UNIT- 2

ACCOUNTABILITY TO MULTIPLE STAKEHOLDERS

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02.01 All NGOs are accountable to various stakeholders in various degrees. A stakeholder is an entity or a person(s) who is directly or indirectly affected by the activities of an NGO. One may also become a stakeholder through exclusion that is getting a fair opportunity of being selected. A inconclusive list of various stakeholders is as under:

a) Beneficiaries

b) Community (Targeted Population)

c) Community (Target Population)

d) Society

e) Donors

f) Management & Staff Members

g) General Members

h) Network & Alliance Partners

i) Local Government

j) Statutory Bodies (Income Tax, FCRA, Registrar of Societies, etc.)

k) Advisors/Consultants

l) Auditor

02.02 Each of the above stakeholders holds a different position and perspective from the other. For instance the beneficiaries or the targeted population may be a marginalised stakeholder, but the larger target population from which the beneficiaries were selected also happens to be a indirect stakeholder. It is important to understand the matrix of targeted population and the beneficiaries because each ones interest and stakes differ from other. For instance, in a State where there are, say, 5000 Dalit villages and an NGO is

working in 100 of such villages. Further , around 20% population of these 100 villages are direct beneficiaries of the NGO. In the above instance, 5000 Dalit villages is the target population, 100 villages are the targeted population and 20% of these 100 villages are the direct beneficiaries. The role and interest of these stakeholders would vary from each other . The larger target population may not matter much, but it is always important to know whether the entire population had an equal/stratified chance of being selected.

02.03 At times satisfying the needs of one stakeholders may lead to the detriment of the other . For instance, if the or ganisation aggressively goes for providing staff welfare measures then the administrative component will go up and consequently reduce the funds available for programmes. Similarly a large corpus may be a good from a sustainability and security angle but the communities may not appreciate it, because it would rob the present for future. The accountability aspect is also multi-directional. The following extracts from an article by *Dr. Badal Sengupta* are relevant :

"All organisations are in principle socially accountable to multiple stakeholders. Social Accountability is thus a relational concept, a reality with multiple accountabilities, some of which may be in tension with one another. Particularly, the NGDOs need to be socially accountable to a range of actors, including the people or communities they work with, governments, general public in the countries, donors, their own membership (where applicable) , staff, volunteers, board and other private sector or civil society organisations. In this context, one can speak of "Upward", "Downward", Internal" and "Horizontal" Accountabilities. In many cases the so-called "upward accountability" from NGDOs to donor is reasonably well developed. However, the "downward accountability" from NGDOs to communities, from donors to NGDOs and the "horizontal accountability" between the NGDOs are poorly developed. This applies also to the "internal accountability" from NGDOs leadership to their own staff and board. In the context of People Centered Participatory, Sustainable and just Development, it is definitely desirable that higher preferential priority is attached to "downward accountability" (meaning to the people) and to the "internal accountability" (meaning to the staff and board of the organisation)." [1]

02.04 From the above, it is apparent that by the virtue of being an NGO the notion of multifaceted accountability is of paramount importance. There are two

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[1] From 'Understanding Social Accounting' by Dr. Badal Sengupta, Interface-Volume. IV, Issue III, published by FMSF, NOIDA.

categories of marginal stakeholders within the organisation it could be the staff at the bottom of the or ganogram or general members. And outside the organisation it is the communities. Further , there could be conflicting dynamics in the interest of various stakeholders.
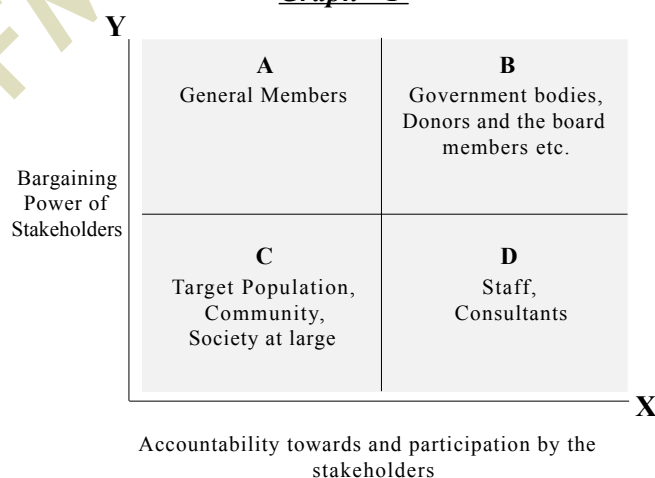
02.05 In a *"scarce means"* economic model whenever resources are used for any particular purpose there is always an opportunity lost, where the same resources could have been used. Therefore, in the process of NGO governance, each decision will have varying effect on the various stakeholders. How do we ensure that not only our decision are satisfying the canon of *"maximum social advantage"* but they also have the mandate of all the affected stakeholders. Therefore, it is very important on our part - atleast aspire- to develop systems which are fair to all stakeholders and have the participation of all stakeholders.

THE DYNAMICS OF THE BARGAINING POWER OF STAKEHOLDERS

02.06 Further, the bar gaining and influencing power of each stakeholders is different from the other . Kindly, refer ***graph 1,*** which depicts the position of various stakeholders in the four quadrants.

02.07 On 'x' axis we have taken accountability towards the stakeholders and their ability to participate and on 'y' axis, we have taken the inherent bargaining power of the stakeholders. It can be seen that both the community and staff have poor bargaining power but the staff have a greater chance to participate and influence the decision making process and also have a greater access to the informations. On the other extreme the general members and other statutory

<u>***Graph - 1***</u>

Y		
	A General Members	**B** Government bodies, Donors and the board members etc.
Bargaining Power of Stakeholders		
	C Target Population, Community, Society at large	**D** Staff, Consultants
		X

Accountability towards and participation by the stakeholders

bodies have great bar gaining power, but in reality the ability to exert in influence lies with the stronger stakeholders like the government authority or the donors. The power enjoyed by the general members is mostly illusory and difficult to invoke.

02.08   For instance, falling in quadrant A would denote greater bar gaining power technically but in reality very little accountability is shown towards them. Such kind of stakeholders inherently possess great bargaining power but do not generally invoke it.

02.09   In quadrant B, one finds the most powerful category of stakeholders. Such stakeholders not only have great bargaining power but also ensure greater accountability towards them. Instance of such stakeholders are Government Authorities, the donors and even the board members and CEO. The compliance and accountability towards such stakeholders is very high in an organisation. Infact, the compliance processes installed for such stakeholders are considered as desirable systems of documenting and reporting.

02.10   The quadrant C, is the quadrant of most marginalised stakeholders, who neither have bargaining power nor are in a position to make NGO accountable towards them. Such stakeholders include   Target Population, Communities and the Society at large.

02.11   Quadrant D includes the relatively marginalised category of stakeholders who may not have, greater bargaining power but are in a position to ensure relatively greater accountability towards them. Instance of such stakeholders could be the S taff Members, Advisors, Auditors, etc.

02.12   The challenge before each NGO is to ensure that the stakeholders falling in the quadrant A, C & D are integrated into the main stream of decision making and activities. The NGO need to prepare an responsibility statement with regard to its accountability towards the stakeholders other than the dominant stakeholders.

GOVERNANCE VS. ETHICS IN PARTICIPATION OF STAKEHOLDERS

02.13   If we carefully look at   *graph 1* , it can be noted that stakeholders in quadrant A and C are the relatively neglected ones. But, there is a fundamental

difference between the inherent natures of their passive role. The stakeholders in quadrant C, such as the communities and the beneficiaries, generally , do not possess the authority to make the NGO accountable. Therefore, it is more of an ethical issue on the part of an NGO.

02.14   The above aspect of deficiency in accountability make the issue/task of social accountability that more complicated. Because governance can be systematised but ethical behaviour cannot. Therefore, social accountability quotient of any NGO will always remain contingent upon the values and ways of that particular NGO. However , certain amount of systemic formalisation is always desirable in order to negate the vagaries of ethical attributes.

INTERFACE WITH VARIOUS STAKEHOLDERS

02.15   The management of an NGO should identify its primary , secondary and tertiary stakeholders and should assess what kind of interface it is having with each one of them. The management need to spell out the initiatives taken during the last year in order to relate with various marginalized stakeholders.

02.16   The donor, government, direct beneficiaries, etc. could be considered as a primary stakeholder . The volunteers, the local people, network and alliance partners, advisors, consultants, auditors, etc., can be considered as secondary stakeholders. The tertiary stakeholders could be the society at large, or the group of people who may be subjected to the long indirect impact of the project activity.