

# **NGO Accountability Clubs: Voluntary Regulation of Nonprofit and Nongovernmental Organizations**

A workshop organized by

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# Workshop Outline

## **The Club Framework**

NGO Accountability Clubs: An Introduction

*Mary Kay Gugerty & Aseem Prakash, University of Washington, Seattle*

## **Club Emergence and Sponsorship**

A History of Nonprofit Clubs in the United States

*Woods Bowman, DePaul University*

Nonprofit Umbrella Associations as Reluctant Clubs

*Dennis R. Young, Georgia State University*

What Determines the Emergence and Structure of Clubs Among State Nonprofit Associations?

*Mary Tschirhart, Syracuse University*

The Emergence of Nonprofit Clubs in Developing Countries

*Mary Kay Gugerty, University of Washington, Seattle.*

## **Club Design**

A Do-Goooder's Guide to Security: NGO Security Clubs and their Implications

*Deborah Avant, University of California, Irvine*

The Emergence and Design of Nonprofit Clubs in the Humanitarian and Development Sector

*Maryam Zarnegar Deloffre, The George Washington University*

The Impact of Sponsorship on Club Design

*Angela Bies, Texas A&M University*

## **Club Effectiveness**

Does Self-Regulation Work? Some Evidence from Europe

*Andreas Ortmann of Charles University Economics Institute, Academy of Sciences of the Czech Republic*

Can Foundations Regulate Themselves? The Council on Foundations and the Search for Philanthropic Standards

*Peter Frumkin, University of Texas, Austin*

Benefits of Accreditation for Fundraising Nonprofits in the Netherlands

*René Bekkers, Utrecht University and, Vrije Universiteit Amsterdam, The Netherlands*

Can Self-Regulatory Club Goods Serve Mission Accountability?

*Dana Brakman Reiser, Brooklyn Law School*

## Key Ideas

This workshop and the edited volume that follows explore accountability in nonprofits in a novel way. While scholars have paid considerable attention to broader accountability issues, there is a dearth of systematic examinations of specific accountability mechanisms. The growth in the scale and scope of the nonprofit and nongovernmental organization sector has been accompanied by growing governance challenges. These manifest as “agency dilemmas,” whereby nonprofits (as agents) have difficulty demonstrating to their resource providers and authorizers (the principals) that they are governing as agreed and delivering as promised. In response to these governance crises, scholars and policymakers have invested considerable effort in identifying oversight mechanisms to mitigate agency conflicts and make nonprofits more accountable. This volume will focus on perhaps the most important instrument in this regard: voluntary programs or codes; voluntary clubs, as we term them.

This project explores how voluntary programs, defined as rule-based systems created and sponsored by nongovernmental actors, seek to mitigate agency conflict and resolve agency dilemmas in nonprofits. We conceptualize these voluntary programs as accountability ‘clubs.’ We have invited leading nonprofit scholars to respond to the core questions of the volume:

### Club Emergence and Sponsorship

What forms of nonprofit clubs are emerging? Who establishes and sponsors these clubs, and why? To which stakeholders is the club design most responsive, and how does this shape club standards and development? Do clubs formed by one type of nonprofit (e.g. service-delivery organizations) take different forms than those formed by others (e.g. advocacy NGOs)? Have the clubs modified their rules over time and why? What are the key drivers of institutional evolution?

### Club Design

What types of nonprofits join this voluntary program and why? What types of benefits does the club provide to participants? Does the identity of the sponsoring organization matter for the club’s attractiveness, especially in situations where actors can join several clubs? Does the club seek out specific types of nonprofits or exclude other types and why? How does the geographic scope of the club affect its membership and structure? What is the relative salience of internal versus external pressures in decisions to join a given voluntary club?

### Club Effectiveness

How does the club ensure that participants adhere to club obligations, and with what success? Who monitors and who enforces? How much do clubs rely on beliefs about nonprofit trustworthiness in designing club monitoring, and how credible is this belief? Does the club expel members for not adhering to club rules? How effective is the club in altering members’ behavior and organizational outputs? If the club is ineffective, have the sponsoring actors thought of changing the club architecture? Which accountability shortfalls are voluntary regulatory programs best able to address? What new accountability problems do they create?

## Workshop Organizers and Volume Editors

**Mary Kay Gugerty** is an Assistant Professor at the Daniel J. Evans School of Public Affairs at the University of Washington. She holds a Ph.D. in Political Economy and Government from Harvard University and a Masters in Public Administration from the John F. Kennedy School of Government at Harvard. Professor Gugerty's research focuses on collective action institutions among individuals and organizations, with a particular focus on developing countries. Her current research focuses on the emergence of voluntary regulation and accountability programs among nonprofits and NGOs. Previous research examined the impact of donor funding on community NGOs in Kenya, the organizational design of informal savings organizations in developing countries, and the impacts of ethnic diversity on collective action and public goods provision in local organizations. Her key articles include:

- *NGO Accountability Clubs: Voluntary Regulation of Nonprofit and Nongovernmental Organizations*, under review (co-edited with Aseem Prakash).
- Voluntary Clubs Among Nonprofit Organizations. 2008. In Matthew Potoski and Aseem Prakash, editors, *Voluntary Programs: A Club Theory Perspective*, MIT Press.
- The Effectiveness of NGO of Self-Regulation: Theory and Evidence from Africa. *2007 Public Administration and Development*, May 2008.
- "Outside Funding and the Dynamics of Participation in Community Associations" *American Journal of Political Science*. July 2008 (with Michael Kremer).
- "Signaling Virtue: "Signaling Virtue: Voluntary Accountability Programs Among Nonprofit Organizations," 2008. Under review at *Policy Sciences*.
- You Can't Save Alone: Commitment and Rotating Savings and Credit Associations in Kenya. *Economic Development and Cultural Change*. January, 2007.
- Ethnic Diversity, Social Sanctions, and Public Goods in Kenya. *Journal of Public Economics*, 2005 (with Edward Miguel).

**Aseem Prakash** is Professor of Political Science at the University of Washington, Seattle. His recent work focuses on the diffusion and the efficacy of private regulatory standards (ISO 14000 and 9000), NGO advocacy, and the role of trade and FDI networks in the diffusion of policies, norms, and practices. Aseem Prakash is the author of *Greening the Firm* (Cambridge University Press, 2000), the co-author of *The Voluntary Environmentalists* (Cambridge University Press, 2006), and the co-editor of *Globalization and Governance* (Routledge, 1999), *Coping with Globalization* (Routledge, 2000), and *Responding to Globalization* (Routledge, 2000). His recent articles include:

- Investing Up: FDI and the Cross-National Diffusion of ISO 14001. *International Studies Quarterly*, 2007, 51(3): 723-744 (with Matthew Potoski).

- Protecting Jobs in the Age of Globalization: Examining the Relative Salience of Social Welfare and Industrial Subsidies in OECD Countries. *International Studies Quarterly*, 2007, 51(2): 723-744 (with Xun Cao and Michael Ward).
- Racing to the Bottom? Globalization, Environmental Governance, and ISO 14001. *American Journal of Political Science*, 2006, 50(2): 347-361 (with Matthew Potoski).
- Susan K. Sell and Aseem Prakash. 2004. Using Ideas Strategically: Examining the Contest between Business and NGO Networks in Intellectual Property Rights. *International Studies Quarterly*, 2004, 48(1): 143-175 (with Susan Sell).
- Green by Choice? Cross-National Variations in Firms' Responses to EMS-based Environmental Regimes. *World Politics*, 2001, 53(April): 399-430 (with Kelly Kollman).

## Workshop Participants

**Deborah Avant** is Professor of Political Science and the Director of International Studies program at University of California, Irvine. Her research which has been funded by the John D. and Catherine T. MacArthur Foundation, the Olin Foundation, and the Smith Richardson Foundation, explores the political nature of military choices. In doing so, Professor Avant seeks to explain seemingly puzzling outcomes in how different military organizations approach war, in how military organizations in the West have come to organize in similar ways, and in how changes in the management of violence play out in the way polities are organized. Her work draws on institutional theories from economics and sociology to explain both continuity and change in international relations. She is the author of *Political Institutions and Military Change* (Cornell University Press, 1994) and *The Market for Force: the Implications of Privatizing Security* (Cambridge University Press, 2005). She has published in variety of journals including *Perspective on Politics*, *International Organization*, *International Studies Quarterly*, *International Studies Perspectives*, *Foreign Policy*, *Review of International Studies*, and *New Political Economy*. Her key articles include:

- The Implications of Marketized Security for IR Theory: the Democratic Peace, Late State Building and the Nature and Frequency of Conflict. *Perspectives on Politics*, 2006, 4 (3).
- Conserving Nature in the State of Nature: the Politics of INGO Implementation. *Review of International Studies* (July) 2004.
- The Privatization of Security and Change in the Control of Force. *International Studies Perspectives* 2004, 5(May).
- From Mercenaries to Citizen Armies: Explaining Change in the Practice of War. *International Organization* 2000, 54 (Winter).

- The Institutional Sources of Military Doctrine: Hegemons in Peripheral Wars. *International Studies Quarterly*, 1993, 37(4).

**René Bekkers** is an assistant professor at the department of Sociology of Utrecht University and a researcher at the department of Philanthropic Studies at the Vrije Universiteit Amsterdam. He received his Ph.D. in 2004 with a dissertation on Giving and Volunteering in the Netherlands, which was awarded the Gabriel Rudney memorial award by the Association of Research on Nonprofit and Voluntary Action (ARNOVA) in November 2005. Bekkers is a co-designer of the Giving in the Netherlands Panel Survey since 2001. In his current research, funded by a grant of the Netherlands Organization for Scientific Research (NWO), he studies the impact of education on giving and volunteering. His key articles include:

- Bekkers, R. (2007). 'Intergenerational Transmission of Volunteerism.' *Acta Sociologica*, 50 (2): 99-114.
- Bekkers, R. (2006). 'Traditional and Health-Related Philanthropy: The Role of Resources and Personality'. *Social Psychology Quarterly*, 68 (4): 349-366.
- Bekkers, R., & Wiepking, P. (2006). 'To Give or Not to Give...That's the Question'. *Nonprofit & Voluntary Sector Quarterly*, 35 (3): 533-540.
- Bekkers, R. (2005). 'Participation in Voluntary Associations: Relations with Resources, Personality, and Political Values'. *Political Psychology*, 26: 439-454.
- Bekkers, R. (2003). 'Trust, Accreditation, and Philanthropy in the Netherlands'. *Nonprofit & Voluntary Sector Quarterly*, 32, 596-615.

**Angela Bies** is an Assistant Professor at the Bush School of Government at Texas A & M University. Her research interests include nonprofit accountability, capacity-building, and evaluation. Her current research focuses on a national accountability reform in Poland's nongovernmental sector, as well as a comparative study of nonprofit capacity building in Pennsylvania, Minnesota, and Texas. She served as lead qualitative analyst on a longitudinal study concerned with accountability and U.S. secondary school reform, sponsored by the National Science Foundation. She is a former nonprofit executive and served in several public service settings including the US Peace Corps, the United Way of the Greater Minneapolis Area Council of Agency Executives, the National Endowment for the Arts, the Council on Standards for International Education and Travel, and the National Charities Information Bureau/Rockefeller Brothers Fund national panel on nonprofit accountability. Bies was awarded the 2004 Gabriel G. Rudney Award for Outstanding Dissertation in Nonprofit and Voluntary Action Research from the Association for Research on Nonprofit and Voluntary Action Association and a 2004 Johnson Award for Best Paper in Ethics and Accountability in the Public Sector, Johnson Institute for Responsible Leadership, Graduate School of Public and International Affairs, University of Pittsburgh, for the paper, "Accountability in Polish NGOs: Moral and Operational Matters". Her key articles include:

- Bies, A. and Blackwood, A. (forthcoming). The Role and Treatment of Accountability, Ethics, and Evaluation in U.S. Graduate Nonprofit Management Curricula. *Journal of Public Affairs Education*.
- Simo, G., & Bies, A. (forthcoming). The Role of Nonprofits in Disaster Response: An Expanded Model of Cross-Sector Collaboration. *Public Administration Review*.
- Bies, A. (2002). Accountability, organizational capacity, and continuous improvement: Findings from Minnesota's nonprofit sector. *New Directions in Philanthropic Fundraising*, 31, 51-80.

**H. Woods Bowman** is Associate Professor of Public Services Management at DePaul University. Before joining the DePaul faculty he served as Chief Financial Officer of Cook County, 1990-94 and interim Executive Director of Goodwill Industries of Metropolitan Chicago, 1995. He edits *ARNOVA Abstracts* and writes the Nonprofit Ethicist column for the *Nonprofit Quarterly*. His recent publications include:

- Managing Endowment and Other Assets, in *Financing Nonprofits: Putting Theory into Practice*, Dennis Young (ed.) (2006).
- Should Donors Care about Overhead Costs? Do They Care? (2006), *Nonprofit and Voluntary Sector Quarterly*.
- Nonprofits and State and Local Governments, in Elizabeth T. Boris and C. Eugene Steuerle (eds.) *Nonprofits and Government: Collaboration and Conflict* 2<sup>nd</sup> edition (Washington, DC: Urban Institute Press, 2006), pp. 181-217. (with Marion R. Fremont-Smith)
- Confidence in Charitable Institutions and Volunteering (2004), *Nonprofit and Voluntary Sector Quarterly*, vol. 33, no. 2, pp. 247-270.
- Investment Income, in Dennis Young (ed.), *Financing Nonprofits: Putting Theory into Practice* (Lanham, MD: Rowman & Littlefield, 2006) pp. 157-181. (with Elizabeth Keating and Mark Hager)

**Maryam Zarnegar Deloffre** is a Ph.D. candidate in political science at George Washington University in Washington, D.C. Her dissertation examines the emergence and design of NGO accountability institutions in the humanitarian and development sector. Her research interests include the evolution of humanitarianism, the agenda-setting of humanitarian NGOs and the policy effects of NGO accountability. She is recipient of the ARNOVA Emerging Scholar Award and the Columbian College of Arts and Sciences Graduate Student Research Grant among others. She holds an M.A. in international organization from the Institut d'Etudes Politiques de Paris-Sciences Po, Paris, France and a B.A. in political science and French from the University of Illinois Urbana-Champaign. Her key conference presentations include:

- *High stakes: Defining NGO Accountability in the Humanitarian and Development Sector.* Presented at the International Studies Association Annual Conference. February 28-March 3, 2007 Chicago, Illinois.
- *Conceptualizing Accountability: The Role of Context and Culture.* Presented at the International Studies Association Annual Conference. February 28-March 3, 2007 Chicago, Illinois.
- *Who decides? International Self-regulation Regimes in the Non-Governmental Sector.* Presented at the Association for Research on Nonprofit and Voluntary Action (ARNOVA) Annual Conference November 16-18, 2006 Chicago, IL.
- *Friend or foe? Private authority and the state: a typology for differentiating among private actors.* Presented at the International Studies Association Annual Conference March 22-25, 2006 San Diego, California.
- *Opening the black box of non-governmental organizations: What IR can learn from Public Policy.* Presented at the Midwest Political Science Association Annual Conference April 7-10, 2005 Chicago, Illinois.

**Andreas Ortmann** is professor and senior researcher at CERGE-EI, a joint workplace of Charles University and the Academy of Sciences of the Czech Republic (Prague) and the director of the newly founded Center for Design Economics. He is also a visiting professor at CIFREM (Interdepartmental Centre for Research Training in Economics and Management), University of Trento, Italy. In 2006-07 he was a visiting scholar at Harvard Business School in Cambridge, MA. He has published in *Journal of Economic Theory*, *International Journal of Game Theory*, *Journal of Economic Behavior and Organization*, *Economics Letters*, *Behavioral and Brain Sciences*, *Experimental Economics*, *History of Political Economy*, and *Rationality & Society*. He is interested in the origin and emergence of languages, moral sentiments, and other conventions, as well as experimental methodology. His key articles include:

- Three Prominent Tournament Formats: Predictive Power and Costs, *Management Science*, forthcoming (with Dmitry Ryvkin).
- The Effects of Costless Pre-play Communication: Experimental Evidence from Games with Pareto-ranked Equilibria, *Journal of Economic Theory*, 2007, 132: 274 – 290 (with Andreas Blume).
- Certification as a Viable Quality Assurance Mechanism in Transition Economies: Evidence, Theory and Open Questions” with, *Prague Economic Papers*, 2006, 16(2): 99-114 (with. Katarina Svitkova)
- Trust, Repute and the Role of the Nonprofit Enterprise, In *The Study of the Nonprofit Enterprise*, edited by H. Anheier and A. Ben-Nur, 2003: 77-114. (with Mark Schlesinger)



- A Game-theoretic Explanation of the Administrative Lattice in Institutions of Higher Learning, *Journal of Economic Behavior and Organization*, 2000, 43(3): 377-392 (with Richard C. Squire)

**Dana Brakman Reiser** is a Professor of Law at the Brooklyn Law School. An expert in the emerging field of the law of nonprofit organizations, she has been at the forefront of research in this area. Her writing focuses on two distinct, but related concerns in nonprofit law: (1) nonprofit accountability and governance; and (2) the role of members and other non-fiduciary constituencies in nonprofit organizations. She is a member of the Government Relations Committee of the Nonprofit Coordinating Committee of New York. Before joining the faculty, Professor Brakman Reiser was a Legal Fellow in the Office of the General Counsel of Partners HealthCare System, Inc. and served as a Law Clerk to Judge Bruce Selya of the United States Court of Appeals for the First Circuit. She also was a Note Editor of the *Harvard Law Review*. Her key publications include:

- Independent Directors in the Independent Sector, *FORDHAM L. REV.* 2007. (forthcoming)
- Nonprofit Takeovers: Regulating the Market for Mission Control, 2006 *B.Y.U. L. REV.* 1181 (2006)
- There Ought to Be a Law: The Disclosure Focus of Recent Legislative Proposals for Nonprofit Reform, 80 *CHI.-KENT L. REV.* 559 (2005)
- Enron.org: Why Sarbanes-Oxley Will Not Ensure Comprehensive Nonprofit Accountability?, 38 *U.C. DAVIS L. REV.* 205 (2004).
- Dismembering Civil Society: The Social Cost of Internally Undemocratic Nonprofits, 82 *OR. L. REV.* 829 (2003).

**Peter Frumkin** is Professor of Public Affairs and Director of the RGK Center for Philanthropy and Community Service at the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin. Frumkin is the author of *On Being Nonprofit: A Conceptual and Policy Primer* and *Strategic Giving: The Art and Science of Philanthropy*, and co-editor of *In Search of the Nonprofit Sector*. He has written articles on topics related to nonprofit management, philanthropy, cross-sector partnerships, and service contracting.

Prior to coming to the LBJ School in 2005, he was an Associate Professor of Public Policy at Harvard University's John F. Kennedy School of Government, where he was affiliated with the Hauser Center for Nonprofit Organizations. Frumkin has been a Senior Fellow of the New America Foundation, and has worked as a foundation program officer, a nonprofit manager, and program evaluator for both nonprofit and public agencies. He has lectured on philanthropy at universities throughout the country and served as a consultant to foundations and individual donors on strategy and evaluation. His recent publications include:

- Strategic Giving: The Art and Science of Philanthropy, 2006. University of Chicago Press.
- “[Institutional Isomorphism and Public Sector Organizations](#)” 2004, with Joseph Galaskiewicz, *Journal of Public Administration Research and Theory*. 14(3).
- In Search of the Nonprofit Sector. 2004, edited with Jonathan Imber. Transaction Publishers.
- “*Balancing Margin and Mission: Nonprofit Competition in Charitable versus Fee-Based Programs,*” 2003, with Carol Chetkovich. *Administration and Society*. 35:5.
- On Being Nonprofit: A Conceptual and Policy Primer, 2002. Harvard University Press.

**Mary Tschirhart**, is the Director of the Campbell Public Affairs Institute of Syracuse University and associate professor of public administration at the Maxwell School of Citizenship and Public Affairs. Before arriving at Syracuse University in 2002, she was a faculty member at Indiana University’s School of Public and Environmental Affairs and had affiliations with the Center on Philanthropy and the Museum Studies Program. She earned a doctorate in organizational behavior and human resource management from the University of Michigan. Her research addresses management issues in public and nonprofit organizations. She has written on stakeholder management, collaboration, membership dynamics, diversity in organizations, and issues related to service and volunteer behavior. Her research grants have addressed national service programs, association membership dynamics, corporate service programs, and other topics. Professor Tschirhart has numerous consulting, board governance, and professional service experiences. She is on the board of ARNOVA(The Association for Research on Nonprofit Organizations and Voluntary Action), Vice President for North America of IRSPM (International Research Society for Public Management) and Chair of the Nonprofit Management Education Section of NASPAA (National Association of Schools of Public Affairs and Administration). She is the past Division Chair of the Public & Nonprofit Division of the Academy of Management. Her key publications include:

- “Evaluation of Brand Use on City Government Web Sites: A Search for Branding Best Practices.” *Journal of Nonprofit & Public Sector Marketing*, forthcoming.
- “Resource Sharing: How Sharing System Choices are Affected by Resource Attributes.” With Alejandro Amecua and Alison Anker, in Rosemary O’Leary, ed., *The Collaborative Manager*. Georgetown University Press, forthcoming.
- “Membership Associations,” in W. Powell and R. Steinberg, eds. *The Nonprofit Sector: A Research Handbook*. New Haven: Yale University Press, 2006.
- “Expanding the Agenda: A Commentary on Managing Successful Organizational Change in the Public Sector.” *Public Administration Review*, March/April 2006.

- “The Paradox of Branding and Collaboration.” *Public Productivity and Management Review*, 2005, with Robert Christensen and James L. Perry.

**Dennis R. Young** is Bernard B. and Eugenia A. Ramsey Professor of Private Enterprise in the Andrew Young School of Policy Studies, Georgia State University. He serves as the Director of the Nonprofit Studies Program and Professor of Public Administration and Urban Studies (Joint with Economics). He helped establish the Mandel Center for Nonprofit Organizations at Case Western and was its director from 1988 to 1996. He is also president and founding CEO of the National Center on Nonprofit Enterprise based in Arlington, Virginia. From 1972 to 1987, he was a Professor at the W. Averell Harriman School for Management and Policy. He is the recipient of numerous grants concentrating on nonprofit interests, and is a widely respected authority in the nonprofit field. Young has written many articles and several books, including *The Music of Management: Applying Organizational Theory*, and co-authoring *Corporate Philanthropy at the Crossroads*, and *Economics for Nonprofit Managers*. He is founding editor of the journal *Nonprofit Management & Leadership*, which he edited from 1990 through 2000. He was recently named to the NonProfit Times "Power and Influence Top 50" list. A former President of the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), Dr. Young recently received this organization's Award for Distinguished Achievement and Leadership in Nonprofit and Voluntary Action Research. His recent work includes:

- Editor, *Financing Nonprofits: Putting Theory into Practice*, AltaMira Press, 2006.
- Editor, *Wise Decision-Making in Uncertain Times: Using Nonprofit Resources Wisely*, The Foundation Center, 2006.
- Social Enterprise in Community and Economic Development in the United States: Theory, Corporate Form, and Purpose. *International Journal of Entrepreneurship and Innovation Management*, 2005.
- [The Changing Identity of Federated Community Service Organizations](#)  
Eleanor Brilliant, Dennis R Young. *Administration in Social Work*. 2004. 28(3)
- [The influence of business on nonprofit organizations and the complexity of nonprofit accountability: Looking inside as well as outside](#) Dennis R Young. *American Review of Public Administration*. 2002, 32(1).