NGOs, Civil Society and Accountability:
Making the People Accountable to Capital

Rob Gray, Jan Bebbington and David Collison
Centre for Social and Environmental Accounting Research
School of Management,
The Gateway Building
University of St Andrews
St Andrews
Scotland

Draft 3C, October 2005

Please do not quote without the authors’ permission – but all suggestions will be very gratefully received

Abstract
Although companies remain subject to calls for more transparency with respect to their various social and environmental impacts, their embracing of corporate social accountability to stakeholders has been lukewarm at best. More recently there have been calls (from companies and other entities) for non-governmental organisations (hereafter NGOs) to be accountable for their actions/impacts. Such calls suggest, by implication at least, that NGOs are not currently accountable. This paper explores these issues and, in particular, examines the implications arising from these calls for NGO accountability. The paper is deliberately exploratory and undertakes a degree of ground-clearing in this relatively under-developed area of the accounting literature. The core of the paper has three principal elements. First, the paper examines the nature of the NGO, paying particular attention to the notion of civil society (of which NGOs are a component). Second, the paper explores some of the realpolitik behind calls for NGO accountability, suggesting as a motive, the maintenance of corporate hegemony through the implicit accountability of the demos to capital. Third, the paper examines the contention that whilst it may be self evident that NGOs should be subject to accountability and/or aspire to be accountable organisations simple calls for NGO accountability are misguided. The paper concludes with an exploration of the elements that may comprise an ideal type of NGO accountability and the implications this may have for the accountability of all organisations.

Keywords: Accountability, corporate social responsibility, civil society, non-governmental organisations, capitalism, community, closeness.

"Throughout the world, there is today a great blossoming of social movements, economic initiatives and cultural reactions against a social disintegration that takes the form of nationalistic, regionalist and religious endeavours. In short, the whole planet is witnessing a series of very varied and apparently unconnected social tremors. [The World Social Forum] was a first step, a way of insisting that we know that there are alternatives to a system that privatises the world, exhausts nature and destroys life in the name of profit for a minority. It is no longer a matter of saying no to the imperialism of money, to the economic policies of the international financial organisations, the World Bank and the International Monetary Fund, which have become the instruments of neoliberalism. What is now at issue is the very legitimacy of a world order that reduces the greater part of humanity to the rank of useless masses and does not hesitate to provoke a veritable genocide in order to promote the accumulation and global concentration of capital."

[Houtart, 2001, p.vi]

1. Introduction
Recent growth in calls for, and examination of, the accountability of NGOs (see, for example, Edwards, 2000) has arisen from the corporate, state and civil sectors. Such calls raise a number of intriguing issues about, inter alia, the nature of accountability, the rights of those who call for it as well as unresolved issues about the means for its discharge. More especially such calls direct our attention to largely unaccustomed articulations of the accountants’ craft within a civil society context (see Lehman 1999, 2001, 2005) and the challenges this may raise for such matters as the elusive nature of the “accounting entity” and what constitutes appropriate reporting of performance. In a wider context this challenge to NGOs raises the spectre of the suppression of civil society in the name of neo-liberal agendas – a suppression which employs the very language and concepts with which civil society has sought to control neo-liberal organisation.

These are significant issues. Any discussion of NGOs is set against a backdrop of widening gaps between rich and poor, the growing size and power of companies (see, for example, Korten, 1995) and an increasing concern that poverty may be the ultimate threat to global stability, (see Simms, 2000, p2). Equally it is set against a backdrop in which the very mechanisms that (in all probability) produced the global environmental degradation and the gap between rich and poor (namely the processes that have led to the explosion in production and consumption that allegedly generates current growth in economic wealth) are consistently trumpeted as the only possible means of establishing environmental sustainability and social justice. We hear calls for more roll-back of the state and greater freedom for the World Trade Organization (WTO) to act as the saviour of the world's people, (see, for example, Said and Desai, 2003). This potent brew is often seen as nothing less than a battle for the meaning of democracy and the self-determination and vibrancy of civil society itself - a battle within which NGOs play a critical and growing role, (see, for example, Bendell, 2000c).

What does – and should - accountability mean in such a context? For accountants, more used to seeing the world as comprising an array of defined organisations (principally companies) typically intersecting via markets (and with the state typically under-theorised), accountability is typically seen as a notion which is relatively straightforward – if highly contested. This implicit assumption that
accountability is a basically straightforward concept is challenged by the introduction of the notion of "civil society" — especially so when the organisations of interest — NGOs — are elusive accounting entities which actually seem to defy definition.

This, then, offers a very large canvas upon which to locate this paper and a daunting array of issues to which attention may need to be drawn. We will seek to examine the principal themes (as we see them) of the contested terrain of civil society and the parameters, functioning and essences of accountability within that terrain. In doing so, we inevitably adopt an exploratory stance as we seek to articulate and locate these largely unfamiliar notions within a more familiar literature of accounting, accountability and reporting within advanced international capitalism. The paper is, thus, unashamedly an exploratory essay intent on clearing ground as a basis for future research.

This brings us to the particular motivations of this paper.

Central to our understanding of the issues is the call for greater accountability for organisations to which the accounting literature has not much paid attention. The opportunity to focus such attention provides an ideal prompt to return to and re-examine the essence of accountability and, thereby, to perhaps contribute a little more to its understanding and the way in which the notion operates in both for- and not-for-profit contexts. Thus we place accountability at the heart of our enquiry and thereby develop prior work in the field (see, for example, Bebbington et al., 1999; Collison, 2003; Gray 1983; Gray et al., 1996). However, to address NGOs we need also to consider the notion of civil society – something which is not much addressed in the accounting literature, (other than, notably, in Lehman's work, 1999; 2001; 2005). And, finally, this investigation provides an opportunity to raise new potential issues and challenges for the social accounting project.

As a consequence, this paper is organised into three main elements as follows. Following this introductory section, we will examine what is implied by the notion of civil society and how we might locate the NGO. We do this in two sections which, respectively, seek to: define civil society; and define and locate the NGO. The second major element of the paper is an exploration of the realpolitik which motivates and gives meaning to the calls for NGO accountability. This element is addressed in two sections which, respectively, explore the rise of the NGO and the accompanying calls for accountability; and examine power and vested interests in the context of the NGO sector and NGO activities. The third, major element of the paper examines accountability. We first explore what accountability means in the context of the NGO before considering the normative question of the extent to which NGOs should be accountable. From this we start to develop more detailed components of what an accountable NGO might look like with especial reference to issues of size, closeness and epistemic communities. In so doing, we tease out two concluding notes. First, if the neo-liberal sector were to apply to itself the same demands of accountability that it appears to request from the NGO sector, the world as we understand it would be a very different place. Second, whilst there is considerable overlap in the essential natures of for-profit and not-for-profit organisational accountability the essential components in each are legitimacy and power, where these are located and how they are bestowed.

Before moving into the body of the paper there is one major caveat that we must record. Although there is, within accounting, a considerable literature on accountability as it relates to many (if not most) principal organisational forms, there is remarkably little, as far as we have been able to identify, that deals directly with NGOs. Consequently, the backbone of this paper has been provided by literature from outside the accounting and finance area. Such excursions always involve the risk that one might miss key literature. Typically this concern is assuaged by the discovery in this (new) literature of: key themes; repeated motifs in the debates: and, in due course, recognition of key scholars in this (new to us) field. This experience has not occurred to the extent we might have expected in our present exploration of that literature with a more direct focus on NGOs and their accountability. Our principal sources of literature have been the international development literature and, to a lesser extent, other civil society and not-for-profit literature. This has not yielded anything of the coherence and inter-relatedness we would expect from a mature and diverse literature. Consequently, we are unable to reject the hypothesis that there is key, relevant literature that we have simply failed to identify and thereby integrate. If this is the case, then we apologise unreservedly beforehand.

Defining Civil Society

"We understand 'global civil society' as the socio-sphere located between the family, the state, and the market and operating beyond the natural confines of national societies, polities and economies" (Anheier and Themudo, 2002, p.193)

"... it is important to remind ourselves that the role of civil society — and especially NGOs — is to fill in the spaces in a healthy democracy and not to substitute for government..." (Edwards, 2000, p.15)

Discussions of how we are to understand NGOs are inescapably linked to descriptions of civil society. Civil society, has been a shifting and contested concept since at least the time of Hobbes and Locke (Robinson, 1986). Hegel saw civil society as "a social formation intermediate between the family and the state" (Mautner, 1999, p96). Marx and Engels drew a distinction between civil society (the ensemble of socio-economic relations and the forces of production) and the state (the superstructural manifestation of class relations inside civil society) and saw understanding the development and structure of civil society as pivotal to any explanation of political events, legal changes and cultural development (Abercrombie et al, 1984). Gramsci, as perhaps currently the most widely recognised theorist of civil society, sees it as lying between "coercive relations of the state and the economic sphere of production" (Abercrombie et al, 1984, p38. For more detail see also especially Bendell 2000b). Thus we have the first motif of this part of the paper, that civil society (of which NGOs are an element) is that which exists between other elements of our social world and hence, civil society is defined by what it is not. Definition is, as a result, difficult and contingent on definitions/descriptions of the other elements of society from which civil society emerges. Changes in these other elements will, likewise, affect the size and character of civil society. This is not to deny that civil society has a causal and reflexive relationship with the other identified components: it is not a residual concept at heart but the consequence of a definition, based on "what is not" carries a risk that it may be so regarded. This part of the social world is also the cradle of human development. Anthropologists distinguish two types of social organisation: those based on hierarchy and power (agonic), and those based on cooperation (hedonic). As Wilkinson (2000) has pointed out:

"Since class societies have been predominant throughout human history, we tend to take the agonic forms of social organisation as the human norm. But this overlooks the evidence that during our hunter gatherer prehistory - the vast majority of human existence - we lived in hedonic groups."

This evolutionary background has profound contemporary consequences: it is arguably a key factor in explaining why illness, mortality and violence are all positively correlated with societal inequality (Wilkinson, 2000). It also gives a longitudinal perspective in which structures of state and market domination are seen as comparatively recent incursions into civil society.

Chandhoke (2002, p.45 and see the Union of International Associations - hereafter UIA - 2004, for more detail), in common with more
contemporary descriptions of civil society, describes it as being "located somewhere between the state, the market, and the family. Here people come together in projects of all kinds to make their collective histories". Edwards (2000, p.7), in a similar vein, describes civil society as "the arena in which people come together to advance the interests they hold in common, not for profit or political power, but because they care enough about something to take collective action". These descriptions differ from earlier ones in that the market has been introduced more formally as a sector which is no longer considered part of civil society. For example, Edwards (2000, p.7) states that "civil society includes all associations and networks between the family and the state except firms". The sense of civil society being defined by what it is not, however, remains. (See Figure 1).

The types of organisations which one finds in civil society (i.e. civil society organisations, CSOs) are inevitably diverse in terms of their: degree of formality; size (in terms of membership); geographic scope of activities; rationale for formation/operation; and linkages to the market/state/family categories. To speak of a "typical" civil society organisation, therefore, is meaningless. Despite problems in defining civil society, the term continues to be used (see Kaldor et al., 2003a, but see also Robertson, 1986, p.44) and civil society organisations continue to grow in size, vitality and importance, (see, for example, Anheier and Themudo, 2002). The reasons for this growth are complex.

Figure 1: Locating Civil Society

The rise in CSOs appears to be a function of the increasing size of the state (which is supposed to represent civil society but increasingly alienates it), and a market economy grown so virtual, large and hyper real that it actively alienates us. Hence the growth of CSOs which relate to us and can represent us, (Bendell, 2002b, p.17). Now, to make matters worse, the state is withdrawing from functions it should undertake and CSOs arise to fill the democratic vacuum. In particular, as the state has withdrawn from many areas of what could be described broadly as social support (both in the West and elsewhere) CSO activity has increased. Indeed, Chandhoke (2002, p.43) suggests that economic imperatives of the neo-liberal agenda:

"dictated [...] that: (a) the state, particularly in Third World countries, should withdraw from the social sector; (b) the market should be freed from all constraints; and (c) people in civil society should organise their own social and economic reproduction instead of depending on the state."

In a similar vein, Teegen et al., (2004, p.467) note that CSOs emerge when "market mechanisms ignore these [human] needs and governmental regimes are deemed too repressive, too weak, or too resource-strapped to serve them". Thus we might see the growth in the importance of CSOs as a direct but partly unanticipated consequence of neo-liberal imperialism (Korten, 1995). Civil society has grown as the state has retreated from historical areas of activity and the market has colonised more and more of the lifeworld (Thielemann, 2000). People have consequently, through their own devices, pushed back to create organisations which serve the needs of the polity (Bendell, 2002b, p.17). One such organisational form which flourishes in - and emerges from - this dynamic is the non-governmental organisation – the NGO.

Defining and Locating the NGO

Just as with civil society the definition of NGO is contested. NGOs are variously described as autonomous, non-profit-making, self governing and campaigning organisations with a focus on the well-being of others, and "whose stated purpose is the promotion of environmental and/or social goals rather than the achievement or protection of economic power in the market place or political power through the electoral process" (Bendell, 2000a, p.16). Teegen et al., (2004, p.466), quoting the United Nations (2003), describe an NGO as:

"any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-orientated and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions, bring citizens' concerns to Governments, monitor policies and encourage political participation at the community level. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Some are organized around specific issues, such as human rights, the environment or health."

In a similar vein, Edwards (2000, p.7/8) defines NGOs as:

"a subset of civic organisation, defined by the fact that they are formally registered with government, receive a significant proportion of their income from voluntary contributions (usually alongside grants from government), and are governed by a board of trustees rather than the elected representatives of a constituency. If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks..."
If we are looking for a definitive characteristic to distinguish the NGO from other organisations, Edwards' choice of "registration" is probably not quite it. There are many forms of registration that might apply to charities, grant-receiving bodies, community-based enterprises and so on. Not all of these are necessarily NGOs - and not all NGOs are necessarily registered in this manner. At the international level, however, registration with some part of the United Nations or with the UIA would appear to qualify one as an NGO - but even here issues arise. For example, about 60% of those bodies which were registered with the United Nations for the Johannesburg Earth Summit[11] as "NGOs and other major groups"[11] were not classified as NGOs by the UIA[13]. The 923 Johannesburg-registered organisations included those as diverse as The American Bar Association, The Bahai Community of Canada, Girl Scouts of the USA, International Chamber of Commerce, North American Insulation Manufacturers Association, World Business Council for Sustainable Development and The World Chlorine Council as well as Greenpeace, the World Wildlife Fund, Oxfam, and World Vision[13].

Even this level of diversity speaks of considerable heterogeneity in, for example, size, functions, views, standards, strategy and tactics. (See Edwards, 2000). The NGO 'label' describes a huge number of organisations which have very little in common beyond the label 'NGO'. This leads us to two key questions: what dimensions can be used to distinguish different types of NGOs from each other and how significant are these organisations in a broader societal context?

Dealing with the first question[14], Kaldor et al., (2003b) identify four "manifestations of global civil society" - or four forms and functions in which NGOs engage. These are: New public management: (civil society as sub-contractors to policy makers); Corporatisation: (civil society organisations partnering with companies); Social capital or self-organisation: (civil society building trust through networking); and Activism: (civil society monitoring and challenging power-holders). Self organisation/social capital and activism are the expected, perhaps even traditional roles of the NGO. However, it is the first two roles which, Kaldor et al, demonstrate, are growing and wherein lie the new pitfalls for these organs of civil society. That is, new public management has increasingly drawn in NGOs as "service providers and instruments of privatisation" (Kaldor et al., 2003b, p.8). Whilst serving the public interest, NGOs have, via their subcontracting role: "... become instruments of national and international welfare state reform. In some cases NGOs are artificially created as a fig-leaf for states unable or unwilling to act... [n] other cases, NGOs are supported if not created by international institutions, and then hand-picked for consultation rounds to provide a semblance of democratic legitimacy for the institution." (Kaldor et al., 2003b, p.8).

Caught up in this kind of role, NGOs will inevitably develop a very close relationship with the state and, as an element of civil society may be difficult to distinguish from the state on occasions. Equally, other NGOs will have closer relations with markets. For example, under the description of 'corporatisation' Kaldor et al., (2003b) note that:

"... willingly or reluctantly, companies and NGOs team up to divide responsibilities the state is failing to meet. NGOs `professionalise': under pressure from management gurus they increasingly adopt corporate strategies, as well as being open to partnerships with business. ...[T]he corporatisation of NGOs will gather momentum, encouraged by a resource-poor international community eager to seek new forms of cooperation, particularly in development assistance and capacity building" (op cit. p.9).

Amongst the many dangers involved in this, for example, argues that NGOs become more like the bodies from which they attract funding than like the societies they intend to represent and from which they draw their legitimacy. Such issues all serve to blur the distinction between NGOs and non-NGOs.

Such blurring of boundaries is clearly relevant for the definition of NGOs and it directly affects both estimations of the size of the sector and the demands for accountability. If NGOs are to be defined by the fact that they are registered and serve the public interest (see especially Fries, 2003) then some way of establishing the latter is necessary. Of most importance in the present context is whether or not we might legitimately include business related organisations such as the International Chamber of Commerce (ICC) and the World Business Council for Sustainable Development (WBCSD) as NGOs. The reason this is a matter of significance in that there is a growing suspicion (to which we will also return) that much of the call for NGO accountability has originated within the business sector itself and such calls, if they are to apply to Amnesty, Red Cross and Greenpeace must also then apply to ICC and WBCSD. The matter remains murky and thus whilst ICC is included in both the Johannesburg-registered "NGOs and other organisations" and in World Vision's analysis of NGO accountability (Kovach et al, 2003; and see below), it is specifically excluded by Bendell (2000a; b). Equally, we struggle to see how the ICC and the WBCSD can be distinguished from members of the market, because these organisations are staffed and funded by, and represent market participants.

Estimates of the size of the NGO sector are, inevitably, difficult[15]. Kaldor et al., (2003a, b) and Glasius et al., (2002a, b) produce the data shown in Tables 1 and 2[15].

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>Data on 'Old Basis'**</th>
<th>Data on 'New Basis'***</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2001</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>3,573</td>
<td>3,649</td>
</tr>
<tr>
<td>Education</td>
<td>2,812</td>
<td>2,982</td>
</tr>
<tr>
<td>Research</td>
<td>10,714</td>
<td>11,275</td>
</tr>
<tr>
<td>Health</td>
<td>2,559</td>
<td>2,653</td>
</tr>
<tr>
<td>Social development</td>
<td>5,735</td>
<td>5,985</td>
</tr>
<tr>
<td>Environment</td>
<td>1,576</td>
<td>1,637</td>
</tr>
<tr>
<td>Economic development, infrastructure</td>
<td>13,841</td>
<td>14,394</td>
</tr>
<tr>
<td>Law, policy and advocacy</td>
<td>6,054</td>
<td>6,374</td>
</tr>
<tr>
<td>Religion</td>
<td>2,761</td>
<td>2,866</td>
</tr>
</tbody>
</table>
Whatever the actual and/or precise causes of the rise of the NGO, it seems clear that the importance of the NGOs sector. The rise of NGOs has been a growing awareness that involving NGOs is a cost-effective public relations activity. This trend does, in turn, raise the problem that NGOs may be moving to be treated with some scepticism. More crucially, as many of the calls for NGO accountability which are emerging from the corporate sector, one could suppose that the NGO sector would be similar in size and influence to that set of organisations. The data presented here suggests that this is unlikely to be the case and, in the next section of the paper, we will seek to demonstrate this more clearly. One can... NGOs emerged... to take over functions that were once reserved for the state coupled with a growth in globalisation and the emasculation of local political... and their success. It may also be, however, part of the reason that they are seemingly so vulnerable to attacks on their legitimacy and this, it seems, may actually be an essential element of their importance. It seems that we will be unable to ever uniquely define NGOs or to fully reconcile their contradictions that seem inevitable in their existence... and their success. It may also be, however, part of the reason that they are seemingly so vulnerable to attacks on their legitimacy and their accountability. It is this to which we now turn.

The Rise of the NGO, Realpolitik and the Demands for Accountability

"Global business is beginning to be regulated by global civil society, a situation that provides some promise for a just and sustainable global order in the 21st century, while showing significant shortcomings and posing major political challenges. A key challenge is to bring some order to what is a very anarchic process at present, to build the necessary institutions as quickly as possible, and to ensure that democratic principles are upheld. The United Nations has taken up this challenge with the establishment of the Global Compact" (Bendell, 2002b, p.29).

As we have seen, Kaldor et al, (2003a) amongst others, see the rise of NGOs as a function of the space left by the declining reach of the state coupled with a growth in globalisation and the emancipation of local political ability. This appears to be a constant theme in the literature. For example, Edwards (2000) argues that the phenomenal growth in NGOs, especially since the Cold War, has arisen for three principal reasons. First, Edwards sees a powerful combination of a move away from a belief that free trade and liberalisation is the only recipe for growth and poverty reduction together with a dawning awareness that NGOs are no longer there just to pick up the pieces that fall through the cracks. Consequently, NGOs have become forces for alternatives and transformation themselves. Second, there has been a growing awareness that involving NGOs is a cost-effective public relations activity. This is especially so for organisations (most obviously the World Bank - see, for example, Zammit, 2003) that are under attack. Equally, NGOs are cost-effective in partnerships. This trend does, in turn, raise the problem that NGOs may be moving too close to the centres of power. Third, it is increasingly apparent that few people trust governments and that trust of business is in decline. NGOs offer additional - and more attractive - channels for popular participation and they can give a voice to the margins (what Edwards refers to as the move from 'government' to 'governance'). As Chandhoke puts it rather more directly:

"Ironically, the idea that people in civil society should organise their own reproduction has emerged at exactly the same moment as globalisation has drastically eroded the capacity of the same people to order their own affairs... NGOs emerged... to take over functions hitherto reserved for the state.... And NGOs were transformed into the guardians of civil society" (Chandhoke, op cit, p43).

SustainAbility (2003), for example, also supports this perception and adds that factors such as: the growth in ex-communist and emerging nations embracing democracy and the hegemony of market based solutions; the communications revolution; and, more prosaically, continuing social inequality and environmental degradation have also contributed directly to the increase in size and importance of the NGOs sector.

Whatever the actual and/or precise causes of the rise of the NGO, it seems clear that they are one manifestation of fundamental and
structural change in civil (and non-civil?) society. The NGO is, therefore, an increasingly important phenomenon and its rise is both a reflection of profound changes within human experience and a source of that change. The NGO partnerships with the United Nations, corporations and the World Bank are increasingly central to both the functioning of those institutions and to the delivery of "non-market" benefits to the peoples of the so-called developing world. The involvement of NGOs in the WTO (Zarsky, 2002) is helping the Southern nations to mobilise and organise themselves in readiness for future rounds of the WTO (Ritchie and Dawkins, 2002) and in developing new "scenarios of sustainable trade" (Najam and Robins, 2002). The importance of NGOs in the current transformation of, or as a counter to the market's transformation of, society cannot be over-estimated. In essence, only the NGOs now offer any active alternative to total market-driven private sector domination of societies.

And yet, it is essential to retain a clear view of the relative powers involved here: "global civil society… can operate only within the narrow confines set by dominant states and international capital; it can amend international structures but not transform them" (Glasius and Kaldor 2002, p.9). So, however much we may emphasise the crucial role of civil society in the maintenance of a sort of 'popular voice', people retain only such power as the State and the Market is willing to cede them: and that is restricted by the extent to which civil society is aware of its own interest and has not been seduced into a corporate lotus-eating bliss. It is probably this combination of growing significance and crucially circumscribed power that leads NGOs into the treacherous terrain in which they find themselves walking a fine line between getting too close to funding bodies, the State and corporations (and thereby risking their independence, legitimacy and the trust of their grass roots support) whilst struggling to survive and maintain their integrity in the face of increasing (and increasingly subtle) attack from the vested interests that they challenge:

"It is no accident that questions about legitimacy are being raised at a time when NGOs have started to gain real influence … They are victims of their own success. Neither is there a shortage of hypocrisy among the critics, especially when it appears that NGOs are being singled out in contrast to businesses (and even many governments) that are even less accountable than they are' (Edwards 2000, p.22/23).

The situation is made even more complex not only by the diversity of NGOs (and, consequently an attack on NGOs intended to curb Greenpeace is also attack on the Red Cross for example) but also because the catchall "NGOs" – encompasses neo-liberal organisations (including business-led "astroturf" NGOs) which espouse a business agenda under the cover of NGO legitimacy. ICC and the WBCSD, for example, appear to be close to this line. Here the question of honesty and transparency looms large: campaigning NGOs (by and large) do not tend to hide their agendas while corporate bodies – under the guise of an NGO – can undertake extensive lobbying activities, beyond the public gaze. Any calls to account for NGOs must apply equally to those who are making the noisy demands for NGO accountability in the first place.

It is in this complex state that the calls for NGO accountability are so effective and potentially disruptive. It is not, as we shall explore in the final substantive section of this paper, that we wish to argue against accountability per se. Rather it is that we need to be clear who is being called to account? - and by whom? And to do that requires some indication of the relative power and access to resources of those involved. This is explored in the next section.

Power, Interest and the NGO Sector

In this section we seek to provide a context to the calls for – and our discussion of – NGO accountability. We do this by examining two sources of data: NGO Watch (which we cast into relief via the work of Charles E. Lindblom) and a study on comparative accountability undertaken by One World Trust (Kovach et al, 2003).

NGO Watch is an initiative of the American Enterprise Institute (AEI). The AEI, "the principal neo-con thinktank" (Blumenthal, 2004), has been identified as leading recent attacks on the legitimacy and accountability of civil-society organisations (see, Naidoo, 2004). Indeed, even SustainAbility (2004) has noted the political nature of these attacks and particularly those via the AEI's 'NGO Watch' initiative. Criticising the political motivation of NGO Watch could be interpreted as a touch naive given the realities of how powerful interests have long asserted themselves. Such realities have received examination by Lindblom who has long been a prescient observer, analyst and somewhat dispassionate critic of political economy (see, for example, Dahl and Lindblom, 1953; Lindblom, 1977; Lindblom 2001). Lindblom (1977), following Dahl and Lindblom (1953), uses the term "polyarchy", rather than "democracy" to describe the pluralistic authority systems which obtain in most advanced economies. He also notes that the "pluralism of these systems remains grossly ingenuine" (Lindblom, 1977). When discussing the participation of business in polyarchy, Lindblom dismisses its involvement in electoral politics as too familiar (22) to warrant his close examination. He merely summarises these activities as including the frequency and intimacy of contacts between politicians and officials; financing of political parties, and business propaganda and public relations.

What engages Lindblom's attention particularly is the level of resources which business men (sic) command and the discretion with which they may be utilised and he notes that "[n]o other group of citizens can compare with businessmen, even roughly, in effectiveness in the polyarchal process. How so? Because, unlike any other group of citizens, they can draw on the resources they command as public "officials" to support their activities in polyarchal politics" (Lindblom, 1977, p.194). This, he states, is a power not even shared by politicians: neither the US President nor other government officials, may utilise government funds for partisan purposes (notwithstanding the sometimes successful attempts to evade the constraints). "Not so with corporate executives" observes Lindblom, "[t]he funds that pass through their hands in their official capacities - that is, the proceeds from corporate sales - can, with little constraint, be thrown into party, interest-group, and electoral activity in pursuit of whatever objectives the corporate executives themselves choose" (p.194). This phenomenon and the ease with which these corporate assets can be used have, he states, "no rationale in democratic theory". In sum, Lindblom's thesis is clear: corporate bodies and those who speak on their behalf are not accountable for their actions in the arena of lobbying and influence with governments. Whereas NGOs (except those acting for business interests under the guise of being representatives of civil society) are overt about their agendas for social change, in many instances corporations have equally strong views which they express away from the public gaze.

NGO Watch is a case in point. Its self-proclaimed motives and aims are stated as follows:

"In an effort to bring clarity and accountability to the burgeoning world of NGOs, AEI and the Federalist Society have launched NGOWATCH.ORG. This site will, without prejudice, compile factual data about non-governmental organizations. It will include analysis
NGOs may be seen as an attempt to redress the grossly inequalitarian pluralism of polyarchal society but, if so, the sponsors of NGO Watch are keen to emphasise the impropriety of any incipient muscle flexing. For example, "NGO officials and their activities are widely cited in the media and relied upon in congressional testimony; corporations regularly consult with NGOs prior to major investments. Many groups have strayed beyond their original mandates and have assumed quasi-governmental roles. Increasingly, non-governmental organizations are not just accredited observers at international organizations, they are full-fledged decision-makers" (NGO Watch, 2004).

Lindblom has pointed out that the scale of corporate spending on what may be termed quasi governmental roles "dwarfs political spending by all other groups" and as a very crude heuristic we will attempt to contrast the scale of resources which are commanded by corporations with those available to NGOs. Clearly no obvious comparisons present themselves, given a host of problems of classification and data availability but since NGO Watch has chosen to display a list of what are presumably regarded as significant NGOs, we will focus on that listing to generate some figures in the first instance.

NGO Watch lists a total of 163 (as at July 2004) NGOs most of which it has linked to a pdf file showing the detailed Internal Revenue Service Form 990 (Return of Organisation Exempt From Income Tax). For most of them the most recent figure of annual revenue is also shown on the summary description of the organisation in question provided by NGO Watch. Annual revenue figures are available for 93 of the listed organisations. These annual revenues vary from a highest of $732 million (Nature Conservancy) to a lowest of $9,439 (Human Rights Advocates); the median revenue is $4.45 million (Mercy-USA for Aid and Development, Inc). Table 3 shows the top ten ranked by revenue. (23)

<table>
<thead>
<tr>
<th>Name</th>
<th>Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Nature Conservancy</td>
<td>$731,893,471</td>
</tr>
<tr>
<td>2. World Vision International</td>
<td>$588,555,552</td>
</tr>
<tr>
<td>3. International Committee for Red Cross</td>
<td>$499,905,523</td>
</tr>
<tr>
<td>4. CARE International</td>
<td>$423,268,000</td>
</tr>
<tr>
<td>5. Catholic Relief Services</td>
<td>$268,853,000</td>
</tr>
<tr>
<td>6. U.S. Fund for UNICEF</td>
<td>$199,233,199</td>
</tr>
<tr>
<td>7. Open Society Institute</td>
<td>$135,447,900</td>
</tr>
<tr>
<td>8. National Wildlife Federation</td>
<td>$105,227,056</td>
</tr>
<tr>
<td>9. Mercy Corps International</td>
<td>$75,545,813</td>
</tr>
<tr>
<td>10. Sierra Club</td>
<td>$73,814,363</td>
</tr>
</tbody>
</table>

We now give, by way of comparison, some of the annual revenues of corporations (24), beginning with those represented amongst the AEI trustees (25) (or, at least, those listed on the AEI website with the names of the trustees). These 11 organisations, (which include such well known names as Exxon Mobil and Dow Chemicals) have combined annual revenues of $496,177 million. The equivalent figure for the 93 NGOs is $4,182 million. Thus the ratio by which revenues of a subset of the organisations linked to the AEI exceeds all those given for the NGOs is about 118 to 1. Arguably a better comparison would be a comparison of, say, the revenues of the top ten corporations listed on the Fortune 500 with the top 10 NGOs listed on NGO Watch (26). The annual revenue figures would be, respectively, $971.877million and $3,101million giving a ratio of approximately 313:1. These figures also put SustainAbility's (2003) suggestion that the not-for-profit sector comprises $1.1 trillion into context.

Such figures are not, of course, to be taken to mean that NGOs do not owe a duty of accountability to their stakeholders. Rather, the numbers do put some perspective on the process whereby NGO accountability has become a focus of attention. To quote again from Lindblom, and bearing in mind that wealth distribution has become even more inequitable today than it was in the 1970s "[t]o compare political contributions from the personal incomes of ordinary citizens and allocations from business receipts is to compare mouse and mountain." However, it is obvious that the NGO mouse has been causing the corporate mountain more than a little irritation on such matters as GMOs (Bendell, 2000c), the WTO (Simms, 2000) and, most especially, the World Bank (Fox and Brown, 1998; Zammit, 2003).

The question is, at least in part, to what extent are business organisations justified in calling "foul" on the accountability playing field. For example, Sustainability (2003) note that some believe that "[NGOs] have acquired the high moral ground of public opinion without being subject to the same public scrutiny given to corporations and governments" (quoting J.E.Garten, Dean of Yale School of Management, p7). This statement is in contrast to the thesis we have drawn out above. Nevertheless, business appears to be winning the propaganda war and succeeding in persuading the media and large swathes of the state and civil society that business is, indeed, accountable whilst NGOs are not. This seems an implausible claim on the face of it – not only because of different accountability channels and processes that we will explore in the final sections of this paper but because, despite the hue and cry, the much vaunted take up of social, environmental and, (especially) sustainability (sic) accountability by large corporations is woeful whilst the take up by smaller corporations is almost non-existent (see, for example, Kolik, 2003). It is also a claim that Kovach et al., (2003) have put to the test.

At the heart of the Kovach et al., (2003) study is an examination of the accountability processes of three groups of organisations: transnational corporations (TNCs), NGOs and Intergovernmental organisations (IGO). The accountability was proxied by two variables: member control and access to online information. The results are shown in Table 4.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Organisational Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2. World Vision International</td>
</tr>
<tr>
<td>2</td>
<td>3. International Committee for Red Cross</td>
</tr>
<tr>
<td>3</td>
<td>4. CARE International</td>
</tr>
<tr>
<td>4</td>
<td>5. Catholic Relief Services</td>
</tr>
<tr>
<td>5</td>
<td>6. U.S. Fund for UNICEF</td>
</tr>
<tr>
<td>6</td>
<td>7. Open Society Institute</td>
</tr>
<tr>
<td>7</td>
<td>8. National Wildlife Federation</td>
</tr>
<tr>
<td>8</td>
<td>9. Mercy Corps International</td>
</tr>
<tr>
<td>9</td>
<td>10. Sierra Club</td>
</tr>
</tbody>
</table>

TABLE 4: Ranks of organisational accountability
on finding analogues for the commercial “bottom line” – typically in the form of vari-
profit/loss means. Thus NFPOs do not have an
relevance in that the economic performance of such organisations is usually relativel-
including NGOs, have less financial accountability forced upon them and, more importa-
dimension of their activity but, to varying degrees, unaccountable for the non-econom-
measurement has tended to dominate all other forms
of organisational performance indicators and such like.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Type</th>
<th>Member Control</th>
<th>Info Access</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Cross</td>
<td>NGO</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Amnesty</td>
<td>NGO</td>
<td>1</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>OECD</td>
<td>IGO</td>
<td>5</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>WTO</td>
<td>IGO</td>
<td>8</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Rio Tinto</td>
<td>TNC</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>GSK</td>
<td>TNC</td>
<td>11</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Oxfam</td>
<td>NGO</td>
<td>3</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>Avantis</td>
<td>TNC</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>UNHCR</td>
<td>IGO</td>
<td>14</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>World Bank</td>
<td>IGO</td>
<td>13</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Shell</td>
<td>TNC</td>
<td>15</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>CARE</td>
<td>NGO</td>
<td>2</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Nestlé</td>
<td>TNC</td>
<td>9</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Microsoft</td>
<td>TNC</td>
<td>16</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>International Confederation of Free Trades Unions</td>
<td>NGO</td>
<td>7</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>WFW</td>
<td>NGO</td>
<td>12</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>ICC</td>
<td>NGO</td>
<td>17</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Bank of International Settlements</td>
<td>IGO</td>
<td>18</td>
<td>11</td>
<td>18</td>
</tr>
</tbody>
</table>

Of course, one would need to extend considerable caution in relying on the results shown in Table 4. The small sample and the use of two constructs as proxies for accountability both suggest that the results must be treated with great care. Nevertheless, the data is sufficiently strong to suggest that the sort of crude dichotomy – TNCs, accountable, good; NGOs, not accountable, bad – is seriously over-simple and would well deserve a more thorough investigation. Of more than passing interest is the place that the ICC (a business-based organisation and here included as an NGO) takes in the list of NGOs. Whilst the ICC does reasonably well amongst NGOs for the availability of on-line information it fares very badly on the dimension of member control and, indeed, on this survey is the “least accountable” of the NGOs. There is no apparent reason to believe that the results are contrived to this degree – although from a pro-NGO point of view the result is encouraging.

If this is the background and the generalities against which the debate about NGO accountability is set, what of the specifics? Are NGOs accountable? To what extent? and how? More demandingly, we also need to explore the more obviously normative questions of whether NGOs need to be more accountable and the form that such accountability should take. This is where we go in the final element of the paper.

In What Way and to What Extent are NGOs Accountable?

civil society requires a careful balance between rights and responsibilities: between the entitlement of individuals to come together to pursue their own and the wider community’s interests, and the right of society at large to have reasonable reassurance that such organisations are what they say they are, and in particular that they are not covertly abusing their position in ways that go beyond the legitimate exercise of individual freedom” (Fries, 2003 p.226).

In general terms, NGOs are not-for-profit organisations (NFPOs) and, as such, enjoy structural relationships with (for want of a better word) their stakeholders and environment which are significantly dissimilar from those obtaining for commercial organisations. And, of course, it is from commercial organisations that the majority of the accounting literature typically draws its understandings of accountability. This has two major sets of implications.

First, NGOs are typically service organisations and those who control and fund the organisation (managers and donors) may well be quite distinct from the those who receive/benefit from the service (the client or beneficiary). There is, typically no direct means by which the clients/beneficiaries can enforce an accountability upon the donors and managers. If, in addition, (as is often the case) the NGO is not a membership based organisation, there is a clear absence of direct, obvious groups to whom the body must express its accountability. (See, especially, Uphoff, 1995: for more detail).

Second, NGOs, (as NFPOs), have no simple “bottom line” equivalent to the profit/loss measure of commercial organisations, (see, for example, Perrin, 1985; Edwards, 2000). There is thus, as Jegers and Lapsley (2001) say, “... pressure for systems of performance which overcome the absence of a ‘bottom line’... and capture the complexities of non-profit activities, and the need to conform to what is generally accepted practice in accounting arrangements for other sectors...” (p1). The point being that (i) commercial organisations have an accepted bottom line in financial measurement; and (ii) that this financial measurement has tended to dominate all other forms of organisational performance measurement and accountability. Thus commercial organisations are formally accountable for one dimension of their activity but, to varying degrees, unaccountable for the non-economic dimensions of their performance. NFPOs, including NGOs, have less financial accountability forced upon them and, more importantly, such financial accounting will be of little relevance in that the economic performance of such organisations is usually relatively unimportant – so long as they live within their means. Thus NFPOs do not have an obviously primary focus for formal accountability reporting – there is no analogue for financial profit/loss. A considerable portion of the concern with innovative reporting and accountability systems for NFPOs has concentrated on finding analogues for the commercial “bottom line” – typically in the form of various performance indicators and such like.
Consequently, it might be argued, (see, for example, Gray et al, 1987), that social and environmental accountability in NFPOs might appear to be more under-developed than even in the commercial sector – not least because what might look a little like social or environmental accounting (e.g. client well-being, service delivered, complaints etc) is often no more than attempt to approximate an analogue for the primary reporting focus of commercial organisations.[32]. As we shall argue later, these issues do not necessarily influence the key principles on which accountability should be based. They do, however, affect the forms of accountability and what the accounts might look like.

However, to think of NGOs in general as being un-accountable would be incorrect. Whilst the channels of accountability may often not be formal or directly observable, accountability nevertheless takes place in many forms. First, and something often forgotten, is that many NGOs are also charities and whilst not all countries have detailed charity law laying down the terms of performance and accountability, most have some mechanisms that monitor and control the privilege of charitable status. Any general statement about the accountability (or otherwise) of NGOs must, in all probability, involve a general statement about the accountability of charities. Second, and perhaps most important of all, NGOs are subject to the public gaze, and, most particularly, to media scrutiny. As long as transparency exists (a key matter we will emphasise below) informal means within civil society of holding to account exist and are engaged. Third, a key factor in the accountability of NGOs lies in the epistemic and engagement communities in which they are embedded. That is, whilst such arguments will not sway any neo-conservative attack on the sector, NGOs are actively accountable, through the shared values, understandings and knowledge, to the staff who work for them, to the other NGOs with whom they interact, to the communities in which they are embedded and to the professional knowledge base in which they operate and through which they share and cooperate.[33]. Fourth, as is clearly observable, many (most observably, larger) NGOs undertake formal systems of reporting and disclosure that are echoes of the corporate approaches to accountability. This last must not, however, blind us to Lehman's (1999, 2001) continuing concern over the emphasis (notably in the accounting literature) on procedural as opposed to substantial accountability. This is a particularly important concern for the NGO sector where, as we shall see, a procedural emphasis could stifle the very nature of the organisations and would be unlikely to reflect the diversity of the sector itself.

The Principles of Accountability

Accountability is, definitionally, about the rights of society (or groups/stakeholders within society) and relates to the rights that emerge from the relationship between the accountable organisation (the accountor) and the accountee. In this (as with so much else in the principles of accountability), NGOs are no different from other organisations and formal analysis of "stakeholders maps" and derivation of the different forms of information that need to be available for each relationship in the map would, as for any organisation, ensure completeness in the discharge of accountability, (see especially, Gray et al, 1997). What a consideration of NGOs does raise however, is a number of matters which are inherent in accountability but which are rarely discussed in the accounting literature. These matters relate, principally, to issues of size and issues of formality.

It is often difficult (perhaps even impossible on occasions) to state with precision and clarity what uniquely measurable performance should dominate an NGO’s accountability. However, this may, in fact, be relatively unimportant. As Jegers and Lapsley (2001) amongst others note, the relationships between NFPOs and their stakeholders – and especially their funders - is not a purely economic one (unlike that between shareholder and company). It is a more complex relationship and reflects more complex attitudes and interactions between the organisation and its stakeholders. Furthermore, the relationship may not be – nor need to be – as formal and as distant as that between a shareholder and company (the yardstick against which all accountability relationships appear to be judged). Matters such as trust, emotion, conscience, social contracts, mutuality etc all enter into the relationship and to reduce such complexity to single performance measures is to demean the complexity of the relationship. Therefore to adjudge an NGO as "accountable" or "not accountable" on the presence or absence of a predetermined singular measure of some performance or other is almost certainly mistaken.

At the same time, for many NGOs, regardless of size, accountability will naturally occur in some way: through a combination of personal contact and the visibility of the activities undertaken by the NGO. (That is, if one can, for example, drop into an NGO and ask it about its activities then a formal specific ‘account’ is not required.) Formal accountability may well be an unnecessary burden - and an improper imposition - upon many NGOs (see, for example, Leat, 1988). Indeed, even relatively slight formality of accountability mechanisms could emasculate small NGOs and manifest the concerns that Roberts and Scapens (1985) express (albeit in a different context) about accountability mechanisms reflecting power and, too often, accountability becoming a manifestation of inappropriately exercised power. So we may need to look for less obvious and informal systems of accounts if we are to properly understand NGO accountability and its discharge. This does, however, raise an interesting un-answered question as to the point at which any organisation becomes large enough to require degrees of formal accountability mechanisms.[39]. Furthermore, there will be some stakeholders who do not require a formal accountability – or who believe that the accountability owed to them is discharged in other ways. Knowing that Greenpeace are out in the North Sea opposing dumping or that Oxfam is present in Sudan delivering humanitarian relief may very well be sufficient accountability in itself. The very actions are the accountability and to reduce such complexity to single performance measures is to demean the complexity of the relationship. Therefore to adjudge an NGO as "accountable" or "not accountable", through the shared values, understandings and knowledge, to the staff who work for them, to the other NGOs with whom they interact, to the communities in which they are embedded and to the professional knowledge base in which they operate and through which they share and cooperate.[33]. It is a relationship not only of simplicity but of distance – or who believe that the accountability owed to them is discharged in other ways. Knowing that Greenpeace are out in the North Sea opposing dumping or that Oxfam is present in Sudan delivering humanitarian relief may very well be sufficient accountability in itself. The very actions are the accountability and to reduce such complexity to single performance measures is to demean the complexity of the relationship. Therefore to adjudge an NGO as "accountable" or "not accountable", through the shared values, understandings and knowledge, to the staff who work for them, to the other NGOs with whom they interact, to the communities in which they are embedded and to the professional knowledge base in which they operate and through which they share and cooperate.[33].

Much of this can be captured by the Rawls' (1972) notion of "closeness". All relationships, Rawls notes, involve degrees of "closeness" and it is only in the absence of this closeness that a formal accountability is required. The formality required by shareholders and a company reflects the simplicity - but purely economic nature - of that relationship. It is a relationship not only of simplicity but of distance – it typically (certainly in the case of quoted corporations) has no closeness within it.[37]. Equally, the relationship between a company and its stakeholders is one of distance and complexity – again there is typically a complete absence of the components of closeness.[39]. NGOs – certainly grass roots NGOs – are the very essence of closeness. Much like familial, friendship, neighbourly and other relationships within civil society, their very essence is one of complex, close interaction. Whilst such relationships will frequently involve a physical closeness, there may be value and/or epistemic closeness (as for example between the members of a church or of a college). Relationships may involve one of more elements of these different aspects of closeness. Further, as a general rule, the greater the closeness, the less need for formal systems of accountability – any more than two friends or family members would require formal accounts[39].

9 of 16
This, in turn, draws our attention to the way in which accountability can be discharged and the way in which those who might wish for such discharge may be satisfied. It will often be that the activity itself will be, in effect, the account of that action (see especially Ahrens, 1996). We see local authority employees emptying our dustbins/trashcans, we see Greenpeace in their boats intimidating ships seeking to dump waste in the oceans, and our need for accountability is satisfied. To the extent that we wish for further evidence of accountability, there are usually further \textit{channels} of accountability – ways in which we can contact the NFPO and/or gain further information about it. This, as Hedlund and Hamm (1978) so persuasively argue, discharges the accountability as the \textit{existence} of the channel is typically more significant than what might be either in that channel or the way in which formal accounts are communicated through the channel.

So, in a simple – i.e. non political world – the principles of accountability can be relatively easily framed through transparency and the notion of rights to information within relationships as mediated by closeness. Accountability can be considered discharged if, indeed, the information can be obtained through an existing channel. But the very call for NGO accountability arises not only from failures in the principles of accountability – though these are important – but through \textit{realpolitik} within which the NGOs have to operate. In the final substantive section of the paper we briefly explore what this might mean for NGO accountability.

\section*{The Form of NGO Accountability?}

Lists of criteria by which the accountability of NGOs might be achieved already exist, (for examples of these see, especially, Tandon, 1995; and Fries, 2003). The key, to our mind, though, is seeking to understand what accountability for NGOs does mean - and should mean – as well as how NGOs came to this "fail from grace" (as Edwards, 2000, calls it) that so threatens to undermine the legitimacy of the NGO sector. What are the underlying pressures and conflicts that deserve closer research attention in order to find a way towards a more effective NGO accountability without emasculating the NGO; deferring to "Astroturf" posturing or failing to recognise the genuine failures in NGO accountability? Usefully, Edwards (2000) analyses this "fall from grace" and attributes it to: \textit{Problems of legitimacy} (which he sub-divides into \textit{transparency, accountability and accuracy}); \textit{Problems of disconnection} (the tension between global-level protest versus grass-roots activity); and \textit{Problems of short-termism} (which arise from a tendency to only focus on the "politics of protest"). This is a useful analytical perspective because it identifies intrinsic weakness in the more visible NGO activities which the neo-liberal agenda could – and does – successfully exploit.

But to require all NGOs to collectively and individually address completely such a range of issues would effectively hobble the sector – and thereby achieve the neo-liberal agenda. We have already seen that complete systems of procedural, formal and visible accountability will, in many cases be both counter-productive and unnecessary. And so to guide us towards a more efficient and sensible approach to accountability, SustainAbility (2003) identifies – albeit pragmatically and inductively – what they call "drivers for accountability". They see accountability as driven by: \textit{Morality} (accountability is right in principle); \textit{Performance} (accountability improves effectiveness); \textit{Political Space} (accountability increases credibility and thus influence); and \textit{Wider democratisation} (accountability of NGOs improves democracy in society). And this helps, we believe, to keep us focused on the geo-political context within which the accountability relationship exists (and the influence which that must have on both the relationship between organisation and stakeholder and the means of its discharge). Furthermore, SustainAbility's "drivers" also appeal to the self-confidence of the NGO community to resist the exploitation (via these calls for accountability) of its essential self-doubt and self-reflection\textsuperscript{[49]}, (SustainAbility, 2003, and see also Fries, 2003).

The key to this must be, as SustainAbility (2003) so eloquently demonstrate, transparency. Who the organisation is; what it does; how it is funded; and what the organisation does with the money it receives are all essential as either pre-requisites for the development of accountability relationships or a critical element in the discharge of that relationship. This, it seems, could be a first pre-requisite for accountability: and especially for NGOs as this would help to expose the 'astroturf' NGOs as well as developing a more benign accountability amongst those NGOs with a genuine concern for the wider public good.

So, given a basic requirement for transparency, what would an accountable NGO look like? For many, it might look a great deal like it does now. But, generally speaking, it will depend on the form of the NGO, its particular circumstances – including most particularly, its closeness and its exposure to political pressure. For example, Anheier and Themudo (2002) usefully differentiate between membership-based\textsuperscript{[41]} and supporter-based organisations\textsuperscript{[42]}: Apparently the trend is away from membership (even inactive membership) towards supporter-based NGOs (see also Fries, 2003) and, although this need not result in weaker accountability, it is just more likely to do so without the constant awareness within the organisation of an outside presence requiring answers or accounts.

So, given our reading, it seems to us that the issues are little different than those which arise with any form of multiple, social accounting for organisations, whether profit-seeking or not, (see, for example, Leat, 1988). And such a suggestion is not new; Fowler (1995) recommended the use of multi-stakeholder social accounting for NGOs almost ten years ago and a range of ‘values-based' organisations\textsuperscript{[43]} have been developing the state of the art of social accounting that offers an array of means through which to develop and discharge accountability relationships (see, for example, Pearce, 1993, 1996, 2003).

\section*{Conclusions}

We have explored the growing phenomenon of the NGO in the light of growing calls – notably from the corporate sector – for increased accountability of these increasingly important organisations. Consideration of NGOs raises many (relatively unfamiliar) challenges for the accounting literature – most notably difficulty in defining the accounting entity and in placing the analysis within the less-explored arena of civil society. The novelty of the NGO and civil society within the accounting literature, the subtleties of the challenges for increased NGO accountability and the implication that such a consideration raises for our conceptions of accountability itself have determined the structure and descriptive length - of the paper. The objective of the paper was to seek to act as a ground-clearing and state-of-the – art exploration of the area, rather than to seek to produce conclusions as such. However, the ultimate point is that an organisation can be accountable and still have its legitimacy questioned by either mischievous makers or powerful vested interests. If the intention or the effect is to emasculate, muzzle or remove the independence (and hence the feisty disrespectfulness) of NGOs then it is a poor accountability and must be eschewed (see, for example, Eade, 1993; Kumat, 2003; Fries, 2003; Fox and Brown, 1998; Bendell, 2000c). But the combination of minimum transparency plus a level of accountability commensurate with stakeholders, size and economic power, is likely, we would have thought, to discomfort the astroturf and the explicitly business-oriented NGOs (such as ICC and WBCSD) rather more than it will discomfort the high profile NGOs that the neo-liberal backlash has been seeking to discredit. As such, accountability seems like a good thing.
References And Bibliography


Anheier H., M. Glasius and M. Kaldor (2001b) "Introducing Global Civil Society" in Anheier et al., (2001a) op cit


Bebbington K.J., R.H.Gray and D.L.Owen (1999) "Seeing the wood for the trees: Taking the pulse of social and environmental accounting" Accounting, Auditing and Accountability Journal 12(1) (pp47-51)

Beder, Sharon (1997) Global Spin: The Corporate Assault on Environmentalism (Totnes: Green Books)


Bendell J. (2000b) "Introduction: Working with stakeholder pressure for sustainable development" in Bendell J. (2000a) op cit (pp14-30)

Bendell J. (2000c) "A No Win Situation? GMOs, NGOs and sustainable development" in Bendell J. (2000a) (ed) op cit (pp96-110)


Booth P.J. and H.M.Peterson (1982) "External financial reports: Necessary but not sufficient for the accountability of non-business organisations" Accounting Forum March (pp13-21)


Eade D (1993) "Editorial" Development in Practice 3(3) (pp161-162)


Elkington J and S. Fennell (2000) "Partners for sustainability" in Bendell J. (2000a) op cit (pp150-162)


11 of 16


Hedlund R.D. and K.E. Hamm (1978) "Accountability and political institutions" in Greer et al, (op cit) pp34-47


Hines R.D. (1988) "Financial accounting: In communicating reality, we construct reality" *Accounting, Organizations and Society* 13(3) (pp251-261)

Hofstede G., (1981) "Management control of public and not-for-profit activities" *Accounting Organizations and Society* 6(3) (pp193-211)

Houtart F (2001a) "Preface: from Davos to Porto Alegre" in Houtart F. and F. Polet (eds) op cit (ppvi-viii)

Houtart F (2001b) "Alternatives to the Neoliberal Model" in Houtart F. and F. Polet (eds) op cit (pp47-59)


Hyndman N., (1991) "Contributors to charities – A comparison of their information needs and the perceptions of such by the providers of information" *Financial Accountability and Management* 7(2) Summer (pp69-82)

Jegers M and I. Lapsley (2001) "Making sense of non-profit organisations" *Financial Accountability and Management* 17(1) February (pp1-3)


Kaldor M, H. Anheier and M Glasius (2003b) "Global Civil Society in an Era of Regressive Globalisation" in Kaldor M, H. Anheier and M Glasius (2003a) op cit (pp3-33)


Lehman G. (1999) "Disclosing new worlds: a role for social and environmental accounting and auditing" *Accounting Organizations and Society* 24(3) April (pp217-242)

Lehman G., (2001) *Reclaiming the Public Sphere: Problems and prospects for corporate social and environmental accounting* *Critical Perspectives on Accounting* 12(6) December (pp713-733)


Parke R. & J.L.Peterson (1981) "Indicators of social change: developments in the USA" *Accounting, Organizations & Society* 6(3) (pp235-246)

Pearce J. (1993) *At the heart of the community: Community Enterprise in a changing society* (London: Calouste Gulbenkian Foundation)


Perrin, J. (1985) "Differentiating financial accountability and management in governments, public services and charities" *Financial Accountability and Management* 1(1) Summer (pp11-32)


Roberts J. (1991) "The possibilities of accountability" *Accounting, Organizations and Society* 16(4) (pp355-370)


Teegen H., J. Doh and S Vachani (2004) "The importance of nongovernmental organizations (NGOs) in global governance and value creation: An international business research agenda" *Journal of International Business Studies* 35(6) (pp463-483)


Vakil A. (1997) "Confronting the classification problem: Toward a taxonomy of NGOs* World development* 25(12) (pp2057-2070)


[1][1] Comments received from delegates at the CSEAR International Congress, Dundee, 2004; the ICCSR Conference, Nottingham, 2004; and the British Accounting Association Conference, Heriot-Watt, 2005 are very gratefully acknowledged. Specific and detailed comments from Jose Moneva, Juan Camon, Eleanor Burt, two anonymous referees and the editors of this special issue are especially acknowledged.

[2][2] The authors are, respectively Professors at the University of St Andrews and Senior Lecturer at the University of Dundee. Correspondence should be addressed to Rob Gray, Centre for Social and Environmental Accounting Research, School of Management, The Gateway Building, North Haugh, University of St Andrews, St Andrews, Scotland, KY16 9SS. rob.gray@st-andrews.ac.uk

[3][3] If may, of course, be the case that this is not yet a fully developed, mature or systematic academic literature. In which case there is the unexpected possibility that international development and the study of NGOs has much to learn from the accounting literature.

[4][4] Reflection suggest that this is not yet a fully developed, mature or systematic academic literature. In which case there is the unexpected possibility that international development and the study of NGOs has much to learn from the accounting literature.

[5][5] Although this may be seen to be an aspiration: some NGOs, as we will see, do appear to wish to influence politics and come from all sorts of political starting points (including business led agendas).

[6][6] Terminology used to describe these groupings include: The Third Sector; NGOs; Charities; Voluntary organisations; Grass Roots Organisations (GROs); Not-for-Profit organisations (NFP0s); Civil Society Organisations (CSOs) and Community-based organisations (CBOs). At times these are seen as distinctly different types of entities, at others they are seen as over-lapping and sometimes even identical sets, (see, for example, Kamat, 2003; Edwards and Hume, 1995b). There have always been CSOs as long as there has been human society, be they clubs, movements, women's rural associations, self help/support networks, Greenpeace or Amnesty. The scope and number of these organisations, of course, reflect changes in society and the motivations of those who form these organisations. Teegan et al., (2004), for example, distinguish membership/club CSOs (who they see as creating benefits which are intended to be
enjoyed by their members) and social movement/social purpose CSOs (who they see as creating benefits which are enjoyed by individuals beyond the CSO membership). This is a useful dichotomy: it is the social movement/social purpose CSOs which appear to have increased in number recently and which exercise writers in this area.

[11] And Chandhoke (2002), for example, would suggest that it is a mistaken urge of a modernist mind to even wish to locate a single definition of such a vibrant and transitory concept.

[12] Kofi Annan calls them "the conscience of the world", see http://society.guardian.co.uk/glossary/page/0,11638,646457,00.html. See also, for example, SustainAbility (2003); Uphoff, (1995); Edwards, (2000) and Union of International Associations (2004).

[13] It is appropriate to look to the United Nations when examining NGO definitions because: "the term dates from the 1950s, when the United Nations coined the expression (Vakil, 1997, p.2068). Presumably the UN, which dealt primarily with governments and wanted to consult private, non-profit organizations that were independent of governments, found it convenient to refer to them simply as NGOs to distinguish them from governments" (Teegen et al., 2004, p.466).

[14] See http://www.johannesburgsummit.org/html/major_groups/preregistration.html for information about the final accredited list of NGOs and "other major groups" as well as details of the rules which were applied in determining the final list of 737 organisations.

[15] Each element was not distinguished in the final list of organisations.

[16] This conclusion is drawn from an original investigation undertaken for this paper comparing the NGOs which were registered at Johannesburg with the listing of international NGOs contained in the 2001 UIA Yearbook.

[17] These Kaldor et al., (2003b, p.9) refer to as "the global brand names of civil society". Interestingly, only two organisations were declined UN registration. These were the Tibetan Centre for Human Rights and Democracy (on the basis that their remit was "not directly relevant to the WSSD") and an organisation focusing on development in northern Iraq organised from Turkey called Movement of Reconstruction and Development (on the basis that "projects it professes to be conducted in partnership with UN Agencies could not be verified"). This suggests that UN registration for this conference was a very inclusive process and, as such, may not be of great help in assisting us to establish what constitutes an NGO. The possibility that an ostensible basis for inclusion/exclusion may conceal other political motives and pressures cannot, of course, be excluded.

[18] And, incidentally, continuing the theme of NGOs occupying the space left between the retreat of the state, the impact of globalisation and the collapse of local community support.

[19] SustainAbility (2003) provides the largest of the estimates of size we have found but base it on the not-for-profit sector which they suggest has a $1 trillion turnover and 19 million paid employees making it the "world's eighth largest sector" (SustainAbility, 2003, p.11). It is not clear that SustainAbility (2003) is distinguishing CSOs from NGOs, or how these are equated with the not-for-profit sector. Given our earlier discussions about distinguishing CSOs from NGOs then we would suggest that the SustainAbility (2003) estimation of size is likely to be totally misleading because NGOs are likely to constitute a relatively small sub-set of the not-for-profit sector.

[20] Kaldor et al, (2003b) note that the UIA database of 2001 contained 48,000 NGOs which they compare tellingly with the figure of 60,000 TNCs.

[21] Indeed, as Marx and Engels presciently suggested, in this one element of civil society (what we now know as the NGO) we have a concentration of many of the tectonic shifts that are ripping apart and rebuilding the external expression of human experience on the planet. It becomes increasingly likely that the prescience involved in this insight into civil society means that an analysis of NGOs (at least a deeper analysis than we will succeed with here) offers the real possibility of providing a source of important insights into movements that we know as globalisation, alienation, corporatisation, neo-liberalism, privatisation and so on.

[22] Despite the intense doubts that are voiced about such alliances, their efficacy and their balance, (see, for example, Fox and Brown, 1998; Zammit, 2003).

[23] Which may account for the variations in their treatment among authors who seek to categorise NGOs.

[24] As inevitably happens - and there are recorded occasions of this potential for disagreement being exploited in disgusting ways. Edwards himself (pp2/3) notes an occasion with the WTO when it transpired that there had been corporate sponsorship of a pseudo-NGO that looked like a southern NGO and which sought to sow seeds of de-legitimisation. It is merely one special case of a much wider generic phenomenon whereby the PR industry creates the appearance of apparently independent campaigns. Persuasion is more effective when vested interests are hidden. In particular, initiatives whereby corporations orchestrate what appear to be popular campaigns are known as "Astroturf" in contrast to genuine grass roots organisations. See Beder (1997) and Stauber and Rampton (1995) for further discussion of techniques used and some specific examples.

[25] In fact it is a collaborative project of the American Enterprise Institute for Public Policy Research, (to give its full title), and the Federalist Society for Law and Public Policy Studies. For further details see www.NGOWATCH.org

[26] This familiarity is, it appears, imputed to informed observers rather than to the populace at large.

[27] As a matter of interest the revenue and ranking of some of the arguably best known NGOs are as follows: Amnesty International ($38m, 23rd), Oxfam America ($28m, 25th), World Resources Institute ($15m, 30th), Greenpeace Fund Inc ($11m, 33rd), Friends of the Earth ($4m, 51st). Note that in a number of cases the data relates only to the US activities of the organisation.

[28] Gross revenue is arguably an imperfect basis for comparing the size and influence of corporations and NGOs. It might be thought that some version of the profit of corporations is a better measure of the scope for "discretionary" action in influencing perceptions. However this too is open to criticism - some expenditure incurred in arriving at profit (however defined) may involve advertising, lobbying as well as other less visible activities aimed at influencing the perceptions and actions of others (see Collison, 2003). In addition the control of expenditure on a variety of inputs required for core inputs and services translates into power over various factors of production and therefore into political and social influence (outsourcing and choice of location are obvious but not exhaustive examples). In addition
the gross revenue of NGOs must meet a range of operating costs such that what is directly available to pursue its purposes is reduced. And the influence attaching to this expenditure can, we would submit, hardly be compared to the equivalent spending of corporations. While no clear basis for comparison presents itself we would argue that the comparisons shown here give a useful "first order" measure of relative economic and political influence.

The affiliations of a number of trustees are to business organisations, such as equity investment funds for which financial data is not, at least readily, available. The figures given are for corporations whose financial data (from, typically, the most recent annual reports) are available on the web. This data is taken either from their own websites or, in some cases, from a listing of Fortune 500 companies (http://www.usatoday.com/money/companies/2004-03-22-fortune-500-list_x.htm)

See http://www.usatoday.com/money/companies/2004-03-22-fortune-500-list_x.htm

The study is the second element in the One World Trust's (a UK charity) Global Accountability Project which "aims to assess how open and receptive global organisations are to the internal demands of their members and the external demands of individuals and groups who are affected by the organisation's daily operations". (http://www.oneworldtrust.org/htmlGAP/report/reportst.htm Accessed on 18 May 2004)

However, we would also refer the reader back to footnote 6 and the distinctions drawn by Teegan et al (2004).

Typically social, environmental and sustainability reporting - perhaps as part of the current discussion of triple Bottom Line Reporting, (see Elkington, 1997; and Henriques and Richardson, 2004).

Thus calls for a financial performance reporting by NFPOs are largely misdirected. After all what could it tell one other than at a simple "pocket money" stewardship sort of level?

For more detail on these complex matters see, for example, Anthony and Herzlinger, (1980); Hofstede, (1981), Booth and Paterson (1982); Parke and Peterson, (1981); Glazer, (1981); Jegers and Lapsley, (2001); Hyndman (1990, 1991) and see also Cooper et al (2005) for a different take on civil society and accounting entities.

We are conscious that we have over-simplified the arguments here in the interests of focussing on the key issues in the paper. These matters are more complex than this and our assertions are certainly debateable.

We have been unable to develop this particular idea through the literature but see it as a potentially very fruitful line of enquiry. The same principles probably apply to all professional organisations and, most obviously, to academics themselves.

For NGOs, as for any organisation, the usual principles of accountability hold. The organisation must identify its stakeholders and stakeholder groups. The sheer size and diversity of such a resultant stakeholder map will require the organisation to prioritise the stakeholders and, most crucially, to be explicit about that prioritisation. For each stakeholder (group) there is at least one relationship between the group and the organisation. Each relationship is expressed, normatively, through: the intentions and views of the organisation including its own standards and policies; the current rules, laws and quasi-legal regulations obtaining in that society at that time; and the views of the stakeholders themselves as to what accountability is actually owed to them. The positive expression will depend upon the relative power of the parties, the role and strength of the state (in enforcement) and the benign or otherwise attitudes of the organisation itself. Accountability, being a normative notion, is discharged when the normative expression is fulfilled or, most importantly, when there are clear and explicit mechanisms through which the organisation can express its formal unwillingness or inability to account for some relationships or some parts of the relationship. There are also, potentially, many aspects of activity for which an organisation may be unable to provide an account or for which it may be unwilling to provide a full account. We would, for example, expect virtually no TNC to be able or willing to provide a full account of its sustainability (sic), its social responsibility or the extent to which it matches its rhetoric with its actions. We think we could be persuaded that an account of an unwillingness and an inability to account might be a form of discharge of accountability – not least because it forces the state and civil society to devise mechanisms through which the fuller accountability might then be satisfied.

The point is which emerges frequently in all forms of accounting and wider concerns with accountability. It seems to be self-evidently the case that to call for the imposition of formal accountability mechanisms on a genuinely small organisation of (say) one or two people is ludicrous whilst there seems to be no question that a TNC requires the fullest and most extensive of accountability mechanisms. The cross over point, which is probably towards the smaller end, is elusive.

This is not to deny that contributors to NGOs may be reassured from knowing that basic regulations, including accounting requirements, are applicable to organisations to which they donate: even though they may not be direct users of reports that may be generated by such a process.

That is, there is no physical, social or spiritual interaction, sharing or community within the relationship – or where there is, the parties wish to place distance between themselves in order to make transactions within the relationship emotionally "cold" and distant – i.e. devoid of closeness. This is the very contribution of the economic (Thielemann, 2000). As if often said as an excuse "it is only business".

It is tempting to raise the question of kitsch on which modern marketing relationships are built and the hyper-reality of customer relationships with brands etc but that is another story.

Of course, some friendships and families do require more formal accounts – of behaviour, time used or money spent. This may be because closeness in the relationship has never been – or is no longer - present or perhaps because closeness is not an important characteristic of the relationship in that particular dimension. Economics drives out closeness (Hines, 1980).

It being a key and easily observable trait of many NGOs that they attract and are run by people who are likely to be of a more reflective and non-arrogant nature and are therefore much more susceptible to challenges to their integrity than would be(say) a profoundly self confident, arrogant individual weaned on hubris.

In which members have a voice in governance and "have greater potential for democracy and accountability. By providing formal
mechanism for the representation of different groups, they reinforce notions of citizenship and enhance the democratic potentials in society" (p.211).

[42] Which has no members and whose supporters have no direct voice. They are "non-proprietary" organisations and have no owners as such. Such organisations may give a voice to previously dis-empowered sections of society (for example, the environment) "but accountability remains weak and legitimacy claims are easily questioned" (p.211).

[43] Such as Body Shop in the 1990s, Traicraft plc, Traidcraft Exchange, the Co-op Bank, and Triodos Bank, and "third sector" organisations, for example, the Social Accounting Network and the CBS Network working with community businesses of which, in the UK, FRC and the Cat's Pyjamas would perhaps be the better known.