

**THE EFFECT OF SELF-REGULATION ON PERFORMANCE AMONG NON-
GOVERNMENTAL ORGANIZATIONS (NGOs) IN UGANDA: A CASE OF NGOs IN
GULU DISTRICT, NORTHERN UGANDA.**

AYAA STELLA

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**A research project submitted to the School of Business in partial fulfillment of the
requirements for the award of a Master of Business Administration (Strategic
Management) Degree, of Kabarak University**

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DECLARATION

STUDENT’S DECLARATION

I declare that this project is my original work and has not been presented for a degree at any other university.

Signed

Date

STELLA AYAA

REG NO: GMB/NBE/0666/05/12

SUPERVISOR’S DECLARATION

This research project has been submitted for examination with our approval as the candidate’s University Supervisor.

NAMES

Signed

Date.....

PROF. BERNARD K NJEHIA.

Signed.....

Date.....

DR. IRENE ASIENGA

DEDICATION

I dedicate this research work to my Mum, Dad, Brothers and sisters; they made me believe in myself. To my friends, for understanding my absence in many social activities. My classmates, for their constant morale.

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LIST OF ABBREVIATION

ACORD	Agency for Cooperation in Research and Development
AVSI	International Service Volunteer Association
BRAC	Bangladesh Rural Advancement Committee
DENIVA	Development Network of Indigenous Voluntary Associations
CSO	Civil Society Organizations
ICNL	International Centre for Not-for-profit organizations' Law
IRC	International Rescue Committee
LRA	Lord Resistance Army
QUAM	Quality Assurance Mechanism
NRM	National Resistance Movement
NGO	Non Governmental Organization
USA	United States of America
UN	United Nations
UNICEF	United Nation International Children Education Fund
UNNGOF	Uganda National NGO Forum

ABSTRACT

The developing world, including Uganda, has experienced an explosive growth in the number and types of non-governmental organizations (NGOs) in recent decades. These “third sector” organizations have become important in filling the service delivery gaps especially in health and education.

Using the case of the NGOs in Gulu District, this study proposed to examine the effect of self-regulation strategy on the performance of NGOs in Uganda. Applying a descriptive research approach, the study sought to establish the relationship between, on the one side, Forms self-regulation mechanism, NGO accountability, transparency policies, and flexibility of NGO structures as independent variables, the NGO regulatory policy of central and local government as intervening variable and NGO performance as a dependent variable, on the other side. The methodology of used in the study was questionnaire and document review methods, Likert scale was used to ease coding and analysis, stratified random sampling was used to form the final study population of (60) NGOs, purposive sampling technique was also used to select key informants respondents (8) from both central and local government officials. The found out that all NGOs in the sample belong to at least one type of self-regulation mechanism, the study found that there was a significant positive relationship (with a coefficient of 0.483 significant at 0.01) between adopting accountability standards as a self-regulation strategy and the performance of the NGO. The study showed that there was a positive relationship between practicing transparency policies and the performance; it also found that there is a positive relationship (correlation coefficient of .277 at 0.01 level of significance) between flexibility of the NGO structure and performance and that NGO performance is greatly influenced by the central and local government regulation. In conclusion, Data collected was analyzed using the Statistical Packages for the Social Sciences (SPSS). Descriptive statistic analysis was carried out; inferential statistic was done using the Pearson’s correlation coefficient and data generated from the statistical analysis were then presented in both numerical and non-numerical forms.

Keywords: Non-governmental organizations (NGOs), self-regulation, performance, accountability, transparency.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Developing countries all over the world have experienced an explosive proliferation of non-governmental organisations (NGOs) in recent decades (Anheier & Salamon, 2006; Werker & Ahmed, 2008). The pattern has been similar even in the developed countries (Edwards & Hulme, 1997). In the past, the good intentions and values of the NGOs used to provide a sufficient basis for their legitimacy, but over time and for a variety of reasons, many governments began to increasingly use the law to regulate NGOs. However, many NGOs have opted to adopt the strategy of self-regulation, the voluntary mechanism through which NGOs, individually or collectively, set ethical principles and standards to which they have to adhere, to, among other things, improve their performance.

Anecdotal evidence indicates that some NGOs in Uganda are operating under some form of self-regulation. This study examined the effect that adopting the self-regulation strategy had on the performance of NGOs in Uganda using selected NGOs in Gulu District as a case study. This chapter presents the background to the topic of study and the statement of the research problem. Also described here are what the general and specific objectives of the study were and the corresponding research questions. The latter part of the chapter includes the significance and scope of the study and the ethical considerations that were considered in the conduct of the study. The definitions of key terms and concepts used in the study are also herein included.

1.2 Background of the study

NGOs have a long history in Uganda. At independence in 1962, a civic movement emerged in the country but was largely subordinated to the state at the time (Jordan and Tuijl, 2006). In the 1970s and 1980s, faith-based not-for-profit non-state institutions prominently emerged in the country following successive failed governments and the consequent dire humanitarian conditions prevailing then. Later on international NGOs and other development agencies moved in to support the effort of the FBIs (Barr *et al.*, 2004). When the current regime came to power in 1986, it relaxed the restrictive environment that previous governments had

created around the NGOs so consequently, the number of local NGOs in the country grew from about 447 in 1992, according to World Bank estimates, to about 8,000 by 2009 (Uganda National NGO Forum, 2011).

The crisis of national government in Uganda in the Idi Amin era (1971 - 1979) and the turbulent post-1979 political history of the country coupled with the disastrous effects of natural occurrences like drought and floods combined to further strain the government's ability to singly execute its responsibility as a provider of basic social services. Consequently, more and more national and international NGOs have emerged to fill the social service delivery gap (Cook, 2003), and now, it is true that in terms of responsibility for the delivery of social services, the NGO sector in Uganda has become a sort of "alternative government".

With the increased role and responsibility of NGOs as agents of development has come increased scrutiny both from out and within the sector. There is pressure on NGOs to improve their accountability and effectiveness especially evidence that some NGOs have been involved in scandals that point to their having less than credible governance structures. The Uganda government has reacted by enacting new laws and amending parts of old ones in order to regulate NGO activities and ensure that they serve the best interest of their beneficiaries. NGOs in Uganda are currently governed by the NGO Registration Act 1989 which was amended by the NGO Registration (Amendment) Act 2006. Furthermore, in 2008, the Government published a draft NGO Policy which, among other things, requires NGOs to submit annual reports.

However, NGOs have usually opposed state regulation, perceiving such regulatory laws as restrictive of the operation of NGOs engaged in advocacy and policy activities (Jordan & Tuijl, 2006). Other critics of government regulation of NGOs argue that it renders unclear the scope of NGO operation and leave them subject to government discretion. Therefore, there has been an increasing clamour among NGOs for government to relax this law and allow NGOs in the country more flexibility in their work (ICNL, 2008). As alternative to government control, some sector-level forms of cooperation and self-regulation are becoming important means for development and humanitarian NGOs in particular to build public trust and support sector-wide improvement (Laybourn, 2001), and also develop common norms and standards around to whom and for what they are accountable (Lloyd & de Las Casas, 2004).

Forms of NGO self-regulation efforts in Africa range from the government-NGO collaborative national guilds to NGO-led voluntary clubs (Gugerty, 2007). Over time, the industry code of conduct, although significantly weaker in regulatory strength has emerged as the most common in Africa perhaps `because it is easier to develop (Ndegwa, 1993). Proponents of NGO self-regulation argue that it strengthens their capacity; enhances their accountability and thus deters abuse; improves their credibility with donors and the general public; pre-empts government intervention and strengthens NGO coalition building (Chepkwony (2008).

1.3 Statement of the research problem

In an apparent response to government criticisms, some major Uganda NGOs have been adopting some forms of self-regulation. A case in point is the accreditation system, the Quality Assurance Certification Mechanism (QUAM), which aims to boost the credibility of the sector (Nyanzi, 2007). However, research has established that the practice of self-regulation in African countries has been problematic (Adiin-Yaansah, 1997; Shea & Sandra, 2002). In Uganda, research-based evidence to demonstrate whether self-regulation is effective in improving performance in NGOs is still lacking, especially in the context of the NGO beneficiaries. This study therefore sought to examine the effect of self-regulation as a strategy, on the performance of NGOs in Uganda, using the case of NGOs operating in Gulu District in northern Uganda as a case study.

1.4 General objective of the study

The general objective of the proposed study was to examine the effects of self-regulation as a strategy for achieving better performance in NGOs in Uganda, using NGOs in Gulu District as a case study.

1.5 Specific objectives of the study

In order to achieve the general objective of the proposed study, the specific objectives of the study were:

- (i) To find out the self-regulation methods the NGOs in Gulu District have adopted;
- (ii) To determine how the adoption of accountability standards as a self-regulation practice affects the performance of the NGOs:

- (iii) To examine the relationship between transparency policies of NGOs in Uganda and the performance of these NGOs;
- (iv) To find out how flexibility among NGO structures in Uganda affect their performance.
- (v) To find out the NGO regulation policy of central and local governments of Uganda and how they affect the NGOs performance.

1.6 Research Questions

- (i). What self-regulation methods have the NGOs in Gulu District adopted?
- (ii). What is the relationship between the adoption of accountability standards as a self-regulation practice by NGOs in Uganda and their performance?
- (iii). What is the relationship between the transparency policies of NGOs and their performance?
- (iv). How does flexibility among NGO structures in Uganda affect their performance?
- (v). How does the NGO regulatory policy or policies of the Uganda government at central and local levels affect the NGOs performance?

1.7 Justification of the study

Although some studies have established reasons why some NGOs in Uganda have adopted self-regulation while others have attempted to examine the achievements and challenges of NGO self-regulation mechanisms, there has been no specific study to examine the relationship between accountability, transparency policies and structural flexibility of the NGOs on the one side, and the performance of the NGOs, on the other hand. This study sought to establish these relationships, if any, and provide essential data that the NGOs and their umbrella organizations could use to improve the effectiveness of the self-regulatory mechanisms on their organizational performance.

1.8 Scope of the study

To keep the investigation manageable while ensuring a degree of comparability and guarding against narrowness, the scope of the inquiry focused on only one district: Gulu in northern Uganda. The scope of this particular research was based on the evaluation of self-regulation as a strategy for improving performance of NGOs in Uganda.

1.9 Definitions of main terms and concepts

For the purpose of this proposed study, the following terms and concepts shall have the meanings given to each of them as below:

- Accountability:** The obligation of an organization to account for its activities, accept responsibilities for them and disclose the results in a transparent manner to legitimate authorities that include their beneficiaries (Edwards, 2002).
- NGOs:** Self-governing, private, not-for-profit organizations whose main objective is to improve the quality of life of disadvantaged people by engaging in development work (Vakil, 1997). The key characteristics of these organizations are that they are formal, private, non-profit, self-governing, and voluntary.
- Self-regulation:** The voluntary mechanism through which NGOs, individually or collectively, set ethical principles and standards to which they have to adhere as they pursue their objectives (Gugerty, 2007). It has clear standards for entry into the system and the behaviour to be regulated; and credible enforcement systems that include monitoring and the ability to detect and sanction non-compliance.
- Transparency:** NGO policy and action of operating open information, based on the presumption of disclosure, and making information easily accessible to stakeholders (Burger & Owens, 2008). Transparent NGOs regularly publish their strategic plans, performance reports, major donors, management structures, financial reports and contact information. (Available: www.nottingham.ac.uk/economics/credit/)
- Performance:** The achievement of projected outcomes measured by evaluating the agreed upon performance indicators for each objective (Machuki & Oketch, 2013). For example, a peace and conflict NGO could have its performance measured by number of project beneficiaries trained in basic conflict resolution skill

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a broad description of the literature that was reviewed as part of the study. The review was a way of documenting the knowledge that previous researches have already established about the study topic. It included a theoretical and empirical review of relevant literature. Also included here is a conceptual framework that describes the relationships between the dependent and independent study variables. The literature for review was sourced from both electronic and non-electronic sources including textbooks, journals, conference papers, web-based articles and CD-ROMS.

2.1 Theoretical Review

One theory that informed this research was the theory of self-regulation; what Ostrom (1990) describes as systematic efforts to direct thoughts, feelings, and actions, toward the attainment of one's goals. The theory emphasizes the inherent link between self-regulation and goals. Locke and Latham (1990) say a goal reflects one's purpose and refers to quantity, quality, or rate of performance and that goal setting involves establishing a standard or objective to serve as the aim of one's actions. Goals are involved across the different phases of self-regulation: forethought (setting a goal and deciding on goal strategies); performance control (employing goal-directed actions and monitoring performance); and self-reflection (evaluating one's goal progress and adjusting strategies to ensure success (Zimmerman, 1998).

The proponents of this theory contend that goals enhance self-regulation through their effects on motivation, learning, self-efficacy and self-evaluations of progress (Bandura, 1997; Schunk, 1995). Initially people must make a commitment to attain a goal because it will not affect performance without this commitment (Locke & Latham, 1990). Goals motivate people to exert effort necessary to meet task demands and persist over time and help people focus on the task, select and apply appropriate strategies, and monitor goal progress.

NGOs have their objectives and as they work they compare their current performance with the goal or goals set out in their organizational plans. Such self-evaluations of progress strengthen self-efficacy and sustain motivation. A perceived discrepancy between present

performance and the goal may create dissatisfaction, which can enhance effort. However, it is argued that dissatisfaction can lead to quitting; this will not happen if people believe they can succeed by, for example, changing their strategy or seeking assistance. Goal attainment builds self-efficacy and leads people to select new, challenging goals. Despite these benefits, goals do not automatically enhance self-regulation. Rather, the goal properties of specificity, proximity, and difficulty are critical.

The second theory that informed the study was the Contingency Theory which contends that there is no one best way to organize a corporation, to lead a company or to make a decision and that an organization leadership style that is effective in some situations may not be successful in others (Fiedler, 1964; Galbraith, 1973). In other words, the optimal organization style is contingent upon various internal and external constraints. The organizational theorist argues that "the best way to organize depends on the nature of the environment to which the organization relates" (Scott, 1992: 89).

The Contingency Theory is founded on four important ideas. The first idea is that there is no universal or one best way to manage an organization. Secondly, the design of an organization and its subsystems must fit with the environment. This means the internal aspects of an organization is influenced by factors external to it. Thirdly, it is not enough for an effective organization to have a proper fit between it and the environment only but also between its sub systems: the different departments, field offices or stakeholders. And fourthly, the design of an organization and its management style are considered appropriate if they are aligned to both the tasks to be undertaken and the nature of the workgroup.

Contingency theory allows one to analyze a situation and determine what variables influence the decision with which one is concerned. It attempts to relate research on many management variables, for example, research on professionalism and centralized decision making or worker education and task complexity. Since a contingency is a relationship between two phenomena, this theory assumes that if one phenomenon exists, then a conclusion can be drawn about another related phenomenon.

It can be theorized that if the NGOs in Uganda adopted sector- and organizational-level mechanisms for self-regulation, they will achieve their goals of improved performance. However, this cause-effect relationship depends on other factors present and active in the

broader environment of the NGOs. It is therefore important that both the internal and external environment of the NGOs is conducive enough to induce better performance. The researcher therefore used the contingency theory in the study because the attainment of better performance in NGOs in Uganda largely depends not only on the self-regulation mechanisms the organizations adopt but also on other factors like government policy, donor requirements and other stakeholder demands in the external environment of the organizations.

2.3 Empirical review

2.3.1 Self regulation methods.

NGOs are increasingly up taking the idea of self-regulation because it is in their interest that their sector is well-managed and accountable. Many governments, too, given the positive role that NGOs and of civil society play in the national development agenda, are also supporting the sector by encouraging the formation of umbrella NGO bodies and dialogue about issues like good governance (Chepkwony 2008). With the growing interest in NGO accountability, NGO sectors around the world have developed a range of ways to regulate themselves. Gugerty (2010) writes that self-regulation in sub-Saharan Africa is a response to both global trends in international assistance as well as the specific challenges faced by the non-profit sector in Africa. Challenges to non-profit accountability are acute in Africa, a result of rapid sectoral growth, weak regulatory systems, and nascent civil societies.

The range of self-regulation ways NGO sectors around the world have developed is varied. Warren and Lloyd (2009) contend that the forms of NGO self-regulatory initiatives adopted depend on the needs and interests of participating organizations and the operational context of the sector. Some may have highly institutionalized (formal) structures that guide implementation while others may be relatively unstructured (informal) and provide flexibility in implementation to participating NGOs. While the former spells out in detail the contents and criteria for participation and has the administrative structures such as a secretariat or committee, to support its implementation, the latter usually lack such management systems, and their principles, standards, and assessment frameworks tend to be laid out in more general terms. Moreover, while some self-regulatory initiatives have strong compliance

mechanisms, others leave implementation fully in the hands of individual NGOs. The common forms of self-regulation NGOs adopt are:

2.3.2 Voluntary Codes of Conduct and Ethics

This form of self-regulation involves a group of organizations coming together in agreement over standards governing their conduct, shared values of member organizations, a general declaration of will of members to apply certain principles, guidelines for suggested or recommended behaviour, and standards which concretize clear and measurable provisions. Each member promises to abide by the established norms so compliance is voluntary and is secured only through the efforts of the member organization.

According to Irish, Kushen, and Simon (2004), NGOs should adopt codes of conduct which are tailored to their peculiar circumstances to cover issues such as conflicts of interest, travel expenses policies, standards for the appointment of the Board of Directors, prohibitions on private instruments or self-dealing among others. The code can also cover the organization's employees and officers to deter against potential improprieties and excesses. The development of such codes of conduct may require organizations to redefine their own value systems. Directors, Officers and Employees should be given copies of the code of conduct when joining the organization and be informed that they are bound to contribute to the achievement. Among the contents of such codes, Moore (1998) includes matters related to internal governance, openness and disclosure, fundraising and grant-maker guidelines and financial accountability.

The NGO Quality Assurance Mechanism (QuAM) is a self-regulatory mechanism developed for and by the non-governmental organizations in Uganda. Formally launched on 20th September 2006, and spearheaded by DENIVA (Development Network of Indigenous Voluntary Associations) in Partnership with Uganda National NGO Forum as lead promoters of the initiative, it aims at promoting the adherence of Civil Society Organizations to generally acceptable ethical standards and operational norms. In effect principles and standards of behavior for responsible practice are set in order to protect the credibility and integrity of certified NGOs and their networks in the country (UNNGOF, 2014).

2.3.3 Accreditation and Certification Programs

Accreditation and certification are terms that are used to describe processes by which an independent third party verifies compliance against an established set of norms. In the NGO sector, both accreditation and certification have been undertaken by self-regulatory organizations, which have promulgated standards and developed certification or accreditation mechanisms to evaluate compliance by other members. Gugerty (2007) contends that, in the United States, accreditation and certification mechanisms have enjoyed widespread use in ensuring compliance with minimum standards of care and to ensure quality service delivery in the health care, social service, and education fields particularly because the standards are frequently developed through a participatory process in which many stakeholders are consulted.

The French model of certification, *La Charte de deontologie*, is primarily aimed at organizations that engage in fundraising. The committee monitors violations of the charter, and permits or disallows use of a “label” that organizations in compliance may imprint upon their fundraising literature. The *Charte* includes standards in the areas of financial transparency, the quality of the actions and messages essentially regarding integrity of fundraising solicitations, and conflicts of interest, among others. Global certification initiatives like Inter Action, Foreign Aid.com, BBB Giving Alliance, Transparency International and ISO 9000 illustrate the potential for international NGOs and donors to collaborate on standard setting for the benefit of their constituents, some of which include improved public trust or perception of greater accountability, improved governance, management, and operation as well as improved donor access and donor trust.

2.3.4 “Watchdog” or Ratings Agencies

“Watchdog” organizations monitor and evaluate organizations in the civic sector, and, in some countries, special civil organizations have been formed or funded to monitor all civic organizations in the sector (Irish, Kushen, & Simon, 2004). These programs are not voluntary like in ‘Umbrella’ Organizations but are rather self-appointed watchdogs that apply criteria and values they deem appropriate. Their standards are usually developed carefully after intensive consultations with civic leaders and experts. The evaluations prepared by these

watchdog organizations can have a substantial impact in creating public awareness of the importance of standards for civic organizations and in publicizing the fact that certain NGOs live up to those standards while others do not.

2.3.5 Information Agencies

Information agencies provide information to users without any rating or interpretation. Consumers use the information as they see fit. Such agencies, in the USA, include the Guidestar website, which provides information about charitable organizations, including copies of their IRS filings on Form 990 (Lloyd, 2005). The role of an organization such as Guidestar in the U.S.A is very important because of the high incidence of public giving there. Since there is no such environment of public giving in some other countries, there may not be a need for this kind of organization at present. However, Lloyd (2005) continues to argue that, since engaging the public will be a necessity for NGOs, the effort to establish a service that provides a wide range of information about NGOs will be strategic at this time.

Furthermore, one of the most important steps that need to be taken to increase NGO accountability is to increase awareness of the importance of accountability. The proponents of this mechanism of self-regulation suggest that one way to do this is to provide information materials on accountability measures to all registered or registering not-for-profit organizations (Hopgood, 2005). The NGO coordinating council or board in the home country, which in the case of Uganda would be the Uganda National NGO Forum, can produce the materials to cut the bureaucratic time that it will take to produce such material

2.3.6 Umbrella Organizations

Competition among NGOs for space, funds and prestige works against formation of NGO networks. This situation highlights the need for NGO umbrella organizations, which could benefit all their members by eliminating duplicative efforts and the scattered allocation of often sub-critical funds of the NGO community. Such an NGO umbrella organization would have to be autonomous, emanating from the NGO community and unfettered by ties to government or industry that would allow it to be manipulated. To motivate the member NGOs under it, Gugerty (2007) suggests the umbrella organization may operate awards schemes which are prizes that seek to identify, highlight, and reward good practice, including

adherence to the principles of good governance and strict and transparent financial accountability.

Irish, Kushen, and Simon (2004) elaborate that laws should permit, and society should encourage, the formation of umbrella organizations to adopt, promulgate, and enforce principles and standards of conduct and management in order to improve their accountability to its stakeholders. By publicizing its membership, expulsions and standards, the umbrella organization could give added confidence to the public about the integrity and operations of the member organizations. Membership in such an organization, or lack of it, may be an important criterion in selecting organizations to receive contracts or awarded government contracts. The umbrella organization is less intrusive and more appropriate alternative to similar supervision by a state agency.

2.4 The relationship between accountability and performance of NGOs

An individual or an organization is said to be "accountable" when it recognizes that it has made a promise to do something, and has accepted a moral and legal responsibility to do its best to fulfill that promise (Cutt & Murray, 2000; Paul, 1992; Najam, 1996; Fox & Brown, 1998). Because accountability involves a promise to perform, it is natural to think of accountability as a relationship among two or more actors. In principle, however, an actor could feel and act as though it were accountable to an abstract purpose. Bandura (1997), for example, suggests that an NGO could feel accountable to such moral goals such as the advancement of human rights, or the continuation of dedicated service to the disadvantaged, independent of the demands of funders, partners, or even clients but argues that this apparent disagreement poses a performance measurement problem.

Organizations such as Oxfam, Amnesty International, and CARE make promises to donors at the time that they solicit funds that they will advance particular purposes and aid particular beneficiaries (Edwards & Hulme, 1996). In making such promises, they make themselves accountable to the donors for the efficient and effective pursuit of these aims. This poses no problems as long as the donor's purposes are closely aligned with the organization's mission and its obligations to particular clients. Performance targets are therefore set at the funding source and it only remains for the parties to agree on measurement indicators and

accountability standards as well as monitoring and evaluation tools. The question that remains here would be that which regards the NGO responsibility to account to the beneficiaries of the funding.

However, Ndegwa (1993) points out that the NGO accountability-performance paradigm remains a complex issue in Africa and this complexity is attributed to two main factors. First, NGOs need to be accountable to many different sets of stakeholders which, separately and collectively, play an integral part in their operations; the institutional donors who provide funding; the governments which provide legal and regulatory frameworks; supporters who provide their money and time; and finally, beneficiaries who provide the basis for the NGO's purpose and moral legitimacy. Secondly, each of these sets of stakeholders has a very different level of leverage and power over an NGO. As a result, the strength and clarity of their different accountability relationships vary greatly.

Edwards (2000) studied this complex accountability demands and revealed that increased prominence and greater influence expose NGOs to closer scrutiny and sharper demands for accountability from various constituencies. Donors demand that the NGOs be accountable for the integrity, efficiency, and impact of programs that they have funded. Beneficiaries press NGOs to live up to their rhetoric about fostering locally-determined development rather than impose their own priorities. Staffs expect NGOs to live up to the high purposes that drew their commitment to the enterprise. Partners whom NGOs have recruited such as other NGOs, CBOs, government agencies, and businesses expect the NGOs to live up to promises they made in forging their partnerships. Targeted beneficiaries, too, want to know to whom the NGOs are accountable and for whom the NGOs speak so that they can gauge the force and legitimacy of the claims that these organizations are making against them.

However, in defining the relationship between NGO accountability and its performance, the question of in which constituency's interest the performance is measured arises. The problem of defining the relationship between accountability and performance arises because, according to Brown and Moore (2001), the claims of the various stakeholders are not necessarily coherently aligned with one another, nor do they necessarily align perfectly with the purposes of those that lead and staff the organizations. As a result, the NGO's leadership must make choices to embrace or resist particular stakeholder demands. However, these

decisions about which stakeholder demands for accountability should be embraced and which resisted can have a profound impact on the NGO's mission, strategy, and operations, since demands for accountability are potentially important drivers of organizational behaviour and performance.

2.5 The relationship between transparency policies and performance of NGOs

The NGO sector has recently been described as undergoing a 'crisis of accountability and transparency' (McGann and Johnstone, 2006), and this criticism has damaged the credibility of the sector. However, despite rising pressure for more openness and transparency from governments and other stakeholders, it appears that most NGOs remain reluctant to share information in the public domain, and many refuse to recognize the need for accountability (Elkington, 2003) This is concerning as transparency is generally regarded as a key indicator of the levels of organizational performance and a requirement for good governance and successful feedback systems.

However, Stiglitz (1999) notes that the lack of transparency in these organizations is not completely negative. He says, "To pretend that any institution is infallible, or that there is perfect confidence in the actions being undertaken, is to fly in the face of reality." Stiglitz proceeds to argue that the case for transparency is largely an acknowledgement and recognition that human organizations are fallible. Without transparency, the checks and balances in society would not identify and rectify the blunders, oversights and missteps of individuals and organizations. Transparency can therefore be viewed as a precondition for the effective functioning of such checks and balances and a mirror into the performance of the organization.

In Uganda, transparency has become a key issue in the NGO sector due to the existence of a considerable degree of private information and hidden actions in the NGO-beneficiary-donor nexus. There appears to be little momentum towards greater transparency in the sector, and Zadek and Gatward (1996) contend that the reluctance to be transparent is clear from the lack of resources devoted to such activities. According to Stiglitz (1999), this reluctance was a product of the many incentives to conceal information. If NGOs can choose when to disclose or conceal information, they can be praised for their accomplishments without being

criticized for their failures, mistakes and shortcomings. Secrecy can also help to hide corruption and ineffectiveness and enable employees to avoid the burden of public scrutiny.

Foreign donors are important actors in the evaluation and driving of NGO performance but when they are physically removed from the site of NGO activities, the distances involved may make it prohibitively expensive for the donors monitor performance. Beneficiary oversight has been proposed as a remedy for the deficiencies in donor information because, it is argued, it may be more difficult for NGOs to keep information and actions hidden from beneficiaries due to their close physical and cultural proximity and direct involvement in development projects. However, beneficiaries cannot always observe all the relevant dimensions of a good or a service produced by an NGO (Tendler, 2000; Mansuri & Rao, 2004).

Other studies have indicated that beneficiaries who contribute little or nothing towards the goods or services they are receiving may make inferior monitors because they do not have an incentive to scrutinize NGO performance (Véron, Williams, Corbridge & Srivastava, 2006; Platteau & Gaspart, 2005). Additionally, recent studies have shown that community monitoring as a proposed remedy to the challenge of lack of transparency may be vulnerable to free-riding problems (Olken, 2005) and that project managers know how to hide information from community members (Olken, 2006). Furthermore, case studies show that the members of poor communities sometimes lack the self-esteem to act assertively (Burger, 2005; Kihato and Kabemba, 2002). Hence, lack of transparency in an NGO could as well be an indication of either poor performance or outcomes which are of low value-for-money.

2.6 Flexibility in NGO structures and their performance

Good corporate governance is applicable to all organizations: for-profit, private, public, not-for-profit, small, medium, and large in order to ensure that organizational goals and mission are realized through good stewardship of resources. Onyango (2009) acknowledged that organizations operate in complex and dynamic business environments that require complex, but flexible, governance regulation reflecting the uniqueness of each situation arising from specific factors such as legal and financial systems, culture, corporate ownership structures and economic conditions. No single set of governance rules fits all firms and situations,

governance should hence be understood in different contexts (Jensen & Meckling, 1976). The flexibility of the organizational structures of NGOs therefore assumes a critical importance in determining its performance.

NGOs are known to achieve higher performance in areas of development where governments would not mainly because, in comparison to government sector organizations and many of private sector organizations, they tend to be less bureaucratic and more informal (Kingoro & Bujra, 2009). Due to their relative informality NGOs are said to be more flexible and innovative in their activities. They are quick to find out needs of people, recognize injustice and respond to tackle those issues. NGOs in different fields of action may build temporary coalitions for addressing bigger problems or issues which affect the more general public and dissolve the coalition once the goal is achieved.

For every NGO, the corporate governance structures are important for the realization of an organization's mission and accountability to its stakeholders. They also specify the distribution of rights and responsibilities among different participants in the organisation including the board, managers, shareholders and other stakeholders, and the rules and procedures for making decisions on corporate affairs. Governance provides the structure through which the company objectives are set, the means of attaining those objectives and monitoring performance. That implies that organisations must have a governing body accountable to owners or shareholders in for profits and the public for nonprofits (OECD, 2004). Good governance practice demands a separation of roles between the board and management to enhance appropriate oversight and supervision (Kingoro and Bujra, 2009). This separation of roles is critical to avoid conflict and ensures clear accountability of an organization's performance.

2.7 The effect of central and local government regulation on NGO performance

Historically, most NGOs in Uganda were charity-driven religious institutions. However, with the advent of the National Resistance Movement (NRM) government in 1986, NGO numbers in social sector grew explosively and the Government decided that all NGOs in the country register with the Ministry of Internal Affairs and operate under the regulations and policy advocacy of the Office of the Prime Minister. This policy decision was enacted into law (the NGO Registration Statute) in 1989 and, in 2000 it was amended into the NGO Registration

Amendment Act with more stringent regulatory clauses that provided for the registration and monitoring of NGOs and the establishment of a Board for these purposes. Every registered NGO was also required to submit annual and audit reports and apply for and obtain a valid permit annually. Additionally, a decision to create an NGO Database was made that same year, 2000.

Besides all these restrictive regulations, the government has continued to proscribe the legal space in which NGOs in Uganda operate. Currently the 2009 Draft NGO Policy is before parliament. However, the UNNGOF finds this draft NGO Policy an imperfect document. Its main weakness, they argue, is that it lacks robust empirical information about the value and contribution of NGOs to Uganda's development processes. The policy neither substantiates whether foreign interest is not always negative, nor does it reflect the reality that over 30% of the government (of which close to 80% of the development budget especially to Local Government) is donor funded (UNNGOF 2009).

Larok (2009) argues that civil society organizations (CSOs), while not opposed to this government regulation, feel the spirit behind it is questionable. For example, only two of the eighteen representatives of the NGO Registration Board come from the NGO sector, implying, in the view of the CSOs that the laws do not sufficiently provide for the interests of the NGOs. But the background to the government's continuous attempt to use the law to rein in the NGOs is clear – NGOs have been accused of all sorts of accountability deficits, corruption, child trafficking, money laundering, and some security agencies at the national and district levels have ever labeled some NGOs a “security risk”.

2.8 The conceptual framework

Conceptually, the study sought to examine the relationship between two sets of variables: the independent variables, namely: accountability, transparency policies and the flexibility of the NGO structures, and the dependent variable: the level of performance of the NGO. It is conceptualized that the NGOs being studied were members of some form or forms of self-regulation mechanism that required them to adhere to some standards of behaviour.

Many NGOs, in both the developed and developing countries, have for long been parties to some form of self-regulation. The mechanisms of self-regulation vary: codes of conduct and ethics; umbrella organizations; certification schemes; watchdogs or rating agencies, and information agencies. The conceptual framework assumes that whichever form of self-regulation mechanisms a participating NGO adopts shall have influence on its accountability and transparency policies as well as its governance structure.

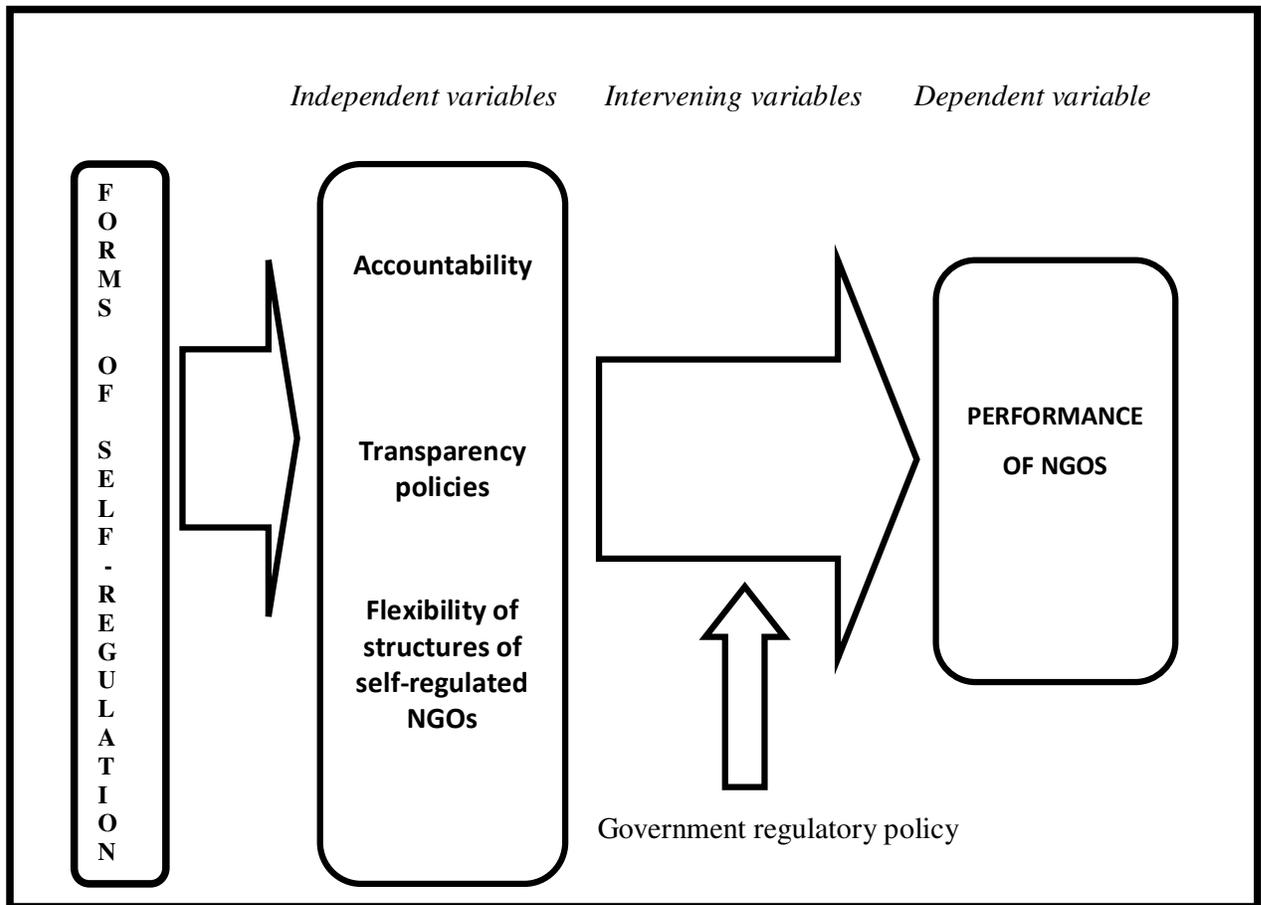
The independent variables are conceptually linked to the dependent variables in a cause-effect relationship. Specifically, the transparency and accountability policies of the self-regulated NGOs as well as their organizational/governance structures have causative effects on their organizational performance. The study sought to collect data and determine the magnitude and direction of any such cause-effect relationships between the study variables.

In a review of not-for-profit accountability literature, Brody (2002) defines financial accountability as fiscal honesty and avoidance of fraud. Kogan (1986) equates financial accountability to producing financial reports that portray the financial accountability of the organization and enables stakeholders to rate its performance. For the purpose of this study, the definition of accountability extended beyond the financial reporting and covered the basic principle of responsible practice which obliges NGOs to report on their activities to a set of legitimate authorities which include government and donors (upward reporting) and the beneficiaries (downward reporting) (Edwards,2002).

Transparency is a key issue in the NGO sector due to the existence of a considerable degree of private information and hidden actions in the NGO-beneficiary-donor nexus. Research has already shown that many NGO relationships with their stakeholders are fraught with information asymmetries (Stiglitz, 1999). Without providing timely and accurate information, NGOs may be covering up for some performance deficiencies. The conceptual framework assumes that transparency empowers the people an NGO works with and makes it easier for them to collaborate with the NGO, as they understand its work better and how it can best contribute to other efforts. With proper information, stakeholders can hold NGOs to account for their performance. This creates incentives for continual improvement within an NGO.

The NGO organizational structure also bears a direct relationship with its performance. Previous research has revealed, for example, that organizations with less bureaucratic governance structures deliver better than those which are rigidly bureaucratic (OECD, 2004). Although they are formal in organizational and governance structure like private enterprises and government institutions, NGOs are comparatively more informal and therefore more flexible and innovative in their activities. Using South Korea as a case study, Kim (2004) writes that NGOs are quick to find out needs of people, recognize injustice and respond to tackle those issues by, for example, building temporary coalitions for addressing bigger problems or issues which affect the more general public and dissolving the coalition once the goal is achieved. The flexibility of the NGO structure therefore is an important influence on its performance.

Figure 1: A Conceptual framework illustrating the relationship between NGO self-regulation policies (Causes) and NGO Performance (Effect) and the influence of intervening variables



Source: Conceptualized by the researcher

However, it is important to observe that the relationship between the independent and dependent variables is affected by the influence of other 'external' factors. In the conceptual framework of this study, the researcher postulated that the policy and actions of national and local government have influence on the performance of NGOs. The Uganda NGO Registration Board only renews the one-year provisional registration certificate of an NGO if the applicant provides "satisfactory" accounts and reports documenting their activities so those NGOs that fail to demonstrate sufficient level of activities risk being denied renewal of registration. Moreover, as Barr et al (2004) found out, Ugandan NGOs are subject to scrutiny and monitoring by central government ministries and agencies and many have signed memorandums of understanding with line ministries with whom they work in close collaboration. It was also found that many district-based NGOs are subjected to monitoring by local government authorities.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was employed in conducting the study. It includes brief description of the study site, design and population as well as the sample and sampling technique that was employed. It also includes basic information about the study variables, data collection methods and tools, the validity/reliability of the instruments and the data processing and analysis criteria. The chapter ends with sections on ethical considerations and the final presentation of the study report.

3.1 Research Site

The research was carried out in Gulu District, northern Uganda. For more than two decades, the district was at the epicenter of the military confrontation between Uganda government troops and insurgents of the Lord's Resistance Army (LRA). A humanitarian crisis engulfed the region and consequently drew a high number of different types and sizes of NGOs. The UNNGOF estimates that about 200 different NGOs, local national and international, were active in the district at one time.

3.2 Research Design

A research design is a strategic plan for conducting a research study to examine any specific testable research questions of interest (Kalain 2008). This study adopted a descriptive research design because, as recommended by Mugenda and Mugenda (2003), it sought to describe a phenomenon the way it existed. Due to resource constraints, the study adopted a case study approach: the sample was drawn only from NGOs operating in Gulu District but the findings was used to generalise conclusions for the whole of Uganda. Collin and Hussey (2003) define a case study as an extensive study of a single instance of a phenomenon, which in this case was the effect of self-regulation on the performance of NGOs in Gulu district.

3.3 Target Population

Target population, as defined by Krejcie and Morgan (1970), is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The study population of this case study was comprised of all the about 200 NGOs which, according to records of UNNGOF, are operating in Gulu

district and officials of both the central government and local government arms 40 in number that work with the NGOs at the national or district levels and 20 NGO registration board thus the target population will be 260. The NGOs work in various areas, including: relief and emergency; conflict and peace; education and health; governance; human rights; anti-corruption and transparency; and livelihoods and economic empowerment. The list includes the local branch of Red Cross. The study assumes that some of these NGOs are self-regulated while others are not self-regulated.

3.4 Sampling Technique, Procedure and Sample Size

The core activities and geographical scope of work of the NGOs in Gulu District differ so the study population is not homogenous. The study relied on the recommendation of Mugenda and Mugenda (2008) that at least 10 % of a study population is statistically significant enough a sample in a descriptive study with a finite universe. Using the list of NGOs operating in Gulu District, the researcher categorized all the NGOs according to their core activities. Then, using the formula, $n_h = (N_h / N) * n$, a sample size was drawn using the proportionate stratification method to form the final study sample for NGOs using the following equation:

$$n_h = (N_h / N) * n$$

where;

- n_h is the sample size for stratum h,
- N_h is the population size for stratum h,
- N is total population size,
- and n is total sample size.

TABLE 3.4.1: *Table showing categorization of the NGOs and sample size per category*

Category of NGOs	Total population	Sample size
Health and Education	63	19
Relief and Emergency	54	16
Conflict and Peace	31	10
Governance, human rights and transparency	28	8
Livelihood and economic empowerment	24	7
TOTAL	200	60

For respondents from central and local government, the researcher used purposive sampling technique to select key informants which the study determined were directly involved in working with the NGOs in the study area and were knowledgeable about the work of the NGOs. A sample was drawn from the members of staff who work in the office of the NGO Registration Board at the Ministry of Internal Affairs in Kampala. They provided responses in relation to the aspect of central government policy on the topic of study. Another sample was also drawn from the list of local government officials at the sub-county levels in Gulu District. These local officials included elected leaders and government technocrats. The final study sample of all the categories of respondents for the study was as below:

Table 3.4.2: *Final study sample by target population, sample sizes and sampling technique*

Category	Target Population	Size	Percent (of target)	Sampling Techniques
NGOs in Gulu	200	60	30%	Stratified random
NGO Registration Board	20	4	20%	Purposive
Sub-county officials in Gulu	40	8	20%	Purposive
Total	260	72	27.7%	

3.5 Research Instruments

The researcher used questionnaire survey, key-informant interviews and document review methods to collect data. This study was a fairly large one for which Kothari (1985) recommends questionnaires with a mixture of open- and close-ended questions as appropriate. The questionnaire was developed using a Likert scale to ease coding, analysis and the respondent's effort in filling the questionnaire (Mugenda & Mugenda, 1999). The questionnaire method was supplemented through key informant interviews because face-to-face interactions with respondents offer the research a number of benefits (Bernard, 2002; Saunders, Lewis & Thornhill, 2003; Sekaran, 2003). Additionally, the researcher also did review of documents that have specific relevance to the study topic. Documents, electronic or non-electronic, are a popular source of data for researchers because they give access to information of past experiences; are easier and more economical than human sources; and provide in-depth information whose credibility can be verified (Robson, 2002).

3.6 Measurement of Study Variables

Studies of quantitative nature require measurement of data. In this study, three levels of measures were used, namely: the nominal, ordinal, and the interval scales (Mugenda & Mugenda, 1999). The nominal scale measured items like types of NGO (international or national); core activity of NGO; and, number of years since founding. The ordinal scale measured responses to Likert statements and ranks them in order. The interval scale was used to aid the researcher to compute mean and standard deviations for interpretation and analysis purposes.

3.7 Quality Control (Validity and Reliability of Instruments)

3.7.1 Validity of study instruments

Validity is the degree to which the results obtained from an analysis represent the phenomenon under study. The researcher pre-tested the instruments to enable identification and correction of deficiencies such as unclear or ambiguous questions. The researcher also consulted the research supervisors and sought expert judgment to assess the content validity index (CVI) for each category of questions. The CVI of 0.7 and above will be considered valid (Amin, 2005). This was based on the following formula:

$$\frac{\text{Number of items rated correct}}{\text{Total number of items}} \times 100$$

3.7.2 Reliability of Study Instruments

Reliability is the measure of the degree to which research instruments yield consistent results after repeated trials. To ensure reliability, the researcher used the internal consistency method in which the questionnaires were administered once to at least 10 respondents from NGOs which had not been included in the final study sample. The responses were then correlated using the Cronbach's Alpha analysis. An alpha of 0.7 and above indicated that the instrument is reliable (Amin, 2005).

3.9 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected (Mugenda and Mugenda, 2008). Qualitative data collected from the field was analyzed. Qualitative data from interviews and questionnaires was sorted, edited

and categorized to come up with key themes according to the stated objectives so that the information given by the respondents was complete and consistent. The contents were then analyzed and reported alongside the quantitative data.

On the other side, quantitative data from the questionnaires was sorted, edited, coded and entered into the computer and analyzed using the Statistical Package for Social Scientists (SPSS) program. Descriptive statistical analysis was carried out using frequencies, percentages and charts. Furthermore, inferential statistical analysis was done using the Pearson's correlation coefficient and chi-square analysis so as to provide an indication of the direction, strength and significance of the bivalent relationship between the variables in the study.

3.10 Ethical considerations

The researcher obtained letters of authority and introduction from the Faculty of Graduate Studies of Kabarak University, and the Uganda National NGO Forum, the umbrella organisation for NGOs in Uganda. The study was guided by the principles of informed consent, confidentiality of data provided by respondents and honesty and objectivity in the analysis and reporting of findings. The researcher looks forward to sharing the findings with the participating NGOs, the national NGO Forum as well as the government institution that is charged with regulating the NGO sector in Uganda: the Ministry of Internal Affairs.

3.11 Presentation of study report

The finding of the study is here presented as a compiled report with both numerical and non-numerical information. Efforts were made to present and discuss the finding at an appropriate academic or professional forum.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This study examined the effect of self-regulation strategy on the performance of NGOs, using the case of NGOs in Gulu District as a case study. This chapter presents the research data analysis, interpretations of the findings and discussion, based on the study objectives, variables and hypotheses stated earlier.

4.2 Response Rate

The number of respondents the research targeted was seventy-four (74) from the three categories of respondents. The following were the targeted and actual population achieved:

Table 4.2.1 Response Rate

Category	Target	Actual	Response Rate
Representative respondents from NGOs	60	60	100%
Central government officials	4	4	100%
Sub-county technical and political leaders	8	8	75%
Total	72	72	97.3%
Average	-	-	93.3%

Source: Primary data

Table 4.2.1 indicates that a total response rate of 93.3% was realized across the three categories of respondents. This is a very good level of respondent participation for a valid research since Amin(2005) recommends a minimum of 70%. This high response rate could be attributed to the fact that the researcher physically followed up the respondents who had not returned their filled questionnaires within the stipulated time. Besides, so much resources for service delivery goes into the coffers of NGOs so the issue regarding their accountability, transparency and performance has become a topical issue in Uganda and that could have been an inducing factor for the high response rate of the respondents.

4.3 Basic Characteristics of the NGOs

Table 4.3.1 Distribution of NGOs by date of founding

		Frequency	Percentage
Valid	Less than 10 yrs ago	12	20.0
	Between 11-20 yrs ago	28	46.7
	Between 21-30 yrs ago	11	18.3
	More than 30 yrs ago	9	15.0
Total		60	100.0

Source: Primary data

Table 4.3.1 shows that about 50% of the NGOs (n = 28) were founded 11 to 20 years ago while less than 10% were founded more than 30 years ago. Most of the NGOs working in Gulu are therefore relatively new NGOs. In fact one-fifth of them (n = 12) were founded less than 10 years ago. It must be remembered that in the late 1980s and early 1990s, Gulu District was at the epicentre of a humanitarian crisis that resulted from the military insurgency of the Lord's Resistance Army (LRA) rebels and it was during this period that several NGOs, both foreign and local, started work in the district. Most of these NGOs between 10 to 30 years old could have been founded to respond to the effects of the war in Gulu district in particular, and northern Uganda as a region.

Table 4.3.2 Distribution of NGOs by core activity

The NGOs were categorized by core activities and the results were as follows:

		Frequency	Percentage
Valid	Health and Education	19	31.7
	Relief and Emergency	16	26.7
	Conflict and Peace	10	16.7
	Governance, human rights and transparency	8	13.3
	Livelihood and economic empowerment	7	11.6
Total		60	100%

Source: Primary data

Table 4.3.2 shows that most of the NGOs in the study sample were those working in the area of health and education (n = 19; 31.7%) followed by those providing relief and emergency services (n = 16; 26.7%). In any conflict zone, these issues of health, education, relief and emergency services are usually the most critical areas where government needs assistance from NGOs to deliver. It is not surprising that most of the NGOs are engaged in them. But as peace returns to the region, it is observed that the number of NGOs working towards governance, peace, human rights is also becoming significant as well as those that are working to restore the livelihood of the local people and help empower them to drive their development in the post-conflict period.

4.3.3 Distribution of NGOs by scope of operation

The researcher categorized the different NGOs in the sample according to their scope of operation. The results are shown in the table below:

Table 4.3.3: Sampled NGOs by scope of operation

	Frequency	Percentage
Valid International	28	46.7%
Regional	7	11.7%
National	11	18.3%
District-based	10	16.7%
Sub-county based	4	6.6%
Total	60	100.0%

Source: Primary data

Table 4.3.3 shows that the majority of the NGOs in the sample were international in their scope (n= 28; 46.7%). This meant they have offices and operations in other parts of the world. There were also many NGOs which were either national or district based in character. The sub-county-based and regional ones were the least common. Only four of the sixty NGOs (6.6%) were indigenous to the sub-county. So the NGO space in Gulu is characteristically dominated by international NGOs suggesting that their funding systems could also be reliant on foreign international sources.

4.3.4 Distribution of NGOs by size of annual budget

This study was interested in identifying the magnitude of the annual budget of these NGOs in the study sample.

Table 4.3.4: NGO by size of annual budget (in US \$)

	Frequency	Percentage
Valid Less than US\$ 50,000	5	8.3
US\$51,000 – US\$100,000	10	16.7
US\$100,000 – US\$150,000	7	11.7
More than US\$150,000	38	63.3
Total	60	100.0

Source: Primary data

It can be seen from table 4.3.4 above that most of the NGOs had annual budgets in excess of US\$ 150,000 per year (equivalent to about 300 million Uganda shillings). This category is likely to be composed of the international NGOs whose funding sources are usually abroad. However, if this annual budgets include funds which the NGOs spend on their staff salaries and other administrative expenses, then the amounts are relatively low because operations in conflict areas like Gulu usually demand more resources. The study suspects that some of the NGOs (those that have indicated their annual budgets as “low” as US\$100,000) could have understated the size of their budgets for some other reasons, especially because the NGOs are known to pay their staff higher salaries and allowances and drive expensive vehicles.

4.3.5 Distribution of NGO by main source of funding

The NGOs were categorized according to their main source of funding.

Table 4.3.5: NGO by their main source of funding

	Frequency	Percentage
Valid Uganda Government	4	6.7
Foreign sources	41	68.3
Local (NGO)	11	18.3
Corporate	4	6.7
Total	60	100.0

Source: Primary data

Table 4.3.5 indicates that more than two-thirds of the sixty NGOs (n = 41; 68.3%) indicated that their main source of funding was foreign countries and organizations. This is not surprising since most of these NGOs in Gulu are international and have their head offices and other operations in other parts of the world, especially Europe and the United States of America (USA). The table also shows that four NGOs (6.7%) had the Uganda Government as their main funding source, and a similar number received funding mainly from the corporate bodies. Other local NGOs also contribute funding to 18.3% of the NGOs in Gulu.

4.4 Descriptive Statistics on the Independent Variables

4.4.1 Membership of Self-regulation mechanism

Each of the NGOs in the study sample was required to indicate whether they had membership in any self-regulation mechanism. Their responses are summarized here:

4.4.2 Accountability to Project Beneficiaries

If your organisation provides the national NGO Board with your annual financial report, do you provide that same information to your project beneficiaries? YES NO

Table 4.4.3: Whether NGOs provide their financial report to project beneficiaries

	YES	NO	TOTAL
NGO provides annual financial report to project beneficiaries?	49	11	60
Total	81.7%	18.3%	100%

Source: Primary data

According to table 4.4.3 most of the NGOs in the sample (n = 49; 81.7%) indicated that they provide their project beneficiaries with their annual financial reports. In fact, what this means is that these NGOs do downward financial accountability to the grassroots communities. However, some of the NGOs (n = 11; 18.3%) indicated that they do not provide their project beneficiaries with the annual financial reports. Some of the reasons given were that the annual financial reports were “too technical for the villagers to make meaning out of them”, or that their policies require that they make such financial reports to the donors only.

4.5 Self-regulation mechanisms among NGOs in Gulu

The first objective of this study was to find out which self-regulation mechanisms the NGOs in Gulu have adopted. The responses of the NGOs are summarised here below:

Table 4.5.1 Types of self-regulation mechanisms adopted by NGOs in Gulu

Self-regulation Mechanism	Frequency	Percent
Code of conduct and ethics	54	90.9%
Umbrella organisations/arrangements	32	53.3%
Certification systems	18	30.0%
Rating agencies	6	10.0%
Others	3	5.0%

Source: Primary data

From Table 4.5.1 the finding showed that some NGOs in Gulu belonged to more than one self-regulation mechanism. However, the most popular self-regulation method among the NGOs was the code of conduct and ethics and it is being used by 90.9% (n= 54) of the NGOs. It is followed by umbrella arrangements which thirty-two of the NGOs (53.3%) use as their self-regulation mechanisms. Certification systems have been adopted by 18 NGOs (30.0%). Perhaps certification has not yet become so popular among the NGOs because it is not yet well developed in the country. Although rating agencies do not yet exist in the NGO context of Uganda, six (6) of the foreign NGOs working in Gulu indicated that they belong to such a mechanism in their country of origin.

4.6 Self-regulation and accountability in NGOs

To determine the adoption rate of self-regulation mechanism as a measure of accountability among NGOs in Gulu district; a chi-square test was conducted on the responses provided through the questionnaire to establish the validity and reliability of the data. Below is the calculation.

The (Null) hypothesis to be tested:

Most NGOs in the study area are not subscribed to any self-regulation body

The Chi Square formula

$$\chi^2 = \sum (o-e)^2 / e$$

$$\chi^2 = \text{Chi square}$$

O = Observed frequency

E = Expected frequency

Degree of freedom = 1

P value > 0.05

Table 4.6.1: Chi-Square calculation for NGO membership in self-regulation bodies

	Yes	No
Observed (o)	20	40
Expected (e)	10	50
Deviation (o - e)	10	-10
Deviation2 (d2)	100	100
d2/e	10	2
$\chi^2 = \sum d2/e = 12$.	.

Source: Primary data

Given the Chi Square value of ($\chi^2 = 12$) the p value is about 0.001, which means that there is a 0.1% probability that any deviation from expected results is due to chance only. Based on my standard $p > 0.05$, this is outside the range of acceptable deviation. In terms of the

hypothesis, the observed chi-square is significantly different from expected. The observed numbers are inconsistent with those expected under Mendel's law.

This therefore means that the NULL hypothesis is wrong; the test show that a sizeable number of NGOs operating in the district were subscribed to a self regulating body.

Test of hypothesis

The researcher then set out to determine the relationship between accountability standards as a self-regulation practice and the performance of the NGOs. To verify this, a null hypothesis was generated as Ho; meaning is no relationship between accountability standards as a self-regulation practice and the performance of the NGOs. The degree and direction of the relationship was determined using the Pearson's correlation coefficient analysis as shown below.

Table 4.6.2 Correlation Matrix for adoption of accountability standards under self-regulation and performance of NGOs

		Performance of NGOs	Adoption of accountability standards
Performance of NGOs	Pearson Correlation	1	.483**
	Sig. (2-tailed)		.000
	N	60	60
Adoption of accountability standards	Pearson Correlation	.483**	1
	Sig. (2-tailed)	.000	
	N	60	60

**Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data.

The result of the correlation in the table above shows a coefficient of .483 at 0.01 level of significance, implying that there exists a significant positive relationship between the two variables. It means adopting accountability standards under a self-regulation mechanism highly influences the performance of the member NGO. A regression analysis was then run to ascertain the strength of the relationship between adoption of accountability standards and

the NGO performance and to show how much of the variance in the dependent variable would be caused by the independent variable as shown below:

Table 4.6.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	.483 ^a	.233	.223	.42220	.000

a. Predictors: (constant), Adoption of accountability standards

Source: Primary data

The coefficient of determination (Adjusted R²),.223 implies that adopting the accountability standards under a self-regulation mechanism explains 22.3% of the variance in the performance of the member NGOs in Gulu District. This is an indication that there exists a positive relationship between the two variables. The research therefore rejects the null hypothesis that there is no relationship between the adoption of accountability standards and the performance of the NGOs under a self-regulation arrangement. Instead the research establishes that there exists a positive relationship between the adoption of accountability standards of a self-regulation mechanism and the performance of the NGOs that adopt such strategy.

4.7 Transparency under Self-regulation and NGO performance

To determine the effect of the transparency policy of the NGO in a self-regulation arrangement and its performance, a regression analysis was done on the responses provided by the NGOs and the results presented as below:

Table 4.7.1: The relationship between transparency policies and NGO performance

	Mean	Std Deviation
1. Our organisation has a clear transparency policy document.	2.17	.659
2. Our organisation produces an annual report.	2.61	.873
3. The annual report is shared with the public.	2.56	3.433
4. The annual report is shared with anyone who requests.	2.30	.874
5. The organisation consults community members before initiating projects.	2.76	.955
6. The organisation seeks feedback from beneficiaries.	2.46	.793

Source: Primary data

The result of the finding in the table above shows that respondents scored highly on statements pertaining to the NGO consulting the community before initiating projects (mean score = 2.76); the NGO producing an annual performance report (mean score = 2.61) and the annual report being shared with the public (mean score = 2.56). It can be argued that that accounting for their performance to their beneficiary communities compels the NGOs concerned to continuously improve their performance in order to win the confidence and trust of the communities. The practice of producing annual reports and providing them to the public empowers the communities to scrutinize the NGO performance and accountability thus establishing a link between transparency and organizational performance of the NGOs.

Test of hypotheses

To determine the relationship between the transparency policies of NGOs in a self-regulation arrangement and their performance, a null hypothesis H_0 was generated as: there is no relationship between the transparency policies of NGOs in self-regulation arrangements and their performance. The degree and direction of the relationship was determined using the Pearson's correlation coefficient analysis as shown below.

Table 4.7.2 Correlation matrix for transparency policies in self-regulation arrangements and performance of member NGOs

		Transparency policies	Performance of member NGOs
Performance of member NGOs	Pearson Correlation	1	.455**
	Sig. (2-tailed)		.000
	N	60	60
Transparency policies	Pearson Correlation	.455**	1
	Sig. (2-tailed)	.000	
	N	60	60

**Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

From the above table, a correlation coefficient of .455 significant at the 0.01 level was got implying a positive relationship. This means practicing the transparency policies by NGOs that are in a self-regulation arrangement influences their performance. When a regression analysis was done to determine the magnitude of the relationship between transparency policies and NGO performance, the result was as below:

Table 4.7.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	.455 ^a	.207	.197	.42933	.000

a. Predictors: (constant), Transparency policies

Source: Primary Data

A coefficient of .197 was determined which implies that transparency policies explains 19.7% of the variance in the performance of the NGOs in Gulu District. The strength of the relationship between the two variables is not significant but it is nevertheless positive. Therefore, the researcher rejects the null hypothesis that there is no relationship between the transparency policies in NGOs and the performance of those NGOs. Instead the study accepts

the hypothesis that there exists a positive relationship between transparency policies and the performance of NGOs under self-regulation arrangements.

4.8 Flexibility of NGO structure and organizational performance

The fourth objective of this study was to find out how flexibility among NGO structures in Uganda affects their performance. Responses to statements about different aspects of the governance and structure of the NGOs were subjected to a regression analysis to find mean scores and standard deviation indicators.

Table 4.8.1: Flexibility of NGO structures and performance

	Mean	Std. Deviation
1. The governance documents provide for an annual meeting of all stakeholders.	1.73	.658
2. Board decisions are influenced by founder members.	2.06	.657
3. Elections of office bearers are regular.	1.63	.641
4. Term limits of elected officials are strictly adhered to.	3.17	1.007
5. The organisation gets involved in development activities outside its mandate.	2.16	.735
6. The organisation operates only in its registered area of operation	2.89	.956

Source: primary data

The analysis presented in the table above shows that respondents scored certain statements more highly than others. The highest mean score was for term limits of elected officials being strictly adhered to (*mean score = 3.17*). respondents also felt strongly about their organisation operating only within the area they were registered to operate in (*mean score = 2.89*). These two factors, however, are indications of the lack of flexibility in the structures of the NGOs concerned. There are instances when, for valid and practical reasons, some NGOs may extend the term limits of their elected officials or may extend its operation beyond the area where it was registered to operate in, for instance, if such NGO was responding to a spreading epidemic like disease and hunger. The apparent lack of flexibility in the structures of these NGOs raises questions about whether the NGOs perform well.

Test of hypotheses

In order to determine more precisely whether there is any relationship between the flexibility in the NGO structure and its performance, a null hypotheses H_0 ; was derived as: no relationship exists between flexibility in the structure of the NGOs in Gulu district and their performance. The degree and direction of the relationship was ascertained using the Pearson's correlation coefficient analysis as illustrated below:

Table 4.8.2: Correlation matrix for flexibility of NGO structure and NGO performance

		NGO Performance	Flexibility of NGO Structure
NGO Performance	Pearson Correlation	1	.277*
	Sig. (2-tailed)		.000
	N	60	60
Flexibility of NGO Structure	Pearson Correlation	.277*	1
	Sig. (2-tailed)	.000	
	N	60	60

*Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

A correlation coefficient of .277 at 0.01 level of significance implies a positive relationship between the two variables. It therefore means, when the NGO in a self-regulation arrangement has a flexible governance structure, its performance improves. There exists a relationship between the two variables. However, to show much of the variance in performance would be caused by increasing the flexibility of the structure of the NGO, a regression analysis was run as shown below:

Table 4.8.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	.277 ^a	.077	.065	.46326	.000

a. Predictors: (constant), Flexibility in NGO Structure

Source: Primary data

The coefficient of determination .065 implies that flexibility in the governance structure of the NGO determines the performance of the NGO by 6.5%. This is a positive relationship. However, although the researcher rejects the null hypothesis and upholds the alternative hypothesis, it must be emphasized that flexibility in the governance structure of the NGO causes improvement in the performance of the NGO but to a limited degree.

4.9 Descriptive Statistics on the Intervening Variable

The last objective of this study was to find out the NGO regulation policy of central and local governments of Uganda affect the NGOs working in Gulu district. The researcher sought responses from the officials at both central and lower local government officials.

4.9.1 Local government and NGO work in Gulu District

Questionnaires were administered to local government officials in four sub-counties in Gulu district, including Gulu Municipality. The questions covered aspects of local government policy and actions that the researcher deemed could have effect on the work of NGOs in the area.

4.9.1.1: Presence of NGO in respondent's sub-county

The sub-county officials were asked to say whether there were NGOs working in their sub-county area of jurisdiction at the time of the study. Out of a total of eight sub-county officials asked, all of them (100%) indicated that they had NGOs working in their sub-counties. They were further asked to indicate the number of NGOs working in their area at the time and their responses have been summarized in the table below:

Table 4.9.1: Number of NGOs in eight selected sub-counties in Gulu district

Number of NGO per sub-county	Frequency	Percent
Less than 5	1	12.5
Between 5 and 10	3	37.5
More than 10	4	50.0
Total	8	100.0

Source: Primary data

The data collected indicates that in half of eight sub-counties (n = 4; 50.0%), local government officials from those areas reported that there were more than ten NGOs working in their areas at the time of the study. In three of the sub-counties (37.5%), there were reportedly between 5 and 10 NGOs working in the areas. It was in only one sub-county that only less than five NGOs were reported to be working. With the population of sub-counties in rural northern Uganda (with the exception of the more densely populated municipality of Gulu) averaging about 20,000 – 35,000 people, a concentration of up to more than ten (10) NGOs working in one local government area is unusually high. However, such a high NGO density can only be explained by the fact that the region is just coming out of more than two decades of war and there still remains many areas of need that require NGO intervention. The high concentration of NGOs in these sub-counties raises the prospect of duplication of efforts and services among the NGOs. This study however, did not find out which activity or activities each of the NGOs was engaged in at the time so no conclusion can be drawn regarding whether or not there was duplication of work.

4.9.1.2: Focal office for NGOs in local government areas

The study sought to find out whether at the sub-county local government levels there was an office/officer designated as the focal point for NGOs working in the area, and to identify the specific office, if any. All the eight sub-counties indicated that there were specific offices designated by the Local Government Act to coordinate and supervise NGOs working in the area of their jurisdiction.

Table 4.9.2: Focal offices for NGOs at the sub-counties in Gulu district

	Name of sub-county	NGO Focal office/officer
1	Gulu Municipality	Community Development Officer
2	Bobi	Community Development Officer
3	Opit	Sub-county chief
4	Awach	Community development Officer
5	Alero	Sub-county chief
6	Cwero	Community Development Officer
7	Lukome	Community Development Officer
8	Koro	Sub-county Internal Security Officer

Source: Primary data

The 1997 Local Government Act clearly stipulates that the responsibility for coordinating and supervising NGOs at the local government levels lies in the office of the area's Community Development Officer (CDO). This policy was mainly informed by the fact that most NGOs are engaged in supplementing the effort of government to deliver social services such as water, sanitation, education and health to rural communities; responsibilities that officially lies in the docket of the CDO. So in five (5) out of the eight (8) sub-counties in Gulu, CDOs were reported as the focal persons for the NGOs. However, in two (2) sub-counties where there were no substantive CDOs, the task was placed in the office of the sub-county chief. In one particular case of Koro sub-county, it was the sub-county internal security officer (ISO) who was the NGO focal person. This apparent abnormality was later explained in interviews with officials of the NGO Registration Board in Kampala who said that, due to security concerns, especially in conflict zones like Gulu, the line Ministry of Internal Affairs has increasingly urged local governments to integrate ISO into the supervision of NGO work in their areas.

4.9.1.3 Areas and level of local government – NGO collaboration

The study explored areas and level of collaboration between the local governments in Gulu and the NGOs working in their areas. The local government officials responded to statements made in the questionnaire regarding the NGOs working in their areas and the responses are summarized in the table below:

Table 4.9.3: Local government and NGO work

Questionnaire items	Response category (Number/Percent)		
	YES	NO	DON'T KNOW
NGOs provide sub-county with annual financial report for project or projects in the sub-county	6 75.0%	0 0%	2 25.0%
Villagers in project areas of the sub-county have access to NGO records of project finances	4 50.0%	2 25.0%	2 25.0%
All NGOs are required by the sub-county LG to provide project beneficiaries with source(s) and amount of funding	2 25.0%	6 75.0%	0 0%
Local beneficiaries of NGO projects are consulted about the design of the project.	3 37.5%	0 0%	5 62.5%
Sub-county LG participate in supervising the implementation of the NGO projects in the area	3 37.5%	3 37.5%	2 25.0%
Sub-county LG participate in evaluating the project at its end	4 50.0%	3 37.5%	1 12.5%

Source: Primary data

The responses varied between statements and between sub-counties. Whether NGOs provided sub-county local governments with their annual project financial reports, six respondents (75.0%) said they were given but two (25.0%) did not know whether they were or were not given. The researcher could not tell whether this was a requirement that every NGO was made aware of by the local government. However, that up to three-quarters of the sub-counties admitted receiving the annual reports of NGO working in their area indicate that the NGOs were being accountable and transparent in their dealings with the people and the local government. It also demonstrates that the NGOs cooperate with the local government authorities at the sub-county.

Although in two sub-counties (25.0%) it was indicated that community members (villagers) did not have access to records of project finances, a half of the respondents (n = 4; 50.0%) agreed that the communities in their sub-counties do have access to records of finances of projects executed in their areas. Two of the respondents indicated that they were ignorant of

whether the communities had or did not have that access. Again, it can be said here that the concept of local government is raising civil vigilance in rural communities and people are continuously putting NGOs to task to account to them.

As many as six out of eight respondents (75.0%) had indicated that the NGOs provided the sub-counties with their annual reports but it came out that only two sub-counties (25.0%) have it as a requirement that NGOs working in their areas must furnish the local government authorities with their sources and amount of funding while the other six (75.0%) do not necessarily demand that NGOs provide them such details. Asking for access to NGO account records is therefore not a formal requirement by the sub-county local governments but merely a practice that has become common in certain instances and places.

In three of the eight sub-counties, (37.5%), respondents indicated that beneficiaries in the local community were consulted by the NGO before the project was implemented and in some of the sub-counties (n = 3, 37.5%), the local government at sub-county actually participated in supervising the implementation of the projects. It is probable that the need to consult the people encourages NGOs to collaborate with the local government structures on the ground. Consultation of beneficiary communities increases their level of participation in project activities and consequently improves the NGO performance. It is however, worth noting that some local governments still do not know (or do not care) whether the local people are consulted by the NGOs as they seek to help the people solve their problems.

There have been questions raised in NGO literature about reports of project successes made by NGOs. Some critics argue such beautiful reports do not reflect the true project outcomes and outputs on the ground. It was therefore worth noting that in half of the sub-counties (n = 4; 50.0%), the local people participated in jointly evaluating the end of the projects together with the implementing NGOs. This practice is likely to discourage NGOs from manufacturing false evaluation reports that over-report successes at the expense of the local beneficiaries. However, this safeguard can only be ensured if the project beneficiaries have access to the final evaluation reports that the NGOs produce.

4.10 Discussion of results

4.10.1 The types of self-regulation mechanisms adopted by NGOs in Gulu district

The first objective of this study was to find out which types of self-regulation arrangement or mechanisms the NGOs working in Gulu have chosen to adopt. For the purpose of this study, the strategy of self-regulation was defined as the voluntary mechanism through which NGOs, individually or collectively, set ethical principles and standards to which they have to adhere for the ultimate purpose of, among other things, improving their performance. The literature had already indicated that the forms of self-regulation arrangements available all over the world vary. While some may have highly institutionalized (formal) structures that guide implementation while others may be relatively unstructured (informal) and provide flexibility in implementation to participating NGOs (Warren & Lloyd, 2009). Forms of NGO self-regulation efforts in Africa range from the government-NGO collaborative national guilds to NGO-led voluntary clubs (Gugerty, 2007).

This study found that the NGOs in Gulu belonged to four different arrangements of self regulation, namely: the code of conduct and ethics; umbrella organisations or arrangements; certification systems and rating agencies. The code of conduct and ethics was found to be the most popular self-regulation arrangement among the NGOs. Warren and Lloyd (2009) contend that the type of self-regulation initiative adopted by an organisation depends on its needs, interest and operational context of the sector. The 90% of the NGOs in the study sample (n = 54) that chose to adopt the code of conduct and ethics arrangement must have found that besides suiting their needs and interest, it also suited the context in which they operate. The popularity of the code of conduct and ethics, according to Gugerty (2007) is that, unlike the guild and clubs, it is voluntary and does not require very strong institutional structure. The study did not explore the strength or weakness of this self-regulatory initiative.

The other self-regulation mechanism that many NGOs in Gulu adopted was becoming members of umbrella organisations. More than half of the NGOs (53.3%) belonged to one umbrella organisation or the other. Gugerty (2007) attributes the popularity of umbrella organisations to eliminating duplicative efforts and the sharing of critical but scarce resources by NGOs. Umbrella organisations in Uganda such as the Uganda National (HIV) AIDS Service Organization (UNASO) and the Uganda Women Organization Network (UWONET) jointly lobby for funds for their members and this acts as an incentive for other NGOs to join.

While the public benefits from the umbrella bodies' strict enforcement of accountability standards, Irish, Kushen, and Simon (2004) found that the member NGOs themselves also benefit because membership of such umbrella arrangement could be a requirement for accessing funding from certain grant-making agencies thus its widespread popularity among NGOs in Gulu, as has been revealed in the study.

Many NGOs in Gulu (n = 18; 30.0%) were also found to be parties to certification systems. Under this arrangement, an independent third party verifies compliance against an established set of norms and promulgates standards and develops certification or accreditation mechanisms to evaluate compliance by other members. Ugandan NGOs must have certainly realized that it is beneficial to belong to a certification system. In the USA, for example, Gugerty (2007) reports that certification mechanisms have enjoyed widespread use in ensuring compliance with minimum standards of care and to ensure quality service delivery in the health care, social service, and education fields particularly because the standards are frequently developed through a participatory process in which many stakeholders are consulted.

4.10.1.1 Relationship between accountability under self-regulation and NGO performance

The second objective of this study was to examine any relationship that could exist between the accountability standards that the NGO has adopted as a self-regulation strategy and the performance of the NGO. Accountability in this study was defined as the recognition by an organization that it has made a promise to do something, and has accepted a moral and legal responsibility to do its best to fulfill that promise (Cutt & Murray, 2000; Paul, 1992; Najam, 1996; Fox & Brown, 1998).

Responses from the field indicated a strong desire by NGOs to adopt and observe accountability standards set out in the self-regulation mechanism because they were aware that non-compliance with accountability standards was strictly punished. It can therefore be argued that if the self-regulation mechanism punishes member NGOs for non-compliance with agreed principles and standards, then it leads to improvement in the NGOs' accountability standards, practice and consequently, the overall performance of the NGO. But Bandura (1997), for example, argues that accountability should go beyond financial reporting because an NGO could feel accountable to such moral goals such as the advancement of

human rights, or the continuation of dedicated service to the disadvantaged. There was evidence though; that some NGOs in Gulu feel that accountability standards are not reviewed regularly and accountability guidelines lack clarity and this could lead to a weakening of the cause-effect relationship between these two variables.

To verify whether or not there was any positive relationship between accountability standards as a self-regulation practice and the performance of the NGOs, the Pearson's correlation coefficient analysis was done to determine the degree and direction of the relationship. The analysis showed that there existed a significant positive relationship between adopting financial reporting requirements and NGO performance. The coefficient of determination (Adjusted R²).223 implies that adopting the accountability standards under a self-regulation mechanism explains 22.3% of the variance in the performance of the member NGOs in Gulu District. Therefore, the research rejected the null hypothesis that there is no relationship between the adoption of accountability standards and the performance of the NGOs under a self-regulation arrangement.

In the literature, it had been observed that some NGOs do accountability as a way of fulfilling the promises they made to donors when they were applying for funding. Edwards & Hulme, (1996) observed that this does not pose a problem so long as the donor's funding goals are well-aligned with the interest of the beneficiaries. Among some of the NGOs in Gulu, the study found that while they produced annual financial reports, only few of them made such reports available to the public or to beneficiaries of their projects in the local communities. This ambivalence was cited by Ndegwa (1993) who points out that the NGO accountability-performance paradigm remains a complex issue in Africa because NGOs need to be accountable to many different sets of stakeholders and that each of these sets of stakeholders has a very different level of leverage and power over an NGO.

4.10.1.2 The relationship between the transparency policies of NGOs and their performance

The finding shows that respondents felt that consulting the community before initiating projects (mean score = 2.76) was a very important aspect of the transparency policy of the NGO. Another aspect of the NGO transparency policy that was rated highly was the

producing of annual performance report (mean score = 2.61) and the practice of the NGO sharing the annual report with the public (mean score = 2.56). The transparency policy of the NGO has a positive relationship with its performance. A regression analysis between the two variables found that transparency policies determined 19.7% of the NGO performance. The conclusion is that the relationship is not significant but nevertheless it is positive.

It was noted in the finding that there were still some NGOs who responded to the rising pressure for more openness and transparency from governments and other stakeholders and produced annual financial and evaluation reports. However, it appears that many NGOs remain reluctant to share information in the public domain, thereby refusing to recognize the need for accountability, as has been observed earlier by Elkington (2003). The transparency practiced by the NGOs seems to be aimed at fulfilling foreign donor conditions than acts of accountability to the local beneficiaries.

The lack of transparency in Uganda NGOs is not completely a new challenge. It has always been a key issue in the NGO sector. Zadek and Gatward (1996) found that there existed a considerable degree of private information and hidden actions in the NGO-beneficiary-donor nexus, and, judging from the many resources NGOs allocated to transparency activities; they concluded that there was little momentum towards greater transparency in the sector. So lack of transparency in NGOs should not be interpreted as a product of organizational incompetence or inefficiency but rather as a deliberate attempt to achieve some selfish interest which may include fraudulent misuse of resources for personal benefits of trustees or employees of the NGOs. Stiglitz (1999) said this reluctance was a product of the many incentives to conceal information.

4.10.1.3 The finding on how the flexibility of NGO structures affects their performance.

The study explored the responses of NGOs to issues regarding the flexibility of their organisational and governance structures. The analysis showed that the highest mean score was for term limits of elected officials being strictly adhered to (*mean score = 3.17*). Respondents also felt strongly about their organisation operating only within the area they were registered to operate in (*mean score = 2.89*). These two factors, however, are indications of the lack of flexibility in the structure of the NGOs. The lack of flexibility in

NGO structures of these NGOs in Gulu negatively affect their performance. Onyango (2009) acknowledged that organizations operate in complex and dynamic business environments that require complex, but flexible, governance regulation reflecting the uniqueness of each situation arising from specific factors such as legal and financial systems, culture, corporate ownership structures and economic conditions.

The study found that flexibility in the structure of the NGOs was positively related to the NGO performance. However, a deeper analysis was able to demonstrate that that relationship was not significant. Flexibility in the NGO structure affected only 6.5% of the organization's performance. The apparent lack of flexibility evident in the findings raises questions about previous conclusions that NGOs are known to achieve higher performance in areas of development where governments would not mainly because, in comparison to government and private sector organizations, NGOs tend to be less bureaucratic, more informal and more flexible and innovative in their activities. (Kingoro & Bujra, 2009).

4.10.1.4 How the regulatory policies of central and local government affect the NGOs

Right from the immediate post-independence history of Uganda, NGOs have always been part of the country's development landscape. This study found that NGOs continue to be present at the grassroots. The case of Gulu was even more unique in that the district has been at the centre of more than two decades of war that resulted in very serious humanitarian crisis, with millions of local people internally displaced into camps and the ability of government to provide for them seriously overstretched. It was therefore not surprising that in many sub-counties in Gulu, there were as many as more than ten NGOs operating there.

The study also found that local government policies have influence on the activities and performance of the NGOs in their jurisdiction. For example, some few sub-county local governments require that NGOs operating in their areas provide them with financial reports that include sources of funding and expenditures. Other local governments supervise and monitor implementation of NGO activities and others even participate in the evaluation of the NGO projects. When this local government participation in NGO activities is interpreted as collaboration, it is likely to push the NGOs to perform better since they are under scrutiny. However, if it is treated as interference, it is likely to breed animosity and suspicion thus provoking governments to sometimes use regulatory mechanisms to restrict the space in

which NGOs operate. The national NGO forum has already shown disapproval towards the government's continued use of the law to control NGO activities (UNNGOF, 2009).

At local government levels in the sub-counties, the Local Government Act provides for the anchoring of NGOs in the office of the Community Development Officer. This is deemed appropriate mainly because evidence has revealed that most NGOs are involved in the provision of community social services like safe water, hygiene and sanitation, health, education and all those other basic services that local government, given sufficient resources, would be responsible for providing. In this regard, the NGOs are seen to be supplementing government effort. It was however noted that, due to rising security concerns, local and central governments have begun to place NGOs under security surveillance by co-opting the Internal Security Organization's operatives at the sub-county into NGO supervision and monitoring. This conforms to what Barr et al (2004) found out: that Ugandan NGOs are subject to scrutiny and monitoring by central and local government authorities and many have signed memorandums of understanding that proscribe conditions.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study examined the effect of adopting self-regulation strategy on the performance of NGOs, using NGOs working in Gulu as a case study. The major findings have been summarized and presented, analyzed and interpreted in the previous chapter. This last chapter presents the summary of results, conclusions drawn and recommendations made out of the findings.

5.2 Summary of Results

5.2.1 The finding on types of self-regulation mechanisms adopted by NGOs in Gulu

The study found that all the NGOs in the sample belonged to at least one type of self-regulation mechanism. The most common type was the code of conduct and ethics which 90.0% belonged followed by umbrella organisations which 53.3% of the NGOs subscribed to. Certification system was the third most popular mechanisms among the NGOs and 30.0% of the NGOs were members of that arrangement. The study also found out that, although there is no local organization that functions as a rating agency, three of the NGOs belonged to a rating agency self-regulation arrangement that is managed by a foreign organization. From the data gathered, the study revealed that some of the NGOs in Gulu belonged to more than one self-regulation arrangement.

5.2.2 The finding on the relationship between accountability standards and NGO performance

The study found that there was a significant positive relationship (with a coefficient of 0.483 significant at 0.01) between adopting accountability standards as a self-regulation strategy and the performance of the NGO. A regression analysis revealed that adopting accountability standards under a self-regulation arrangement determined 22.3% of the NGO's performance. It was also found that the two most significant accountability factors that contributed to improving the NGO performance were the fact that non-compliance was punished and the NGO management communicated the accountability standards to the staff. However, the study found that some NGOs felt accountability standards were not reviewed regularly and the accountability guidelines lacked clarity.

5.2.3 The finding on the relationship between transparency policies and the NGO performance

The result of the study showed that there was a positive relationship (correlation coefficient of .455 significant at the 0.01 level) between practicing transparency policies and the performance of the NGO. A regression analysis revealed that practicing transparency under self-regulation arrangement was responsible for 19.7% improvement in the performance of the NGO. The study also revealed that the transparency factors that contributed most to improving performance were that the NGOs consulted the communities they worked in, the NGOs produced annual reports to account for their work and shared these reports with the public.

5.2.4 The finding on the relationship between flexibility of NGO structure and NGO performance

The study found that there was a positive relationship (correlation coefficient of .277 at 0.01 level of significance) between flexibility of the NGO structure and performance. A regression analysis revealed that flexibility of the NGO structure was responsible for determining 6.5% of the performance of the NGO. The relationship between the two variables was therefore positive but not significant. The study discovered that term limits of elected officials of the NGOs were strictly adhered to and NGOs operated only in the areas they were registered to operate in. These factors scored highest mean scores. The study also revealed that founder members still continued to influence the decisions made by governing boards of the NGOs.

5.2.5 The finding on the effect of central and local government regulation on the NGOs

The study found that central and local government regulation affected the performance of NGOs. Central government, through the NGO Registration Board, sets conditions for registration of new NGOs and holds the powers to refuse registration or renewal of registration if it deems that certain condition or conditions were not met or adhered to. New NGOs are given only one-year registration certificates and must adhere to the conditions set lest their certificates of registration are not renewed. At the local government levels, the study found that NGOs have a heavy presence in the sub-counties in Gulu, in some cases, more than ten NGOs in one sub-county. The study also found that at the local government level, it is the Community Development Officer, or the Sub-county Chief, in the absence of the former, who is the official focal persons for the NGOs. However, it was found that Internal Security Officers are increasingly becoming involved in NGO activities due to security

concerns. It was also found that NGOs work together with local government officials and the local communities in supervising and evaluating projects but not all the NGOs do these.

5.3 Conclusions

5.3.1 Types of Self-regulation mechanisms adopted by NGOs in Gulu

The study found that the types of self-regulation mechanisms adopted by NGOs in Gulu varied, depending on the interest and needs of the NGO. The most common self-regulation mechanism adopted by the Gulu NGOs was the voluntary code of conduct and ethics in which NGOs, collectively or individually, joined together and set principles and standards covering a variety of issues, to which they have to adhere to fulfill certain set objectives which includes maintaining trust and credibility, accessing funding and improving performance. The other common form of self-regulation was the certification system whereby a third party organization certifies the member NGO upon fulfilling a number of set conditions. Certification under such arrangement qualifies a member for certain exclusive benefits so acts as incentives for NGOs to join. Other mechanisms, not equally popular though, were rating agencies and umbrella organizations.

5.3.2 Adoption of accountability standards under self-regulation and NGO performance

Adoption of accountability standards by NGOs in self-regulation arrangements was found to have a significant positive relationship with the performance of the NGOs. It is concluded that if the self-regulation mechanism punishes member NGOs for non-compliance with agreed principles and standards regarding accountability, then it leads to improvement in the NGOs' accountability standards and practice, thus leading to improved performance. There is however, some evidence that gaps in accountability standards are not reviewed regularly and accountability guidelines lack clarity. There is therefore need to close these gaps in the standards framework in order for the self-regulation mechanisms to have maximum effect on accountability-related performance indicators.

5.3.3 Transparency policies and NGO performance

The transparency policies and actions of the NGOs were found to have a positive relationship with the performance of the NGOs. Greater transparency in the activities of the NGO means better performance. It is concluded that regular and mandatory accounting for their performance to their beneficiary communities compels the NGOs concerned to continuously improve their performance in order to win the confidence and trust of the communities.

NGOs demonstrate their transparency not only by producing periodic financial, evaluation and performance reports but also by consulting communities and empowering and allowing them to be part of the design, implementation and evaluation of the NGO initiatives in those communities. There is still some concern that some NGOs hide or distort information or account only “upward”, not “downward” to the beneficiaries.

5.3.4 Flexibility of NGO structures and NGO performance

Flexibility of the organizational and governance structures of the NGOs was found to have a positive effect on their performance. It was found that the more flexible the structure of the NGOs, the better their performance. The study found that although the relationship between these two variables was positive, the effect of the flexibility of structure on the performance of the NGO was little and therefore insignificant. Although it was thought before that NGO structures were more flexible than those of government entities, the study demonstrated that this was not necessarily the fact. NGOs continue to experience challenges with their governance structures, with term limits of officials not being adhered to; and the “founder syndrome” where founder members continue to unduly influence Board decisions persists.

5.3.5 The effect of central and local government policies on NGOs in Gulu

The study established that both central and local governments exert effect on the work and performance of NGOs. The regulatory authorities of central government do not allow NGOs to operate without registration and registration requires the fulfillment of certain basic conditions. Registration with central or local government is still subject to either withdrawal or refusal to renew permits so registered NGOs remain under the radar of government and therefore operate with due regard to the provisions of the laws that control their operations. At both central and local government levels, the relationship between government and NGOs is collaborative at certain times but confrontational at other times. But there is no doubt that government acknowledges the supplementary role of NGOs in local and national development. The unique security situation in Gulu and northern Uganda at large has produced some unique relationships between the state and NGOs whereby security operatives are directly involved in the supervision and coordination of NGO work.

5.4 Recommendations

Based on the findings of the study, the following recommendations are made according to the objectives of the study:

5.4.1 The types of self-regulation mechanisms adopted by NGOs

Membership of self-regulation mechanisms provides definite benefits to participating NGOs. It is recommended that government and umbrella NGO organisations like UNNGOF and DENIVA be resourced to encourage NGOs, national and district-based alike, to join self-regulation arrangements. For government, it will be advantageous for regulation because it is easier to monitor and control an organized group than a large number of individual NGOs.

It is also noted that certain NGOs in the rural areas like Gulu may not be fully aware of the availability and full benefits of membership to self-regulation mechanisms, especially the international ones. Certification by international self-regulation bodies could give local NGOs priority access to the much-needed resources to improve their effectiveness and role as providers of social services. It is therefore recommended that NGOs be availed with more information regarding regional and international self-regulation mechanisms.

Some self-regulation arrangements lack clear standards or the standards are not reviewed regularly. Compliance is not strict so non-compliance is not often punished. It is recommended that self-regulation parties make effort to revamp the working of the mechanisms by, for example, reviewing obsolete standards, ensuring that non-compliance is effectively punished and publicizing the instances when compliant members are rewarded.

5.4.2 Accountability standards for improved NGO performance

When ensuring accountability, many of the NGOs have been found to emphasize, first, financial accountability over other forms of accountability, and, secondly, the needs and interests of their donors over those of their beneficiaries. It is recommended that the focus of accountability under self-regulation mechanisms be changed so that participating members are made to provide more than just financial records. They should also be required by standards to account downwards to the communities that they claim to serve.

NGOs have been found to produce periodic accountability reports but do not publicize them. Moreover some of their reports use data whose validity is doubtful. It is recommended that the management of self-regulation mechanisms institute strict measures that would force members to avail their accountability reports to the public, especially the beneficiaries. It should not end there: the beneficiaries must be allowed to respond to the documents and it

must be demonstrated that their concerns are responded to. Failure to abide by these requirements must be punished by withdrawal of membership or any other benefits.

5.4.3 Transparency policies and performance of NGOs

Transparency policies of NGOs remain ineffective because they do not open up the organizations and their activities to the scrutiny of the ordinary people among whom they work. Sometimes founders maintain a firm grip on the NGOs and hide a lot of information. It is recommended that self-regulation bodies encourage their members to open up their organizations to the local communities by, for example, electing them onto project committees and involving them in all or most of the stages of the project implementation. In this way, local participation will be enhanced and eventually the performance of the NGO will be improved.

Local governments must use their grassroots structures to mobilize the civil population to hold NGOs accountable and force them, if necessary, to be more transparent. The local governments can organize periodic public “barazas” where government departments as well as NGOs working in a certain sub-county are made to explain their activities and respond to questions and concerns from the public.

5.4.4 Flexibility of structures and NGO performance

Many NGOs engage in activities that promote the growth of democracy in Uganda but yet they continue to be organizations whose governance structures lack democracy because they are rigid. Elections of officials are not regular and founder members continue to control management of the NGO either directly or indirectly. Umbrella NGO organizations should find ways and resources to assist their member organizations improve on the governance issues that tend to hold back their performance. For example, there must be more participatory constitution-making or review processes for such NGOs.

5.4.5 Effect of local and central governments on NGO activities

Although some NGOs complain that government is limiting their space through “over-regulation”, there is need for the NGOs themselves to prove that they are above suspicion. But this should not mean that government must unilaterally draw up regulations that affect the NGOs without due regard to their input. It is therefore recommended that, at both central and local government levels, the authorities must take steps and ensure that NGOs are part and parcel of the process of making and implementing the laws and regulations that guide the

relationship between the two parties and these mechanisms of control must be uniform for the whole country.

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APPENDICES

Appendix I

Letter of Introduction

Stella Ayaa,
Kabarak University,
Nairobi Campus,
Private Bag - 20157 KABARAK.

To : _____

Dear Respondent,

RE: CONSENT LETTER.

I am a student at Kabarak University in Nairobi, Kenya, pursuing Masters of Business Administration in Strategic Management. As part of my course, I am carrying out a study on the topic, "The Effects of Self-regulation Strategy on Performance among NGOs in Uganda: a case study of NGOs in Gulu District, northern Uganda.

Your esteemed organization has been randomly selected into my study sample. You are kindly requested to complete the attached questionnaire so as to enable me accomplish the study. Please, note that all the information you will give shall be treated as strictly confidential and used for academic purposes only.

Allow me to thank you in advance for your time and cooperation in completing the questionnaire.

Yours sincerely

Stella Ayaa, Student, Kabarak University

ayaastella@yahoo.com

Appendix II:

**QUESTIONNAIRE ADMINISTERED TO REPRESENTATIVE OF EACH NGO IN
STUDY SAMPLE**

Kindly indicate your response by putting a tick (✓) in the space provided. Where required, please specify and elaborate.

Self-regulation as a strategy for accountability and governance for NGOs

SECTION A: BACKGROUND INFORMATION ON NGO

1. **Name of NGO:** _____

2. **Date of founding (Year):**

Less than 10 years ago	<input type="checkbox"/>
Between 11 to 20 years ago	<input type="checkbox"/>
Between 21 to 30 years ago	<input type="checkbox"/>
More than 30 years ago	<input type="checkbox"/>

3. **Core activity:**

Livelihood and Food Security	<input type="checkbox"/>
Democracy and Governance	<input type="checkbox"/>
Human Rights	<input type="checkbox"/>
Reproductive Health	<input type="checkbox"/>
Education	<input type="checkbox"/>
Children's Rights	<input type="checkbox"/>
Domestic/Gender Violence	<input type="checkbox"/>
Other (specify) _____	

4. Scope of operation:
- International
 - Regional
 - National
 - District-based
 - Sub-county based

5. What is the average size of your annual budget in the last 5 years?

- Less than US\$ 50,000
- US\$51,000 – US\$100,000
- US\$100,000 – US\$150,000
- More than US\$150,000

6. What is your organisation's main source of funding?

- Uganda Government
- Foreign government
- Local (NGO)
- International (NGO)

7. Does your organisation belong to any self-regulation arrangement?

Yes

No

8. If your answer to Question 7 is "Yes", which of these self-regulation mechanism is it?

- Code of conduct and ethics
- Umbrella organisation

- Accreditation and certification programmes
- Watchdog/Rating agencies
- Information agencies
- Other (Please, specify) _____

SECTION B: ACCOUNTABILITY AND PERFORMANCE

8. If your organisation provides the national NGO Board with your annual financial report, do you provide that same information to your project beneficiaries?

YES NO

9. If your answer to Q10 above is “No”, explain why.

10. Indicate your responses to the following statements about the self-regulation mechanism (s) that your organisation uses for improving accountability by putting one tick against each statement. (SA=Strongly Agree; A=Agree; U=Undecided; D=Disagree; and SD=Strongly Disagree).

STATEMENTS ABOUT ACCOUNTABILITY STANDARDS	SA	A	ND	D	SD
1.The accountability standards guidelines of the mechanism are clear					
2.The management communicates the accountability standards to staff					
3.Punishment for non-compliance to accountability standards are clear					
4.Gaps in accountability regulatory standards are reviewed regularly.					
5. Non-compliance to accountability standards is punished					

SECTION C: TRANSPARENCY POLICIES

11. Indicate the extent to which the following statements about transparency apply in your NGO.

STATEMENTS	SA	A	ND	D	SD
1. Our organisation has a clear transparency policy document.					
2. Our organisation produces an annual report.					
3. The annual report is shared with the public.					
3. The annual report is shared with anyone who requests.					
4. The organisation consults community members before initiating projects.					
5. The organisation seeks feedback from beneficiaries.					

SECTION D: FLEXIBILITY OF NGO STRUCTURES

12. Indicate to what extent the following statements apply to your organisation.

STATEMENTS	SA	A	ND	D	SD
1. The governance documents provide for an annual meeting of all stakeholders.					
2. Board decisions are influenced by founder members.					
3. Elections of office bearers are regular.					
4. Term limits of elected officials are strictly adhered to.					
5. The organisation gets involved in development activities outside its mandate.					
6. The organisation operates only in its registered area of operation					

SECTION E: ORGANISATIONAL PERFORMANCE

13. Provide your responses to the following statements about the performance of your NGO.

STATEMENTS	SA	A	ND	D	SD
1. Our organisation complies strictly with regulatory standards					
2. Our organisation is meeting interests of all stakeholders.					
3. Our organisation is meeting its mission and objectives.					

Appendix III

QUESTIONNAIRES TO BE ADMINISTERED TO A LOCAL GOVERNMENT LEADER IN EACH SELECTED SUB-COUNTIES IN GULU DISTRICT

Kindly indicate your response by putting a tick (✓) in the space provided. Where required, please specify and elaborate.

1. Name of sub-county: _____ District: GULU

2. Are there NGOs working in your Local Government (LG) area now? YES NO

3. If answer to (2) above is YES, how many are the NGOs?

Less than 5	
Between 5 – 10	
More than 10	

4. Is there an officer/office in the sub-county that is specifically responsible for the NGOs that work in the area? YES NO

If YES, which officer/office (title, not name) _____

5. Provide your responses to the following statements by ticking in the appropriate box.

	Statements	YES	NO	DON'T KNOW
1	NGOs provide sub-county with annual financial report for project or projects in the sub-county			
2	Villagers in project areas of the sub-county have access to NGO records of project finances			
3	All NGOs are required by the sub-county LG to provide project beneficiaries with source(s) and amount of funding			
4	Local beneficiaries of NGO projects are consulted about the design of the project.			
5	Sub-county LG participate in supervising the implementation of the NGO projects in the area			

6	Sub-county LG participate in evaluating the project at its end			
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THIS IS THE END OF THE QUESTIONNAIRE. I WOULD LIKE TO THANK YOU AGAIN FOR TAKING YOUR TIME TO PROVIDE THESE RESPONSES. ALLOW ME TO EMPHASISE HERE AGAIN THAT THE INFORMATION YOU HAVE PROVIDED SHALL BE KEPT CONFIDENTIAL AND USED ONLY FOR ACADEMIC PURPOSES.

Appendix IV

LIST OF NGOS USED IN THE STUDY

	Names of NGOs	Core activities
1	Child Fund International	Health and education
2	Unyama Youth Group	Health and education
3	Child Voice International	Health and education
4	Straight talk Foundation Uganda	Health and education
5	Childcare Development Organization	Health and education
6	Concerned Parents' Association	Health and education
7	AIDS Care and Training Centre	Health and education
8	Childcare International	Health and education
9	Watoto Ministries - Gulu	Health and education
10	Friends International	Health and education
11	AANPCAN	Health and education
12	Comboni Samaritans of Gulu	Health and education
13	Vision in Action	Health and education
14	Invisible Children	Health and education
15	Windle Trust	Health and education
16	Meeting Point	Health and education
17	World Vision International	Health and education
18	Uganda Women's Effort to Save Orphans (UWESO)	Health and education

19	Voluntary Services Overseas	Health and education
20	Danish Refugee Council	Relief and emergency
21	International Rescue Committee	Relief and emergency
22	CARITAS Gulu	Relief and emergency
23	AVSI	Relief and emergency
24	Concern Worldwide	Relief and emergency
25	Norwegian Refugee Council	Relief and emergency
26	ACTED	Relief and emergency
27	OXFAM	Relief and emergency
28	Japan International Cooperation Agency (JICA)	Relief and emergency
29	Samaritan's Purse	Relief and emergency
30	Lutheran World Federation	Relief and emergency
31	Medicine Sans Frontiers	Relief and emergency
32	AMREF	Relief and emergency
33	Catholic Relief Services (CRS)	Relief and emergency
34	GOAL International	Relief and emergency
35	Uganda Red Cross – Gulu Branch	Relief and emergency
36	Justice and Reconciliation Project	Conflict and peace
37	Acholi Religious Leaders' Peace Initiative	Conflict and peace
38	Gulu Walk	Conflict and peace
39	Legal Aid Project	Conflict and peace

40	Laroo Women's Peace Association	Conflict and peace
41	Action by Churches Together (ACT)	Conflict and peace
42	Amnesty Foundation	Conflict and peace
43	Child Soldier International (CSI)	Conflict and peace
44	Community Rural Empowerment and Support Organization	Conflict and peace
45	Refugee Law Project	Conflict and peace
46	Volunteer Action Network	Governance, human rights and transparency
47	Transparency International	Governance, human rights and transparency
48	Advocates Coalition for Development & Environment	Governance, human rights and transparency
49	Forum for Women in Democracy (FOWODE)	Governance, human rights and transparency
50	Community Action for Participation (CAP International)	Governance, human rights and transparency
51	ACORD	Governance, human rights and transparency
52	War child Canada	Governance, human rights and transparency
53	Action Aid Uganda	Governance, human rights and transparency
54	Gulu District NGO Forum	Livelihood & economic empowerment

55	Gulu District Farmers' Association	Livelihood & economic empowerment
56	Help Age International	Livelihood & economic empowerment
57	BRAC	Livelihood & economic empowerment
58	Mercy Corps	Livelihood & economic empowerment
59	DENIVA	Livelihood & economic empowerment
60	Food for the Hungry	Livelihood & economic empowerment