

## Influence of Non-Governmental Organizations' Participatory Level of Governance on Accountability to Stakeholders in Kisumu Municipality, Kenya

Ochuodho Samuel

Department of Developmental Studies, University of Eastern Africa, Baraton Kenya

Email: sochuodho@yahoo.com

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### Abstract

The purpose of this study was to determine the influence of governance on accountability to stakeholders by Non-Governmental Organizations in Kisumu Municipality, Kenya. Objective of the article was to establish the level at which participation as an element of governance influence accountability to stakeholders by NGOs in Kisumu Municipality. The research question was, at what level does participation as an element of governance influence accountability to stakeholders by NGOs in Kisumu Municipality? The study employed descriptive survey design. The study population included 96 respondents from 96 NGOs in Kisumu Municipality; from each NGO there was one respondent, a project manager or an equivalent of a project manager. Probability proportional to size (PPS) sampling method was used to sample NGOs from which respondents to the questionnaire were drawn. Data was collected by use of questionnaires. A pilot study was conducted in Kakamega Municipality among 15 project manager or NGO officers of equivalent ranks from 15 NGOs, to ensure instrument reliability. Face validity of the instruments was determined by two experts who are the supervisors at the University of Nairobi to evaluate each item in relation to the objectives and assess if the instrument is answering the research question. Quantitative data was analyzed by use of descriptive statistics in form of frequency counts, percentages. Statistical Package for Social Science (SPSS) version 17 software was used for data analysis. Regression was also done to assess the indicators of accountability while holding the predictor indicators of governance constant. The researcher performed the ANOVA to test hypothesis with the significance level for the test selected at 5% ( $p = 0.05$ ). Null hypothesis was retained at  $p < 0.05$  and rejected at  $p > 0.05$ . Findings revealed that the stakeholders who would participate in making decision on the type of project to be undertaken by the NGO, the donors and NGO staff members have the strongest voice at (48.7%) each totaling to 92.4 percent. This study therefore recommends building of synergy among various NGOs, donors, the government and the local communities with a view to promote and encourage active involvement of the beneficiary community in all the phases of various project cycles; especially participation of the local community in decision-making.

**Keywords:** Kenya, Participation, NGOs, Influence, Governance, accountability, stakeholders

### **Introduction**

In this study, governance refers to a system of oversight, exercise of authority or control (Lassner, 2006). It has to do with the manner in which responsibility is discharged (Hope Sr., 2003). Good governance has a formal structure; it involves the separation of governance and management. To ensure good governance in the non-profit sector, Non-Governmental Organizations (NGOs) are encouraged to be mission-based organisations; promote the highest professional and ethical standards; exercise responsible resource management and mobilization; and be responsible to the communities they serve (Wyatt, 2004). Ordinarily, NGOs are supposed to be voluntary, non-profit, service and development oriented, autonomous from the government or political parties; have a high degree of motivation and commitment, and some form of formal registration (Jack, 2001). Studies done by Kim (2003) asserts that in Australia, Hong Kong, Indonesia, the Philippines and Taiwan, NGOs are afforded almost free reign to go about serving their communities as government rarely intervene in setting the standard for internal accountability. Accountability is “the processes by which institutions are made responsible to external audiences and constituencies” (Naidoo, 2003) and; “the means by which individuals and organizations report to a recognized authority, or authorities, and are held responsible for their actions” (Edwards and Hulme, 2006).

World Bank (2002) observes that NGOs in Bangladesh are subject to government control. Those in receipt of foreign funds are subject to the Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978, and Rules under the Ordinance, as administered by the NGO Affairs Bureau. The voluntary organizations are subject to the Societies Act of 1961 and Rules made under that Act. The Government’s regulatory framework is mainly concerned with ensuring that NGO activities are lawful, do not conflict with government policies and do not duplicate programmes in the same villages and functional areas. Funds from donors are sent directly to NGOs’ bank accounts, but they cannot lawfully be drawn on until the Bureau has approved the relevant project. NGOs are required to submit their project proposals to the Bureau, which consults with the relevant government ministries and gives clearance to NGOs’ banks holding donor funds to allow withdrawals.

In Africa and specifically in Kenya, the government prepared a policy document to give guidelines on NGO governance in Kenya, the Sessional Paper No. 1 of 2006 on Non-Governmental Organizations. According to GOK (2006) NGOs have their own internal procedures for governance (NGOs are governed by Boards of Directors elected by members (PEN, 2010)), but, the government requires them to operate more transparently particularly in regard to their financial and human resource management systems. The government, through the NGOs Coordination Board, demand reports, strategic plans and audit reports from all NGOs. Moreover, all NGOs are required to work under the auspices of the NGOs Council, an umbrella body mandated to enforce self-regulation in the sector.

### **Statement of the problem**

It is a plain fact that governance around the world is based on shared basic principles, be it in the NGO sector, corporate affairs or the state. However, efforts to apply these principles in NGOs produce different challenges in Europe, USA or elsewhere (Wyatt, 2004). The poor are excluded from a meaningful participation in policymaking and development planning in the USA (Goodspeed, 2008), and this has negatively influenced accountability to stakeholders.

The study found that governance and management issues were critical in the NGO sector in Kisumu; that majority of the NGOs still had not placed systems to ensure accountability of the NGO to the public, the government and the other stakeholders yet there are mechanisms to the same. There is therefore need to examine influence of governance in order to establish the actual contribution of governance on accountability to stakeholders by NGOs in Kisumu Municipality.

### **Participation in governance and accountability to stakeholders**

Participation is shared understanding and empowerment leading to joint decision-making. It starts with consultation, moves to negotiation (of problems, solutions, approaches) and ends with decision-making and action (IFAD, 2001). Participation is not the exclusive domain of the beneficiary; the process embraces all stakeholders – even the “opposition” – in order to arrive at the “best” solution, as participation is seen as efficient and empowering if these factors work in synergy (Cleaver, 2006).

Riley (2003) proposes that a community’s participation in a development project can be sought through Participatory Rural Appraisal (PRA), where the poor themselves teach outsiders about their lives, livelihoods, and other information crucial to the design of development interventions. This implies that the poor in the community are involved in all facets of the project, including oversight of projects. IFAD (2001) suggests that participation should also be thought of as a political act because it enables voices to be heard and, in so doing, changes power relationships. It promotes accountability and transparency

Masuria and Rao (2004) argue that albeit participation has been praised as having capacity to transform the poor for better, it can be costly under certain conditions, that, although the premise of participatory approaches is that the potential benefits outweigh such costs, this is by no means certain, and the burden of development can be transferred to the poor. However, IFAD (2001) emphasises the position that participation is a human right – it holds that individuals, local communities and national governments have the fundamental right to be involved in the decision-making processes that affect their future.

When potential beneficiaries also make key project decisions, participation becomes self-initiated action—what has come to be known as the exercise of voice and choice or empowerment. Participation is expected to lead to better designed projects, better targeted benefits, more cost-effective and timely delivery of project inputs, and more equitably distributed project benefits with less corruption (Mansuria and Rao, 2004, p6).

Mostashari (2005) advocates for the participation of community representatives in the design, implementation and evaluation of policies and programmes at all levels of the NGO and encourage a maintained focus on issues of importance to the community and NGO movements in general.

Goodspeed (2008) has described how in the United States of America (USA), the urban poor are excluded from a meaningful participation in policymaking, as well as housing and urban development planning. A researcher proposing a model municipal by-law to require citizen participation at the municipal level found just seven such municipal by-laws nationally, in cities in California, Arizona, Wisconsin, and Florida. The 1928 Planning Enabling Act, a law that legally mandated citizen involvement through a public hearing and newspaper announcement after the planning has been completed, has been criticized as involving other stakeholders like the public as passive participants.

Planners at times interpret public non-involvement as agreement and this assumption sometimes backfires when other stakeholders like the media play an unexpected role by reporting inaccurately about the planning process. Also, individuals, community and special interest groups can insert themselves into the planning process from a variety of techniques, from lawsuits to public protests. It is therefore argued that planners have a moral imperative to involve the public in a meaningful way; and they are urged to abandon the existing model of participation for a collaborative approach that “should be understood as a multi-way set of interactions among citizens and other players who together produce outcomes” (Goodspeed, 2008).

In Southern Asia countries of India, Bangladesh and Pakistan, local development is planned and managed by local citizens, their communities, and their local governments. These approaches came to be known as community driven development (CDD), with successful programmes in Mexico, Brazil, Indonesia, West Africa, and elsewhere (Binswanger-Mkhize and de Regt, 2010).

Borstein (2005) asserts that participation as a development paradigm has been used in Zimbabwe by the national and transnational NGOs, as well as the government. NGO workers often involved the government in Participatory Rural Appraisal, since the local government was conceptualised as being part of the community. After identifying the issues that development could resolve, communities defined what they could contribute towards the implementation of the project. Most often, the contribution was labour. If development, for example, meant constructing schools, then the community would fetch water, carry sand and mould bricks. Community provides labour through participation, and NGOs like the World Vision provided funding for building materials and other resources.

Binswanger-Mkhize and de Regt (2010) inform that, in Burkina Faso, as part of the sharing of central revenue, the community empowerment model provided untied funds to communities under a formula. Communities augmented those resources by providing co-financing in cash and in kind and by collecting user fees. This empowered communities to plan and execute subprojects according to their own priorities. In this approach, government agencies and NGOs operated primarily as facilitators and trainers.

## Results and Discussion

Respondents were therefore asked to state whether their NGO is national or international in scope. Table 1 illustrates the findings of the study by scope of the NGO.

**Table 1 Distribution of respondents by scope of their organization**

Scope of NGO	Freq	%
National	44	57.9
International	32	42.1
<b>Total</b>	<b>76</b>	<b>100.0</b>

Table 1 shows that, out of 76 respondents who participated in the study, 44, representing 57.9% of the respondents in the study (not documented) were from NGOs that are national in scope. Out of 76 respondents, 32 who took part in the study came from international NGOs. This represents 42.1% (not documented) of the total respondents in the study. Based on the two statistics displayed by the respondents, it appears that majority of those who participated in the study were from national NGOs. This is because participants who took part in the study from national and international NGOs were 57.9% and 42.1% respectively.

When respondents were asked, whether they think the project beneficiary community take part in planning activities of their project, the responses were as indicated in table 2.

**Table 2 Participation of beneficiary community in planning project activities**

Statement	The project beneficiary community take part in planning activities of our projects	
	Freq	%
Strongly Agree	41	53.9
Agree	21	27.6
Disagree	8	10.5
Strongly Disagree	6	7.9
<b>Total</b>	<b>76</b>	<b>100.0</b>

As shown in Table 2, majority of the respondents, a total of 62 (81.5%) would either strongly agree or agree that the project beneficiary community take part in planning activities of their projects. On the other hand, 8 (10.5%) and 6 (7.9%) of the respondents respectively would either disagree or strongly disagree with this statement. The results of this study support the propositions of the normative stakeholder theory on which this research is anchored. This theory suggests that each stakeholder group has a right to be treated as an end in itself and not as a means to some other end “and therefore must participate in determining the future direction of the firm in which it has a stake” (Donaldson and Preston, 1995: 73).

The researcher also sought to find out if respondents involve only their staff in planning of project activities; thus responses to the statement ‘Planning of project activities is done by our staff only’, are as illustrated in table 3.

**Table 3 Planning of project activities by staff only**

Statement	Planning of project activities is done by our staff only	
	Freq	%
Strongly Agree	36	47.4
Agree	18	23.7
Disagree	7	9.2
Strongly Disagree	13	17.1
No Response	2	2.6
<b>Total</b>	<b>76</b>	<b>100.0</b>

When respondents were asked if planning of project activities is done by only their staff, many of them responded that indeed only their NGO staff had been involved in planning project activities. From the study findings, 54 (71.1%) agreed that planning of their project activities is done by only their staff.

In responding to the question on whether the donors decide on the projects to be undertaken, majority of the respondents strongly agreed with the statement as shown in table 4.

**Table 4 Decision made by donors on project to be undertaken**

Statement	The donors decide on the projects to be undertaken	
	Freq	%
Strongly Agree	37	48.7
Agree	27	35.5
Disagree	4	5.3
Strongly Disagree	8	10.5
<b>Total</b>	<b>76</b>	<b>100.0</b>

As indicated on the table 4, 64(84.2%) of respondents agreed, in response to the question on whether the donors decide on the projects to be undertaken. In most circumstances the type of project to be carried out is predetermined by the donors, and the release of funds towards these projects is pegged on some specific donor pre-conditions. The findings of this study concur with those of a study by Williams (2003) on new trends in financing the non-profit sector in the United States; which found out that donors have a new paradigm where they engage in venture philanthropy and social entrepreneurship whereby they are actively involved in deciding projects to be carried out.

The researcher also sought to find out if respondents involve their staff too in making decision about the projects that the NGOs should carry out; thus responses to the statement 'the NGO's staff decides on the project to be undertaken', are as illustrated in table 5.

**Table 5 Decision made by NGO's staff on project to be undertaken**

Statement	The NGO's staff decides on the project to be undertaken	
	Freq	%
Strongly Agree	37	48.7
Agree	24	31.6
Disagree	7	9.2
Strongly Disagree	8	10.5
<b>Total</b>	<b>76</b>	<b>100.0</b>

When respondents were asked if the NGO's staff decides on the project to be undertaken, 37 (48.7%) strongly agreed and 24 (31.6%) agreed that their NGO staff take part in deciding the project to be undertaken. However, 7 (9.2%) disagreed while 8 (10.5%) strongly disagreed that the workers in the NGO are involved in deciding the projects to be executed. The decision of actively involving the staff in having a say in choice of project is anchored on the assumption that staff have the technical skills that are very necessary for assessing project feasibility. Participation of staff in decision-making enhances and therefore influences their accountability to stakeholders.

When respondents were asked, whether they think the project beneficiary community decide on the project to be undertaken, the responses were as indicated in table 6.

**Table 6. Decision made by the beneficiary community on the project to be undertaken**

Statement	The beneficiary community decide on the project to be undertaken	
	Freq	%
Strongly Agree	17	22.4
Agree	30	39.5
Disagree	12	15.8
Strongly Disagree	17	22.4
<b>Total</b>	<b>76</b>	<b>100.0</b>

From the study findings, not only do the respondents strongly agree but also strongly disagree in equal measure. Of the 76 respondents, those who strongly agreed with this statement are 17 (22.4%), while those who strongly disagreed are also 17 (22.4%). Respondents who agreed are 30 (39.5%) and the ones disagreed are 12 (15.8). The findings of this study is a clear reflection of the policies adopted by various NGOs and donors on whether to give or not give the beneficiaries a chance to choose projects that would interest the community. The NGOs have divided opinion and therefore divergent policies on the extent to which the beneficiaries can be given a voice in choosing projects. The findings of this study is similar to those of a research by Bebbington and Gray (2005) on NGOs, civil society and accountability, which found out that involvement of the beneficiary in project choice depends on the type of NGO, whether it is a membership based NGO or typically as service organization. There is typically no direct means by which the clients or beneficiaries can enforce accountability upon the donors and managers if the NGO is not a membership based organization.

The study also sought to establish whether beneficiary community is involved in project implementation. Respondents were thus asked to indicate if it is a practice in their NGO to involve the beneficiary community in implementation of project activities, and the responses are as shown in table 7.

**Table 7 Beneficiary community involvement in project implementation**

Statement	Beneficiary community is actively involved in project implementation	
	Freq	%
Strongly Agree	57	75.0
Agree	15	19.7
Disagree	2	2.6
Strongly Disagree	1	1.3
No Response	1	1.3
<b>Total</b>	<b>76</b>	<b>100.0</b>

The study reported findings regarding the beneficiary community's active involvement in project implementation, 57 (75.0%) respondents strongly agreed, 15 (19.7%) agreed; 2 (2.6%) disagreed while 1 (1.3%) strongly disagreed. Nevertheless, 1(1.3%) skipped the question and therefore gave no response. Therefore, majority of the respondents strongly agreed with the statement that the beneficiary community is actively involved in project implementation. From these findings, it emerged that most NGOs are keen on actively involving the beneficiary community in executing project activities. Active participation of beneficiaries in project implementation would positively influence accountability of the NGOs

to the stakeholders, including the primary stakeholders like the beneficiary community. The findings of this study concurs with those of a research by Borstein (2005) on the spirit of development - protestant NGOs, morality, and economics in Zimbabwe, which found out that in Zimbabwe, the national and transnational NGO workers often involved the beneficiary communities in implementation of projects. These communities contributed towards the implementation of the project. If development, for example, meant constructing schools, then the community would fetch water, carry sand and mould bricks while NGOs like the World Vision provided funding for building materials and other resources.

The study sought to test the hypothesis one ( $H_a$ : There is a significant relationship between participation as an element of governance and accountability to stakeholders by NGOs in Kisumu Municipality) to reveal if there was any significant relationship between participation as an indicator of governance and accountability to stakeholders as shown in table 8.

**Table 8 ANOVA output of test of hypothesis one**

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	2.329	6	.388	2.521	.029 <sup>a</sup>
	Residual	10.164	66	.154		
	Total	12.493	72			

On the significance column the ANOVA results show a statistical significance  $p=0.029$  while the  $p$  value was set to be significant at  $p < 0.05$  level. The ANOVA test of hypothesis shows a significant relationship between accountability and participation at a significance level of  $p < 0.029$ . This thus implies that participation as an indicator of governance was found to influence the respondents decision to be accountable to stakeholders hence we reject the null hypothesis ( $H_0$ ) and accept alternative hypothesis ( $H_a$ ).

According to Paiz et al. (2012) they suggest that when reporting regression analysis in a study that is neither purely applied nor theoretical, the researcher lists both the standardized (B) and unstandardized coefficients ( $\beta$ ), which is the case in this research as shown in table 9.

Table 9 Predictors of participation coefficients

Model	B	SE	Beta( $\beta$ )	t	Sig.
1(Constant)	1.025	.192		5.350	.000
The project beneficiary community take part in planning activities of our projects	.120	.061	.263	1.984	.051
Planning of project activities is done by our staff only	-.009	.048	-.024	-.184	.854
The donors decide on the projects to be undertaken	-.083	.055	-.186	-1.498	.139
The NGO's staff decides on the projects to be undertaken	-.031	.050	-.072	-.626	.533
The beneficiary community decide on the projects to be undertaken	.054	.049	.138	1.103	.274
Beneficiary community is actively involved in project implementation	.065	.082	.092	.789	.433

a. Dependent Variable: Means Accountability

The findings, according to this analysis show that beneficiary community took part in planning of project activities at  $p < 0.051$  but varied significantly with the planning of the project activities by NGOs' staff only,  $p < 0.854$ .

### Recommendations

Based on the findings of the study, it was therefore recommended that building of synergy among various NGOs, donors, the government and the local communities with a view to promote and encourage active involvement of the beneficiary community in all the phases of various project cycles; especially participation of the local community in decision-making, was encouraged.

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