevance (i.e., for assessing effectiveness or performance), but it also serves a symbolic function critical to conferring legitimacy. It is by no means unusual or uncommon for organizations to engage in such ceremonial activities, some of which may involve a decoupling of information from decisions (Feldman & March, 1988; Meyer & Rowan, 1977).

A second set of problems concerns NGO perspectives on the relevance of evaluation. Riddell (1999) lists several reasons why NGOs are skeptical about the need for and purpose of evaluation. On one side, NGO culture tends to emphasize action over analysis. NGO staff are, by and large, “doers” that gain more legitimacy by helping the poor than by conducting time-consuming and costly evaluations. In addition, the tendency of donor evaluations to focus on discrete projects limits their relevance in examining longer-term processes. A reasonable donor response to such skepticism is, of course, that evaluations can help NGO staff become better doers by uncovering weaknesses in project planning or by developing more strategic interventions, and that evaluations can be designed to assess longer-term process and outcomes rather than simply short-term outputs.

It is more difficult, however, to respond to NGO concerns that performance assessments give funders the arsenal to base funding on “successful” projects, thereby rewarding NGOs that stick to discrete and proven product-based approaches to development while punishing those that attempt to develop and test more innovative and risky process-based approaches (Riddell, 1999, pp. 225-226). An additional crucial concern raised by small NGOs is that their limited staff and resources are stretched too thin by evaluation and reporting requests of funders. Donors sometimes fail to recognize that complex evaluation requirements can overwhelm small organizations (and even large ones at times), and that NGO size and capacity should be key factors in determining the scale of an appraisal. Onerous data requirements can lead NGOs to develop monitoring and evaluation systems that although satisfying donor needs for information are viewed as irrelevant for internal NGO decision making. For example, a large European Commission grant to two of India’s most highly reputed NGOs involved the creation of an elaborate monitoring

system using 89 indicators. Although these data are used to legitimate the work of the two NGOs, they are rarely systematically analyzed for purposes of informing decision making (Ebrahim, 2002).

The third problem concerning the purpose of evaluation is more explicitly normative. Although it makes rational sense to conduct evaluations in order to assess progress toward objectives, should this be the sole, or even the primary, purpose of evaluation? For the most part, performance assessments tend to focus attention on projects or programs while overlooking the organization itself (Fowler, 1996). Arguably, evaluations have the potential to be more than snapshots of impacts or performance, and they can be used proactively for facilitating broader organizational change, particularly through capacity building and organizational learning. In his study of Dallas nonprofits, Hoefler (2000) notes that "Almost all of the organizations (96 percent) have used or plan to use the results to make improvements in the program's operations" (p. 173). But although these organizations may intend to use the collected data for informing decision making, this is likely to be ad hoc if there are no protocols in place for systematically integrating new information into a decision process.

In practice, the mere collection of information does not necessarily lead to its use in improving performance, as is evidenced by the collection of dusty studies that sit on the shelves of many organizations (Edwards, 2002, p. 333). This problem is even more pronounced in small and underfunded organizations, both in the North and South, where the organizational capacity for fairly basic monitoring and assessment is severely limited (Cornwall et al., 2000, p. 2). It is for this reason that Riddell (1999, p. 237), in his study of a number of donor and NGO experiences with evaluation, concludes that "donor funds would probably be better spent in helping NGOs develop and experiment with different methods of assessment than in undertaking a large number of impact studies based on methods used to date." This observation points to the potential use of evaluation as a tool for learning, rather than simply for impact and performance assessment.

For the purposes of this article, the above discussion provides three general insights about the use of evaluations in NPOs. First, evaluations are conducted not only to assess impact or effectiveness but also to satisfy funders. They are important for the symbolic purpose of legitimating organizational practices and thus for enabling continued funding. Second, one can come to different conclusions about an organization's effectiveness depending on how an evaluation is framed. In other words, organizational effectiveness is a malleable construct. And third, organizations that conduct evaluations do not necessarily know how to use their findings to change behavior. If evaluations are to be useful for guiding deliberate change in organizations, they will require a link to organizational learning. There are indeed approaches to evaluation that are more compatible with multiple accountabilities and organizational learning.

## LINKING EVALUATION TO LEARNING

The link between evaluation and learning is both practical and normative: In order for evaluations to be of use to the organizations being evaluated, it is necessary to find systematic ways of feeding that information back into decision making. Organizations can be seen as learning “by encoding inferences from history into routines that guide behavior” (Levitt & March, 1988, p. 320) or, in broader terms, by “improving actions through better knowledge and understanding” (Fiol & Lyles, 1985, p. 803). Learning, as such, involves generating knowledge by processing information or events and then using that knowledge to cause behavioral change. According to this usage of learning, simply generating knowledge is not enough; learning also involves the use of knowledge to influence organizational practices. Evaluations such as impact assessments can thus be said to contribute to learning only when they lead to behavioral change in an organization. Simply identifying shortfalls in organizational performance and assuming that the information will be used by the organization to improve performance is insufficient for ensuring actual change. Following managerial convention, the terms “organizational learning” and “learning organization” are used interchangeably below, although the former is more widespread in analytical literature and the latter is more normative (Denton, 1998).

What these observations imply for further research is a need to identify and examine means of linking knowledge-generating mechanisms, such as evaluations, explicitly to learning. Argyris and Schön (1996) have suggested that learning occurs at two basic levels in an organization—single loop or double loop. The former is “concerned primarily with effectiveness: how best to achieve existing goals and objectives, keeping organizational performance within the range specified by existing values and norms,” whereas the latter involves “inquiry through which organizational values and norms themselves are modified” (Argyris & Schön, 1996, p. 22). Both single- and double-loop learning involve an iterative process in which information is processed in order to affect decisions. The notion that learning can be a deliberate and somewhat systematic process for changing organizational behavior is only now beginning to take hold among NPOs and NGOs, more than a decade after its popularization in the business world by Peter Senge’s (1990) *The Fifth Discipline*.

Although learning is often viewed through a positivist and normative lens in which the filtering and processing of stimuli is seen as an objective and empirical process, learning processes are frequently subject to a series of social and institutional processes that are interpretative, symbolic, and power laden. For example, as already discussed, evaluations can be undertaken for the symbolic purpose of legitimating existing activities rather than for identifying problematic areas for improvement. In addition, information that receives attention in a decision process is not necessarily the information that would be most valuable for improving effectiveness or performance. As March and

colleagues (Cohen, March, & Olsen, 1972) have noted in their “garbage can” model of decision making, it is sometimes the serendipitous confluence of actors and information in one place at one time (as in streams of garbage in a can) that determines what decisions are made.

Moreover, relationships of power among organizations shape learning processes. Evaluations that reward success while punishing failure (e.g., through revocation of funds or additional conditions on funding) are unlikely to engender organizational learning because they encourage NGOs to exaggerate successes while discouraging them from revealing and closely scrutinizing their mistakes. Smillie (1996) has suggested that many donor countries, including the Netherlands, the United States, and Canada generally use evaluation “more as a control and justification mechanism . . . than as a tool for learning or for disseminating findings” (p. 190).

In more recent years, the nonprofit community in the United States (and increasingly elsewhere) has begun to shift its attention from measuring outputs as indicators of progress toward measuring outcomes. The motivation for this shift is plainly expressed on the Web site of the United Way of America, which is one of the leaders in this move:

In growing numbers, service providers, governments, other funders, and the public are calling for clearer evidence that the resources they expend actually produce benefits for people. . . . That is, they want better accountability for the use of resources. One clear and compelling answer to the question of “Why measure outcomes?” is: *To see if programs really make a difference in the lives of people.*

Although improved accountability has been a major force behind the move to outcome measurement, there is an even more important reason: *To help programs improve services.* Outcome measurement provides a learning loop that feeds information back into programs on how well they are doing. It offers findings they can use to adapt, improve, and become more effective. (United Way of America, 2002)

It appears, at least in principle, that outcome measurement is a form of evaluation that aims to achieve improvement in organizational behavior or performance (i.e., learning). Evidence from practice, however, reveals a much more ambiguous relationship. The United Way’s own survey of 391 agencies engaged in outcome measurement found that although an overwhelming proportion of organizations found the process useful for communicating results and identifying effective practices (84%-88%), as well as for helping to improve service delivery of programs (76%), a significant number also reported that implementing outcome measurement has led to a focus on measurable outcomes at the expense of other important results (46%), has overloaded the organization’s record-keeping capacity (55%), and that there remains uncertainty about how to make program changes based on identified strengths and weaknesses (42%) (United Way of America, 2000).

The muddle of outcome measurement, as one consultant puts it, is that although it appears to be “a good tool to help funders see what bang they’re getting for their buck,” it runs the risk of being counterproductive in the long run, both by drawing precious resources away from services and by putting too much emphasis on outcomes for which the causal links are unclear (Glasrud, 2001, p. 35). In addition, not only are most nonprofits ill equipped for complex social science research (given that it is much more difficult to assign causality to outcomes than to outputs), but the emphasis on immediate results and gratification has not been ameliorated by the shift to outcomes. Outcome measurement, as such, appears to reflect more of an obsession with upward accountability to funders than an interest in actually finding ways of improving services and results (Torjman, 1999, p. 5). In other words, although outcome measurement can assist organizations in identifying effective practices as well as questionable ones, it does not necessarily help in translating that information into systematic changes in organizational routines and behavior.

To be fair, outcome measurement has provided significant benefits both in terms of helping nonprofit staff to think in terms of broader impacts rather than simply in terms of outputs, and also with respect to catalyzing staff energy toward important goals (Torjman, 1999; United Way of America, 2002). Nonetheless, case studies of 36 nonprofits conducted by the Independent Sector and the Urban Institute (Morley, Vinson, & Hatry, 2001) noted that only about half of these organizations undertook some form of data analysis to help improve programs. The report recommended increasing attention to analyzing results, including identifying reasons for outcomes so as to improve staff awareness about factors believed to have affected performance. Noting that the most common audiences for outcome reports were boards and funders, the report recommended distributing outcome data regularly to field-level staff and holding brainstorming sessions to identify possible program modifications. Similarly, The James Irvine Foundation’s efforts to assist nonprofit agencies in California to improve systems for gathering and assessing data on performance outcomes concluded that

establishing these systems alone was not good enough. In the end, the project’s success had less to do with whether measurement systems were developed and more to do with whether the organizations were able to create a culture that valued the process of self-evaluation. (Hernández & Visher, 2001, p. 2).

In short, it is easy to overstate the potential benefits of evaluation, and particularly in the form of outcome measurement. Proponents contend that it can enable both single- and double-loop learning, noting that it “provides knowledge of the effect of programs in the external environment, providing superior information” as part of a system in which “information is fed back into planning systems, and goals and strategies are changed accordingly to effect learn-

ing" (Buckmaster, 1999, pp. 192-193). The problem is that most nonprofits have neither the resources nor the social science expertise to invest in complex information systems and analysis. What they need are systems of evaluation that are simpler and more accessible, not more complex, particularly in a context where they are resource-dependent on funders and where outcome measurement is thus likely to serve as yet another system for grading performance rather than for improving it.

There are some inspirational exceptions that involve multiple constituency approaches to evaluation (D'Aunno, 1992). For example, a research group based at the City University of New York has been working since 1990 with dozens of community-based organizations to survey residents of inner-city neighborhoods in order to identify "practical truths" that support action. Their evaluations and surveys involve city residents at multiple stages of the process and lead not only to assessments of outcomes or impacts but to reassessment of the desirability of those very outcomes. Inspired by the writings of Gramsci and Freire, the evaluators note that

Instead of measuring community life against standards set externally, participatory research can allow communities to find their personal and shared realities and desires that can be both negotiated and contested. The outcome is not to uncover a stable reality, but to generate dynamic knowledge that can be used to discover, debate, and fulfill the wishes of the community. (Saegert, Benitez, Eizenberg, Hsieh, & Lamb, 2004, p. 55)

Among NGOs, perhaps the most ambitious effort in multistakeholder evaluation is currently being undertaken by ActionAid, a transnational organization that works on issues of injustice and inequality that underlie poverty. As part of a broad series of strategic changes, ActionAid has eliminated its requirement for country offices to submit annual reports to its headquarters. Instead, it has instituted "annual participatory review and reflection processes" (PRRPs) that aim to improve programs by examining and sharing successes as well as failures through engagement with stakeholders at all levels—including poor people, partners, donors, and peers—to analyze and critique programs (ActionAid, 2000). Multistakeholder evaluations such as these are also beginning to receive more attention, sometimes described as "360-degree evaluation and accountability" (Behn, 2001, pp. 196-217) and often included to some extent in social auditing standards (e.g., AccountAbility, 1999). These manifestations of evaluation hold considerable promise for promoting both single- and double-loop learning, especially in organizations where stakeholders' views on performance vary considerably. For the time being, however, examples of persistent use of such evaluations remain rare.

The challenges of integrating various forms of evaluation (such as outcome measurement and participatory reflection) with learning are thus manifold. First of all, linking evaluation to learning requires explicit attention to how information generated from evaluations can find its way into

decision-making processes. In addition, it necessitates a look at how relationships of power influence (and might be modified to encourage) a scrutiny of failure, particularly among multiple constituencies. Finally, and more broadly, a learning approach to evaluation suggests a need for a perceptual shift from seeing evaluations as report cards of performance to a means of improvement. In essence, these challenges are relational: They are about the links between evaluation and accountability.

#### LINKING EVALUATION AND ACCOUNTABILITY: EVALUATION FOR WHAT AND FOR WHOM?

Whereas the previous section examined links between evaluation and learning, the discussion below relates evaluation to accountability. Evaluations can be divided into three very general categories: those that provide a snapshot of progress to date, those that feed back into organizational decision making, and, those that involve multiple constituencies. The former type is likely to affect NGO decisions and actions only where it turns up results poor enough to threaten external sources of funding. Its value is punitive, and it functions as a mechanism of upward *accountability*. The second category of evaluation—in which evaluation results are designed, a priori, to guide NGO decision making—is really a means toward organizational learning. The third type is an extension of the second, as it provides feedback from different stakeholders for long-term learning purposes, but it also improves downward accountability. Such learning is a process that can be designed to help achieve (and rethink) organizational mission. In other words, whether evaluation is seen as enabling upward accountability or organizational learning depends on *for what* purpose and *for whom* it is used. In cases where donors are focused on short-term goals and demonstrations of funds well spent, one might expect evaluations to be used largely for purposes of upward accountability. But in cases where NGOs and their donors are more attentive to long-term goals and the difficulties of social change, one might anticipate an orientation toward organizational learning as well as downward accountability.

Observers of the international development funding context, and particularly of bilateral funders, suggest that the former situation is the norm—in which donors tend to emphasize short-term quantitative targets for purposes of control and justification rather than as part of a system directed toward complex learning and long-term change (Edwards & Hulme, 1996; Riddell, 1999; Smillie, 1996). This is one kind of accountability myopia, characterized by a short-term vision of accountability as rule-following behavior rather than as a means to longer-term social change.

A second kind of myopia involves a tendency to see accountability as a set of binary and unconnected relations rather than as a broader system of relations. In their study of several of the world's most established NGOs involved in international emergency relief work, Lindenberg and Bryant (2001) offer a



link between accountability and a system of relations, which they argue is contingent and multidirectional in nature:

One of the implications of 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. For example, donors often require formal evaluation reports, while other contributors expect some summary financial reports and annual mailings; beneficiaries, on the other hand, need results—though their own interpretation of favorable results can differ from the interpretations imposed by donors. (p. 218)

The subtext of the above observation concerns power, although the authors do not describe it as such. Indeed, very little of the literature on accountability makes explicit reference to this concept. An organization's ability to control a resource is a form of power, with power being defined as "the ability to influence outcomes, changing what might have been in the absence of the use of power" (Pfeffer & Salancik, 1974, p. 148). Arguably, accountability mechanisms such as evaluations that focus on short-term and quantifiable results strengthen the hand of donors whose own reputations rely on measuring results and demonstrating success over annual budget cycles, while weakening the hands of communities where effective social change may result only over longer time frames.

It is analytically significant that power, like accountability, is relational: It inheres in the relationships between people and organizations. Lindenberg and Bryant's (2001) view that accountability is multidirectional is consistent with this perspective, for it suggests that there can be competing accountabilities among donors and NGO constituents. The asymmetries in these relationships are products of power. In practical terms, an analysis of power thus requires an examination of both for what and for whom resources such as money or information affect outcomes or behavior, and the roles played by mechanisms such as evaluation. Donors, for example, use funds as a means of leveraging demonstrated results from NGOs (through evaluation and reporting), thus enabling them to build a reputation for funding "success." Similarly, NGOs use evaluations and the information they provide to donors as a vehicle for accessing money. Information may thus be seen as a form of symbolic power that by conferring legitimacy can be used by individuals, organizations, or social groups to leverage other resources (Bourdieu, 1977, pp. 178-179; Mahar, Harker, & Wilkes, 1990, p. 13). Evaluations and other reports prepared for the benefit of donors serve as a means through which the organization conveys its activities to the outside world. The fact that many NGOs in the South generate annual reports and evaluation documents in English, even though most of their clientele do not speak this language, suggests that these reports are generated primarily for external consumption, especially by donors.

Research on the social psychology of accountability (e.g., Lerner & Tetlock, 1999; Markman & Tetlock, 2000; Tetlock, Skitka, & Boettger, 1989) appears to support this view and suggests that accountability relations are even more complex than discussed in this article. For example, Lerner and Tetlock (1999) argue that individuals respond to accountability rules differently based on knowledge about their audience (i.e., those to whom they are accountable) such that (a) they *conform* to the views of their audience in cases where the interests of that audience are known; (b) they engage in *preemptive self-criticism* in order to appear objective and to anticipate reasonable objections in cases where the audience is unknown; and (c) they engage in *defensive bolstering* to justify decisions when they are already committed to a decision or course of action. For NGOs, this literature suggests that accountability is likely to be biased in favor of funders, and that self-critical evaluations oriented to organizational learning are only likely under circumstances where funders' wishes are uncertain.

In summary, if accountability is about relationships between organizational actors, then accountability mechanisms (such as evaluations) cannot be properly understood without some consideration of for whom and for what purpose they are employed. A central challenge for NPOs, as such, is to find a *balance* or a mix between mechanisms that respond to the upward accountability concerns of donors and those that meet the needs of staff and communities (i.e., internal and downward accountability), while also leading to positive changes in organizational behavior. For many NGOs, finding this balance will require a reorientation toward learning processes and accountability to mission in order to place upward-driven evaluation reporting in proper perspective. It will also require the use of both short-term and long-term assessments. The key point is that accountability, like power, is a relational concept, and the effects of its mechanisms can thus only be understood when placed in context. In cases where funders share a long-term perspective with NGOs, this balancing can be expected to occur with less difficulty. But in cases where donor priorities emphasize short-term results at the expense of long-term learning, this mismatch can lead to conflicting accountabilities.

#### RESEARCH PROPOSITIONS: BALANCING LEARNING AND ACCOUNTABILITY THROUGH EVALUATION

To better understand the links between evaluation, learning, and accountability, a number of factors for further investigation stand out. Prior to developing the propositions below, however, it may be helpful to revisit the key assumptions and arguments of this article. First, this article focuses primarily on NGOs or nonprofits that are dependent on funding from a limited number of external funders. These are cases in which resource dependence plays a central role in shaping relationships of accountability and *are generally conditions of high upward accountability*. As a result, the concerns about accountability

myopia articulated here (i.e., accountability as a set of binary and unconnected relations, and accountability as short-term and rule-following behavior) may not apply to organizations in other circumstances (e.g., where upward accountability is low, or where NGOs have access to a wide range of revenue sources). Relatedly, the arguments and propositions developed in this article only hold true when donor organizations are focused on short-term rather than long-term goals. Donors with a longer-term lens, and who do not require immediate or easily quantifiable evidence of results, are less likely to demonstrate the myopias described here. However, observations by scholars and practitioners (particularly among development-oriented NGOs in the South) suggest that the former situation is the norm—where donors tend to emphasize short-term quantitative targets for purposes of control and justification rather than as part of a system directed toward complex learning and long-term change (Edwards & Hulme, 1996; Riddell, 1999; Smillie, 1996).

Second, there are numerous mechanisms of accountability in organizations, of which evaluation is only one. However, I have focused on evaluation in this article for two reasons: It is a widely used mechanism among donors and nonprofits alike, and it has the potential to be used for purposes of both accountability and learning. In cases where it is used to provide information to donors about the use of funds and progress to date, an evaluation may be seen as a mechanism of upward accountability. In instances where evaluation results are designed systematically to feed back into NGO decision making, an evaluation may be seen as a mechanism of organizational learning. The two uses are not mutually exclusive, and depend on the orientations and interests of donors and NGOs.

Third, evaluation may be seen as mediating the relationship between upward accountability and organizational learning. In other words, it may be possible for nonprofits to use evaluation in order to maintain high upward accountability *and* to enable organizational learning. The list of seven factors below suggests how such an integration might occur under conditions in which upward accountability is high from the start. These factors should be treated as propositional and thus subject to systematic empirical validation.

#### PERCEPTIONS ABOUT LEARNING

Perceptions of organizational members influence the degree to which learning is taken seriously in an organization and also affect who is involved in learning. Tools and processes that can contribute both to learning and to accountability, such as evaluation and outcome measurement, are often viewed by NGO staff as tasks set aside for special monitoring units or for outside experts. They are seen as being separate from the “real work” of the organization (Edwards, 2002, pp. 334, 339; Riddell, 1999). This perception is particularly true of processes that concern the development of organizational strategy and long-range planning. Lower-level staff (e.g., field staff) are excluded from such discussions, either because managers do not see them as

having relevant expertise or because they are themselves hesitant to overstep their role boundaries. This is despite the fact that field-level staff frequently possess the most experience with respect to implementation or the real work of the organization. Unless learning is a deliberate and conscious part of organizational strategy, it is unlikely to become habitual at all organizational levels (Denton, 1998).

*Proposition 1:* Under conditions of high upward accountability, organizational learning is more likely if staff perceive evaluation as central to their own work rather than as a task only for managers and outside experts.

#### PERCEPTIONS ABOUT FAILURE

How staff think about failure is an important determinant of how NGOs deal with problems or with discordant information. Relationships between NGOs and funders are particularly important in this regard in that relationships based primarily on funding encourage a hiding of failure (Edwards, 2002, p. 336). In their study of transnational relief NGOs, Lindenberg and Bryant (2001) express concern about increasing calls from donors for accountability that is centered on demonstrating short-term results. Although the general notion of examining results can be seen as a positive development, the authors caution that

Demanding “results” can mean either pushing for quick fixes, or insisting upon digging up the seedling to examine its roots before it can bear fruit. Domestic poverty work often is abandoned when narrowly measured results are demanded—and not found. (Lindenberg & Bryant, 2001, p. 214)

They stress a need to examine long-term effectiveness, rather than short-term results, which can be achieved by strengthening processes of organizational learning and evaluation. Although NGOs do seem to admit minor failures or those in the distant past, there is limited evidence that they actually welcome learning from failure (Smillie & Hailey, 2001, p. 76). Negative perceptions of failure can lead organizations to become defensive or secretive in the face of potential criticism. Arguably, openness to criticism or bad news at the highest levels of an organization, although difficult, is essential (Garvin, 1993, p. 87). Learning from failure may thus be possible where the threat of sanction is minimized. Otherwise, an embracing of error can carry high organizational and personal costs. Moreover, learning from failure is necessary for avoiding the same problems in the future. In other words, learning requires that error be embraced as an opportunity rather than as a mistake to be hidden (Chambers, 1994; Edwards, 2002, p. 334).

*Proposition 2:* Under conditions of high upward accountability, organizational learning is more likely if error is embraced as opportunity and the threat of sanction is minimized.

#### ORGANIZATIONAL VISIONS OF THE FUTURE

A view toward the future, particularly in terms of environmental stability, also affects attitudes and approaches to learning. Developing a vision, and especially one that is shared at different levels in an organization, is one of the key disciplines of a learning organization (Denton, 1998, p. 93; Senge, 1990, p. 209; Smillie & Hailey, 2001, p. 89). Organizations that inhabit stable environments tend to concentrate on refining their existing activities without anticipating possible changes in their environment (Levinthal & March, 1993; March, 1991; March & Olsen, 1988). In an international development context, the environment is rarely stable, as it is subject to various changes including those involving funding, the physical environment, public policies and regulations, and rapid transformations in industrial and agricultural economies. Development organizations that only monitor very selective aspects of their work and environment (such as meeting financial targets) risk deceiving themselves into thinking that their environment is stable. On the other hand, organizations that attempt to anticipate future uncertainties (e.g., by conducting strategic reviews or scenario planning that involve various levels of staff in strategic discussion and that may require alliances with other organizations such as research institutions, funders, and even competitors) may be better positioned to recognize and respond to environmental change.

*Proposition 3:* Under conditions of high upward accountability, organizational learning is more likely if organizational capacities are built to anticipate and respond to environmental instability.

#### REPORTING AND COMMUNICATION STRUCTURES

Control-oriented structures enable routine error correction and quality control (i.e., single-loop learning) but tend to discourage fundamental forms of change and innovation (i.e., double-loop learning). Highly departmentalized organizations with tight role boundaries can support learning within a department but inhibit the spread of ideas across departmental boundaries as well as across the organization as a whole. On the other hand, structures that maintain strong feedback loops between field staff and managers as well as across departmental units, as part of standard operating procedures and teamwork groupings, build in opportunities for examining impacts of field-level and cross-departmental change.

Poor vertical communication and coordination, note Beer and Eisenstat (2000), are part of a series of “silent killers” of strategy implementation and organizational learning. They note the importance of communication

structures, both formal and informal, not only for learning upward from staff to management but also for effective downward implementation of strategy. Denton (1998, pp. 92, 196) adds that a flexible structure that enables cross-functional teamwork can help generate and spread new knowledge and learning in an organization. This presents advantages for small organizations that have the benefit of less hierarchy and greater flexibility, although they may lack training and experience. Contrary to popular conception, good communication does not necessarily require that organizations be entirely horizontal or nonhierarchical in structure, because hierarchies can sometimes serve as efficient clearinghouses for knowledge, especially under conditions where that knowledge is new and of uncertain relevance (Schultz, 2001). A potentially powerful barrier to learning across hierarchies, however, can arise from the anxiety of managers who fear a loss of status or power by decentralizing knowledge and its dissemination and use (Smillie & Hailey, 2001, p. 87).

*Proposition 4:* Under conditions of high upward accountability, organizational learning is more likely if internal reporting structures maintain strong feedback loops between field staff, managers, and directors.

#### JOB ROLES AND INCENTIVES

Reporting and communication are related to job roles and incentives provided to individuals to engage in learning. Learning can, for example, be built into job descriptions and performance appraisals so that staff are rewarded for critically reflecting upon their own work and for coming up with new ideas, rather than being penalized for "taking time off" to think. Stepping back from one's work, observing it, and analyzing it are difficult skills to acquire and can be supplemented through staff workshops and training on basic learning and information skills (Garvin, 1993). Where such incentives are not in place, staff may see learning as being someone else's responsibility, particularly if they are rewarded for implementation and for demonstrating success (rather than assessing and reflecting on failure). Providing learning incentives is particularly important at the level of field staff, because in development NGOs, this is often a very experienced and stable population in the organization (i.e., it has low personnel turnover) and is thus an important component of the memory of the organization.

In a summary paper on learning experiences in NGOs, Edwards (2002, p. 339) has argued that "experiential learning among fieldworkers is the foundation for other learning linked to good practice, policy and advocacy work. If learning is not taking place at grassroots level, then other layers in the learning system will be defective." Ironically, international donors show little desire to pay for the overhead costs necessary for supporting field-level learning (e.g., staff, training, and equipment) even though they demand professionalism in accountability. In some cases, however, NGOs are taking on evaluations for purposes of learning even without donor support. For example, in their study

of international relief and development organizations, Lindenberg and Bryant (2001) found those organizations least dependent on donor funding were actually the most active in evaluation. This counterintuitive finding may partly be explained by the observation that donor evaluations often involve outside teams hired largely for the purpose of performance assessment, whereas internally motivated evaluations are more likely to be engaged in for learning purposes. The authors also observe that creating an evaluation and learning culture among staff of an NGO requires “an iterative process of engaging staff from top to bottom in identifying and illuminating what is and is not working” (p. 236). In other words, an analysis of lessons learned and reflection on impacts requires hiring people for these tasks or allocating time and resources to existing staff. Otherwise, the opportunity costs of engaging in evaluation and learning can be high, particularly where budgetary allocations for such activities are low.

*Proposition 5:* Under conditions of high upward accountability, organizational learning is more likely if job descriptions and performance appraisals reward staff for analysis and innovation, supported by resources of time and training.

#### INFORMATION SYSTEMS

The relevance of information that is gathered by an organization is also important to learning and accountability. There is typically a gap between the originators of information and the users of that information. For example, NGOs sometimes collect information because funders require it, but do not actually use that information because they do not see it as being relevant to their own needs. This problem also exists between different levels of a single organization, particularly in cases where information collected by field staff is consumed by managers or directors. If the field staff do not see that information as being relevant to their own needs, then it is unlikely that they will be invested in the ultimate findings of that information. For example, when new knowledge from the field leads to changes in organizational strategy or policy, it is field staff that ultimately have to implement those changes. It is difficult to get staff to use this new knowledge unless, as Edwards (1994, p. 123) puts it, they see “that by using it they will be able to improve the quality of their work and increase the benefits enjoyed by the subjects of the work in question.” Organizations can increase the relevance of information (or at least its perceived relevance) by involving the originators of information in its analysis. This step involves a shift from perceiving field-level workers simply as implementers to also seeing them as foundational problem solvers.

The issue of relevance is closely related to systems for accessing, storing, transferring, and disseminating information and knowledge throughout the organization. Overly complex information systems can form just as large a barrier to learning and accountability as poorly developed ones. NGOs and

donors tend to overemphasize formally documented knowledge, information storage, and dissemination (Edwards, 2002, p. 336). But because development NGOs and nonprofits are primarily focused on implementation rather than research and analysis, simple and flexible systems that are seen as being relevant to NGO needs are more feasible than elaborate or highly technical systems that can overwhelm NGO staff. Although some proponents of outcome measurement and evaluation have advocated for improving the capacity of nonprofits to conduct rigorous and sophisticated assessments (Buckmaster, 1999; Hoefer, 2000), few nonprofits have the resources to be able to do so. In addition, many NGOs have a surfeit of information that is counterproductive in promoting learning (Smillie & Hailey, 2001, p. 85).

A more practical approach may be to develop simpler systems that are congruent with existing resources and that can be built up if resources increase. NGO members, especially at the field level, have neither the time nor the inclination to write analytical reports or to develop computerized databases. If they are to be encouraged to use information in order to reflect on their own work, it must be made available in forms that are accessible and culturally meaningful (e.g., workshops, newsletters, meetings, discussion, video, theater, etc.). In their study of nine highly regarded South Asian NGOs, Smillie and Hailey (2001, pp. 78-79) found that a combination of formal and informal processes of learning and dissemination were apparent. They also noted that Northern NGOs have much to learn from the experiences of successful Southern NGOs—as the latter have actually invested more in research, staff training, and learning than have their Northern counterparts. In addition, as the experience of large NGOs such as Save the Children has borne out, forging alliances with universities and research organizations may be more productive and useful than creating extensive in-house research units (Edwards, 2002, p. 343).

*Proposition 6:* Under conditions of high upward accountability, organizational learning is more likely if information systems are simple and flexible, rather than elaborate or rigorous, and where the distance between information originators and users is minimized.

#### PRIORITIZATION OF ACCOUNTABILITIES

Although upward accountability to donors is clearly important, its domination of NGO information and reporting systems can occur at the expense of accountability to clients or to organizational mission. Reporting and information systems designed to track progress toward organizational goals and objectives can, in the long run, also satisfy donors and clients. The problem, of course, is that donors often operate on short time frames and are thus able to skew NGO priorities toward demonstrating results over annual budget cycles. In addition, process accountability oriented toward organizational processes is more likely to facilitate critical self-evaluation than accountability



focused on outputs and outcomes (Lerner & Tetlock, 1999). The contingent and relational nature of accountability necessarily requires a prioritization of accountabilities.

*Proposition 7:* Organizational learning is more likely if internal accountability to mission, rather than upward accountability to donors, guides information and reporting systems.

The seven propositions outlined above suggest that balancing accountability and learning requires not only changes in formal structure and information systems but also shifts in basic perceptions about learning and failure, as well as a commitment to forging interorganizational and intraorganizational relationships that foster inquiry, experimentation, and critical reflection. The broader value of such integration lies not simply in improving existing practices but in building the capacities of nonprofits to achieve their missions. Conscious learning processes can help NGOs critically to assess and guide their strategies of social development so as to increase their leverage in influencing public policies and practices. It is in affecting these larger forces of social change that learning can be most powerful (Fowler, 2002).

#### IMPLICATIONS OF THE PROPOSITIONS FOR NGO-FUNDER RELATIONS

The focus of the above propositions is largely on internal change in NPOs rather than on their larger external environments. But if accountability is to be viewed as being embedded in relations of power, then what use is internal organizational change for altering this relational and political context? The subtext of these seven propositions is that internal change in NGOs is a vehicle toward altering their interactions with external stakeholders. Each proposition suggests a shift away from relations of patronage between NGOs and funders toward a more negotiated set of interactions that includes not only funders but also other stakeholders, such as communities. This is most obvious in the case of prioritization of accountabilities (Proposition 7), where internal accountability to mission would necessarily require NGOs to renegotiate reporting to funders—so that it enables progress toward mission and responsiveness to clients or communities, rather than simply satisfying donor data needs. Relatedly, if information and reporting systems in NGOs are to be simpler, more flexible, and coherent (Propositions 4 and 6), this will require that donors ease off on onerous and rigid upward reporting that draws scarce resources away from internal organizational learning. This is not to say that donors should not receive regular reports—indeed, they have a right to know that funds are being well spent—but that they will need to reconsider the balance between reporting systems designed for short-term accountability and those that can enable longer-term change through organizational learning.

The propositions also imply shifts in the nature of capacity building supported by donors. First, funders may need to enhance their own capacities (rather than just those of NPOs) for better understanding of what kinds of information systems and communication structures better enable learning (Propositions 4 and 6). To their credit, many donors already encourage nonprofits to engage in periodic strategic reviews, particularly if they work in unstable environments (Proposition 3). However, funders less frequently support overhead costs required for creating a culture of learning, that is, for the training, rewards, and time needed by NGO staff (or even their own staff) to analyze lessons learned and to reflect on the impacts of past work (Proposition 5).

Perhaps the greatest challenges, for nonprofits and funders alike, are perceptual. If NGO staff are to perceive evaluation as central to their own work, rather than as a task only for managers or outside experts (Proposition 1), it will also be necessary for funders to support evaluations that engage staff at all organizational levels. This would require a move away from the predominant approach to external evaluation used by funders (although this would still be necessary on occasion, especially for strategic reviews) toward one that builds an internal culture of assessment and reflection. Moreover, if NPOs are to begin to perceive failures as opportunities for learning, this will only be possible if funders minimize sanctions for reporting those failures (Proposition 2). Indeed, such a change might require funders to take some responsibility for failures by their NGO partners, particularly if the errors arose from inadequate capacity building provided by the funders. In more courageous funders, such a perceptual shift would logically extend to involving NGOs in evaluating the funders themselves.

In short, each of the seven propositions implies a shift in the very nature of NGO-funder dynamics. But even if all of the propositions tested true, this would not necessarily diminish upward accountability to funders—because the very notion of accountability would be reframed in terms of valuing and measuring long-term learning and change and multiple accountabilities to mission, clients, and donors.

#### CONCLUSIONS: GENERAL IMPLICATIONS FOR RESEARCH AND PRACTICE

This article commenced with a claim that too much accountability can hinder NPOs in achieving their missions. That statement can now be qualified to refer to a concern about instances of too narrowly focused upward accountability—where donor demands for information are satisfied at the expense of attention to longer-term processes of organizational learning. The central concern of this article is not about too much accountability per se, but with a myopia that values the short run over the long run and which prioritizes one set of interorganizational relations (i.e., that of the donor with the NGO) over a

system of relations that includes other donors and NGOs, governments, communities and clients, and the staff and boards of the NGO itself. Accountability must be examined as a relational rather than absolute concept: It is about relationships of power among multiple organizational actors.

A related subtheme in this article is that accountability tools such as evaluations cannot be properly understood without some consideration of for whom and for what they are employed. This observation leads to at least three implications for scholarship and practice. First, and most apparent, research on accountability must consider its embeddedness in relationships of power. Policy discussions about improving accountability through increased oversight may be myopic if they rely on and privilege upward, rather than downward and internal, means and actors. This is not to say that upward accountability or oversight is unnecessary—certainly it plays a crucial and legitimate role, for example, in preventing fraudulent use of funds by organizations—but it is only one dimension of multiple accountability relationships. As such, this article does not argue for an elimination of oversight by donors; instead, it proposes a broader look at accountability aimed toward balancing short-term upward accountability imperatives with more systematic attention to mission achievement through deliberate processes of organizational learning.

Second, and relatedly, accountability is better viewed as a system of multi-directional and contingent relations than as a collection of independent binary links. This means that improving accountability is not only about accounting for donor funds but also about making progress toward a mission that reflects accountability to communities or clients. Although this article has focused largely on myopias of upward accountability, there is a need for research on a range of upward, downward, and internal accountability mechanisms, particularly on the contingent nature of mechanisms and how they vary with purpose, direction, and context.

Third, new research can explore the proposition that too much short-term accountability to funders can chill learning and innovation. Efforts around the world to eradicate poverty suggest that results are slow to appear and require long-term commitments and perspectives. Moreover, experimental or innovative approaches to poverty alleviation can be risky and subject to frequent failure. The challenge for donors and investors lies in encouraging the organizations they support to recognize and learn from success as well as from failure. To what extent does the present norm of rewarding success and punishing failure promote a scaling up of organizational activities while simultaneously discouraging innovation in addressing ever-changing social problems?

Finally, in making a case for long-term learning as a corrective lens for accountability myopia, one runs the risk of reifying learning in the place of accountability. After all, how can learning be anything but good? Indeed, this is the very problem that practitioners and scholars alike face, with learning coming to mean all things to all people. A cautionary note is warranted. Levinthal and March (1993), in their inspirational paper on “The Myopia of

Learning,” candidly note that learning processes are imperfect and do not easily lead to improvements in organizational behavior:

The imperfections of learning are not bases for abandoning attempts to improve the learning capabilities of organizations, but they suggest a certain conservatism in expectations. Conservative expectations, of course, will not always enhance the selling of learning procedures to strategic managers, but they may provide a constructive basis for a realistic evaluation and elaboration of the role of learning in organizational intelligence. Magic would be nice, but it is not easy to find. (p. 110)

In a world of complex and systemic problems of poverty and social inequity, it is tempting and perhaps natural to look for quick fixes. But a key message for organizations involved in complex processes of social change is that neither accountability nor learning is a panacea. A central challenge—for scholars, NPOs, funders, and policy makers alike—rests in working with these limitations to bring about long-term improvements in organizational behavior and social conditions.

## Notes

1. I use the terms *nonprofit organization* (NPO) and *nongovernmental organization* (NGO) interchangeably in this article.

2. The NGOs examined by the Global Accountability Project were Amnesty International, CARE International, International Chamber of Commerce, International Confederation of Free Trade Unions, International Federation of Red Cross and Red Crescent Societies, Oxfam International, and World Wide Fund for Nature. These NGOs were assessed, along with a set of intergovernmental organizations and transnational corporations, on a series of accountability dimensions. On the dimension of access to information, most of the NGOs ranked near the bottom (with the exception of the Red Cross).

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