

If not for profit,
for what and how?

S O C I A L
E N T E R P R I S E

Downward accountability of Belgian nonprofit organizations - A survey based analysis

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Abstract

When reviewing the literature, a dearth of empirical research on accountability of nonprofit organizations (NPOs) towards their beneficiaries is observed. Most of the studies that do pay attention to this stakeholder group are characterized by important limitations. By answering five questions, this study attempts to overcome some of these limitations: 1) What mechanisms do NPOs use to gain insight in beneficiaries' needs and objectives and to allow these stakeholders to have impact on organizational policymaking? 2) What is the quality of these mechanisms? 3) In comparison to other stakeholders, to what extent have beneficiaries or their representatives an impact? 4) Which organizational effects are associated with their involvement in policymaking? 5) In what way does each mechanism influence the organizational effects of beneficiaries' or their representatives' involvement in policymaking, and is this effect mediated by their impact?

Data were collected by surveying executive directors of 790 Belgian NPOs, representing 14 different industries. To answer the first four questions, descriptive statistics were used. A path analysis was performed to answer the last question.

Results show that the vast majority of NPOs implement mechanisms to involve beneficiaries and their representatives in organizational policymaking, mechanisms that vary between industries in type and quality. Despite the existence of such mechanisms, their association with impact on policymaking and therewith associated potential organizational effects is rather weak but positive, irrespective of industry.

Keywords: Belgium; downward accountability; nonprofit organizations; path analysis

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1. INTRODUCTION

In previous times, nonprofit organizations (NPOs) were automatically assumed to be ideally placed to improve community wellbeing. They were believed to be more efficient, effective and innovative than governments in providing public services (Brass, 2012; Jegers, 2009). Despite this idyllic picture, a gradually developing debate over NPOs and their accountability began to rise during the past decades (e.g. Anderson, 2009). Questions about NPO accountability came up, due in part to a) the revelation of NPOs involved in widely publicized scandals resulting in a decrease in public trust, b) the scarcity of (financial) resources due to the recent financial crises, c) a growing group of 'consumers' insisting on knowing the quality of NPO services, and d) the NPOs' increasing social and economic impact (Burger, 2012; Moxham, 2009; Ostrower, 2007; Smith, 2010). Currently, numerous practitioners and researchers encourage to stop considering NPOs as "the perfect service provides" without empirically studying the NPOs' accountability towards their stakeholders (e.g. Burger, 2012; Murtaza, 2012). The accountability movement itself also encourages to pay more attention to the currently used accountability mechanisms, fuelled by the belief that the governance quality of NPOs can improve substantially when they are truly (encouraged to be) accountable towards their stakeholders.

Without any doubt, the NPOs' beneficiaries, sometimes being the community at large, are a crucial stakeholder group. Hyndman and McDonnell (2009), Smith (2010) and Wellens and Jegers (2011), among others, even argue that NPOs that are not paying attention to accountability towards their beneficiaries possibly undermine organizational performance.

There is a dearth of empirical research on accountability of NPOs towards their beneficiaries (Benjamin, 2012; Crawford, Rutter, Manley, Weaver et al., 2002; Wellens & Jegers, 2011). Furthermore, most of the studies that do pay attention to this stakeholder group are characterized by important limitations (Wellens & Jegers, 2013).

Despite the fact that numerous researchers have indicated that beneficiaries' involvement in organizational policymaking can be put into practice through various mechanisms (e.g. participating in a beneficiaries' council, being a board member, filling in satisfaction surveys) (Andreassen, 2008; Kilby, 2006; Kreindler, 2009; LeRoux, 2009a), studies comparing the effectiveness of these mechanisms are extremely rare. Some studies even highlight the problem of NPOs implementing beneficiary related accountability mechanisms, being more concerned with form rather than content, and therefore symbolic (e.g. Hester, van de Bovenkamp, Trappenburg & Grit, 2009; Saxton & Guo, 2011). Up until now, there is insufficient insight in the proportion of NPOs that genuinely allow beneficiaries to participate in policymaking compared to the share of NPOs that make use of more symbolic forms of beneficiary participation.

The coexistence of symbolic and real accountability might partly explain why studies find mixed results when investigating the advantages and disadvantages of beneficiary related accountability mechanisms.

An additional possible explanation for these mixed results is that the industry the NPO operates in can be of influence on the perceived value of beneficiary related accountability mechanisms. For example, Voss and Voss (2000), on the one hand, found a negative association between an organizational policy driven by beneficiaries' preferences and attendance rates and revenues in nonprofit professional theatres. They argue that the beneficiaries' choices might unintentionally not reflect what they really want, as they respond more favourably to innovative, thought-provoking creative new products. Bechange (2010), on the other hand, found studying critical determinants of grassroots project success among Ugandan HIV/AIDS NGOs, that beneficiaries' involvement in policymaking will not only help NGOs meet actual grassroots' needs, but that their work will as well be perceived as more successful and sustainable. Given the observation that the large majority of the beneficiary-related literature is based on studies in one industry, mostly the health care industry,

knowledge about industry influence on the perceived value of beneficiary related accountability mechanisms remains limited.

This said, this study proposes the following research questions:

- 1) What mechanisms do NPOs use to gain insight in beneficiaries' needs and objectives and to allow these stakeholders to have impact on organizational policymaking?
- 2) In comparison to other primary stakeholders of NPOs, to what extent have beneficiaries or their representatives an impact on organizational policymaking?
- 3) What is the quality of the formal mechanisms used by NPOs to gain insight in beneficiaries' need and objectives and to allow these stakeholders to have impact on policymaking?
- 4) Which organizational effects are associated with beneficiaries' (or their representatives') involvement in policymaking?
- 5) In what way does a specific beneficiary related accountability mechanism influence the organizational effects of beneficiaries' or their representatives' involvement in policymaking? Is the beneficiaries' or their representatives' impact on organizational policymaking mediating this effect?

To answer these questions, a quantitative research design was used. Data were collected in 790 Belgian NPOs, by questioning their executive directors. The 790 NPOs represent 14 different industries. Only questioning executive directors and no other stakeholders (e.g. beneficiaries themselves) can be seen as the study's most important limitation. Therefore, this paper can be considered a first step in an overall empirical analysis of beneficiaries' participation, uncharted waters as shown below.

The most important findings are the following. The vast majority of NPOs implement mechanisms to involve beneficiaries and their representatives in organizational policymaking, varying between industries in type and quality. Despite the presence of such mechanisms, these stakeholders' actual impact seems however limited. The small positive organizational effects associated with beneficiaries'/representatives' involvement stress the need of future research searching for optimal ways to strengthen these effects.

The remainder of this paper is organized as follows. First, a short literature review of what is meant with accountability. Next, a description of the followed research methodology. Subsequently, the most important results are presented, followed by a discussion and conclusion section.

2. LITERATURE REVIEW: ACCOUNTABILITY

To avoid confusion in the rest of this paper, some concepts related to accountability, will be discussed and defined.

First, we elaborate on the concept 'accountability', which has been defined in numerous ways. Ebrahim describes it as follows (2003a, p. 815): 'Accountability may be defined not only as a means through which individuals and organizations are held responsible for their actions, but also as a means by which organizations and individuals take internal responsibility for shaping their organizational mission and values, for opening themselves to public or external scrutiny, and for assessing performance in relation to goals'. He additionally makes a distinction between upward, internal and downward accountability. The first refers to accountability towards donors, foundations and government (Ebrahim, 2005; Fowler, 1996), the second towards staff and the NPO's mission,

and the latter towards beneficiaries and communities or regions indirectly affected by NPO programs (Najam, 1996). Ebrahim (2003a) distinguishes five broad mechanisms to put accountability into practice: 'Disclosure statements and reports, (external and internal) performance assessments and evaluations, self-regulation, social auditing and participation' (p. 813).

Next, we pay some attention to the concept 'beneficiary'. Beneficiaries are the ones who make use of the services NPOs provide. Beneficiaries constitute a very diverse stakeholder group, and are sometimes called 'customers', 'clients', 'patients', etc. Given the diversity in types of beneficiaries (e.g. students, disabled persons, refugees), it is difficult to identify the 'representative' beneficiary (Wellens & Jegers, 2013).

A final aspect that needs clarification is the difference between a beneficiaries' council and a beneficiaries' representatives council. In a beneficiaries' council, the beneficiaries of the NPO themselves, whether or not elected, are active. In a beneficiaries' representatives council, persons who are not making use of the NPO's services themselves are active, e.g. a parent of a disabled child or a family member of an elderly living in a nursing home. These representatives can also be elected or not.

3. METHODOLOGY

3.1. Selection of organizations

A Belgian database (Belfirst) was used in the selection process. Our population includes all Belgian NPOs classified in Belfirst as medium-large, large or very large ($n = 4453$) (we decided to include only organizations of a considerable size as we are studying accountability mechanisms), with the exception of the following. Language limitations withhold us to include the very few NPOs in which the common language is German. Congregations, monasteries, abbeys, deaneries, and dioceses were also excluded because of their idiosyncratic accountability and governance structures. NPOs providing administrative and support services, and public administration and defence/compulsory social security activities meet the statutory Belgian criteria to be classified as NPOs, but their actual primary task often does not really support what NPOs would normally be expected to do (Jegers, 2011). Hence, the exclusion of these types of NPOs. Finally, also Belgian hospitals are not included in the population, not only because they have a special accounting system compared to other types of NPOs, but also because their dual governance structures (Kesteloot & Van Herck, 2005). Eventually, the population represents 3736 Belgian NPOs.

3.2. Data collection procedure

In September 2012, the executive directors of the 3736 NPOs received a postal questionnaire. The executive directors were asked to send the survey back within three weeks, in a postage-paid envelope. They also had the opportunity to scan the questionnaire and return it by mail. After 3 weeks, all persons who did not return a questionnaire received exactly the same documents as before. The overall response rate is 21%, representing 790 NPOs (a table with an overview of the responses per week is available upon request). If we compare the sample with the population in terms of language, we see that in the sample more Flemish speaking NPOs participated (65% in the sample versus 54% in the population), and less French speaking NPOs (30% versus 40%). Bilingual NPOs represent 4.8% in the sample, and 5.4% in the population.

3.3. Survey development, method of analysis and monitoring of data quality

The questionnaire's development was partly inspired on insights obtained through a previously conducted case study (X). The central research questions of this study were: a) which beneficiary related accountability mechanisms characterize NPOs nowadays?, and b) what attitudes do different stakeholders have towards (the quality of) diverse beneficiary related accountability mechanisms? To answer these research questions, data were collected in eight Belgian NPOs, representing four different industries (health, welfare, arts, and education). The results are based on insights gained through analyzing 35 semi-structured interviews (with board members, management, and government officials), 13 focus group interviews (with beneficiaries or their representatives), company documents, and 713 questionnaires.

The questionnaire's development was also partly inspired by findings of other researchers (e.g. Bess, Prilleltensky, Perkins & Collins, 2009; Callahan, 2007; Guo & Musso, 2007; Herman & Renz, 2004; Kilby, 2006). Additionally, a first version of the questionnaire was pre-tested by 20 experts from the field or researchers. Based on their feedback, adjustments were also made. (A full version of the survey is available from the authors upon request).

The most important concepts/questions in the survey are the following:

- Questions to assess each of the following eight stakeholders' degree of impact on organizational policymaking: general assembly members, board of directors, management, paid employees, volunteers, beneficiaries, beneficiaries' representatives and government. The impact each stakeholder has could be indicated on a five-point scale, with 1 being 'no impact' and 5 being 'determine the policy'. The survey also included an open-ended question where respondents could indicate whether there were other organizational stakeholders. The analysis of the responses to this open-ended question confirms the completeness of the list of eight stakeholders. Given the ordinal nature of the data, a categorical principal components analysis (CATPCA) was appropriate for data reduction. Findings revealed that no underlying components could be identified (more information about the CATPCA-results is available upon request).

A correlation analysis revealed that 'the general assembly's degree of impact' and 'the board of directors' degree of impact' had a correlation of 0.54 and 'the beneficiaries' degree of impact' and 'beneficiaries' representatives' degree of impact' had a correlation of 0.66. The other stakeholder groups' impacts showed no correlations above 0.36.

- Questions to examine whether NPOs make use of seven formally implemented mechanisms to gain insight in beneficiaries' needs and objectives and to allow these stakeholders to have impact on organizational policymaking. The choice of collecting information about these specific mechanisms was based on insights obtained from previous own research (X), the available literature (e.g. Bess et al., 2009; Callahan, 2007; Guo & Musso, 2007; Herman & Renz, 2004; Kilby, 2006) and the 20 pilot surveys. Again, the questionnaire included an open-ended question in which executive directors were given the opportunity to mention other currently used formal structures or practices. The analysis of the responses to this open-ended question revealed no caveats.

A number of indicators to reflect on the quality of these formal mechanisms were also included. For example, there are questions that examine whether beneficiaries are involved in the development of satisfaction surveys, whether feedback is provided to the people who filled in the questionnaires, and whether data confidentiality is guaranteed. In total, there are 12 quality indicators that can be linked to the seven mechanisms. For each NPO, each indicator and mechanism is given a score of 0 (= absent) or 1 (= present). Only the two indicators that examine the meeting frequency of beneficiaries' council or beneficiaries' representatives council have no answers that can be converted automatically to binomial values. Hence, for both indicators the

industry median was calculated, in a following step, and this for each of both indicators, a score of 0 was assigned to each NPO that scored under the industry median and 1 when it scored above the industry median.

Given the binominal nature of these data, a CATPCA could not be performed. A binary data factor analysis could neither be performed as this technique requires very large sample sizes for all items to be studied (Bartholomew, Steele, Moustaki & Galbraith, 2008). To answer research question five without including a too high number of independent variables in the analysis, we decided to create a global quality score (if relevant) for each mechanism separately. In this way, we reduced the number of variables from 19 to 7. For example, persons answering the four questions related to the satisfaction survey received a score ranging from 0 to 4 (0= no satisfaction survey used, 1= satisfaction survey used, 2= satisfaction survey used and confirmation of the existence of one quality indicator, 3= satisfaction survey used and confirmation of the existence of two quality indicators, 4= satisfaction survey used and confirmation of the existence of three quality indicators). Given the lack of studies investigating the effectiveness of downward accountability mechanisms, it is unclear which type of indicators can be of more value to an NPO, hence the choice for a scale where higher values represent the existence of an additional indicator. The correlation analysis showed high correlations between the global scores related to general assembly and global scores related to board of directors (0.78).

- In addition to studying formal mechanisms, it is also important to assess the informal ways to gain insight in beneficiaries' needs and objectives. For this purpose an 'informal versus formal' question was developed. Responses were indicated on a five-point scale with 1 being 'informally investigating needs and objectives' and 5 being 'formally investigating needs and objectives'. Questions to study the organizational effects associated with beneficiaries' and representatives' involvement in organizational policymaking. Executive directors were asked to score 12 possible effects, on a five-point scale. The choice to study these 12 effects was made on insights gained through analyzing the available literature (e.g. Callahan, 2007; Halvorsen, 2003; Nikkhah & Redzuan, 2009), previous own research (X), and the 20 pilot surveys. The questionnaire also included an open-ended question where respondents could indicate whether there were other organizational effects associated with beneficiaries'/representatives' involvement the researchers did not refer to. As less than 1% of all NPOs (n=7) cited effects not mentioned by us, we assume to have been very comprehensive in mentioning the 12 possible effects. Again a CATPCA was performed. All effects could be transformed into one factor with a Cronbach's alfa of .91. (More information about the CATPCA-results is available upon request). Based on these insights and with the eye on answering research question five, the researchers decided to calculate an 'overall effect score' (with a minimum 'overall effect score' of 1 and a maximum 'overall effect score' of 5), averaging the 12 answers.

By using a Belgian database (Belfirst) a lot of additional financial information was obtained. Of particular importance is that these data are available for the entire population (e.g. return on total assets, current ratio, number of full-time employees...), which will also help to study the representativeness of the sample.

To ensure the quality of the data, organizations were contacted by telephone and asked for clarification if surveys revealed conflicting information about one or more of the key variables ((quality of the) mechanisms). In total, only 33 organizations had to be contacted.

To answer the first four research questions, descriptive statistics are used. A path analysis is used to answer the last research question.

3.4. Sample characteristics

To gain insight in the representativeness of the participating NPOs, we compared the population (3736 NPOs) in various ways with the sample (790 NPOs). In table 1, a comparison is made between the population and the sample based on liquidity (cashflow/total assets and current ratio), capital structure (solvency ratio) and profitability (return on total assets and revenue). Also firm size was taken into consideration (total assets and number of full-time employees). Looking at the medians, we see a fairly good comparability between sample and population.

Table1: Comparison between population and sample based on liquidity, capital structure, profitability and firm size (information collected via the Belfirst database)

	N		Mean		Std Dev		Median		Minimum		Maximum	
	S	P	S	P	S	P	S	P	S	P	S	P
Cashflow / Total assets	767	3542	0.04	0.08	0.15	1.66	0.06	0.05	-1.45	-5.75	0.95	91.12
Revenue (in 1000 euros)	414	1962	3555	3374	11694	10492	928	1005	0	0	193393	227520
Number of employees (FTE)	762	3447	81	61	368	203	30	27	1.0	1.0	8980	8621
Total assets (in 1000 euros)	786	3732	5716	6489	11455	15143	2661	2711	94	20	146298	373370
Current ratio	772	3588	3.89	4.74	7.62	9.27	2.02	2.09	0.06	0.01	86.89	94.28
Solvency ratio (%)	776	3651	54.48	53.67	28.79	32.60	59.09	58.01	-89.7	-93.2	99.99	100.00
Return on total assets (%)	783	3710	1.04	-0.05	10.33	18.13	1.12	1.02	-126	-606	63.03	102.09

Sample=S, Population=P

A comparison was also made between sample and population in terms of geographical dispersion and the distribution over different NPO industries (table 2). In accordance with previously obtained information, we see that proportionately more NPOs from Dutch speaking provinces responded (with the exception of Limburg), for NPOs from the French speaking provinces we notice just the opposite (with the exception of Luxembourg) (results are available upon request). Table 2 additionally shows a slight over-representation in the sample of the following industries: 1) manufacturing, 2) information and communication, 3) professional, scientific and technical activities, 4) human health and social work and 5) water supply. The 12 other industries show a slight under-representation. The largest difference between sample and population is found in education and the human health and social work activities.

Table 2: Comparison between sample and population based on distribution over different NPO industries (frequency (percentage))

	Sample	Population
Agriculture, forestry and fishing	/	18 (0.49)
Manufacturing	6 (0.76)	27 (0.73)
Electricity, gas, steam and air conditioning supply	/	1 (0.03)
Water supply; sewerage, waste management and remediation activities	3 (0.38)	9 (0.24)
Construction	1 (0.13)	12 (0.32)
Wholesale and retail trade; repair of motor vehicles and motorcycles	9 (1.15)	57 (1.54)
Transportation and storage	1 (0.13)	14 (0.38)
Accommodation and food service activities	20 (2.55)	99 (2.69)
Information and communication	12 (1.53)	55 (1.49)
Financial and insurance activities	5 (0.64)	27 (0.73)
Real estate activities	6 (0.76)	39 (1.06)
Professional, scientific and technical activities	35 (4.46)	158 (4.29)
Education	75 (9.55)	578 (15.71)
Human health and social work activities	477 (60.76)	1812 (49.25)
Arts, entertainment and recreation	32 (4.08)	243 (6.60)
Other service activities	103 (13.12)	529 (14.37)
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	/	1 (0.03)

/: no NPOs of this industry participated in the study

Missing data sample: 5 (Belfirst database)

Missing data population: 57 (Belfirst database)

4. RESULTS

4.1. What mechanisms do NPOs use to gain insight in beneficiaries' needs and objectives and to allow these stakeholders to have impact on organizational policymaking?

Inspired by the international research findings of, among others, Andreassen (2008), Kilby (2006), Kreindler (2009), and LeRoux (2009a) which reveal a wide diversity in ways to involve beneficiaries in organizational policymaking (e.g. participating in a beneficiaries' council, being a board member, filling in satisfaction surveys), we expect to find a large variety in mechanisms used. The contrasting findings of for example Vos & Vos (2000) (studying arts institutions) and Bechange (2010) (studying nongovernmental organizations) on the relevance of directly questioning beneficiaries about their preferences to guide organizational policymaking enforce the expectation to observe a widely variety in mechanisms used as we include data from numerous types of industries. Next, given the shortage of studies comparing the effectiveness of participatory governance mechanisms, it is unclear to which mechanisms NPOs attach most importance to (Wellens & Jegers, 2011), increasing the difficulty to predict the diversity.

Nevertheless, as several studies highlight the problem of NPOs implementing beneficiary related accountability mechanisms, being more concerned with form rather than content, and therefore symbolic (e.g. Hester, van de Bovenkamp, Trappenburg & Grit, 2009; Saxton & Guo, 2011) we expect to find a high percentage of participatory mechanisms which require limited (time consuming) efforts from persons professionally involved in the NPOs (e.g. questionnaire instead of an ombudsperson). This idea of NPOs preferring to implement less time consuming participatory mechanisms also fits with the observation of, among others, Candler & Dumont (2010) and LeRoux

(2009b) that NPOs, for very diverse reasons, exert less efforts to fulfill accountability duties towards beneficiaries than efforts towards other stakeholders.

The results of table 3 confirm the expectation of observing a varied range of formal mechanisms across industries. In addition, not all mechanisms are equally present. The less personalized and/or less time intensive mechanisms seem to be used more often. For example, the use of a questionnaire (less personalized/time intensive) compared to the use of a beneficiaries' council (more time intensive). This observed diversity not only leads to the question whether these differences are also observed between industries, but also whether the implemented mechanisms are of good quality (see further).

Table 3: Formal downward accountability mechanisms

	Numer of NPOs confirming the presence of such a mechanism	Number of NPOs disconfirming the presence of such a mechanism	Invalid values/missing values/not relevant to answer the question ¹	Percentage of NPOs confirming the presence of such a mechanism
Satisfaction survey	509	178	103	67% (509/755)
Compliant procedure	563	121	106	75% (563/752)
Ombudsperson	159	527	104	21% (159/754)
Attending a board meeting as a beneficiary / beneficiaries' representative	168	529	93	22% (168/765)
Attending a meeting of the general assembly as a beneficiary / beneficiaries' representative	207	484	99	27% (207/759)
Presence of a beneficiaries' council	241	463	86	31% (241/772)
Presence of a beneficiaries' representatives council	138	553	99	18% (138/759)

To study possible industry differences, we initially looked at the 68 organizations that reported not to study in any way beneficiaries'/representatives' needs and objectives nor allowed them any input in organizational policymaking. A parameter that provides information about the sub-industries where these 68 NPOs come from (NACE BEL 2008 primary code) was used. We noticed that the following three sub-industries score above the global percentage of NPOs that do not assess these stakeholders' needs and objectives (8.6% (68/790)): Integral youth aid with housing (11.9% (5/42), NACE BEL 87901), other forms of social service activities without housing (9.3% (8/86), NACE BEL 88999), and other associations (18.8% (6/32), NACE BEL 94999).

Currently available insights do not allow us to explain these sub-industries' scores.

¹ 68 organizations report not to study in any way beneficiaries'/representatives' needs and objectives nor allow beneficiaries/representatives any input in the organizational policy development.

In table 4, the downward accountability mechanisms mentioned in table 3 are re-examined, but now the focus is on each industry separately. We indicated the proportion of executive directors who confirm the use of a specific downward accountability instrument. Results reveal differences between industries. For example, the human health and social work activities industry scores on five of the seven mechanisms better in terms of confirmation of existence than what table 3 shows across industries. The financial and insurance activities industry scores on four of the seven mechanisms better. However, inter alia, the wholesale and retail industry, the professional, scientific and technical activities industry and the other service activities industry score on five of the seven mechanisms lower in terms of confirmation of the presence of certain mechanisms. The fact that only the human health and social work activities industry, the education industry and the real estate activities industry score better on both the presence of a beneficiaries' council and the beneficiaries' representatives council, might have to do, certainly in the first two industries, with the fact that within these industries often intense and long-term relationships develop between beneficiaries/representatives and the organization (Wellens & Jegers, 2012). Another (additional) explanation for this finding might be that governments responsible for these three industries are strongly encouraging/forcing NPOs to implement such practices (e.g. Dom & Verhoeven, 2006).

We also investigated whether industries differed statistically from each other in the use of each of the abovementioned instruments by using a Chi-square test. As the Chi-square test assumes that the expected value for each cell is five or higher, industries that did not fulfill this criterion were temporary excluded (the degrees of freedom (df) therefore vary between four and five). In consistency with the findings of table 4, results indicate that industries differ in a statistically significant way ($p < .05$) in the use of six of the seven formally implemented mechanisms. Only for 'allowing beneficiaries / representatives to be present during board meetings' no significant difference was found ($df=4$, $value=3.9$, $p=0.4184$) (the Chi-square results for all formal mechanisms are available upon request). What table 4 additionally shows is that also within industries a great variety can be observed. The results obtained up until now and insights from the existing literature do not help to fully explain the observed differences between and within industries. Two important reasons for this are the following: 1) most of the beneficiary-related literature is based on data collected in the health care industry (Wellens and Jegers, 2013), 2) several researchers refer to organizational reluctance to the utilization of such approaches which might be very organization specific irrespective of the industry (e.g. Bess et al., 2009; Hardina, 2011; O'Dwyer & Unerman, 2009; Sitzia, Cotterell & Richardson, 2006).

Table 4: Formal downward accountability mechanisms by industry (proportion of executive directors who confirm the use of a mechanism)

	Survey	Complaint Procedure	Ombuds-Person	Attending a board meeting	Attending a general assembly meeting	Beneficiaries' council	Representatives' Council	Numer of NPOs / industry
Manufacturing	67%	67%	33%	17%	33%	17%	0%	6
Water supply	0%	33%	0%	33%	33%	0%	0%	3
Construction	0%	0%	0%	100%	100%	0%	0%	1
Wholesale and retail trade	56%	78%	44%	11%	11%	11%	11%	9
Transportation and storage	100%	100%	0%	0%	100%	0%	0%	1
Accommodation and food service activities	84%	60%	5%	30%	30%	10%	5%	Min:19 Max:20
Information and communication	83%	67%	8%	33%	50%	8%	8%	12
Financial and insurance activities	40%	100%	25%	100%	100%	0%	0%	Min:4 Max:5
Real estate activities	60%	50%	50%	25%	25%	40%	20%	Min:4 Max:5
Professional, scientific and technical activities	66%	66%	20%	29%	50%	14%	6%	Min:34 Max:35
Education	50%	63%	35%	14%	21%	34%	34%	Min:67 Max:73
Human health and social work activities	72%	86%	22%	21%	25%	42%	22%	Min:454 Max:467
Arts, entertainment and recreation	68%	58%	13%	20%	27%	16%	6%	Min:30 Max:31
Other service activities	57%	51%	10%	22%	28%	6%	7%	Min:97 Max:102
Frequency of missing/invalid values	40	43	41	30	36	22	34	

In addition to studying the possible use of formal mechanisms, it is also important to focus on informal ways to gain insight in beneficiaries' needs and objectives. The relevance of also paying attention to this type of information gathering is inspired by the findings of among others Christensen & Ebrahim (2006) and Waters & Bortree (2010) who stressed the importance of informal encounters with volunteers and paid employees to guide organizational policymaking.

Of the 703 organizations that answered the 'informal versus formal question' (five-point scale), 35% indicated to make more use of 'informal' or 'rather informal ways to gain insight in beneficiaries' needs and objectives'. This creates a more nuanced picture of the content shown in table 4. One cannot straightforwardly assume that organizations that make little or no use of formal downward accountability mechanisms, are not investigating their beneficiaries' needs and objectives in any way.

A Kruskal Wallis test revealed no significant differences between industries in their answers on the 'informal versus formal question' (Chi-square with 13 degrees of freedom: 22.01, $p=0.06$).

A correlation analysis between the seven formal mechanisms and the 'informal versus formal question' showed that formal mechanisms that require more personal/intense contacts with beneficiaries or their representatives at regular intervals (e.g. beneficiaries present during board meetings and beneficiaries' council) are more strongly correlated with informal ways to gain insight in beneficiaries' needs and objectives. Table 5 shows an overview of these correlations.

Table 5: A correlation analysis between the seven formal mechanisms and the 'informal versus formal question'

	Survey	Compliant procedure	Ombuds-person	Attending a board meeting	Attending a general assembly's meeting	Beneficiaries' council	Beneficiaries' representatives council
Informal versus formal	0.3422	0.2431	0.1191	0.1400	0.1306	0.1945	0.1582

'Informal versus formal' question: five-point scale with 1 being 'informally investigating needs and objectives' and 5 being 'formally investigating needs and objectives'.

Formal mechanism: score of 0 (= absent in the NPO) or 1 (= present in the NPO).

As mentioned earlier, despite the observation of numerous NPOs making use of diverse downward accountability mechanisms, we might not forget that several studies (e.g. Hester et al., 2009; Saxton & Guo, 2011) stress the problem of NPOs of which the accountability is much more concerned with form rather than content. Previous research also showed that little attention is paid to the quality of existing mechanisms. Mechanisms being of good quality are probably taken for granted, but in consistency with the findings of Hester et al. (2009) and Saxton and Guo (2011) our previously conducted case study showed that the quality of these mechanisms is not always optimal, but rather the contrary. Hence, the relevance of the next parts of this paper.

4.2. In comparison to other primary stakeholders of NPOs, to what extent have beneficiaries or their representatives an impact on organizational policymaking?

Inspired by the following research findings we will not be surprised to find that beneficiaries or their representatives have a low impact on organizational policymaking in comparison to other primary stakeholders. Brown (2002), Candler & Dumont (2010), Guo & Musso (2007) and LeRoux, (2009b), among others, not only stress the challenge for NPOs to balance between the needs, expectations and objectives of various stakeholders but they also reveal that as a consequence of this equilibrium challenge, NPOs choose to fulfill less accountability duties towards beneficiaries than to other stakeholders.

In table 6 we focus on the results across industries and find, in consistency with our expectation, that in general executive directors see the organizational impact of beneficiaries/representatives as rather limited in comparison to (some) other stakeholders' impact. This result stands in contrast to the finding that 722 of the participating NPOs report to measure somehow beneficiaries'/representatives' needs and objectives and/or involve them somehow in organizational policymaking. This may be an indication of quality problems, or of symbolic use.

In table 6, the dominance of the government's impact on policymaking compared to beneficiaries'/representatives' impact on policymaking is clearly reconfirmed (e.g. Brennan, 2010; Candler & Dumont, 2010; LeRoux, 2009a). Also notable is the lack of impact attributed to volunteers, whereas organizations are increasingly becoming dependent on their services (e.g.

Garner & Garner, 2011). The limited impact attributed to the general assembly is in line with what is suggested in the literature. Also the degree of impact attributed to the board of directors, managers and employees is not in conflict with current knowledge (Jegers, 2011).

Table 6: Stakeholders' impact on organizational policymaking, as perceived by the executive director (response frequencies and row percentages)

	No impact	Limited impact	Important impact	Very important impact	Determine the policy	Invalid values/missing values/not relevant to answer the question (e.g. no volunteers or representatives in the NPO)
General assembly	84/76 2 11%	396/76 2 52%	178/762 23%	73/762 10%	31/762 4%	28
Board of directors	15/77 2 2%	93/772 12%	339/772 44%	240/772 31%	85/772 11%	18
Management	9/718 1%	16/718 2%	152/718 21%	407/718 57%	134/718 19%	72
Employees	29/75 3 4%	236/75 3 31%	389/753 52%	90/753 12%	9/753 1%	37
Volunteers	154/4 42 35%	204/44 2 46%	58/442 13%	21/442 5%	5/442 1%	348
Beneficiaries	69/71 4 10%	280/71 4 39%	260/714 36%	91/714 13%	14/714 2%	76
Beneficiaries' representatives	82/51 7 16%	184/51 7 36%	176/517 34%	69/517 13%	6/517 1%	273
Government	32/72 7 4%	117/72 7 16%	254/727 35%	280/727 39%	44/727 6%	63

The impact each stakeholder has: five-point scale, with 1 being 'no impact' and 5 being 'determine the policy'.

When focusing specifically on beneficiaries'/representatives' impact on policymaking by industry, similarities with the 'across industries results' can be observed ('between industry results' are available upon request). Beneficiaries or their representatives are found to have a rather limited impact. This reconfirms the irrelevance of only questioning organizations on whether or not certain mechanisms are present when assessing them as downward accountability instruments. This similarity between industries in degree of beneficiaries'/representatives' impact on policymaking is also confirmed by a Kruskal Wallis test (beneficiaries: Chi-square with 13 degrees of freedom: 6.53, $p=0.92$ / representatives: Chi-square with 11 degrees of freedom: 8.20, $p=0.70$).

4.3. What is the quality of the formal mechanisms used by NPOs to gain insight in beneficiaries' need and objectives and to allow these stakeholders to have impact on policymaking?

Table 7: 12 Indicators providing information about the quality of six formal mechanism

	Number of NPOs confirming the presence of a mechanism / quality indicator	Number of NPOs disconfirming the presence of a mechanism / quality indicator	Missing values / Invalid values / Not relevant to answer the question as the mechanism is not used
1. Satisfaction survey	509	178	103
Feedback on the survey	312/509	126/509	352
Involvement in survey development	108/509	328/509	354
Guarantee of survey anonymity	407/509	32/509	351
2. Complaint procedure	563	121	106
Confidentiality of complaints	484/563	40/563	266
3. Attending a board meeting as a beneficiary / beneficiaries' representative	168	529	93
Being a full board member	114/168	49/168	627
4. Attending a meeting of the general assembly as a beneficiary / beneficiaries' representative	207	484	99
Being a full member of the general assembly	157/207	39/207	594
5. Presence of a beneficiaries' council	241	463	86
Scoring above or below industry median for yearly meeting frequency of beneficiaries' council	Number of NPOs=235; Mean across industries=6.7; Median across industries=4 (Descriptive information about the industry medians is available upon request)		
Having sufficient clients for the beneficiaries' council	198/241	34/241	558
Beneficiaries' council is perceived as being representative	152/241	81/241	557
6. Presence of a beneficiaries' representatives council	138	553	99
Scoring above or below industry median for yearly meeting frequency of beneficiaries' representatives council	Number of NPOs=131; Mean across industries=4.7; Median across industries=4 (Descriptive information about the industry medians is available upon request)		
Having sufficient persons for beneficiaries representatives' council	96/138	35/138	659
Beneficiaries representatives' council is perceived as being representative	82/138	46/138	662

In this study, a number of indicators are included which provide information about the quality of existing formal mechanisms, selected on the basis of insights from earlier studies. As mentioned earlier, it needs to be stressed that given the lack of studies comparing the effectiveness of downward accountability mechanisms (Wellens and Jegers, 2013) insufficient 'evidence based' justification exists

at the moment to attach more or less value to the implementation of one or other quality indicator. It is consequently also difficult to formulate expectations about which quality indicators would be used more often by NPOs. In addition, industry differences might also be of influence on the value that can be attached to a specific quality indicator. However, the results presented in answering research question two suggest that numerous NPOs have participatory governance mechanisms characterized by quality problems and/or a symbolic use. It should therefore not be so unexpected to find that currently used formal participatory mechanisms are not of that good quality.

We first look at results across industries. In table 7 an overview is given of the 12 indicators providing information about the quality of the formal downward accountability mechanisms. No quality indicator is linked to the formal mechanism "ombudsperson". All other formal mechanisms are related to one or several quality indicators. In general, the results of table 7 show that NPOs score not that high on (the use of) the quality indicators (e.g. only 21% of the NPOs that make use of satisfaction questionnaires allow beneficiaries/representatives to be involved in the survey development / more than 1 in 4 executive directors find that there is an insufficient number of persons willing to act as representative in a council).

The formal downward accountability mechanisms' quality was also studied for each industry separately. We investigated, by using a Chi-square test, whether industries differ statistically from each other in the use of quality indicators. As the Chi-square test assumes that the expected value for each cell is five or higher, industries that did not fulfill this criterion were temporarily excluded. Statistically significant differences between industries were found in relation to: beneficiaries / representatives being full members of the board ($p: 0.0110$), and beneficiaries' representatives council is perceived as being representative ($p: 0.0058$). (The Chi-square results for all quality indicators are available upon request).

4.4. Which organizational effects are associated with beneficiaries' (or their representatives') involvement in policymaking?

As previous research showed inconsistencies in the effects associated with beneficiaries' / representatives' involvement, it is necessary and relevant to also pay attention to this matter. As mentioned earlier, the choice to study 12 effects was based on insights gained through analyzing the available literature (e.g. Callahan, 2007; Halvorsen, 2003; Nikkiah & Redzuan, 2009), previous own research (X), and the 20 pilot surveys. Because of the following four (partly study design related) aspects, some inconsistencies may arise between our findings and these of previous studies: a) the fact that we only include the perceptions of one stakeholder type, namely the executive director (several studies (e.g. Hardina, 2011) indicate that different stakeholder types may associate different benefits and challenges with downward accountability), b) the study's country context, c) the industry's influence (this appears not to be the case, see further), d) the fact that we not only include NPOs that make use of participatory governance mechanisms being of good quality/transcend a symbolic function (see answers on research question two and three).

Of all effects that beneficiaries'/representatives' involvement could have on the organization, the following three effects, across industries, received the most positive results (table 8). 'Increased quality of services provided' is classified by 77% of the organizations that answered this question under 'in a significant way', 'in a very significant way', or 'in an absolute way'. 'Better representation of beneficiaries' interests' is also classified by 77% of the participating organizations under 'in a significant way', 'in a very significant way', or 'in an absolute way'. Further, 73% of the organizations classified 'greater satisfaction among persons who directly participate/are listened to' under the same categories. The three effects that received the least positive confirmations were: 'increasing profitability', 'faster decision making' and 'reduction of power differences between beneficiaries and management'. The first effect was classified by 83% of the participating organizations under 'absolutely not' or 'in a modest way'. The second was classified by 70% of the organizations under 'absolutely not' or 'in a modest way', and the last by 56% under 'absolutely not' or 'in a modest way'.

As mentioned in methodology section, a CATPCA revealed that the 12 effects could be converted into one 'overall effect score' (with a minimum score of 1 (= absolutely not) and a maximum score of 5 (= in an absolute way)). The overall effect score represents the results of 545 organizations scoring all 12 effects, and shows a mean of 2.63 (std dev= 0.70; minimum score= 1; maximum score= 4.3; median= 2.66). The 12 possible effects were also re-examined by shifting our focus to the differences between industries, by using a Kruskal Wallis test. The results of the Kruskal Wallis test showed that industries did not differ significantly in this 'overall effect score' (df: 13, Chi- square: 15.06, and p= 0.3034). Kruskal Wallis tests were also performed on each of 12 effects separately, and with exception of 'better representation of beneficiaries' interests' (df: 12, Chi-square: 28.7 and p=0.004) none of the tests showed statistically significant results. (A Kruskal Wallis test result for each of the 12 effects is available upon request).

Table 8: Organizational effects associated with beneficiaries'/representatives' involvement in policymaking, some authors who refer to the effect (percentage of NPOs scoring 3, 4 or 5 on the scale related to one of the 12 effects)

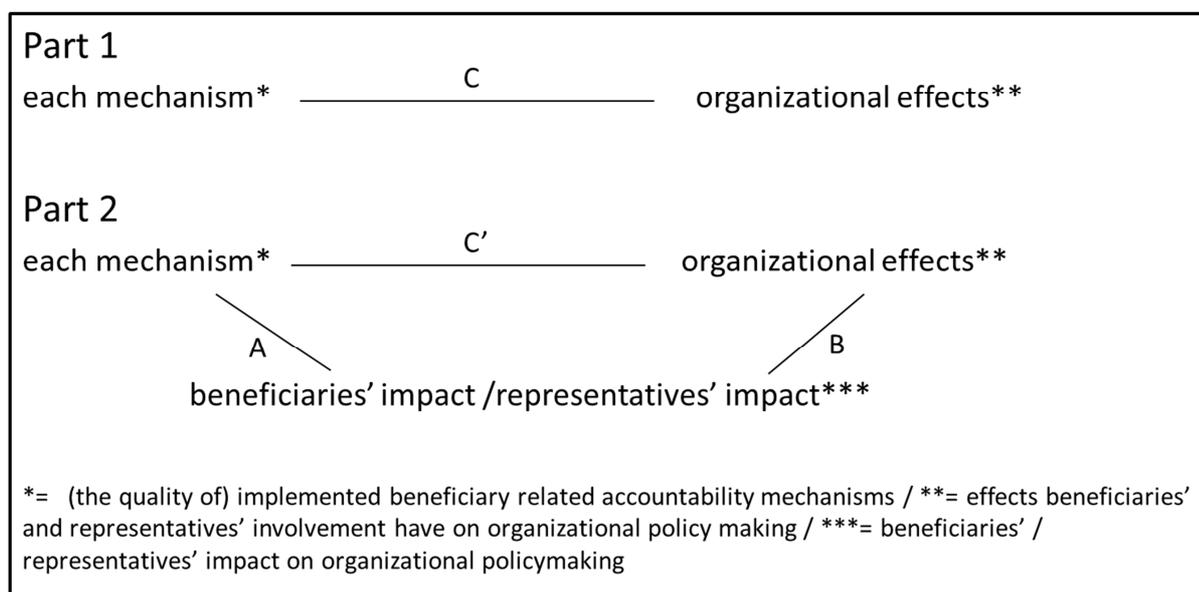
1	Better representation of beneficiaries' interests <i>Bechange (2010), Chanrith (2004), Halvorsen (2003)</i> (77% of the organizations: in a significant way - in a very significant way - in an absolute way)
2	Increased quality of services provided <i>Brown (2005), Mandel and Qazilbash (2005), Murtaza (2012), Shiva and Suar (2012), Smith (2010)</i> (77% of the organizations: in a significant way - in a very significant way - in an absolute way)
3	Greater satisfaction among persons who directly participate/are listened to <i>Nikkhah and Redzuan (2009), Manikutty (1997)</i> (73% of the organizations: in a significant way - in a very significant way - in an absolute way)
4	Greater satisfaction among all persons, also by those who do not directly participate <i>Bechange (2010), Callahan (2007)</i> (59% of the organizations: in a significant way - in a very significant way - in an absolute way)
5	More support among beneficiaries for management decisions <i>Callahan (2007), Smith (2010)</i> (58% of the organizations: in a significant way - in a very significant way - in an absolute way)
6	More support among staff for management decisions <i>Preston and Brown (2004)</i> (55% of the organizations: in a significant way - in a very significant way - in an absolute way)
7	Better decision making <i>Barnes and Walker (1996), Mandel and Qazilbash (2005), Simmons and Birchall (2005)</i> (54% of the organizations: in a significant way - in a very significant way - in an absolute way)
8	Increasing efficiency <i>Barnes and Walker (1996), Burger (2012), Estrella and Gaventa (1998), LeRoux and Wright (2010)</i> (53% of the organizations: in a significant way - in a very significant way - in an absolute way)
9	Increasing the capacity for innovation <i>Kolavalli and Kerr (2002)</i> (50% of the organizations: in a significant way - in a very significant way - in an absolute way)
10	Reduction of power differences between management and beneficiaries <i>Callahan (2007)</i> (44% of the organizations: in a significant way - in a very significant way - in an absolute way)
11	Faster decision making <i>Barnes and Walker (1996)</i> (30% of the organizations: in a significant way - in a very significant way - in an absolute way)
12	Increasing profitability <i>Manikutty (1997), Scodanibbio and Manez (2005)</i> (17% of the organizations: in a significant way - in a very significant way - in an absolute way)

Organizational effects associated with beneficiaries'/representatives' involvement in policymaking: scale 1-5: 'absolutely not' – 'in a modest way' – 'in a significant way' – 'in a very significant way' – 'in an absolute way'

4.5. In what way does a specific beneficiary related accountability mechanism influence the organizational effects of beneficiaries' or their representatives' involvement in policymaking? Is the beneficiaries' or their representatives' impact on organizational policymaking mediating this effect?

4.5.1. Explanation of the structure and rationale for the path model

Figure 1: Parts to be studied in the path model



Part 1 of figure 1 indicates that a unit change in a 'mechanism' is associated with a change of C units in 'organizational effects' when only 'mechanisms' and 'organizational effects' are considered. C represents the total effect 'each mechanism' has on 'organizational effects'. As we expect that beneficiaries' impact/representatives' impact helps to explain the relationship between (the quality of) implemented beneficiary related accountability mechanisms and the effects beneficiaries' and representatives' involvement have on organizational policymaking (see further), it is part 2 of figure 1 that we are particularly interested in.

After providing some information about the independent variables, the mediators and the dependent variable central in part two of figure 1 ((mainly repeating information presented in section 3.3) (a structured overview of information related to all variables used in this paper is available upon request)), our hypotheses will be presented. Next, we will provide information about the control variables included in our path model.

The independent variables. In total, we included 8 beneficiary related accountability mechanisms in our model (survey, complaint procedure, ombudsperson, beneficiaries/ representatives present during board meetings, beneficiaries/representatives present during meetings of the general assembly, a beneficiaries' council, a beneficiaries' representatives council, (more) informal mechanisms). As mentioned earlier, the focus is not only on the use of certain mechanisms, but also on the quality of these mechanisms. Therefore scales were created for the formal mechanisms ranging from 0-1 / 0-2 / 0-4, depending on the number of quality indicators that could be

associated with each mechanism. (Survey: 0-4, complaint procedure: 0-2, ombudsperson: 0-1, beneficiaries / representatives present during board meetings: 0-2, beneficiaries/representatives present during general assembly: 0-2, beneficiaries' council: 0-4, and a beneficiaries' representatives council: 0-4). Given the high correlation between the global scores related to general assembly and global scores related to board of directors (0.78), we decided not to include the global scores related to general assembly. To examine the informal ways to gain insight in beneficiaries' needs and objectives an 'informal versus formal' question was developed. Responses were indicated on a five-point scale with 1 being 'informally investigating needs and objectives' and 5 being 'formally investigating needs and objectives'

The dependent variable. 'Organizational effects' are measured on a continuous scale from 1-5 (=overall effect score). The higher the score the more beneficial effects are associated with beneficiaries'/representatives' involvement.

The mediators. 'Beneficiaries' impact' and 'representatives' impact' are the two proposed mediators (each mediator is an ordinal variable, scale 1-5, the higher the score the more impact). A correction is made in Mplus for the high correlation (0.66) between both mediators to be able to include them simultaneously in the model.

(The hypotheses related to) the value of A. Part 2 of figure 1 indicates that one unit change in a 'mechanism' is associated with a change of A units in 'beneficiaries'/representatives' impact'. The value of A will help us to gain more insight in the effectiveness of each mechanism.

Formal beneficiary related participatory governance mechanisms

Given the lack of studies investigating the effectiveness of downward accountability mechanisms (e.g. Wellens and Jegers, 2013), it is unclear which type of quality indicators/mechanisms can be of more value to an NPO, hence the choice for a scale where higher values represent the existence of an additional indicator. This lack of knowledge makes it also difficult to formulate concrete hypotheses for each mechanism and associated quality indicator. Nevertheless, a mechanism implemented under the pretext of allowing beneficiaries/representatives to have an impact on policymaking without having an actual effect on the degree of beneficiaries'/representatives' impact does not function well. We therefore expect a positive relationship in the path model between mechanisms and associated quality indicators and the mediators of the model. Nevertheless, as numerous studies demonstrate the symbolic functioning of downward accountability mechanisms or question the quality of the mechanisms (e.g. Hester et al., 2009) (as the answers on research question two and three also suggest), we may not be that surprised to find no relationship between some of the independent variables and the mediators. A negative relationship would nevertheless be unexpected and unexplainable.

Formal versus informal beneficiary related participatory governance mechanisms

In addition to studying the possible use of formal mechanisms, it is also important to focus on informal ways to gain insight into beneficiaries' needs and objectives. The relevance of also paying attention to this type of information gathering is inspired by the findings of among others Christensen & Ebrahim (2006) and Waters & Bortree (2010) who stressed the importance of informal encounters with volunteers and paid employees to guide organizational policymaking.

Given the lack of attention paid in the literature to informal ways to gain insight into beneficiaries' needs and objectives as a type of downward accountability, it is impossible to formulate a hypothesis about this topic.

(The hypotheses related to) the value of B, the value of AxB and the value of C'. A unit change of 'beneficiaries'/representatives' impact' is associated with a change of B units in 'organizational effects' when 'mechanisms' are held constant. As a result 'mechanisms' are said to have an indirect

effect on 'organizational effects' through the mediator 'beneficiaries'/representatives' impact'. The size of the indirect effect is the product of $A \times B$. When $A \times B$ equals C (C =total effect), the effect of 'mechanisms' on 'organizational effects' is completely mediated by 'beneficiaries' / representatives' impact'. When the indirect effect does not equal the total effect but is smaller and of the same sign, the effect of 'mechanisms' on 'organizational effects' is partially mediated by 'beneficiaries' / representatives' impact'. In this case, C' (C' =direct effect) has a value other than zero. We do not expect to find strong positive direct relationships between the independent variables and the dependent variable. The rationale behind this reasoning is the following: how can beneficiaries or their representatives have an influence upon the organization via the use of participatory mechanisms if they have no impact on the organizational policymaking. In addition, we assume that 'beneficiaries' / representatives' impact' precedes 'organizational effects' in time and that both impacts are plausible causal agents for the last mentioned. This assumption is based on findings of, among others, Hyndman and McDonnell (2009) and Smith (2010). They argue that organizations that are not paying attention to accountability towards their beneficiaries possibly undermine organizational performance. Brown (2005) also indicates that taking perceptions of different stakeholders into account leads to an improvement in the understanding of nonprofit governance and, consequently, the quality of the developed governance practice.

(The hypotheses related to the) control variables. Inspired by the literature (e.g. Bess et al., 2009; Camarero, Garrido & Vicente, 2011; Dom & Verhoeven, 2006; LeRoux, 2009a) and previously conducted own research, we decided to include the following items as control variables for the beneficiaries'/representatives' impact:

- (1) board members' impact on policymaking, (2) managers' impact on policymaking, (3) employees' impact on policymaking and (4) government's impact on policymaking. All variables are measured on a Likert scale from 1-5, higher values indicating more impact of the stakeholder group.

Based on Belgian data, we know that governments across industries are increasingly expecting from NPOs/stimulating NPOs to allow beneficiaries and their representatives to have an impact on organizational policymaking (e.g. Andreassen, 2009; Dom & Verhoeven, 2006). Garcia-Mainar and Marcuello (2007) and LeRoux (2009a) additionally argued that governments can have a positive impact on democratic organizational governance practices. Therefore we expect to find a positive relationship between government's impact on policymaking and beneficiaries'/representatives' impact on policymaking. Board members, managers and employees might have different opinions than beneficiaries/representatives in organization related needs and objectives (e.g. Brennan, 2010; Candler & Dumont, 2010; LeRoux, 2009a). We therefore expect a negative relationship between these stakeholders' impacts and beneficiaries'/representatives' impact. We however also expect that the closer a stakeholder group is to the beneficiaries (closer in frequency and intensity of contact), the more they understand beneficiaries' needs and objectives. We therefore expect a rather neutral or even positive relationship between employees' impact and beneficiaries'/representatives' impact.

- Several items were also included to take the financial health of the organizations into account. As financial control variables we wanted to include return on total assets, the solvency ratio and the current ratio. For each of these variables the industry median was calculated. A score of 0 was assigned to each NPO that scored under the industry median and a 1 when it scored above the industry median. Given the high correlation between the solvency ratio and the current ratio (0.52), we decided to include only current ratio and return on total assets as control variables for financial health. (Descriptive information about the industry means / medians / standard deviations / min / max /... for return on total assets and current ratio is available upon request). A control variable for overall organizational effectiveness (which is broader than financial health) was also included in the model. The organizational responsiveness questionnaire of Herman and Renz (2004), based on Tsui (1984), was used to obtain the necessary data. We translated this short questionnaire into Dutch, and back into English (a native speaker) to check the validity of the translation. The back translation was sent to R.D. Herman, and was approved by him. The overall organizational effectiveness is a continuous variable, ranging from 1-7. The rationale for

introducing these (financial) indicators as control variables is the following. Given the fact that numerous executive directors did not strongly associate 'increasing profitability' with effects following from beneficiaries'/representatives' involvement in policymaking, we assume that organizations that are financially healthy are more willing to let beneficiaries and representatives have an impact on organizational policymaking, as this might still cost (some) time and money. Bess et al. (2009) and LeRoux and Wright (2010) also found that a lack of resources could be a barrier for beneficiaries' impact on policymaking.

We expect to find a less strong association between NPOs scoring low on overall organizational effectiveness and low beneficiaries' and representatives' impact compared to the association of the latter with the financial control variables. The rationale for this expectation is that the overall organizational effectiveness score does not only take the organization's financial health into account and that a low overall effectiveness score can (partly) follow from an NPO not responding well to the beneficiaries' needs. NPOs becoming aware of the discrepancy between their activities and beneficiaries' needs, might become more willing to allow beneficiaries/representatives to have impact on organizational policymaking.

- A final control variable is organization size. In Belgium a legal distinction is made between NPOs with a complete and a shortened model of the annual account. Based on the criteria used to assign an NPO to one of the two models², we decided to use compliance with a specific model as a measure for organization size (shortened model (value=0), referring to an NPO of smaller size) (complete model (value=1), referring to an NPO of larger size). We expect that larger NPOs are often more mature/older and have more experience in and/or time to innovate/experiment (e.g. Camarero et al., 2011; Panayotopoulou, Bourantas & Papalexandris, 2003), and consequently are more open to allow beneficiaries/representatives to have an impact on policymaking. We therefore expect a positive relationship between making use of a complete model and beneficiaries' / representatives' impact on organizational policymaking.

Given the specificity of each industry, the beneficiaries it serves, and the diversity in used downward accountability mechanisms, the path model was initially studied via multilevel analysis, aiming to optimize the chances of being able to formulate concrete industry-specific recommendations. Results indicated however that the intraclass correlation was very low (between-level showed almost no variance). This is actually not that surprising as our earlier findings also indicated that industries not only did not differ significantly in degrees of beneficiaries'/representatives' impact on policymaking, but also did not differ in associated effects with beneficiaries'/representatives' involvement. Researchers in other countries might still try to use multilevel analysis techniques to investigate our research questions when they find significant Kruskal-Wallis results in relation to impact and organizational effects. In addition, despite the fact that we found that the sample was a fairly good representation of the population when looking at distribution over different NPO industries, future researchers would do well to include a more equal number of NPOs from each industry. Of all 790 included NPOs, 477 represent the human health and social work activities industry. The other 300 organizations are spread over 13 other industries, sometimes representing a very small number of NPOs (table 2).

The final path model, as analysed in Mplus, can be considered as good-fitting. A good model fit is indicated by $p > .05$ for the Chi-square test. Since the Chi-square test is influenced by sample size, Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) were calculated as well to evaluate the model fit. A minimally acceptable fit is obtained when $RMSEA < .06$, $CFI > .95$ and $TLI > .95$ (van Stralen et al., 2012). The path model of this study had for the Chi-Square Test of Model Fit a value of 6.523, 10 degrees of freedom and a p-value of

² A 'complete' annual account needs to be filled in by an NPO if the annual average of its workforce (in full-time equivalents) exceeds 100 persons or if at least two of the criteria below are exceeded:

- annual average of workforce (in full-time equivalents): 50
- total annual income, other than exceptional income (excluding VAT): 6 250 000 euro
- balance sheet total: 3 125 000 euro

0.77. The estimate for RMSEA was 0.000, for CFI: 1.000 and for TLI: 1.049. As recommended for simple mediation models, a bootstrap procedure was followed to study the indirect effects (1000 bootstraps) (MacKinnon et al., 2004; Shrout & Bolger, 2002).

4.5.2. The results

The results we find are displayed in figure 2. As will be shown below not all expectations are confirmed.

The value of "A". No association is found between a) several of the mechanisms to allow beneficiaries/representatives to have impact on organizational policymaking and b) beneficiaries' / representatives' actual impact on policymaking. To be more concrete, for beneficiaries these mechanisms are: beneficiaries' council, beneficiaries being present during board meetings, complaint procedure and ombudsperson. For representatives these mechanisms are: complaint procedure and ombudsperson. Of all organizations, 75% confirm the existence of a complaint procedure, in addition 86% of these NPOs confirm a confidential treatment of the information. The fact that this mechanism, and associated quality indicator, is neither associated with beneficiaries' impact nor with representatives' impact might indicate that it is merely used in a symbolic way; beneficiaries and representatives might not be familiar with this instrument or might not like to use this kind of instrument, or organizations (executive directors) themselves do not take the input that comes via this instrument seriously. The existence of an ombudsperson is confirmed in 21% of the NPOs, and there again no association is found with beneficiaries' or representatives' impact. The same arguments for finding no association with complaint procedures can be used for this mechanism. In addition, neither positive nor negative associations are found between beneficiaries' impact and a) beneficiaries present during board meetings and b) beneficiaries' council meetings. The difference with the ombudsperson and complain procedure is that to confirm the existence of a beneficiaries' council or having a beneficiary present during board meetings, certain beneficiaries do need to invest time in structures that seem to have a symbolic rather than actual meaning. This might consequently lead to a) beneficiaries becoming too frustrated to continue participating in these structures, and b) damaging the internal and external perceptions of these mechanisms' value. This cascade of negative consequences needs to be avoided as NPOs in Belgium are legally obliged in several industries to allow a beneficiary to be present in board meetings or to establish a beneficiaries' council (Dom & Verhoeven, 2006). Governments and NPOs need to think of ways to transcend the symbolic functioning of these mechanisms if they intend to continue (encouraging to make use) making use of such practices. Figure 2 however also indicates that the use of a number of instruments is associated with beneficiaries' or their representatives' impact. By increasing a survey's quality with one unit (scale from 0-4), beneficiaries' impact increases on average with 0.10 (scale from 1-5). Similar results hold for representatives' impact (0.12 instead of 0.10). We also found a positive association between organizations that use the more formal downward accountability practices and beneficiaries' impact. As mentioned earlier 35% of the NPOs make more use of informal ways of gaining insight in beneficiaries' needs and objectives, so much room is left for NPOs to optimize their beneficiaries' impact. The reason why no association is found with representatives cannot be explained. Next, we also found a positive association between a) the existence of a representatives' council or their presence during board meetings, and b) representatives' impact.

Finally, in consistency with our expectations, a positive association was found between a) government's impact/employees' impact and b) beneficiaries' impact/representatives' impact. Contrary to our expectations, we found neither positive nor negative associations between managers' impact/directors' impact and beneficiaries' impact/representatives' impact. In addition, and also contrary to our expectations, neither organization size nor financial health or overall organizational effectiveness was found to be of influence on beneficiaries'/representatives' impact.

The value of "B". As just mentioned, we found a positive association between a) the existence of a representatives' council or representatives' presence during board meetings, and b) representatives'

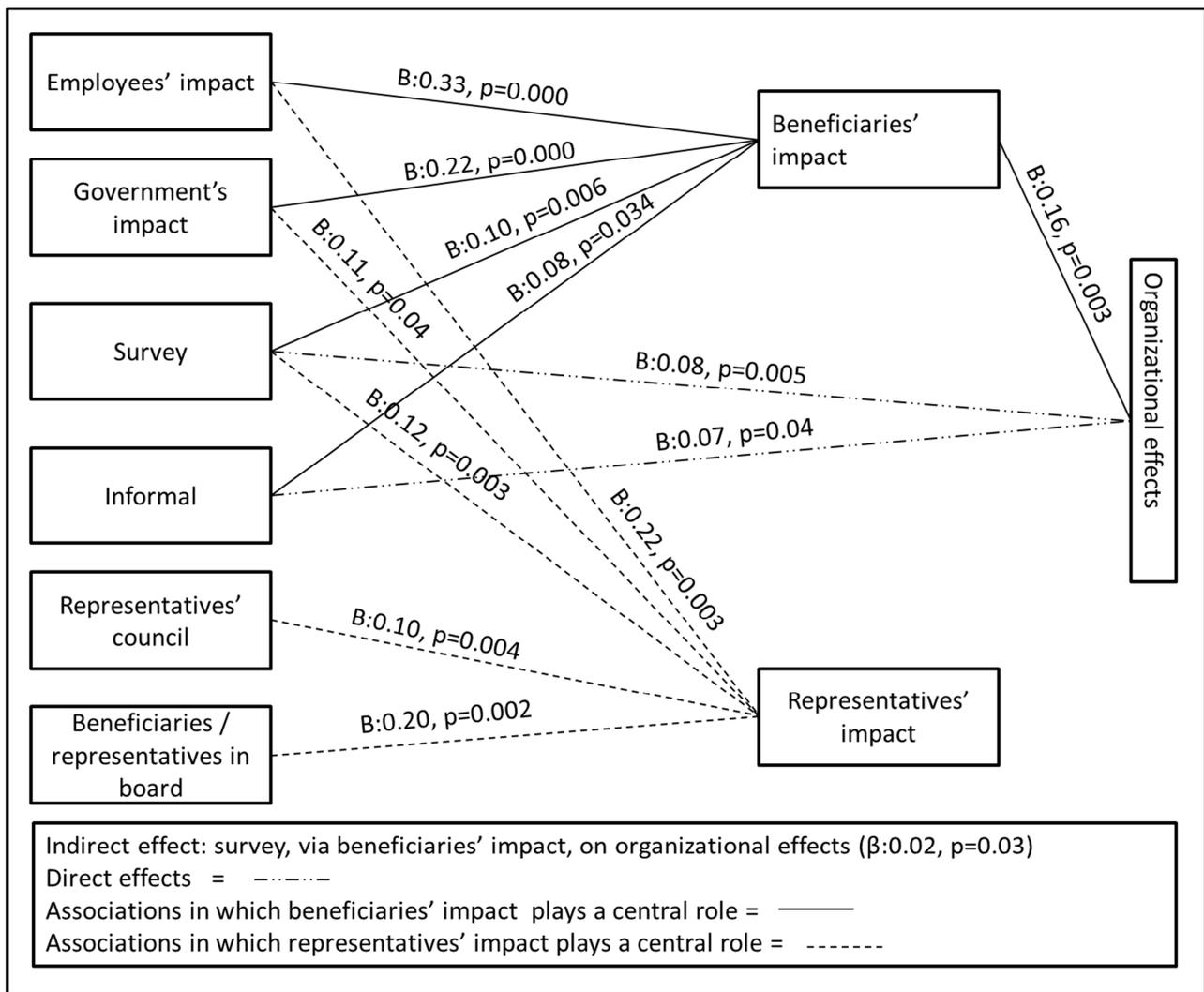
impact. The fact that we did not find similar associations with the beneficiaries makes us wonder whether NPOs attach more value to these mechanisms/whether using these mechanisms optimizes the functioning of NPOs. Figure 2 however shows that no association can be found between representatives' impact on policymaking and the organizational effects associated with their involvement (value of B), let alone finding indirect effects (value of AxB). Consequently, representatives might enforce via the use of particular mechanisms (survey, board meeting and representatives' council) to have an impact on organizational policymaking, but no positive nor negative association can be found with the eventual organizational effects. When looking back at the beneficiaries, we notice that when the beneficiaries' impact increases with one unit, organizational effects increase on average with 0.16 units. So it seems that more value can be attached to beneficiaries' impact on policymaking (via a number of mechanisms) than to representatives' impact on policymaking.

The value of " AxB " (indirect effects and (partial) mediation). We only found one partial median. Only revealing one median effect might have to do with the symbolic function of a significant number of beneficiary related participatory governance mechanisms.

The partial mediation is found between the survey and the organizational effects that follow from beneficiaries' or their representatives' involvement in policymaking, with beneficiaries' impact as the mediator. This finding stresses the organizational value of a survey, be it that only a partial mediation is found. The latter refers to the fact that apart from beneficiaries' impact other aspects might be of influence on the organizational effects that surveys have. Furthermore, the earlier finding that NPOs that use surveys, in general do not score that high on associated quality indicators, highlights that much room is left for optimizing organizational effects following from beneficiaries' or their representatives' involvement (e.g. only 21% of the NPOs that make use of satisfaction questionnaires allow beneficiaries/representatives to be involved in survey development).

The value of " C " (direct effects). Apart from 'survey', only with 'informal' a direct relationship is found with organizational effects. Consequently, results indicate that organizations do well by making use of more formal practices, and of particular importance is a survey of good quality (allowing involvement in survey development, providing feedback on results and ensuring anonymity).

Figure 2: Path analysis results



5. DISCUSSION AND CONCLUSION

We documented a diversity in mechanisms used within NPOs to gain insight in the needs and objectives of beneficiaries and their representatives and to involve them in policymaking. Both within and between industries clear differences in mechanisms used are noticed. Up until now available knowledge does not allow us to explain these dissimilarities. Further research should pay attention to this, and especially qualitative research could be of value since it allows in-depth exploration of (hidden) mechanisms and motives (Yin, 2009). Also, there is a considerable number of NPOs across industries not measuring in any way these stakeholders' needs and objectives. What is also striking is the fact that the path model estimated on the one hand stresses the importance of a formal assessment of needs and objectives, but that on the other hand there is a substantial number of organizations, across industries, which make more use of informal ways to assess beneficiaries' needs and objectives. Using informal ways to gain insight into beneficiaries' needs and objectives is a type of downward accountability that has not received much attention in the current literature. It might be worth investigating in future studies whether informal ways of gaining insight into beneficiaries' needs and objectives become less valuable if communication flows between persons involved in the organization are of lower quality and vice versa.

This study also reveals that industries significantly differ from each other in the use of a number of quality indicators. Current knowledge does not allow us to ascertain which quality indicators NPOs

need to attach more or less importance to. Future research should explore this issue in depth as it has a direct influence on the value of recommendations that can be derived.

Despite the multitude of mechanisms, the various quality indicators, and the differences in these matters between industries, results show that beneficiaries and their representatives are considered as having a rather limited impact on the organization's policy, across industries. This finding gives the impression that apart from mechanisms and associated quality indicators, beneficiaries' or their representatives' participation across industries can be perceived as rather symbolic in a very large number of organizations. Diverse explanations for this are worth considering in future studies: a) beneficiaries/representatives attach no value to the mechanisms currently used in the organization (other mechanisms could be perceived as more appropriate and be used by them); b) they do not wish to be involved in policymaking (due to fear/lack of time/ ...); c) beneficiaries / representatives do not know of the existence of these mechanisms; d) beneficiaries/representatives consider the downward accountability mechanisms rather as ways to gain information than as ways to have an impact on the organization's policy; e) beneficiaries / representatives lack the capacities to function properly in the implemented mechanisms; f) the organization attaches no value to the information collected through these mechanisms; and g) the organization believes that it is already responding very well to beneficiaries' and their representatives' needs and objectives, therefore no further adjustments are necessary.

Despite this limited impact attributed to beneficiaries and representatives, executive directors across industries do indicate that organizational benefits can be associated with these stakeholders' involvement in policymaking.

The path model also reveals that some mechanisms have a rather symbolic function as they are not associated with an impact on policy, irrespective of their quality. Not only for the organizations themselves, but also for (participating) beneficiaries and their representatives, the time and money invested in these mechanisms can be seen as wasted. Results however also reveal the positive association between some of the mechanisms and impact on organizational policymaking. Survey beneficiaries in particular appears to be of great value, and this across industries. The fact that only for beneficiaries a relationship is found between impact on the organization's policy and organizational effects that follow from their involvement, raises questions about the values that managers attach to mechanisms where representatives play a central role. It should be emphasized that some of the mechanisms where representatives are playing a central role are imposed by the government. The time and resources spent on this need to be used more carefully in the future, especially in light of the increasing scarcity of resources. Instead of a complete mediation, a partial mediation is found between surveys and organizational effects. This finding may have several explanations: a) the use and quality of the questionnaire have a direct association with the effects that arise from the involvement of beneficiaries and representatives in policymaking, this is however the least plausible explanation, b) there are aspects that are not captured by the mediators included in our model, and c) different mediation mechanisms might apply to different persons in the sample. Regardless of which of these applies, the partial mediation effect suggests that the causal mechanism is more rather than less complicated. Investigating this further in future studies has the potential of enriching both theory and practice (Shrout & Bolger, 2002).

The fact that table 3 reveals that surveys are one of the most often used beneficiary related participatory governance mechanisms across Belgian nonprofit industries and figure 2 reveals that the practice of surveying beneficiaries has one of the strongest positive associations with these stakeholders' impact on policymaking, might be one of the main reasons why participating NPOs associate positive organizational effects with beneficiaries' involvement in policymaking (question 4 and 5), despite the just-mentioned rather low levels of beneficiary participation in policymaking.

The differences between organizations in government's and employees' impact could help to explain why we also found organizations, not specifically related to specific industries, where representatives and beneficiaries indeed have an impact on the organization's policy. In the current literature not

much attention is paid to the possible value non-managerial employees might bring to downward accountability. The results of our empirical studies however stress the potential value of this stakeholder group, future research should look deeper into this matter. The fact that this study does not find any association between a) board members' and management's organizational impact, and b) beneficiaries' and representatives' impact, does not fit with previous studies which emphasize that various stakeholder groups have a resistance to the participation of beneficiaries and representatives (e.g. Hardina, 2011; O'Dwyer & Unerman, 2009). Further investigation of this matter is necessary. Next, the same can be said for the influence of the organization's financial health on downward accountability. The fact that several researchers argue that lacking resources can hinder the implementation and proper functioning of downward accountability mechanisms, is in contrast to our results. Further research is needed to go into the specificities of these contradictory findings. Note that for our study data were collected in Belgium, while the other studies used data from abroad. Therefore one has to be careful in straightforwardly generalizing our findings to other study contexts. In summary, we obtain mixed results in relation to downward accountability: the majority of NPOs do implement some of the well-known mechanisms, but their association with impact on policymaking and therewith associated potential organizational effects is rather weak, and this across industries. The (admittedly rather modest) positive organizational effects that do get associated with beneficiaries' and representatives' involvement, suggest that it is nevertheless worthwhile for future researchers and practitioners from the field to continue searching for ways to strengthen these effects. What is also shown is that when an organization is assessed on its downward accountability, it is necessary to look beyond the presence or absence of predetermined mechanisms.

The major strengths of our study are the following: more than 700 NPOs from 14 industries were included, making this research rather exceptional in sample size and number of industries studied in comparison to other research. Next, the research questions helped to gain more insight into the quality and effectiveness of downward accountability mechanisms. In addition, an attempt was made to better understand industry influence on perceived value of beneficiary related accountability mechanisms. How the management of stakeholder interests gets prioritized in nonprofit organizational governance also received attention. These topics did not receive much consideration in previous studies.

There are also some shortcomings in this study, with room for future research to remedy them. An obvious shortcoming is that we take the perspective of the executive director. Representatives and beneficiaries, for example, might think very differently about their degree of impact on the organization's policy. Our case study (X) indeed revealed that managers are more positive about the currently implemented downward accountability mechanisms in comparison to beneficiaries and their representatives. Given the number of cases studied (8 NPOs) this result cannot be generalized. Furthermore, we made only use of Belgian data, a country with its own typical government policy and democratic mentality (e.g. also in terms of employee participation). Future research should examine whether findings can be generalized to other countries and maybe make use of multilevel analysis techniques to explore industry differences. Continuing on this, it would be very valuable if future research could include a more equal distribution of participating NPOs of each industry. A final shortcoming is that a) the path analysis performed in this study can only uncover associations but not causal relationships (Shrout & Bolger, 2002), b) the slight over-representation in the sample of some industries (table 2) also poses a problem in *drawing causal relationships* and conclusive findings (because of self-selection bias/non-response bias). Nevertheless, we are confident our study provides valuable information which can be investigated further via, among others, longitudinal research.

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