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**Non-governmental Organizational Accountability:
Talking the Talk and Walking the Walk?**

Abstract

Concern for NGO accountability has been intensified in recent years, following the growth in the size of NGOs and their power to influence global politics and curb the excesses of globalization. Questions have been raised about where the sector embraces the same standards of accountability that it demands from government and business. The objective of this paper is to examine one aspect of NGO accountability, its discharge through annual reporting. Using Habermas' (1984, 1987) theory of communicative action, and specifically its validity claims, the research investigates whether NGOs use their annual reporting process to account to the host societies in which they operate or steer stakeholder actions towards their own self-interests. The results of the study indicate that efforts by organizations to account are characterized by communicative action through the provision of truthful disclosures, generally appropriate to the discharge of accountability and in a manner intended to improve their understandability. At the same time, however, some organizations exhibit strategically-oriented behaviors in which the disclosure content is guided by the opportunity to present organizations in a particular light and there appears a lack of rhetoric authenticity. The latter findings cast doubt on the ethical inspiration of NGOs and the values they demand from business communities, and questions arise as to why such practices exist and what lessons can be learnt from them.

Keywords Accountability, Habermas, Non-governmental organizations, Annual reporting, Theory of communicative action

Abbreviations

CSR	Corporate social responsibility
GAP	Global Accountability Project
GRI	Global Reporting Initiative
NFP	Not-for-profit
NGO	Non-governmental organization
SORP	Statement of Recommended Practice
SIR	Summary Information Return
TCA	Theory of communicative action
UK	United Kingdom

Introduction

The accountability of non-governmental organizations (NGOs) has become a highly salient issue since the 1990s. The size and scope of these organizations have grown extensively and they have become important players in the global society, with many delivering services traditionally managed by the public sector. A sub-group of the sector also plays a key role in influencing global politics, mobilizing public opinion on matters such as the environment and human rights and campaigning for the accountability and social responsibility practices of businesses and government (Kearney 1999; Williams 2000). The growth and reputation of the sector have, however, been tempered by high profile cases of fund misappropriation, organizational inefficiency and abuse of power (Gibelman and Gelman 2001, 2004; Fassin 2009) and questions are being asked about whether NGOs embrace the same standards of accountability and transparency that they demand from others (Faasin 2009; Weidenbaum 2009). As NGOs exist to promote values such as equality, fair trade and societal welfare, it is reasonable to expect that a desire and willingness to discharge accountability should be an intrinsic feature of their actions and that the high moral standards they advocate from others should apply not only to the work that they do but also to the manner in which they report (Lawry 1995; Ebrahim 2003a; Lloyd 2005; Kreander et al. 2009).

In response to increasing pressure for greater accountability, NGOs, together with national and international oversight bodies, have developed frameworks and codes of conduct to guide accountability practices. The European Commission Directorate-General of Justice, Freedom and Security (2009) identifies 140 initiatives across the 27 European Union member states designed to promote NGO accountability and the One World Trust¹ has over 250 standards in its database. While the nature and content of these standards are diverse, they are developed around ethical themes and many share strong commonalities with the principles that NGOs espouse: accountability, sustainability and transparency (Hammad and Morton 2011). Rating agencies such as Charity Navigator and BBB Wise Giving Alliance that assess NGOs' accountability

practices have also emerged, as have organizations such as the One World Trust that compare their practices against those of transnational corporations and intergovernmental bodies.

In parallel with the developments referred to above, academic research in the area of NGO accountability has also gained momentum. The concept has been considered theoretically (Unerman and O'Dwyer 2006; Ebrahim 2009) and empirically whereby researchers have examined accountability relationships between NGOs and their stakeholders such as donors, funders and beneficiaries (O'Dwyer and Unerman 2007, 2008, 2010; Everett and Friesen 2010; Schmitz et al. 2012). However, one aspect of NGO accountability that has attracted limited research to date is its public discharge through the annual report, a significant tool of accountability (Yuthas et al. 2002; Davison 2007; Samkin and Schneider 2010). This position differs substantially from that of corporate accountability disclosure practices which have been investigated through different theoretical lenses, over time and across countries (Beck et al. 2010; Mahadeo et al. 2011; Meng et al. 2013).

The objective of this paper is to fill this gap by examining the discharge of accountability by NGOs through their annual reporting process. In particular, the paper assesses the extent to which NGOs design their annual report to account to their stakeholders in a manner that reflects their ethical basis and the principles they advocate from others or whether, like traditional corporate organizations, construct it to self-promote and portray the organization in a positive light. To this cause, the paper draws on Habermas' (1984, 1987) critical theory of communicative action (TCA)², and specifically its validity claims to assess the characteristics of accountability disclosures. As such, the study contributes to the wider NGO accountability literature and the Habermasian approach complements NGO research that evaluates organizational practices through an ethical lens (Fassin 2009; Everett and Friesen 2010); and the emerging business literature that applies Habermas' theories to understand the reporting

practices of corporate organizations (Yuthas et al. 2002; Palazzo and Scherer 2006; Rasche and Esser 2006; Scherer and Palazzo 2007; Reynolds and Yuthas 2008).

Habermas' TCA is oriented towards achieving mutual understanding, consensus and co-operation amongst societal members, and ultimately a more egalitarian society through a process of open and fair discourse. It offers an interesting and appropriate benchmark against which to explore and evaluate NGO accountability practices since these morally-based organizations strive for a shared understanding amongst constituents and a more democratic, equal and just society (Rasche and Esser 2006; Reynolds and Yuthas 2008). Moreover, TCA is suited to the analysis of disclosure reports since its validity claims depict the characteristics of discourse (speech acts, texts etc.) and, as such, provide a standard against which to analyze the accountability disclosures in annual reports. The comprehensive nature of the claims means that accountability discourse can be examined from a variety of different perspectives, including truthfulness and sincerity, which are arguably associated with NGO values, and appropriateness and understandability, attributes that address the content and presentation of accountability disclosures. Understandability is an attribute that has attracted little attention in accountability research though researchers have raised awareness of the importance of the presentation of the content of annual reports together with its preparation (Courtis 2002). To this end, in order to understand the accountability practices of NGOs through the annual report, the research approach adopted in this study combines a qualitatively-based content analysis of the annual reports and reviews of 12 NGOs (Tredigda and Milne 2006; Kamla and Rammal 2013) with semi-structured interviews with senior personnel engaged in the preparation of these documents. While the content analysis was designed to identify key trends in accountability disclosures amongst the participating organizations in accordance with Habermas' validity claims, the interviews sought to gain a deeper understanding of these observations and the motivations underlying them.

This study is set in the United Kingdom (UK) where the not-for-profit (NFP) sector forms a vibrant and dynamic part of civil society and has a long history of contributing towards societal development. While the sector comprises a variety of different types of organizations, the charity sub-sector is by far the largest group and many NGOs operate as registered charities. Moreover, a number of UK-registered NGOs have led the development of self-regulatory initiatives, and the Charity Commission for England and Wales formally seeks accountability from its members through its Statement of Recommended Practice (SORP) (Charity Commission 2005) and Summary Information Return (SIR). The remainder of the paper is structured as follows. The next section explores the concept of accountability. Then, Habermas' (1984, 1987) TCA is introduced and its ethically-grounded validity claims related to NGO accountability. Next, the research approach and results are presented. The paper concludes with a discussion of the results and their implications for future practice and research.

NGO Accountability

The discourse on NGO accountability is extensive and the concept has become a *leitmotif* in discussions on how NGOs should operate. Traditionally, the literature has viewed accountability from a principal-agent perspective in which agents working on behalf of the principals are held to account for their actions by the principals (Stewart 1984). Accountability here is an externally motivated construct in which the principals oversee and control the activities of the agents and the latter seek to meet the prescribed standards of behaviour set by the principals (Fry 1995). Over time, however, the concept has increasingly been considered from a variety of different perspectives and a myriad of ideas have been placed under the umbrella of accountability.

Fry (1995) and Gregory (1995) distinguish between the externally focused notion of accountability as described above, and accountability as an internal dimension motivated by a felt responsibility. Accountability, in this latter case, is borne out of a sense of obligation, that is, a subjective responsibility in which management genuinely wants to and chooses to account. For

non-profit organizations, this accountability is linked to their values and ethical spirit as they endeavor to fulfill their responsibilities to their constituents and becomes an intrinsic feature of such organizations (Lawry 1995; Najam 2002; Ebrahim 2003a). The difference between external accountability and felt responsibility, Fry (1995) explains, may create tension or result in mission drift as organizational actions may be guided by the externally imposed demands of accountability upon which they are judged, at the expense of their felt senses, and to achieve meaningful accountability, Ebrahim (2003a) comments that the two should be linked through processes that generate a sense of responsibility between the agents and their principals.

Further, in contrast to the traditional principal-agent perspective, NGO accountability has been increasingly viewed in terms of stakeholder theory. This theory facilitates a wider, more inclusive perspective of accountability by emphasizing the importance of accounting to and for all organizational constituents, and not just those in a position of authority. In this context, NGO accountability is frequently discussed in terms of upward and downward accountability (Edwards and Hulme 1995; Najam 1996). Upward accountability, or NGO-patron accountability (Najam 1996) is linked to accounting to donors, funders and regulators and may reflect Fry's (1995) notion of external accountability. In contrast, downward accountability, or NGO-client accountability (Najam 1996), focuses on those to whom the NGO provides services and facilitating progress towards a more just and democratic society (Bendell 2006). It represents Fry's (1995) notion of felt responsibility and transfers the right of accountability from those who are in a position of power to enforce it to all those who are affected by an organization and its activities. Further, Najam observes that NGOs are also accountable to themselves; this includes the organizations' responsibility to their mission and staff. Inevitably, the multiple and often conflicting demands of accountability central to stakeholder theory place extensive pressures on NGOs. Genuine attempts to fulfill their moral responsibilities to all constituent groups, however, give organizations a greater clarity about the positions, perceptions and values of the different constituents and enable them to make decisions in a fairer and more equitable manner that

effectively meet the needs of diverse stakeholders (Lloyd 2005; O'Dwyer and Unerman 2008; Dhanani and Connolly 2012).

Operationally, Ebrahim (2003b), Lloyd (2005) and Bendell (2006) review a number of different mechanisms of accountability. These include disclosure reports, performance assessment and evaluation, participation, social auditing and self-regulation. Performance evaluation systems refer to organizational efforts to assess their activities to monitor progress and success. Together with offering indicators of measures that organizations have put in to advance societal development, such systems assess the extent to which these advancements have taken place. Participation, aimed principally at beneficiary groups to account downwards, seeks involvement from constituents in designing and implementing projects. While the levels of engagement may vary, ranging from consultation and implementation to enabling negotiations between the beneficiaries and organizations, the ultimate intention of participation is to ensure that the projects undertaken target the right areas of need in a manner conducive for the constituents and achieve the social advancements desired (Ebrahim 2003b; O'Dwyer and Unerman 2010). Social auditing, a mechanism with its roots in the corporate sector, refers to the framework that enables organizations to assess the extent to which their social and ethical performance lives up to their values through systematic and regular monitoring and stakeholder dialogue (Ebrahim 2003b; Lloyd 2005). Further, the development and adoption of codes of conduct at the sector and organizational levels, respectively, reflects a commitment to accountable and ethical practices with each level opting to enhance the standards of accountability practice (Ebrahim 2003b; Songco 2006).

Finally, disclosure reports, the focus of this paper, serve as a key tool of accountability as they enable organizations to communicate with their constituents and account to them i.e. demonstrate that they are operating responsibly (Lindblom 1994; Ebrahim 2003b; Samkin and Schneider 2010). They may be prepared in response to an external obligation and/or as an

internal felt responsibility. Examples of disclosure reports include the publicly available statutory annual report, the voluntary annual review that frequently accompanies it, mandatory, but private, reports to large donors and grantors and less formal vehicles such as organizational websites and newsletters. Of these different disclosure mechanisms, the annual report is the most widely-used tool that occupies a prominent position as a statutory document in most Western economies (Yuthas et al. 2002; Gray et al. 2006; Davison 2007). Moreover, it serves an important source of information as a systematically produced document (Neu et al. 1998; Kamla and Rammal 2013) that attracts a degree of authenticity not associated with other media utilized by organizations (Unerman 2000). Specifically, whilst accepting that the presentation of organizational reality through the annual report is a subjective construct (Alexander and Jermakowicz 2006), the document is governed by the principles of a 'true and fair' view of accounting and is also generally professionally verified, externally.

In practice, the various accountability mechanisms function collectively and connectedly. Codes of conduct may, for example, encourage wider beneficiary participation in organizational decision-making, while (self-imposed) pressures to account through disclosure reports may promote the broader adoption of specific standards. Similarly, the social auditing process and participatory mechanisms should influence the content of annual reports, informing external stakeholders about organizational performance in terms of their mission and also their ethical practices in terms of how they conduct their operations (see below). Ultimately, the mechanisms function together to address the needs and interests of different stakeholder groups and offer learning opportunities which in turn encourage continual improvement and accountability in this sense serves as a springboard for social change (Ebrahim 2005; Lloyd 2005). This said, it is perhaps important to note that organizations run a risk of over-accounting. Gray et al. (2006), for example, believe that NGO actions in themselves constitute accountability and thus there is little need to report on it, while Messner (2009) adds that the (self-imposed) demands to account may become problematic if they are overly burdensome. Moreover, Ebrahim (2003b)

and Walden (2006) suggest that concern for performance and performance assessment may stifle creativity and innovation if management fears having to record failures.

Academic research in the area of NGO accountability has come to prominence in recent years. Much of this research has examined the play-out of different accountability mechanisms and relationships in practice and reports that organizations and their stakeholders face extensive challenges in their attempts to account holistically, particularly to downward stakeholders, which they need to address in order to achieve meaningful societal development. Drawing on Geertz's (1973) "thick perspective", Ebrahim (2009) reflected on three streams of normative discourse on NFP accountability in order to facilitate an improved understanding of how social regimes of accountability operate in different contexts. The author noted that the normatively prescribed instruments of accountability are at least as likely to reproduce relationships of inequality as they are to overturn them. In their qualitative research, O'Dwyer and Unerman (2007) examined the introduction of a partnership-based accountability approach by a primary government funder with its key NGOs engaged in international development. The authors identified and reported on the various challenges that ultimately disallowed the transformation of the partnership into a reality and supported the traditional relationship based on control and justification. O'Dwyer and Unerman (2008, 2010) analyzed downward accountability practices and relationships at an advocacy NGO and a group of development NGOs to promote a rights-based approach to development, respectively. The authors noted a mix of problems and challenges in NGO attempts to discharge accountability to downward stakeholders including a preference for the less problematic and more achievable external accountability reporting, driven by a narrow range of (potentially) powerful stakeholders. More recently, drawing on interviews with over 150 NGO leaders about their perceptions and practices of accountability, Schmitz et al. (2012) reported that while NGO managers aspired for more meaningful and integrated accountability, accountability to downward stakeholders was limited and financial accounting measures continued to dominate in practice due to an increasingly competitive

environment shaped by rating agencies and an emphasis on financial metrics. Finally, Everett and Friesen (2010) critically examined the scripts of three accountability codes of conduct in the field of humanitarian relief to evaluate the extent to which they exuded the ethical basis underlying humanitarian work. The authors revealed that paradoxically the humanitarians sometimes jeopardized their goals by adhering to contradictory roles related to neutrality, commerce and performance.

While the annual report has been extensively examined in the corporate accounting and reporting literature, it has to date attracted little academic attention in a NGO accountability context. Within this setting, this paper assesses the extent to which NGOs design their annual report to account to their stakeholders in a manner that reflects their ethical and moral stance and the spirit of a felt responsibility as discussed earlier, what Donaldson and Preston (1995) in their discussion of stakeholder theory labelled the normative motivation of accountability. Reporting practices in this instance should, to the extent possible, give regard to all constituents, effectively communicate to stakeholders and be characterized by openness, truthfulness and transparency (Dhanani and Connolly 2012). Alternatively, in the event that NGOs do not subscribe to the normative model of accountability, they may, like their business counterparts, construct their reports to self-promote and portray themselves in a positive light, what Donaldson and Preston (1995) labelled the instrumental motive of accountability. Reports, in this instance, will be utilized strategically whereby organizations will prioritize between organizational constituents and put first the interests of the significant funders and donors who hold the greatest economic power and influence so as to ensure their continued support and their own success and survival (Mitchell et al. 1997; Unerman and Bennett 2004). In reporting terms, these powerful donors and funders may encourage an instrumental orientation by determining the language of justification practiced within NGOs (Roberts 2001). Moreover, report content may be dominated by self-promotion and techniques of impression management and distraction (Chen and Roberts 2010; Beelitz and Merkl-Davies 2012) as organizations

endeavor to convey that their practices are aligned with the expectations of these significant stakeholders (Lindblom 1994; Samkin and Schneider 2010).

The Habermasian Theory of Communicative Action

Habermas (1984) describes two archetypes of social action: communicative action and strategic action. Communicative action is governed by practical rationality whereby issues of social importance are negotiated through linguistic communication. Thus, the communication act and decision making are based upon a process of on-going, participative and open discourse designed to achieve a shared understanding and a more egalitarian society. In contrast, strategic action refers to actions that are governed by technical rationality, with discourse in this instance being oriented towards the speaker accomplishing his/her own strategic objectives. As such, the distinction between communicative and strategic action echoes the difference between accountability as a felt responsibility (categorized by Donaldson and Preston (1995) as a normative motive) and accountability as a purposeful activity (labelled as instrumental by Donaldson and Preston) oriented towards organizational self-interests.

Within TCA, Habermas (1987) develops the theory of the lifeworld and system to overcome the fragmentation between theories of social action and social structure. The lifeworld refers to the shared understandings and values that develop between constituents over time which give them a common sense of who they are. It enables societal members to engage in communicative acts and achieve mutual understanding about their different demands and needs because each understands and appreciates the others' position and views. The lifeworld communication processes are subject to a series of validity claims that are implicitly assumed by the participants to facilitate an open and honest exchange of information. All participants have equal opportunity to engage in the debate and challenge the validity of the arguments put forward.

Habermas (1984) identifies four validity claims that relate to the content of the discourse and the manner in which it is presented. These are: (i) appropriateness, in which the propositions and interests spoken about are pertinent to the context of the discussion; (ii) understandability, in which the propositions posed are clear to the interested parties; (iii) truth, in which the propositions made are objectively truthful, that is, factually accurate; and (iv) sincerity, in which the propositions made are subjectively truthful, that is, the speakers are sincere about what they say. As these validity claims define how humans can interact ethically (Stahl et al. 2010), they provide an appropriate basis for evaluating discourse by morally-based organizations such as NGOs. Habermas contends that all utterances have an implied set of claims which are judged by the participants engaged in the debate and desired by the speaker. In instances where these are contested, further dialogue takes place between the speaker(s) and listener(s) to seek clarification. If the claims continue to be challenged, the resulting distortion in communication is seen as being oriented towards strategic action with the intention of manipulating the listeners' perceptions and ultimately actions and decisions.

For Habermas (1987), the legitimation of social institutions, indeed of nation states, is in jeopardy. He believes that as advanced capitalist societies have developed, they have become colonized by system rationality whereby the principles of lifeworld and system have collided to create boundary crises that affect and interfere with the lifeworld. Colonization of the lifeworld has reduced the sphere in which the core integrative function of communication can take place, thus elevating the processes of rational decision making and forces of money and power. Subsequently, in line with Mitchell et al.'s (1997) concept of stakeholder saliency and Donaldson and Preston's (1995) instrumental motivation, powerful and resourceful institutions are influencing agendas and framing public issues without deliberation with wider society and deploying political and social power to present their messages strategically to influence societal perceptions. Ultimately, society accepts the outcomes as normatively relevant, such that the

emerging social norms enjoy legitimacy even though they are not justifiable and pose a threat to an equitable and democratic society.

While Habermas (1987) accepts that there is a place for system rationality (for example, the need for corporate organizations to respond to their market imperatives), he argues that there should be a balance between the lifeworld and system rationality whereby consideration is given to wider societal consequences. Habermas contends that interference from the system in the lifeworld can galvanize attempts to create a just and egalitarian society with protest movements and pressure groups that fight for causes such as ecology, equality, justice or women's rights serving as the steering medium.

NGO Accountability: Operationalizing Habermas' Validity Claims

Habermas' (1984, 1987) writings on communicative action have informed organizational communication research (for example, Meisenbach 2006; Yuthas et al. 2002) including the recent trend of corporate accountability practices (Unerman and Bennett 2004; Rasche and Esser 2006; Reynolds and Yuthas 2008). TCA has an affiliation with the NGO context as it is consistent with the belief that organizations that are engaged in the betterment of society play an instrumental role in restoring the lifeworld and achieving a democratic and egalitarian society. Consequently, as highlighted by Lloyd (2005) and Weidenbaum (2009) amongst others, NGOs can legitimately be expected to promote lifeworld values and reflect the very orientation that they seek from business and government where control by money and power dominates. Adopting lifeworld values would in turn enable NGOs to legitimize their attempts to change the world.

The unconditional execution of TCA is arguably impractical given its idealized assumptions. Power and Laughlin (1996) and Rasche and Escher (2006), however, contend that this does not preclude the possibility of it usefully informing organizational practices. Indeed, they assert that

normative arguments in accountability discourse are necessary to inform future research and have the 'counterfactual potential' to offer management a lens through which to assess the effects of its actions by determining what it is that ought to be done so that it can inform what can be done. Consequentially, even partial achievements may encourage a greater degree of morality in organizational behavior than would be the case in the absence of discussions of normative ethical principles (Unerman and Bennett 2004). Therefore, just as NGOs rise to the challenges of societal inequality and injustice, so they should rise to the challenges of accounting in a manner consistent with their ethical foundations. Hence, the stance adopted in this research is that NGOs, as agents of the lifeworld, can legitimately be expected to orient themselves towards communicative action. Divergences in practice should be explainable within the ethical grounding of such organizations and/or, as Rasche and Escher (2006) suggest, by what is practically feasible in the real world as detailed below.

In a reporting context, in presenting a true and fair view of the organization in its annual report, an NGO as an agent of the lifeworld can be expected to demonstrate TCA's four validity claims. Moreover, while it is acknowledged that some constituents, including beneficiaries, have become more active in demanding accountability from NGOs (Gray et al. 2006; Ebrahim 2010), with the exception of large funders, constituents are unlikely to engage in detailed dialogue with the organizations to seek clarification on the uncertainty of the validity claims surrounding their accountability disclosures, and so the enactment of the validity claims by organizations become even more important in this monologic tool.

Theoretical application of Habermas' validity claims to different contexts, such as NGO accountability, nevertheless remains demanding because TCA constitutes a generic social science theory with widespread application across multiple disciplines. Interpretations of what the different constructs mean for individual contexts are necessary (Yuthas et al. 2002; Unerman and Bennett 2004; Meisenbach 2006; Rasche and Esser 2006; Reynolds and Yuthas 2008),

leading inevitably to a degree of judgment and subjectivity. For the purposes of this paper, relevant prior (accountability) research is drawn upon, where possible, to ensure consistency. Table 1 summarizes the operational details presented in this section.

“Take in Table 1”

Reynolds and Yuthas (2008) explain that in organizational communication, deciding what to say (appropriateness claim) and how to make it understood (understandability claim) are difficult. With regards to appropriateness, it is recognized that reducing NGO accountability to financial accounting numbers, that is, explaining how funds have been utilized, is at best limited and at worst degenerative (Slim 2002; Najam 2002; Gray et al. 2006). Focus is instead required on the fundamental purpose(s) for which the organizations exist and whether their operational methods personify their core values (O’Dwyer and Unerman 2007; GRI 2010; Dhanani and Connolly 2012). Dhanani and Connolly (2012) distinguish between four themes of accountability: strategic, fiduciary, procedural and financial. Strategic accountability addresses an organization’s core purpose, that is, its reason for existing. In contrast, fiduciary and procedural accountability attend to how an organization operates, that is, the internal management practices that convey whether the organization’s policies and procedures embody its ethical base. The difference between these two themes is that fiduciary accountability is concerned specifically with governance while procedural accountability encompasses all other aspects of how an organization is run, such as their human resource procedures, fundraising practices and investment policies. Finally, financial accountability covers the financial outlook of an organization; it is, however, not considered as part of this research as it is assumed not to directly inform organizational social practices.

Overall, in keeping with Dhanani and Connolly’s (2012) themes of strategic, fiduciary and procedural accountability; this paper focuses on *what* the organizations exist for, their

achievements in this regard and *how* they go about their business. In this paper, the term 'mission' accountability is employed rather than Dhanani and Connolly's (2012) 'strategic' accountability to refer to accountability in relation to the fundamental purpose(s) for which an organization exists so as to avoid possible confusion with Habermas' use of the term 'strategic' which represents conscious, deceptive acts by speakers in their communicative efforts. With regards to Dhanani and Connolly's (2012) 'procedural' and 'fiduciary' accountability, whilst accepting the distinction, these two themes are combined under the banner of 'operational' accountability given the qualitative nature of the study (see later) and the natural relationship between them - both capture accountability associated with how organizations operate to achieve their mission and vision.

Within mission accountability, there are three strands (Goodin 2003; Gray et al. 2006; Dhanani and Connolly 2012): the organizational vision, that is, the areas of need that the NGOs intend to address; the activities and programs pursued to achieve the vision; and an assessment of the extent to which their vision has been met, that is, the impact of organizational activities on the communities served. Gray et al. (2006) contend that responding to an area of societal need constitutes accountability in and of itself because it demonstrates that the organization has taken responsibility for a particular marginalized group. Therefore, disclosures of organizational intentions (for example, poverty eradication or preventing climate change) and programs and activities (building schools to aid development or advocacy activities to prevent climate change) constitute mission accountability in that they reflect the specific societal needs that the organization has chosen to address. Moreover, and fundamentally, the benefits to, and impact upon, those affected form a critical part of the accountability process (Boyne et al. 2002; Ebrahim 2003a) by emphasizing how lives have changed and societies developed, that is, tracking changes in community conditions (Hendricks et al. 2008).

With regards to operational accountability, consistent with the ethical values at the heart of NGOs, principles such as fairness, honesty and transparency should permeate management practices so that they show regard for different constituent groups (GRI 2010). Examples of such policies include: respect and dignity for beneficiary communities; ethical fundraising practices and investment policies towards donors and funders; responsible advocacy to show respect for institutions such as government and business against whom NGOs campaign; and non-discriminatory staff recruitment and training (GRI 2010; Dhanani and Connolly 2012).

The understandability claim has several implications for NGO accountability through discourse. Firstly, it addresses the communication's technical clarity, that is, the appropriateness of the language used to convey the intended messages. Rhetors should seek to use language that is readily understandable by listeners. Secondly, Yuthas et al. (2002) and Reynolds and Yuthas (2008) contend that reporting frameworks, such as the SORP (Charity Commission 2005) and the GRI (2010), can enhance the understandability of organizational communication by standardizing certain disclosures and also by highlighting the relevance and importance of the information. It is, however, possible that standardized reporting may weaken the enactment of both the appropriateness and understandability claims if it stifles the writer from engaging in the discourse in the most relevant and comprehensible manner. Thirdly, understandability may be improved by the style of communication, that is, the manner in which the information is presented. Stanton and Stanton (2002) explain that when discourse is directed at multiple constituents, as is the case with NGOs, style and design are critical. Different forms of expression such as graphs, tables and visual images (which are often employed in NGO annual reports) and the manner of presentation of textual material can improve the understandability of the discourse (Davison 2007; Ramo 2011).

In accordance with the third and fourth validity claims, the information must be truthful and sincerely communicated. Regarding the former, the information must be factually accurate,

while the latter implies it should represent the organization's perceptions, positions and interests. With reference to these two claims, the impression management literature acknowledges that even if what an organization presents is factually correct (truthfulness claim), it is possible to create an erroneous image by distorting the information presented (sincerity claim); for example, by withholding relevant information. Nevertheless, both attributes are central to NGOs' ethos and thus any NGO discourse.

The accountability initiatives referred to previously (for example, GAP, GRI and SORP) address Habermas' validity claims to varying degrees (Table 1). While the emphasis of the SORP is predominantly on mission accountability and the GRI addresses operational accountability, their broad scope steers accountability reporting by defining its content and thus operationalizes the appropriateness claim. Moreover, while the standards do not address the understandability claim explicitly, they potentially mobilize it by encouraging standardization of the information presented. Finally, reference to the need for transparent and honest disclosures in GAP and GRI connects with the truthfulness and sincerity claims; the SORP does not specifically make reference to these attributes, though they may be implied given the organizations' values and the SORP's commitment to the true and fair principles of accounting.

Distortions in the validity claims may indicate strategically-oriented discourse, with potential misrepresentations including: selectivity and weak accountability practices; inaccessibility; misrepresentation; and deceit (Table 1), unless organizations can justify such deviations as detailed below. Where organizations fail to provide comprehensive disclosures on mission or operational accountability (appropriateness claim), this may suggest weak accountability in relation to their core purpose or how they operate. Emphasizing mission accountability over operational accountability may also indicate bias whereby organizational focus is on beneficiary groups to the exclusion of other constituents. Similarly, the presentation of information in an inappropriate manner or the use of technical terms and jargon may render the material

inaccessible and confusing (for certain audiences) (understandability claim). Moreover, the inclusion of factually incorrect information is a misrepresentation of organizational reality (truthfulness claim) and, finally, attempts to present particular views via the information provided constitutes deceit (sincerity claim). The sincerity claim is perhaps the most critical when organizations deploy strategically-oriented discourses to fulfill their own objectives since they can be subtly operationalized (Yuthas et al. 2002). Indeed, the impression management literature details how organizations can present themselves to influence perceptions (Bansal and Kistruck 2006), often with tactics that contradict their moral values (Gardener and Avolio 1998).

In the real world, as mentioned above, a holistic achievement of TCA is not possible. Practical constraints, labeled as *managerial*, *methodological* and *relational*, may influence distortions from communicative action (Arvidson 2009). Managerial issues relate to the capacity of the organization and its staff to gather, record, report and use accountability data. Here an organization may simply lack the resources to engage in evaluations that record organizational impact or present relevant documentation to discharge its accountability in a holistic, understandable manner. Methodological challenges relate to identifying appropriate methods to gather impact data to support program goals and organizational claims and understanding what these data represent in practice. The literature (Slim 2002; Reed et al. 2005) recognizes that capturing NGO impact on society poses great challenges and that the process of trying to isolate the cause and effect of a particular organization's actions or projects from wider economic, political and social factors can be uncertain, contested and highly speculative. Finally, relational challenges link accountability disclosures to how relations are structured within organizations, and to the way that organizations relate to their wider social environment, including their partners, opponents, competitors and constituency. Here organizations may consciously choose not to disclose certain facts in its attempt to account if doing so poses a risk to certain beneficiary groups or jeopardizes a program's chance of success. As such as managers strive to

achieve their organizational mission and vision, they have to strike a balance between the lifeworld and systems values.

Research Approach

In order to assess NGO accountability practices through the lens of Habermas' TCA, and in particular the operationalization of the four validity claims, a principally deductive approach was adopted. This involved an in-depth qualitative methodology, data for which was collected using a dual strategy. Firstly, the annual reports and accompanying documents³ of the sample NGOs were analyzed to assess the extent to which they discharged accountability in accordance with three of Habermas' four validity claims (see below). In this regard, a qualitative content analysis approach was adopted (Baxter 1991) whereby, rather than explicitly seeking to quantitatively record the phenomena being examined (for example, the number of words, sentences, pages or compliers) (for example, Gray et al. 1995; Dhanani and Connolly 2012), the focus was on highlighting the core trends in the reporting patterns and the diversity within them (for example, Tredigda and Milne 2006; Kamla and Rammal 2013). Subsequently, semi-structured interviews, framed around Habermas' validity claims, were undertaken to investigate the observations from the document content analysis and gain a deeper understanding of the bases and motivations underlying the accountability practices. The interviews were conducted with senior executives who were directly engaged with the preparation of the annual report, including determining its form and content. This dual approach which combines document content analysis with interviews parallels the research methods adopted in prior research (Striukova et al. 2008; Jetty and Beattie 2009) to understand organizational disclosure practices.

Given the exploratory nature of the study, together with its aim of providing an in-depth analysis of NGO accountability disclosure practices, a small sample size was considered appropriate (as seen in Brennan 2001; O'Dwyer and Unerman 2007, 2010; Hoffman et al. 2008; Jetty and Beattie 2009). Using the search facility on the Charity Commission of England and Wales' web site, the

largest NGOs based upon income that are registered with the Charity Commission were identified. Organizational size was deemed important as such NGOs are the most significant economically, have the highest national profile and were expected to lead organizational practices (Dhanani and Connolly 2012). Similarly, registration with the Charity Commission, which requires compliance with its annual reporting guidelines, was seen to signal a commitment to accountability. An additional criterion for selection included that the organizations were household names and recognizable as operating for social advancement as such organizations were likely to raise a substantial proportion of their funds through both large and small voluntary donations. The identified organizations were “cold-called” and their participation in the research requested. In all cases, the researchers had to negotiate a number of obstacles to identify the appropriate individual(s) to speak to. Consistent with the approach adopted in prior qualitative research (for example, Edgley et al. 2010; Solomon et al. 2013), the research was concluded at 12 organizations when no new or relevant data emerged from the later interviews regarding NGO accountability and the role of the annual report in this process.

“Take in Table 2”

The 12 participating NGOs each have an annual income of over £40 million and is registered with the Charity Commission for England and Wales⁴. Each is a household name, known for being engaged in societal development and has been in existence for at least 30 years (Table 2). While the primary location of the activities of three of the 12 NGOs is in the UK, the remaining nine operate internationally and their core activities include international development, the provision of social services, healthcare and civil rights and law. The NGOs engage in a range of interrelated operations including service delivery and campaigning and advocacy to raising awareness and educate, and their efforts are focused along a number of different dimensions including human rights, ethnicity, gender and disability. Each relies extensively on funding from

the public and large grantors and some supplement this income with profits generated from other activities including trading.

The content analysis, which sought to highlight the core trends in the reporting patterns and the diversity within these, involved an analysis of the annual reports and reviews in terms of: (i) the disclosure of items related to mission and operational accountability; (ii) the style and presentation of the overall documents, the textual material and other forms of expression within; and (iii) the nature of the narrative content, that is, the inclusion of positive news items and negative news items as a proxy for information selectivity (Deegan and Gordon 1996), to assess, respectively, the claims of understandability, appropriateness and sincerity (Table 3). The truthfulness claim could not be investigated in this manner because content analysis does not enable the verification of publicly available data. As with quantitative content analysis, formal definitions and decision rules were developed and finalized for the three categories above and applied to the report content to ensure consistency in analysis. The annual reports and any accompanying documents, which were obtained directly from the organizations or their websites, related to the financial years 2005/6 and 2006/7. Within the documents, all material, with the exception of the financial statements, was examined. Finally, the annual reports and any accompanying documents were revisited following the interviews to illuminate and verify the points raised by the interviewees.

“Take in Table 3”

In 2008 and 2009, 13 interviews, one telephone and 12 face-to-face, were conducted with senior personnel from the participating organizations (at one NGO, two individuals were interviewed) who contributed directly to the form and content of the annual report (and its accompanying document). The interviewees were from a range of backgrounds, including finance, strategy and marketing and communications, reflecting the multi-faceted nature of the annual report. With

the exception of two interviewees, each had been employed within the sector for more than 10 years. Of the two interviewees, one had more than five years of experience and the other was relatively new to the sector with less than two years of experience. Of the 13 interviewees, seven were female. Given the difficulties of gaining access to interviewees and the desire for them to be as candid and objective as possible, potential candidates were assured anonymity and confidentiality in all published material (prior to them agreeing to be interviewed). While interviewees were informed that the central theme of the research was the discharge of accountability, TCA or the four validity claims were not mentioned explicitly to prevent any respondent-lead social desirability bias. The interviews lasted between 45 minutes and two hours, and all the interviews were recorded with the participants' permission and subsequently transcribed.

In broad terms, the objective of the interviews was to gain insights into: NGO accountability; the role of the annual reporting process in this capacity; the process of preparing the document; and how the interviewees' views were reflected in the preparation of the annual reports and reviews. In the latter case, the interviews sought to acquire an understanding of the material presented in the analyzed annual reports: that is, how the interviewees perceived, justified and legitimized the practices observed in the document content analysis (final column Table 3). Given the study's exploratory nature, a small number of general questions guided the interviews around these themes⁵. The breadth of the questions facilitated a broad conversation on NGO accountability and the reporting process and enabled additional relevant issues/nuances to be explored. Once the conversations progressed, interviewees were posed further questions to allow a deeper understanding of the emerging themes/views. As the semi-structured interview approach provided interviewees with a degree of freedom to determine the order in which issues were covered and to elaborate upon their views, this contributed to new insights being uncovered.

To analyze the interview data, the transcribed text was read on several occasions to codify the information collected. The passages from the interviews were then linked to the theme(s) that they were associated with. In some cases, they were annotated as relating directly to the validity claims. In others, new conceptions based on the wider NGO literature were introduced, such as “emphasis on upward stakeholders” or “role of regulation”. Repetitive reading of the text ensured that all data was suitably codified. Once the text was annotated, it was rearranged by theme with the consequence that some passages (or parts thereof) occasionally appeared under more than one heading. The themes were then coupled to the document content analysis and the theoretical Habermasian framework and written up in the manner presented below. A final check of the transcribed data was undertaken once the results were written up to ensure that all relevant themes and features had been captured.

NGO Accountability in Action

This section, which presents the results of the research, begins by outlining the interviewees’ broad views on accountability and the role of the statutory annual report in its discharge. The four validity claims are then considered in turn.

Accountability

Consistent with prior research by Schmitz et al. (2012), interviewees unanimously agreed that accountability formed an inherent feature of organizational practice, typically describing it as being related to accounting to/for distinct groups of stakeholders. While beneficiary groups were generally perceived as the most important stakeholder group, the interviewees explained that, from a “business perspective” (Interviewee C), accounting to donors and funders played a dominant role in the process.

While the interviewees considered the annual report a central component of their organizations’ attempts to account, nine of the 12 organizations supplemented it with an additional document,

the annual review (referred to in two cases as an impact report). Further, despite the acknowledged salience of downward stakeholders, the interviewees believed that the annual report was targeted principally at upward stakeholders because, consistent with Najam's (2002) expectations, it was dominated by financial accounting information and therefore likely to be of interest primarily to large resource providers. In contrast, they regarded the annual review as the more user-friendly document, attractive to a wider audience, including beneficiary groups (to the extent possible)⁶, small and large donors, volunteers and supporters and the public at large and more "important for [organizational] survival" (Interviewee I). In other words, the annual reporting process (the annual reports and reviews) was targeted principally at multiple stakeholders: organizational supporters, regulators, the general public and to the extent possible, downward stakeholders.

Appropriateness

The appropriateness claim was examined by analyzing the type of disclosures made in the annual reports in conjunction with the interview responses. The content analysis revealed that disclosures pertaining to mission accountability dominated the narrative sections of both the annual reports and reviews. These tended to include the organizations' vision/mission and activities-based information in the annual reports and almost exclusively activities-based information in the annual reviews (Appendix One, Excerpt 1). The key distinction between the two documents in relation to such information was that while the annual reports provided a factual overview of the different activities undertaken, the annual reviews utilized case studies and stories from beneficiaries to develop this further (Appendix One, Excerpt 2).

A feature of both documents was that the program information presented was primarily descriptive with the NGOs describing individual programs and projects (that is, the activities pursued). Even though the individual case studies and personal stories typically illustrated the effect of NGO activities on specific individuals/groups, there was little attempt to synthesize the

information and systematically consider the wider impact that the different activities had had on the beneficiary groups and communities served.

Disclosures pertaining to operational accountability were relatively uncommon in the annual reports and absent in the annual reviews. Where present, they included details of internal systems and policies relating to different organizational operations. As illustrated in Appendix One, Excerpt 3, for example, one NGO highlighted its promotion of equal opportunity and diversity in all areas of its employment practices, indicating its responsible behavior towards employees. Similarly, in the second illustration, an NGO drew attention to its ethical fundraising policies and in turn its responsibility towards donors and supporters. Other such disclosures related to the participating organizations' governance and trustee recruitment practices and beneficiary participatory systems in organizational decision making.

Overall, when viewed in light of the accountability criteria established earlier, the analysis of the annual reports and reviews indicated that the NGOs in this study partially met Habermas' appropriateness claim: organizations emphasized mission accountability over operational accountability, and within mission accountability, focus lay with mission/vision and activities type information at the expense of impact accountability. The interviews provided several explanations for these observations. Consistent with TCA, the driving force behind the discharge of mission accountability was a moral obligation/felt responsibility "to demonstrate how they are using resources they have been given to further their objects" (Interviewee F); although, in several cases, the value of such disclosures in engendering continued donor and funder support was acknowledged as a parallel motivation. In this regard, in line with the earlier discussion, the lifeworld agents viewed their moral responsibilities as a mechanism of legitimation that would attract continued support from key constituents.

However, this felt responsibility did not necessarily translate into reporting impact information; although some interviewees acknowledged that practices in this regard were lacking and that they were engaging with sector members and oversight bodies to move forward the impact agenda. Others, on the other hand, justified the absence of impact disclosures in terms of: a lack of need to publish such information; a belief that organizational activities automatically translated into societal benefits; the difficulties of measuring impact; and the cost of acquiring such detail. Specifically, consistent with Gray et al. (2006) but not with the operationalization of TCA, interviewees contended that the causes NGOs pursued (mission/vision) and the programs they engaged in (activities) constituted forms of accountability in and of themselves because they indicated that the organizations had taken responsibility to respond to the needs of particular communities. Thus program-based information sufficed and there was little need to report on organizational impact.

Most [charities] are there because there is a need which somebody else is not meeting ... doing the work is a discharge of responsibility, which is to me another word for accountability. (Interviewee J)

Moreover, a related justification provided was that the activities-type information presented captured organizational impact (Appendix One, Excerpt 1) as the audiences accepted that the activities pursued would have had an appropriate impact on the intended beneficiaries.

Well, let's take the incidence of [building schools] in Africa. For me, impact is that we have an education project in Kenya, and that we are facilitating [building schools], which I think is understood by society. They get it – that means that [a certain type of beneficiary community] is getting an education and therefore have a career. So you don't actually need to say that. (Interviewee F)

In terms of the difficulties of capturing impact, some interviewees highlighted the problems of attributing societal change to organizational pursuits when multiple factors, including other organizations and the communities' own efforts, may have contributed to the change.

It would be wrong to say we are enabling people to be educated, because clearly we are not the driving force behind it. ... So for me, impact is that we have an education project in Kenya. ... But there's a big chain that sits behind that ... we're just helping them to get there. (Interviewee F)

Additionally, consistent with Gray et al. (2006) and Messner (2009), some interviewees mentioned the cost of accounting for impact and that such funds could be better spent in the pursuit of organizational intentions.

When we talk about discharging accountability, I do have a little difficulty with this because, you are not careful you can get so busy explaining yourself that you don't get on with the job. (Interviewee J)

Addressing operational accountability, those NGOs that presented substantial disclosures towards this form of accountability explained that this practice allowed them to validate that they operated within the normative framework expected of them and also to demonstrate that they fulfilled the standards that they advocated businesses and governments should meet:

We make a conscious effort to let people know what we subscribe to ... I think that is important ... to practice what you preach. (Interviewee E).

The principle reason for the absence of such disclosures was that the NGOs adopted a narrower definition of accountability for external reporting purposes; they saw it as accounting for the social cause they were working towards (mission accountability) rather than accounting to/for

all constituent groups in accordance with the normative view of stakeholder theory. The lack of disclosures, interviewees suggested, was not a reflection of the absence of appropriate policies and procedures. Rather, as opined in prior research (Najam 1996; Lloyd 2005; Ebrahim 2009), it stemmed from the belief that such disclosures were unnecessary because such organizations could be assumed to follow ethical behaviors. In other words, given their ethical values, the stakeholder communities could/should implicitly trust NGOs to be acting in accordance with this spirit. However, as noted earlier, such claims are being questioned (Gibelman and Gelman 2004; Fassin 2009).

We assume that people assume that because we are a charity we do all that. We certainly give it a lot of thought internally but externally it's more about what we do as a NGO [that is, mission accountability]. (Interviewee D)

Interviewees generally expressed a willingness to provide operational accountability disclosures if requested, and two interviewees saw an immediate benefit from publishing this information as it provided an opportunity to present their organizations in a positive light (discussed further later). As such, while the absence of operational accountability disclosures at some NGOs distorted the appropriateness claim in their attempts to account through annual reporting, this observation does not appear to be underpinned by strategically-oriented intentions.

Overall, the results of the analysis of the annual reports/reviews and interviews suggest a partial achievement of the appropriateness claim. The resulting misalignment with the theoretical position framed in Habermas' TCA does not, however, necessarily constitute strategically-oriented annual reporting whereby management consciously choose to withhold such information for strategic benefits. For example, the reasons of cost considerations and difficulties of capturing impact information resonate with the managerial and methodological

challenges of operationalizing TCA as discussed earlier, and the absence of operational accountability information also does not appear to be linked to a conscious, strategic intention.

Nevertheless, some observations made and explanations offered indicate weak accountability practices. The reporting practices, for example, very closely reflected the statutory requirements of the SORP, which emphasizes mission accountability but offers little guidance on impact information. Indeed, interviewees expressed that requirement of, the SORP (Charity Commission 2005), plays a key role in shaping the form and content of the annual reports. These results indicate that the participants oblige to the standards set by the Commission but fail to account beyond them in a more holistic manner in accordance with the notion of felt responsibility.

In addition, consistent with the concept of stakeholder saliency (Mitchell et al. 1997), powerful donors and funders may influence the language of justification by demanding information on mission accountability, once again encouraging a partial achievement of the appropriateness claim (Roberts 2001; O'Dwyer and Unerman 2008; Samkin and Schneider 2010). Similarly, these powerful stakeholders may have been at least partially responsible for the use of mission and activities type information as a proxy for impact information. Funders, Pérouse de Montclos (2012) reports, welcome information that suggests progress in societal development as a way to validate their approval of the projects. In this capacity, activities type information with details of on-going projects and programs that presents organizations as progressing towards their mission is more attractive than impact type information, which in the absence of longer lasting societal change (below) is potentially damaging. Indeed, organizations themselves may prefer activities type information over impact details for similar reasons, judging by some of the participants' propensity to present positive news information (discussed later); these practices once again allude to strategically oriented reporting.

Further, the organizations' beliefs and explanations that activities-based information suffices, either because the programs are themselves a form of account (Gray et al. 2006) or because they can be assumed to have societal benefits, are unreasonable as program information and impact information capture different attributes (as discussed previously). Moreover, as agents of the lifeworld, a reliance on well-intended objectives and actions to seek legitimacy, rather than an attempt to capture the accomplishments of these actions, seems unreasonable. This is especially so because many commentators contend that NGO activities have often not contributed to lasting societal change (Ditcher 2003; Easterly 2006; Horton 2009). With regards to the difficulties of capturing impact, whilst the literature also resonates similar views (Slim 2002; Reed et al. 2005), the reticence to attempt to overcome some of the difficulties faced and strive forward as suggested in Ebrahim and Rangan (2010) is perhaps unreasonable amongst the largest organizations of the sector. Thus, even if regulators and powerful stakeholders do not demand impact accountability, NGOs should take it upon themselves to generate and present such information as their commitment to accountability. This is especially because attempts to capture impact are themselves acts of accountability that enable organizations to seek out solutions to pressing societal problems by learning from successes and failures (Ebrahim 2003b).

Understandability

The understandability claim was examined on the basis of the broad presentation of the textual material in the annual report and review and the use of other forms of expression combined with the interviews. The results indicated that while the interviewees were adamant that the annual report played a critical role in the discharge of accountability by NGOs, they acknowledged that it was not the most widely circulated, read or even user-friendly document. It fulfilled organizations' accountability responsibilities in terms of the formal document that satisfied the statutory requirements and one that fulfilled the stewardship function by validating that organizations and their funds had been properly managed. Importantly, however, it served

as a mechanism to *record* organizations' activities but was limited in its capacity to communicate with organizational constituents. In preparing the document in accordance with the statutory requirements with detailed financial statements, Interviewee E described it as "a rather thick and wasteful document", that interviewees believed rendered it inaccessible to a large proportion of constituents including small donors, beneficiaries and the general public. Moreover, in contrast to the view that reporting guidelines would serve to enhance understandability by standardizing information provision (Reynolds and Yuthas 2008), interviewees contended that the statutory requirements and the formality that this imposed compromised the flexibility of the report in terms of its content and style and made it a turgid document that was once again inaccessible to many. As such, interviewees distinguished between accounting to constituents as an activity in its own right and accounting in a more purposeful manner, that is, to communicate and engage with their diverse constituents and achieve in Habermasian terms a shared understanding of organizational operations.

To remedy this situation, as mentioned earlier, nine of the 12 organizations complemented the annual report with the annual review. Several interviewees perceived this voluntary document as the more significant of the two communication tools, one that they believed was read by a broader constituency including smaller donors and supporters, beneficiary groups and the general public, and was therefore important for organizational survival. Supporting the understandability claim, the principle purpose of this document was to connect with the readers and enable them to understand and make sense of the operations of the organizations.

It [annual review] gives us freedom to explain what we have done and what we can do. We can tell a story about what we do, what a difference we have made and what we can do for others. We are not constrained by a statutory format – we have a chance to tell our story in a readable, accessible, impactful way. (Interviewee I)

Of the three organizations that did not prepare such a document, one prepared a quarterly publication, the content to which the interviewee explained was akin to that of a review; one was in the process of preparing a review/impact document for the first time; and one had traditionally published a review but had moved to preparing an abridged version of its annual report for reasons discussed later.

To this end, the overall nature of the annual review and the textual content within it differed substantially from the annual report it supplemented. The reviews were designed as significantly shorter publications with principally qualitative information as compared to the lengthy annual reports with detailed financial accounts. They were visually more stimulating, making greater use of color, photographs and infographics and interviewees described them as dynamic, colorful, vivid, interesting, snappy and inspiring in comparison with “grey” (Interviewee D) annual reports. Some organizations also adopted unusual and innovative techniques to prepare the review, presenting it as an ordinance-type map or publishing it on compact disc. Such presentational formats, interviewees explained, sought to entice the audiences and encourage them to engage with the content and learn about the organizations’ activities and progress. In other words, they sought to improve the accessibility of the reviews amidst audiences who may not have otherwise sought out the information presented.

Further, as mentioned in the appropriateness claim, while the topics presented in the annual reports and reviews were similar in that the focus was extensively on mission accountability, each provided “slightly different perspectives on the same thing” (Interviewee F). Reflecting the formal nature of the annual report as a statutory document, accountability disclosures in it were largely descriptive and factual, what one interviewee termed as “dry statements of fact and almost a reference document” that underpinned the annual review (Interviewee F). In contrast, the reviews were populated with case studies and stories of individual beneficiaries and communities, accompanied by pictures and photographs (Appendix One, Excerpt 3).

What you won't see in the annual report are case studies. We'll talk about improvement of education in Africa, and what we're doing, but it will be very much about "we've worked with three partnership agencies to ... in schools"; whereas the annual review will say "Charlie wasn't able to go to school because ... and because of the ... [charity's work] he went to school and now he is a doctor. ... Both documents talk about the same thing, but in a completely different way. ... But in the annual review, it is much more readable and it's much easier to understand why inclusive education as a project in Africa is a good thing. (Interviewee F)

Stories in the reviews, interviewees explained, humanized the descriptive, factual material of the annual reports and enabled audiences to interact with the organizations' causes. In other words, they aided understanding by bringing to life what could be construed as stiff writing of the formal annual report. Further, organizations endeavored to present their stories in a simple manner with few sentences and short paragraphs (as compared to the longer prose in the annual reports), which prior psychological and linguistic research confirms aids readability and in turn understandability (Flesch 1948)⁷. Finally, visual forms of expression extensively used in the reviews were deemed to play a critical role in the communication/accountability process. Interviewees cited three principal reasons for the use of photographs, pictures and graphs. One, the use of color and images made the document visually more attractive and in turn accessible as aforementioned; two, they offered those audiences who chose not read the text some insight into their work and achievements; and three, aided understanding by validating the textual material.

Overall, the evidence from the content analysis and the interviews suggests that NGOs made a conscious effort to account to their diverse constituent groups in accordance with Habermas' understandability claim. The annual report served as "almost a reference document that... needs to be there" (Interviewee F) and was complemented with the annual review, an additional,

voluntary document that organizations devoted resources to, to enable them to better connect with their audiences. To offer constituents a sound understanding of organizational activities, accessibility to accountability type disclosures as compared to its standardization was perceived to be more important from an organizational perspective, and readability was sought through simple prose.

Truth and Sincerity

While the truth validity claim, as explained above, was not included in the document content analysis, interviewees confirmed that the written content of the annual reports and reviews was honest and factually correct. In one instance, however, an interviewee mentioned that his organization used actors in the photographs presented in the annual report; two organizational employees, posing as beneficiaries, featured in several pictures to depict aspects of beneficiary life. The use of the “actors” was not clarified in the document, effectively resulting in misrepresenting the reality. This was justified on the basis that the photographs were consistent with the textual material presented in the report and illustrated what management believed to be beneficiaries’ reality. In other words, the NGO used Habermas’ sincerity claim to compensate for the truthfulness claim in so far as the photographs portrayed what management saw as reality. Unlike Habermas’ claims that distinguish between subjective and objective notions of truthfulness, the two concepts were deemed to originate from the same value set and were thus seen to be interchangeable.

In relation to the sincerity claim, using positive and negative news as a proxy for information selectivity revealed two distinct patterns in the annual reports and reviews. In the annual reports, some NGOs presented themselves in an exclusively positive light while others reported a combination of positive and (to a much lesser extent) negative information. Positive news typically included details of individual projects which suggested how beneficiary lives had been improved while negative news comprised situations where objectives had not been achieved

and one incident of financial fraud (Appendix One, Excerpt 4). The reviews for all participants that prepared them were almost exclusively positive and much more so than the annual reports. In addition, all organizations, including those who provided negative news items, presented solely positive visual imagery in both their reports and reviews in which the different stakeholder groups including beneficiaries, donors and staff were portrayed favorably. As mentioned above, organizations utilized photographs to fulfil their understandability claim and interestingly, when assessed as part of the sincerity claim, the positive representations indicated strategic, instrumental behavior at some organizations but communicative action at others, as discussed below.

To explicate, the content analysis indicated mixed organizational practices with some NGOs potentially falling short of meeting the sincerity claim by disclosing purely positive information and others appearing to meet it by providing positive and negative disclosures. The interviews revealed three explanations for the observations made. Firstly, and unsurprisingly, the focus on exclusively positive information reflected a desire to convey a particular organizational image. Consistent with practices observed in the corporate and public sectors, and Habermas' notion of strategic action, the disclosures here were driven by an agenda designed to mobilize financial (and non-financial) support from donors, funders and other supporters at whom the reports and reviews were principally targeted.

It's like let's bullet point in bite-sized sentences just how good we are so that people will give you more money. Sometimes you make mistakes and sometimes you fail, but if you tell people that they'll say "we're not giving them any money anymore". (Interviewee J)

Such an approach in the annual reports, which were targeted principally at large funders, effectively sought to lure these powerful stakeholders, who as explained earlier may encourage such practices to validate their own funding decisions (Pérouse de Montclos 2012). To the extent that the annual reviews were targeted at smaller donors, volunteers and beneficiary

groups, the NGOs may have sought to develop closer, perhaps longer lasting relationships with these stakeholders by portraying themselves as able, successful organizations, although, as explained below, the understandability claim also influenced the level of positive information presented.

Interviewees justified the presentation of exclusively positive information on the grounds that it was factually accurate (truthfulness claim), albeit the truthfulness and sincerity claims were being deployed interchangeably with truthfulness being used to compensate for the absence of sincerity.

There is a positive spin on what we [the NGO] have achieved; we'd be kidding ourselves if I said, every management foible would be written in big bold letters. Of course not. I think it's important that we say "let's shout about our successes". At the end of the day, it's all read by the auditors and it is correct. (Interviewee F)

Secondly, with respect to those NGOs that presented both positive and negative information, a genuine attempt to demonstrate sincerity explained the practices in some instances. Consistent with the ethically-based propositions developed earlier, these NGOs believed that accounting to constituents entailed providing an informed and accurate picture of organizational activity which involved including both positive and negative news items in the annual reports. Explanations for unsuccessful pursuits tended to be framed in terms of "lessons learnt" and/or "areas for improvement", often on the basis that the organization had failed to understand fully the complexities and challenges involved.

Finally, once again relating to NGOs that presented both positive and negative information, a sub-sample of organizations sought to achieve credibility through such an approach. Managers here explained that stakeholders understand that organizational actions do not necessarily

result in positive outcomes and thus the inclusion of (some) negative information was acceptable and even necessary to give the disclosures credibility.

I think it adds credibility if you include both sides. If you have 12 objectives [all with positive indicators to show that the objectives have been met]^[8], it seems unlikely ... really. So it's probably more credible to be balanced. (Interviewee H)

From a Habermasian perspective, the intentions to record negative information were not genuine attempts to account to constituents. Rather, the deliberate inclusion of (some) negative information sought to engender constituent trust by implying that management had holistically accounted for their activities, achievements and operations. Such attempts at 'credibility' were unsurprisingly exercised more commonly through the annual report and potentially influenced by the respective organizations' powerful stakeholders, who with the on-going debates of accountability expect to see a mix of positive as well as negative information and are well placed to challenge organizations that present themselves in a purely positive light. In contrast, annual reviews attracted little such manipulation. One possible explanation for this is while these documents are considered to be more useful, their voluntary and more informal nature limits the scope of stakeholders to influence their content. Moreover, as discussed later, the underlying principle of this document, that to aid audience understandability, lent itself to presenting largely positively-oriented disclosures.

Other techniques of deception also became apparent at the interviews. Some interviewees explained that they would, in line expectations of them, report about all the areas in which they worked but emphasize those areas that had more positive attributes or were seemingly more attractive to the target audiences:

[The review] its perspective is different and therefore it will give more lineage to the bits that have

had the biggest impact; this isn't necessarily saying that you spend the most money to achieve them. Say you've got the MPs to pass an early day motion that may have a huge impact, but the resources you have had to spend wouldn't be very high. Whereas, with service delivery you will spend a lot of money in and for the people you're supporting, and you have a very high impact. In your annual review you wouldn't focus as much on that as it's not quite as sexy, if one can use that kind of terminology. (Interviewee F)

Further, two NGOs sought to prepare their annual documents so that their overall images were in harmony with the organizations' ethical bases. One refrained from using color in its documents while the other used plain (non-glossy) paper in order to avoid appearing profligate.

I think you've got to be quite careful ... tread a fine line. If you produce something glossy, people will wonder (a) do you need them [the supporters] and (b) where is their [public] money going? And so we consciously last year tried to make it look less glossy than before. (Interviewee E)

In both cases, however, the use of the alternative means of presenting the reports had resulted in higher preparation costs to enable the organizations to present themselves in the manner they wished. Once again, in the instances described above, the reporting process lacked preparer authenticity and was utilized instrumentally to subtly signal a particular reality to constituents and encourage continued constituent support.

Further, the emphasis on positive news in the annual reviews appeared to be linked, at least in part, to the understandability claim. As mentioned earlier, the reviews were a mechanism through which organizations attempted to reach their audiences and communicate/engage with them. One way they achieved this was by featuring stories of individual beneficiaries or occasionally communities through which they demonstrated the activities that the organizations had engaged in and the differences they had made. The result of this, however, was that

organizations focused immediately on activities and communities in which they had had positive impact to generate meaningful and enticing stories, with the result that stories of less attractive or unsuccessful projects remained untold. Interviews suggested that in some instances this was an inadvertent outcome rather than a deliberate strategy, and indeed the one organization that had ceased to publish an annual review had taken this decision because it realized that the document, presenting 'good news stories' had not ultimately met its original intention, that to account to constituents, alongside the annual report.

Finally, explanations provided for the use of positive visual imagery also exposed the depth of organizational sincerity. Firstly, management deployed such pictures to supplement their strategy to present positively-oriented textual material described above and show evidence that the NGOs' activities and the donors' funding had resulted in positive outcomes and in turn garner further support. Such an approach, one interviewee explained, formed part of the overall communications process whereby pictures with different sentiments were deployed for different purposes. For example, pictures in the annual reports had a positive orientation to illustrate *ex post* organizational success, while those used in advertising had negative connotations to emphasize the need for further funding to enable continued societal development. Secondly, there was a belief that the ethical focus of the organizations justified positive images. Consistent with the notion of operational accountability of constituent respect and dignity, interviewees reported that their organizations sought to treat their beneficiaries respectfully, one outcome of which was a policy that resulted in largely positive images being employed. As such the use of positive images was guided by a combination of ethical policies and strategic action.

We've got corporate guidelines on the use of pictures and what we should be portraying. We need to make sure we're not infringing their [children] dignity. ... We never use a picture where we think the situation has been abused ... or that we're laying on sentimentalism to get funds. We're trying

to make sure that their dignity is preserved. We portray their lives like we would want ours to be portrayed. (Interviewee G)

While the findings with respect to truth and sincerity suggest that NGOs exercised truthfulness in their disclosures, they engaged in various subtle acts that sought to influence and manipulate audience perceptions. Consistent with the expectations of Yuthas et al. (2002), the sincerity claim was indeed the most critical in presenting strategically oriented disclosures. Paradoxically, O'Dwyer et al. (2005) in their study of NGO perceptions of CSR disclosures reported that NGO respondents had called for major reforms to put an end to disclosures that constituted rhetoric or spin. This very criticism could be equally leveled at a sub-sample of the NGOs included in this research. In terms of TCA, even though Habermas accepts that agents should strike a balance between the lifeworld values and systems values, several of the acts witnessed here oppose the notion of open and honest discourse fundamental to TCA. Practices that suggest deliberate attempts to deceive are unacceptable for organizations such as NGOs and when they are linked to extracting continued support and funds from constituents they become inexcusable. Where Habermas' balance between lifeworld values and systems values may come into play is when organizations inadvertently found themselves distorting the sincerity claim as was the case when presenting positive news information on the back of their understandability claim. Here, discussions around the different value sets would enable organizations to make ethically conscious compromises between the different options.

Discussion and Conclusion

In recent years, concern for NGO accountability has intensified and questions have been raised about where the sector embraces the same standards of accountability that it demands from corporate organizations and government (Lloyd 2005; Ebrahim 2009; Fassin 2009; Weidenbaum 2009). As agents of societal development promoting values such as equality, fair trade and human rights, it is reasonable to expect that accountability should be an intrinsic

feature of the actions of NGOs to the extent that the high moral standards they advocate from others should apply not only to the work that they do but also to how they report on their activities (Fassin 2009; Kreander et al. 2010). The objective of this research is to contribute to the extant NGO accountability literature by examining one aspect of the concept, namely its discharge through the annual reporting process. In particular, the study assesses the extent to which NGOs construct their reports in a manner that is consistent with the values that they subscribe to or whether, like traditional corporate organizations, design them for self-publicity and to portray the organizations in a particular light.

Focusing specifically on its validity claims, this paper adopts Habermas' (1984) TCA to examine the discharge of NGO accountability through the annual reporting process. Communicative action befits the NGO context because it seeks a more egalitarian society, an objective that is fundamental to NGOs activities; in Habermasian terms, NGOs play a critical role in repairing the balance between the lifeworld and the system in their pursuit of a more equitable society. In turn, such organizations should operate as centers where, the reproduction of lifeworld values takes priority over system values and attempts to account should be communicatively oriented and reflect TCA's four validity claims. Whilst accepting that a holistic execution of TCA is not possible in the real world, it has the potential to inform organizational reporting practices and encourage a greater degree of morality in organizational behavior than may otherwise be the case (Power and Laughlin 1996; Unerman and Bennett 2004; Rasche and Escher 2006).

This research applies a qualitative approach with a dual strategy (qualitative content analysis of annual reports and reviews and semi-structured interviews) to examine NGO accountability through the Habermasian lens. In broad terms, the results indicate that the interviewees expressed a felt responsibility to account to constituents and acknowledged that the annual report and review played a critical role in this process. Further, the analysis of these documents as attempts by organizations to account to their constituents revealed that NGOs, both

collectively and individually, exhibited characteristics of communicative action in accordance with their felt responsibility but at the same time, they also deviated from this ethically-grounded model, which frequently reflected instrumentally-led practices. Participants presented characteristics of both communicative and strategic action in the same acts and were placed along different points in this continuum as compared to one another. Specific communicative practices identified include: attempts to make communication efforts accessible to diverse constituent groups (understandability); a desire to report on both mission and operational accountability (appropriateness) in some organizations; and general truthfulness in terms of disclosures. At the same time however, there were signs of weak accountability practices: NGOs tended to emphasize statutory reporting requirements and the expectations of the powerful funders with the result that they did not account holistically; and some organizations engaged in misleading practices (sometimes unwittingly) thus potentially manipulating stakeholder perceptions and influencing their actions and decisions. Interestingly, the use of positive imagery had a normative orientation in some NGOs and an instrumental orientation in others; in other words, the same discourse outcome was rooted in two fundamentally different value sets as elaborated below.

Not all distortions in the validity claims indicate strategic behavior. Practical constraints in the form of managerial and methodological challenges associated with gathering and reporting data sometimes explained the deviations observed. For example, organizations cited cost considerations and the difficulties of capturing organizational impact as reasons for the absence of impact disclosures. Nevertheless, reliance on organizations' well intended objectives in place of such detail seems unreasonable. Even where the methodological and managerial challenges may be deemed legitimate reasons for deviating from communicative action, organizations should offer constituents a discourse to explain the difficulties and issues with which they are grappling and, through time, address capacity constraints or issues surrounding methods of evaluating (for example) new activities.

Further, where the accountability practices observed were strategically oriented, organizations failed to reflect the fundamental principles on which these morally-grounded organizations are founded and the values they promote. Attempts to produce documents that were more accessible to constituents by making them “interesting” lead some NGOs (sometimes unknowingly) towards strategically-oriented annual reporting. In a small number of other cases, there was evidence of a conscious decision to account in a “business” sense to maximize financial support. However, as agents of the lifeworld, surely “the means employed by ... NGOs [should] be consistent with their own espoused and implied values” (Fassin 2009, p. 503), especially as they (seek to) derive legitimacy as the “do-gooders” of society. In Habermasian terms, any deliberate orientation towards strategic action that seeks to create an organizational reality rather than present the reality suggests hints of the incursions of the systems values of money (and power). Consistent with Fassin’s (2009) and Weidenbaum’s (2009) conclusions, the accountability processes witnessed in this research raise questions about whether NGO stakeholders should intrinsically trust these organizations to do good and to operate in an ethical manner, and may help to explain why their position of trust as reported by Lloyd (2005) and Ebrahim (2009) is arguably fading. At a more general level, consistent with the emerging studies of NGO accountability (O’Dwyer and Unerman 2008, 2010; Everett and Friesen 2010), the results of this study suggest that while the sector has stepped forward to address the accountability agenda, much more remains to be done to achieve genuine accountability and reap its benefits ultimately in terms of a more equitable and just society.

Overall, Habermas TCA offered an insightful lens through which to study NGO accountability. First, as difficult as its implementation in practice may be, judging by the results of the research, each of the validity claims represents a valid basis upon which to assess NGO accountability through annual reporting. Further, the individual claims illuminated interesting results, which have implications for practice and research. For example, how organizations enacted the

understandability claim, which has been neglected in academic research (for example, Gray et al. 1995; Dhanani and Connolly 2012) and the accountability initiatives (as discussed earlier) in practice, was interesting. In addition, consistent with Habermas' expectations, the claims did not function as independent stand-alone units but influenced one another. Managers used the truthfulness and sincerity claims to compensate for one another, for example; yet, according to Habermas, the two have different attributes, an understanding of which would instill a deeper sense of ethics in NGO accountability reporting. Moreover, in some cases, attempts to enact the understandability claim inadvertently compromised the sincerity claim, indicating that a working knowledge of the different claims would once again enable organizations to make conscious decisions about their accountability discourse in accordance with their ethical grounding.

So why do NGO practices deviate from the principles of communicative action amongst even the largest and most high-profile organizations, and what lessons can be learnt from the practices observed? In the former case, even though the socially-motivated intentions of NGOs support a collaborative approach amongst like-minded organizations to achieve their outcomes, competition for finite financial resources has encouraged some to embrace strategic accountability to present themselves in a positive light and demonstrate that their practices are aligned with the expectations of their powerful stakeholders in order to secure financial support and ensure their continued existence. In contrast to the ethos that underpins them, the self-interests of NGOs (Chenhall et al. 2010), much like those of their business counterparts, guide their accountability practices. Indeed, over time, the growth in the size of NGOs has encouraged some to adopt, perhaps uncritically, the very practices from the business or private sector that the NGO sector has challenged (Jepson 2005). As such practices could undermine the independent change-agent role of NGOs, the sector must have the confidence to develop and debate a distinct and credible accountability regime that strengthens and defines the role of NGOs in society.

In addition, while it could be argued that larger funders and donors are best placed to influence organizational practices and seek accountability particularly with regards to the provision of impact information (appropriateness) and the elimination of manipulative practices (sincerity), there is a risk that, as suggested by Pérouse de Montclos (2012), they are neither truly independent nor have the appetite to instigate such change. Funders may benefit from the status quo if positively-oriented disclosures enable them to validate their decisions to fund particular organizations/projects and absolve themselves from any responsibility for inequality and injustice in society.

Alternatively, in contrast to a Habermasian perspective adopted in this paper, the results of this study may be explained from a “Robin Hood” standpoint. Here NGOs may justify their strategic actions on the basis that it is the ends or consequences of actions (the betterment of society) and not the actions themselves (weak accountability practices) which determine whether they are “good” or “bad”.

There are also lessons to be learnt by the sector, including oversight bodies and lobbyists campaigning against forms of mandatory NGO accountability. From a strategic viewpoint, if the sector hopes to continue to enjoy its positive reputation and widespread public support, it will need to overcome the emerging skepticism towards it (Gibelman and Gelman 2004; Arenas et al. 2009) through ethically-led accountability (and other operational) practices as noted by Lloyd (2005). Also, the initiatives established in response to mounting pressures for NGO accountability must do more to infuse the required changes. The SORP (Charity Commission 2005), perceived as an influential reporting guideline by the interviewees, is relatively narrow in its view of accountability as it does not address operational accountability holistically nor emphasize sincerity. It has also failed to encourage genuine impact disclosures and places little emphasis on the presentation of information to advance the understandability claim, which members rate as important. The international NGO Accountability Charter, which uses the GRI

(2010) guidelines as its reporting basis, requires more organizations to commit to adopting its principles and for the wider donor community to view compliance as a necessary seal of approval. Between 2006, when the Charter originated with 12 founding members, and 2013, membership increased to only 26 organizations. Finally, to raise the quality of their accountability processes, NGOs may benefit from assurance statements of their accountability reports by professional accountants or development consultants, a practice that is being increasingly adopted in the corporate sector.

The limitations of a study such as this should be recognized when interpreting the results and considering implications for future practice. Given the small and self-selecting sample, and focus on a single country, the results of the study are not generalizable and need to be confirmed with further research. Further, the task of interpreting Habermas' validity claims for NGO accountability and then applying them to an empirical context is invariably subjective.

Further research might seek to fine tune the application of Habermas' TCA to accountability disclosures and develop new ways with which to examine these empirically (for example, readability studies). Moreover, there is scope for researchers to utilize TCA in the examination of other forms of NGO accountability such as in a dialogic context. For example, the application of TCA offers a fresh and unique opportunity through which to understand the participatory mechanism of accountability. While participation is broadly accepted as a mechanism through which to account downwards (Ebrahim 2003a), O'Dwyer and Unerman (2010) in their study of attempts at downward accountability in a small group of Irish NGOs reported that challenges to the substantive implementation of key downward accountability mechanisms had arisen due to insufficient attention to oversight and difficulties transferring influence to locally-based partner organizations. Applying a Habermasian lens might deconstruct the social structures that underpin approaches to downward accountability in order to better understand the prevailing obstacles and in turn identify solutions. In addition, to extend Everett and Friesen's (2010) work

on codes of conduct, a Habermasian' perspective could be applied to explore the processes through which the codes of conduct to encourage sector accountability are established as the legitimacy of such standards is derived from these processes (Ebrahim 2003b). Consultation with wider stakeholders, and transparency and openness, should be instrumental in such processes to ensure that the codes are not biased by the individual socializations and ideological views of those fronting them (Naidoo 2000); yet anecdotal evidence suggests otherwise (Hammad and Morton 2011). Finally, while it is acknowledged that NGOs may face certain explainable and justifiable challenges that prevent communicatively-oriented annual reporting, as the sector's capabilities and knowledge develop over time certain challenges (for example, appropriate data collection methods) can be (and should be) overcome. In this sense, future research could examine the extent to which a NGO's reporting practices evolve over time and whether there is evidence of a movement towards communicative action (at least with regards to particular aspects of the organization's activities).

Appendix One Examples of Disclosures in NGO Annual Reports and Reviews^a

Excerpt 1 Mission Accountability – Appropriateness

Mission and Vision

We want all children, young people and adults to have access to clean and safe drinking water and help communities round the world to access good, clean water.

Our mission is twofold: to relieve poverty and educate people around the world about the underlying causes of poverty. We will do this:

- through our country program where we have an active presence in the countries most stricken by poverty;
- by responding to any natural or humanitarian crises in countries in which we operate;
- engaging in policy and advocacy work at the highest levels; and
- educating the West about the causes of poverty.

Activities Information

Our immediate priorities following the tsunami which destroyed the lives of hundreds of thousands were to organize temporary shelters at key locations alongside our international and local partners, We took charge of the sanitation facilities and also launched an immunization program ... During emergency crises, the provision of basic sanitation arrangements and promotion of good hygiene behaviors are amongst the top priorities to ensure that one crisis does not lead to another one ...

Under 'Achievements': To extend our services to the BME community, we published our literature in six different languages during the year ...

Results/Impact Information

Our efforts to change the education landscape for young children in Southern AAA did not generate the consequences we intended. The local communities did not take up on our newly established school facilities with our local partner XXX ...

Excerpt 2 Discourse in Annual Reports versus Annual Reviews: Understandability

Annual Report

The post-election violence in BBB led to the displacement of over half a million people. Three years on, with our local partner XXX, we are working with communities in Western BBB to rebuild their lives and live amicably with each other and put the destruction of the election violence behind them.

Annual Review

The post-election violence in BBB led to the displacement of over half a million people and earning a living became difficult amongst these communities. But thanks to the work of XXX, the communities are settling down together and striving towards a more peaceful future.

John returned to his homeland for the first time last year having fled three years earlier. He was forced to flee because of ethnic conflict stemming from the election.

John and his family struggled to earn a reasonable living. They lived in internally displaced persons camps for a short time and then in temporary accommodation in fear and uncertainty.

When peace returned to Western BBB, with the help of XXX, John and his family returned to their village. He is earning a good living once again by returning to his farming business.

XXX provided families with building materials to help rebuild their houses following the post-election damage, schooling for young children, support with their farming as well as workshops and community building sessions to help the bring the locals from different tribes together and live in harmony with each other as they had previously done.

When we left, we had no time to think ... just act to move to safety. Life was very hard when we were made to feel unwelcome because of conflict. Now XXX has helped us come back home. I have returned to where I belong and this gives me more than happiness.

Excerpt 3 Operational Accountability – Appropriateness

We are striving to promote equality and diversity in all areas of our employment including recruitment and selection, training and development and promotion.

All our funds are raised in accordance with the Codes of Fundraising Practice of the Institute of Fundraising.

Excerpt 4 Positive and Negative News Items: Information Selectivity*Positive News*

Our responses to emergencies have been swift and wide ranging. Following the earthquake in CCC, we set up an emergency program from scratch that looked after the well-being of more than 30,000 children.

We are striving to promote equality and diversity in all areas of our employment including recruitment and selection, training and development and promotion.

Negative News

The Trustees do not consider that adopting an ethical investment policy would be consistent with their decision to use passive management.

Our efforts to change the education landscape for young children in Southern AAA did not generate the consequences we intended. The local communities did not take up on our newly established school facilities with our local partner XXX ...

Note:

^a The text in this appendix has been paraphrased to protect the identities of the organizations that participated in this study without actually altering the intention or meaning of what was originally said.

Endnotes

- ¹ The One World Trust is an independent NGO that conducts research, develops recommendations and advocates for reform to make global governance more accountable (see: <http://www.oneworldtrust.org/csoproject/>).
- ² TCA primarily considers dialogue between constituents and Habermas frequently refers to interactions between constituents as speech acts, classifying those speaking as “speakers” and those receiving the information as “listeners”. For the purposes of this paper, which focuses upon written text, speakers are termed writers, reporters and rhetors interchangeably, and listeners are referred to as readers.
- ³ At the time of the research, it became apparent that several organizations produced an annual report and an annual review and the two documents were presented as a package of annual reporting with similar presentational themes and schemes running through the documents. Consequently, it was decided to include and analyze both documents.
- ⁴ The Charity Commission is the independent regulator of charities in England and Wales. Its role is to work closely with charities to ensure that they are accountable, well-run and meet their legal obligations in order to promote public trust and confidence. The Charity Commission also provides a wide range of advice and guidance to charities and their trustees, and it has wide powers to intervene in the affairs of a charity where things have gone wrong.
- ⁵ A copy of the interview schedule is available from the authors on request.
- ⁶ In some instances, for example, with development NGOs, it was simply inappropriate to distribute the reviews (or reports) to the marginalized communities.
- ⁷ Flesch’s readability test scores an extract of text based upon the number of words and syllables in the passage; the fewer the words and syllables, the greater the readability of the piece. Indeed, Flesch’s readability scores have been widely used to assess narrative information (though not social

responsibility information) in company annual reports and in turn its ease of understanding for users (for example, Jones and Shoemaker 1994; Clatworthy and Jones 2001; Ogden and Clarke 2005).

⁸ This quotation has been paraphrased to protect the identity of the NGO without altering the meaning of what was said.

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Table 1 NGO Accountability: Operationalizing Habermas' Validity Claims

Validity Claim	Definition	Operationalization ^a	Distortion ^b	Accountability Guidance in Practice ^c			
				SORP	SIR	GRI	GAP
Appropriateness	What is said is appropriate to the context and what is appropriate to the context is said	(i) Mission accountability	• Selectivity and weak accountability practices	partly	partly	partly	partly
		(ii) Operational accountability		partly	x	✓	partly
Understandability	The speech is accessible and understandable to interested audiences	(i) Clarity of language	• Confusion and inaccessibility in discourse	x	x	x	x
		(ii) Standardized guidelines		partly	✓		
		(iii) Style of communication to ease understandability		x	x		
Truth	Factually accurate information that is free from falsehoods	(i) All information is factually accurate	• Misrepresentation of discourse	x	x	✓	implicitly
Sincerity	The speaker is authentic and says what (s)he means and means what (s)he says	(i) Absence of any forms of impression management to shape recipient views	• Deceit in discourse	x	x	implicitly	implicitly

Notes:

^a.Operationalization refers to the application of the validity claims to the context of NGO accountability.

^b.Distortion refers to the implication(s) of deviations from the validity claims in the context of NGO accountability.

^c.The Accountability Guidance in Practice refers to the claims that the different guidelines address in their accountability recommendations.

Abbreviations:

SORP – Statement of Recommended Practice, a Charity Commission guideline; SIR – Summary Information Return, a Charity Commission template; GAP – Global Accountability Project; Global Reporting Initiative adopted by the International NGO Accountability Charter

Table 2 Interviewee Characteristics

Interviewee	Organizational Characteristics		Interviewee Characteristics	
	NGO – Nature of Core Activities	NGO – Years in Existence	Gender	Years of Experience in Sector
A1	International development	31-60	F	<2
A2	As per Interviewee A1	As per interviewee A1	F	>10
B	Provision of social services	31-60	F	>10
C	Health	01-30	F	>10
D	Health	31-60	F	>10
E	International development	31-60	F	>10
F	Provision of social services	61-90	M	>10
G	International development	61-90	M	>10
H	Health	61-90	M	>10
I	Civil rights and law	61-90	F	>10
J	International development, health and provision of social services	90+	M	>10
K	Provision of social services	90+	M	5-10
L	International development	31-60	M	>10

Table 3 Methodological Approach to Empirically Assessing Habermas' Validity Claims in the Discharge of NGO Accountability

Validity Claim	Document Content Analysis	Interviews ^a
<p><i>Appropriateness:</i> Is what is said appropriate to the context? Is what is appropriate to the context said?</p>	<p>A document content analysis to assess:</p> <ul style="list-style-type: none"> (i) Mission accountability <ul style="list-style-type: none"> • Disclosures relating organizational vision, mission including areas of need to be addressed • Specific activities and programs pursued to address the mission and vision such as schools built, wells dug • An assessment of the benefits/the impact on the communities served (ii) Operational accountability <ul style="list-style-type: none"> • Operational policies and procedures in respect of all constituent groups such as ethical fundraising and investment policies, equal opportunities policies, environmental policies 	<ul style="list-style-type: none"> • Perceptions of mission and operational accountability • Perceptions about disclosures related to mission and operational accountability
<p><i>Understandability:</i> Is the speech accessible and understandable to interested audiences?</p>	<p>A document content analysis to assess the:</p> <ul style="list-style-type: none"> (i) overall style and presentation of the narrative content of the documents (ii) overall style and presentation of the documents through the use of non-narrative forms to expression such as photographs and, graphs (iii) adoption of the SORP in the annual report to promote consistency in reporting practice. 	<ul style="list-style-type: none"> • Perceptions about the roles and use of: <ul style="list-style-type: none"> (i) the annual reports and reviews (ii) non-narrative communication mechanisms (iii) reporting guidelines such as the SORP to discharge accountability • Perceptions about accessibility of information to audiences
<p><i>Truth:</i> Is the information disclosed objective factually accurate and free from falsehoods?</p>	<p>Not tested as part of the document content analysis.</p>	<ul style="list-style-type: none"> • Perceptions about the truthfulness of the content of the annual reports and reviews

Table 3 Cont'd Methodological Approach to Empirically Assessing Habermas' Validity Claims in the Discharge of NGO Accountability

<p><i>Sincerity:</i> Is the information disclosed authentic and says what the speaker means?</p>	<p>Classification of the document content as positive news items (images) and negative news items as a proxy for information selectivity. Definitions applied as:</p> <p>(i) Positive news items - the information indicated a positive step towards organizational objectives and/or operations from the organization's perspective (for example, we helped XXX displaced children or we have appointed our first beneficiary to the board to encourage beneficiary participation)</p> <p>(ii) Negative news items - the information suggested a deviation/delay/distraction from the pursuit of organizational objectives and/or ethical values (for example, this program did not reap the benefits we had sought because ...)</p> <p>(iii) neutral - if neither positive or negative information was signaled from an organizational perspective (although given the definitions of the positive and negative news items, this was an uncommon category)</p>	<ul style="list-style-type: none"> • Perceptions about the potential selectivity of information presented in the reports and reviews (focusing specifically on positive and negative news items)
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Note:

^a The interviews commenced with respondents' perception of NGO accountability in general and the role of the annual reporting process in this capacity and then led into the areas delineated in the table.