Managing Nonprofits’ Multiple Accountabilities -
How Nonprofits Manage Multiple Stakeholders’ Accountability
Expectations In Accordance With Their Missions

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The President:

Prof. Dr. Thomas Bieger
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<th>Description</th>
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<tr>
<td>AOM</td>
<td>Academy of Management</td>
</tr>
<tr>
<td>AP</td>
<td>Associated Press</td>
</tr>
<tr>
<td>ARNOVA</td>
<td>Association for Research on Nonprofit Organizations and Voluntary Action</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>e.g.</td>
<td>For example</td>
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<tr>
<td>et al.</td>
<td>And others</td>
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<tr>
<td>EuDev</td>
<td>Eurodevelop</td>
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<td>i.e.</td>
<td>That is</td>
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<tr>
<td>IMO</td>
<td>Institute for Marcetecology, Swiss Organic Regulation</td>
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<tr>
<td>ISTR</td>
<td>International Society for Third Sector Research</td>
</tr>
<tr>
<td>JAS</td>
<td>International Freight Forwarder and Logistics Provider</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
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<tr>
<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>NML</td>
<td>Nonprofit Management and Leadership</td>
</tr>
<tr>
<td>NPO</td>
<td>Nonprofit Organization</td>
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<tr>
<td>NVSQ</td>
<td>Nonprofit Voluntary Sector Quarterly</td>
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<tr>
<td>NZZ</td>
<td>Neue Züricher Zeitung</td>
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<td>OCIA</td>
<td>Organic Crop Improvement Association</td>
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<td>ROI</td>
<td>Return on Investment</td>
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<td>SME</td>
<td>Small- and Medium-Sized Enterprise</td>
</tr>
<tr>
<td>SOS Faim</td>
<td>Belgian Development Aid Organization</td>
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<tr>
<td>SSCI</td>
<td>Social Sciences Citation Index</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>UTZ</td>
<td>Certification Agency “Good Inside”</td>
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<tr>
<td>VHB</td>
<td>Verband der Hochschullehrer für Betriebswirtschaft</td>
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<tr>
<td>WU Vienna</td>
<td>Wirtschaftsuniversität Wien</td>
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Abstract

In the research on nonprofit accountability, two challenges have been identified: First, the management of multiple accountabilities (lateral, upward and downward); second, managing accountability expectations without compromising the organization’s mission. Despite the attention devoted to upward accountability, we know relatively little about lateral and downward accountability. While upward accountability has been identified as bearing the potential to lead to accountability practices that are not in line with nonprofits’ mission, we lack studies that investigate how nonprofits manage all three levels of accountability in accordance with their mission.

This paper-based dissertation provides an empirical study of the management of multiple accountabilities in a nonprofit development aid organization, taking mission adherence into account. We chose a qualitative research design, gaining insight into the organization’s accountability management through interviews, focus groups and document analysis. To investigate the nonprofit’s accountability relationships, we take a stakeholder management perspective, following studies that conceive of accountability management as relationship management. To incorporate the complexity of nonprofit value propositions, we apply a social constructionist view, conceptualizing accountability as the negotiation of interpretations of success.

The first paper of this dissertation addresses lateral accountability: Staff members negotiate accountability to prepare for gaining resources. Depending on the perceived stakeholder expectations, mission-related or calculative accountability reasoning is applied. The second paper shows that the management of downward accountability is complicated when institutional distance characterizes the relationship to clients. The management of downward accountability needs to involve the bridging of the different institutional contexts. In the third paper, we analyze the nonprofit’s lateral, downward and upward accountability negotiations in view of its mission. Mission ambiguity and accounting for resource transactions are factors that lead to compromising the nonprofit’s mission.

Discussing the research results across the three papers and interpreting them through the lens of a social constructionist viewpoint, we advance the theoretical understanding of nonprofit accountability and stakeholder management. We suggest five pillars that strengthen mission adherence in multiple accountabilities: 1) negotiate accountability, 2) mission focus; 3) enlarged resource perspective; 4) common activities; 5) network approach. Future research needs to investigate whether the findings of this study can be generalized for nonprofits other than development aid organizations and for organizations bigger than the one we studied.
Zusammenfassung


Indem die Dissertation die Forschungsergebnisse über die drei Artikel hinweg im Hinblick auf ein sozialkonstruktivistisches Verständnis von Accountability interpretiert, trägt sie dazu bei, das Wissen über Nonprofit Accountability und Stakeholder Management in NPOs zu erweitern. Es besteht weiterer Forschungsbedarf hinsichtlich der Übertragbarkeit der Ergebnisse auf andere NPO als die der Entwicklungszusammenarbeit und auf größere Organisationen.
1. Introduction

The recent upsurge in interest in nonprofit accountability has essentially been catalyzed by numerous scandals in nonprofits concerning misuse of resources. The case of UNICEF Germany (AP, 2008) which was accused of inappropriate and intransparent use of funds and problematic fundraising commissions has shown the harm such scandals engender: a loss of reputation and trust did not only lead to a negative public image but also resulted in considerable financial damage. After the scandal, UNICEF Germany received about 7 million Euro less in donations than compared with previous years (AP, 2008), which makes up 20 % of its budget. Also, 37,000 members left the organization. Although UNICEF Germany did not violate the law (Spiegel online, 2008), neglecting the accountability expectations of members and funders regarding transparency in the use of funds had severe consequences. Hence, meeting the accountability expectations of stakeholders is vital for nonprofits. Such scandals show that the need for nonprofits to be accountable to their stakeholders derives from a normative and a strategic perspective.

Nonprofits are required to “deliver[ing] on their promises” (Bradach, Tierney, & Stone, 2008), achieve results that correspond with their mission statements, serve their beneficiaries and resolve societal challenges. From their mission statement, nonprofits derive their normative right to exist (A. Abraham, 2006). As they are essentially driven by the idea that men are not only responsible to themselves but also to the society in which they are embedded (Salamon, Sokolowski, & List, 2003), nonprofits are considered to “preserve and serve the public good” (Balser & McClusky, 2005; Chisolm, 1995), leading to the conclusion that they are morally obliged to prove to society that they attend to their duties (Behn, 2001b; Lee, 2004). The nonprofit’s claim of serving the collective rather than the individual’s interests is an essential driver of societies’ expectations of them.

The loss of members and the collapse in fund-raising in case of UNICEF Germany show that failing to meet society’s expectations has concrete operational consequences. Nonprofits are dependent on public or private donations as their main means of funding (Ebrahim, 2003c; Fowler, 1992) and many of them need to recruit volunteers (Harris, 1998; J. L. Pearce, 1993) to carry out their work. Also, beneficiaries are regarded as a resource of knowledge nonprofits need in order to design programs tai-
Challenges of Nonprofit Accountability

lored to the needs of those they aim to serve (O'Dwyer & Unerman, 2010). Hence, providing these stakeholders with plausible arguments that show why the organization’s contributions are relevant to them is strategically important in order to persuade them to provide critical resources (e.g. legitimacy, funds, and volunteers) for the organizations’ purposes (Brown & Moore, 2001; Moore, 2003). Jordan (2005, p. 10) summarizes: “The accountability process often undertaken by NGOs begins with a clear mission statement [and] determining who is important to the ability of the organization to carry out its mission.”

However, mission statements in nonprofits usually do not provide clear definitions of what the organization should achieve. They leave room for interpretation; thus, “stakeholders […] have deeply felt but divergent views about what the organization’s chief priorities ought to be” (Bradach et al., 2008, p. 90). Corporate funders might expect different achievements than sustaining members, clients and beneficiaries again set other priorities, and staff members – often intrinsically motivated to work for the nonprofit – have their own interpretation of the organization’s core values. These differing interpretations create a potential situation in which nonprofit managers compromise their mission in order to fulfill stakeholder’s expectations in accountability relationships (Christensen & Ebrahim, 2006). Hence, strategic and normative accountability might not always go hand in hand.

Against this background, nonprofit accountability is a challenging task which researchers as well as practitioners still have not resolved.

1.1. Challenges of Nonprofit Accountability

Much of the research to date has been dedicated to defining the specific challenges of nonprofit accountability, of which two are predominant. First, nonprofit accountability schemes need to reflect the complexity of nonprofits’ value contributions (e.g. Dolnicar, Irvine, & Lazarevski, 2008; Young, 2002). Second, special attention needs to be given to the fact that nonprofits have multiple accountabilities (Najam, 1996): upward to funders, lateral to staff members and downward to beneficiaries (Christensen & Ebrahim, 2006; Ebrahim, 2005; Edwards & Hulme, 1996), which requires differentiated messages toward each of these stakeholder groups.
Value propositions in the non-profit sector are more complex than in the for-profit world (Campbell, 2002; Young, 2002). Whereas in the for-profit world the concept of return on investment (ROI) and financial performance provide a solid framework to measure and compare companies' performances, in the nonprofit sector financial performance is less important than embracing public purposes (Moore, 2000). Dolnicar, Irvine and Lazarevski (2008) as well as Young (2002) show that quantitative indicators such as financial competitiveness or numbers of beneficiaries served fail to incorporate the complexity of nonprofits' ambitions and value propositions. Their value contributions tend to be rather intangible and subjectively assessed and are therefore hard to measure. If we assume that nonprofits change human lives, how do we know this has happened? It might be easier to measure short-term project outcomes; however, the long-term change envisioned in nonprofits' mission statements is rather hard to ascertain (Campbell, 2002). Meynhardt and Metelmann (2009) conclude that delivering public value (as suggested in nonprofits' mission statements) is judged “via a dynamic network of evaluations in relationships” (Meynhardt & Metelmann, 2009, p. 278), thereby not allowing for standard outcome measurements and easy answers to stakeholders’ expectations. As an example, a public debate on the effectiveness of development aid in Switzerland has shown that big corporate donors ask for evidence that the money they donate actually has an impact in terms of poverty alleviation. Nonprofit managers confirmed that they have an interest in proving effectiveness of aid delivery but perceived detailed evaluations of their projects as exceeding the efforts made to realize the projects in the first place (NZZ, 2007). Recently, some researchers have suggested resolving the measurement issue by applying a negotiated understanding of accountability. Morrison and Salipante (2007) propose that nonprofits negotiate the criteria applied to measure results the organization should be accountable for. This is a promising avenue to resolve the challenging task of accountability in nonprofits. Yet, empirical studies examining how such criteria are negotiated to provide a practical guideline for nonprofit managers are still lacking.

Answering stakeholders’ expectations regarding the effectiveness of resource investment and mission achievement is not only a challenge because of the higher complexity of accountability messages but also because of the diverse audiences nonprofits need to address: “The challenge of accountability lies […] in a more complex dynamic between external, internal, upward, and downward mechanisms that are differentiated across NGO types and are embedded in organizational relationships” (Ebrahim, 2003b,
Donors of nonprofits ask for different information in accountability relationships than beneficiaries do. For many nonprofits, being equipped with small communications departments (if at all) (Kelly, 2000), to deal with multiple stakeholder demands leads to organizational challenges. Although a holistic view on the nonprofit’s embeddedness in an accountability stakeholder landscape has been called for in conceptual papers (e.g. Morrison & Salipante, 2007), it has not yet been applied empirically. Empirical research to date focuses on one stakeholder relationship at a time, either emphasizing the nonprofit’s relationships to donors (a vast number of studies have been conducted) or (as has started recently) debating the nonprofits links to beneficiaries and clients.

1.2. Organizational Communication’s Perspective on Accountability

Balser and McClusky (2005) point out that multiple stakeholders as well as the complexity of nonprofits value propositions are hurdles for nonprofits to understanding the accountability expectations they face. From this insight they conclude that nonprofits should engage in stakeholder management to understand “the nature of stakeholders’ expectations and weighing the appropriateness of the expectations against the values and mission of the organization, the executives’ professional norms and the organization’s own interpretation of the public good” (Balser & McClusky, 2005, p. 296).

Ebrahim argues in a similar way when he introduces accountability in nonprofits as a matter of relationship management (Ebrahim, 2005). Morrison and Salipante (2007) in this respect refer to accountability as a challenge for organizations to negotiate “among themselves and with their own particular set of stakeholders appropriate criteria, measures, and interpretations of success in ways that respond to the organization’s history, values, and mission” (Morrison & Salipante, 2007, p. 199).

In that stakeholder management refers to the pursuit of organizational practices that take into account the goals and concerns of all relevant stakeholders (Post, Preston, & Sachs, 2002), it is a promising concept to look into how nonprofits proactively manage accountability expectations. Menz and Stahl (2008) emphasize that stakeholder communication must essentially be interested in first understanding stakeholder expectations before preparing answers (see Chrsitensen and Ebrahim’s (2006) conceptualization of accountability as “being answerable to stakeholders for the actions of the or-
ganization, whether by internal or external initiation” (p. 196)). Menz and Stahl follow an interactive model of communication that conceptualizes communication as an act of interpretation. Hence, solutions to deal with stakeholder expectations emerge as the organization interprets these expectations according to its internal processes and makes sense of them. Stakeholder communication therefore is regarded as a system of complex interdependencies (Menz & Stahl, 2008) rather than a linear application of individual measures. This approach to stakeholder communication acknowledges the linguistic turn in social sciences, emphasizing the essential role of communication in the construction of social phenomena in organizations (Menz & Stahl, 2008; N. Phillips, 2008). From a social constructionist point of view, language constructs social relationships and brings objects into being (Berger & Luckmann, 1966). Following this perspective, patterns of organizational action are essentially the result of organizational communication.

As this dissertation builds on a social constructionist understanding of organizations, it takes a new stance toward accountability, conceptualizing it as essentially an issue of organizational communication.

1.3. Objectives and Research Question

Applying a communications perspective to nonprofit accountability in order to better understand the specific challenges nonprofits face when responding to multiple stakeholder’s accountability expectations, is the main objective of this research. It especially takes into account the potential for conflict between accountability with regard to the mission and accounting for resource seeking. From this interest follows the overall research question: How do nonprofits manage multiple stakeholders’ accountability expectations in accordance with their missions?

To provide answers to this overarching question, three self-contained papers will deal with three specific and to date underresearched challenges in the realm of managing multiple stakeholders’ accountability expectations: 1) internal prioritization of stakeholder expectations and preparation of responses to these expectations, 2) negotiation of accountability with downward stakeholders, 3) references to mission in multiple accountabilities. The results of these three papers will subsequently be interpreted and serve to draw conclusions on the overall research question. Table 1 provides a short overview of the research questions and objectives addressed in the three papers.
6. Prioritization of stakeholder expectations and preparing answers to them.

How do internal strategic accountability discourses change when multiple stakeholders become relevant for raising resources?

6.2 Negotiation of accountability with clients.

What are patterns of bridging downward accountability between nonprofits and clients in contexts marked by institutional distance?

Understanding the process of negotiation and the importance of shared meaning-making in the management of downward accountability.

6.3 References to mission in multiple accountability.

How do the donor, nonprofit’s staff, clients and beneficiaries refer to the mission of poverty alleviation when negotiating accountability?

Understanding mission references in accountability negotiations with all relevant stakeholders.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Topic Addressed</th>
<th>Research Question</th>
<th>Research Objective</th>
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<tr>
<td>6.1</td>
<td>Prioritization of stakeholder expectations and preparing answers to them.</td>
<td>How do internal strategic accountability discourses change when multiple stakeholders become relevant for raising resources?</td>
<td>Understanding how nonprofit staff members deal with stakeholder expectations from a resource-seeking perspective.</td>
</tr>
<tr>
<td>6.2</td>
<td>Negotiation of accountability with clients.</td>
<td>What are patterns of bridging downward accountability between nonprofits and clients in contexts marked by institutional distance?</td>
<td>Understanding the process of negotiation and the importance of shared meaning-making in the management of downward accountability.</td>
</tr>
<tr>
<td>6.3</td>
<td>References to mission in multiple accountabilities.</td>
<td>How do the donor, nonprofit’s staff, clients and beneficiaries refer to the mission of poverty alleviation when negotiating accountability?</td>
<td>Understanding mission references in accountability negotiations with all relevant stakeholders.</td>
</tr>
</tbody>
</table>

Table 1 Research Questions and Objectives of the three Papers

1.4. Paper Publication Strategy

All three papers have been presented at renowned conferences in the field of management in general (Academy of Management (AOM) 2009, Organization Studies Workshop 2010) and nonprofit management in particular (International Society for Third Sector Research (ISTR) Conference 2010, Association for Research on Nonprofit Organization and Voluntary Action (ARNOVA) Conference 2010). Moreover, each paper has been submitted to a journal in the field of nonprofit management. The journals have been chosen according to their fit with the papers’ topics. Table 2 shows the different steps toward publication of each paper.

Authors Nina Hug, Urs Jäger

Conference Presentations Academy of Management Conference 2009, Chicago
Review process: double-blind review.

Journal publication Submitted to “Nonprofit Management and Leadership”
Ranking WU Vienna: B, VHB-Ranking: B
Decision: Revise and Resubmit (resubmitted 08/2010)

Paper II: Bridging Downward Accountability in Contexts of Institutional Distance: The Case of an Economic Development NPO.

Authors Nina Hug, Urs Jäger

Conference Presentations Organization Studies Workshop “Social Movements, Civil Societies and Corporation” in Margaux, 26-28 May 2010
ISTR Conference 2010 in Istanbul, 7-10 July

Journal publication Submitted to “Nonprofit and Voluntary Sector Quarterly”
Ranking WU Vienna: A, VHB-Ranking: B, SSCI-listed
Decision: Revise and Resubmit (resubmitted 12/2010)


Author Nina Hug

Conference Presentations ARNOVA Conference 2010 in Alexandria (VA), 18-20 November
Invited Paper to a special session on “Strategy and Leadership in Hybrid Organizations”. Paper presented by Prof. Dr. Urs Jäger.

Ranking WU Vienna: A, VHB-ranking: B

Table 2 Paper Publication Strategy

1 see authors’ agreement in appendix III
2 see authors’ agreement in appendix III
1.5. Empirical Research Project and its Embeddedness

To provide answers to the overarching research question, as well as to the research questions dealt with in the papers, we chose an exploratory empirical research design and carried out a case study on a European nonprofit development organization (see Chapter 5). This research project was part of the Center for Leadership and Values in Society’s (CLVS-HSG) research program on “Public Value Management” which allowed a team of researchers to work on gathering rich empirical data. The author of this dissertation has been responsible for the research process of the particular case study the dissertation builds on, being the main contact person to the research partner, organizing interviews and conducting them (when possible in a team of researchers, sometimes on her own) as well as coding and analyzing the data subsequently. We gathered data about the nonprofit’s multiple accountability relationships not only at the organization’s European headquarter, but also in two developing countries (Peru and Macedonia) where the organization carries out projects. This way we collected a broad data base consisting of over 120 interviews, 14 focus groups as well as numerous documents. The author of this dissertation prepared the research trips to Peru and Macedonia and travelled personally to Macedonia to conduct the case study there. The case study in Peru was then conducted by Urs Jäger and Angelica Rotondaro. All in all, the author of this dissertation was in charge of gathering most of the data this dissertation builds on from the beginning of the research project in July 2008 until its finalization in December 2009.

1.6. Structure of the Dissertation

The dissertation is structured as follows: After having introduced the main focus of the research in this first chapter, chapter two will present the status quo of research on nonprofit accountability on the one hand and stakeholder communication on the other hand. Following this literature review, we will briefly introduce the epistemological foundation of the dissertation in chapter three before we conclude on research gaps and the resulting research questions in chapter four.

The methodology is explained in chapter five, containing information on the case setting, data collection and data interpretation. Having built the ground for the understanding of the broader setting, the three papers containing the main research result of this cumulative dissertation are presented in chapter six.
Conclusions regarding the overall research question are drawn in chapter seven, followed by a final discussion of methodology, practical and theoretical implications and the research process in chapter eight. Figure 1 summarizes the structure of the dissertation.

2. State of Relevant Research Literature

This chapter gives an overview of relevant streams in research about nonprofit accountability and nonprofit stakeholder communication. It outlines the main trains of thought of these research domains in order to embed the overall research question in the relevant literature. Because each self-contained paper builds on a literature review more focused on the particular research question, especially some aspects of the nonprofit accountability literature are referred to in more detail in chapter six.

2.1. Accountability in NPO

In its early stages, nonprofit accountability was defined as the organization’s obligation to report about its actions to some recognized authority that has the ability to hold
the organization responsible (Edwards & Hulme, 1996). Over time this understanding has been broadened to take into account accountability expectations of other stakeholders than oversight agencies. Also, accountability in nonprofits has moved from a reactive process to a proactive approach which some nonprofits take. Christensen and Ebrahim (2006) summarize this development by putting forward a broader definition: “accountability refers to being answerable to stakeholders for the actions of the organization, whether by internal or external initiation” (p. 196). Although Christensen and Ebrahim include internal initiation in their definition, the notion of answerability still implies responsiveness rather than developing strategies for nonprofits to engage actively with their stakeholders (Ospina, Diaz, & O'Sullivan, 2002). The concept of negotiated accountability tries to incorporate this perspective, pointing to the fact that standardized accountability criteria are not applicable to nonprofits and suggesting that instead these criteria need to be negotiated with stakeholders (Morrison & Salipante, 2007).

Departing from this broad understanding of accountability, the following literature review concentrates on the three main challenges identified: 1) from a strategy point of view nonprofits need to satisfy stakeholder expectations while keeping to their mission. 2) Because of the multiple stakeholders, these expectations might differ greatly from each other. 3) In order to deal with the complexity of multiple stakeholders and intangible value propositions, negotiating accountability is proposed.

2.1.1. Accountability as Strategic Issue in Nonprofits

The strategic view on accountability in non-profit organizations is concerned with how organizations assess their activities in order to provide their stakeholders with arguments to support the organization’s mission (Benjamin, 2008; Christensen & Ebrahim, 2006; Ebrahim, 2003b; Ospina et al., 2002). From this perspective a need for resource acquisition leads to a need to being accountable. Because nonprofits usually do not sell their products or services, they strongly depend on financial support from funding agencies or sustaining members (Daellenbach, Davies, & Ashill, 2006). These funders are interested in knowing whether the activities they sponsored have had an impact. In this regard, some researchers ask whether funders are able to exercise control over nonprofits, pushing them to conduct projects that are in line with the sponsors’ interests rather than with the organization’s mission statement (Broadbent & Laughlin,
They conceptualize the relationship between funders and nonprofits as a principal (funders)-agent (nonprofits) relationship. Empirical studies taking this perspective show that nonprofits are interested in fulfilling the reporting requirements of funders to confirm the legitimate use of the funds provided. Young (2002) and Dolnicar and others (2008) identify this interest in fulfilling reporting requirements as a potential risk to the organization’s mission achievement: They suggest that providing funders with financial and other quantitative indicators leads to compromising mission-related goals for which no such indicators can be developed. Taking the results of these studies into account, we can summarize that accountability is still perceived as a reporting exercise depending on external initiation in many nonprofits.

In contrast to the literature on funder-dependency, Miller (2002) conceptualizes a different principal-agent relationship. She builds on a normative perspective on accountability that suggests that NPOs have a moral obligation toward society (Behn, 2001b; Friedman & Phillips, 2004) and the state (Chisolm, 1995) to uphold democratic values. The normative understanding implies that nonprofits are willing to invite the public to “scrutinize the behaviors of the organization’s leadership” (Hoefler, 2000, p. 167; Lawry, 1995). Departing from that conceptualization, Miller conceives of taxpayers, clients and the general citizenry as being the principals to nonprofits, confronting nonprofit boards (the agents) with the challenge to provide society with justifications for the way they seek to achieve their missions. Nonprofit scandals such as the example of UNICEF Germany or the Nature Conservancy (Stephenson, 2006) show that public agitation expressed in media exercises power over nonprofits. However, in times of public pressure, explanatory accounts (Benjamin, 2008) move from the realm of morality to the realm of strategy. Hence, empirical studies have yet to prove that in the absence of explicit public pressure, taxpayers and citizens have the power to guide nonprofit accountability activities.

Despite this, scholars have recently incorporated a strategic perspective on clients and beneficiaries: their context knowledge is considered to help nonprofits implement more efficient aid programs (O'Dwyer & Unerman, 2010; Ospina et al., 2002). Although knowledge is a central resource, empirical studies show that clients and beneficiaries are seldom regarded as strategically important stakeholders (Kilby, 2006). Setting up processes to gather data on project implementation options from beneficiaries
seems to be too resource intensive for the organizations Kilby studied. Ebrahim (2003) identifies another possible hurdle for strategic resource-seeking at the beneficiary level: He mentions that nonprofits act as principals to beneficiaries because they “possess resources that are difficult for clients [and beneficiaries] to refuse or modify” (Ebrahim, 2003b, p. 208). It thus remains a field of further research to identify the circumstances under which beneficiaries and clients are regarded as strategically relevant stakeholders.

Following the insight that nonprofits have a strategic interest in accountability and bearing in mind that this might lead to compromises on mission achievement, the dissertation follows a strategic conceptualization of nonprofit accountability. In line with recent studies, we are interested in how nonprofits seek resources in accountability relationships not only from funders but from other stakeholders they regard as strategically important.

2.1.2. Multiple Accountabilities

Edwards and Hulme (1996) conclude that many nonprofits are weak in their accountability approaches and even try to avoid accountability because of the multiple accountabilities they face. The authors identify a risk for nonprofits of ‘overaccounting’ because of the different and specific expectations of funders (upward stakeholder), beneficiaries and clients (downward stakeholder) and staff members (lateral stakeholder) toward nonprofit achievements. Najam (1996) specifies that answering the multiple demands is more complicated in nonprofits than in other sectors since quantitative indices of measuring accountability and hence comparability are lacking.

Although meeting multiple stakeholder’s expectations has been identified as a challenge, research following up on Edwards and Hulme’s classification of stakeholders (upward, downward and lateral) has led to addressing challenges in meeting one of these stakeholder’s expectations rather than looking at the management of multiple accountabilities. We therefore look at how these stakeholder groups are addressed in the literature and what the implications of this research on the management of multiple accountabilities are.
2.1.2.1. Upward Accountability

Researchers focusing on the study of NPO-funder relations discuss upward accountability. They concentrate on topics of performance measurement (Plantz, Greenway, & Hendricks, 1997; Speckbacher, 2003), outcome evaluation (Poole, Davis, Reisman, & Nelson, 2001), organizational effectiveness (Green & Griesinger, 1996; Young, 2002), NPOs fundraising success (Daellenbach et al., 2006) and information flow toward funders (Ebrahim, 2002). Plantz (1997) and others find that in order to satisfy donors, it is not so much the outcome that counts but the good-faith attempts in designing measurement schemes. The willingness to improve programs based on observing the chain of inputs, activities, outputs and outcomes seems to be important. Using tools such as the Logical Framework (Rosenberg & Posner, 1979) are standards required by funders. Besides the willingness to account, Poole and others (2001) determine further factors that enhance upward accountability: If funders engage in the process of evaluation by allowing the inclusion of the costs of evaluations in the budget, if managers in nonprofits allow staff to work explicitly on evaluation and if evaluation is supported by specific software, funder’s requirements toward accountability can be successfully met.

To summarize, most empirical studies in this field suggest that nonprofits invest heavily in upward accountability, trying to meet requirements from donors and government agencies. Ebrahim (2002) warns that accountability to funders that is interested in demonstrating success is likely to mask potential construction sites where achievements would need to be improved. Especially, accountability to funders emphasizes physical product data, neglecting process data and hence necessarily excluding information regarding a nonprofit’s long-term goal achievements. Young (2002) demonstrates most clearly that an imbalance in accountability efforts toward funders (especially in the case of corporate funders) results in non-intrinsic interests dominating strategy making and hence may lead the nonprofit to veer away from the social mission. Nonprofits therefore are required to take “their signals not only from external [upward] stakeholders but as importantly from internal stakeholders, especially those […] whose interests and intrinsic values substantially coincide with the purpose of the organization” (Young, 2002, p. 15).

One reason for the dominance of funder relations in nonprofit accountability (as well as in research on nonprofit accountability) rests on the high interest of practitioners in
seeking financial resources. Hence, a resource-exchange-reasoning dominates the relationship. In this exchange, upward accountability often uses tools such as evaluation reports, annual mailings, disclosure statements and success stories, resulting in a highly structured information exchange. This makes it easy for nonprofits to engage with funders. Therein lies the second reason for the dominance of upward accountability. Ebrahim (2003b) shows for example that accountability to beneficiaries and clients, in contrast, is a much more complex task in that it involves processes rather than tools to build the main interface.

2.1.2.2. Downward Accountability

Accountability to beneficiaries and clients shows two facets in the nonprofit literature: From a moderate point of view, incorporating the beneficiaries’ perspective in nonprofits’ projects is seen as the goal of downward accountability efforts (Christensen & Ebrahim, 2006). A more ambitious view claims that downward accountability must provide mechanisms through which beneficiaries have an option for recourse or voice in the organization (Howard-Grabman, 2000; Najam, 1996). Despite these conceptual ideas, still very little is known about nonprofit’s downward accountability practices. One reason for this is that institutionalized mechanisms and tools such as those used in accountability relations with funders do not work. Many beneficiaries of nonprofits are badly integrated into society, sometimes having little or no access to basic education. Hence, conducting written surveys to incorporate the beneficiaries’ point of view is often impossible. In addition, most clients and beneficiaries are not used to structured reporting to a superior organization or person (Porter, 2003). As a consequence, beneficiaries are also less active in demanding accountability from nonprofits than funders. Kilby (2006) explains that organizations have few incentives to be accountable to beneficiaries. He claims that nonprofits values and world view are essential determinants for whether they see a need to build up strong accountability relations with the people they serve. Beneficiaries are generally not regarded as a strategic stakeholder group. Nonprofits’ commitment to downward accountability is perceived to be a rhetorical exercise. This is also reflected in much of the nonprofit accountability literature: If beneficiaries are mentioned as stakeholders, it is often through the normative idea that public interest needs to be incorporated into NPOs activities to justify their exemption from taxes (Behn, 2001a; Humphrey & Erickson, 1997; Lee, 2004; Stephenson, 2006).
However, in research on nonprofit development organizations, the interest in downward accountability has increased recently. O’Dwyer and Unerman (2010) examine how listening to the beneficiaries and their needs can help nonprofits to apply more efficient aid programs. They call for more empirical research on the nonprofits relationship to its constituents.

### 2.1.2.3. Lateral Accountability

From an organizational perspective, a central reason for nonprofits to assess their activities lies in learning how to improve their activities in order to achieve their mission (Brown & Moore, 2001; Christensen & Ebrahim, 2006; Ebrahim, 2005; Lerner & Tetlock, 1999; Moore, 2003). This involves a motivation to assess which programs are the most effective in reaching the organizational goals. Studies with this focus point to the precondition that if learning is to be involved, the information collected for accounting purposes should not only be reported upstream to specific overseers. Staff members must have an interest in applying the knowledge acquired through downward and upward accountability mechanisms to create better programs. Hence, researchers interested in internal or lateral accountability question the assumption that reporting to external forces enhances the effectiveness of non-profit-organizations (Christensen & Ebrahim, 2006; Ebrahim, 2005). Christensen and Ebrahim suggest that a central challenge for NPOs lies in “creating a culture of accountability that is built on mission and purpose rather than on external scrutiny” (Christensen & Ebrahim, 2006, p. 208). For accountability activities to have an impact on organizational learning, staff members need to establish a link between the results of evaluations carried out for external purposes and their own day-to-day activities. This link is affected by staff members’ beliefs and values that shape how they process external accountability demands and how they are accountable to themselves (Poole et al., 2001). Hence, it is important to understand staff members’ expectations regarding the success of the nonprofit’s projects and long-term outcomes of the organization.

Although this perspective on accountability has been the topic of many conceptual papers, to my knowledge, except for Christensen and Ebrahim’s study (2006), no empirical studies have been conducted. Hence, the suggestion put forward in the lateral accountability perspective, to look at how staff members make use of results of upward
and downward accountability activities (Brown & Moore, 2001; Kevin P. Kearns, 1994; Moore, 2003), has not yet been implemented in empirical research designs.

2.1.3. Relational and Negotiated Accountability

In response to the complexity of nonprofit value propositions, some authors (Morrison, 2007; Ospina et al., 2002) draw the conclusion that accountability criteria need to be negotiated with upward, downward and lateral stakeholders. Thus, the concept of negotiated accountability complements nonprofits’ financial and compliance accountability schemes (Chisolm, 1995; Kevin P. Kearns, 1994; Lee, 2004), opening them up to seeking accountability in cases of implicit performance standards or indicators of success that are subject to interpretation and translation (Kevin P. Kearns, 1994; Kearns, 1995). In line with this view, Morrison and Salipante (2007) refer to accountability as a challenge for organizations to negotiate “among themselves and with their own particular set of stakeholders appropriate criteria, measures, and interpretations of success in ways that respond to the organization’s history, values, and mission” (Morrison & Salipante, 2007, p. 1999).

Nonprofits’ social missions are often ambiguous and attract multiple actors with many different stakes in the issue (Eden & Huxham, 2001). Kearns hence suggests that negotiations between the nonprofit and its stakeholders “clarify the ambiguous circumstances and […] reach agreement on commonly understood standards of accountability” (Kearns, 1995). In contrast to traditional approaches to negotiations, negotiated accountability is not a zero sum game: negotiating criteria with one or more stakeholders does not take place at the expense of other stakeholders’ interests. Instead negotiated accountability should clarify expectations vis-à-vis the nonprofit’s social mission and build trust among the negotiating parties. O’Connell therefore describes this form of accountability as emerging from multiple interactions of the nonprofit and its stakeholders (O’Connell, 2005). Instead of complying with rule-bound standards, negotiated accountability involves procedural mechanisms and the creativity of the negotiating parties to reach agreement. Emphasizing its emergent nature, the concept of negotiated accountability acknowledges that “accounting is […] a social practice that constructs (rather than represents) realities and relations” (D. Crowther & Hosking, 2005) Lerner and Tetlock put it this way: “There are as many types of accountability as there are distinct relationships between […] people and the organizations that give meaning to
their social world” (Lerner & Tetlock, 1999, p. 256). Ebrahim similarly points out that “accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social and institutional environment” (Ebrahim, 2005, p. 60). Crowther and Hosking thus explain that multiple voices in accountability environments offer multiple constructions of accountability, each of which is grounded in locally relevant values and processes. Negotiated accountability hence is in the making when “multiple local construction processes [...] ‘go on’ in some sort of relation with each other” (D. Crowther & Hosking, 2005). These relations can take different forms (from ignorance to dominance to dialogue), leading to negotiation outcomes that are either mono-logical (in the case of ignorance and dominance) or multi-logical (in the case of dialogue). Negotiated accountability in that view does not necessarily result in mutually shared interpretation schemes, but has the intention to reach them.

Although negotiated accountability has been identified as a means to resolving the challenge of multiple and implicit accountability pulls (Kevin P. Kearns, 1994; Kearns, 1995; Ospina et al., 2002) that require more skills on the part of nonprofit leaders than rule-based accountability (Morrison & Salipante, 2007), few empirical studies have yet examined it. It has rarely been explained how the criteria to measure success are actually negotiated and what processes will lead to the anticipated win-win solutions (Benjamin, 2008; Ospina et al., 2002), where both nonprofit as well as stakeholder benefit from negotiating the criteria.

The two existing empirical studies apply the concept of negotiated accountability to case studies from community-based organizations (Morrison & Salipante, 2007; Ospina et al., 2002). Both studies’ contexts are characterized by a high level of ambiguous expectations regarding mission achievement. Ospina et al. (2002) show that downward accountability pulls were negotiated in a natural and spontaneous way rather than being planned systematically. On the one hand negotiating accountability was defined by nonprofit leaders as their responsiveness to the community but also as “developing a strategy to engage group members in a process of discussion and to give people information about the issues of the organization so that they have better tools with which to take a position” (Ospina et al., 2002). Negotiating accountability hence involved a two-way communication process. In addition, they found negotiations serving different purposes in national organizations and in local organizations. Whereas national or-
organizations’ negotiations determined the priorities of programs, local organizations explored the link between communities and the organization’s mission. The study showed that local organizations had more freedom to negotiate with constituents. In contrast, national organizations had to take into account their institutional ties. Despite these insights, the study does not show in detail how the reported negotiations were carried out. Ospina and others only take into account the leaders’ perspective on negotiations.

Morrison and Salipante (2007) show how a CEO and a board chair use emergent strategizing to negotiate with stakeholders. The protagonists of Morrison and Salipante’s study discuss several alternative strategic approaches at a time, their planning emerging from reactions to subjective stakeholder expectations in day-to-day routines. Negotiating accountability with stakeholders means to “create a largely subjective definition of what work is valued and how one knows it actually gets done” (Morrison and Salipante, 2007). Emergent project planning was therefore a response to negotiated accountability. However, the study also showed that formal accounting standards can buy time with stakeholders for nonprofit managers to effectively react to the stakeholders’ specific needs. Although internal discussions between the board chair and CEO are reported in detail, this study lacks the perspective on negotiations from different stakeholders. Since Morrison and Salipante associate the negotiated dimension of accountability primarily with responsiveness to constituents, the constituent’s perception of and engagement in negotiations would be of interest in future studies.

In conclusion, although negotiated accountability is perceived as an appropriate way to manage multiple accountabilities and especially the downward accountability pulls, negotiations with accountability stakeholders have not yet been explored from both the nonprofit’s and the stakeholders’ viewpoints. In addition, the empirical insights in negotiated accountability both stem from studies on community-based organizations that are rooted in communities and hence can be assumed to have a strong interest in negotiating accountability with downward stakeholders.

To fill this research gap, we apply a negotiated and socially constructed understanding of accountability (see also Boland & Schultze, 1996; Herman & Renz, 2000; Herman, Renz, & Heimovics, 1997) and aim to depict negotiations of “appropriate criteria, measures, and interpretations of success in ways that respond to the organization’s his-
tory, values, and mission” (Morrison & Salipante, 2007, p. 1999) between nonprofits and their stakeholders.

2.1.4. Summary

Looking at the overall body of empirical studies on nonprofit accountability, the high number concentrating on nonprofits’ relation to funders is striking. Consequently, some scholars have recently called for a more holistic approach to nonprofit accountability. Morrison and Salipante for example criticize that studies focusing on a narrow definition of accountability and nonprofit stakeholders tend to be simplistic and misleading. They hence call for studies that “encompasses full sets of related practices and relationships” (Morrison & Salipante, 2007, p. 215)

Against this background, the dissertation at hand aims to provide a broadened view of accountability, taking into account all three levels of stakeholders and the difficulty of assessing the complex value propositions of nonprofits. Hence, in this study we consider

1) the interpretations of the nonprofits value propositions by nonprofit staff (lateral accountability) and their implications for strategic accountability
2) the negotiation of success criteria between nonprofit and clients (downward accountability)
3) the references to the mission-statement in accountability negotiations with multiple stakeholders (holistic approach to multiple stakeholders).

2.2. Organizational Communication in NPO

Communication in nonprofits as a specific management task has received as of yet little attention (Kelly, 2000; O’Neil, 2008). Since from an accountability perspective, the interest lies on relationship and stakeholder management, the literature review presented here will focus on this aspect of communication in nonprofits. Unlike the research on accountability in nonprofits, which is mainly published in three journals, research on relationship and stakeholder management in nonprofit management draws on many different theoretical traditions and is thus published in many different journals. As a starting point for this literature review, a search on Business Source Premier (EBSCO) was conducted, including the keywords ‘nonprofit’, ‘communication’ and
‘relationship’, producing 155 hits. A more focused search for ‘nonprofit’ ‘communication’ and ‘stakeholder’ only shows 37 results. Analyzing these articles, a scattered picture emerges. In order to capture the main ideas of stakeholder management, we therefore first briefly introduce stakeholder management concepts regardless of their application in nonprofit management, before turning to the literature that specifically looks at relationship and stakeholder management in nonprofits. This allows a placement of the nonprofit stakeholder literature in the broader context.

2.2.1. Concepts of Stakeholder Management

Stakeholder management in organizations is motivated by the creation of a “satisfactory balance of interests among the diverse constituencies that contribute to, or place something at risk” (Post et al., 2002, p. 6) in the running of an organization. Freeman identified a need for the organization to take multiple stakeholder groups into account to be successful in the current and future environment. He suggested that managers implement a “set of transactions or bargains” with “any group or individual who can affect or is affected by the achievements of an organization’s purpose” (R. Edward Freeman, 1984, p. 53). In that sense he promotes active management of the organization’s relationship to all relevant stakeholders. Lewis, Richardson and Hamel support this view in conceiving of “negotiation of stakes by stakeholders” as “key elements of relationships that make up organizing activity” (L. K. Lewis, Richardson, & Hamel, 2003, p. 400).

In suggesting that organizations need to be sensitive and responsive to not only shareholders but all relevant stakeholder interests, Freeman’s theory of stakeholder management builds on a strategic stance. Berman, Wicks, Kotha and Jones (1999) call his theoretical approach the strategic model. This model is grounded in a rational choice logic, suggesting that other stakeholder’s interests are only served to maximize the financial gains of the organization. The strategic model has been expended by Post, Preston and Sachs (2002) to incorporate not only profit maximization as a reason for strategic interaction with stakeholders. They focus on stakeholder management as a means for the “creation of organizational wealth” (Post et al., 2002, p. 6). In their new stakeholder view they include the social and political environment of organizations as an important arena for stakeholder management. Hence, resources sought through the interaction with stakeholders are not restricted to market transaction alone. Instead,
governments, communities and citizens as well as NPOs are seen as critically important to guaranteeing the organization’s license to operate. By establishing this broad view they also react to criticisms of the strategic model that claim that it exploits stakeholders for shareholder value maximization (Jones & Wicks, 1999). In contrast to previous studies, Post, Preston and Sachs conceptualize the organization’s relations to its stakeholders to be part of a mutual network of interactions rather than dyadic linkages. Meckel and Will (2006) endorse this network approach to stakeholder management and depict moderation of multiple stakeholder interests as a key management task. Meckel (2002) concludes that an organization’s performance depends on how it is embedded in a functional network of communications relations.

In contrast to the strategic model, an intrinsic stakeholder commitment model places a normative (moral) commitment to treating stakeholders in a positive way at the center (Donaldson & Preston, 1995). This commitment shapes an organization’s strategy because “the interests of stakeholders are of intrinsic value” (Donaldson & Preston, 1995, p. 67) and “enter a firm’s decision making prior to strategic consideration and form a moral foundation for corporate strategy itself” (Berman et al., 1999, p. 494). Philips broadens the normative view by looking at stakeholders from a fairness perspective. If groups or individuals “voluntarily accept the benefits of a mutually beneficial scheme of co-operation” (R. A. Phillips, 1997, p. 57), it creates an obligation for the organization to act fairly toward them. Trust, honesty and integrity are core values in a normative approach to stakeholder management. In accordance, Smyth (2008) defines relationships as the “means by which social and economic value is added to products and services” (p. 634). In this regard, he suggests that organizations apply measures of caring and nurturing to manage the relationship to stakeholders. “This […] opens a more fruitful way to negotiate outcomes that are acceptable to all stakeholders” (p. 638). Hence, increased net benefit will ensue from acknowledging and understanding stakeholder demands and take into account the ethics of care.

A concept to integrate the two perspectives – normative and strategic – into one approach is proposed by Jones and Wicks’ (1999) convergent stakeholder theory. They propose thinking about stakeholder management as enacted organizational environments (K. Weick, 1985): When managers intrinsically take into account the stakes of groups or individuals in their environment, and hence aim at understanding stakeholder behaviors, values and contexts, their environment “becomes more consistent with
preconceptions [and] also becomes more stable and predictable” (Karl Weick, 2001, p. 80). In doing so, managers will enhance the viability of the organization. Their motivation for stakeholder management is hence driven by normative and strategic goals at the same time.

In view of the strategic perspective we take on nonprofit accountability and the identified challenge of nonprofits to manage accountability in accordance with mission, we need to bear the discussion on strategically and normatively motivated stakeholder management in mind.

2.2.2. Who is Considered a Stakeholder?

A number of propositions have been made as to how to identify relevant stakeholder groups. The basic definition stems from Freeman, defining stakeholders as “groups that can affect or be affected by the achievement of a business’s core purpose” (R. E. Freeman, Harrison, & Wicks, 2007, p. 48). Mitchell, Agle and Wood (1997) propose a stakeholder typology based on the characteristics of power, legitimacy and urgency. A stakeholder who has the power to influence the organization, the legitimacy to claim his interests, and demands immediate action is identified as a definitive stakeholder. This stakeholder will be prioritized.

Other classifications differentiate between stakeholders who have a contractual relationship with the organization (primary stakeholders) and those who are at the organization’s borders (secondary stakeholders) (Carroll, 1989) or between cooperative and competitive stakeholders (Donaldson & Preston, 1995) or between voluntary and involuntary stakeholders (Post et al., 2002).

Irrespective of how stakeholders are classified, Greenley et al. (2004) conclude that managing multiple stakeholders necessarily results in a prioritization of stakeholder interests and the allocation of managerial attention. When it comes to identifying multiple stakeholder interests in nonprofit accountability, the question of the classification of stakeholders is thus important.
2.2.3. Answerability versus Proactive Stakeholder Engagement

Since accountability has been defined as answerability to stakeholders in the nonprofit literature, we investigated how the concept of answerability is perceived in the stakeholder management literature.

Clarkson (1995) highlights that managers are more likely to take social issues into account if they identify them as concerns of stakeholder groups. Hence, if stakeholder groups raise issues, managers have an incentive to react by addressing stakeholder needs. In analyzing the topics dealt with in a specific stakeholder relation, it becomes apparent what social issues the organization is responding to. If there are no data and reports available for a specific social issue, “the fact itself is important in evaluating a company’s strategy or posture. When no data are available, that issue is not being managed” (p. 108). Clarkson concludes that stakeholder satisfaction is a measure for accountability in the sense that if the stakeholders are satisfied with the organization’s value creation, the organization has answered all stakeholder concerns. However, in Clarkson’s view, this means that organizations do not consider concerns from stakeholders who have no opportunity to exercise voice with respect to an organization.

Burchell and Cook (2008) in contrast suggest a proactive approach to stakeholders. They place emphasis on organizational learning as a reason for aiming at reciprocal engagement and collective cognition in stakeholder dialogues. Hence, they expand the perspective of answerability in stakeholder relations toward a learning perspective: organizations not only react to stakeholders who might threaten the organization but engage in active dialogue with stakeholders who simply provide opportunities for collective learning on a shared topic of interest. This perspective implies that stakeholder engagement will not always lead to a common ground but may result in an agreement to disagree. Burchell and Cook’s research results make very clear, that it is vital to successful stakeholder dialogues to clarify expectations from the very beginning in order to come to measurable results.

2.2.4. Stakeholder Management in Nonprofits

The literature on stakeholder management in nonprofits treats a large number of different topics which researchers have looked at from different disciplinary angles. Hence, we separate the literature review into a (traditional) stakeholder management and a public relations perspective.
2.2.4.1. Stakeholder Management Perspective

Researchers interested in stakeholder management in nonprofits apply concepts from the field of (traditional) stakeholder management to the particularity of the nonprofit sector. Especially, topics such as prioritization of stakeholders, stakeholder communication under scarce resources and stakeholder engagement intrigue them.

In their study on stakeholder communication during periods of change in nonprofits, Lewis, Hamel and Richardson (2001) identify nonprofits’ multiple stakeholders as a distinctive challenge. Collier goes in the same direction, when he points to power differentials between nonprofit’s multiple stakeholders, recognizing a need to implicitly or explicitly prioritize the differing interests (Collier, 2008). Lewis, Richardson and Hamel (2003) are hence interested in nonprofit managers’ communicative patterns with multiple stakeholder groups. Posing the question whether stakeholder groups were treated equally, they found that paid staff, board members and donors “get the lion’s share of communication in terms of frequency, earliness of first contact and all topics” (L. K. Lewis et al., 2003, p. 424). They found other stakeholder groups to be disproportionately under-informed: “clients/customers seem to be perceived as having relatively fewer resources to offer” (p. 424). Lewis and others conclude that these results are surprising against the background that clients and beneficiaries are at the center of nonprofit’s mission. These research findings are even more striking when taking into account Colliers’ results that “benefits to one stakeholder were not accompanied by a cost to other stakeholders” (Collier, 2008, p. 948). Hence, taking into account multiple stakeholders’ needs equally does not necessarily lead to compromising on benefits to any of them.

In her research on balancing responsiveness to clients and donors, LeRoux (2009) identifies “boards unreflective of the clientele served” (LeRoux, 2009, p. 180) as a main reason for nonprofits to place a premium on the pursuit of funding and devaluing client interests. Handley and Howell-Moroney (2010), interested in community involvement practices, similarly find that stakeholders are ordered differently in nonprofit manager’s minds. Depending on which place the community takes in this order, they are served better or are less attended to.

In conclusion, concerning the prioritization of stakeholders in nonprofits, researchers identified unequal treatment of multiple stakeholders. These findings stand in juxtaposition to the general assumption that nonprofits display a normative, intrinsic stake-
holder commitment, serving all stakeholders equally. In addition, neglecting several stakeholder interests also counteracts the importance of responsiveness to the needs of stakeholders as an important indicator of success in nonprofit management (L. K. Lewis et al., 2001). LeRoux hence identifies a need for further research to better understand “how the management of stakeholder interests gets prioritized in nonprofit organizational governance” (LeRoux, 2009, p. 181). Lewis and others propose to test stakeholder prioritization strategies in nonprofits against the dimensions of “the perceived need for communicative efficiency and the perceived need for consensus building” (L. K. Lewis et al., 2001, p. 29). Communication efficiency, defined as the “accomplishment of a communicative task with a minimum expenditure of time, effort and resources” (p. 29), guides the interest of researchers examining the tools with which nonprofits perform stakeholder dialogue.

Building on the insight that nonprofits often lack financial resources to engage into sumptuous stakeholder dialogue, Ingenhoff and Koelling (2009) are interested in the extend to which nonprofits use the potential of the Web to engage with stakeholders. They find that nonprofits “completely miss out on the opportunity” of using dialogic internet technologies (Ingenhoff & Koelling, 2009, p. 72). Examining nonprofit’s use of Facebook, Waters, Burnett, Lamm and Lucas (2009) draw the same conclusions. They stress that nonprofits “failed to take advantage of the interactive nature of social networking” (Waters et al., 2009, p. 105). In conclusion, both studies show that nonprofits seem to lack the time to engage stakeholders in dialogue and find out what the stakeholder’s expectations toward the organization are.

Considering that balancing stakeholder interests is regarded as key to ensuring nonprofit viability, stakeholder management literature in the context of nonprofits is still puzzled by how little attention nonprofits pay to some of their stakeholder environment.

2.2.4.2. Public Relations Perspective

Public relations as a sub-discipline of communication is also dealing with stakeholder management. Because we find many studies on nonprofits applying a public relations perspective, we provide a review of this literature in the following.

With respect to public relations, Dozier et al. (1995) conclude that mission achievement in organizations is affected by the organization’s relations to key stakeholders
(Dozier et al., 1995; J. E. Grunig & Huang, 2000). Relationship management is thus central to strategic communication (James E. Grunig, 2006; Jarren & Röttger, 2009; Ledingham & Bruning, 2000b; Rühl, 2009). Through public relations departments the organization is supposed to legitimate its interests toward stakeholders. This interest lies in seeking resources the organization depends on. Stakeholder management should lead to „benefits generated not only for sponsoring organizations but also for the publics those organizations serve and the societies in which they exist“ (Bruning & Ledingham, 2000, p. xiii). Public Relations is supposed to provide win-win solutions for organizations and their stakeholders (Toth, 2000), evoke „mutual satisfaction“ (Ledingham & Bruning, 2000a, p. 57), achieve „mutual goals“ (Broom, Casey, & Ritchey, 2000, p. 17) and co-orient the stakeholder’s and organization’s actions (Jarren & Röttger, 2009, p. 34). Hence the aims of public relations are complementary to researchers promoting negotiated accountability as a way to satisfy both the organization’s as well as the stakeholder’s needs.

The research on public relations in nonprofits focuses on the management of the organization’s relationship to sponsors and funders. The authors ask questions such as how the characteristics of relationships with sponsors affect their giving behavior toward the organization (Chau & Huysentruyt, 2006) and how the expectations of funders with regard to nonprofits influence the attitudes of nonprofit staff (Kelly, 1994, 1995; Kristoffersen & Singh, 2004; Nichols, 2008). These studies are based on quantitative data collected through questionnaires at the donor level. Analysis of the responses to the questionnaires leads to cause-effect assertions such as the following: The more money a donor invests in a nonprofit, the stronger his belief that the nonprofit values his ideas (O’Neil, 2007). A mission statement that is perceived by sponsors to be clearly communicated leads to sponsors willingness to financially support the organization. O’Neil (2007), Waters (2008) and Kelly (1994, 1995) conclude that funders’ expectations structure the communication of nonprofits with them. Thus, they follow up on studies that show relationships are shaped by expectations rather than by information exchange (Coombs, 2000; Ledingham, 2001; Thomilson, 2000). However, their studies do not elucidate the properties of nonprofit communication that lead to it being perceived as clear, credible and reliable. Waters’ (2009) study indicates that donors prefer nonprofits to communicate openly, he proposes that the nonprofit “engage[s] its donors in conversations so they can […] understand the dynamics of the relationship”. His research does not show how such a dialogue could be established.
The gap in the literature i.e. showing via qualitative studies how to achieve „mutual satisfaction“ in stakeholder relations, is also identified by Toth (2000). The dissertation at hand takes up this question and identifies how nonprofits and their accountability stakeholders engage in negotiations that intend to produce a shared understanding of accountability criteria. In doing this, we address another blind spot of nonprofit public relations literature: Empirical studies do not take other stakeholders than funders into account. If public relations research is interested in discovering how stakeholders influence mission achievement (Dozier et al., 1995), other stakeholders than funders need to be considered and analyzed with regard to their resource provision potential. Since many nonprofits are involved in providing services to clients and research in the area of service management (Cachelin & Maas, 2009) has shown that customers of services as well as employees add considerably to value creation, these stakeholders need to be included in research designs.

2.2.5. Summary

To summarize, the literature review of stakeholder management in general and the use of these concepts for the nonprofit sector in particular have shown that negotiated accountability is essentially an issue of stakeholder management. We find a similar challenge described in the literature on nonprofit stakeholder management as we find in the nonprofit accountability literature: Clients and beneficiaries of nonprofits are rarely regarded as relevant stakeholders by nonprofit managers. In the public relations literature on nonprofits, this is reflected even by the scholars’ research interest: nonprofit-funder relations are studied most often. In the stakeholder management literature on nonprofits, scholars look at stakeholder communication more broadly but find themselves puzzled by the prioritization of funders as the most important stakeholders (Le-Roux, 2009; L. K. Lewis et al., 2001; L. K. Lewis et al., 2003). They call for further research to understand how nonprofits prioritize some stakeholders over others.

In addition to this research gap which will be addressed in the dissertation at hand, the stakeholder management literature may yield interesting explications of some phenomena found in nonprofit accountability relationships.
3. Epistemological Foundation: Social Constructionist Perspective on Communication and Organization

Acknowledging the linguistic turn in social sciences, the epistemological perspective in this dissertation follows the basic idea of Austin (Austin, 1975) that language constitutes reality. From a social constructionist point of view, language serves as a means to give meaning to the world because it allows individuals to objectify the way they interpret the world (Berger & Luckmann, 2007). Management literature to date has generally been reluctant to adopt this perspective (Menz & Stahl, 2008). The following chapter seeks to give an introduction to the epistemological foundation underlying the dissertation, without seeking to fully embracing the existing theories building on a social constructionist perspective. Rather, a selection of different building blocks is presented that provides the basic social constructionist understanding of communication and organizing based on which the empirically observed accountability interrelations between nonprofits and stakeholders can be interpreted.

3.1. Social Constructionist Perspective on Communication

From a social constructionist perspective, humans are conceptualized as non-trivial systems (von Förster, 1997). Von Förster describes a non-linear understanding of communication between human beings: Humans are – unlike machines – non-deterministic systems where an input does not necessarily predict the output. How men process information is analytically indeterminable and past dependent (Simon, 2008). Hence, the formerly prevailing idea of impartial reality can no longer be maintained: “Our insight in this world needs to take into account that we are part of this world and with every new insight the world is different from what it was before” (Simon, 2008, p. 39).

The experienced reality is instead a result of social construction: “It is important to keep in mind that the objectivity of the institutional world, however massive it may appear to the individual, is a humanly produced, constructed objectivity. […] man is capable of producing a world that he then experiences as something other than a human product” (Berger & Luckmann, 1966, S. 61). Although constructed, reality can thus still be conceived as objective reality by humans, but this objectivity is a social product build in relationships. “In the social constructionist view, individuals do not discover the world and its ways, but collectively invent them” (Herman & Renz,
What the outcome of a social construction of reality will be cannot be predicted: Individuals (non-trivial systems) interact with each other (that is: their environment) but the interaction will not result in a cause and effect relationship. Hence, the substance of communication is not only determined by the sender’s proposed intention but also by how the receiver of communication interprets the message. His interpretation does not only depend on what has been said or written but also on the context of the situation in which the receiver engages in interpreting the sender’s message. Hence, communication processes are marked by uncertainty. As the handling of equivocality is a central element of a social constructionist communications perspective, communication is seen as a process of selecting between multiple alternatives of possible interpretations (Simon, 2007). Sending a message does not necessarily result in receiving and understanding the information by those who were intended to be the receivers of the message. In the multitude of impressions and events in our environment, we only discern those things that make a difference to us (Bateson, 1987). Objects need to be visible and therefore distinguishable (Simon, 2008). Because interpretation of messages occurs in the mind, we can only verify whether a message sent was understood if we observe the receiver’s ‘re-action’ to communication. Luhmann concludes that communication needs to be transferred into action (“Anschlusshandeln”) to know whether a message was understood (Luhmann, 1984, p. 226).

We need to bear this concept of communication in mind when we analyze how nonprofit managers communicate accountability to their stakeholders: What nonprofit managers might conceive of as valid measures and interpretations of success might be interpreted differently by funders, clients or beneficiaries because of their selection of different information or because of the context differences leading to a different construction of reality. Hence, nonprofit managers need to constantly monitor their environment for signs of “Anschlusshandeln” to their accountability communication in order to be able to understand whether their intended message was received and interpreted in a manner similar to the way it was sent.

### 3.2. Social Constructionist Perspective on Organizations

In our empirical study we observe people acting within organizations. Thus, we have to understand how individual actions are placed within the context of organizations
and what this means for the analysis of organizational action. We therefore examine how organizations are conceptualized from a social constructionist perspective. Not only people but also organizations are non-trivial systems in that an input does not lead to a prescribed output. Organizations are autopoietic systems, constituted by a network of internal processes, establishing a border around their environment (Simon, 2007). Through interaction with their environment, organizations receive stimuli that may result in altering the structures of the organization. These stimuli are always interpreted according to the organizations internal processes (e.g. organizational routines, decision making-processes, knowledge and background of organizational members). Depending on how these stimuli are dealt with, they might be transferred into organizational action. Many other stimuli however might not be recognized and hence do not lead to any output in the organization.

Figure 2 The Organization's Interaction with its Environment (inspired by the New St. Gallen Management Model (Rüegg-Stürm, 2005))
Figure 2 (see above) depicts the described setting of an organization interacting with its environment. But how do these internal processes that constitute the organization arise? If they are the filters that determine which environmental stimuli drive organizational action, we need to understand how processes in organizations are shaped. Weick (1985) conceives of organizing as interlocking independent actions toward a sensible outcome. Interlocking happens through “double interacts” which couple two or more actors in their communicative actions within organizations: A person performs an action to which a second person reacts. If the first person shows a complete reaction to how the second person acted upon the initial action, a double interact is completed. In “double interacts” people form cycles of action and reaction, intertwining them and building up stable bonds. In connecting multiple “double interacts” in response to new inputs from the environment, processes form. Hence, processes are defined as sequences of “double interacts” in organizations. To form a process, an organization draws on rules to select those cycles of action and reaction that help most in dealing with the new input. As an example, a rule might be that only cycles that already have been repeated often in the past (durable cycles) are selected. To further reduce the number of cycles the process should consist of, a second rule could be applied that, from the durable cycles only those are selected that may be completed in a short time (K. Weick, 1985). This process, which is made up of the selected cycles, then displays two properties: stability and pace. Depending on the stimuli received from the environment, different rules might be applied that best serve the situation.

3.3. Enacted Realities, Selection and Retention

The conclusion of the above seems to be that environmental stimuli activate internal processes and originate organizational action. Put this way, organizations seem to be in a reacting rather than an acting role. This however, according to Weick, is a false impression. He puts forward the idea that “organizations often impose that which subsequently imposes on them. [They] implant that which they later rediscover and call ‘knowledge’ or ‘understanding’ of their environment” (Karl Weick, 2001). Hence, in order to understand in which way organizations make sense and thereby essentially shape their environment, we draw on Weicks cycle “enactment-selection-retention” (p. 215).
Weick builds on objectification of the environment through actions when he introduces the idea of enacted realities: People “act, and in doing so create the materials that become the constraints and opportunities they face. There is not some impersonal ‘they’ who puts these environments in front of passive people” (K. Weick, 1995, p. 31). People are confronted with an environment that they have enacted themselves: „people receive stimuli as a result of their own activity“ (K. Weick, 1995, p. 32). When a manager in an organization devotes time to reply to a request, talks to other members of the organization about this request and relates it to previous requests, he brackets off part of the ongoing stream of raw data that the environment presents to him, transforms it into meaningful information and hence, as a result, enacts his environment. Had, for example, previous experiences of the manager dealing with similar requests been different, he would probably have perceived the request differently and thus enacted a different environment. This is why Weick concludes: “How enactment is done is what an organization will know” (Karl Weick, 2001, p. 187). People in organizations take their enacted environments for granted, acting as if this is the environment they ultimately face.

As a consequence, enacted environments build the starting point for organizational sensemaking. In the process of sensemaking, people select portions (cues) of the environment they have enacted to take seriously. Hence, the pre-selected brackets from the stream of events that were enacted are now edited in the phase of selection. Editing selected environmental cues is a process of retrospective interpretation. In this process, cues are connected to expectations formed in the past and become meaningful by comparing them to existing knowledge and experiences. In this regard, environmental cues are the raw data that is meaningfully related to established internal processes for immediate or later use (Karl Weick, 2001, p. 193). If expectations between the cues and past interpretations are met, a shared understanding between organizational members evolves. If discrepancies emerge, explanations have to be found to understand the situation. To summarize, meaning is ascribed by mirroring the newly selected inputs against the portfolio of already stored meaningful artifacts.

Retention then – as a third phase – constitutes the process by which the stock of remembered interpretations of environmental cues is built up in organizations. If meaningful results of enactment and selection are similar to past interpretations, they act as an affirmation. Already existing patterns in the organization will be established as common features of organizing similar inputs (K. Weick, 1985). If the new interpreta-
tion touches upon several existing patterns, they might be connected, resulting in intertwined patterns. If new interpretations irritate or disturb existing patterns, the strength of irritation will determine whether the new interpretations are retained. Similar irritations arising shortly after one another are more likely to be retained than one single irritation. We thus understand the dynamics of organizing, where “[people] may then apply or alter what they retain in their next enactments and selections” (Karl Weick, 2001, p. 95).

3.4. Summary

The overall aim of this study is to understand how nonprofits manage multiple stakeholders’ accountability expectations in accordance with their mission. To reach this aim, the social constructionist understanding of organizational action and communication helps us in sketching a general picture of how organizations receive and internally process environmental stimuli, in our study accountability expectations. We may then look at how the organization enacts its stakeholders’ input concerning expectations regarding accountability, how from there some cues are selected and edited for a meaningful interpretation and finally whether and how this interpretation is retained and alters new cycles of enactment and selection. Because we believe the organization’s mission is incorporated into its internal processes, we assume that a reconciliation process between mission and accountability expectations takes place within the “enactment-selection-retention” cycle. Whether this process leads to compromising or advancing the organization’s mission needs to be analyzed within this framework.

4. Research Gaps and Research Questions

In the previous sections of the dissertation we have already come across several research gaps. This chapter aims to integrate the gaps from the different research directions into an overall picture, addressing the blind spots the scope of this dissertation will cover.

The overall challenge for nonprofit accountability identified in this dissertation is the nonprofit’s multiple stakeholders confronting managers in NPOs with a multitude of differing accountability expectations. Hence, in our literature review we sought to identify the cues that already help elucidate how nonprofits meet this challenge and the
gaps of knowledge that still hinder a deeper understanding of the subject. From an accountability point of view, we already know much about how nonprofits manage accountability expectations of donors and governmental agencies (upward accountability). Also, studies on public relations in nonprofits have focused on relationships with funders. Yet, much less empirical work has covered the accountability expectations of staff members (lateral accountability) and clients and beneficiaries (downward accountability). Therefore, a guiding principle for the design of the research papers in this dissertation was to help in filling the gaps 1) how managers of nonprofits discuss accountability expectations among themselves and 2) how nonprofit managers manage the relationship with their clients and beneficiaries. With respect to lateral accountability, from a stakeholder management perspective, we place emphasis on how managers internally prioritize some stakeholder expectations over others, thus responding to the puzzle LeRoux (2009) and Lewis and others (2003) identified.

The literature on nonprofit accountability has in addition shown that negotiating accountability expectations with stakeholders seems a promising way to resolve the challenge of outcome measurements and evaluations when value propositions in nonprofits are too complex to allow for standardized quantitative measurement schemes. Although some initial studies have already looked at how these negotiations happen, those studies have focused on single stakeholders or have been limited to a specific kind of nonprofit (e.g. identity-based organizations) – hence demanding further investigation. Therefore, we aim to combine research on lateral and downward accountability with the negotiated accountability approach. This also allows us to investigate how – in these negotiations – mutual satisfaction materializes as an outcome of relationship management.

After examining two stakeholder groups that receive little attention in the nonprofit as well as in the stakeholder communication literature, we lastly aim to investigate multiple accountabilities in that we look at how nonprofit staff members negotiate references to their mission among themselves and with funders, clients and beneficiaries. By asking how these stakeholders refer to the NPO’s mission, we also take into account the potential risk pointed out by Young (2002) that some nonprofit accountability processes may lead to compromising the mission and the nonprofit’s long-term goals in favor of satisfying stakeholder demands.
Following the outlined logic, paper one focuses on lateral accountability and staff members dealing with accountability expectations. We identify discourses on multiple stakeholders’ accountability expectations among staff members, embedding the study in the field of strategic accountability in nonprofits. Hence, we answer the question “How do internal strategic accountability discourses change when multiple stakeholders become relevant for raising resources?”. Applying a negotiated understanding of accountability, paper two looks at nonprofits’ accountability relationships toward downward stakeholders. This relationship is analyzed in an extreme empirical setting, showing geographical as well as social distance between nonprofit and clients. The research question addressed is “What are patterns of bridging downward accountability between nonprofits and clients in contexts marked by institutional distance?”. Paper three is interested in multiple accountabilities and how the accounts to multiple stakeholders take into account the nonprofit’s mission and long-term goals. We therefore ask “How do the donor, the nonprofit’s staff, clients and beneficiaries refer to the mission of poverty alleviation when negotiating accountability?”. The following sections contain the abstracts of the three papers, briefly summarizing the paper and its contributions to show what readers can expect as an outcome from the full papers in chapter six.

4.1. Paper I: Discourses on Multiple Stakeholders’ Accountability Expectations among Staff Members

Most empirical studies available on nonprofit accountability explore external stakeholder expectations and the organization’s reaction to them. The study presented in this paper adds to this body of knowledge by taking an internal view and by analyzing discourses among staff and managers involved in accountability efforts. It follows the question of how internal strategic accountability discourses change when multiple stakeholders become relevant for raising resources. This question was explored through a case study of a European development aid organization. The results are threefold: First, despite the presence of multiple stakeholders, in each development stage, the organizational actors prioritized one stakeholder. Second, in strategic accountability discourses organizational actors focused on calculative reasoning and on mission-related reasoning. Third, growing over time, accountability discourses became
more multifaceted as more resources were needed. In conclusion we integrate these results into a ‘model of accountability dynamics’.

4.2. Paper II: Negotiation of Accountability with Clients

Little is known to date about how nonprofits effectively manage downward accountability. Beneficiaries and clients are rarely regarded as strategically relevant stakeholders. This empirical study of downward accountability in the context of economic development work therefore explores the nonprofit’s strategic relationship to its clients. We highlight the phenomenon of bridging downward accountability in contexts marked by institutional distance. Cultural and geographic distance characterizes the relationship between nonprofit-managers and clients, which leads to significant differences in the way project success is framed. However, for nonprofit-managers and clients to explore their interactions strategically, mutually shared success patterns need to evolve. Our findings suggest three kinds of bridging operations to be essential: 1) pre-bridging, in which nonprofit-managers and clients separately frame their own understanding of success; 2) bridging by common operation, where common experiences lay the foundation for negotiations; 3) bridging by mission-bargaining, where expectations regarding the others’ needs and capabilities are exchanged.

4.3. Paper III: Mission-References in Multiple Accountability Negotiations

Regarding accountability for effectiveness of development aid in nonprofits, the disparity between donor and beneficiary expectations has been identified as a main reason for poor aid delivery. Building on empirical insight from a qualitative case study on a European development service organization the purpose of this study is to examine the accountability dynamics resulting from the different references to the mission of poverty that nonprofit, donor, clients and beneficiaries draw upon when negotiating accountability. From a literature review we derive a visualization of the accountability relationships that nonprofits are embedded in. Using this ‘accountability star’, we highlight the differences in accountability references between multiple stakeholders. Our results show two accountability gaps: One between the beneficiaries and the nonprofit, another between the beneficiaries and the donor and thereby to the taxpayers of the developed country who initially provide the money to support the poor. Looking at
the references stakeholders draw upon in accountability negotiations, we conclude: When direct service or product transactions characterize the relationship between the nonprofit and its stakeholders, no accountability gap emerges. In cases where accountability is solely an information transaction generating transparency, we find accountability gaps. Hence, nonprofit service organizations in development aid need to acknowledge that their relationship to beneficiaries is characterized by a service transaction – namely ‘aid delivery’ – in order to strengthen accountability to beneficiaries.

**4.4. Summary: Expected Contribution to Literature**

Focusing on the outlined aspects in these three self-contained papers, we aim to answer the overall research question “How do nonprofits manage multiple stakeholders’ accountability expectations in accordance with their missions?” In the first two papers we gain deepened insight into how nonprofits manage the expectations of two under-researched groups, namely staff members and clients and beneficiaries. The results of these two studies provide knowledge on the specific processes nonprofits engage in when addressing these two stakeholders. In the final paper we include the upward accountability of the studied organization and suggest a visualization tool for nonprofits to depict their relationships with multiple stakeholders. We thus elucidate the dynamics of multiple stakeholder expectations by examining more than one stakeholder at a time.

In order to go beyond simply exemplifying how nonprofits react to the practical challenges of managing multiple accountabilities, we will try to explain why these challenges come up by applying a social constructionist understanding of organizations. As a last step in this dissertation, we will interpret the results of the three research papers against this meta-theoretical background. In this way, we will not only contribute to the two research streams “accountability” and “stakeholder management” but also provide empirical management research that acknowledges a non-linear understanding of communication as a central organizing feature in organizations (Menz & Stahl, 2008).

Figure 3 presents the research gaps and resulting paper structure embedded in the layout of the dissertation.
5. Methodology

This chapter will outline the most important methodological issues of the study presented. We will first explain the case study design, elaborate on the selection of the case and the sampling strategy, before turning to the description of the case, to our data collection and finally to the data analysis strategy.

In order to answer the explorative research question raised in this dissertation, we chose a qualitative research design. As outlined in the literature review above, contributing to closing the research gaps requires a certain depth and richness of detail of data to overcome the blind spots. This, only a qualitative inquiry can offer. Consequently, the research aimed to obtain rich insight into one selected nonprofit organization and its context. Therefore, the data was collected by multiple means over a period of 18 month (from July 2008 until December 2009). The length of the field research made it possible to observe the organization’s processes at several points in time, providing views from different angles and contributing to a differentiated picture.
5.1. Case Study Design

Using case study design is an approved method to develop a deeper understanding of the dynamics of one case in a specific research context (Eisenhardt, 1989). Rich descriptions of the case phenomenon develop a “powerful example” (Siggelkow, 2007) from which further conclusions can be drawn. The analysis of the case hence aims to provide such a dense and detailed description „that others have little difficulty seeing the same phenomena in their own experience and research” (Dyer & Wilkens, 1991). Since the dissertation at hand is answering an explorative research question we chose such a case study design to gain a deep understanding of the processes involved in nonprofits’ multiple accountabilities.

The literature on case studies distinguishes between single and multiple case studies. A single case study, according to Yin (2003), is particularly apt for describing in an exploratory way a phenomenon in all its details and for describing extreme cases. Multiple cases are more interesting in settings where some already known characteristics of a phenomenon are compared to “produce corroborative evidence” (R. Yin, 1998, p. 240). As we seek to cover all three levels of nonprofit accountability in one case – which has not yet been done – our interest lies in applying an exploratory research design. In addition, we aim to select a case where accountability is a pressing issue in order to gain insight into an extreme setting. Hence, we apply a single explorative case study design.

Within single case studies, Yin (1998) suggests carrying out embedded cases that enhance the internal validity of the single case study design. Embedded cases serve as additional sub-units of analysis. Hence, within the setting of the organization that we chose as our main object of study, further smaller cases are conducted. The common denominator of the smaller cases is their embeddedness in the context of the main case. Apart from this common ground, the embedded cases display significant differences and thus produce different results “but for predictable reasons” (R. Yin, 1998, p. 240). We are therefore able to see whether specific characteristics of the organization that are displayed in the embedded cases, have an influence on the accountability relationships we study.
5.2. Selection Process of the Case

The criteria against which to select the case were derived from our literature review since we are interested in examining blind spots that have not yet been considered in order to “sharpen existing theory” (Siggelkow, 2007). Hence, we applied a theoretical sampling strategy (Loizos Heracleous & Jacobs, 2008), examining a case “that will maximize opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions” (A. Strauss & Corbin, 1998, p. 201).

As we were interested in studying nonprofit accountability in a complex environment where nonprofits face the challenge of meeting multiple stakeholder expectations, we sought to find a research partner to which these criteria applied. Our choice of case was thus also motivated by what Mason (1996) refers to as a sample designed to provide a detailed and meticulous view.

Discussions in the media (Easterly, 2010; NZZ, 2007; Sachs, 2010), in practitioner books (Edwards & Fowler, 2008; Lindenberg & Bryant, 2001) and in conceptual research papers (Atack, 1999) show that the development aid sector faces immense challenges to meeting multiple accountability expectations: governments and corporate donors expect the nonprofit to show impact on poverty alleviation, staff members struggle with measurement criteria and required evaluations and clients and beneficiaries demand concrete, context-specific benefits from the nonprofit’s actions. Hence, choosing a development aid organization as our research partner seemed to be a sensible choice.

In Eurodevelop (a pseudonym, hereafter EuDev) we found a nonprofit organization active in development aid to which the above-mentioned criteria (challenged by a high demand of accountability (1) from different stakeholders (2) in a complex environment (3)) applied. First, in the past four years, EuDev has been evaluated (and carried out evaluations on its own) seven times. Second, most of these evaluations have been conducted on the demand of the nonprofits main donor who is an important stakeholder with concrete accountability expectations toward the nonprofit. As the organization is rather small (16 staff members), we also can assume that these evaluations involved all staff members in data collection. Staff members struggled with measuring their impact and can therefore be conceptualized as a stakeholder of the organization having certain expectations regarding accountability that are different from those of the main donor. As a third stakeholder involved in the nonprofits accountability environment, we find
two levels of beneficiaries in the nonprofit: their clients, who are small and medium-sized enterprises in developing countries and the workers of these companies, the targeted poor people. Thirdly, the complexity of the nonprofit’s environment derives from the fact that EuDev is engaged in economic development aid: EuDev implements trade promotion programs that help SMEs from developing and transition countries to gain access to the European market. They provide access to trade fairs and train the SMEs in management issues. By strengthening the SMEs, they facilitate the creation of new jobs, thereby developing income sources for the poor. Correspondingly, EuDev’s mission is to reduce poverty by supporting SMEs that have a positive impact on the poor. In this context of economic development aid, evaluating the nonprofit’s contributions is a particularly difficult task: While the potential of economic development for the alleviation of poverty has been fully recognized (Dollar & Kraay, 2002; Senauer, 2002), it is still difficult to assess the impact of economic growth on the livelihoods of the poor (Deaton, 2001; Mehanna, 2004; Ravallion, 2001).

5.3. The Case: Eurodevelop

EuDev is a European nonprofit development aid organization conducting development projects in 14 countries on four continents. It runs its activities in the framework of economic development aid and herein applies an aid-for-trade (Hayashikawa, 2009) approach where poverty reduction is achieved through export development (Skae & Barclay, 2007). To give a background to the organization and its activities we first briefly introduce the context of economic development aid, secondly the history of the organization and thirdly its mission and business model and its stakeholder landscape. The insights on the organization that are reported here were gained through documentary analysis and interviews with EuDev members and its stakeholders. The methods of data collection and an overview of the data sources will be provided in chapter 5.5.

5.3.1. The Context of Economic Development Aid

Among the many kinds of development aid organizations, Eurodevelop can be distinguished as a service organization that acts as an intermediary “in providing services to […] entire populations” (Vakil, 1997, p. 2063). Within this framing, EuDev applies an ‘aid-for-trade’ approach, specializing in providing trade-promotion services to entrepreneurs from developing countries in the pursuit of raised living standards, the acce-
leration of local economic growth and reduced poverty (Hayashikawa, 2009). Non-profits following the aid-for-trade approach work according the belief that “economic growth is the most powerful tool to reduce poverty” (Hayashikawa, 2009, p. 13), resulting from the insight that “entrepreneurship is considered to be an important mechanism for economic development through employment, innovation and welfare effects” (Naudé, 2010). However, existing studies examining the effectiveness of ‘aid-for-trade’ delivery on reducing poverty question this “taken for granted” (Naudé, 2010, p. 2) assumption. Autio (2008) mentions that “we actually know very little about whether and how entrepreneurship either contributes or does not contribute to economic growth in developing countries” (Autio, 2008, p. 2). In conclusion, the question of whether economic growth results in a reduction of poverty has seen lengthy discussions without reaching a conclusion (Deaton, 2001; Dollar & Kraay, 2002; Landingin, 2007; Mehanna, 2004; Ravallion, 2001; Senauer, 2002) and the role of aid programs promoting trade for the alleviation of poverty therefore remains unclear.

Hence EuDev acts in a field that is marked by obscurity concerning its fundamental impact assumption. In studying the case of EuDev, we want to look beyond this impact assumption, aiming to uncover concrete accountability mechanisms. Whether these “accountability mechanisms can help improve the effectiveness of aid deployment” (Unerman & O’Dwyer, 2010, p. 480) is still an open question that needs to be explored. We now turn to EuDev’s organizational characteristics and explain in more detail how it conducts its projects within the context of aid-for-trade.

5.3.2. History of the Organization

Before Eurodevelop was founded as an independent nonprofit organization in 1998, activities to help SMEs to sell their products on the European market had been run by a nonprofit business support organization. From 1991 to 1998, two people in that business support organization were running projects in an experimental stage. In 1998 they had reached a considerable number of countries and SMEs and decided to found a nonprofit organization concentrating not only on business support but also integrating development goals. The organization comprised a supervisory board, an advisory board, a CEO and project managers. From 1998 to 2007 the organization was growing, with more project managers coming on board. The activities were now organized around business sectors and core countries in which SMEs were supported to access
the European market. Although EuDev was growing stronger in its business support, the donor and the supervisory board started to doubt the social performance of the organization. Therefore, in 2008, a new CEO was brought into the organization who was expected to run EuDev with a stronger social impact perspective. Hence, the pressure to be accountable for the full scope of the mission (“support developing and transition countries in their endeavors to reduce poverty” and “supporting sustainable growth of small and medium sized enterprises in developing countries”) was rising. Parallel to the introduction of the new CEO, the organization was linked back to the nonprofit business support organization it was founded from in 1998 and now uses part of their infrastructure e.g. for marketing and human resource management. This however has no implications for the management of the organization’s accountability.

5.3.3. Organizational Setup and Mission

The organization’s CEO now leads a team of six project managers who themselves have project assistants. The project managers are working on four industry sectors (food, non-food, technical products and tourism), helping SMEs to gain access to the European markets. They facilitate this access by offering training on marketing, product development and sales, preparing the companies for the requirements of EU companies. In addition to these training sessions, a major building block of the company support is bringing the companies to trade fairs in Europe. At these fairs the companies either have their own stands or appear at a EuDev groups stand. By helping the companies in this way to sell their products internationally, EuDev aims to create more jobs and income in developing countries, hence reducing poverty in the SMEs’ home countries. Having the mission to serve SMEs and reduce poverty, EuDev is confronted with the challenge to unite economic and social goals. EuDev faces the accountability challenge of being able to prove that the economic support they give to the companies actually catalyzes poverty alleviation.

In the projects that managers of EuDev run, this challenge is mirrored in the process of selecting companies. On the one hand, the companies they support need to be mature enough to engage with European importers and produce a product that is compatible on the market. However, the supported companies also should not be able to build the exporting capacity on their own. On the other hand, EuDev has to look for companies that are embedded in a poverty context, where the additional jobs that are created or
the higher income that is generated benefits the poor. Finding this balance between export capacity that has leverage potential and embeddedness in a context that reaches out to poor people is a challenging task. Depending on the sector the project managers support, this balance is achieved more or less easily. In agriculture, the workforce includes many poor people because the need for formal training and education to perform the job is low. In high-tech sectors such as the computer branch only skilled workers have access to the job. Also, the countries in which the projects are supported make a difference. Some countries like Peru or Ghana have lower poverty lines (where people live on less than two dollars a day) than Macedonia, where the basic needs of most parts of the population are already covered. The definition of poverty varies among the countries that EuDev is targeting.

5.3.4. The Stakeholder Landscape

This is the backdrop against which EuDev manages its accountability relations with its stakeholders. Our analysis of EuDev identified four main stakeholders: the donor (a governmental agency), the staff members (project managers) and the clients (SMEs) and beneficiaries (the SMEs’ employees and their families). We will briefly consider the general relationship characteristics with these stakeholders. To do this, we summarize knowledge we gained in our interviews, document analysis and focus groups. As the three self-contained papers (Chapter 6) will provide more details, we refrain from giving supporting citations here.

5.3.4.1. The Donor

EuDev is mainly financed by a governmental agency. The budget amounts to 29.5 Million US dollar for four years. Every four years EuDev has to apply for new funds with the governmental agency. This rhythm implies a strong review process of EuDev’s activities at the end of the four-year period. The relationship with the donor is hence structured by some regular reporting mechanisms. Apart from the final evaluation every four years, EuDev also has to deliver a mid-term report on its activities. In addition, when the pressure was rising to show social performance, EuDev asked external consultants to conduct an impact assessment, which they handed out to the donor for proof of aid delivery. This report revealed that 3,800 direct and 23,000 indirect jobs were created through EuDev’s support but that the impact on poverty alleviation
was not entirely measurable with this indicator: First, EuDev did not know if the people employed lived under poverty conditions; second, EuDev lacked information on what the money that employees earned was spent on. In conclusion, in the years 2007 and 2008, EuDev was still struggling to be responsive to the donor’s accountability expectations. In the third paper of the dissertation (Chapter 6.3), the relationship with the donor and the respective accountability demands will be analyzed in depth.

5.3.4.2. The Staff Members

EuDev’s staff members were highly involved in the evaluations of their activities’ impact. They had to collect the data, send questionnaires to the companies they support and answer interview questions from external consultants and evaluators. When in 2008 a new CEO was introduced, the project managers, in addition to satisfying the reporting demands from the donor, also had to engage in discussions about their activities’ impact with the CEO. They had to justify the way they conduct projects, select companies and measure the sustainable impact of their projects. This spurred an internal discussion on EuDev’s impact logic and revealed project managers interpretations of success. We will examine this discussion in greater depth in the first paper of this dissertation (Chapter 6.1).

5.3.4.3. The Clients and Beneficiaries

In the nonprofit literature, the expressions “clients” and “beneficiaries” are often used interchangeably. However, the Oxford Dictionary defines clients as persons “who use the services of a professional person or organization,” whereas a beneficiary is “a person who […] benefits from something” (J. Crowther, Kavanagh, & Ashby, 1995, p. 200 and p. 095). Although SMEs as well as their employees and the employees’ families benefit from the support of EuDev, we think that speaking of SMEs’ as the nonprofit’s clients and of their employees as beneficiaries makes sense for two reasons: First, SMEs use EuDev’s services to go to fairs and to acquire management know-how. Only because they use these services do they have benefits. The SMEs’ employees and their families have no access to these services and hence are not actively involved in seeking to use them. Nevertheless, they benefit from the services that EuDev offers to the SMEs. Second, as we will see, the accountability expectations from
SMEs and SMEs’ employees and their families differ significantly from each other. Hence, to lump them together in one category of beneficiaries does not make sense.

5.3.4.3.1. The SMEs

An important stakeholder for the project managers is represented by the managers of the companies they support. In total, EuDev supports around 500 companies annually. Direct interaction between EuDev managers and SME-managers takes place during the trade fairs and management training sessions conducted. In between these meetings, they are in touch with each other via e-mails or phone calls. The expectations of SMEs when participating in the EuDev-program are clearly driven by the wish to succeed in business with Europe. Because the SMEs have to contribute a portion of the costs that arise for the promotion activities EuDev helps them carry out in Europe, they are interested in succeeding in the European market. Hence, from the clients’ perspective EuDev’s economic success matters. In addition, SMEs are also interested in fairness of support given by EuDev. Because EuDev focuses its activities on selected countries and those activities support several companies from the same sector, supported SMEs are interested in a fair selection process. One main criterion of fairness that they pay attention to is neediness: They want to compete only with those SMEs in the EuDev program that have similar resources to what they have. If they meet another company in the program that – from their perception – would not require EuDev’s support to be able to export, they perceive that support to be illegitimate. The second paper of the dissertation (Chapter 6.2) will explore the relationship between EuDev and its clients in more detail.

5.3.4.3.2. The Employees and Families of the SMEs

What we call the beneficiaries here is what in EuDev’s mission statement is referred to as the poor. Although EuDev has very little direct contact with the poor, they reach out to them via the companies they support. EuDev managers meet their ultimate beneficiaries when they visit the SMEs on-site, formulating a personal impression of the living conditions of the SME’s employees and their families. However, because these visits are rather short and laden with business related meetings and trainings, the contact with the beneficiaries is elusive. Contact is not systematized in a specific way and depends on EuDev project managers’ personal interest investigating the interdepen-
dencies between their projects and the living conditions of the poor. Hence, project managers at EuDev only have sporadic personal stories to tell with regard to the beneficiaries. The beneficiaries themselves know little about EuDev and have no formal means to exercise voice with EuDev. However, they have a clear view on how they benefit from the employment and what is still lacking for them to have a better living. The third paper of this dissertation (Chapter 6.3) will give more insight into this relationship.

5.4. Embedded Cases

Within the case of EuDev we will look at three embedded sub-units of analysis. By conducting these embedded cases we aim to better grasp EuDev’s accountability relationships with SMEs and their employees in concrete development projects. Following a theoretical sampling strategy, we select extreme cases with contrasting characteristics to arrive at “very clear pattern recognition of the central constructs, relationships, and logic of the focal phenomenon” (Eisenhardt & Graebner, 2007).

Starting from an analysis of what makes EuDev’s accountability relationships complex and challenging, we arrive at the conclusion that EuDev deals inside extremes. First, in their projects in different countries, managers at EuDev are confronted with different definitions of poverty. The prevailing level of poverty is very different in Indonesia and Peru than in Macedonia and Serbia. Hence, accountability for impact on poverty reduction might take different shapes in the two country contexts. Second, the industry sectors that EuDev operates in are very different. Although each project manager has his sector and thus only deals with one type of industry, the organization as a whole has to do divide its attention, time and support among different sectors and consequently deal with the sectors’ different characteristics. From the existing sectors, agriculture seems to be closest to the poor in developing countries, whereas technological products seem to require a high level of development of a country already. Therefore the sector might also imply the nature of accountability expectations of stakeholders and the way EuDev reacts to them. Third, the support landscape of the SMEs in EuDev’s programs can vary: In some cases, several international development organizations are involved in supporting the SME; in other cases, EuDev is the SME’s only supporter. Hence, in the former case EuDev is one actor among others and the success of an SME and its ability to employ more people and have an impact on poverty might
not be attributable to EuDev. In the latter case, EuDev’s support might be singled out as a trigger for development more easily. This will again influence the management of accountability.

Based on these three extremes, the embedded cases were selected to elucidate if these different case characteristics make a difference for the management of accountability to multiple stakeholders.

We selected two EuDev projects from Peru and one project from Macedonia. The following table shows how they relate to the above-outlined criteria.

<table>
<thead>
<tr>
<th>Coffee cooperative Pamar</th>
<th>Poverty context</th>
<th>Sector</th>
<th>Support landscape</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Extreme (less than a dollar a day)</td>
<td>Food (Organic Products)</td>
<td>low (EuDev is the only supporter)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coffee cooperative Flora</th>
<th>Poverty context</th>
<th>Sector</th>
<th>Support landscape</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Extreme (less than a dollar a day)</td>
<td>Food (Organic Products)</td>
<td>high (EuDev and many other NPOs support the SME)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Welding company Rava</th>
<th>Poverty context</th>
<th>Sector</th>
<th>Support landscape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate (less than 4 dollars a day)</td>
<td>Technical Products</td>
<td>medium (one other NPO involved in support of SME)</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 Selection Criteria for Embedded Cases

5.4.1. Case I: Pamar (Peru)

Pamar is a coffee cooperative in the region of Junin, central Peru. The organization was founded in 2002. Today it has approximately 300 members (small family coffee producers) who sell their coffee to the cooperative. Most of these families live on less than one dollar a day.

Pamar was introduced to EuDev through a local manager of another coffee cooperative (Felix) who had good connections to a European Chamber of Commerce in Lima and thus already knew EuDev. With EuDev’s support, Pamar came into direct contact with

3 (UNDP, 2010)
4 (Ivanov, 2008)
international clients and improved cooperation with Felix’s cooperative. They were able to increase their price from 6 to 8 Soles per kilo and to strengthen their know-how about the European market. Connections to EuDev simplified the first contact with potential clients. In order to meet the requirements of the European Market, Pamar started to invest in organic coffee, training its members in organic production methods to reach organic certification. Furthermore, direct sales led to a pressure on the cooperation to become more professional.

Pamar is not supported by any other organization than EuDev.

Regarding Pamar’s social support of employees, it provides loans to its members and monitors the repayment. The company provides education for children of employees in company-owned schools, as well as technical training for producers.

5.4.2. Case II: Flora (Peru)

Flora, like Pamar, is a coffee cooperative in the area of Chanchamayo in Peru. It was one of the first coffee cooperatives to be founded in Peru in 1966. After a non-active phase due to the terrorist regime of Fujimori, the cooperative was reactivated in 1994. The cooperative’s management reinvested in the cooperative’s infrastructure and established first contact with European support organizations. Through them, Flora learned about fair trade standards and received the fair trade label in 1997. In addition, the cooperative also received certification for organic production. They were the first Peruvian cooperative to have both labels. Due to its long history and strong management, Flora has a huge member base, including 740 family producers. Over time, Flora, better able to meet the demands, intensified its outreach to international markets. They improved the quality of the coffee, selling larger quantities. However, because of its international reputation, Flora is not able to meet the demand with its own producers and has to buy on the Peruvian market. Hence, also non-members can sell their coffee through Flora.

In addition to EuDev, Flora is also supported by Terre des Hommes, SOS Faim, Naturland, Max Havelaar, UTZ Certified, IMO Control, OCIA and JAS.

Flora supports its members by building roads and setting up further infrastructure such as an agricultural and management training center. In addition, cooperative members
can apply for micro credits to invest in their production or to access basic health care in case of illness.

5.4.3. Case III: Rava (Macedonia)

Rava is a metal works company specialized in welding. Prior to its inclusion in the EuDev program in 2006, Rava had already participated in international trade fairs and exported some of its products. The company has a strong focus on the European Union (EU) market since the local Macedonian market appears to be too small to find profitable customer relations. EuDev helped Rava in gaining access to the most important trade fair in the sector. Prior to EuDev’s support it had always been too costly to attend. Apart from EuDev, Rava is additionally supported by USAID. Their support, complementary to EuDev’s, concerns setting up a professional financial accounting system in the company.

As a result of export activities and purchasing orders from foreign investors in Macedonia, Rava has increased the number of employees over the past several years. Starting with three employees in 1988, the company had 40 employees in 2006 and 70 employees in 2007.

However, the people employed by Rava mostly have a higher level of education and hence have little difficulty finding a job. The poor population of Macedonia, mostly of Roma ethnicity, is characterized by a very low level of education and lives in the countryside (Ivanov, 2008). Poor families have many children and cannot afford their own house. The workers employed by Rava have a good level of education in general. Most of them have a high-school diploma and specialization in a technical vocation. The families are generally relatively small, on average with four members. Rava supports its employees assisting with loans if employees e.g want to build a house.

5.5. Data Collection

The research on EuDev was conducted mainly by a team of two researchers from the University of St. Gallen. A third researcher was involved for some parts of the data collection process. We divided our case study into two phases of empirical data gathering. In the first phase we aimed to analyze the lateral dimension of EuDev’s accountability relationships. We were interested in the internal accountability discourses among
staff members and the CEO. We also looked at how criteria, measurements and interpretations of success were negotiated upward with the donor. Hence, in the first phase we explored EuDev’s main accountability relationships in its home country.

In the second phase of the research we turned our attention to the embedded cases we had chosen and visited the SMEs in Peru and Macedonia. For the data collection in Peru the third researcher replaced the author of this dissertation in the research team. We took advantage of the third researcher’s language skills in Spanish as she was able to conduct the interviews without the need for a translator. The author of this dissertation was subsequently again involved in processing the raw interview data and field notes. Before we turn to the process of analysis of the data in chapter 5.6, we will describe the multiple means used to gather the data in the following sub-chapters.

5.5.1. Project Phase I

During the first ten months of our research (07/2008 – 05/2009), we focused on gaining deep insight into EuDev as an organization and its environment in its home country. We sought to collect as many texts produced with regard to accountability as possible. We use the term texts here with reference to our social constructionist understanding of communication. According to Hardy (2001), communication is embodied in texts that bring objects into being and relate to each other in a broader context (see intertextuality (Fairclough & Wodak, 1997)). The texts we collected center on accountability and include episodes of talking, written documents as well as physical actions.

We collected these texts using a variety of data resources in order to comply with triangulation (Uwe Flick, 2008) requirements and enhance the validity of our case study research, avoiding lopsidedness in the data base (Eisenhardt, 1989; R. Yin, 1998). In the following we will introduce the sources of data we used and describe the methods to extract the data.

5.5.1.1. Participant Observation

We entered our field of study observing a strategy meeting between the donor and the project managers and the CEO of EuDev. The objective of this meeting was to discuss a broadened understanding of EuDev’s project sustainability and hence a new dimension of project success which the new CEO planned to introduce. Observing this meet-
ing gave us immediate insight into the accountability dynamics between EuDev staff members and the CEO as well as between EuDev and its donor. We were able to collect data on face-to-face negotiations at two accountability levels: the lateral and upward level of accountability. Observing talk in interaction revealed dynamics that were not observable through interviews. We followed natural discussions of the participants involved and refrained from intervening with concrete questions.

We thus used participant observation as a data collection method to observe the research objects within their natural context and under “their distinct conditions” (Bachmann, 2009). In order to use participant observation as a valid research method, we need to account for the role of the observers in the observation situation (see Hawthorneffect in Bachmann, 2009). In our case the participation dimension was reduced to sitting in back of the meeting-room, observing the discussions and writing the observation protocol. Only during the breaks of the meeting did we interact with the participants who were interested in our research project. In conclusion, we complied with common standards of this research method.

5.5.1.2. Pre-Focus Groups

In a next step, before conducting interviews, we conducted two pre-focus groups with project managers and the CEO of EuDev to gain a better understanding of how the staff of EuDev discusses the success of their project activities among themselves. We aimed to bring into focus those dimensions of interpretations of success that were not, or only subliminally, present in the discussions at the strategy meeting with the funders. Though this time setting the frame of the group discussion ourselves, we were still able to observe face-to-face interaction and the production of texts in interaction. In this context, we collected data that is less accessible in interviews: „Group discussions provide direct evidence about similarities and differences in the participants' opinions“ (Morgan, 1997, p. 10).

Using the focus group method, we observed how accountability relationships with stakeholders and their expectations were described by the project managers and CEO. Different accentuations of success criteria and interpretations came to the fore. Hence, the focus group provided us access to “participants’ meanings and conceptualizations as they interrogated and debated the issues raised” (Barbour, 2007, p. 111). Since our interest in this study lies in elucidating negotiated dimensions of accountability, the
focus group method was particularly apt for covering negotiations of meaning. In order to influence the discussion as little as possible, the two researchers moderating the focus group only asked initial questions and only intervened when something was unclear. Following advice from Barbour (2007), we especially refrained from using academic and theoretical terms, being careful not to insert our interpretations while moderating the discussion. Writing a detailed protocol of the focus group, the researchers also tried to capture the non-verbal communication in the discussion.

In addition to observing the negotiations between participants the focus group method also provided guidance in developing the interview guideline.

5.5.1.3. Narrative Interviews

Based on the observations of the strategy meeting and the focus groups, we came up with a list of interview partners whom we interviewed in a third step. The list of interview partners was composed of staff from EuDev and staff from the funding agency.

To select these interview partners, we first asked the research partner which people they deemed important and appropriate to interview when considering EuDev’s accountability. The list that they came up with was then compared to the criteria we developed ourselves:

- The interview partner should be involved in accountability negotiations.
- The interview partner should have been employed by or closely linked to the organization for at least two years.
- The interview partner should have participated in at least two evaluations of the organization’s impact.
- Project managers as well as top management should be represented in the sample.

Applying these criteria, we created a list of 16 interview candidates whom we considered experts on EuDev’s accountability and whom we subsequently interviewed. The sample consisted of four members of the top-management teams (two from EuDev and two from the donor) and twelve project managers (six project managers from EuDev and six project managers from the donor agency). The interviews took place in the interview partners’ offices, lasting on average an hour. We did not use a consolidated questionnaire with a strict order of questions. Instead, we prepared a landscape of topics (generated from our previous observations) that we touched upon with each inter-
viewee. Following this landscape, we allowed our interview partners to follow their own train of thought in their accountability-related narratives. This strategy placed the expert, his knowledge and subjective constructions of reality at the center of the interview (U. P. Jäger & Reinecke, 2009, p. 41).

In doing so, we complied with reliability standards of the data collection process by refraining from influencing the interview partners with our own interpretations and by not using closed interview questions. The course of the interview was determined by the interview partner. Follow-up questions were geared toward each interviewee’s line of argument. Another quality criterion of interview techniques was followed by conducting most interviews in a team of two researchers. In each interview, one of the researchers took the lead in asking the questions. With each interview we changed roles, nondicing a routine questioning driven by the perspective of only one interviewer.

5.5.1.4. Document Analysis

Parallel to our interviews, we collected written documents that were obviously related to EuDev’s accountability management. These documents included annual reports, evaluation reports and success stories written by EuDev managers about certain projects. These documents are additional texts with information on accountability. They are therefore important elements of the organization’s communication built around the issue of accountability: „Documents are not just a simple representation of facts or reality. Someone […] produces them for some […] purpose and for some form of use […]“ (U. Flick, 2006, p. 248). Since the annual reports, evaluations and success stories are all sent to the funder, they allow drawing inferences about the accountability relationship between EuDev and its donor. Hence, through these documents we gain insight into the “social reality beyond the documents” (Kromrey, 2006, p. 319)

5.5.1.5. Post-Focus Groups

In order to reflect on the interviews and the researchers’ interpretation of the interview data, we invited the interviewees to participate in a post-focus group. In order to be able to find suitable dates for all interviewees, we had to conduct three post-focus groups.
The post-focus groups helped us to validate the interview findings and gave participants a chance to reflect on the full picture of accountability dimensions we had drawn. In doing so, they were able to compare what they had expressed themselves to what must have been expressed by others, comparing different constructions of the organization’s accountability reality (Krueger & Casey, 2000, p. 17).

5.5.1.6. Reflections on Research Methods Used in Phase I

The following table gives an overview of the data collected in the first phase of the research project.

<table>
<thead>
<tr>
<th>Step</th>
<th>Research Method</th>
<th>Data Sources</th>
<th>Documentation Strategy</th>
<th>No. of texts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Participant observation</td>
<td>Strategy meeting of EuDev and its funder.</td>
<td>Research protocol by two researchers</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Pre-focus groups</td>
<td>Focus groups with staff members of EuDev (project managers and CEO).</td>
<td>Research protocol by two researchers</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Narrative interviews</td>
<td>Sixteen interviews with EuDev- and donor-staff:</td>
<td>Transcripts of the interviews, interview protocol</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 4 members of top management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2 from EuDev, 2 from donor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 12 project managers (6 from EuDev, 6 from donor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Document analysis</td>
<td>- Annual reports from 1998 till 2008</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Evaluation reports</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Success stories on certain projects</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>Post-focus groups</td>
<td>Focus groups with interview partners (of EuDev and funder) to discuss the results of interpretation</td>
<td>Interview protocol by two researchers</td>
<td>3</td>
</tr>
</tbody>
</table>

Total: 51

Table 4 Data Gathered in Research Phase I
Disclosing our research methods shows that we fulfill the criteria of triangulation. According to Flick (2008), four forms of triangulation help in reducing bias in social science research: data triangulation, method triangulation, investigator triangulation and theory triangulation. For the reflection on the data gathering process, the first three are important.

5.5.1.6.1. Data Triangulation

Data triangulation is reached when different sources of data are used in order to describe the same phenomenon. We fulfill this criterion because we not only include individual accounts of EuDev managers but also consider group interactions. In addition, we also differentiate between research context, interviewing not only managers from EuDev but also integrating the perspective of its donor. Finally, we compare the accounts of the same group of people at two points in time, conducting pre- and post-focus groups.

5.5.1.6.2. Method Triangulation

Method triangulation means the use of different methods to collect data. We comply with this requirement, using not only interviews as a method of data gathering but also focus groups, participant observation and document analysis.

5.5.1.6.3. Investigator Triangulation

Finally, investigator triangulation refers to different researchers examining the same phenomenon. This form of triangulation is supposed to reduce the personal observation bias, building on the idea that each of us will make sense of the things he sees in different ways. Conducting the research in a team of two reduces the observation bias. Not only did we change roles in interviews and write separate observation protocols, we also systematically compared our impressions to gain a common understanding.

5.5.2. Project Phase II

In the second research phase, we collected data on the selected embedded cases, gaining insight into EuDev’s relationship to clients and beneficiaries. The selection criteria for these embedded cases have already been described in chapter 5.4, table 3. Here we
only want to provide a brief look at the process of selecting. Seeking extreme cases based on our theoretical sampling strategy, we explained to our research partner which project characteristics we were looking for. Together we compiled a list of eight potential projects (all of the SMEs had already finished the EuDev program) that would fit these criteria. The two researchers contacted the SMEs, asking them if they would be willing to participate in the research project. Four of the SMEs we contacted declined our visit, leaving four options. All of them fitted the criteria of our theoretical sampling (different sectors, different countries and different support landscape). For practical reasons (time scarcity) we then decided to visit three of the four, Pamar and Flora in Peru (two coffee cooperatives in travelable distance to each other) and Rava in Macedonia.

In July 2009, two researchers went to Peru for four weeks, conducting the case studies on Pamar and Flora. In October 2009, we went to Macedonia for two weeks to do research on EuDev’s accountability relationship to Rava and its employees and their families.

The research activities had been planned thoroughly before departing for the visits. However, the local contexts were very different from the European context, sometimes not allowing for a process as strict as in research phase I. Some actors we would have liked to interview declined our requests or were not reachable during the time of the visit. To counterbalance these opportunity costs, we again sought to collect data from as many sources as possible, deciding on the ground to interview different actors.

5.5.2.1. Preparations: Interviews and Document Analysis

Prior to the field visits we conducted interviews with EuDev’s project managers who were in charge of supporting the selected companies. In contrast to the interviews in research phase I, which focused on interpretations of success in general, these interviews concentrated on gathering detailed knowledge on the specific projects with Pamar, Flora and Rava. We were interested in understanding 1) the context of the support of these companies, 2) the ways EuDev, the SMEs and the SMEs’ workers and families interacted with each other, and 3) the project managers’ measures and interpretations of success regarding the projects.

The author of this dissertation was not part of the team that conducted the interviews in Peru.
We also used these interviews as opportunities to collect documents related to the support-relationship, which included e-mails, company profiles and reports from trade fairs. Analyzing these written documents as well as the interviews with EuDev’s project managers helped us in preparing for the visit as well as in comparing the initial information to the impressions of the cases once we were back from the visits.

In addition, preparing for the visits, we collected documents such as UNDP reports on poverty in Peru and Macedonia as well as reports on the general country situation and its business environment. However, in contrast to the interview data and documents on the relationship these more general documents only served as background information. We did not analyze them in detail.

5.5.2.2. Narrative and Semi-Structured Interviews

Within all three embedded case studies we followed the same approach for data collection in order to guarantee the comparability of the data. The main building block of our data collection strategy was narrative and semi-structured interviews with different actors in the context of the SMEs studied. In order to identify the SMEs’ accountability expectations and reporting activities with respect to EuDev, we first interviewed the management of the SMEs. These are the people in touch with EuDev, being trained by them and meeting EuDev managers at trade fairs. Secondly, we were interested in the perspective of the SMEs’ employees about changes in their work and living conditions since the time when EuDev supported the SMEs. Hence, a second round of interviews was conducted with all or selected employees. In order to track the value chain of EuDev’s support further down the line, we also interviewed families of the employees and investigated their impression of EuDev’s impact.

Parallel to accessing these three layers of information, we were interested in the poverty context in which the SME was embedded. Although we had already learned a lot about this context through the reports we had consulted before entering the field, we aimed to validate this perspective through interviews with ‘local knowledgeables’. These local experts were e.g. members of local nonprofits, the church, local administration, and business support organizations.

Because all these interview groups had different educational backgrounds and because they differed largely in their willingness to talk openly, we not only used narrative in-
terviews with open-ended questions but also designed semi-structured questionnaires that we applied in more difficult interview situations.

5.5.2.2.1. Interviews with SME Managers

In each of the SMEs the management was the driver of the export activities and hence the main contact for EuDev. They were the ones who spoke English in the companies and could go to trade fairs. Since the two Peruvian coffee cooperatives were rather large organizations with numerous producers, their management boards were considerably bigger than that of the Macedonian metal works company. Therefore, in the case of Pamar, we interviewed ten management team members; in the case of Flora, we interviewed eight; and in the case of Rava, we conducted only three interviews with the managers of the company.

The interviews at management level were conducted in a narrative style and touched upon three main themes: 1) the general company’s development and its local context (including issues like the history of the company, its embeddedness in the local context, its interaction with employees and their families), 2) its export orientation (e.g. its motivation and success to export to Europe, the business challenges it meets) and 3) its relationship to EuDev (e.g. how it valued the support they had received, what had changed for them after being in the EuDev program).

5.5.2.2.2. Context Interviews

After interviewing the management of each SME and gaining a first impression of the SME and its embeddedness in the local context, we enriched this insight through interviews with representatives of the local social and political context. In these interviews we sought to become more familiar with the dimensions of poverty in the region where the companies were active. Because one of EuDev’s main accountability challenges was to prove a cause-effect relationship between the economic support of the SMEs and the social goal of achieving better living conditions for the poor, we were interested in which groups of poor people the local context representatives would identify in the area where the companies were based. We spoke to knowledgeable people who were acting at the interface between the private and the state sector, as well as between the private sector and the local civil society. Interview partners were, for example, the
local municipality, nongovernmental organizations (NGOs) working with the poor in the area and heads of schools and churches.

We identified the local representatives we interviewed by asking 1) EuDev managers who they identified as important people in the local communities, 2) the management of the companies for people who know much about the region and its development. After compiling a list of potential interview partners to start with, we applied the snowball principle, asking these people for further contacts.

Since Pamar and Flora were based in the same region in Peru and were from the same business sector, we were able to use interviews with local knowledgeableis for both cases. In total, we conducted seven context interviews in Peru. In Rava, we conducted eight interviews to gain insight into the poverty context in Macedonia.

In these interviews as well we used mostly open questions and a narrative style of interviews. We started with general questions on the institutional context of the interviewee, went on to inquire about their perception of the state of development of the region (infrastructure, health care system, education system), and then explored the role that the SME played in the region.

As an outcome of these interviews we were able to draw a landscape of social challenges of the region and identify what characterized groups of poor people. With this knowledge we went back to the SMEs, selecting employees for interviews to explore the beneficiaries’ accountability relationship with EuDev.

5.5.2.2.3. Interviews with Employees

The employees we interviewed were selected according to three main criteria: 1) their social situation (dealing more or less with poverty issues), 2) their history with the SME (employed for a long time, recently employed), 3) their position within the SME (in case of Rava: lead worker, normal worker, subordinate worker; in the case of the coffee cooperatives: big producer, small producer). Within Pamar, we interviewed twelve employees, within Flora we talked to nine and in the case of Rava we interviewed 19 employees. The higher number of interviews in the context of Rava came about because the workers were all working at the same factory, and thus were easily accessible. In the Peruvian cases we had to travel from one producer to the other.
In the interviews with employees we focused on 1) their personal situation and education as well as how they got the job with the SME; 2) how they valued the company’s contribution to their lives, what had changed since the company was exporting, and 3) how they perceived their quality of life and the situation of their families and friends. Since many workers and producers did not have a high level of education (some of them were illiterate) and were timid or even afraid of the interview situation, we used semi-structured interviews here. In an effort to create a feeling of security for the interviewees, we posed questions that were more closed, especially at the beginning of the interview. If the interviewee felt more secure and talked more fluently in the course of the interview, we changed to a more narrative style. If the interviewee did not become more open to the interviewers, we kept to the structured questionnaire (see appendix I a), digging deeper when we identified interesting cues.

Since most of the interviewees were not speaking English during the interviews we relied on translators. In Peru, one of the researchers acted as a translator, simplifying the situation greatly. In Macedonia we hired an external translator, which complicated the process of interviewing, creating more distance between the interviewers and the interviewee. This situation is likely to have influenced the answers of the employees. However, we tried to reduce the impact by creating a nice atmosphere, offering something to drink and assuring them that the data was not going to be reported to the SME. At the beginning of each employee interview, we spent time introducing ourselves and breaking the ice.

5.5.2.2.4. Interviews with Families of Employees

As a last step down the value chain of EuDev’s activities, we interviewed several employees’ families. In the Peruvian cases, the families interviewed were those of the interviewed producers due to the fact that the farmland was also their home. In Rava, we had to select families because we did not have the time to interview all 19 families of the interviewed employees. To select the families in the Rava case, we used the insights from the employee interviews as a guideline. We were interested in selecting two types of families: those who struggled less with poverty and those who perceived themselves as being highly impacted by their unprivileged situation. Applying this selection process, we decided to visit six families.
Similarly to the interviews with the employees, we had to rely on the translator as well as on the semi-structured interview guide (see appendix I b). However, because we were meeting these families at their homes, a familiar environment, the families responded much more openly to the interview questions.

In the interviews with the families we were interested in completing the picture of the poverty context and EuDev’s relationship to its beneficiaries. Hence, we inquired about the families’ daily living, their monthly expenses and savings, and their access to infrastructure. In addition, to make the link back to EuDev, we were interested in their perception of the SME’s development and the support they received through the SME.

5.5.2.3. Focus Groups

In order to reflect the outcomes of the interviews, we conducted focus groups with the SME’s management teams. Through these focus groups we sought to first validate the insight we had gained into the local context of the companies and, second, to generate new data by observing the management’s reaction to our interpretation of their accountability relationship to EuDev. At the level of employees and families, however, it was not feasible to conduct such focus groups.

5.5.2.4. Reflection on Research Methods used in Phase II

Table five gives an overview of the data gathered in research phase two. In the embedded cases we had to rely much more on interviews and were only able to conduct focus groups with one group of interviewees in each of the cases.
5.5.2.4.1. Data Triangulation

In research phase two we fulfill the criterion of data triangulation, diversifying the data sources by interviewing five groups of people to study the phenomenon of accountability in EuDev’s concrete projects. By writing detailed interview transcripts and already comparing the views expressed in the interviews in the field, we were able to detect sensible topics we could concentrate on deepening in the continuation of the data gathering.

<table>
<thead>
<tr>
<th>Focus of Analysis</th>
<th>Step</th>
<th>Research Activity</th>
<th>Documentation</th>
<th>No. of texts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit clients (SMEs)</td>
<td>1</td>
<td>Interviews with responsible at EuDev</td>
<td>Interview protocols, full transcripts</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru Cases: 2 people</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Case Rava: 1 person</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2</td>
<td>Interviews with management of companies</td>
<td>Interview protocols, full transcripts</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Case Pamar: 7 people</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Case Flora: 10 people</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>- Case Rava: 3 people</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3</td>
<td>Interviews with knowledgeable of the local context concerning poverty alleviation</td>
<td>Interview protocols</td>
<td>15</td>
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<tr>
<td></td>
<td></td>
<td>- Peru Cases: 7 people</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>- Case Rava: 8 people</td>
<td></td>
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<td></td>
<td>6</td>
<td>Focus Groups (mirroring the interview analysis and data collection)</td>
<td>Observation protocols</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 2 Focus Groups</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Macedonia: 1 Focus Groups</td>
<td></td>
<td></td>
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<tr>
<td>Non-profit beneficiaries (worker, family)</td>
<td>4</td>
<td>Interviews with workers of companies</td>
<td>Interview protocols</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Case Pamar: 12 people</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Case Flora: 9 people</td>
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<td></td>
<td></td>
<td>- Case Rava: 19 people</td>
<td></td>
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<tr>
<td></td>
<td>5</td>
<td>Interviews with workers’ families</td>
<td>Interview protocols</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Case Pamar: 12 families</td>
<td></td>
<td></td>
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<td></td>
<td>- Case Flora: 9 families</td>
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<td></td>
<td>- Case Rava: 6 families</td>
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<td></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>108</strong></td>
</tr>
</tbody>
</table>

Table 5  Data Gathered in Research Phase II
5.5.2.4.2. Method Triangulation

Although we were not able to use as many different methods as in research phase one, we still managed to conduct focus groups with one group of interviewees to approach our object of study from another methodological angle.

Concerning the method of interviews used in the research phase, we have to acknowledge two potential limitations: First, as already explained in chapter 5.5.2.2.3 and 5.5.2.2.4, we had to work with a translator external to the research team in Macedonia. This potentially had an influence on the interviewees, hindering the natural flow of conversation. Also, because both researchers did not know the Macedonian language at all, we had to trust the translator to be exact in translating our questions as well as the answers of the interviewees. We intensely briefed the translator about the importance of this accuracy for the research process.

Second, some of the interviews at the beneficiary level were not voice-recorded since the interview partners were uncomfortable with the idea of being recorded. Hence, we had to rely on our interview protocols. Under these conditions, it was very important to conduct the interviews in pairs.

5.5.2.4.3. Investigator Triangulation

Conducting the research in a team of two not only helped to alter roles and perspectives but also made it possible to write copious interview notes. While one was concentrating on the interviewee, asking the questions, the other wrote the protocol, resulting in almost verbatim accounts.

5.6. Data Analysis

Interview protocols and transcripts, written documents, observation protocols and focus group protocols altogether added up to 159 texts, which we analyzed in detail. This strong data basis had to be screened, sorted and finally coded to allow a comprehensible analysis. This process is described in the following sub-chapters.
5.6.1. Interview- and Observation-Protocols

The process of interpretation of data always starts immediately after each research activity by finalizing the interview- and observation-protocols, making sure that all details of the situation are noted down. To capture all aspects of the research activity we used the same protocol sheet (example provided in appendix II) for each activity, entering general information (date, location, type of research activity, people present), context information (personal impressions, atmosphere, characteristics of the situation) as well as research-relevant information (research question, topics touched upon, hypothesis) before typing the hand-written notes from the interview or observation. In that way we reflected upon the process of each research activity and engaged in ad-hoc sense-making of the data. Having written down all these aspects, we could later go back to the protocols during the in-depth analysis of the data.

5.6.2. Interview Transcripts

All interviews in the European context of EuDev and most of the interviews in the developing countries contexts were voice-recorded. From these sound-files we did verbatim transcripts of the interviews with EuDev managers as well as with the managers of the donor agency. The sound files from interviews in the embedded case studies were only used to complement the interview-protocols when the researchers had the impression that they were not able to capture all aspects or when something was unclear.

5.6.3. Coding Process

For the fine-grain analysis of the data we used a grounded theory approach (A. Strauss & Corbin, 1998), coding the collected texts by using invivo codes (Bortz & Döring, 2006, p. 333). Applying the grounded theory approach allows the identification of the main themes, remaining as true as possible to the original data, thereby avoiding theory bias. Since our study is of explorative character, we were not able to apply codes derived from theory and existing literature.
Using our research question to guide our interest, we derived invivo codes from the data, advancing in three steps:

1) Identifying meaningful text passages
2) Finding invivo-codes: Paraphrasing these text passages so as to remain true to the text
3) Grouping these paraphrased codes into larger self-contained thematic units

5.6.3.1. Identifying Meaningful Text Passages

Each of the researchers read through all transcripts and interview/observation protocols, marking text passages that he considered meaningful in the context of our research question. After this separate reading the two researchers sat together to compare the passages marked and to discuss potential deviations. To test the relevance of the identified text passages for the research question and to test the consistency of our reading, we randomly chose three interviews from different phases of the research to start the coding.

5.6.3.2. Finding Invivo Codes

We started paraphrasing the identified text passages in the three selected interviews, thereby finding invivo codes. To give a less abstract impression about the coding process, the following example from an interview with a EuDev project manager elucidates the paraphrasing of a text passage and the formation of an invivo code:

Citation: “I measure my success based on my personal enthusiasm. Of course we have Key Performance Indicators that we need to meet. However, I personally believe that I will recognize if I did a good job when I get good feedback from the SMEs. They tell me exactly what support they appreciated, how they could benefit from the project.”

Paraphrased invivo-code: “Success: personal enthusiasm, feedback from SMEs”

After paraphrasing all identified passages in the three selected interviews, we reflected upon the invivo codes and their appropriateness to giving clues to answer our research question. Based on the experiences with the first three texts, we continued coding the rest of our texts and arrived at a total of 745 invivo codes for research phase one and a total of 828 invivo codes for the texts collected in research phase two. To handle the
amount of data more easily, we used the coding software MAX.QDA, which allowed us to always go back to the initial text passages of each invivo code.

5.6.3.3. Grouping into Thematic Units

In a third step we grouped the invivo codes into larger thematic units. In that way we were able to form broader empirical constructs from the data. In the end we arrived at a coding tree of abstract main constructs that are grounded in condensed thematic units, which again are attributable to a number of invivo codes and hence text passages. The example of the invivo-code mentioned above may again help to better understand the grouping process (see Figure 4).

Figure 4 Coding Process

Coding our data in this way helps us to structure and categorize the huge amounts of text in order to consistently analyze the collected assertions in the broader context of our case.

5.6.4. Method of Analysis: Social Discourses as Building Blocks of a Socially Constructed Understanding of Accountability

As we apply a socially constructed understanding of accountability, acknowledging that “accountability efforts […] are reflective of relationships among organizational actors embedded in a social and institutional environment” (Ebrahim, 2005, p. 60) and conceiving of accountability as a sense-making process that is “situated in the interactions between people who share a common context” (Boland & Schultze, 1996, p. 65), we are interested in a method of analysis that enables us to capture how accountability is constituted in the relationships we examine.
In order to find a means to reveal the social construction of accountability, we reviewed the methods that studies of organizational communication taking a social constructionist stance applied (C. Hardy, Palmer, & Phillips, 2000; Jian, Schmisseur, & Fairhurst, 2008; Putnam, 2006; Putnam & Krone, 2006). As a result of this review, we find the method of discourse analysis to best apply to our endeavor. This however does not mean that we are aiming at incorporating a discourse theory perspective in our dissertation. We rather consider discourses “as the ‘building blocks’ or resources that enable and constitute communication as a social process of meaning construction and maintenance” (Jian et al., 2008, p. 310). Drawing on this foundation, discourse analysis, the way we perceive it, “aims at reconstructing processes of […] objectification, communication and legitimacy by looking at sense-making and operating structures at the level of organizations” (Keller, 2004, p. 57).

Discourses itself consist of certain types of texts which are interrelated with each other through common themes and which are shared by a number of social actors. As Hardy puts it, “discourse refers to the practice of talking and writing, which brings objects into being through the production, dissemination and consumption of texts (Cynthia Hardy, 2001, p. 26)”. The issues on which the discourses center are “condensation spots of societies’ reproduction of communication” (Knoblauch, 2006, p. 219). From this it follows that only if issues are raised by social actors in a public discourse, do they have the potential to become relevant for others.

Against this background, we were interested in uncovering issues that related to accountability in the context of EuDev and its stakeholder relations. Drawing on our definition of accountability as the negotiation “of appropriate criteria, measures, and interpretations of success in ways that respond to the organization’s history, values, and mission”(Morrison & Salipante, 2007), we uncover the arguments our objects of study use to support their own criteria, measures and interpretations of success and we examine how these arguments relate to each other. We hence analyze the invivo codes by identifying arguments organizational members and stakeholders used in their texts to give accounts of the success of projects and relationships. We can then build clusters of arguments around sub-topics of accountability and that way arrive at discourses that relate to accountability in EuDev’s relationships to its stakeholders. In addition to the arguments we find in the texts, we take into account each actor’s embeddedness in its institutional environment (developed country - developing country, medium poverty context – high poverty context) and from there reconstruct the process of objectifica-
tion of negotiated accountability criteria. Comparing the accountability discourses that our objects of study refer to in their argumentation strategies we can conclude on shared forms of meaning making and differences of sense-making in the contexts we examine (lateral, downward and multiple accountabilities). By looking at how arguments are constructed in negotiated accountability settings, we follow Sillince (2006) and Cheney et al. (2004) who find discourse analysis particularly apt to analyze construction processes in situations that are characterized by the absence of clear evidence, credible source and context-dependency.

The three self-contained papers that follow describe the use of the method of social discourse analysis for the purpose of each research question in more detail.

6. Research Results

In the previous chapters we presented the research framework in which the following three separate papers are anchored. The subsequently presented articles contain the results of the research, each referring to one of the sub-questions of the research project. Before we proceed, we want to highlight the following: Because each paper takes a narrow perspective on its specific research question, the results presented in each paper may only build on parts of the entire set of data that we presented in chapter five. In addition, as we integrated the research papers the way they have been submitted to journals, there might be redundant passages concerning the case and the data collection we described earlier. Besides these similarities to our previous explanations, each paper will address some of the previously raised topics in more detail and present the results for each sub-question. As a consequence, the conclusions drawn in these papers will add to our understanding of management of multiple accountabilities in nonprofits. The final conclusion across the research results of all three papers will then follow in chapter seven.

6.1.1. Introduction

In recent years, nonprofits’ stakeholders have been calling for evidence that their organization is having an impact on social problems (Ospina et al., 2002). Although this development is observed outside of nonprofits, it influences internal accountability processes: The more diverse the stakeholder landscape of a nonprofits is, the greater the need becomes for internal processes that channel multiple expectations regarding selected stakeholders (Ospina et al., 2002). This rising complexity makes strategic accountability important. Strategic accountability focuses on stakeholders from whom the organizations expect significant resources (Brown & Moore, 2001; Moore, 2003). The paper at hand thus defines strategic accountability as a nonprofit’s “answerability” (Christensen & Ebrahim, 2006, p. 196) to perceived stakeholder expectations in order to secure resources strategically important for their longevity.

Some scholars are concerned that strategic accountability will reduce nonprofits’ accountability efforts toward staff and beneficiaries when they mainly try to meet funders’ expectations: “there is an obvious fear that donor funding may reorient accountability upward, away from the grassroots, supporters and staff” (Edwards & Hulme, 1996, p. 968). On this account scholars expect consequences for the social mission: “The challenge for nonprofits, especially those operating in the public sector, and relying heavily on government funding, is to manage competitive grant funding without sacrificing mission imperatives” (Dolnicar et al., 2008, p. 108). While the issue of funders trying to co-opt nonprofits for their own strategic reasons has already been addressed by researchers (Andreassen & Kotler, 2003; Daellenbach et al., 2006; Eikenberry & Kluver, 2004; Liao, Foreman, & Sargeant, 2001), we know less about how nonprofits react to multiple stakeholders’ accountability demands and how this might affect mission-related reasoning in accountability discourses.

Empirical studies reveal that nonprofits face the challenge of applying accountability concepts in order to holistically assess their success and communicate it to a diverse stakeholder landscape (Balser & McClusky, 2005; Bradach et al., 2008; Chaskin,
2003). However, none of these studies demonstrates how strategic accountability is structured internally outside of direct interaction with stakeholders. Since the diversity of stakeholders is rising, nonprofits have to internally prioritize what actions to be accountable for in relation to what their strategically relevant stakeholders expect (Bra- dach et al., 2008). It is thus important to study how internal strategic accountability discourses change when multiple stakeholders become relevant for raising resources in the organization.

Benjamin’s study (2008) helps to understand in what way organizations react to funders’ introduction of outcome measurement schemes. However, he does not provide insight into how strategic accountability schemes were negotiated within the nonprofits he observed. Additionally, Ospina and colleagues (2002) show how identity-based nonprofits manage the relationship to their community as core stakeholder. Relationship building and engaging stakeholders in a discussion are seen as core prerequisites to negotiating accountability. The authors explore how managerial actions help to facilitate negotiations rather than analyze the processes of internal negotiation in detail. In his study on “NGO behavior and development discourse”, Ebrahim (2001) examines how NGO behavior is related to broader shifts in the policy discourse on development. He looks at how a societal discourse on development influences NGO behavior, taking into account a perspective on discourse where power is an important issue (Ebrahim, 2001). He did not analyze the discourse on accountability among the members of an individual nonprofit organization.

Benjamin (2008) and Ospina and colleagues (2002) analyzed one of several potential stakeholder relationships in which the nonprofit as well as the stakeholder profited from a negotiated understanding of accountability. In addition, Ebrahim (2001) analyzed societal discourses and their influence on NGO behavior. The focus on bilateral relationships between nonprofits and selected stakeholders and the ‘outside-in’ perspective provided valuable insights into the challenges of nonprofit accountability. This paper adds to this research by taking an ‘inside-out’ perspective. It analyzes the processes by which an organization internally constructs arguments of strategic accountability in respect to multiple stakeholders (e.g. funders, taxpayers, beneficiaries etc.) relevant for raising resources. By analyzing the internal social construction of accountability discourses (Alvesson & Karreman, 2000), our paper follows a social constructivist perspective on accountability (Herman & Renz, 2000). Building on the previously outlined theoretical roots, this study asked the question: How do internal stra-
Mission-related and calculative reasoning in strategic accountability dynamics: evidence of a European development aid organization

To answer this question, an empirical case study in the Swiss development aid organization Eurodevelop (a pseudonym, in the following EuDev) was carried out. We captured the staff’s and managers’ internal negotiation of perceived stakeholder expectations which need to be answered in order to secure resources. The development aid sector is characterized by an extremely high number of evaluations and impact assessments demanded by funders, most of which are governments but which also include companies. In our study, we did not focus on the ‘impact of evaluation and performance assessments’, which is discussed elsewhere (e.g., Ebrahim, 2003a), but on the priority that the organization sets concerning multiple accountability expectations. Since EuDev was subjected to seven evaluations of its impact within only four years, we assume that they have been confronted with multiple accountability expectations in a very short period of time. This makes it an extreme case for accountability in nonprofits.

First, we outline which strands of literature add to our understanding of accountability in nonprofits. Thereafter, the case setting, the method of discourse analysis and the techniques used for data collection and data analysis are presented. We then elaborate on empirical results and the theoretical findings. Shortcomings, conclusions on theory, practice and further research conclude the paper.

6.1.2. Literature on Accountability in Nonprofits

The literature reveals a distinction between a normative and a strategic understanding of accountability. A normative perspective on accountability (Behn, 2001b; Campbell, 2002; Chisolm, 1995; Friedman & Phillips, 2004; Hoefer, 2000; Lawry, 1995) accentuates how nonprofits are morally obligated to provide society with justifications for the way they follow through with their mission statements. Young calls for nonprofit managers to follow a “moral compass” based on the organization’s mission when pursuing accountability efforts (Young, 2002, p. 16). In contrast, other studies conceptualize accountability as a strategic issue. Organizations have to manage their commitments around their vision and strategy to achieve their goals (Moore, 2000). The strategic view focuses on how organizations provide stakeholders with arguments to sup-
port the organization’s mission (Benjamin, 2008; Christensen & Ebrahim, 2006; Ebrahim, 2003b; Ospina et al., 2002).

Following this strategic view, some scholars define accountability as a challenge to negotiate the “criteria, measures and interpretations of success” (Morrison & Salipante, 2007, p. 199). The literature reveals three types of stakeholders with whom to negotiate: first, internal stakeholders such as the board of directors (Green & Griesinger, 1996), members (Friedman & Phillips, 2004) and staff of the organization (Ebrahim, 2005); second, external stakeholders such as funders (Benjamin, 2008), government agencies (Lee, 2004) and clients (Edwards & Hulme, 1996); third, a broad set of stakeholders which stems from the implicit assumption that nonprofits operate to serve the public good (Behn, 2001b; Humphrey & Erickson, 1997; Lee, 2004). The last approach assumes that nonprofits face the need to ensure public trust by “taking internal responsibility for opening themselves to public […] scrutiny” (Ebrahim, 2003a, p. 815).

Studies that refer to accountability as negotiation seek to understand relational aspects (Christensen & Ebrahim, 2006). They point out that “accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social and institutional environment” (Ebrahim, 2005, p. 60). Negotiated accountability thus requires nonprofit leaders to “be prepared with responses that correspond to specified expectations of those who hold them accountable” (Morrison & Salipante 2007, p. 208). In their case study, Morrison and Salipante examine how the organization internally deals with this expectation regarding professional strategy making and show how the organization internally negotiates different approaches with regard to one stakeholder expectation. However, they do not show how nonprofits internally deal with (perceived) multiple stakeholder expectations.

Emphasizing the relational aspect also reflects how accountability and thereby legitimacy are socially constructed (Herman & Renz, 2000; Herman et al., 1997). In this view accountability relates to the organization’s dialogues with its multiple stakeholders. Within these dialogues the nonprofit seeks to “construct shared systems of meaning and practices” (D. Lewis, 2007, p. 134). Nonprofits operating in an increasingly interdependent world have to deal with complexity: “There are as many types of accountability as there are distinct relationships between […] people and the organizations that give meaning to their social world” (Lerner & Tetlock, 1999, p. 256). Nonprofits thus face different kinds of accountability models enacted by the different stakeholders.
and need to be able to “diagnose the requirement of a situation so they can employ the appropriate model” (Brown, 2007, p. 100).

In sum, to understand changing internal strategic accountability discourses and how they change when multiple stakeholders become relevant for raising resources in the organization, the literature provides four insights: First, strategic accountability refers to stakeholders relevant for raising support. Second, stakeholders can be internal and external groups, but also the wider public. Third, accountability involves negotiations between the nonprofit and its stakeholders about how to interpret success, and fourth, accountability is socially constructed in relationships to stakeholders. Despite these contributions none of the studies analyzed how organizational members socially construct accountability issues in reference to multiple stakeholders relevant for raising resources.

6.1.3. Methodology

In our study we analyzed the texts produced by organizational members who are involved in accountability activities in a threefold manner: First, we focused on how actors within the nonprofit negotiated success with respect to perceived stakeholder expectations and how they prepared the nonprofit’s “answerability” (Christensen & Ebrahim, 2006, p. 196). Second, we analyzed the contexts in which the arguments are put forward. Third, we explored the underlying rules that link arguments and context and thereby contribute to a constructed understanding of accountability to strategic stakeholders. In doing so, we applied discourse analysis as a method to examine linguistic elements in the construction of social phenomena to approach the relational and negotiated dimension of accountability in nonprofit organizations (Loizos Heracleous, 2006; Vaara, Kleymann, & Seristö, 2004).

We applied a single case study (Eisenhardt, 1989; Siggelkow, 2007). To gain rich insight into EuDev’s context as well as into the internal accountability discourses, during 10 months of research, we collected data in five steps, as outlined in table 6.
<table>
<thead>
<tr>
<th>Step no.</th>
<th>Research activity</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Observation of strategy meeting with funders: introduction of a systemic dimension for accountability</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Pre-Focus Groups</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>- introducing organization’s staff to the research team &amp; organizing interview partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- clarifying first contextual questions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- first insights into EuDev’s challenges regarding structuring discourse on accountability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- data collection (texts produced during the workshops)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- identifying interview partners</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interviews</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>- two researchers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- narrative, in-depth interview style</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- two levels of analysis: top management team (2), project leaders/middle management (6)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Collection of documents</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>- annual reports and documents preparing the reports from 1998-2008</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>- evaluation reports</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Post-Focus Groups</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>- mirroring interview analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- data collection (texts produced during the workshops)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>No. of Texts</td>
<td>41</td>
</tr>
</tbody>
</table>

Table 6 Data Set Paper I

As our analysis takes an internal perspective, we did not interview external stakeholders. We asked our interview partners about their perception of ‘success’ and about important stakeholders over time. By focusing on the intra-organizational construction processes, we examine answerability to stakeholders by “internal initiation” (Christensen & Ebrahim, 2006, p. 196).

The interviews were fully transcribed and participant observations as well as focus groups were documented with copious field notes from both researchers present. The
documents collected served as contextual information on the organization’s development. The transcribed interviews and field notes were used to analyze the patterns of the internal response to strategic stakeholder demands. In this interpretation we followed a content analysis process (Neuendorf, 2002) combined with invivo coding (A. L. Strauss, 1987). After separately reading through the transcripts, two researchers worked together to create a codebook. Drawing on insights from the literature that staff and board members emphasize different aspects with regard to accountability (see Ebrahim’s distinction of staff as doers and board members being involved with more strategic decisions (Ebrahim, 2005)), we separately categorized the codes for the group of staff members and top management. Because we did not find any significant difference between these two groups, we merged the analysis of the two hierarchical levels. The interpretation process of the merged database was conducted in two steps: First, we analyzed how the interview partners described their perception of strategically important stakeholders’ demands over time. Second, we analyzed how the interview partners structured their internal accountability discourse with respect to the stakeholders relevant for raising resources in the different development phases. The results are presented below.

6.1.4. Research Context

EuDev is mainly financed by the Swiss government. Its mission is to “implement trade promotion programs that help small and medium-sized enterprises (SME) from developing and transition countries to gain access to the Swiss and European market”. Since 1991, EuDev went through four development stages: First, it was established as a department of the trade association BusinessSupport. Second, the department became an independent nonprofit. Third, the nonprofit was politically forced to merge with BusinessSupport again; and fourth, a new CEO was brought into EuDev. In each of these stages a different accountability discourse emerged: The organization internally negotiated answerability to perceived demands of the stakeholder that – from the staff and management point of view – provided the most relevant resource at a given point in time. The following table describes these stages in respect to their context, change and goals (see Table 7).
<table>
<thead>
<tr>
<th>Step no.</th>
<th>organizational context; organizational changes; goal of EuDev</th>
</tr>
</thead>
</table>
| stage 1: founding | context: The trade association BusinessSupport (pseudonym) funded by Swiss companies organized trade promotion activities that support SMEs in developing countries to export their products to the Swiss and European market. This was the beginning of EuDev’s activities that remained an experimental project at that time. Until 1998 only two staff members were working on the project. 

changes: In 1998 the trade promotion activities were centralized in Zurich at the headquarters of BusinessSupport, and EuDev was founded as a new department, hiring more staff. 

goal: On a project level, the main goal was to make more information on Eastern Europe and other developing countries available to Swiss companies. On a personal level, the two staff members that started with these development aid activities, wanted to show their success to members of Business Support. |
| 1991 to 2000 |  |

| stage 2: independence | context: EuDev became an independent nonprofit; the process was driven by the CEO of EuDev; EuDev was supporting more SMEs in more countries and employed more project leaders and assistants than ever before. 

changes: EuDev established an advisory board, and a board of directors was introduced to which EuDev had to report in a more structured way. 

goal: EuDev’s goal was to enhance the export capability of supported firms. This was measured by a rising number of exports to Europe and Switzerland. Indicators were: number of companies that participated in fairs; number of contacts acquired at fairs that led to business relationships and increased sales; number of new jobs that were created through increased export sales in SMEs. |
| 2001 to 2007 |  |

| stage 3: merger | context: Politicians decided to centralize all programs and activities representing Switzerland abroad. Because EuDev was mainly financed by a public investor, EuDev was forced to merge with the trade association BusinessSupport again and to abandon its status as an independent NPO. 

changes: BusinessSupport took over the function of the board of directors. This integration of EuDev in BusinessSupport resulted in a restructuring of EuDev, necessitating new hierarchies and dismissal of some staff members. 

goal: By integrating EuDev into its reporting structures, BusinessSupport aimed at systemizing and standardizing the SME indicators used prior to the merger. At the beginning of 2008, Key Performance Indicators (KPIs) were introduced for the first time. |
| 2007 to 2008 |  |
Step no. organizational context; organizational changes; goal of EuDev

<table>
<thead>
<tr>
<th>Stage 4: Political Pressure</th>
<th>2008 to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context:</td>
<td>Pressure by politicians for transparency concerning poverty alleviation was rising. As a reaction to these taxpayer demands, BusinessSupport brought a new CEO into EuDev. She strengthened the political mandate of the organization by asking for proof that the projects conducted reduced poverty.</td>
</tr>
<tr>
<td>Change:</td>
<td>The CEO initiated a discussion of the sustainability of EuDev’s projects (effect on employment and standard of living when EuDev ceases to support the SME) with all team members and representatives of the public investor. She hired an external consultant and organized a “system strategy” workshop. Together with the consultant she analyzed where EuDev’s projects might strengthen not only the single SME, but contribute to poverty reduction in the communities it operates in.</td>
</tr>
<tr>
<td>Goal:</td>
<td>After this workshop, the CEO launched pilot projects aimed at contributing to poverty alleviation in the sector where the partner SMEs of EuDev did business. Selected projects of some project leaders were planned and implemented differently than before, putting more emphasis on poverty alleviation in the local communities than on the single SME.</td>
</tr>
</tbody>
</table>

Table 7 EuDev’s Four Development Stages

6.1.5. Accountability Discourses

The four development stages influenced the perception of organizational members as to which stakeholder expectations were central for raising resources at a time. As a consequence, during each stage of development another type of accountability discourse emerged when staff members and managers negotiated interpretations and criteria of success relating to the perceived demands of their stakeholders.

6.1.5.1. Motivation Discourse

All of the interview partners described the project leaders’ wish to contribute to the development of the partner SMEs and their employees’ living conditions as a central criterion for negotiating success among each other. “The project leaders have a strong wish to help and interact directly with the people to see how the economic situation can be ameliorated”, said a member of the top management team. In order to argue whether they were satisfied in supporting a local firm in the right way and with the right tools, project leaders referred to a personal positive feeling or a success story within a broader case. “You know, if you visit a local firm three years after a program was concluded and see that the production site has developed from a small cabin to a
bigger factory building: it’s fun!” Such was one of the personal success stories told by the project leaders, referring to tangible results in SMEs. Making use of personal experiences with SMEs from developing countries in discussing their motivation to work for EuDev among each other or with the top management team, project leaders engage in a constantly ongoing accountability discourse highlighting the need for personal job satisfaction. Personally perceived success stories are also the basic reference the project leaders draw upon when internally negotiating other stakeholder demands: When confronted with the top management’s request to showing the projects’ long term implications, taking into account the taxpayers demand to legitimate EuDev’s activities based on sustainability reasoning, a project leader told the following story: “A kind of family emerged between the SMEs that I support in my sector. I am really proud. They help each other during the year without me setting incentives”. In this case the personal success story and thereby central motivation of the project leader was not taken into account as a valid interpretation of success. Perceived past achievements in sustainability were neglected in the introduction of the top management’s change process toward a stronger focus on poverty alleviation (see Table 7, development stage 4). Hence, opposition of the project leader arose in the accountability discourse aiming at public scrutiny.

In the first development stage, staff motivation was the most important resource to build up the new organization with strong services. Personal experiences were thus important criteria to interpret success. In all development stages we observed project leaders’ motivation discourse to be essential for EuDev (concerning staff as stakeholders, see Ebrahim, 2005). Project leaders were motivated as long as they observed that the SMEs were better off than before their intervention.

6.1.5.2. Service Discourse

In the second development phase, EuDev’s staff was confronted with a need to provide more information for potentially interested SMEs from developing countries which had heard about EuDev from Swiss governmental agencies or through business networks. Once contacted to the local SMEs ceased to be established via private links, indicators needed to show how SMEs would benefit from partnering with EuDev. “Since we had success stories to show, more SMEs were interested”, explained a project leader. Project leaders were also actively approaching firms to enter into the EuDev pro-
“When I approach a firm, I need to be able to tell them why it would help them to become a partner-SME of EuDev”, stated one project leader. As this stakeholder demand became more obvious when project leaders exchanged information on their company approaches, indicators that measure results of partner SMEs were introduced. During the interviews, project leaders and top managers reflected on the quality of these indicators. In retrospect, what was missing at that time was the standardization of these indicators. "It was not clear what kinds of contacts were counted at fairs and when a contact was seen as leading to business. There were no rules as to when the project leaders had to collect the data from the firms. Therefore, the collected figures were not comparable", said one top manager. If, for example, business contacts were collected at the last day of a fair, it was not clear which of these contacts would lead to a new business opportunity. If another project leader waited three months to ask the SME to report on the contacts from the fair that had led to business opportunities, other numbers would be reported. Also, the exported volume of products was measured not externally but by the companies themselves. "The figures we collect depend on the perception of the firm", explained a project leader. This led them to question the reliability and value of the indicators in accurately assessing the success of the whole EuDev program: "If I collect the data myself, I have quite good control over their reliability. But if – as for these indicators – we collect data with questionnaires, it is more a random collection". Additionally, project leaders argued that the data can only say something about a single SME. "Each project and firm has its individual development and success on different levels. Lumping all of this together is not a valid declaration of program success", concluded a project leader. Hence, the SME indicators were used by project leaders not to argue the general success of EuDev, but more as a tool to convince other SMEs that EuDev might help them to export to the European market.

In sum, the service discourse was linked to the beneficiaries – the SMEs – and to their partnering resources (regarding clients as stakeholders, see Edwards & Hulme, 1996). Since EuDev’s “raison d’être” (Moore, 2000) lay in supporting SMEs in developing countries to export to the European market as an instrument to reduce poverty, partner SMEs and their willingness to cooperate was a central resource for EuDev. The partner SMEs expectations to learn more about how EuDev would help them hence became relevant to project leaders in the second development phase.
6.1.5.3. Social Discourse

The interview partners highlighted intact relationships as important to structuring their own operations. One of the interview partners said: “Success depends on a good relationship with your partners”. Their focus on good relationships also reflected the project leaders’ attitude toward the Key Performance Indicators (KPI) introduced by the public investor. Important to them were not only the KPIs, but also meeting the public investor’s expectations: “Our contract [with the public investor] structures our indicators, tasks and goals and it is clear that we have to live up to their expectations”. To meet the public investor’s expectations means fulfilling their criteria: “The public investor gives us the money; therefore, we need to fulfill their criteria”. The KPIs were clearly seen as a tool to communicate with the investor. The project leaders did not question the suitability of the figures in measuring the project’s success but simply accepted them. The interviews revealed that the project leaders did not feel that the public investor understood their approach to projects. "Sometimes the coordination of activities – although necessary for political reasons – is not possible because we know too little about each other’s project approaches", said a EuDev project leader. "They do not understand what problems we struggle with at EuDev and what the needs of our partner SMEs are", a project leader said.

In sum, the social accountability discourse emerged among EuDev’s staff members, when satisfying public investor expectations became crucial for raising financial resources (regarding governance agencies as stakeholders, see Lee, 2004). Project leaders focus on answerability in the relationship of EuDev with the public investor. All of the interview partners did not question the public investor’s expectations because they knew that its financial support was crucial for the longevity of EuDev.

6.1.5.4. Legitimation Discourse

In stage four of EuDev’s development, political pressure to make EuDev’s impact on poverty alleviation transparent was rising. Project leaders report on a meeting with an advisor from BusinessSupport: “His feedback was: As a tax payer I want to know more about what you are doing with what effect!” Taking this up, a project leader said: “Development aid only makes sense if it supports the local economy in the developing country”. Another added: “We need to establish structures that help the people to help themselves.” He continued: “We have to prove sustainability in the sense of longitu-
dinal impact. What happens after we leave?” In order to realize a sustainable impact on the poor, and react to the taxpayer’s demands, the new CEO launched pilot projects: “We need to do a gap-analysis in our projects to find out what we are going to do: what is most relevant has impact and a sustainable outreach? The idea is to move on to a next level in the analysis of the interventions”, she says. In internal negotiations, discussion arose, how pilot projects differ from traditional projects: "If we had not done an analysis of the gaps in the value chain of a country before starting to support firms, we would have done a bad job. However, I am now collecting and writing down information on the value chain in a more structured way", a project leaders says. The new top management takes up the politicians and taxpayer’s views and introduces a new element of interpretation of success pressing for the integration of sustainability into the setup of a project to strengthen the outreach beyond the single SME. Hence, the accountability discourse referring to pilot projects centers on the demands of taxpayers who want to see an impact of EuDev’s work on poverty reduction. This way, legitimation towards society became relevant in the internal accountability discourses leading to the emergence of the legitimation discourse.

In sum, in the fourth development stage being able to argue how EuDev’s activities contributed to poverty reduction was essential in legitimating EuDev’s activities towards taxpayers (compare the assumption that NPOs serve the public good: Behn, 2001; Humphrey & Erickson, 1997; Lee, 2004).

6.1.6. Conclusion: Mission-Related Reasoning in Strategic Accountability

EuDev went through a development process with four stages. In each of these stages, another stakeholder became relevant in the internal negotiations of success, leading to different accountability discourses depending on the perceived stakeholder expectations. These findings are summarized in table 8 and lead to three conclusions:
<table>
<thead>
<tr>
<th>accountability discourses</th>
<th>stage 1: founding</th>
<th>stage 2: independence</th>
<th>stage 3: merger</th>
<th>stage 4: political pressure</th>
<th>type of reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>motivation discourse</td>
<td>&quot;...project leaders have a strong wish to help and interact directly with the people...&quot;</td>
<td>&quot;...Since we had success-stories..., more SME were interested...&quot;</td>
<td>&quot;...(they) do not really understand what we do, we need to live up to the numbers that they set and it’s okay&quot;</td>
<td>&quot;...a kind of family emerged among the SMEs I support. I am proud. They help each other...&quot;</td>
<td>mission reasoning: meeting individual value structure of staff</td>
</tr>
<tr>
<td>service discourse</td>
<td>&quot;...measured how many people we could link to the SME at a trade fair...&quot;</td>
<td>&quot;Did we create 200 new jobs...we do not need not show more.&quot;</td>
<td>&quot;Development aid only makes sense if it supports the local economy in the developing country...&quot;</td>
<td>economic calculative reasoning: showing economic impact for SMEs</td>
<td></td>
</tr>
<tr>
<td>social discourse</td>
<td>&quot;Success depends on a good relationship with your partners...&quot;</td>
<td>&quot;...concrete rules as to when to measure and which procedures to follow...&quot;</td>
<td>&quot;We need to establish structures that help the people to help themselves.&quot;</td>
<td>social calculative reasoning: satisfying relationship demands of public investor</td>
<td></td>
</tr>
</tbody>
</table>
### Table 8 Structure of Accountability Discourses

<table>
<thead>
<tr>
<th>accountability discourses</th>
<th>development stages</th>
<th>type of reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>legimization discourse</td>
<td>stage 1: founding</td>
<td>“We need to be able to prove whether we can reduce poverty with our projects.”</td>
</tr>
<tr>
<td></td>
<td>stage 2: independence</td>
<td>“We have to prove sustainability in the sense of longitudinal impact. What happens after we leave the country?”</td>
</tr>
<tr>
<td></td>
<td>stage 3: merger</td>
<td>mission reasoning: meeting public legitimacy demands</td>
</tr>
<tr>
<td></td>
<td>stage 4: political pressure</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>stakeholder</th>
<th>staff</th>
<th>beneficiaries (SMEs)</th>
<th>public investor</th>
<th>tax payers</th>
</tr>
</thead>
<tbody>
<tr>
<td>types of resources</td>
<td>human resources</td>
<td>partnering resources</td>
<td>financial resources</td>
<td>public support</td>
</tr>
</tbody>
</table>

First, in the founding stage (a) internal negotiations of success focused on motivation and personal experiences of fellow staff members. Since only two project leaders were involved in the kick off of EuDev’s activities, human resources were the scarce resources they heavily relied on. (b) After EuDev became independent from Business-Support, the attention was directed to its partnering resource: SMEs’ economic success expectations became relevant to project leaders since only by winning them as partners would they reach the poor and contribute to poverty alleviation. (c) After merging again with BusinessSupport, EuDev’s accountability awareness turned to public investor demands in order to secure financial support. (d) Finally, because of political pressure to show impact on poverty alleviation the new CEO’s pilot projects brought about a discourse on securing public legitimacy with respect to taxpayers. We can thus confirm that the wider public functioned as a legitimization reference body (Brown & Moore, 2001; Ebrahim, 2003b; Moore, 2000, 2003). The observation of the internal accountability negotiations related to these multiple stakeholder’s demands leads to the first conclusion that, in each development stage, EuDev prioritized one stakeholder. Second, Young (2002) and Dolnicar et al.. (2008) point to the risk that accountability efforts focusing on providing hard facts to funders may compromise the organization’s
mission. Instead, a “moral compass” (Young, 2002, p. 16) that helps accountability practitioners capture mission-based goals is needed. In this respect, a strategic way to handle mission-related issues (Moore, 2000) and a relational concept of accountability are required. In our case study, project leaders and top managers internally prepared answerability to stakeholder’s demands that resulted out of structural changes tied to the history of the organization. Preparation of answers to the stakeholder’s demands became necessary because central resources were involved. Among staff members, four types of discourses emerged when negotiating accountability internally: a motivation, a service, a social and a legitimation accountability discourse. The four accountability discourses are based on patterns of dealing with perceived expectations of strategic stakeholders. EuDev prepared the answers to stakeholder demands strategically as to which resources they might seek through the respective relationship. However, only two of them involved explicit strategic calculation, while the other two were linked to mission-related reasoning: (a) The motivation discourse is strongly linked to mission-related reasoning because it is rooted in the individual value structure of the project leaders and top managers. The accountability discourse centering on personal interpretations of success addressed staff’s job satisfaction in accordance to their value structure. (b) Public legitimation is rooted in solidarity with poor people in developing countries. The legitimation discourse thus also builds on mission-related reasoning. Because of their element of (c) economic and (d) social calculation, the economic and social discourses are seen as strategic accountability discourses based on calculative reasoning rather than on mission-related reasoning. In conclusion, in EuDev strategic accountability did not only focus on hard facts and calculative reasoning, but also on soft issues – like mission-related reasoning. This empirically contradicts Young’s and Dolinar’s concern that nonprofits compromise their mission when increasing their strategic accountability (Dolnicar et al., 2008; Young, 2002).

Third, in EuDev the central challenge lay in managing an increasing complexity in accountability processes. The motivation, service, social, and legitimation discourses which centered on negotiating interpretations and criteria of success responding to perceived stakeholder’s demands did not exclude but rather added to each other. These findings empirically support Brown and Moore’s idea that evolving accountability structures become more specific over time (Brown & Moore, 2001). In conclusion, growing over time, EuDev’s accountability discourses became more multifaceted as more resources were needed.
Integrating the previously introduced three observations we propose a ‘model of accountability dynamics’ (see Figure 5):

This model highlights the fundamental structure of EuDev’s strategic accountability discourses evolving with the rising complexity caused by additional stakeholder demands. First, in the stage of the foundation the focus lied on its staff by cultivating a motivation discourse. This discourse addressed the staff’s individual value-structure by a high level of mission-related reasoning. Second, EuDev showed economic success of its activities to win partner-SMEs for the program. A service discourse was introduced, calculating with the SMEs’ expectations, hence drawing on calculative reasoning. Third, EuDev cultivated a calculative social discourse, meeting the public investor’s expectation in order to secure financial resources. Fourth, EuDev focused on public support that was demanded by politicians. Solidarity with the poor was the main argument to legitimize EuDev in public. Hence, mission-related reasoning was essential in this discourse.

This model substantiates the suggestions of “creating a culture of accountability that is built on mission and purpose” (Christensen & Ebrahim, 2006, p. 208) as well as on external scrutiny. The EuDev case gives an example how this culture of mission-related
reasoning in strategic accountability evolved. In conclusion, gaining human resources and public support, mission-related reasoning was needed. Gaining partnerships and financial resources project managers drew on calculative reasoning. Since the accountability discourses did not exclude but added onto each other, mission-related reasoning was cultivated even when calculative reasoning entered the scene.

6.1.7. Limitations, Further Research and Practical Implications

The explanatory strength of our results is limited by three factors. 1) We only conducted a single case study of an economic development aid organization; the findings may not be applicable for nonprofits in other branches. 2) We did not directly observe the accountability discourses in the context of interaction but, following Hardy (2001), reconstructed them through retrospective interviews. 3) We only focused on an inside-out perception of stakeholder expectations and did not include the external stakeholder’s point of view.

Based on the contributions outlined above, future research is needed: Additional cases would need to substantiate our suggestion that seeking more resources leads to more multifaceted accountability discourses. One would need to ask whether these discourses then come into conflict with each other and with the social mission. Furthermore, the motivation discourse emerged as a basic structure of accountability discourses, relevant in all stages of development. How organizations can capture the dimension of the staff’s interpretations of success in accountability efforts is therefore a central question. Fourth, the most important remaining challenge is to explore processes that help NPOs to develop accountability models (Brown, 2007) based on mission-related reasoning.

The results also provide a contribution for practitioners structuring their internal accountability efforts. As elaborated, the motivational discourse permeates all stages of EuDev’s development. Since the arguments involved in this discourse are hard to grasp, this discourse is likely to be pursued ad hoc or ignored. Because of its importance, this discourse has to be systematically included in the accountability processes. The proposed ‘model of accountability dynamics’ might provide a structure for handling the different accountability discourses: In the start-up phase of the nonprofit, motivation discourse is crucial. When partnering or / and financial resources are needed, calculative reasoning has to be integrated with mission-related reasoning, and when
legitimizing in public, motivational and legitimation aspects go hand-in-hand. Practitioners might position their organization in this ‘model of accountability dynamics’ and draw specific conclusion to withstand their individual challenges.

6.2. Bridging Downward Accountability in Contexts of Institutional Distance: The Case of an Economic Development Nonprofit

6.2.1. Introduction

In recent years, researchers in the field of nonprofit accountability have suggested to conceptualize nonprofit accountability as a matter of negotiation of criteria, measures and interpretations of success between nonprofits and their stakeholders (Morrison, 2007). This perspective is sought because nonprofit accountability often suffers from implicit performance standards (Kearns, 1995) and the complexity of nonprofit value propositions (Campbell, 2002; Young, 2002). Accountability standards are particularly hard to define and subject to interpretation when it comes to nonprofits’ accountability vis-à-vis their clients, beneficiaries or community constituents (Morrison & Salipante, 2007; Rubenstein, 2007), who constitute the downward stakeholders of nonprofits (Ebrahim, 2003b; Edwards & Hulme, 1996). However, whereas upward accountability is the focal point of many empirical studies (Chalhoub, 2009; Chau & Huysentruyt, 2006; Christensen & Ebrahim, 2006; O’Neil, 2007), studies that demonstrate how accountability toward downward stakeholders such as beneficiaries and clients is executed are still lacking.

One of the reasons for this research gap seems to be that beneficiaries are rarely regarded as strategically relevant stakeholders. Although Christensen & Ebrahim (2006) stress that accountability should be negotiated with downward stakeholders to ensure support of the organization’s mission there are as of yet no studies that show how nonprofits secure resources at the level of clients and beneficiaries. In the same vein, O’Dwyer and Unerman (2010) suggest that downward stakeholders may provide valuable insight in local context, improving the implementation of nonprofit projects. However, they do not find supporting evidence that nonprofits take advantage of their clients and beneficiaries as knowledge resources.

In conclusion, the existing work on nonprofit downward accountability conceptualizes the relationships to downward stakeholders either as a feedback mechanism for bene-
ficiaries and clients toward the nonprofit (Christensen & Ebrahim, 2006), or as a me-
chanism through which these stakeholders have an option for recourse or voice in the
nonprofit (Howard-Grabman, 2000; Najam, 1996). Yet, only two empirical studies on
downward accountability give tentative insight how these two dimensions of down-
ward accountability are effectuated.

Ospina et al. (2002) show, that downward accountability in community based organi-
zations was negotiated in a natural and spontaneous way rather than being planned
systematically. Leaders of nonprofits defined their responsiveness to the community as
a downward accountability mechanism. As a second tool, they set up processes to in-
volve community members in discussions. Ospina and others thus conclude that nego-
tiating downward accountability involved a two-way communication process. Howev-
er, despite these insights, the study does not examine in detail how the reported negoti-
ations were carried out. Ospina et al. (2002) limit their inquiry to the perspective of the
leaders of the community-based nonprofits and do not ask the community members
about their perception of the organizations’ downward accountability. Another limita-
tion of the study is its focus on community-based organizations, which, as a result of
their strong community ties, can be assumed to have a high interest in downward ac-
countability.

Studying downward accountability in the context of nonprofits working with self-help
groups in India, Kilby (2006) offers contrasting results, concluding that two-way-
communication between nonprofit and its beneficiaries is rarely the case. Giving ben-
eficiaries a voice in the organization as a means of downward accountability is accord-
ing to him, largely a matter of nonprofits world-view. Nonprofits seem to fear to loose
control of their projects by opening up to clients’ and beneficiaries’ input.

Against the background of these two contrasting empirical insights, we are interested
in enriching the knowledge on nonprofit downward accountability. By choosing a case
study from economic development aid, we complement the existing cases, examining
downward accountability in a third context: The organization we study is a European
based nonprofit that delivers services to small- and medium-sized enterprises in-devel-
oping countries in order to help them to export their products to European markets.
That way they aim at sustaining the growth of local economies in developing coun-
tries, generating new jobs and better living conditions for the poor. Hence, our re-
search context shows two peculiarities: First, whereas the existing empirical studies
consider community constituents (Ospina et al., 2002) and beneficiaries (poor women)
(Kilby, 2006), we focus on the third downward stakeholder that nonprofit scholars refer to, namely clients of nonprofit services. Second, as we study an international development nonprofit based in Europe which engages with clients in developing countries, we examine a relationship that is coined by “institutional distance” (Kostova & Zaheer, 1999). Geographical, social and cultural distance between the two institutional contexts may complicate downward accountability.

Applying an empirical research design that focuses on accountability toward nonprofit clients, we look at how clients and nonprofit-managers engage in negotiations to define their relationship’s success. In order to study these negotiations we use the concept of bridging in downward accountability efforts: What nonprofit-managers and clients refer to when negotiating the nonprofit’s impact on their clients is primarily an ‘intersubjective construction’ (K. Weick, 1995) located in their respective institutional contexts. Negotiating patterns of project success at the interface between two parties involves a need to translate the separately constructed success patterns into mutually shared patterns. Weick (1995, p. 73) describes this phenomenon as a “bridging operation”. This process is challenging because of the different contexts in which the nonprofit and the clients are embedded. On the one hand nonprofit-managers go through an intersubjective construction of accountability when they design their projects at headquarters. They construct their impact assumptions based on the discourses among staff members. On the other hand clients go through a corresponding process when they talk about how they perceive the nonprofit’s intervention in their lives’ context. Hence, the challenging phenomenon we focus on is: Intersubjective construction of impact assumption takes place in situations characterized by institutional distance: nonprofit managers are embedded in the developed country context, whereas clients are embedded in the institutional environment of the developing country. Negotiating accountability in a downward line, nonprofit-managers and clients have to bridge their specific intersubjective construction of success in situations of institutional distance.

Following Weick (1995), we assume that only if patterns of success are mutually shared, can nonprofit-managers and clients explore their interactions strategically. Hence we transfer Weicks concept of bridging operations in the context of accountability and are interested in uncovering operations that bridge the understanding of accountability. Focusing on the emergence of mutually shared interpretations of success between nonprofit-managers and clients, we thus asked the question: What are patterns
of bridging downward accountability between nonprofits and clients in contexts marked by institutional distance?

In our paper we first analyze the state of research on downward and negotiated accountability. Building on this literature, we introduce Weick’s concept of bridging operations to conceptualize the processes involved in nonprofit-SME negotiations. Thereafter we present the case setting, the method used for data collection and analysis, before presenting our results. Finally, we elaborate on our findings, from which we will discuss shortcomings and draw conclusions on theory, practice and further research.

6.2.2. Literature on Downward Accountability

The existing literature on accountability in nonprofits has only begun to empirically explore how success criteria are negotiated with downward stakeholders. However, the existing conceptual as well as empirical literature on downward, negotiated and strategic accountability gives valuable insight into how these concepts are framed.

6.2.2.1. Downward Accountability

The perspective on downward stakeholders of nonprofits is incorporated into the (mostly conceptual) literature on downward accountability (Ebrahim, 2003a; Edwards & Hulme, 1996; Najam, 1996). In this stream of literature, clients, beneficiaries and constituents are perceived to constitute the downward stakeholders of nonprofits (Ebrahim, 2003b; Edwards & Hulme, 1996). Researchers mostly speak of constituents in cases of community based organizations (Chaskin, 2003; Morrison & Salipante, 2007; Ospina et al., 2002). The notion of clients is referred to in cases where nonprofits provide services to people as their main activity (Balser & McClusky, 2005; Ospina et al., 2002). Clients hence are people who benefit directly from the nonprofit’s services (Edwards & Hulme, 1996; Najam, 1996). In line with dictionary definitions of beneficiaries (“a person who […] benefits from something” (J. Crowther et al., 1995, p. 95)) nonprofit accountability scholars apply the term beneficiaries more generally, when groups of people targeted by the nonprofit’s mission are concerned. For example, “the poor” are referred to as beneficiaries of development nonprofits (Agyeman, Awumbila, Unerman, & O'Dwyer, 2009; Edwards & Fowler, 2008; O'Dwyer & Unerman, 2010; J. Pearce, 1993).
The term downward accountability stems from distinguishing between accountability to funders (upward accountability) and to clients and beneficiaries (downward accountability). Early conceptual papers, developing this distinction, point to a potential imbalance of these two accountabilities: In order to secure funds, nonprofits may put more effort in managing the relationship to their funders than to their clients and beneficiaries. In their empirical study, Ospina et al. (2002, p. 9) focus on “balancing […] these upward and downward ‘pulls’” and depict this exercise as “a critical managerial responsibility”. They show that community-based organizations pay major attention to seeking community input in order to manage downward as well as upward accountability pulls. Potential tension between funder- and beneficiary relationships is minimized through focused attention on the core stakeholder. Their study, however, only focuses on downward accountability from the non-profit manager’s perspective. They suggest further research to take into account the perspective of downward stakeholders as well.

Differentiating downward and upward accountability, further studies conclude that downward accountability depends more on “felt responsibility” (Christensen & Ebrahim, 2006, p. 207) whereas upward accountability stems from being held accountable by external forces (Christensen & Ebrahim, 2006; Cornwall, Lucas, & Pasteur, 2000; Ebrahim, 2003a). Christensen and Ebrahim (2006) define downward accountability as setting up routines to involve the clients’ and beneficiaries’ perspective in the organization’s projects. Yet, some researchers go even further, claiming that downward accountability, beyond being considered “a feel good exercise”, (Najam, 1996, p. 346) should provide mechanisms through which the clients and beneficiaries have an option for recourse or voice in the organization (Howard-Grabman, 2000; Najam, 1996).

The literature on development policy incorporates this participatory dimension of downward accountability. Researchers in this field conduct empirical studies (Hauge, 2002; Kilby, 2006; Marfo, 2008) as a result of a normative wish to further an understanding of how accountability could empower poor people. Kilby’s (2006) study of 14 NGOs in India shows that there is no standardized way for nonprofits to pursue accountability toward their beneficiaries. The relationships range from informal to semi-formal to formal. Kilby concludes that most surveyed NGOs fear a formal and in-depth accountability effort toward the beneficiaries would weaken their control over programs. Hence, accountability processes remain on an informal level and only link
the organization instrumentally to its beneficiaries. Interaction structurally bonding the organization to its constituents rarely takes place. Hence, Najam’s paradigm of nonprofits and downward stakeholders both being clients to each other simultaneously (Najam, 1996) cannot be demonstrated by Kilby’s empirical study. Hauge (2002) concludes that one reason for the loose coupling of nonprofits and their downward stakeholders lies in the different languages they build on. In development cooperation, programs are designed by nonprofit-managers in developed countries – their “language, style and presentation tends to reflect the capacities and needs of their own institutions” (Hauge, 2002, p. 74). He therefore argues that downward accountability requires the reconciliation of needs and capacities with clients and beneficiaries, which will lead to “adaptation and learning on both sides” (Hauge, 2002, p. 79).

These empirical studies are a first inventory of the downward accountability relations. However, studies have not explored in depth how the proposed reconciliation processes (Hauge, 2002) take place. In order to fill this research gap, we take a closer look at one downward accountability mechanism, namely, the negotiations between nonprofits and clients concerning perceived project success.

### 6.2.2.2. Negotiated Accountability

Before the emergence of the concept of negotiated accountability, nonprofit accountability encompassed objective standards of assessment for financial and hierarchical accountability (Chisolm, 1995; Kearns, 1994; Lee, 2004). Many scholars objected that the complexity of nonprofits’ value contributions does not allow for reduction to these indicators as a measure of success (Dolnicar, Irvine, & Lazarevski, 2008; Young, 2002). To take into account the intangible values created by nonprofits, some researchers conclude that success criteria need to be negotiated. Hence, Morrison and Salipante refer to accountability as a challenge for organization boards to negotiate the “criteria, measures and interpretations of success” (Morrison, 2007: 199). Studies that refer to accountability as negotiation seek to understand the relational aspect of accountability (e.g. Brown & Moore, 2001; Christensen & Ebrahim, 2006). Ebrahim points out that “accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social and institutional environment” (Ebrahim, 2005: 60). Emphasizing the relational aspect reflects
Accountability as Strategic Issue

The introduction of accountability as a strategic issue follows the logic that organizations have to manage stakeholder commitments around their vision and mission to achieve their goals (Moore, 2000). In contrast to a normative perspective on accountability (e.g. Behn, 2001; Campbell, 2002; Friedman & Phillips, 2004; Hoefer, 2000), which considers nonprofits morally obliged to justify their actions to society, the strategic view focuses on how organizations provide stakeholders with arguments to support the organization’s mission with relevant resources (Benjamin, 2008; Christensen & Ebrahim, 2006; Ebrahim, 2003a; Ospina, Diaz, & O'Sullivan, 2002). In our paper we assume accountability to be strategically important for nonprofits in securing their longevity. In this sense, beneficiaries are assumed to be a strategically relevant stakeholder.

In conclusion, we adopt a relational understanding of accountability, which implies that expectations concerning the organization’s impact are negotiated with relevant stakeholders to support the organization’s mission. Hence, we are interested in the arguments that nonprofit- and clients use in order to point out the perceived impact of their work. Perceived project success refers to the notion that many interpretations of the organization’s success can form according to the circumstances that influence the social construction of meaning (Berger & Luckmann, 1966). In conclusion, we understand accountability to be a relational concept structured by discourses of perceived project success between the organization and its stakeholders.

Applying this understanding, we focus on giving answers to the two main research gaps identified: First, we highlight the negotiation of downward accountability and the bridging work involved. Second, we explore the nonprofit-client relationship from a strategic point of view.
6.2.3. Conceptual Basis: Bridging Accountability

As Hauge (2002) points out, one problem with structural interaction between nonprofits and clients involves the different contexts in which they are embedded. The project concepts will develop first in NPO offices in developed countries. The clients’ evaluation of the projects will take shape according to circumstances in their environment. This situation is characterized by institutional distance which is defined as “the difference […] between the regulatory, cognitive and normative institutions” of two contexts (Kostova & Zaheer, 1999, p. 71). What matters are at least three things, the geographic, social and the cultural distance, involving “significant absence of community, [common] tradition, and shared meaning” (Cushman, 1990, p. 600).

Hence, what nonprofit-managers and clients refer to as success is primarily an “intersubjective construction” (Weick, 1995, p. 72/73) located in their respective local contexts. Depending on their embeddedness in a social and institutional environment, they give different meaning to the same incident (Lerner & Tetlock, 1999). Negotiating success at the interface between two parties involves a need to translate the separately constructed success patterns into mutually shared patterns. As Weick puts it, a “generically intersubjective” understanding needs to emerge (Weick, 1995, p. 73) that takes into account both parties’ detailed contextual knowledge providing a common ground for the interpretation of success patterns.

When negotiating accountability, nonprofit-managers have to bridge the construction of success that emerged within their specific context to the clients who did not take part in the nonprofit manager’s construction process and vice versa. Weick describes this phenomenon as a “bridging operation”. These are processes in which “unique intersubjective understandings [...] [are] perpetuated and enlarged by people who did not participate in the original intersubjective construction” (Weick 1995, p. 72).

Intersubjective understandings involve rich descriptions of complex issues, building on information exchange, continuous communication and interacting participants (Weick 1995). Contexts displaying these characteristics involve low institutional distance. Building on common experiences, face-to-face interactions and a shared institutional context, it is easier to arrive at a “generically intersubjective” understanding. The complexity of one’s own institutional context needs to be managed in situations of institutional distance, when a generic understanding is sought. Therefore, we apply Weick’s concept of bridging operations in a research context marked by institutional distance. Using Weick’s idea of bridging implies a discursive world-view, which as-
sumes that words not only enable information exchange but also construct social reality (Austin, 1975; L. Heracleous & Barrett, 2001). Hence, a generically intersubjective understanding of success will be shaped through the discourses about success that nonprofit-managers and clients engage in.

6.2.4. Method

6.2.4.1. Research Context

To study the emergence of a generically intersubjective understanding of success in contexts marked by institutional distance, we carry out a case study in the context of economic development aid for two reasons: First, in this context the lack of knowledge about downward accountability and its strategic dimension seems most striking. While the potential of economic development for the alleviation of poverty has been fully recognized (Dollar & Kraay, 2002; Senauer, 2002), it is still difficult to assess the impact of economic growth on the livelihoods of the poor (Deaton, 2001; Mehanna, 2004; Ravallion, 2001). International nonprofits focusing on supporting SMEs in developing countries assume that they have an impact on poverty alleviation. However, there are no empirical studies on how the poor benefit from such programs.

Second, in the context of economic development aid we find an extreme case of institutional distance. The contextual knowledge differs in three ways: First, the geographical distance implies that nonprofit- and SME-managers are most of the time interacting virtually when responding to each other. Second, the different institutional environments are characterized by cultural distance, involving the barrier of language. Third, nonprofit- and SME-managers differ in the way they relate to the poor. Nonprofit-managers focus on their beneficiaries as part of their social mission of poverty alleviation. SME-managers see themselves as employer or product- and service-provider to the poor. In case of economic development aid, institutional distance thus leads to an extreme challenge of effectively bridging accountability (Figure 6).
6.2.4.2. The Case

We have chosen the European economic development organization Eurodevelop (a pseudonym, in the following EuDev) as our case. EuDev’s extreme case settings allow us to provide a powerful example (Siggelkow, 2007) that helps to understand the dynamics present (Eisenhardt, 1989).

EuDev is mainly financed by the government. It implements trade promotion programs that help SMEs from developing and transition countries to gain access to the European Market. They provide access to trade fairs and train the SMEs in management issues. By strengthening the SMEs, they facilitate the creation of new jobs, thereby developing income sources for the poor. Correspondingly, EuDev’s mission is to reduce poverty by supporting SMEs that have a positive impact on the poor. The ultimate beneficiaries of EuDev are the supported company’s employees and their families. Hence, we can distinguish between the management of the SMEs as EuDev’s clients and their employees and families as the beneficiaries. In our study we focus on the processes involved in bridging accountability between the supported SME-managers and EuDev. We chose to look at SME-managers only because of two reasons: First, they are the necessary intermediaries for the nonprofit-managers to reach the poor. Second, EuDev rarely has any direct contact with the beneficiaries; hence downward accountability negotiations are likely to take place between nonprofit-managers and clients.
6.2.4.3. Data Gathering and Analysis

To gain rich insight into EuDev’s context we first conducted 16 narrative interviews with EuDev’s managers and stakeholders at their headquarters and conducted five focus-groups and two observations of internal strategy meetings. After having gathered data on EuDev’s context in Europe, we chose to look at two projects they support in developing countries. In doing so, we follow Yin in using embedded cases (R. Yin, 1998). The two embedded cases were selected as extreme cases according to three criteria: 1) extreme and moderate poverty context, 2) embedded in a rural and urban environment, and 3) considered by EuDev as cases with high and low pro-poor-impact-assumptions. Applying these criteria, we chose to visit a coffee cooperative in Peru and a welding company in Macedonia. Table 9 summarizes the cases’ contexts.

<table>
<thead>
<tr>
<th></th>
<th>Poverty context</th>
<th>Environment</th>
<th>Assumption of EuDev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee cooperative</td>
<td>extreme</td>
<td>rural</td>
<td>Strong pro-poor-impact assumption</td>
</tr>
<tr>
<td>Welding company</td>
<td>moderate</td>
<td>urban</td>
<td>Less strong pro-poor-impact assumption</td>
</tr>
</tbody>
</table>

Table 9  Embedded Cases Paper II

In summer 2009, two researchers traveled to Peru to the coffee cooperative supported by EuDev. There they conducted 49 narrative interviews and six focus groups. In October 2009 two researchers went to the Macedonian welding company supported by EuDev, collecting data through 37 narrative interviews and three focus groups. All interviews and focus groups were fully transcribed and observations were documented with intense field notes (Table 10).

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6 In this paper we only take into account data of two of the three embedded cases in order to better being able to handle the complexity of the case setting. The two SMEs we consider here are Rava and Pamar.
<table>
<thead>
<tr>
<th>Focus of Analysis</th>
<th>Step</th>
<th>Research activity</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters, developed country</td>
<td>1</td>
<td>Observation of strategy meeting with funders</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-Focus Groups</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Clarifying first contextual questions</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- First insights into EuDev’s accountability challenges</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>- Data collection (texts produced during the workshops)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Identifying interview partners</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Interviews</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Two researchers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Narrative, in-depth interview style</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Two levels of analysis: nonprofit managers (6) and top-management (2), representatives of donor (6)</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collection of documents</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Annual reports and documents preparing the reports from 1998-2008</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Evaluation reports</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Post-Focus Groups</td>
<td>3</td>
</tr>
<tr>
<td>Projects, developing countries</td>
<td>1</td>
<td>Interviews with local EuDev representative in developing country</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 2 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 1 person</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Interviews with knowledgeable of the local context concerning poverty alleviation impacts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 3 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 8 people</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviews with management of companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 10 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 3 people</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviews with workers and families of companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 12 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 25 people</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focus Groups (mirroring the interview analysis and data collection)</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 6 Focus Groups</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Macedonia: 3 Focus Groups</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Total of interviews</td>
<td>78</td>
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<tr>
<td></td>
<td></td>
<td>Total of focus groups</td>
<td>18</td>
</tr>
</tbody>
</table>

Table 10 Data Set Paper II
For the analysis of our data we followed a content analysis process (Neuendorf, 2002) combined with in-vivo-coding (Strauss, 1987) in order to illuminate the discourses on success in the different contexts. After separately reading through the interview-transcripts and field notes, we worked together to capture the arguments that nonprofit-managers and SME-managers referred to when assessing the perceived success of the partnership. Within the collected texts we sought to identify those arguments relating to a) nonprofit- and SME-managers’ perceived project success and b) actions impacting the other. For training reasons we compared our experiences with the interpretation of three randomly chosen interviews and compared those text passages we identified as arguments relating to perceived project success. The identified text passages were then paraphrased into in-vivo-codes. Afterward, we continued to code the rest of the texts.

To take into account the different contexts in which nonprofit-managers and SME-managers are embedded, we separately analyzed the interviews we collected at headquarters and the interviews we gathered in developing countries. Grouping the paraphrases into more abstract codes by taking into account the way arguments were constructed, we identified characteristics of arguments that “transcend individual texts” (Heracleous, 2006, p. 1061) and examined routines people draw upon to relay information. The routine applications of arguments in intersubjective constructions are the “interpretative repertoire” (Potter & Wetherell, 1987, p. 146) that defines the range of language use in a particular social interaction. We analyzed what arguments actors repeatedly use in specific contexts, thereby forming the different discourses on bridging accountability.

6.2.5. Empirical Findings

The analysis of the data shows that nonprofit-managers and SME-managers talk about success differently depending on the contexts in which they were presenting their arguments.

6.2.5.1. How Nonprofit-Managers Help SMEs

When nonprofit-managers describe success, primary references are exports, jobs and trade fairs. These dimensions reflect EuDev’s mission to support SMEs from developing and transition countries in gaining access to the European Union with their prod-
ucts. “Our projects have no other objective than to generate exports, jobs and partnerships for SMEs”, asserted a nonprofit-manager. In very few cases did nonprofit-managers draw on concrete examples to show how the number of jobs increases during their interventions. “We support a family business where the young replace the father. There are three new jobs and they plan to grow bigger”, a nonprofit-manager explained.

As training programs for SMEs involve direct interaction with the companies, success-stories referring to education become more personal: “When a company took home new ideas after the training, I am happy with my job”, noted a nonprofit-manager, explaining her wish to “leave traces”. The success pattern she referred to is her personal feeling about whether the company learned something.

In addition to these success patterns that relate to the nonprofit’s mission, another argument involved in displaying the nonprofit’s success is its reputation: “EuDev is like a brand. At the international fairs people know EuDev”, a nonprofit-manager observed.

In conclusion, the main focus of nonprofit-managers’ accounting for success involves three impact dimensions ‘export/jobs/trade fairs’, ‘learning and education’ and ‘quality’. Within their discourse they stress the process of successfully supporting SMEs: through trade fairs they enhance exports and thereby create jobs; through training they prepare the SMEs for the market requirements; and the widely known quality of EuDev is a magnet to bring people to their stand at fairs. In their construction of perceived project success the nonprofit-managers remain in the language of their own institution – this accountability discourse is therefore centered in developed countries. Although they point out what they do to help the SMEs, they refer to their perceived project impact independently of the beneficiary’s perception. Hence, from the analysis of our interview data follows a nonprofit-centered discourse on perceived project success.

6.2.5.2. Why SMEs are Worthy Recipients of Nonprofit Support

When talking about the impact of the support received, the SME-managers referred to their local operational success. Similarly to the nonprofit-managers, they focused on exports and jobs as pattern of success. However, in contrast to the nonprofit-centered discourse, they pointed out in which way their own capabilities help them to succeed
in international markets: “You have to be smart to export”, explained one manager. In addition, he pointed to the increasing quality of their products as a reason for EuDev to support them. The SME-managers in Peru claimed that investing in biological certification of their coffee makes the difference on the market.

When assessing the impact of becoming an export player on their workers, references to knowledge-transfer are important: “The cooperative trains producers how to use local products”, explained one manager from Peru. In Macedonia training concerns technical aspects: “We make our own skilled workers”, a manager commented.

For the SME-managers it is important to have a good relationship with their employees. “The cooperative has become part of the member’s life”, the SME-managers in Peru claimed. They linked their success-story to community support and good communication with their employees: “We have annual meetings of producers to talk about important information”.

The SME-managers earn the trust of their workers by securing them good salaries. The managers hence link the partnership with EuDev to raising exports and better salaries: “exports mean job-security and regular salaries”, said a Macedonian manager. A cooperative manager noted: “when there was no cooperative selling to the EU, local street buyers paid very low prices.”

Thus, SME-managers describe their impact on exports, education and rising income of the workers by pointing to their capabilities, their relationship to their workers and their promotion of education. They refer differently to job creation or income generation than EuDev-managers do. The SME-managers focus on explaining project success to those they work with. Using the language relevant in their context is a strategic tool to explain what makes them worthy of receiving EuDev’s support. This discourse hence centers on the client’s perspective.

6.2.5.3. How Common Activities Make the Partnership a Success

Our coding reveals that SME-managers and nonprofit-managers use common success patterns when referring explicitly to the partnership and the impact they have on one another. Common operations like training and fairs are the pivotal focus of their success-stories. The SME-managers explicitly stated that it was because of EuDev that they have more opportunities: “Without EuDev we would still sell our products through a middleman”, explained a Peruvian manager.
EuDev’s managers offered stories such as: “We supported a Bulgarian company. After they finished our program, they continued to go to fairs. They told me: I am only able to have my own stand here because of the clients I got through EuDev.” Stories of SMEs’ success thanks to the partnership are used by nonprofit-managers to explain their impact to SMEs.

Other references of success are know-how transfer and a good relationship with each other. Nonprofit-managers put the importance of raising exports into perspective: “One thing is to generate exports; the other is to accompany the company in its learning process.” The SME-managers emphasized that they learned about new market requirements such as quality and design standards thanks to EuDev’s training. In the training, EuDev-managers noted that, “the relationship with SME-managers is an honest relationship.” This is reflected by SME-managers being transparent about the results at fairs: “EuDev values our professional communication”, the manager from Macedonia stated.

In conclusion, both nonprofit-managers as well as SME-managers, referred to common activities that impacted the other. Their descriptions of these common operations reflect the success they experienced. Nonprofit-managers and SME-managers use a common language that emerges from the activities such as trade fairs and training. We observe that common operational success transcends the texts and hence forms an accountability discourse building on relational aspects of the partnership.

6.2.5.4. How Expectations Regarding Mission Realization are Exchanged

As a fourth accountability discourse, we observed SME- and nonprofit-managers talking about success expectations with respect to each other. By mentioning what the other side should value, they orient their actions toward each other. Since the nonprofit’s main focus lies on exports, the SME-managers expect the nonprofit to control for export performance: “EuDev is following exhibiter’s performance over time. If you do not fulfill the requirements, you cannot come to the fair next time”, explained one Macedonian manager. The SME-managers expect the nonprofit’s approval for success in exports: “our readiness for export is the essential part for EuDev”, said a company manager.

Also, the SME-managers are concerned about EuDev’s process of selecting partner companies: “They should not give with open hands”. The cooperative-managers men-
tioned a case where a company that could afford to be present at many trade fairs was supported. Cooperative-managers concluded that the company was supported because they “showed off” with a social campaign.

To prevent misuse of their support, nonprofit-managers ask for reports. A nonprofit-manager referred to a successful SME-partnership when he explained: “Communication is perfect. They fill the company profile without a problem”. However, managers from Peru noted that the logic behind these reports is easy to decipher. A manager indicated that they get supported because they “do the follow up reports according to EuDev’s rules”.

Although some SME-managers complained about others “showing off”, they reported their social impact to nonprofit-managers: “220 producer families benefit from the cooperative”, a manager explained with regard to EuDev’s poverty mission. He provided a success-story: “The cooperative is a role model for organizational setups. Other cooperatives replicate the business model.”

The observed declarations of expectations from each other form a broader discourse on what each partner in the relationship needs from the other in order to pursue its own mission. When SME-managers offer arguments regarding how they contribute to the realization of the nonprofit’s goals, they ensure that EuDev has success-stories to tell to its stakeholders. When SME-managers ask for information on EuDev’s selection-criteria for partner-SMEs, they want to know who their competitors in export are. Expressing expected standards in communication style, nonprofit-managers make sure that they receive documents on the SMEs export-success. These reports are needed to raise funds to continue the support of SMEs.

In conclusion, the data gathered through interviews with SME-managers and nonprofit-managers reveals two structures (see Table 11): On the one hand, when talking about perceived project success, nonprofit-managers and SME-managers refer to seven success patterns. These patterns group individual arguments concerning the impact of the partnership thematically: 1) Export/Jobs/Trade Fairs, 2) Learning/Education, 3) Relationship-Building, 4) Quality, 5) Income/Material Status, 6) Communication/Decision-Making and 7) Community Support.

On the other hand, nonprofit-managers and SME-managers refer to different aspects of these success patterns, depending on the main intention of the arguments raised. For example, they spoke differently about learning and education in contexts of common activities and when they referred to activities they did on their own. Hence, taking the
different contexts into account, we identify four accountability-discourses: 1) How nonprofit-managers help SMEs; 2) Why SMEs are worthy of receiving nonprofit support; 3) How common activities make the partnership a success; 4) How expectations regarding mission realization are exchanged. These discourses transcend the texts produced by nonprofit- and SME-managers in different contexts and cut across the success patterns used (Table 11).
<table>
<thead>
<tr>
<th>NPO-managers:</th>
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<th>NPO-managers:</th>
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<tbody>
<tr>
<td>bottom line of all projects: generating jobs and partnerships through fairs</td>
<td>training they offer to SMEs are means to leave traces</td>
<td>EuDev is a brand that is known internationally</td>
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<tbody>
<tr>
<td>Characteristics that make them successful: being smart, professional and well organized</td>
<td>proud to train workers in new technical (Macedonia), social and live-sustaining skills (Peru)</td>
<td>company shows respect to them.</td>
</tr>
<tr>
<td>SME-managers (Peru): cooperative has become part of member's life.</td>
<td>SME-workers and managers: more income, better able to invest in new technology. Exports mean security, regular and higher salaries</td>
<td>democratic decision making to allocate resources and decisions about representatives of the cooperative</td>
</tr>
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<td>SME-managers (Macau): EuDev values their professional communication.</td>
<td>SME-managers (Macedonia): investments for the community: building roads, employing teachers, offering health-care services, promoting social work</td>
<td>higher quality of their products make them worth to be supported</td>
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6.2.6. Bridging Accountability Model

The accountability-discourses show: nonprofit-managers speak differently about success than SME-managers do. Success is often negotiated with respect to the same success pattern but the accentuation of success patterns changes in the four discourses. Depending on the group of people included in the initial intersubjective construction, different aspects come to the fore. We observe four kinds of operations that bridge the understanding of accountability. These bridging operations are related to the four accountability-discourses:

First, within the discourse How nonprofit-managers help SMEs, interpretations of success need to be enlarged to include the group of nonprofit-managers. Not necessarily all project managers know all of the success-stories but still they might want to draw on a specific case for the acquisition of new SMEs. By broadening a personal interpretation of success to fellow project managers, EuDev-managers engage in pre-bridging activities. The success-stories are not yet shared with the clients across space. However, by enlarging intersubjective constructions of success in the context of the developed country, nonprofit-managers are preparing for a common language with clients.

Second, within the discourse Why SMEs are worthy of receiving nonprofit support, SME-managers enlarge their interpretation of success to include employees in order to motivate them for the new tasks the partnership with EuDev brings about. In Macedonia, managers were setting up awards to produce high quality in a shorter time. In the cooperative in Peru it was very important to decide democratically who represents the cooperative during the fairs. Hence, enlarging interpersonal success-stories involved the language of the local context. It therefore is a pre-bridging, preparing the SME for its partnership with EuDev.

Third, within the discourse How common activities make the partnership a success, nonprofit- and SME-managers build on common operations when explaining the partnership’s success to each other. They apply a common interpretative repertoire grounded in direct interaction at trade fairs and training sessions to arrive at a generically intersubjective understanding. This repertoire emerged in situations of direct interactions. Because nonprofit- and SME-managers use success patterns in the same way, a generically intersubjective understanding has emerged. This bridging operation lays the foundation for interacting in a partnership of service provider and client.

Fourth, in the discourse How expectations regarding mission realization are exchanged, nonprofit- and SME-managers talk separately about what they need to ac-
complish in the partnership in order to make it a win-win-situation. In this discourse the institutional distance between nonprofit-managers and SME-managers is most apparent. Nonprofit-managers as well as SME-managers have their own mission. EuDev needs to refer to its social mission of poverty alleviation in order to convince its partners in the developed context to provide resources that secure the organization’s longevity. Hence, from SME-managers they need success-stories in this respect. The SME’s mission is to export to the European markets. They want to establish themselves in the international trade context to secure a good living for themselves and their employees. For SME-managers it is important that EuDev supports them and not others in their region. The bridging we observe therefore involves negotiation of the conditions of the partnership that will help both parties to realize their missions. These expectations are mostly negotiated implicitly through the framing of messages in reports or e-mails exchanged. Bridging through mission-bargaining is a continuous process that builds on the two pre-bridging operations we observed and the bridging through common operations. The bridging accountability model summarizes these four kinds of bridging operations (Figure 7):

<table>
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<tr>
<th>Social context I</th>
<th>Social context II</th>
</tr>
</thead>
<tbody>
<tr>
<td>structure of bridging accountability</td>
<td>bridging by:</td>
</tr>
<tr>
<td>NPO centred pre-bridging</td>
<td>common operation</td>
</tr>
<tr>
<td>cooperation between NPO-managers, provision of services</td>
<td>mission bargaining</td>
</tr>
<tr>
<td>client centred pre-bridging</td>
<td>third Party: the Poor. poverty alleviation</td>
</tr>
<tr>
<td>cooperation with workers, producers to deliver export products</td>
<td></td>
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</tbody>
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Figure 7 Bridging Operations
Our observations highlight two things: First, nonprofit- and SME-managers engage in shared meaning-making essentially through common operations. Mission-bargaining is marked by the institutional distance between nonprofit and SMEs, building on pre-bridging operations in the respective contexts. Except for bridging through common operations, all other discourses display a reduced ability to generate shared understanding. Hence, negotiating downward accountability in situations of direct interaction through common operations seems to be a precondition to managing the relationship with clients. The precondition is not a common mission. The different missions of the nonprofit and the SMEs are rather the reason for strategic accountability negotiations.

Second, nonprofit- and client-centered pre-bridging (forms of lateral accountability) takes place in common geographic, cultural and social contexts. Also, upward accountability in the case of EuDev takes place in the same institutional context since the organization’s home country government is the main funder. Downward accountability, in contrast, is marked by institutional distance (Figure 8).

Figure 8 shows that although common operations involve direct interactions, cultural distance is still involved. Institutional distance thus might be one of the obstacles to the development of more holistic accountability practices.
6.2.7. Conclusion

The purpose of this study was to examine how nonprofits manage downward accountability in contexts marked by institutional distance. Observing accountability-discourses at the nonprofit- and beneficiary-level, we highlight the bridging operations that enable both parties to explore the relationship strategically.

The explanatory strength of our research results is limited by three facts. First, as we only conducted a single case study, the findings may not be applicable for other nonprofits. Second, we did not observe the accountability-discourses as talk in interaction but, following Hardy (Hardy, 2001), reconstructed them through retrospective interviews. Third, we focused on SME-managers and nonprofit-managers and did not include the perspective of the workers’ families. Taking these limitations into account, our results nevertheless contribute to empirically grasping the concept of downward accountability. Applying the concept of bridging accountability furthers our understanding of nonprofits’ accountability relations to clients in six ways:

First, by taking into account the perspective of the clients, we can show that managing the downward relationship is not only a critical managerial responsibility of the nonprofit (Ospina et al. 2002) but also clients are active in shaping this relationship. Identifying the interpretative repertoires, our study secondly confirms Hauge’s (2002) conclusion that a central problem in downward accountability lies in the different languages clients and nonprofits build on. The discourses we identify show that both parties emphasize different aspects of the same impact dimensions. Only through situations of direct interaction do they build a common understanding. Here, the reconciliation of their needs and capabilities (which are framed in pre-bridging operations) takes place and is continued in the fourth discourse on mission-bargaining, where adaption on both sides is possible.

Third, we observe that accountability indeed reflects the relationships among organizational actors embedded in their respective environments (Ebrahim, 2005). The accountability-discourses either reflected the social and institutional environments of clients (clients-centered bridging) and nonprofit-managers (nonprofit-centered-bridging) or were related to the relationship of the two (bridging by common operations and mission-bargaining).

Fourth, considering Edward and Hulme’s (1996) thesis that nonprofits put more effort into managing upward accountability, we show that some of the information nonprofits need in order to be accountable to funders is collected at the clients’ level. In this
way, we confirm the outcomes of the study by Ospina et al. (2002). Also, we support Najam’s idea (1996) of thinking of nonprofits and downward stakeholders as being each other’s clients simultaneously. Nonprofit-managers and clients have their own missions to pursue. Through negotiation of expectations (bridging by mission-bargaining), clients and nonprofit-managers make sure that the partner in the relationship provides the necessary resources to follow through with their mission. Observing that expectations are formed in pre-bridging contexts prior to being negotiated, we also confirm Ospina and others (2002) in discovering that ties to the nonprofit’s and clients’ local institutional context influence downward accountability negotiations. We can assume that the better nonprofits and clients get prepared by intensely discussing expectations in their pre-bridging, and the better they understand the institutional context of their negotiating partner, the better will these expectations be bridged in negotiating accountability. To gather more evidence to support this assumption is a potential avenue for further research.

Fifth, observing mission-bargaining, we emphasize that downward accountability is of strategic relevance, as indicated by Moore (2000): both nonprofit as well as clients need the relationship in order to fulfill their mission. Hence, the nonprofit has to commit to providing services for clients, while the clients, in return, provide the information the nonprofit needs to be accountable to stakeholders in the developed world. Although downward accountability is strategically important for nonprofits and clients, this does not imply a reciprocal relationship. EuDev’s relationship to its clients is semi-formal (Kilby, 2006): defined points of interaction with the SME-managers exist at trade fairs but influencing actions other than common operations does not seem feasible for SME-managers. This view applies, if we exclude the possibility for them to exercise their voice (Howard-Grabman, 2000) by ending the relationship to EuDev. Lastly, in response to those authors who call for a ‘holistic’ view on accountability (Morrison & Salipante, 2007; O’Dywer & Unerman, 2007), we suggest institutional distance as one distinguishing parameter between the three accountability dimensions (upward, downward and lateral).

Practitioners of nonprofits working in development aid need to reconcile needs and capabilities in the relationship to clients. Our empirical findings suggest that knowing one’s own needs and capabilities is the starting point for any strategic accountability negotiation. This position will be formed when nonprofit- and SME-managers discuss success patterns with their peers. Building on these pre-bridging results, common op-
erations should be set up in order to facilitate a situation of direct interaction. Thereafter, practitioners who engage in bridging by mission-bargaining will more easily understand the underlying mission of the partner’s actions, balancing the needs and capabilities involved in the partnership.

6.3. Discovering Accountability Gaps: References to the Mission of Poverty Alleviation in the Context of Aid for Trade

6.3.1. Introduction

In recent years, researchers have shown interest in exploring how accountability activities in nonprofits influence their social mission (e.g. Christensen & Ebrahim, 2006; Dolnicar et al., 2008). Studies on accountability and mission achievement especially concern nonprofits operating in development work (Ebrahim, 2001, 2003b; O’Dwyer & Unerman, 2007; Véron, Williams, Corbridge, & Srivastava, 2006). The high interest in accountability of development nonprofits is a result of, first, the sizeable funds provided to them by governments and citizens to fight poverty (Edwards, 2002; Lindenberg & Bryant, 2001; O’Dwyer & Unerman, 2010) and second, the increasing questioning of their performance (Fowler, 1996, 2000; D. Lewis & Madon, 2004; Malhotra, 2000). Development organizations themselves find it difficult to show the results of their activities (Fowler, 1996). They identify a need “to work with their key stakeholders to build accountability capabilities that address both organizational and stakeholder needs” (Lloyd, Warren, & Hammer, 2008) in order to be part of the solution to global problems such as poverty. Hence, some researchers (Ebrahim, 2003b, 2005; Kilby, 2006; O’Dwyer & Unerman, 2010) have recently claimed that research on accountability for effectiveness of aid delivery of nonprofits should take priority.

As aid delivery is a vast field (see Atack, 1999 on diversity of development nonprofits), we concentrate in this article on service organizations, “acting as intermediaries in providing services to […] entire populations” (Vakil, 1997, p. 2063). Among this category of development nonprofits, organizations which apply the ‘aid-for-trade’ approach specialize in providing trade-promotion services to entrepreneurs from developing countries in the pursuit of raised living standards, the acceleration of local economic growth and reduced poverty (Hayashikawa, 2009). They operate under the belief that “economic growth is the most powerful tool to reduce poverty” (Hayashika-
which arises from the insight that “entrepreneurship is considered to be an important mechanism for economic development through employment, innovation and welfare effects” (Naudé, 2010). However, existing studies investigating the effectiveness of ‘aid-for-trade’ delivery on reducing poverty question this “taken for granted” (Naudé, 2010, p. 2) assumption. Autio (2008) mentions that “we actually know very little about whether and how entrepreneurship either contributes or does not contribute to economic growth in developing countries” (Autio, 2008, p. 2). Thus, Kirkpatrick and Scrieciu (2006) as well as Turner, Nguyen and Bird (2008) suggest that micro case studies at country level are required to accommodate the complex relationship between trade and poverty alleviation.

Against this background, the paper at hand seeks to contribute to the literature on accountability for effectiveness of aid delivery by nonprofit service organizations which apply the concept of aid-for-trade. To do this, we provide empirical insight from a qualitative case study on a European development service organization that acts on the ‘aid-for-trade’ basis. Departing from the idea that NPOs act as the interface between donors and beneficiaries (Agyeman et al., 2009), our research project aims to capture how the nonprofit mission’s promise of aid delivery is perceived at the different accountability levels. We thereby take into account the challenges nonprofits face in handling multiple accountabilities (Najam, 1996). Brown and Moore (2001) highlight that nonprofits promise different results to donors and clients and beneficiaries (Brown & Moore, 2001, p. 572). These promises are negotiated with different purposes. In the relationship with the donor, negotiations are dominated by the organization’s interest in soliciting funds, in its relationship with clients, service delivery is at the center, and in the relationship with beneficiaries, the nonprofit’s social mission promise comes to the fore. Since O’Dwyer and Unerman (2010) and Porter (2003), among others, identify disparity between donor and beneficiary expectations as a main reason for poor aid delivery, we are interested in capturing how, in our case, the donor, nonprofit’s staff, clients and beneficiaries refer to the mission of poverty alleviation when negotiating accountability.

Therefore, we first analyze the state of research on accountability in development NPOs and accountability for effectiveness. Building on this, we present the case setting, the method used for data collection and analysis, and subsequently disclose our results. Finally, we elaborate on our findings, from which we will discuss shortcomings and draw conclusions on theory, practice and further research.
6.3.2. Multiple Accountabilities in Development Nonprofits

Lindenberg and Bryant (2001) and O’Dwyer and Unerman (2010; 2007) give two reasons why accountability in development NPOs is becoming more important than ever before: First, development NPOs are increasingly dependent on public money, and second, “they are taking up a cause on behalf of the poor, but cannot claim to be elected representatives of the poor” (Lindenberg & Bryant, 2001, p. 211). Hence, nonprofits in development work have to be accountable to at least two stakeholders in this equation: to the donors and – since public money is involved – the taxpayers in developed countries (Behn, 2001b; Hauge, 2002) in an upward line and to the beneficiaries and clients in developing countries in a downward line (Unerman & O’Dwyer, 2010). The accountability demands of these stakeholders (taxpayers, donors and beneficiaries) differ from each other considerably (Brown & Moore, 2001; Edwards & Hulme, 1996). Whereas donors often ask for evaluation reports, project summaries and success stories, beneficiaries ask for tangible results that make a difference in their daily living. Thus, one problem development NPOs face is the simultaneity and equal importance of different, sometimes conflicting stakeholder demands. Satisfying them “requires a multi-directional flow of information that reaches from headquarters to the field and to the people affected by programs and projects and back again to the NGO” (Lindenberg & Bryant, 2001, p. 213). Porter (2003) takes up the question of how this information flow is organized in development work and what implications it has for “design[ing] better targeted poverty alleviation programmes” (Porter, 2003, p. 132). In her study she analyzed the flow of ideas and information between the nonprofit’s staff in developing countries and their staff in developed countries. She finds the information channels dominated by the headquarters in developed countries and identifies a northern meta-language that hampers local ideas and voices being heard (see also Townsend, Porter, & Mawdsley, 2002). According to Porter, accountability practices emphasize quick results measured in quantitative terms and lead nonprofit staff to avoid time-consuming evaluation to select partners and clients they team up with. She concludes that operational practices of development NPOs tend to exclude listening and participation and hence downward accountability mechanisms. However, Porter does not explore operational practices involved in multiple accountabilities in detail. Kilby (2006) and Lister (2000) link the lack of implementation of downward accountability more directly to donors discouraging downward accountability or remaining
indifferent to it, hence influencing the nonprofit not to invest in their relationship to the poor.

In line with these findings, other researchers recognize that accountability to donors dominates nonprofits’ accountability efforts (Christensen & Ebrahim, 2006; Edwards & Hulme, 1996; Kilby, 2006; Young, 2002), which is also reflected in the fact that there are more empirical studies focusing on upward accountability (e.g. Benjamin, 2008; Ebrahim, 2002; Green & Griesinger, 1996) than downward accountability. On the one hand, the dominance of upward accountability is rooted in power relations between nonprofits and their donors. Whereas downward accountability is rooted in power relations between nonprofits and their donors. Whereas downward accountability depends on “felt responsibility” (Christensen & Ebrahim, 2006: 207), upward accountability stems from being held accountable by external forces (Christensen & Ebrahim, 2006; Cornwall, Lucas, & Pasteur, 2000; Ebrahim, 2003). On the other hand, upward accountability is structured by pre-defined tools such as annual reports and financial statements (see concepts of rule-based accountability: Chisolm, 1995; Kevin P. Kearns, 1994; Lee, 2004) that are characterized by a distinct and tangible nature and easy to replicate (Ebrahim, 2003a). Downward accountability mechanisms, in contrast, are less structured and rather broad, multifaceted processes to implement than tools to apply (Howard-Grabman, 2000; Kilby, 2006). When, for example, Behn (2001b) argues that taxpayers are interested in their money achieving results at the beneficiary level, this downward accountability relationship lacks a defined path. Hence, downward accountability is less tangible and requires more resources (Ebrahim, 2003a). To conclude, recent research suggests that downward accountability is more complex and time consuming than upward accountability. However, the nature of downward and upward accountability and how they relate to each other in an individual organization has not yet been explored in empirical studies.

In addition, downward accountability seems even more challenging in development work: Beneficiaries in developing countries are far away from the headquarters in developed countries, leading nonprofit managers to formulate project goals and outlines from their own institutional perspective (Hauge, 2002). Dialogues with the poor would involve considerable investment in the collection of qualitative data. Lindenberg and Bryant (2001) identify in this situation a major obstacle to listening to the poor in accountability efforts: What beneficiaries identify as efficient aid is context specific and based on personal interpretation, making it hard to generalize. In addition, nonprofit managers argue that beneficiaries may not recognize the long-term consequences of
aid programs due to a lack of knowledge of the broader context. Investigating how – in development work – accounts of beneficiaries are fitted into a holistic view of multiple accountabilities has not been taken up in empirical studies. Hence, “balancing [...] these upward and downward ‘pulls’” (Ospina et al., 2002) is the main challenge of development nonprofits. To take into account the conflicting demands and different interpretations of context-specific results, some researchers conclude that baseline criteria need to be defined with each stakeholder for assessing accounts. Morrison and Salipante refer to accountability as a challenge for organizations to negotiate “among themselves and with their own particular set of stakeholders appropriate criteria, measures, and interpretations of success in ways that respond to the organization’s history, values, and mission” (Morrison & Salipante, 2007, p. 199). Practitioners acknowledge that narrowly set accountability aspirations are easier to measure and be accountable for (president of Save the Children US cited in: Lindenberg & Bryant, 2001). The claim for negotiated accountability involves a more comprehensive understanding of the organization’s embeddedness in a multidimensional accountability landscape, emphasizing the relational aspect of accountability (e.g. Brown & Moore, 2001; Christensen & Ebrahim, 2006). Ebrahim points out that “accountability efforts and mechanisms do not stand alone but are reflective of relationships among organizational actors embedded in a social and institutional environment” (Ebrahim, 2005: 60). The view of accountability taking shape in relationships acknowledges accountability to be socially constructed (Herman & Renz, 2000; Herman, Renz, & Heimovics, 1997; Lerner & Tetlock, 1999).

In our study we follow Ebrahim in his call for an integrated perspective taking into account the “multidimensional and relational nature of accountability” (Ebrahim, 2003b, p. 208). We apply this view by looking not just at one pole of the accountability relationships, but by covering the whole spectrum from upward to downward accountability. From the literature review we deduct the following base of interaction for multiple accountabilities (Figure 9), which will allow us to put our empirical data analysis into perspective.
Departing from a negotiated understanding of accountability, which emphasizes the importance of being “prepared with responses that correspond to specified expectations of those who hold [nonprofits] accountable” (Morrison & Salipante, 2007, p. 208), we are interested in exploring the dynamics between stakeholder expectations and accountability responses concerning mission achievement. Hence, we ask: What accountability dynamics result from the different references to the mission of poverty that nonprofit, donor, clients and beneficiaries draw upon when negotiating accountability? We thereby contribute to an understanding of effectiveness of aid delivery from the point of view of multiple stakeholders. In contrast to previous studies, we elucidate several stakeholder perspectives and explore whether nonprofit responses to questions regarding mission achievement follow an either up- or downward-dominated rhetoric.
6.3.3. Method

6.3.3.1. Research Context

In light of the UN summit on the millennium development goals (20-22 September 2010), much has been written about a lack of effectiveness in development aid in achieving the millennium development goals. A debate over which strategies fight poverty most effectively unfolds. Jeffrey Sachs argues that bilateral aid remains “largely unaccountable”, therefore inefficient (Sachs, 2010). He appeals for multi-donor approaches. In contrast, Easterly sees a major concern in aid as such and promotes private business as the engine of “growth out of poverty” (Easterly, 2010). The question of whether economic growth results in a reduction of poverty has seen lengthy discussions without reaching a conclusion (Deaton, 2001; Dollar & Kraay, 2002; Landingin, 2007; Mehanna, 2004; Ravallion, 2001; Senauer, 2002). The role of aid programs promoting trade for the alleviation of poverty therefore remains unclear.

Accountability challenges in development aid are among the most complex in the nonprofit sector (Ebrahim, 2003b; Najam, 1996). One reason for not achieving the desired results in development cooperation seems to be “maladministration, caused by a lack of accountability of aid agencies to the people whom they are supposed to serve” (Sorens, 2009, p. 88). Unerman and O’Dwyer (2010) claim that “accountability mechanisms can help improve the effectiveness of aid deployment” (Unerman & O’Dwyer, 2010, p. 480). Yet, research on how such accountability mechanisms in nonprofits are applied is still weak.

In sum, choosing the sector of development nonprofits and especially the approach of aid-for-trade as a research context, we place our study on references to poverty alleviation in nonprofits’ accountability efforts in a field where practitioners as well as researchers seek answers to relevant questions.

6.3.3.2. The Case

We have chosen the European economic development organization Eurodevelop (a pseudonym, in the following EuDev) as our case. It has been subject to seven evaluations of its impact within only four years. We therefore assume that the organization was confronted with multiple accountability expectations during the period of 2006-2009. The organization thus provides a powerful example of nonprofit accountability
(Siggelkow, 2007) that helps us to understand the dynamics present (Eisenhardt, 1989).

EuDev is mainly financed by a European government agency. EuDev implements trade promotion programs that help SMEs from developing and transition countries to gain access to the European Market. They provide access to trade fairs and train the SMEs in management issues. By strengthening the SMEs, they facilitate the creation of new jobs, thereby developing income sources for the poor. Correspondingly, EuDev’s mission is to reduce poverty by supporting SMEs that have a positive impact on the poor. EuDev acts as a service provider to the management of the supported SMEs, thereby reaching out to the ultimate beneficiaries, the supported company’s employees and their families. Thus, EuDev is embedded in multiple accountability relations: 1) upward to its funders and - as they receive government funding – the taxpayers; 2) lateral to its staff members; 3) downward to its clients and beneficiaries. This enables us to look at the potentially conflicting accountabilities to donors on the one hand and clients/beneficiaries on the other hand, a situation that leaves the staff to cope with the different accountability pulls.

6.3.3.3. Data Gathering

In order to shed light on the multiple accountabilities in which EuDev operates, we collected data on five levels. First, we conducted in-depth narrative interviews with EuDev’s staff members as well as the CEO. In addition, we collected documents that were related to their accountability efforts (annual reports and evaluations). Second, we interviewed project managers at the government agency, EuDev’s donor, who are involved with EuDev. At the donor level we collected success stories delivered by EuDev as well as memoranda of understanding for specific projects. Third, in our capacity as observers in a strategy meeting in which staff from EuDev and the government agency discussed criteria for measuring success, we were able to examine the relationship more closely. In addition, we conducted post-focus groups after the initial interviews with both EuDev and the donor, reflecting on the interview analysis. After having gathered data on EuDev’s context in the developed country, we chose to look at three projects they support in developing countries. In doing so, we follow Yin in using embedded cases (Yin, 1998).
The three embedded cases were selected as extreme cases according to three criteria: 1) extreme and moderate poverty context, 2) embedded in a rural and urban environment, and 3) SME supported by EuDev only or by EuDev and other development organizations. Applying these criteria, we chose to visit two coffee cooperatives in Peru and a welding company in Macedonia. Table 12 summarizes the contexts of the cases.

<table>
<thead>
<tr>
<th></th>
<th>Poverty context</th>
<th>Environment</th>
<th>Nonprofit support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee cooperative Pamar</td>
<td>extreme</td>
<td>rural</td>
<td>low (EuDev is the only supporter)</td>
</tr>
<tr>
<td>Coffee cooperative Flora</td>
<td>extreme</td>
<td>rural</td>
<td>high (EuDev and many other NPOs support the SME)</td>
</tr>
<tr>
<td>Welding company Rava</td>
<td>moderate</td>
<td>urban</td>
<td>medium (one other NPO involved in support of SME)</td>
</tr>
</tbody>
</table>

Table 12 Embedded Cases Paper III

As a fourth level, we analyzed EuDev’s relationship to its clients, the SMEs in developing countries. Data was collected in summer 2009 (Peru) and October 2009 (Macedonia) through 26 narrative interviews and three focus groups in Peru and 13 narrative interviews in Macedonia with the management of the supported companies and people knowledgeable about the local Peruvian and Macedonian context. Finally, as a fifth layer of our analysis we interviewed EuDev’s beneficiaries, the workers and families of the SMEs that we visited. In Peru we spoke to 21 beneficiaries, in Macedonia we interviewed 25. All interviews were fully transcribed and observations documented by copious field notes. Table 13 shows all levels of data collection.
<table>
<thead>
<tr>
<th>Focus of Analysis</th>
<th>Step</th>
<th>Research activity</th>
<th>No. of Texts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NPO</strong></td>
<td>1</td>
<td>Pre-Focus Group</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- First insights into EuDev’s accountability challenges</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Data collection (texts produced during the workshops)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Identifying interview partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Interviews with Project Managers and CEO</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Two researchers</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Narrative, in-depth interview style</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Collection of documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Annual reports from 1998-2008</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Evaluation reports</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Post-Focus Groups (mirroring the interview analysis)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Donor</strong></td>
<td>1</td>
<td>Interviews with donor’s project managers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Two researchers</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Narrative, in-depth interview style</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Collection of documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Memorandum of understanding</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Success Stories delivered by EuDev</td>
<td>13</td>
</tr>
<tr>
<td><strong>NPO-donor</strong></td>
<td>1</td>
<td>Observation of strategy meeting between EuDev and donor</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Post-Focus Groups on relationship and case studies</td>
<td>7</td>
</tr>
<tr>
<td><strong>NPO-clients</strong></td>
<td>1</td>
<td>Interviews with local EuDev representative in developing country</td>
<td></td>
</tr>
<tr>
<td>(SMEs)</td>
<td></td>
<td>- Peru Case A&amp;B: 2 people</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia Case: 1 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Interviews with knowledgeable of the local context concerning poverty alleviation impacts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru Case A&amp;B: 7 people</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia Case: 8 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Interviews with management of companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru Case A: 7 people</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru Case B: 10 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 3 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Focus Groups (mirroring the interview analysis &amp; data collection)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Peru: 2 Focus Groups</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 1 Focus Groups</td>
<td></td>
</tr>
<tr>
<td><strong>NPO-</strong></td>
<td>1</td>
<td>Interviews with workers and families of companies</td>
<td></td>
</tr>
<tr>
<td>beneficiaries</td>
<td></td>
<td>- Peru Case A: 12 people</td>
<td>46</td>
</tr>
<tr>
<td>(worker, family)</td>
<td></td>
<td>- Peru Case B: 9 people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Macedonia: 25 people</td>
<td></td>
</tr>
<tr>
<td><strong>Sum interviews</strong></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td><strong>Sum Focus</strong></td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td><strong>Groups</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sum documents</strong></td>
<td></td>
<td></td>
<td>40</td>
</tr>
</tbody>
</table>

Table 13 Data Set Paper III
6.3.3.4. Data Analysis

For the analysis of our data we followed a content analysis process (Neuendorf, 2002) combined with invivo coding (Strauss, 1987) in order to illuminate how nonprofit staff, donor, clients and beneficiaries referred to the mission of poverty alleviation in the negotiations of criteria and interpretations of success.

In order to create a codebook for our data analysis, two researchers separately read through the interview transcripts and field notes. To capture accountability negotiations, we identified arguments, nonprofit managers, donor-agency members, SME managers and workers and families used when assessing the perceived success of the partnership (Morrison & Salipante, 2007). Within these arguments we sought to identify references to poverty alleviation. Initially, the most obvious references were derived from EuDev’s mission statement: “support developing and transition countries in their endeavors to reduce poverty” and “supporting sustainable growth of small and medium sized enterprises”. Using the two codes “reduce poverty” and “sustainable growth of SME” as our starting point, we developed a more subtle grid of invivo codes for all five levels of data collected: In the interview transcripts and field notes we tracked the way the different actors interpreted the two categories “reduce poverty” and “sustainable growth of SME”. The text passages we identified as containing an interpretation of success relating to either “reduce poverty” or “sustainable growth of SME” were paraphrased into invivo codes.

To reach high intercoder-reliability (Neuendorf, 2002), the two researchers compared each others’ experiences in interpreting three randomly chosen interviews. They checked their own results (which text passages were identified and how they were paraphrased) against the results of the other, discussing potential ambiguities. Only when a common understanding was reached, did the two researchers continue to code the rest of the texts. Table 14 gives an overview of the coding process and the resulting invivo codes.
<table>
<thead>
<tr>
<th>Level</th>
<th>Unit of analysis</th>
<th>Coding process</th>
<th>Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Deriving references from mission statement.</td>
<td>- Reduce poverty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Supporting sustainable growth of small and medium-sized enterprises.</td>
</tr>
<tr>
<td>Starting point</td>
<td>EuDev’s social mission</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Level 1 | Negotiation of success within EuDev | Breaking down phrases “reduce poverty” and “sustainable growth of SME” following the interpretation of these abstract categories by interviewees. | “Reduce poverty”:  
- better living conditions of the SME-managers and workers  
- aim at long value chains in the country  
- more jobs, reducing unemployment  
- when we leave the country, self-sustaining structures need to be there |
| Level 2 | Negotiation of EuDev’s success within donor agency | Breaking down phrases “reduce poverty” and “sustainable growth of SME” following the interpretation of these abstract categories by interviewees. | “Reduce poverty”:  
- macro-economic influence on poverty alleviation  
- accelerate exports and reach prosperity  
- identify the bottleneck for economic development  
- create more income |
|       |                                   |                                                                                | “Sustainable growth of SMEs”:  
- SMEs can independently continue their exporting  
- improvement of working conditions  
- more exports, growing volume of sales  
- not support companies who are already able to export on their own |
<p>| Level 3 | Interaction of EuDev and donor agency | See level one and two                                                             | See level one and two                                                  |</p>
<table>
<thead>
<tr>
<th>Level</th>
<th>Unit of analysis</th>
<th>Coding process</th>
<th>Codes</th>
</tr>
</thead>
</table>
| Level 4 | Negotiation of Eu-Dev’s contribution to SME success at client’s level | Breaking down the nonprofits’ and donors’ interpretations of “reduce poverty” and “sustainable growth of SME” category, following the success criteria at SME-manager level. | “Reduce poverty”  
- more income  
- living conditions of managers improved: building houses, buying cars and motorcycles  
- employing jobless and from black market  
- establishing infrastructure for workers: access to health care and insurance, providing changing rooms, showers and toilets  
“Sustainable growth of SMEs”:  
- improved reputation of the company  
- jobs created (company, supplier)  
- ability to export, growth of sales volume  
- better infrastructure (buildings, machines) |
| Level 5 | Negotiation of SME’s success at beneficiaries’ level | Breaking down the SME-managers’ interpretations of “reduce poverty” and “sustainable growth of SME” category, following the success criteria at workers and family level. | “Reduce poverty”  
- social support/stability: access to credits, transparency in companies’ decision making, community building  
- personal freedom  
- change of living conditions: regular salary, better income  
- personal development: education, possibility for training  
“Sustainable growth of SMEs”:  
- pride: working for respected company  
- motivation to serve international clients |

Table 14 Coding Process Paper III

In order to capture the multiple accountabilities (upward, lateral and downward), we also sought to identify which actor in the accountability line was addressed when an argument containing a reference to poverty alleviation was put forward. Grouping the paraphrases by taking into account who was addressed, we illuminate characteristics of arguments referring to poverty alleviation and examine routines people draw upon to
relay information. From the analysis, five argumentation strategies that refer to poverty alleviation emerge.

6.3.4. References to Poverty Alleviation

6.3.4.1. Argumentation Strategy at Headquarters (NPO)

The supported companies are those most often addressed by the nonprofit managers when discussing their mission-related success. For their partner companies they create better working conditions and a better business environment. “It is great fun to see a company produce in a modern production site after being supported by us”, a project manager explains. Also, through the company’s success, jobs are created: “We have a company that started with eight people. Now they have 55 employees.” References are made to better working conditions: “The company was able to set up a proper workspace with clean facilities and changing rooms for men and women”, a nonprofit manager asserts. Telling these personal success stories is important for EuDev managers: “If a company has success, I can see this with my own eyes”. However, the workers and families of these companies are not mentioned in their accounts. Stories of successful projects mostly involve arguments such as growing exports, the number of jobs created and the learning process of the company, without referring to the implications this has in terms of poverty alleviation: “A successful project is one that has an impact on the company. The project has no other goal than enhancing exports, creating jobs and finding partnerships for the companies we support”, a project manager concludes. Therefore, when presenting EuDev to the companies in developing countries, project managers emphasize “things that are of interest for these people, how we help develop the company, their export strategy. The overall goal of poverty alleviation is presented but does not play a big role” a project manager explains. Hence, most references to the nonprofits social mission concern sustainable growth of SMEs. Explicit references to reducing poverty are much more abstract than the success stories told in reference to the SMEs. A project manager of EuDev explains: “We contribute to the alleviation of poverty by helping to accelerate the sales and creating jobs”. The link between economic growth and poverty reduction is described as a belief: “If we economically believe that export promotion will enhance prosperity in a country, I think this will also lead to poverty reduction.” EuDev managers have no personalized
success stories to tell when it comes to poverty alleviation. Instead, they address an abstract group, “the poor”: “Poor people are always part of the game because they supply the elements that are important to arrive at the export-product. We must aim at long value chains in the country”, asserts a project manager. Thus, the dominant line of argument used by EuDev managers comes to the fore: “To reach the ultimate goal of poverty alleviation the market dictates the projects. I can have the best product but if there is no demand in Europe, I cannot sell it and hence cannot reach the goal”, a Eu-Dev manager states as he summarizes the logic.

With respect to its donor, EuDev shows selective success stories on company growth. A project manager says: “For our donor it is fine if we can say: 300 more jobs, 27 million sales volume generated”. EuDev’s strategy with regard to the donor is to satisfy its expectations: “We do our work in a way that is appreciated by them”, asserts a project manager. EuDev’s CEO interprets the nonprofit’s work as serving as a PR tool for the donor: “If we are successful, our donor can gain higher visibility through us. It is a nice PR tool”, she says. Talking about poverty alleviation is seen by project managers as “donor language”, the CEO explains.

The same reasoning is used when EuDev addresses taxpayers in its accountability efforts: “The message of poverty alleviation needs to address the taxpayers, not the SMEs in developing countries”, a project manager concludes. Addressing the taxpayers EuDev interprets its mission as a political mandate: “Our political mandate requires legitimating how we spend the money”, the CEO asserts.

To conclude, EuDev’s reasoning when referring to poverty alleviation is: better conditions for doing business, exporting, more jobs and prosperity in the country and hence poverty alleviation as an abstract goal. Poverty alleviation is used to rhetorically legitimize to taxpayers and donors the organization’s support of SMEs in developing countries. The references to poverty rest on abstract terms, since the immediate clients rarely have anything to do with poverty: “The companies we work with are all out of poverty already. But in some sectors we reach the poor better than in others”, the CEO states, summarizing EuDev’s reasoning. She explains the difficulty of accounting for impact: “At the moment we have concrete goals regarding SME-support, but we do not know what we will achieve as a consequence of these goals. Achieving results does not necessarily mean that we have an impact on poverty alleviation.”
6.3.4.2. Argumentation Strategy at Donor Level

To illustrate the poverty reducing impact of trade promotion for SMEs, the head of the specific donor department tells the following story: “In the north of Mozambique, out of 50,000 people only seven were officially employed until a local business man decided to invest. He bought an old cashew nuts production site and started to grow cashew nuts again. He created 300 direct jobs and 5,000 families act as suppliers. Due to the support we offered he now exports high quality cashew products. This is a very clear contribution to poverty reduction. In the town small grocery stores opened, teachers came back and an airfield was constructed. You need leading small businesses to support such regional development.” His story captures all aspects of EuDev’s mission statement and strongly connects poverty alleviation with sustainable growth of small and medium-sized enterprises. Hence, when addressing expectations regarding aid delivery by EuDev, the donor emphasizes effects on companies and countries: “We are happy if EuDev has good results on a project level. This would mean that we have more companies from developing countries at fairs in Europe”, a project manager explains. Another notes: “We are happy with macroeconomic effects on poverty alleviation. Supporting a company has an impact on the development of the country.” In the same vein, the donor assumes that EuDev has had an impact as he asserts: “We have to ask what would happen if the companies supported by EuDev had no access to the European Market?”

When the donor agencies’ project managers discuss among themselves if it is worthwhile to support EuDev, they reflect on its position in their chain of aid programs: “EuDev is only the peak of the iceberg. They work with the best companies in transition countries”, a project manager explains. In terms of impact on development, project managers ask a crucial question: “Is there a bottleneck that influences export potential much earlier in the value chain that EuDev does not address?” EuDev thus has to answer to the expectation that it will generate a maximum impact: “They need to show to taxpayers and us what they do with the money they receive. Could they have more impact with the same funds?”

Since the donor agencies’ own impact depends on the impact of the programs they finance, project managers at the donor agency reflect on their contribution to poverty alleviation as well. For them, the poor are an abstract category related to when discussing statistics. “Statistics show that the poor work in the agricultural sector. If we help them introduce bio-certification, they will get 60 % more for their product when they
export”, a project manager states, explaining his approach. Another adds: “We have indexes of poverty. All this is very complex and very exciting.”

To conclude, the donor focuses on macro-economic effects on poverty alleviation by reasoning that business is good for development. They have an interest in EuDev accounting for impact because EuDev’s performance will influence their own legitimacy.

6.3.4.3. Argumentation Strategy of Clients

6.3.4.3.1. Pamar

When talking about the impact of EuDev’s support, the argumentation strategy refers to the mission dimension ‘sustainable growth of SME’. Through EuDev, Pamar has access to customers and trade fairs and they can sell under their own brand, which results in better prices: “We can pay more to our members”, states a manager of Pamar, explaining the most tangible benefit. Also, because of external visibility, the reputation of the cooperation increases: “We have visitors who want to learn about the process of our cooperative. Pamar is a role model for organizational setups”, a manager asserts proudly. Good management practices others want to learn about are put forward by managers of Pamar as a reason for their success: “Pamar is much more transparent than other cooperatives. We give technical support to our producers, which makes us different from others.” In discussing good management practices, poverty alleviation is not referred to explicitly. Rather, issues of their transparency and democratic decision making lead to a good working climate. The importance of transparency in decision making also comes up in negotiations with EuDev. Managers of Pamar feel that EuDev “gives with open hands”. They conclude: “Criteria should be developed for deserving their support. There should be a complete analysis of the organization EuDev supports.”

Besides showing good management practices, which represent an argument addressing EuDev managers, improvements for the communities in which the producers are embedded are a priority for managers at Pamar. One of them explains: “We develop a better quality of life. We work for the infrastructure of the cooperative.” It is important to the managers to live in the same area as the producers: “We want people to invest in community building. Many other cooperatives have their office in the main town, but
we are with our members.” They thus know the needs of the local people: “The request
to build the hospital came from our members; the local municipality was not strong
eough to build the hospital, so we stepped in”, a manager states, explaining the coop-
erative’s success in developing better living conditions for its workers. Analyzing the
needs of the producer families, the management of Pamar acts: “The level of education
is low so we built a school”, one of them says.

To conclude, when discussing the success of the cooperative, EuDev is referred to as
the partner who made many improvements possible. However, predominant references
are customers, market access and visibility. Poverty alleviation and EuDev’s support
are two separate topics. The management’s dominant argumentation pattern is: Good
management practices are linked to caring about the community, resulting in better
quality of life. Poverty alleviation is hence discussed as better living conditions for co-
operative members.

6.3.4.3.2. Flora

For managers of Flora it is important to show that the cooperative already has a long
successful history: “We are the only cooperative that has survived since 1966”, a man-
ger of Flora proudly notes. “Since 1995, 80% of what we have received as extra price
for fair trade was invested in agricultural training and a production plant”, they state,
indicating their investment strategy. This development has taken place without EuDev
supporting them. Hence, in contrast to the case of Pamar, the management of Flora
does not mention that exporting and generating more was possible due to EuDev’s
support. Instead, they relate to EuDev as one of several European donors who require
reports on transparency, impact and educational projects. Here, poverty reduction is re-
ferred to more explicitly to fulfill donors’ demands: “International donors support us
because we do the follow-up reports according to their specifications. We reach the in-
dicators. The cooperative presents new educational projects every four years; every
year we present our results - the donors expect good communication and reports”, a
manager of Flora notes, explaining the reporting routine that relates to effectiveness of
aid delivery.

As a consequence, the predominant arguments raised when discussing success at Flora
relate to education and training for producers as well as the opportunity to receive mi-
cro credits: “The producers need credits to survive in the months when they cannot sell
coffee; if members have health problems, they can receive credit. The decision on whether to grant the credit is made by the general assembly”, are some of the statements the management uses to explain how they improve producers’ living conditions. In conclusion, in this context as well, managers refer to improved living conditions of the producers who live in impoverished conditions. With regard to EuDev as their donor, they present social projects to highlight why they deserve to be supported.

6.3.4.3.3. Rava

In Rava, the partnership with EuDev is perceived as purely economic assistance. “EuDev supports us only because they think we can be successful. Our readiness for export is the essential part for them”, the CEO of the company explains. EuDev was presented to them with regard to what the partnership could do for the company’s development.

The company’s culture and its abilities are the predominant topics the management relates to when talking about how – with EuDev – they become even more successful: “We are a serious company with good quality and forward thinking. There are not many companies thinking like we do”, the CEO of Rava notes as he illustrates the qualities of his company in the context of Macedonia. He explains that his company would have been mature enough to independently sell internationally: “It would have been possible to export on our own, but it is better if someone supports you with money”, he asserts. Growing fast in the past few years, the company was able to create jobs: “People in the municipality come to us and ask us for jobs. Relatives and neighbors of workers also come and ask. We make a database with these contacts and we contact them when we need them”, a manager says in explanation of the recruiting policy. At Rava managers are proud of good working conditions: “We have a positive company culture and good relations to our workers.”

In conclusion, Rava’s main point of reference when arguing their success is the company. Because the relationship to EuDev has been built on economic matters, poverty reduction is never referred to. However, the creation of jobs and training are used to exemplify the company’s contribution to society.
6.3.4.4. Argumentation Strategy of Beneficiaries

6.3.4.4.1. Pamar

At the level of the beneficiaries, the success of the cooperative is referred to as the success of a community of people who work and live together, at the same time paying attention to the environment and good living conditions. The producers note that “European consumers know how to value the product if they see how we live and produce coffee in the region.” This statement indirectly refers back to European taxpayers who benefit from their production. Being part of a cooperative that is supported and hence has the opportunity to export improved the living conditions of the families. “This year we received a better price. I want to increase my family’s quality of life. I will buy a motorcycle because the distance from my house to the production area is far. I will invest in a new sort of plantation”, a producer explains. In addition to higher prices the producers value the social support by Pamar: “In the cooperative I can get credits. If I manage my budget well, I can have enough for the family and for paying back the credit.” This indicates that the micro-credit mechanism is appreciated. Hence, being part of Pamar makes a difference for the producers and their families. The cooperatives investment in training and education is seen as having an impact as well: “Pamar changed my lifestyle: we consume products from the region and learn not to destroy the environment and learn how to use local products”, a producer asserts. Thus, members of the cooperative are empowered to discuss what they can change themselves in order to make a better life.

In conclusion, beneficiaries at Pamar value that the quality of life has improved due to their membership in Pamar and its management caring for the community. In that sense, poverty alleviation is addressed.

6.3.4.4.2. Flora

In Flora, the economic success of the cooperative is not appreciated by its producers since they feel that they do not participate in that success. How the cooperative’s managers treat the members is of importance to their judgment about their quality of life: “The cooperative has a good reputation - but the living conditions of the members are very bad”, a producer explains. Another notes: “The management’s image is okay but the relationship with their members is not. Socially we have been abandoned.” A big
issue in the cooperative has been the replacement of the general assembly with a council of representatives. “This is a strong change, because we do not know anymore what has been decided. They do not tell us anymore how much is exported and how much they get per kilo coffee”, producers report. An atmosphere of fear dominates the producers’ statements about the cooperative: “People from the cooperative’s administration took money for themselves. But members who complain are kicked out”, the situation is described. Thus, producers report an abuse of power by the management but do not act since they are afraid of losing the cooperative’s benefits.

In line with these negative impacts, producers claim that the cooperative is manipulating the audits when referring to how the cooperative shows success to donors: “When Fair Trade auditors come, the management sends them to farmers who are prepared to give good answers”, a producer explains.

Despite these accounts, producers explain that they profit from better prices since they sell their coffee as bio- and fair trade-certified product. This allows them to develop a midterm plantation strategy. Also, producers “recognize that the management has supported us with road maintenance during harvest time. If it rains and we had no support from the cooperative for drying our coffee we would loose a big amount of our production”, they state, acknowledging the help of the cooperative’s management.

In conclusion, when talking about the success of the cooperative, beneficiaries at Flora complain that they do not feel part of it. A negative impact on the security they feel as a producer is reported since transparent management practices have been abandoned. EuDev is referred to as the agency that is manipulated by the cooperative.

6.3.4.4.3. Rava

When workers at Rava talk about improvements in their quality of life, they refer to more stability due to regularly paid and higher salaries than they would receive in other companies. “For me Rava is one of the best companies in Macedonia. Many others do not pay a regular salary”, a worker says. A wife of a worker adds: “In my husband’s former job in a big company he was not paid regularly. We are feeling safer now that we know that the salary comes every month.” The workers describe the company as a responsible and caring institution. Good management practices such as paid overtime, freedom of speech and recognition of workers’ achievements are highly valued. Workers explain that managers at Rava help them achieve higher standards of
“When I started to build my own house, I asked the owner of Rava if he could help me with a loan. I received all the money that I needed and I was already able to pay him back”, a worker says. In that sense, life becoming more comfortable rather than poverty alleviation is a topic among workers. The sustainable growth of Rava in combination with good management practices are mentioned as means to achieving a better living standard. EuDev’s support did not make a difference in the eyes of the workers.

6.3.5. Dynamics of Multiple Accountabilities: The Accountability Star

Looking at the whole spectrum of accountability relations in our case, we see that accounting for successfully established business relations with Europe is given much more weight than accounting for poverty alleviation. Where poverty alleviation is concerned, the argumentation strategy remains on a very abstract level, referring to “the poor” or “developing countries”. This big picture is reflected in all dyadic accountability relations. In the relation between EuDev and its donor, both emphasize the importance of achieving growth of SMEs, using links to poverty alleviation as rhetorical vocabulary that reflects “donor language”. EuDev’s donor is only asking to prove that with the money they give, maximum impact is achieved.

Accountability activities of project managers at EuDev regarding companies are limited to showing that their support helps SMEs to grow and export, whereas poverty alleviation is not on the accountability radar. In addition, project managers at EuDev never tell personal success stories referring to the ultimate beneficiaries (the workers and families of the supported companies). The beneficiaries are only mentioned in arguments concluding that the poor will benefit from the business support through the creation of jobs and prosperity in the country.

When the SMEs account for support received from EuDev, they generally report on growth indicators. Only in Flora, were social reports used to report back to EuDev. In Pamar, managers inquired about social accounting standards, seeking more transparency in EuDev’s selection of companies to be supported.

Beneficiaries show in their interpretation of success that concrete poverty alleviation effects, expressed in better quality of life and economic benefits, can be an outcome of aid-for-trade development work. Of our three cases, families and workers in Pamar value most the improvements for the community and for their individual lives. In con-


In contrast, in Flora we see that the benefits for the community accounted for by the management are not perceived as valuable by the beneficiaries since repressive management practices outweigh the social benefits they have access to. In the case of Rava, the living conditions in the community are already on a well-established standard, so that beneficiaries value the regular salary the most.

Placing these multiple accountability relations into the model of interaction deduced from the literature, we arrive at EuDev’s ‘accountability star’ (see Figure 10).

<table>
<thead>
<tr>
<th>EU-customer/ Taxpayer</th>
<th>Nonprofit</th>
<th>Donor</th>
<th>SME</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>prove max. impact in donor's KPIs</td>
<td>growth of SME</td>
<td>in poor</td>
<td>locally embedded management</td>
</tr>
<tr>
<td></td>
<td>reports &amp; criteria to support</td>
<td>in poor</td>
<td>positive impact on community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exploiting producers: repressive management</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Caption:
- in grey: “reduce poverty”-references
- in black: “sustainable growth”-references

**Figure 10** Accountability Star Reflecting EuDev's Multiple Accountabilities

### 6.3.6. Conclusions: Discovering Accountability Gaps

The purpose of this study was to examine the accountability dynamics resulting from the different references to the mission of poverty that nonprofit, donor, clients and beneficiaries as well as taxpayers drew upon when negotiating accountability. Observing how the different stakeholders referred to poverty alleviation in their negotiations of
success, we highlight that accounting for resource acquisition dominates the argumentation strategies of the whole spectrum of the nonprofit’s multiple accountabilities. In our case resource acquisition builds on the argumentation strategy of sustainable growth of SMEs rather than on arguments that support poverty alleviation. The nonprofit’s interest lies in the acquisition of funds from donors and partnering resources from companies they support. The SME’s interest lies in gaining access to support from nonprofits in developed countries. The beneficiaries’ inability to provide economic resources is excluded from the main accountabilities of development nonprofits.

This, we conclude, bears two risks: 1) aid delivery might have converse effects leading to poverty abuse, and 2) aid delivery failing to support those who are in need.

The first risk is supported by the case of Flora. This case shows that excluding beneficiaries from the main accountabilities bears a potential risk of poverty becoming an economic strategy: With Flora, EuDev supports a company that uses references to poverty alleviation solely to acquire support from nonprofits in developed countries. Beneficiaries in that case are exploited: The former democratic organization of the cooperative was abandoned by the management in order to be able to better influence selected producers for their own purposes. Since the management of Flora recognized the pressure weighing on nonprofits to report success on mission achievement, they delivered the necessary data by organizing meetings between nonprofit managers or external evaluating staff and briefed producers. EuDev benefits from Flora’s strategy by having an economically as well as socially successful company in its project portfolio. Since beneficiaries can exercise no voice with regard to EuDev, they are being downgraded to supernumeraries. Listening to beneficiaries would have revealed the repressive management practices implemented by the management in order to arrive at the social success cases.

The second risk we discover in the case of Rava: Here, we do not find indicators for poverty abuse, but the support of EuDev serves an already established business. EuDev’s need to find partner companies to be able to report on the donor’s key performance indicators (KPI) such as number of supported businesses and growth in employees in supported companies leads to EuDev strengthening the economic success argument in negotiations with companies. Since poverty alleviation is not mentioned as a goal of the cooperation between EuDev and Rava, accountability negotiations do not reveal that Rava is not embedded in a poverty context. Listening to beneficiaries in
this case would have revealed that the employees already belong to Macedonia’s middle class and cannot be considered poor.

Besides beneficiaries not playing an active part in the nonprofit’s multiple accountabilities, a second peculiarity coming to the fore when considering the accountability star is the accountability gap between beneficiaries and taxpayers. Taxpayers provide the money with which development aid is funded. They therefore have an interest in knowing what is achieved with the money deployed. Taxpayers assuming that development aid is having an impact on reducing poverty are misled when nonprofit managers do not select companies they support on the basis of information on the poverty context. With the connection between taxpayers and beneficiaries missing, taxpayers lack the information that allows for questioning the need for an NPO to receive grants through official aid programs if beneficiaries’ interests are not taken into account.

To summarize, analyzing the multiple accountabilities in our case, we find two accountability gaps: The first between the beneficiaries and the nonprofit, the second between the beneficiaries and the taxpayers. Looking at the references drawn upon in accountability negotiations, we come to the following conclusion: Where there are no accountability gaps, a direct service or product transaction characterizes the relationship between the nonprofit and its stakeholders. The relationship between the nonprofit and its donor as well as the relationship between the nonprofit and its supported companies is dominated by negotiation of success criteria that relate to service and product transactions: The former relationship is characterized by the transaction ‘implementation of aid-program’, the latter by transactions concerning ‘export promotion activities’. Because the aid-for-trade approach is dominated by economic reasoning, accountability negotiations in these relationships rest on the arguments of sustainable growth of SMEs. In cases where accountability is solely an information transaction generating transparency, accountability gaps emerge. If there is no direct product or service transaction involved such as in the relationship between a nonprofit and its beneficiaries or beneficiaries and taxpayers, accountability incentives are low. In our case, this is the reason why poverty alleviation is not a dominant argumentation strategy.

6.3.7. Limitations, Contributions to Literature and Practical Implications

The explanatory strength of our research results is limited in two ways. First, as we only conducted a single case study, the findings may not be applicable for other nonprof-
its. Second, we did not observe the negotiations of success as talk in interaction but, following Hardy (Hardy, 2001), reconstructed them through retrospective interviews. However, capturing the multiple accountabilities using the accountability star helps to understand the dynamics of the different accountability pulls and shows where accountability for poverty alleviation could be strengthened. In that way we contribute to the existing literature on effectiveness for aid delivery in a fourfold manner:

First, capturing the multiple accountability relations in the accountability star helps in visualizing the flow of information relevant to satisfy multiple accountabilities (Lindenberg & Bryant, 2001). Since EuDev has no personal contact with beneficiaries and the beneficiaries exercise no voice in reporting back to EuDev, it is obvious that information on aid delivery rarely reaches headquarters. The predominant type of information, the “growth of SME” argument, is related to a direct service transaction and hence flows multi-directionally. As a consequence, within EuDev, donor and SME-demands are satisfied, whereas beneficiaries who require different accountability arguments are neglected.

Second, in our case, we can confirm Porter’s (2003) conclusion that NPOs’ operational practices exclude listening to beneficiaries. In EuDev, the practice of selecting companies is dictated by the market. Companies who are included in the program are only provided with information regarding the service and product transaction, necessarily excluding the goal to alleviate poverty. The accountability star indicates this situation, visualizing that the dominant argumentation strategy toward clients refers to growth of SME. That the support of Pamar shows direct poverty alleviation impact is more a coincidence than a result of planned action.

Third, despite the nonprofit’s operational practices excluding downward accountability mechanisms, we see no evidence that its donor discourages the implementation of downward accountability (Kilby, 2006; Lister, 2000). We can only assume that a lack of questions regarding the impact on poverty alleviation from the donor results in no effort to invest in the relationship with the beneficiaries. In conclusion, we cannot show evidence that upward accountability hampered the nonprofit in the implementation of its mission of poverty alleviation. The problem seems to be – as suggested by Lindenberg and Bryant (2001) as well as Howard-Grabman (2000) – making additional effort in collecting qualitative data and being able to interpret the beneficiaries’ accounts. Accountability for mission achievement rests on the measureable parts (Ebra-
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him, 2003a) such as created jobs and attained sales volume resulting from the service transaction.

Fourth, looking at the accounts of beneficiaries, we can support Agyemang et al. (2009) as well as O’Dwyer and Unerman (2010) that dialogues with beneficiaries would have resulted in better effectiveness of aid delivery. As the data shows, beneficiaries express clearly what they value as a result of the nonprofit’s aid programs.

As a practical implication, for nonprofits to avoid accountability gaps and capture the concerns of their multiple stakeholders, we see a need to strengthen the role of the beneficiaries. If nonprofits, applying the aid-for-trade approach, acknowledge that their relationship with beneficiaries is characterized by a service transaction – namely ‘aid delivery’ – it might strengthen accountability to beneficiaries.

7. Managing Multiple Accountability Expectations

In order to answer our research question “How do nonprofits manage multiple stakeholders’ accountability expectations in accordance with their missions?” we have answered three sub-questions which have previously not been considered in studies on nonprofit accountability. The goal of this dissertation was to provide a holistic view on the management of the main accountability stakeholder’s expectations. In order to relate the answers of the three sub-questions to the overall research question we first summarize the research results and draw conclusions across the three papers before interpreting them within the framework of our social constructionist understanding of accountability and stakeholder management.

7.1. Summary of Research Paper Results

In the nonprofit accountability literature, studies considering lateral and downward accountability have been particularly rare. Therefore, we took a closer look at accountability relationships among staff members as well as between the nonprofit organization and its clients before turning to a holistic view on accountability relationships with all relevant stakeholders in the context of the organization studied in the third paper.

The first research paper showed the internal negotiations of success between staff members of EuDev. We showed how the project managers took into account accountability expectations from stakeholders in different phases of the organization’s devel-
opment. In order to manage multiple demands, they prioritized one stakeholder at a
time. The prioritization was oriented toward securing important resources that were re-
levant in different stages of EuDev’s development. In their accountability negotiations
staff members accommodated the perceived stakeholder expectations, resulting in ac-
centuating different measures of success. We find two argumentation strategies of staff
members taking shape in consideration of the stakeholders’ expectations: mission-
related reasoning and calculative reasoning. Mission-related reasoning includes, on the
one hand, references to the personal values of staff members, influencing their dedica-
tion to work for EuDev. On the other hand, it considers EuDev’s solidarity with poor
people to legitimate the organization in the eyes of the public. Calculative reasoning
contains arguments of economic success and compliance with donor reporting stan-
dards that are prepared in order to answer demands from partner SMEs and the fund-
ing agency. These argumentation strategies are not mutually exclusive but reflect dif-
ferent aspects of EuDev’s accountability that are grounded in the stakeholders’ expec-
tations of the organization. Hence, internal accountability negotiations in EuDev are
multifaceted; however, they do not result in such multifaceted accountability reasoning
with respect to each stakeholder. To prepare for interaction with stakeholders, the
project managers rather opt for and highlight the reasoning that they deem to be in line
with the stakeholders’ expectations.

Our second area of interest was negotiated downward accountability between EuDev
managers and their partner SMEs. We highlight that institutional distance, which cha-
acterizes the relationship between EuDev managers and SMEs, was a main complicat-
ning factor for the negotiation of downward accountability. Hence, we looked at ways
to bridge this distance in the relationship. Our results show that common activities of
SMEs and EuDev managers, such as meetings at trade fairs, are central to establishing
common measures and interpretations of success. The accountability negotiations ben-
efit from these common interpretations, facilitating the agreement on accountability
standards: EuDev is accountable to the SMEs for delivering the services; in return, the
SMEs report their economic success back to the nonprofit. The common activities thus
constitute a precondition of managing the relationship. However, accountability nego-
tiations between nonprofits and clients did not center on the nonprofit’s social mission.
Because EuDev has no direct interaction with the employees of the SMEs, the rela-
tionship to their beneficiaries lacks an important precondition of negotiable accounta-
bility. EuDev’s distance to its beneficiaries precludes what Ospina et al. (2002) have
identified as a necessary condition for negotiated accountability: the possibility of two-way-communication with the downward stakeholder.

In the third paper we took into account all relevant stakeholder relationships. We highlighted the accountability dynamics resulting from the different references to EuDev’s mission that staff members, the donor, the clients and the beneficiaries were drawing upon when negotiating accountability. Within these dynamics the references to resource acquisition dominate. Hence, only one of the two different aspects of EuDev’s mission statement, namely the achievement of sustainable growth of SMEs in developing countries, is accounted for. The achievement of poverty alleviation is only referred to by beneficiaries and to some extent by SMEs. However, since no two-way communication channels exist between beneficiaries and other stakeholders in the accountability environment of EuDev, accounts of poverty alleviation are not shared. EuDev’s accountability relationships are driven by a direct service or product transaction dynamic: In relationships where tangible resources such as services or products are exchanged, negotiation of measures and interpretations of success is a mutual exercise. In cases where information sharing and generating transparency are the goals of the accountability relationship, negotiation of criteria and interpretations of success is hampered. The interest in strengthening the accountability relationship to beneficiaries and allowing two-way communication remains on a low level when this relationship is not considered to bear the potential to secure important resources. A second finding concerning the multiple accountability dynamics is that the stakeholders constituting EuDev’s accountability environment are not linked to each other. Hence, although accountability references involve third parties (e.g. nonprofit and donors referring to the poor in their discussions), accountability is always negotiated in dyads. A network of interlinked accountabilities is missing.

Figure 11 gives an overview over the results of the three papers and links them to the two streams of literature we applied in this dissertation.
### 7.2. Conclusions Across the Three Papers

That the three papers were based on the same case study allows us to draw conclusions across the three papers, highlighting four main features of the management of multiple accountabilities:

1) Resource acquisition seems to be the most important factor structuring multiple accountability relationships.

2) Accountability for poverty alleviation as a legitimating rhetorical vocabulary does not lead to accountability to beneficiaries. Instead, negotiating downward accountability depends on common activities.

3) The ambiguity of EuDev’s mission seems to allow a choice regarding what to be accountable for.

4) Accountability is negotiated in dyads.

#### 7.2.1. Accountability for Resource Acquisition

The first and the third paper identify resource acquisition as a main reason for negotiating accountability. Examining lateral accountability negotiations reveals that stake-
holders are prioritized according to the resources needed. The accountability dynamics with multiple stakeholders show that accountability gaps only appear when no tangible resources are exchanged in the relationship. Hence, EuDev applies a strategic approach to accountability, limiting their accounts to the minimum needed for securing resources. A stakeholder relationship that has not been identified to bear the potential of gaining resources is not actively managed. The undermanaged relationship with beneficiaries is a result of EuDev not identifying any crucial resource to access through that relationship.

7.2.2. Common Activities in Downward Accountability Relationships

Although the first paper shows that managers at EuDev internally discuss their solidarity with the poor as one success indicator for mission-achievement, taking into account the whole picture of accountability relationships reveals that the nonprofit does not engage in negotiation of success with the beneficiaries. Hence, criteria identifying the amelioration of the lives of the poor are not discussed with those concerned, nor are they applied in other accountability relationships. Also, in the relationship with SMEs, negotiations exclusively focus on indicators of sustainable growth. As the second paper illustrates, this only happens because the nonprofit managers and SME managers share common operations and thus develop common interpretations of success, leading to a mutual understanding of accountability. We conclude that the relationship to the beneficiaries and clients will stay a relationship legitimated only rhetorically as long as there are no direct links between nonprofit managers and clients and beneficiaries.

7.2.3. Mission Ambiguity

The ambiguous mission of EuDev, aiming on the one hand at sustainable growth of SMEs and on the other hand at poverty alleviation, leads to accountability relationships focusing on either of the two. We did not find a relationship in which joining the two aspects led to accounting for SME support and amelioration of the lives of the poor at the same time. In the lateral accountability discourses, we found the two aspects of the mission to be present in internal negotiations, but never saw them combined in the preparation of answers to a stakeholder’s perceived accountability demand. In accountability relations with SMEs, the sustainable growth perspective prevailed, and the analysis of mission references of multiple stakeholders generates the
same picture. Because stakeholders demanded accountability for the easier to measure part of the mission statement, EuDev had the choice not to be accountable for the dimension of poverty alleviation. In this way, EuDev still accounted for mission achievement but left accountability for poverty alleviation to be covered by the general assumption that growth is positively related to reducing poverty. As a result, in their management of accountability relationships, EuDev managers were least active in engaging in those relationships that would demand accounts for poverty alleviation.

7.2.4. Accountability Dyads

All three papers reveal that the negotiation of accountability only takes place in dyads. At the same time, the accountability references that we observed being used in these dyads often concern more than one stakeholder of EuDev’s accountability environment. The internal negotiations of success show, for example, that solidarity with the poor is perceived as legitimizing the organization’s activities in the eyes of the taxpayers. In the third paper, the arguments used by the donor to illustrate EuDev’s accountability refer to SME development and the poor. Hence, ideas of triad and rectangle accountability relationships emerge in the data. However, no such network of accountability relationships exists in reality. All negotiations of accountability including references to other actors in the accountability environment are catalyzed through dyadic relationships between the nonprofit and one of its stakeholders. Negotiating criteria, measures and interpretations of success in accountability dyads therefore rather involves discussions about than discussions with those who are the targets of EuDev’s projects.

7.2.5. Summary

From the above, we can conclude that EuDev manages its multiple accountability expectations by concentrating on the resources needed, limiting its downward accountability efforts to relationships that are characterized by common activities and negotiating accountability in dyads with single stakeholders. Considering how these management practices relate to accountability in accordance with the organization’s mission, we find that the ambiguity of EuDev’s mission leaves room for interpretation of mission achievement. EuDev managers were able to choose to be accountable for only one
part of the mission since stakeholders did not ask for evidence of mission achievement concerning the other part, poverty alleviation.

### 7.3. Interpretation of Results in View of a Social Constructionist Perspective

Taking a social constructionist stance in this dissertation, we emphasize that our empirical investigations provide evidence of objectified social constructions of reality of the actors and organizations involved in this study. Our negotiated understanding of accountability acknowledges that “accounting is […] a social practice that constructs (rather than represents) realities and relations” (D. Crowther & Hosking, 2005, p. 539). Against this background we want to select certain cycles of enactment, selection and retention and show how they have shaped the management of accountability.

Showing how accountability discourses in the organization changed in the different development stages of the organization, we discovered how the organization enacted its environment. This resulted in new stimuli that the organization needed to react to, triggering measures in order to remain accountable: When EuDev managers decided to expand its activities and reach more SMEs, they engaged in canvassing new SMEs. While trying to convince new SMEs to enter their support programs, managers at EuDev realized that they had to provide convincing evidence that previous support programs had been successful. As a reaction to this perceived accountability demand, EuDev managers introduced reporting routines at trade fairs to collect information on SMEs’ business success. In that way, they built a stock of information to draw upon for success stories that could answer the SMEs’ requests. Proving the success of the EuDev support program with SME-indicators became an accountability routine because it was easily combined with existing organizational routines. The questionnaires for SMEs were, for example, handed out and introduced to SMEs during the organization’s main activity, providing stands at trade fairs. Thus, we can reconstruct the introduction of SME-indicators as a cycle of enactment, selection and retention. This cycle strengthens accountability for the part of EuDev’s mission relating to the sustainable growth of SMEs.

Throughout our study we find a couple more of these cycles that focus on the relationship to the SMEs. As the results of our second paper show, the organization’s downward accountability is enacted through the engagement of EuDev managers and SME
managers in common activities. Because these common activities focus on export promotion activities such as sales and product design training rather than on issues related to the SME’s workforce, the clients rather than the beneficiaries are at the center of EuDev’s downward accountability. Hence, in their organizational routines, EuDev managers are not in touch with the beneficiaries they serve, resulting in accountability expectations from beneficiaries not being heard. In the organization we do not find realities enacted with regard to the beneficiaries. Therefore, in the case of Pamar accountability expectations exist, but these cues are not selected because they are not bracketed off from the stream of impressions and events and thus do not make a difference to managers at EuDev.

Enacted accountability relationships in EuDev all have one thing in common: They are important relationships for seeking resources. The motivation for common activities with SMEs and for introducing SME-indicators was securing enough partnerships. The relationship with the funder is oriented toward seeking funds. Accountability demands of these stakeholders are hence selected and interpreted along the lines of the existing experience with these stakeholders. If a stakeholder is important for raising resources, EuDev managers feel it makes sense to be accountable to it. They do not question the accountability demand but react according to it: “The public investor gives us the money; therefore, we fulfill their criteria”, EuDev managers report. Those cues of the accountability environment are clearly taken seriously by EuDev-managers where the “accountability holder” (Rubenstein, 2007) is perceived to be able to provide resources to the organization.

A cycle of enactment-selection-retention that has the potential of altering the accountability routine focused on the sustainable growth of SMEs is observed when the new CEO was introduced. Coming from outside the organization, she perceived legitimacy in the eyes of the public to be an important resource for the organization. Thus, she engaged her staff members as well as the funder in a dialogue about the sustainability of EuDev’s activities and introduced new projects that aim at long-term changes in the countries where EuDev is active. However, because her staff members had been conducting their projects in a different way, placing the SMEs at the core for ten years, they were reluctant to change their method of project management. Although they faced the reality of a new CEO, their past experiences were different from what the CEO now wanted them to do. “I am not sure how this works. I got confused, are you
Interpretation of Results in View of a Social Constructionist Perspective

talking about the companies as target groups? We are focusing on the companies”, a manager of EuDev says in a discussion. In the past, public legitimacy had never been perceived as a resource. Hence, introducing accountability to the taxpayers in terms of showing sustainable outcomes of projects disturbed the shared understanding of accountability relationships among EuDev managers. Our research project did not show whether this new pattern of accountability has been retained in the organization. To investigate if a change in accountability dynamics has been triggered, a follow up study would be needed. However, we can show that accountability relationships are constructed along repeated cycles of action and reaction, enacting and selecting environmental cues to make sense of. Introducing new dimensions of accountability would mean breaking these cycles and creating new ones or relating new interpretations to existing patterns of sense-making.

The focus on seeking tangible resources from single stakeholders might also be an explanation for dyadic relationships being the prevailing social form of interaction in accountability negotiations. Accountability is not perceived as a challenge to being a transparent organization or to improving in project management but as showing success to stakeholders. Had transparency been a guiding principle for engaging in relationships with stakeholders, EuDev managers would probably have enacted their accountability environment differently, seeking to engage multiple stakeholders in dialogue and creating a network of accountabilities where local knowledge from beneficiaries and legitimacy in the eyes of taxpayers were recognized as resources to the organization. Here we can only speculate. However, a social constructionist perspective reminds us that the way accountability is managed in EuDev today is only one possible constructed reality. New and strong environmental stimuli could bring new features of accountability to the fore, triggering different cycles of enactment, selection and retention.

In conclusion, we find a social constructionist perspective helpful in uncovering the underlying dynamics of the management of multiple accountabilities. Elucidating the cycles of enactment, selection and retention at play in EuDev’s accountability management, we understand why EuDev is only accountable for one side of its mission and what role resources play in accountability relationships.
8. Discussion and Conclusion

In this final chapter we conclude the dissertation by reflecting on the research process, specifying the theoretical and practical implications and outlining the limitations of the study and the need for further research.

8.1. Reflection on the Research Process

The social constructionist perspective we take in the dissertation at hand also has implications for the research process. As researchers, we are always part of the processes we observe. Because we acknowledge that our reality is socially constructed, we cannot detach ourselves from our observation role and discover an objective reality. What we will see is always part of our personal selective perception and can change during the period of research (Simon, 2008). Under these circumstances observation cannot be true or false. However, to counterbalance the criticism that exploratory qualitative research designs are an arbitrary process of data collection and interpretation, we will critically reflect on the research against the quality criteria of qualitative research in the social sciences (U. Flick, 2006; Lincoln & Guba, 1985; Payne & Williams, 2005). We will also explain the review processes the research papers underwent in preparation for publication.

8.1.1. Quality Criteria of Qualitative Research

In traditional quantitative research, reliability and validity have been identified as the main quality criteria (Golafshani, 2003), reporting on the truth and measurability of research observations (Winter, 2000). Whereas quantitative research seeks “causal determination, prediction, and generalization of findings, qualitative researchers seek instead illumination, understanding, and extrapolation to similar situations” (Hoepfl, 1997, p. 48). Hence, qualitative research requires different quality criteria. The concept of truth (validity) and accuracy (reliability) are not applicable under the assumptions of qualitative research. We therefore reflect the research process against a set of alternative criteria (see Table 15) that have been developed by Guba and Lincoln (1985).
8.1.1.1. Credibility

Lincoln and Guba (1985) refer to credibility as the most important criterion to judge the quality of research. It relates to the degree to which the research results are credible in the eyes of the research participants. Flick (2006) refers to the same criterion as a means to show external validity in qualitative research. He calls for transparency and evidence that “the researchers’ specific constructions are empirically grounded in those of the members” (Flick, 2006, p. 371). In order to meet this criterion, we conducted focus groups with research participants in our case study (see method section of this dissertation, Chapter 5) where participants reflected upon our interpretations of information gathered in the interviews. These focus groups showed that our research results and interpretations are credible in the eyes of the participants. In addition, we spent considerable time in the research field, interacting with our research partners on several occasions, not simply meeting them during one interview. We spent four weeks in Peru and two weeks in Macedonia to study the local context of EuDev’s clients and beneficiaries. To come up with our research results, we studied the phenomenon from different perspectives, drawing on more than one source of data (see explanation on triangulation in Chapter 5.5.1.6.2 and 5.5.2.4.2). We therefore can assume that the rich data collected enables us to draw conclusions that are credible from the perspective of those we studied.

8.1.1.2. Transferability

We need to consider to what degree the study’s results can be transferred to different contexts. In general, we cannot assume that another qualitative study would produce...
exactly the same results. However, we need “to enable someone interested in making a transfer to reach a conclusion about whether the transfer can be contemplated as a possibility” (Lincoln & Guba, 1985, S. 316). In order to do so, we need to provide detailed descriptions of the study’s context. Therefore, chapter five explains in detail what is specific to the organization studied and for what reason and how the case and its embedded cases were selected. Since we chose to study an extreme case of accountability and therefore decided to select a case from development aid, the results of our study might only be applicable to an organization of similar type. However, because we disclose this information, we comply with the requirements of transferability.

8.1.1.3. Dependability

This criterion considers the consistency of research arguments (U. Flick, 2006) and the disclosure of research methods. Consistency of raw data and research interpretations can be demonstrated by giving representative evidence to support the traceability of arguments. Therefore, in our research papers, we used citations from the interviews and provided graphs and tables that enhance the readers understanding of the conclusions made. Also, during the coding of our raw data, we peer-reviewed the interpretation process, comparing separately generated codes to each other. The method sections of this dissertation as well as of the three research papers contain detailed information on the data gathering as well as data interpretation process. Following Payne and Williams (2005), our research methods adhere to the commonly shared dictums of social science research.

8.1.1.4. Confirmability

Confirmability refers to the degree of neutrality of research and the extent to which others can confirm the research results (Lincoln & Guba, 1985). Our research was driven by the idea that interview respondents shape the findings of the study. Hence, in our interviews we mainly used open-ended questions and followed the respondents’ story line to extract information for the study of our phenomenon. Here we see a limitation of our study in that we had to give more structure to the interviews we conducted in our embedded cases with some beneficiaries. We give a detailed explanation for this change of interview technique in chapter 5.5.2.2 of this dissertation.
Since we did not have any interaction with the organization studied before or after the research phase, we had no personal interest in reaching ‘desired outcomes’. In addition, the research team was heterogeneous in gender, nationality, age and scientific background, allowing for reflections on the research process from different angles. Furthermore, the transcripts of interviews and the detailed research protocols and reflective field notes, which may be provided upon request, give insight into the raw data collected and would allow a neutrality check.

In addition, the review processes, which two of the three research papers in this dissertation are currently undergoing, enhance the confirmability.

8.1.2. Review Processes of Research Papers

The first paper of the dissertation has been reviewed three times: Once during the process of acceptance for the Academy of Management Conference 2009 (AOM) and twice during the process of publication in the journal Nonprofit Management and Leadership (NML).

The review from the AOM acknowledged that the papers’ subject was of high relevance and that the conclusions were well argued. However, the reviewers criticized that it took too long for the paper to come to the main issues. In response to these reviews, we shortened the paper and integrated the information about EuDev’s development stages differently. We better intertwined the historical analysis with the interview data we had gathered.

The review from NML was more thorough, providing us with additional suggestions regarding how to improve the paper. First, we revised the paper’s literature review, giving more information on already existing concepts and framing the research gap more precisely. Second, the conclusions we drew initially suffered from imprecise use of the concept of moral accountability. We revised the article, acknowledging that the phenomenon we wanted to describe would be better explained using the terms mission and calculative reasoning. We provided better evidence for the conclusions, going back to our data and enriching the paper with citations. After we provided this first revision, the second review asked for minor amendments concerning the newly framed argumentation strategy. All in all, the reviewers confirmed that the paper had been improved considerably from the first version to the revised document. For the second re-
vision we streamlined the line of argument and were even more precise in our research conclusions.

The second paper has been reviewed once within the process toward publication in Nonprofit Voluntary Sector Quarterly (NVSQ). Because the review came shortly before this dissertation was finalized, we were not yet able to revise the paper completely and to resubmit the paper. However, we want to shortly summarize the reviewer’s comments and give insight in the amendments we were able to include in the current version of the paper.

The reviewers considered the research topic to be highly relevant. The issue of negotiated accountability with nonprofit downward accountability is, in their view, a topic rarely addressed despite the growing number of studies on nonprofit accountability. In addition, they found that the rich data base of the paper yielded high potential for significant contributions to the research field.

Despite this, the reviewers mainly criticized the line of argument as being confusing. Because the paper did not differentiate between beneficiaries and clients as two separate downward stakeholders, it came as a surprise that we only looked at the SMEs as the nonprofit’s clients. The reviewers asked to be more consistent in the use of the paper’s main terms. In our first revision of the article we thus paid major attention to the consistency of our line of argument. We now explain in detail why we focus on clients as one downward stakeholder. In addition, we had used the concept of social absence instead of institutional distance in the initial version. The term social absence, we had to realize, was not clear to the readers. Using this term we were not able to describe the different facets of distance in the relationship between nonprofit managers and SMEs. Hence, we reacted to this critique and now refer to institutional distance instead (a term that already has been used in the literature).

Besides these comments of the reviewers that we already incorporated in the paper we present in this dissertation, we did not yet react to the following point: The reviewers suggested applying a different theoretical concept than bridging. They suggested that using the construct of gaining legitimacy with clients would yield more guidance for interpretation of the data. Following these suggestions would involve major changes to the paper. Due to time constraints, we did not yet decide how to incorporate this suggestion. However, since we were able to react to some of the reviewer’s main arguments already, we are confident that the paper nevertheless improved significantly.
Since the third paper has not yet been submitted to a journal, we did not receive any reviews yet. However, after finalizing this dissertation, the third paper will as well be submitted to a journal. We then expect to receive a review in three or four month time.

8.2. Theoretical Implications

In this dissertation we looked at the phenomenon of accountability in nonprofits from two distinct theoretical perspectives, considering that theory triangulation prevents lopsided interpretation paths (Uwe Flick, 2008). We first considered the growing body of nonprofit accountability literature and captured existing insights but also highlighted the research gaps. From here an interest in stakeholder management developed: The management of accountability was often framed as an issue of relationship management. Consequently we were interested in looking at stakeholder theory and its application to nonprofits. Although the research paper specific theoretical implications have already been presented in chapter six, we will now investigate the overall theoretical implications of the study: On the one hand we will consider our study’s implications for the field of nonprofit accountability literature and on the other hand reflect on the benefits and implications of taking a stakeholder management perspective on nonprofit accountability.

8.2.1. Implications from a Nonprofit Accountability Perspective

Our main criticism of the existing literature on nonprofit accountability has been the lack of studies that considered more than one level of accountability. Hence, one of our main contributions to the literature is taking up the call for a holistic perspective on nonprofit accountability (Morrison & Salipante, 2007) and examining all three levels of accountability (upward, lateral, downward) in one comprehensive case study. The results we derive from our study clearly benefit from taking this broad perspective: If we had only looked at lateral accountability, for example, one of our conclusions might have been that the organization under study considers its solidarity with its beneficiaries to be an important aspect of accountability. However, examining the negotiations of accountability in a downward line more closely, we discover that the relationship to the beneficiaries is very weak. Common activities strengthening downward accountability only exist with the organization’s clients. References to the beneficiaries are used as rhetoric of legitimation but do not build on a two-way relationship.
Investigating downward accountability not only from the perspective of the nonprofit managers but actually gathering empirical data on the perception of accountability from the beneficiaries and clients point of view helps in illuminating this blind spot of empirical studies on downward accountability (Ospina et al., 2002).

In addition, the existing studies on downward accountability (Kilby, 2006; Morrison & Salipante, 2007; Ospina et al., 2002) looked at organizations that were grounded in the values of their beneficiaries. In these cases, negotiations with beneficiaries are considered important to gaining legitimacy within the community and knowledge on how to better serve the communities. We now provide a case study from an organization that is embedded in a different institutional context than its beneficiaries and clients and arrive at different results. In the context of our study, accountability to beneficiaries is not regarded as providing legitimacy, and the nonprofit does not consider learning from beneficiaries how to implement projects better. Instead, clients with whom the organization conducts common activities are perceived as providing tangible resources which in turn lead to a downward accountability relationship. Hence, we further the understanding of downward accountability, concluding tentatively that nonprofits which are grounded in their beneficiaries values are more likely to being accountable to them. In cases where this does not apply, we propose downward accountability to be dependent on the degree to which the nonprofit perceives clients and beneficiaries as important resource holders. We thus propose a complementary reasoning to Kilby (2006), who suggested that downward accountability depends on the nonprofit’s world view.

Furthermore, we find that applying a negotiated understanding of accountability yields potential benefits for the study of nonprofit accountability: Existing literature has shown that searching for standardized criteria to match the multiplicity and complexity of nonprofit value propositions is difficult if not impossible (Campbell, 2002; Kevin P. Kearns, 1994; Young, 2002). Taking the stance of a negotiated accountability perspective, we uncover other organizational practices than the application of standardized accountability criteria that similarly concern the management of accountability. Conceiving of negotiation as “multiple local construction process that go on in some sort of relation with each other” (D. Crowther & Hosking, 2005, p. 542), we not only capture how mutually shared patterns of accountability emerge, but we can also show that sometimes accountability is a monological process. Lateral accountability discourses,
for example, that refer to the beneficiaries are monological (they are not grounded in a
dialogue with beneficiaries and take place in one local context), whereas common ac-
tivities with clients are multilogical construction processes (involving interaction
through common activities and hence multiple local constructions) that result in shared
accountability patterns. We hence support Crowther and Hoskings (2005) suggestion
that accountability relationships of an organization are shaped by monological as well
as multilogical processes (D. Crowther & Hosking, 2005, p. 548). If we had only ana-
lyzed accountability tools of the organization, we would have missed important di-
mensions of the nonprofit’s accountability perceptions. We thereby confirm the theo-
retical value of thinking of accounting as a social practice that constructs realities
(Boland & Schultze, 1996; D. Crowther & Hosking, 2005; Ebrahim, 2005; Lerner &
Tetlock, 1999).

To conclude, taking a holistic view on accountability in nonprofits allows us to con-
firm management patterns of multiple accountabilities across all three levels of ac-
countability in an organization. In this endeavor, a negotiated understanding of ac-
countability is particularly apt at uncovering underlying accountability logics at these
levels of accountability.

8.2.2. Implications from a Stakeholder Management Perspective

Drawing on the stakeholder management literature allowed us to pursue the suggested
conceptualization of accountability as relationship management. Able to relate issues
of nonprofit accountability with a stakeholder management perspective, we place non-
profit accountability relationships with stakeholders in a broader setting.

Although nonprofits are often associated with an intrinsic value basis, we cannot lo-
cate an intrinsic stakeholder commitment model (Berman et al., 1999; Donaldson &
Preston, 1995) at play in our study. Especially in the relationship to beneficiaries,
where measures of nurturing and caring (Smyth, 2008) would have been anticipated
(Atack, 1999), we do not find an intrinsic motivation of the organization to be accoun-
table in a downward line. We thus confirm insights from LeRoux (2009), whose find-
ings also suggest that nonprofits apply strategic management practices vis-à-vis their
stakeholders. Our results, which show that those accountability relationships which
yield potential access to resources are actively managed, are hence in line with Post
and other’s (2002) perception of strategic stakeholder management. Nonprofit stake-
holder management practices may consequently not be that different from companies’ stakeholder management after all. However, within the model of strategic stakeholder management we cannot confirm a network approach to managing stakeholder relations (Meckel, 2002; Meckel & Will, 2006). Instead, we find that dyadic relationships prevail in the organization’s accountability management.

Jones and Wicks (1999) suggested conceiving of stakeholder management as managers enacting organizational environments in order to uncover intrinsic and strategic motives of managers to engage in relationships with stakeholders. As we have shown in chapter 7.3, it is helpful to think of accountability relationships as enacted realities. However, our analysis cannot confirm that this perspective shows how intrinsic and strategic motivations for stakeholder management are blended. Rather, the relationships that nonprofit managers enact are those that are perceived to be strategically important.

Concerning the existing knowledge on stakeholder management in nonprofits, we further develop an understanding of how nonprofits prioritize one stakeholder over the other (LeRoux, 2009). We can show that the resource-provision potential of stakeholders is the main criterion for having a sense of urgency about dealing with them. However, further empirical studies would need to confirm this. We have not discovered the perceived need for consensus building (L. K. Lewis et al., 2001, p. 29) to influence the nonprofit’s strategy of prioritizing stakeholders.

In addition, we confirm the findings of studies on the use of the internet and blogs in nonprofit stakeholder management (Ingenhoff & Koelling, 2009; Waters et al., 2009) by providing a further example that those measures have not been used to communicate with the organization’s accountability environment. This is striking, because the institutional distance we determine to impact the accountability relationships could potentially be overcome by the use of these social media (van Dijk, 2006; Zheng, Veinott, Bos, Olson, & Olson, 2002). We propose that the reason for this lies in the dyadic management practices of nonprofit accountability relationships.

To sum up, by taking a stakeholder management perspective, we show that negotiating accountability is equivalent to the “negotiation of stakes by stakeholders” (L. K. Lewis et al., 2003), because all of the groups that the organization under study is accountable to “can affect or [are] affected by the achievements of [the] organization’s purpose” (R. Edward Freeman, 1984). This view is insightful for the further development of the
literature on stakeholder management and accountability in nonprofits; moreover, we also find a stakeholder management perspective particularly helpful for suggesting practical means for nonprofit managers to deal with accountability expectations (see Chapter 8.3.1 and 8.3.4).

8.3. Practical Implications

In the three self-contained papers of this dissertation, we have already addressed some specific practical implications of our research. However, we now want to focus on the practical implications which we draw from the comprehensive analysis across the three papers. We frame our implications for practitioners against the background of our research question and hence answer to: *What insights does our study hold to help nonprofit managers in managing multiple stakeholders’ accountability expectations in accordance with their missions?*

We identify five pillars to strengthen mission adherence in nonprofit accountability management: 1) negotiate accountability with stakeholders, 2) clarify mission focus 3) enlarge resource perspective, 4) explore common activities 5) develop a network perspective of accountability. These pillars will be elaborated in the following subchapters.

8.3.1. Negotiate Accountability with Stakeholders

The main precondition for nonprofits to manage accountability in accordance with mission is to take a proactive stance toward accountability rather than a reactive view that holds on to answerability as the managing principle. Nonprofit managers need to proactively engage in managing their accountability relationships; they need to perceive a coherent accountability communication to be of value for the organization. If accountability expectations are processed ad hoc, each time the organization has to react spontaneously and will most likely come up with answers that accommodate to the actual situation. We have seen this in the lateral accountability discourses of the organization under study. Reacting to the funders’ accountability demands was rather situational, leading to accountability mechanisms such as the KPI. However, introducing the KPI did not satisfy the donor. More evaluations and questions regarding the impact on poverty alleviation arose. The answerability-character of the accountability relationship hence prohibits exploring the relationship in the long-term and from a strategic point of view.
Following insights from stakeholder management, we suggest that nonprofit managers assess their accountability environments and consider the question: “What common interests do we share with our accountability stakeholders; what do they expect from the relationship in order to support us?”. In doing so, nonprofit managers can prepare their negotiation with stakeholders in their absence. In answering this question, they engage in local construction processes of accountability relating to the perceived stakeholder expectations and to their own core values. Assuming that common interests of stakeholders and nonprofit lie in pursuing the social mission, discussing the above mentioned question within the organization is a step toward mission adherence in accountability management. Local constructions of accountability arguments that build on perceived common interest of nonprofit and stakeholder thus are a precondition to approaching the stakeholder for face-to-face negotiations of criteria, measures and interpretations of success with regard to mission achievement. Figure 12 shows what such negotiations aim to.

![Figure 12 Negotiated Accountability](image)

Engaging in proactive negotiations of criteria, measures and interpretations of success with regard to mission achievement can also address the complexity of nonprofit’s value propositions. As studying the local client’s and beneficiary’s context unveils, clients and beneficiaries have concrete conceptions of criteria to measure the nonprofit’s accountability, e.g. how nonprofit managers could show that the selection of com-
panies is a fair process. More transparency of selection criteria would in the client’s view already enhance EuDev’s accountability. Learning about such interpretations of accountability could be an essential outcome of negotiated accountability, leading to a criterion that measures such intangible values as fairness.

### 8.3.2. Clarify Mission Focus

However, if a nonprofit’s mission statement is highly ambiguous, proactively exploring common interests with stakeholders may result in comprising only part of the social mission in accountability practices. Our empirical case study has shown that mission ambiguity inhibits accountability in accordance with the nonprofit’s mission. If it is unclear who the beneficiaries of the nonprofit’s services are, it also remains intransparent what project outcomes the organization should be accountable for. In the study by Ospina and others (Ospina et al., 2002), the clear mission focus on the community influences all other accountability relationships. Hence, the organization is able to explain to its donors how it sets priorities in its programs by referring back to the communities’ input on how the organization could best serve community interests.

As a consequence, nonprofits have to clearly define who their beneficiaries are in order to start managing their accountabilities in accordance with the mission. Once the beneficiaries are identified, the organization needs to establish an accountability relationship with them and identify how the beneficiaries value the nonprofit’s activities with respect to envisaged improvements in their local context. These envisaged improvements are deducible from the mission statement. This way, arguments on mission adherence can be built that serve the organization in its accountability negotiations.

Figure 13 summarizes the process of mission focus for preparing accountability negotiations.
To give an example, in our case study the clients (SMEs) were mistaken for the beneficiaries, resulting in the fact that the organization was not accountable for its mission of poverty alleviation. Being accountable for poverty alleviation would have involved an accountability relationship to the poor. In this relationship, the social and economic value of the nonprofit’s support of SMEs for the poor (the beneficiaries) would have needed to be assessed with regard to the amelioration of their living conditions. Consequently, success in this regard could have been the main argument in negotiations of accountability with other stakeholders in the accountability environment.

On another note, the mission focus also has implications for the selection process of the nonprofit’s project partners and – in our case SMEs. Since the SMEs are the intermediaries for the nonprofit to reach the beneficiaries, the selection process of SMEs would need to take this into account. Hence, selecting SMEs according to their embeddedness in a poverty context could be another approach to strengthen the mission focus.

### 8.3.3. Enlarge Resource Perspective

We have seen that a resource-seeking perspective was the main driver of nonprofits accountability relationships to stakeholders. In order to take this into account and si-
multaneously strengthen the mission adherence, we have to consider how beneficiaries become resource holders for nonprofits. Hauge (2002) and O’Dwyer and Unerman (2010) see a potential resource in beneficiaries’ knowledge of the local context and hence suggest they should be consulted by the nonprofit before implementing projects. In our case study, the beneficiaries we interviewed clearly identified the most pressing social issues in their context. Also, had local knowledge during the process of selecting SMEs been used, nonprofit managers would have recognized which SMEs are actually embedded in a poverty context and which are not. In order to assess the local knowledge of SMEs and to include the information in the selection process, nonprofit managers could use questionnaires. Concluding our research project with EuDev, we developed such a questionnaire (see appendix III) based on our research experience (especially taking into account the experience of gathering information with local knowledgeables about the context of the SMEs).

Another potential resource that beneficiaries can provide is legitimacy for the organization’s activities in the eyes of the taxpayers and funders. We have seen this in the lateral accountability discourses in our case study; however, in our case it was a mere rhetorical reference to the poor lacking an accountability relationship to them. Managers of nonprofits need to perceive the beneficiaries’ valuations of their activities as a tangible resource. However, such valuations only become tangible if they are openly accessible and transparent to a wider public. One possibility for generating more transparency is the use of new technologies such as the internet and smart phones (web 2.0) for beneficiaries to publicize their valuations.

The use of new technologies in the facilitation of market access in developing countries (see for example R. Abraham, 2007; Aker & Mbiti, 2010) has shown that even marginalized groups have access to new technologies and that they actively use them. Therefore, we can imagine nonprofit managers setting up easy to use evaluation schemes (to reach the illiterate, one could use pictograms) which beneficiaries can access in order to valuate the nonprofits activities. Meckel (2008), for example, has shown how blogs and social media bear the potential to become new means to generate transparency in issues of public interest. In the form of a blog or similar tool, the beneficiaries’ valuations would be publicly accessible, which would lead to beneficiaries’ input becoming a true legitimating resource for nonprofit managers to draw upon.
As a consequence, the position of beneficiaries as resource holders would be strengthened.

8.3.4. Explore the Possibilities of Common Activities

Our study showed that common activities such as management training for SME managers strengthen the accountability relationship between organization and stakeholder and lead to mutually shared patterns of negotiated accountability. A particular advantage of common activities is the shared context and possibility of face-to-face negotiations. Hence, another piece of advice to nonprofit managers might be to explore common activities with stakeholders who are central to the nonprofit’s accountability. In our case study, a possible common activity involving clients and beneficiaries could have been a workshop with workers and SME-managers during the company visits by nonprofit managers. The nonprofit manager could have moderated a discussion between SME-managers and workers to analyze the potential for jointly solving community issues. However, such common activities should still be connected to the nonprofit’s core activities and cannot be considered as a pillar to strengthen mission achievement if they cannot be included in the organizational routines.

8.3.5. Develop a Network Perspective on Accountability Relations

In our study we observed that accountability is negotiated in dyadic relationships (NPO-donor, NPO-SMEs, NPO-staff) rather than in a network of mutually interactive stakeholder relationships. As a result, each stakeholder is addressed with a different accountability message. We did not observe any attempt to develop synergies among the accountability relationships establishing a common focus of accountability messages. Such common focus could be the mutually shared objective of nonprofit and stakeholders to advance the achievement of the social mission.

We draw on the similarities we have seen between nonprofit accountability management and stakeholder management to suggest a network perspective on nonprofit accountability relations. Although Meckel and Will (2006) have rightly pointed out that networks of stakeholder communication cannot be prescribed, we believe that conceiving of stakeholders to be embedded in a network of accountabilities surrounding the nonprofit’s activities will already help to uncover the potential “that organization-wide [accountability] stakeholder management should lead to the dynamic evolution of
positive-sum strategies that give rise to benefits for all or most critical stakeholders over the long run” (Post et al., 2002, p. 18).

Developing such an accountability network perspective should take into account three steps. First, establishing a core accountability message that centers on the common interest of all stakeholders and the nonprofit; second establishing two-way-communication channels between the nonprofit and the stakeholders as well as allowing for two-way-communication between stakeholders. Third, taking into account the ties of nonprofit and stakeholders to their own particular networks and explore the potential of this embeddedness for strengthening accountability. Figure 14, based on the accountability star introduced in Chapter 6.3.2, depicts these steps, which we will subsequently explain in more detail.

![Figure 14](image_url)  

**Figure 14 Three Steps to Develop a Network Perspective on Nonprofit Accountability**

Concerning the first step, perceiving of the nonprofit’s mission as the common interest of all accountability stakeholders in the nonprofit’s environment will allow for consistency in accountability references. Drawing on beneficiaries’ valuations of services,
mission achievement in the eyes of those concerned will become the main accountability argument toward the other stakeholders (clients, donor and taxpayers). Figure 14 therefore shows in step one that beneficiaries are the starting point of accountability relations in the accountability star of EuDev. Conceiving of the beneficiaries’ valuation as the starting point should make it easier for nonprofit managers to balance multiple accountability expectations because the key message is established and can subsequently be variegated according to the specific expectations of stakeholders.

When references to mission achievement and beneficiaries’ valuations of the nonprofit’s activities become the core of accountability messages this implies a better listening to clients and beneficiaries, setting incentives for two-way-negotiation of accountability (see double arrows connecting the stakeholders in figure 14). Concerning this second step of developing a network perspective, the possibility of using new forms of social media to valuate the nonprofits activities with respect to mission (see Chapter 8.3.3) will in this scenario allow sharing of evaluation references between accountability stakeholders from the developing country context and the developed country context. Linking the stakeholders by using an online accountability platform that is accessible to all stakeholders, will allow two-way-communication e.g. between the donor and the SME-clients, exchanging views on the nonprofit’s activities and strengthening the overall accountability network.

As a third step, we think it is important for nonprofit managers to consider the overall embeddedness of their stakeholders and their own organization in broader networks. We symbolize each actor’s embeddedness in a network in figure 14 by connecting each node of the accountability star with a network outside the accountability star. Considering these network ties that are not directly linked to the core accountability relationships, nonprofits might uncover alternative communication channels that relate to their accountability. To give one example: we have seen that some of the SMEs supported by EuDev are supported by other nonprofits as well. This will link these supported SMEs in multiple ways to the context of developed countries, allowing them to compare EuDev’s activities to other support they get. Also, staff members of EuDev might be linked to the other nonprofits that support the same SMEs. They might exchange information on the effectiveness of approaches and the SMEs’ embeddedness in a poverty context. In addition, the same donor might support all or some of the nonprofits involved in the support of these SMEs, receiving different information on the
success of the SMEs’ and their contexts’ development. Acknowledging these potential ties can affect the nonprofit’s accountability since stakeholders may take into account more information than what is provided by the nonprofit to judge whether the accountability communication is in line with the nonprofit’s mission. Nonprofit managers may engage in spotting meaning-makers in the networks and take advantage of multiplicators to promote their accountability. Accomplishing this third step is the most challenging and requires a long-term-perspective. Understanding the networks in which the nonprofit’s direct accountability relationships are embedded and identifying multiplicators to strengthen their own accountability is an ongoing process as the organization gains experience in stakeholder negotiations and carries out its projects over time.

At first glance, developing a network perspective on accountability relations seems to add complexity to the management of accountability in nonprofits, which may raise the question whether nonprofits are able to handle such a network of accountabilities. However, considering the stronger focus of accountability messages – which actually bears the potential to reduce complexity – and perceiving of the development of a network perspective as a long-term process softens the amplitude of the task.

To conclude, developing this network perspective requires high reflective skills of nonprofit managers and a different enactment of accountability relationships than those shown for EuDev in our interpretation of the results (see Chapter 7.3). Enacting accountability relationships based on resource transactions will probably not lead to nonprofit managers taking a network perspective. If, however, the accountability environment is regarded as a network sharing the same objective, the relationships to this network are cultivated for their own sake. Resource transactions will still be part of the network, but sharing expectations with regard to the common objective will drive the management of accountabilities.

8.3.6. Five Pillars to Strengthen Nonprofit Accountability in Accordance with Mission

To conclude, the five pillars (see Figure 15) show possibilities for strengthening accountability in accordance with the mission. These possibilities emerge from the empirical insight of our case study. They are therefore not exhaustive but rather first attempts at grasping the challenges nonprofit managers meet.
As we have elaborated on limitations of the research in detail in the three self-contained research papers of this dissertation, we will briefly summarize the most important here and derive avenues of future research.

Having conducted an exploratory case study, our research only gives in-depth descriptions of the observed phenomena and interprets them against our theoretical understanding. We neither develop hypotheses in our dissertation nor do we test existing hypotheses.

Because we chose an extreme case from economic development aid to investigate accountability in nonprofits, our findings might not be applicable to other nonprofit organizations that are less subject to stakeholders’ accountability expectations. Some peculiarities of our study are specific to the development aid context (e.g. questions of institutional distance) in general and to the economic development approach in particular (e.g. the question of reaching out to beneficiaries through clients). Hence, we need to be very careful in generalizing the results of this study.

Also, the organization that we looked at was rather small. This has implications for the lateral accountability discourses as well as for the management of stakeholder’s expectations. We would imagine a bigger organization to be confronted e.g. with higher complexity in its lateral accountability discourses or with even more stakeholders who
express expectations toward the nonprofit’s accountability. It might also add more complexity if the organization under study is supported by more than one funder and if these funders also include private companies. Hence, our results would need to be applied to a bigger nonprofit to allow for generalization.

Considering the choice of the case, it might be of interest for other scholars to choose another qualitative case study design to seek insight into best practices of accountability instead of investigating an extreme case of exposure to accountability. This could test the value of our suggestions for cases where accountability in accordance with mission is not neglected but praised.

Furthermore, we have seen the benefits of approaching nonprofit accountability from a broad perspective. Therefore, we suggest that future studies take a look at all three levels of accountability (upward, downward, lateral) to reflect upon the properties of each relationship with respect to the overall dynamics in the nonprofits accountability environment. Prospective studies might consider, however, whether the term ‘downward accountability’, representing the perspective of accountability to clients and beneficiaries, is appropriate. If, as we argue in this dissertation, accountability to beneficiaries should be the common ground of all accountability relationships to achieve mission adherence, the term ‘downward’ might suggest too much of a hierarchical relationship with respect to beneficiaries and clients.

Applying a negotiated understanding of accountability has proved helpful in examining how local constructions of accountability relate to each other. However, a limitation to our study is that we could only observe limited face-to-face negotiations between the organization and its stakeholders. Gaining insight into such negotiation processes will enhance our understanding of how mutually shared indicators for accountability are agreed upon. Further research should again approach negotiated accountability from the perspective of the two or more negotiating parties, regardless of whether their negotiations are going on in face-to-face settings or as related processes of local constructions. If researchers decide to study another nonprofit development aid organization, it might be interesting to more specifically look at negotiations in the phase where project partners or – in the case of economic development aid - companies are selected which the organization wants to support. This selection process might be an important catalyzer for the impact the projects can achieve. We did not look at this process because we were interested in already existing relationships to nonprofit’s
clients. However, we must admit that this is a potential limitation to an even deeper understanding of accountability in accordance with mission.

Finally, considering insights of stakeholder management theory for the management of accountability in nonprofits has unveiled the potential of conceiving of accountability as relationship management. Further research might take a professionalization perspective (Langer & Schröer, 2011) on nonprofit accountability management to show how existing concepts of management research might help nonprofit managers to better deal with accountability expectations. Such studies might also consider why – to date – widely respected mechanisms of stakeholder management have not been applied in nonprofit practice.

8.5. Final Conclusion

In this dissertation we sought to understand the management of multiple accountability expectations in nonprofits. Besides perceiving multiple stakeholders a main challenge for nonprofit accountability, practitioners as well as researchers have found it even more challenging to adopt accountability mechanisms that are able to reflect the organization’s mission. Therefore, we were especially interested in practices that allow managing accountability in accordance with nonprofits’ missions.

Applying an organizational communications perspective led us to examine negotiations of accountability between a selected nonprofit and its accountability stakeholders. Within this case study we especially elaborated on three aspects of nonprofit accountability: the lateral accountability discourses, negotiations between the nonprofit and its beneficiaries/clients and the accountability dynamics in reference to nonprofit mission.

Researching lateral accountability negotiations, we find that nonprofit managers prioritize stakeholder expectations with respect to the potential resources the relationship yields. Preparing answers to stakeholders, nonprofit managers use mission- as well as calculative reasoning when arguing the organization’s success. Looking at downward accountability, we discover that only face-to-face negotiations of accountability through common activities result in mutually shared interpretations of success and mutually agreed accountability measurements. Finally, considering multiple stakeholders’ accountability references to nonprofit mission, we unveil accountability gaps with re-
spect to one essential part of the organization’s mission. Accountability relationships only existed with stakeholders who were holding tangible resources. This led to the marginalization of beneficiaries in the accountability dynamics of our case study.

Explicating the results of our study, we contribute to the literature on nonprofit accountability and stakeholder management in nonprofits, giving first answers in order to potentially close the research gaps identified.

By applying a social constructionist understanding to the management of accountability expectations in nonprofits, we take into account that the multitudes of reality constructions in relationships with stakeholders cannot lead to a one-size-fits-all accountability scheme in nonprofits. Rather, we can conceive of accountability as a result of local construction processes that relate to each other. This view helps in considering the conditions under which these constructions take place and the relationships in which they operate as important building blocks of negotiated accountability.
Appendices

8.6. Appendix I: Interview Questionnaires

a) Structured Questionnaire with Employees at Rava

1. When did you start to work for Rava?

2. What is your education (when you started working and now)?

3. How did you get the job at Rava?

4. What would have happened if you did not get the job at Rava?

5. What changed in your life since you work for Rava?

6. How many family members do you support with your salary?

7. When you compare this job at Rava to your former jobs, what is different?

8. What did you learn at Rava?

9. When you compare what you learned here and what you learned in your former job, what changed?

10. How does your family value what you learned at Rava?

11. What changed since Rava is exporting to international clients?

12. Do you receive a higher salary now that Rava is exporting?

13. What do your friends and family say about your work for a company that is exporting to international markets?

14. Do you think it is fair that Rava is supported to be able to export?

15. How do you feel working for Rava?
b) Guiding questions Family-Interview

1. When did you first hear about Rava?
2. When you compare today and the time before your husband has been employed at Rava – what is different?
3. How much money do you need per month for living? What kind of expenses do you need to cover?
4. When you first heard of the education of your husband, how did you think about your future?
5. How do you value that your husband is employed at Rava from an economic perspective?
6. What did your friends and family say that your husband is employed at Rava?
7. How do you feel about the situation that your husband is employed at Rava?
8. Do you think it is fair that your husband is employed at Rava?
9. Do you receive any support from Rava?
8.7. Appendix II: Example of Research Protocol

1. Short Portrait

Date: 20.10.2009
Location: Skopje
Interview partner: Director of local school
Topics: Local poverty context of the neighborhood of Rava
Researchers: NH, UJ
Protocol: yes
Documents: no

1.1 Research Questions

• In what neighborhood is Rava embedded?
• How many children of this school live in poverty context?
• How many of the children have access to higher education after leaving primary school?

1.2 Transcript of Interview

• no

2 First Impressions

<table>
<thead>
<tr>
<th>Peculiarity of Context</th>
<th>• We get a tour of the school after the interview is finished. The director is proud to show us around.</th>
</tr>
</thead>
</table>
| Milieu (Room, Reception) | • The interview takes place in the director’s office. She takes a seat behind her desk. Gives the impression of a powerful position.  
• Drinks are offered |
| Interview dynamic | • She answers in a much disciplined way, choosing her words carefully.  
• She is very proud of her school. |
| Hypotheses | • None |
3 Topics

<table>
<thead>
<tr>
<th>Topics</th>
<th>Observations, Interview Notes</th>
</tr>
</thead>
</table>
| General Information on her position in the school                     | • the school is 30 years old  
• she is working in the school sector for 18 (in municipality) years now  
• since three years she is director of the school  
• in the last three years it has been done a lot for the school  
• we got desks, chairs, pictures, computers, and they were refurbishing the school, they established library                                                                                     |
| Family background of school kids                                      | • in other schools they have only – sponge and chalk – they need to be invented  
• three days ago, we made a survey about the family  
• we have three hundreds students and 30 families with social needs, where both are unemployed  
• the unemployed are doing only a cultural activities , they feel the crisis  
• in the last 10 years things are getting worse  
• people are coming without money to pay the breakfast of their children  
• today there are no parents without high school diploma so they can help with the schoolwork – they care about children coming to school  
• people from the factory that are closed start to work for the black market  
• the 300 families are average and some parents are owning companies  
• they are wealthy, 20  
• 100 of the students are poor, they belong to the 30 families  
• the poor families have an average three kids  
• the number of poor kids is the same for the last three years  
• some parents are divorced and some may have passed away                                                                                                                                  |
<table>
<thead>
<tr>
<th>Topics</th>
<th>Observations, Interview Notes</th>
</tr>
</thead>
</table>
| What happened when Rava opened the factory near by? | • she could feel the difference but not only according to Rava, there are more companies coming to the region  
• if they all employed people it will be a good development  
• since that time the municipality has given the money for the school they also got donations from the companies  
• at least 20 residents are working in Rava  
• she knows from the other areas people that have been working for Rava they had good experience  
• she knows one person from Rava, he left another company to work for Rava  
• when he stays, it is good, he earns more money  
• she has no knowledge about the skills that are taught in Rava  
• depending on the teacher, some children want to become teachers, some truck drivers, some doctors, they all want to become more than their parents |
| About the municipality the school is located in | • we belong to a successful municipality – others are jealous  
• the others are in very poor conditions – they would like to become a school like ours  
• each school is trying to be the best, to have everything there to educate children – the quality of teaching is good,  
• they have applied to all ministries to receive money for the refurbishment and equipment they are attending all the times workshops for teachers to be up to date, how to approach children with special needs  
• in the municipality, there are three primary schools and five branch schools, there are less children and only from first to fourth grad  
• the quality of the educational person is equal  
• all children are going to the high school afterwards  
• some school buildings are 100 years old, some 50  
• this school is one of the better ones  
• companies sponsor, when they have events or when the school needs new uniforms |
Appendix II: Example of Research Protocol

<table>
<thead>
<tr>
<th>Topics</th>
<th>Observations, Interview Notes</th>
</tr>
</thead>
</table>
| Ethnical issues in the school | • she thinks that many are Romans but they say that they are Albanians  
• less than 20 in total  
• only three say that they are Romans  
• their parents have only primary education and are unemployed  
• some of the Roman kids like to go to school and are good scholars  
• for five of them they needed to send letters to request the kids to come to school when the parents are called to come to the school they ask why the children have been absent – they tell that the children have been visiting the grand parents, there is a fine of 1000 EUR and nobody issues this fine  
• it is for scaring  
• there is one village in the municipality, that has 50% Roman kids in school – 15 persons – she has excellent collaboration with the other collages and they are doing a good job  
• she already had an offer to go to this school, but she refused, she would have to now the professors in order to work with them and she does not know the problem there, she considers her school to be a family |

4 Important Implications

• Use this context information to inform further decisions in field research.
• Gain more information (statistics) on the municipality
8.8. Appendix III: SME-Context Questionnaire

1. **General contact information**

   Your name: ________________________________________________________
   Your age: __________________________________________________________
   Name of your company: ______________________________________________
   Your position within the company: _____________________________________
   Since when do you work for the company: ______________________________
   What is your educational background: _________________________________
   Sex: m ☐ / w ☐

2. **Your customers and suppliers**

   a. What are the most important lessons learned for your company over the past 5 years with regards to customer expectations (e.g. concerning quality standards, information material, marketing, delivery of products, communication standards etc.)?

   _________________________________________________________________
   _________________________________________________________________
   _________________________________________________________________

   b. Who are your suppliers (which business sector, names, size)? How have your purchases developed with these suppliers? How do you estimate your impact on your suppliers' economic development (e.g. income, creation of jobs)?

   _________________________________________________________________
   _________________________________________________________________
   _________________________________________________________________

3. **Your employees**

   a. From which social groups (e.g. gender, ethnicity, rural areas/cities) do you recruit your employees? How do you find them (e.g. job advertisements in the newspaper, word of mouth in the community, local employment agency, interested friends/relatives of employees)?

   _________________________________________________________________
   _________________________________________________________________
   _________________________________________________________________
b. What was the average annual wage (in Dollar, before taxes) of your workers over the past 5 years and when (e.g. weekly, every second week, monthly, quarterly, semi-annually, annually) have the wages been paid? Have payments been delayed over the past five years?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

c. Did you provide loans for your employees over the past 5 years, and if so, how high were these loans (in Dollar)? How many of these loans were repaid?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

d. In what kind of social issue does the company support the employees (e.g. education for employees and/or family members, health care schemes, pension funds)?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

e. What is the average level of education of your employees?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

f. How do the families of your employees mutually support each other (e.g. do they help each other financially, with pensions, in caring for the elderly people, in construction of houses etc.)?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

g. Can the families of your employees cover the cost for daily living (including costs for food, education, health care, basic mobility needs)?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

h. What is the percentage of employees that live on less than XX Dollars a day? (project managers: fill XX according to poverty line of the companies’ country)

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
4. Your contribution to infrastructure

a. In what condition are the streets, water supply, and electricity coverage in the region your company operates?

b. How much (in Dollars) has the company invested during the past 5 years in e.g. roads (infrastructure), healthcare, schools (education) and professional training programs for the local community?

5. Social issues, community support

a. Which social topics (e.g. gender, age) has the company worked on with / for the community during the past 5 years, and how?

b. How does your company support social/voluntary work (e.g. caring for elderly people, looking after kids, working on environmental issues in the community, preserving the traditions of the community etc.) in the local context?

c. What social/nonprofit organizations (e.g. business support organizations, international development aid organizations, local organizations that care for education, health or elderly people) do you know that support the local context? In your opinion what impact do they have on the development of the local context?

6. Context information

a. What activities do the local political institutions in your region pursue for the development of the local economy and the society?
b. How many people in the region where your company operates have a regular job on the job market? How many jobs do people generally have next to the main work they do? What is the rate of unemployment in the region your company operates?

________________________________________________________________
________________________________________________________________
________________________________________________________________

c. How many people can read and write basic texts within the region your company is operating in? Comparing men and women and different ethnicities, can you describe the difference in levels of literacy between the groups?

________________________________________________________________
________________________________________________________________
________________________________________________________________
## 8.9. Appendix IV: Authors’ Declaration

### a) Paper I

<table>
<thead>
<tr>
<th>Title</th>
<th>Mission-Related and Calculative Reasoning in Strategic Accountability Dynamics: Evidence of a European Development Aid Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authors</td>
<td>Nina Hug, Urs Jäger</td>
</tr>
<tr>
<td>Literature Review</td>
<td>The literature review that embeds this paper in the current scientific discourse on accountability in nonprofits has been conducted and written by Nina Hug. Reviewing the literature, she not only provided a comprehensive overview but structured the existing knowledge on accountability in nonprofits along lines that paved the way for the subsequent interpretation of our empirical findings. Urs Jäger provided feedback as to how to be even more to the point in some passages.</td>
</tr>
<tr>
<td>Data Collection</td>
<td>The data the article builds on has been collected both by Nina Hug and Urs Jäger. Most of the interviews were conducted together with changing roles: one interview was led by Urs Jäger, another by Nina Hug in order to avoid a questioning routine that biased the interviews. Due to time restrictions, three interviews were conducted by Nina Hug as the only interviewer.</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>After the interviews had been transcribed, Nina Hug and Urs Jäger sat together to do the coding of the data. To improve intercoder-reliability, we first separately coded some interviews and subsequently compared the codes we came up with. Carrying out the data analysis process like this, we comply with quality standards of empirical research.</td>
</tr>
<tr>
<td>Empirical Findings</td>
<td>Departing from the outcome of our coding, Nina Hug wrote the section “empirical findings” of the paper, structuring the outcomes of the interviews along the identified accountability discourses and development phases of EuDev. After writing a first draft, Urs Jäger provided feedback, suggesting to more clearly separating the description of the case and the discourses from the interpretation why these discourses occurred. Following this advice, Nina Hug revised the empirical findings section. This second version was subsequently edited by Urs Jäger. He revised the proposed text, by introducing a table that summarized the development phases of EuDev and hence reduced the length of the paper. He also suggested introducing a table that would summarize the outcomes and provide more citations.</td>
</tr>
</tbody>
</table>
Title: Mission-Related and Calculative Reasoning in Strategic Accountability Dynamics: Evidence of a European Development Aid Organization

Authors: Nina Hug, Urs Jäger

Interpretation of Findings: As a consequence of Urs Jäger’s feedback on Nina Hug’s first draft of the empirical findings section, she separately proposed an interpretation of the discovered internal accountability discourses, linking them to the different resources the organization sought in its different development stages. Her interpretation was subsequently refined by Urs Jäger, who added a second layer of interpretation, proposing strategic and moral reasoning as underlying drivers of the accountability discourses. He also came up with the model of accountability dynamics.

Our common interpretation of the findings was challenged by the reviewers of the journal Nonprofit Management and Leadership. Nina Hug and Urs Jäger together discussed how they would react to the reviewers: We decided to change moral reasoning to mission-related reasoning and strategic reasoning to calculative reasoning. Nina Hug went on and implemented the discussed changes in the document.

Implications for Theory and Practice: Having written the literature review, Nina Hug linked back the interpretations to the existing theoretical insight on nonprofit accountability.

From the model of accountability dynamics, we deduced the practical implications.

Total contribution

---

b) Paper II

Title: Bridging Downward Accountability in Contexts of Institutional Distance: The Case of an Economic Development Nonprofit

Authors: Nina Hug, Urs Jäger

Literature Review: The literature review that embeds this paper in the current scientific discourse on downward and negotiated accountability in nonprofits has been conducted and written by Nina Hug. Reviewing the literature, she not only provided a comprehensive overview but structured the existing knowledge on downward accountability in nonprofits along lines that paved the way for the subsequent interpretation of our empirical findings.

Urs Jäger provided feedback as to how to be even more to the point in some passages.
<table>
<thead>
<tr>
<th>Title</th>
<th>Bridging Downward Accountability in Contexts of Institutional Distance: The Case of an Economic Development Nonprofit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authors</td>
<td>Nina Hug, Urs Jäger</td>
</tr>
<tr>
<td>Data Collection</td>
<td>The data the article builds on has been collected by Nina Hug, Urs Jäger and Angelica Rotondaro.</td>
</tr>
<tr>
<td>1) Interviews at EuDev’s headquarters: Most of the interviews were conducted together by Nina Hug and Urs Jäger. In the interviews we changed roles: one interview was led by Urs Jäger, another by Nina Hug in order to avoid a questioning routine that biased the interviews. Due to time restrictions, three interviews were conducted by Nina Hug as the only interviewer.</td>
<td></td>
</tr>
<tr>
<td>2) Interviews at the coffee cooperative in Peru were conducted by Urs Jäger and Angelica Rotondaro. Nina Hug was only involved in preparing the field research in Peru but did not accompany the two researchers.</td>
<td></td>
</tr>
<tr>
<td>3) Interviews at the welding company in Macedonia were conducted mostly together by Nina Hug and Urs Jäger. We followed a similar routine of changing the lead as in the interviews at headquarters. Due to time restrictions four interviews were conducted by Nina Hug as the only interviewer.</td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td>After the interviews had been transcribed, Nina Hug and Urs Jäger sat together to do the coding of the data. To improve intercoder-reliability, we first separately coded some interviews and subsequently compared the codes we came up with. Carrying out the data analysis process like this, we comply with quality standards of empirical research.</td>
</tr>
<tr>
<td>Conceptual Basis</td>
<td>Nina Hug suggested using Weicks concept of bridging operations in order to describe what happens if nonprofit-managers and their clients are embedded in different institutional contexts but nevertheless seek to arrive at commonly shared interpretations of success. Hence, Nina Hug developed “bridging in contexts of institutional distance” as the conceptual basis of the article. The initial idea of the concept became more precise while discussing it with Urs Jäger and other researchers at international conferences.</td>
</tr>
<tr>
<td>Empirical Findings</td>
<td>Departing from the outcome of our coding, Nina Hug wrote the section “empirical findings” of the paper, structuring the outcomes of the interviews. She identified four accountability discourses that were linked to different success patterns that EuDev-managers and SME-managers drew upon. A summary of these results was provided by Nina Hug in form of an overview-table. Providing feedback to this section, Urs Jäger suggested showing the accountability discourses as an outcome of the described interaction between nonprofit managers and SMEs rather than introducing them to structure the description of the findings.</td>
</tr>
</tbody>
</table>
Title | Bridging Downward Accountability in Contexts of Institutional Distance: The Case of an Economic Development Nonprofit | Contribution in %
---|---|---
Authors | Nina Hug, Urs Jäger | NH 80  UJ 20
Interpretation of Findings | Following the conceptual basis of bridging accountability in contexts of institutional distance, Nina Hug interpreted the accountability discourses regarding their potential to bridge the institutional distance between NPO and SMEs (clients). As main results of the paper, she identified two pre-bridging operations as well as bridging by common operation and bridging by mission-bargaining.
Urs Jäger provided feedback to this interpretation, suggesting slight changes such as to add to the description of mission-bargaining that this bridging operation referred to the poor as a third party. He also suggested slight changes in the figure summarizing the bridging operations for outsiders to better grasp the main point.
Implications for Theory and Practice | Having written the literature review, Nina Hug linked back the interpretations to the existing theoretical insight on nonprofit accountability. She also suggested a model that locates institutional distance as complicating factor in negotiated accountability across the three levels of accountability (lateral, upward and downward). Urs Jäger checked the model for its comprehensibility and suggested including it into the findings section rather than in the implications section.
Reacting to the practical challenges that other researchers have identified for nonprofit development aid organizations in dealing with their clients, Nina Hug came up with practical implications of the bridging operations she located in the organization under study.
Total contribution | 72  28

---

c) Paper III

Title | Discovering Accountability Gaps: References to the Mission of Poverty Alleviation in the Context of Aid for Trade | Contribution in %
---|---|---
Author | Nina Hug | NH 100  UJ 0
Total contribution | 100  0

Herewith both authors declare that the summarized contributions to the two research papers (see tables above) are correct and reflect the papers’ development processes.
References


Curriculum Vitae

Name                      Nina Kadidja Hug
Geburtsdatum              30. August 1982
Geburtsort                Hagen (Westfalen)
Staatsangehörigkeit       Deutsch

Ausbildungen
2008 – 2011    Promotionsstudium an der Universität St. Gallen (HSG), Schweiz
2001 – 2007    Magistra Artium in den Fächern Politikwissenschaft, Journalistik
                und Kommunikationswissenschaft und Naturschutz, Universität
                Hamburg, Deutschland
2003 – 2004    Auslandsstudium an der Université Montesquieu Bordeaux IV,
                Bordeaux, Frankreich
1992 – 2001    Abitur am Gymnasium Letmathe, Iserlohn, Deutschland

Tätigkeiten
Seit März 2011  Leiterin Impact and Strategy Support beim WWF Schweiz
2008 – 2011    oikos PhD Fellow, oikos Foundation, St. Gallen, Schweiz
2008-2010      Wissenschaftliche Mitarbeiterin am Center for Leadership and
                Values in Society, CLVS-HSG, Universität St. Gallen, Schweiz
1998 – 2006    Freie Mitarbeit (30%) bei Deutsche Presseagentur (dpa), Radio
                MK, Westfälische Rundschau
2001-2005      Praktika bei Zeitungen (FAZ, Badische Zeitung), Fernsehen
                (ZDF), Radio (Radio MK) und Presseagenturen/Pressestellen (PR
                Trostner, Pressestelle der Grünen Fraktion Hamburg, Pressecener
                der Olympischen Spiele in Athen 2004, Pressestelle der Fach-
                hocharschule Südwestfalen)