

AN EMPIRICAL STUDY OF ACCOUNTABILITY AND SOCIAL AUDIT OF SELECTED NGOs (WITH SPECIAL REFERENCE TO RAJASTHAN)

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ABSTRACT

NGO stands for "Non-Government Organization". The term was coined by the United Nations in 1945. This is comparatively a new concept of organizing some specific types of works related to a country or society or community. According to **Mitlin et al (2006)**, it does not have any evocative or analytical value. The United Nations wanted to differentiate between the international private organizations and inter-governmental organizations for the sake of more clarity in their work processes and investments in different kinds of social developmental works. So, NGOs are legal entities that are independent of any government. Moreover, they do not undertake any business activities; hence, they are non-profit seeking organizations. The rapid growth in number, influence and effectiveness of Non-Governmental Organizations (NGOs) in recent years has produced greater demands for NGO accountability; accountability to its stakeholders and to the society as a whole. Thus, Social Accountability is very crucial to organizations in general and NGOs in particular. The very fact that NGOs aspire to improve the lives of the poor means that they have committed themselves in some manner to perform activities on behalf of others; their ability to accomplish what is expected and promised is fundamental and necessary to their relationship with others as well as to the community or poor. Such organizations are therefore not free of critique, expectations or input from those whom they serve, and receive legitimacy, funding and interact NGOs have been struggling with the idea of evolving such tools and mechanisms, which would help them further to enhance and demonstrate their accountability towards various stakeholders. This paper tries to examine accountability aspects of NGOs.

KEYWORDS: NGOs, Accountability, Stakeholders, Public Sector, Answerability.

Introduction

There is growing recognition among governments, donors and civil society that citizens and communities have an important role to play with regard to enhancing accountability of public officials, reducing corruption and leakage of funds and improving public service delivery. As a result, Social Accountability has become an attractive approach to both the public sector and civil society for improving governance processes, service delivery outcomes, and improving resource allocation decisions. Over the last decade, numerous examples have emerged that demonstrate how citizens can make their voice heard and effectively engage in making the public sector more responsive and accountable. Companies, other government, and other organizations around the globe are beginning to assess their social performance and report the results of those assessments as a means of demonstrating their commitment to social responsibility. These audits can help companies identify risks, noncompliance with laws and company policies, and areas that need improvement.

Accountability in common parlance means "answerability". It is about holding people to account for their impacts on the lives of people and the environment. It involves the rights of those impacted and the obligations of those with power. Thus, accountability can be defined as the obligation of power-holders to account for or take responsibility of their actions. Thus, Social Accountability can be defined as

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'the duty to provide an account or reckoning of those actions for which one is held responsible. Thus, accountability involves two responsibilities or duties: the responsibility to undertake certain actions (or forbear from taking action) and the responsibility to provide an account of those actions' (Rob Gray, 1996, Accounting & Accountability).

Thus, social audit of human resource and audit of social welfare scheme is compulsory because NGO's work for social welfare and its motive is to do social welfare than to earn profit. The fact that NGOs are responsible for significant amounts of resources, justifies the need for accountability and transparency within and from these organizations. They are responsible and accountable for their actions. This accountability concept does not only relate to their relationship with the donor, but also concerns the beneficiaries and other stakeholders. Thus, it can be said that in a society where NGOs are active there must be an ethical willingness on the side of the NGO to give account of its activities, for this is part of good governance. It can also be said that the role of NGOs has increased, judging from an increased amount of funds granted to NGOs. This development has given voice to a call for accountability and transparency on the part of NGOs.

Review of Literature

Though, there are many calls that are rising day by day for the accountability of NGOs, but the viability and attractiveness of NGO accountability are questions with many of stakeholders involved in the group and the challenges that are encountered thereafter (**Ebrahim, 2010**). NGOs should be answerable to the stakeholders of their NGO organizations who have diverse demands and interests. It is important for NGOs be answerable to the donors who have donated money or material to the NGOs. In addition, they are also answerable to themselves and the beneficiaries of the donations (**Edwards and Hulme, 1996a; Kearns, 1996; Najam, 1996a; Lindenberg and Bryant, 2001**).

Upward accountability will take the relationship of NGOs and the stakeholders of the NGOs, especially the donors and the government make sure that the funds that are flown into the NGOs are used properly (**Agyemang et al., 2012; Andrews, 2014; Ebrahim, 2010**). On the other hand, downward accountability will check the relationship that is established between NGOs and beneficiaries. In addition, internal or horizontal accountability will check how NGO is able to accomplish their goals. The major question that is in the minds of everyone is: Which stakeholder group to which NGOs are answerable to? This would make the accountability of NGOs more complicated and diverse. This would result in chaos and inconsistency with a myriad of accountabilities in place (**Andrews, 2014; Awio et al., 2011; Ebrahim, 2010**).

There is another argument related to the accountability of the NGO that is find out for what NGO is answerable to (**Agyemang et al., 2012; Banks and Hulme, 2012; Baur and Schmitz, 2012**). Basically, NGOs are answerable to many things with the diverse demands of stakeholder groups in a single NGO. There are four different types of NGO accountability categories that are detected. There include – governance, performance, mission and accountability for funds as per (**Behn, 2001; Ebrahim, 2010**).

NGOs are responsible for the funds that they receive. This would be coercive and depends totally on how it is implemented in the legislature. Moreover, it slams sanctions when they are non-compliant and majorly aims to maintain transparency in usage of funds (**Lindenberg and Bryant, 2001**). The accountability of NGO finances has resulted in the enforcement of a set of guidelines that are to be managed by NGOs properly. The accountability related to performance is based on the reporting standards of donors, which make sure that the expected output is attained. Moreover, the performance based accountability would downside the short term promotion and dismiss the relationships that are established in NGO activities as per (**Lindenberg and Bryant, 2001; Myers, 2013**).

Mission accountability is the evolving accountability that will help to attain the mission of the NGO while giving a provision to use public goods (**Baur and Schmitz, 2012; Ebrahim, 2010**). The main aim of mission accountability is to assure internalization, learn things by interacting with people and evaluate the performance of long-term mission. Moreover, the mission has to be changed regularly with the change in environmental factors (**Cooper et al., 2014; Ebrahim, 2010**) to keep societal issues at bay (**Ebrahim, 2005**). There are many complications with NGO accountability, especially for what the NGO is answerable to. It is the responsibility of NGO management to tell the relations of accountability about who is responsible for what in the NGO (**Ebrahim, 2010**).

It is confronted again that NGOs are totally different compared to private organizations which are making huge profits, though these people are not profit oriented. These people will interact with all

the stakeholders and also in the environment where they are operating (Gray et al., 2006). According to Rawls (1972), there is no formal accountability in the relationships that are maintained closely, since many NGOs are close to their roots. It is important for one to take the issues of accountability into account. Moreover, there is a complicated relationship exist between NGOs and its stakeholders, especially in terms of their interactions and attitude levels. There is less formality in trust conscience, social interactions, and emotions and there is less focus given to private firms as per (Jegers and Lapsley, 2001).

It is quite challenging to put the intricacy of nature into the one-dimensional bottom line, especially while measuring the accountability of NGOs and private organizations (Gray et al., 2006).

Objectives of the Study

- To evaluate and disclosure the costs and benefits to society created by activities of NGOs.
- To evaluate credibility of NGOs.

Hypothesis

H_0^1 : There are no significant costs and benefits to society created by activities of specific NGOs in Rajasthan.

Vs.

H_1^1 : There are significant costs and benefits to society created by activities of specific NGOs in Rajasthan.

H_0^2 : There is no significant credibility of NGOs in Rajasthan.

Vs.

H_1^2 : There is significant credibility of NGOs in Rajasthan.

Research Methodology

• Sampling and Data Collection

Convenience sampling technique has been used to collect the data from a sample of 215 respondents in Rajasthan. Two questionnaires has been designed one for donors and other one is for Employees and Directors. Components like gender, age, qualification, marital status, tenure of working with NGO, vision and mission statement of the NGO is clearly defined, there is a separation between board and executive staff etc. has been taken for analysis from donors data.

• Data Collection Sources

Primary and secondary data have been used to conduct the empirical study of the accountability and social audit of selected NGOs in Rajasthan. The primary data is that which the investigator has collected it for the first time for his use. This data is thus original in character. For the study purpose the required information was collected through various primary sources like interviews, observations, and informal discussions and Secondary sources like websites, journals and research papers. To check the data reliability Cronbach alpha test has been done. Post checking the reliability of the data, Pearson correlation coefficient test has been done to find the significance level of the relationship between the variables. T-test has being done to study the accountability and social audit of selected NGOs in Rajasthan India.

Data Analysis

Total 215 data points are being gathered for analyzing the empirical study of the accountability and social audit of selected NGOs in Rajasthan, India. Results of the proposed study will significantly help in understanding things attributes. Results will be useful for employees and directors (respondents) to know the accountability of selected NGOs in Rajasthan, India. Survey questionnaire of 23 questions other than personal information has been used as a primary instrument to collect information. The survey was conducted in Rajasthan NGO's in India. A total of 250 questionnaires were distributed. The questionnaire responses were digitized using Microsoft excels and scale reliability has been done to check the reliability of the data. The statements/items so developed are rated on a five point Like scale. The filled questionnaire of 215 respondents were digitalized and then taken on reliable scale. For this purpose, Cronbach's alpha statistics were used. Item and reliability analysis was performed on a reliability scale.

Findings

The analysis found that overall Cronbach's alpha is 0.708. Here it is pertinent to mention that Alpha value greater than 0.70 is good enough for conducting research in social sciences. There are two hypotheses tested for the collected data. To test each hypothesis couple of questions were asked and rate on the scale of 5-Rating Scale. 1 is being least and 5 being maximum satisfaction. Thereafter, information gathered from 57 questions were tabulated, grouped and presented in a graphical form with average and variance details. Later on, correlation, anova, t-test and Cronbach's Alpha Test is being used to find out the significant levels. For appropriate data analysis, Primary Data is collected through questionnaire from 215 respondents.

H₀¹: There are no significant costs and benefits to society created by activities of specific NGOs in Rajasthan.

Vs.

H₁¹: There are a significant costs and benefits to society created by activities of specific NGOs in Rajasthan.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Regular election for the board	215	2.977	1.1375	.0776
Beneficiaries are allowed to participate in the need identification and programme planning process	215	3.051	1.3950	.0951
Programme objectives are shared with the beneficiaries	215	2.749	1.0010	.0683
Long-term impact assessment studies are conducted	215	3.260	1.4132	.0964
Formal/ official complaint redressal mechanism is present for beneficiaries	215	2.693	1.0133	.0691
Staff training and development exercises are organized regularly	215	2.688	1.0049	.0685
Internal complaint redressal mechanism for staff related to finance and harassment issues is present	215	2.870	1.0902	.0744
Proper accounting and auditing systems is done in the NGO	215	2.991	1.3740	.0937
Details of account are inspected properly from time to time	215	3.014	1.3023	.0888
Receipts are provided to every donor	215	2.730	.9481	.0647
Details of donors are maintained in an organized manner	215	2.837	1.0663	.0727

Source: Primary Data collected from the questionnaire

Mean value of the 215 data points is 2.89 with standard deviation of 1.15.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Regular election for the board	38.372	214	.000	2.9767	2.824	3.130
Beneficiaries are allowed to participate in the need identification and programme planning process	32.071	214	.000	3.0512	2.864	3.239
Programme objectives are shared with the beneficiaries	40.265	214	.000	2.7488	2.614	2.883
Long-term impact assessment studies are conducted	33.828	214	.000	3.2605	3.070	3.450
Formal/ official complaint redressal mechanism is present for beneficiaries	38.968	214	.000	2.6930	2.557	2.829
Staff training and development exercises are organized regularly	39.225	214	.000	2.6884	2.553	2.823
Internal complaint redressal mechanism for staff related to finance and harassment issues is present	38.597	214	.000	2.8698	2.723	3.016
Proper accounting and auditing systems is done in the NGO	31.917	214	.000	2.9907	2.806	3.175
Details of account are inspected properly from time to time	33.934	214	.000	3.0140	2.839	3.189
Receipts are provided to every donor	42.226	214	.000	2.7302	2.603	2.858
Details of donors are maintained in an organized manner	39.016	214	.000	2.8372	2.694	2.981

Source: Primary Data collected from the questionnaire

According to the data, significance value is less than 0.00 which means that there are significant costs and benefits to society created by activities of specific NGOs in Rajasthan. Hence, we fail to accept null hypothesis, and accept alternate hypothesis with 95% confidence level. Degree of freedom for the analysis is 214. Hence, concluded that there are a significant costs and benefits to society created by activities of specific NGOs in Rajasthan. Nongovernmental organizations now days play significant role in the society. They typically pick-up government shortfall services and citizens social protection. NGO's are able to contribute to the society, knowingly the common goal of the employees working in the same sector (NGO). Goal of the NGO first goal is to uplift and educate the society members and their second goal is to invest for future generation.

H_0^2 : There is no significant credibility of NGOs in Rajasthan.

Vs.

H_1^2 : There is a significant credibility of NGOs in Rajasthan.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Conflict resolution policy is followed very strictly	215	3.033	1.2876	.0878
Disseminating information through annual reports to stakeholders	215	2.637	.9563	.0652
Board members are involved in the strategic planning process	215	2.623	.9385	.0640
Beneficiaries are allowed to participate in board meetings	215	2.967	1.2876	.0878
Regular/ annual performance appraisal of the board members	215	2.777	.9305	.0635
Separate Human Resource Manager/ In-charge is appointed	215	3.060	1.3153	.0897
Cash and ledger books are maintained properly	215	2.805	1.0717	.0731
Cash books, vouchers and ledger books signed timely by responsible person	215	2.688	.9956	.0679
Receipts are provided to every donor	215	2.730	.9481	.0647

Source: Primary Data collected from the questionnaire

Mean value of 215 data point is 2.813 and the standard deviation is 1.08.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Conflict resolution policy is followed very strictly	34.535	214	.000	3.0326	2.859	3.206
Disseminating information through annual reports to stakeholders	40.436	214	.000	2.6372	2.509	2.766
Board members are involved in the strategic planning process	40.985	214	.000	2.6233	2.497	2.749
Beneficiaries are allowed to participate in board meetings	33.794	214	.000	2.9674	2.794	3.141
Regular/ annual performance appraisal of the board members	43.757	214	.000	2.7767	2.652	2.902
Separate Human Resource Manager/ In-charge is appointed	34.118	214	.000	3.0605	2.884	3.237
Cash and ledger books are maintained properly	38.372	214	.000	2.8047	2.661	2.949
Cash books, vouchers and ledger books signed timely by responsible person	39.593	214	.000	2.6884	2.555	2.822
Receipts are provided to every donor	42.226	214	.000	2.7302	2.603	2.858

According to the data, significance value is less than 0.00 which means that there is a significant credibility of NGOs in Rajasthan. Hence, we fail to accept null hypothesis, and accept alternate hypothesis with 95% confidence level. Degree of freedom for the analysis is 214. Hence concluded, that there is a significant credibility of NGOs in Rajasthan.

Conclusion

The main purpose of the research was to investigate an empirical study of accountability and social audit of selected NGOs and how such an organization will respond to various institutional pressures. The study uses an NGO in Rajasthan. To help the researcher achieve the research objectives and the reader to comprehend the direction of the arguments, some specific research questions were asked. In this regard, a qualitative methodology and a case study approach were adopted. Empirical data were collected and the results interpreted through the lens of institutional theory particularly new institutional sociology. The aim of the research was to analyze and evaluate the social performance of NGOs and to explore their strategic responses to institutional pressures. According to the bank, accountability must be having five basic features: delegation, financing, performance, evaluation and enforcing. There is a common thread between numerous different definitions of accountability but it is a difficult thing to exactly describe it for the researchers and practitioners. Accountability is considered a right which occurs from relation between accountable institutions and accounted. The accountability of NGO finances has resulted in the enforcement of a set of guidelines that are to be managed by NGOs properly. The accountability related to performance is based on the reporting standards of donors, which make sure that the expected output is attained. Moreover, the performance based accountability would downside the short term promotion and dismiss the relationships that are established in NGO activities.

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