



## **THE NONPROFIT LEADERSHIP AND DEMOCRACY CURRICULUM**

### **LESSON 3**

**Nonprofit Organizations' Accountability and  
Responsiveness to the Publics They Serve**

**By**

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## Nonprofit Leadership and Democracy Project

### LESSON 3

### *Nonprofit Organizations' Accountability and Responsiveness to the Publics They Serve*

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**PART II: Nonprofit Leadership and Democracy Lesson:** Examines key concepts for building accountable and responsive nonprofit leadership; explores the lessons and strategies for enhancing an organization's accountability and responsiveness; presents two case studies of the challenges facing nonprofit leaders and their organizations in upholding the public trust; and raises questions for analysis, reflection and discussion.

**PART III: Menu of Enrichment Activities:** Offers activities that focus on building accountable and responsive nonprofit organizations engaged in social change, and analyzing cases where nonprofit organizations have acted to uphold the public trust.

**PART IV: Resources for Nonprofit Leadership:** Presents recommended readings, and a list of online resources for building accountable and responsive nonprofit leadership.

#### **PART I: RECIPE FOR LESSON 3**

**Lesson 3** provides instructors and facilitators with a suggested **recipe for the lesson** – that is, the ingredients for stimulating new perspectives and critical thinking among current and future nonprofit leaders about the mission and strategic vision of the nonprofit sector. It presents the overall rationale, learning objectives, significance and relevance of the suggested lesson plan. The recipe approach offers flexibility for making the lesson available to multiple audiences (e.g. academic, practitioner). For instance, instructors can shape and tailor the lessons to the specific levels (e.g., undergraduate, graduate, practitioner) and experiences of their learners.

#### **A. Overview and Rationale for Lesson 3**

Most, if not all, nonprofit organizations engaged in social justice profess adherence to democratic principles and responsiveness to the publics they serve. Yet, political, public and nonprofit leaders have raised fundamental concerns

about nonprofits' legitimacy, representative character, diversity and accountability. Do nonprofit organizations accurately act on behalf of their constituents or for the common good? How are citizens' interests adequately taken into account and reflected in the positions and advocacy efforts of nonprofit organizations? This lesson addresses these issues by focusing on nonprofits' representation, legitimacy and accountability.

## B. Learning Objectives for the Lesson

**Lesson 3** addresses all of the following four core capacities for nonprofit leaders. The lesson's primary emphasis is on developing nonprofit leaders' capacities to engage in strategic analysis and innovative civic action to build accountable and responsive organizations.

### Core Capacities for Nonprofit Leaders Addressed in Lesson 3

	<i>Strategic Analysis</i>	<i>Participatory Research</i>	<i>Innovative Civic Action</i>	<i>Public Issue Advocacy</i>
<b>Lesson 3</b>	✓✓	✓	✓✓	✓

*This scale represents the level of intensity in a lesson devoted to each core capacity.*

The specific *learning objectives* for the learner and/or practitioner in **Lesson 3** include:

#### 1. Knowledge Building, Problem-Solving and Critical Thinking

- a. Enhance learners' knowledge of key factors affecting nonprofit organizations (NPOs') work on social justice and democracy.
- b. Provide learners with an understanding of key concepts (i.e., political democracy, economic democracy) and points of conflict.
- c. Enable learners to think critically about what constitutes meaningful progress on social justice and democracy.
- d. Enhance learners' understanding about nonprofit sectors' (and leaders') role as both an advocate for disempowered groups, and a catalyst for empowering people to be actively engaged in fostering democracy.

#### 2. Skills Development

- a. Sharpen learners' analytical, political and strategic skills for effective nonprofit advocacy and action on social justice and democracy.

- b. Apply different approaches to nonprofit advocacy and action according to the particular context, such as organizational, economic, political and social resources and skills at the community, state and national levels.
- c. Enhance learners' capacity to evaluate what constitutes effective democratic change through discussion of the possible criteria and indicators at multiple levels of society.

### **3. Attitudes and Expectations**

1. Develop learners' appreciation and respect for the values of social justice (e.g., equity, inclusion, empowerment) and democracy (e.g., access, inclusion and participation, voice).
2. Encourage self-reflection of one's own ethical and political beliefs.
3. Respect and be sensitive to differences in values, norms and attitudes of individuals and groups from diverse backgrounds and experiences.
4. Shift learners' expectations about what they can accomplish individually – in their roles as citizens, workers, consumers, investors, etc. – and collectively – as members of nonprofit organizations, communities and social movements – to foster democracy at multiple levels of society.

### **C. Significance and Relevance of the Lesson**

Why should learners and practitioners care about these issues?

1. The lesson provides learners with a framework to understand the various dimensions of democracy (both political and economic) with an emphasis on connecting them to the mission and work of nonprofit organizations.
2. The lesson challenges learners to develop and to reflect on appropriate criteria and indicators for fostering democratic change from the community to the national levels.

### **D. How to Tailor the Lesson to Diverse Audiences**

The curriculum is designed to provide a fundamental base of knowledge and experience on nonprofit leadership. The flexible combination of the **recipe for the lesson** and **menu for enrichment activities** will enable instructors to tailor lessons for different organizational settings and diverse audiences. This array of possible options will enable the instructor or facilitator to take an active role in shaping the scope, content, format and complementary activities for a lesson and/or set of lessons that can be adapted to suit specific audiences from undergraduate and graduate students, to practitioners.

### **E. Possible Sequencing Options for Lessons by Themes:**

In addition, to expand on and enable further in-depth treatment of the themes and issues introduced in this opening lesson, this lesson can be mixed, matched and sequenced with other lessons in multiple ways according to themes or audiences, for instance. **Lesson 3** is seen as part of a broader set of three lessons focused on the theme of a tool kit for effective nonprofit leadership. Possible sequencing options by themes include:

- ***“Tool Kit” for Effective Leadership – Summary of Nonprofit Organization Leadership and Strategic Vision Issues: Lessons 2, 3, 10***
- ***Nonprofit Organizations' Role in Building Democracy: Lessons 1, 4, 6, 7***
- ***Nonprofit Organizations' Role in Advancing Social Justice: Lessons 1, 5, 8, 9***

## **PART II: NONPROFIT LEADERSHIP AND DEMOCRACY LESSON 3**

### ***Nonprofit Organizations' Accountability and Responsiveness to the Publics They Serve***

Most, if not all, nonprofit organizations engaged in social justice profess adherence to democratic principles of accountability and responsiveness to the publics they serve. Yet, political, public and nonprofit leaders have raised fundamental concerns about nonprofits' legitimacy, representative character, diversity and accountability.

- Do nonprofit organizations accurately act on behalf of their constituents or for the common good?
- How are citizens' interests adequately taken into account and reflected in the positions and advocacy efforts of nonprofit organizations?

In this lesson, you are asked to reflect on and address these issues by focusing on nonprofit organizations' representation, legitimacy and accountability.

#### **A. Key Concepts for Discussion**

##### ***Handout 3.1: Key Concepts for Accountable and Responsive Nonprofit Leadership***

###### ***Trust***

Trust is the essential social contract that is established between two or more parties in the confidence that each party will act with integrity. Nonprofit organizations act as custodians or trustees for some public interest or the common good. Trust is an essential value and evolving resource that gives nonprofit organizations the legitimacy to act on behalf of the public interest.

###### ***Legitimacy***

Legitimacy is a key resource that enables nonprofit leaders to act as authentic and credible voices for the public interest.

###### ***Participation***

Community members must have meaningful opportunities be engaged in the deliberations and to influence decisions and public policy affecting their lives, and also to be involved in the implementation of those decisions.

###### ***Representation***

All organizations face the question of how collective interests get aggregated and articulated. This raises fundamental issues for nonprofit leaders about who is ultimately represented in the statements and actions of an organization and the mechanisms that enable people to participate in those deliberations. The focus is

on who represents the organization to act as a spokesperson for its members and/or broader public interests.

### ***Accountability***

Those leaders in positions of authority exercise their power in accordance with established rules. Nonprofit leaders must be committed to and act to advance the common good. An important aspect of accountability is transparency, whereby the rules of the game are open and how they are applied must be clear to all.

### ***Responsiveness***

Responsiveness is the capacity to react and to meet the needs of constituents or some public interest. Nonprofit leaders face the multi-faceted challenge of being responsive to their board of directors, donors, staff, and broader community, as well to addressing broad social needs.

## ***B. Nonprofit Accountability and Responsiveness: Key Issues***

Nonprofit leaders face the daily challenge of being both accountable and responsive to their constituents, communities, board and staff. This challenge raises the fundamental issue of how do nonprofit leaders, both individually and collectively as a sector, build responsive nonprofit leadership that fosters democracy? That is, if we are committed to the democratic principle of “letting every voice be heard,” then what responsibility do we as nonprofit leaders have in order to be responsive to people’s voices and to foster democratic mechanisms for participation in the policy, operations and practice of our organizations in communities and the broader society? The questions are explored below for your analysis, reflection and discussion.

Finally, two recent case studies presented below (on pages 61-62) highlight the challenges that nonprofit leaders and their organizations face in upholding the public trust.

### ***Discussion Questions:***

#### ***Key Lessons for Building Accountable and Responsive Nonprofit Leadership that Fosters Democracy***

1. What key lessons and experiences can we draw on for building responsive nonprofit leadership that fosters democracy?
2. What are examples of responsive nonprofit leadership for democracy?

#### ***Strategies for Building Accountable and Responsive Nonprofit Leadership that Fosters Democracy***

1. What strategies offer the greatest promise for building responsive leadership that fosters democracy?

- a. *Strengthening Legitimacy*: What measures will strengthen the legitimacy of a nonprofit organization?
  - b. *Promoting Accountability*: What mechanisms and steps will best promote accountability of a nonprofit organization engaged in fostering democracy?
  - c. *Democratizing and Diversifying Representation*: What mechanisms and steps will democratize and diversify the representation of the organization from its board, staff, volunteers and community members?
  - d. *Ensuring Responsive and Effective Performance*: What steps can nonprofit leaders take to ensure the organization's responsive and effective performance?
2. What obstacles and challenges do we face in supporting and training responsive nonprofit leaders who foster democracy?
  3. How do we promote an enabling environment that builds responsive nonprofit leadership?

### ***Innovative Policy and Practice for Building Responsive Nonprofit Leadership***

1. What innovations offer promising new directions in policy and practice by nonprofit leaders?
2. In order to ensure that "every voice is heard," what democratic mechanisms can enable people's participation in the policy, operations, and practice of nonprofit organizations?
3. What role do constituents and the broader community play in helping to define what constitutes responsive nonprofit practice?

### **CASE 3.1: Upholding the Public Trust and the American Red Cross**

Immediately following the September 11<sup>th</sup> terrorist events, the American Red Cross established the Liberty Fund to receive donations for victims' families and survivors of this tragedy. In just over six weeks, the Red Cross raised a record \$543 million in donations for the World Trade Center victims. A public uproar emerged over the Red Cross's decision to use a significant portion of these funds (approximately \$200 million) for unrelated administrative and other long-term organizational goals. Despite filing immediate applications for assistance, thousands of victims' families and survivors still had not received any aid six weeks after the incident.

The Red Cross initially refused to participate in a centralized database to coordinate and to track the disbursement of aid to victims. After disagreements with the board over the handling of this matter, Dr. Bernadine Healey was ultimately forced to resign as President of the Red Cross. In testimony to a Congressional subcommittee, the New York Attorney General Elliot Spitzer threatened legal action against the Red Cross for violating consumer protection laws, charitable-giving regulations and its own charter, which he claimed "amounts to a violation of the trust that the American public gave them."

In response to this growing public criticism, the Red Cross issued full-page statements in newspapers around the country announcing its decision to disburse all of Liberty Fund's donations to families affected by the September 11<sup>th</sup> tragedy and agreed to participate in a central database for timely disbursement of assistance. However, in the process, one of the nation's leading nonprofit organizations has faced the fundamental challenge of demonstrating whether it is accountable and responsive to upholding the public trust.

#### **Recommended Resources:**

- Walker, William (2001). Storm Brews over Sept. 11 Funds: \$200 Million Goes to Other Red Cross Programs. *Toronto Star*, October 29. Web site: [www.thestar.com/news](http://www.thestar.com/news)
- Lessons in Charity. *Los Angeles Times*, Editorial, October 30, 2001.
- Red Cross Squanders Goodwill, *Chicago Tribune*, Editorial, October 31, 2001.
- Charity and Red Tape. *New York Times*, Editorial, October 30, 2001.
- Salmon, Jacqueline L. and Lena H. Sun (2001). Embattled Red Cross Rethinks Aid Fund. *Washington Post*, November 9.
- Levy, Reynold (2001). It's Hard to Be Charitable about This Breach of Trust, *Washington Post*, December 9, page B02.

### **CASE 3.2: Public Accountability and Personal Conduct – Jesse Jackson and the Rainbow/PUSH Coalition**

In mid-January 2001, news accounts reported that the Reverend Jesse Jackson, President of the Rainbow/PUSH Coalition, had a baby daughter out of wedlock with an aide, Ms. Karin Stanford, and used funds totaling \$106,480 from his nonprofit organizations to support her. Reverend Jackson issued a statement accepting full responsibility for his actions. According to reports in the *Chicago Tribune*, Ms. Stanford, the former Executive Director of the Citizenship Education Fund, received \$67,000 for her work at the Citizenship Education Fund, \$9,231 from the Rainbow/PUSH Coalition, and \$30,000 from a labor union that worked with Rainbow/PUSH. Question emerged about what, if any, services Ms. Stanford provided to the union or Rainbow/PUSH for these funds. Critics called for public scrutiny of Rainbow/PUSH Coalition's financial arrangements and for accountability of the organization's leadership to ensure the proper use of funds.

#### **Recommended Resources:**

- Statement of Reverend Jesse Jackson. Rainbow PUSH Coalition, Press Release, January 17, 2001.  
Web site: [www.rainbowpush.org/pressreleases/releases/011701.htm](http://www.rainbowpush.org/pressreleases/releases/011701.htm)
- Jesse Jackson: Diminished. *Chicago Tribune*, Editorial, January 19, 2001.
- Trice, Dawn Turner, and Don Terry. (2001). Moral Guardian Faces His Own Credibility Crisis. *Chicago Tribune*, January 19.
- Hussain, Rummana, and Monica Davey. (2001). PUSH Speaks with 1 Voice and Stands Behind Jackson: Organization Urges Him to Stay on as President. *Chicago Tribune*, January 20, page 1.
- Page, Clarence (2001). Could This Latest Episode Be the End of the Rainbow? *Chicago Tribune*, January 21.
- Zajac, Andrew. (2001). PUSH's Loyalty to Jackson Fills Forum: Civil Right Leader's Financial Arrangement with Aide Still Unclear. *Chicago Tribune*, January 21.
- Miller, Sabrina L., and Monica Davey. (2001). Jackson Opens Up on PUSH Finances: Civil Rights Leader Answers Critics with Details of Salaries and Expenditures for His Four Related Groups. *Chicago Tribune*, March 6.
- Jackson Opens Up on PUSH Finances. *Chicago Tribune*, March 8, 2001.
- Miller, Sabrina L., and Monica Davey. (2001). New Questions Arise from Jackson Answers. *Chicago Tribune*, March 9.

***Discussion Questions:***

***For Learners:***

1. Based on the case studies presented above, what are the key factors that enhance and undermine the public trust in nonprofit leaders and their organizations?
2. To whom do nonprofit organizations owe their primary responsibility, funders, employees, the government, or the communities that they serve?
3. Are there other groups that nonprofits should be accountable to?
4. How should nonprofit organizations balance their responsibilities?
5. Does the answer to the last question require a reevaluation of how the current responsibility hierarchy of most nonprofits?

***For Practitioners:***

1. What efforts does your organization make to ensure that a wide range of perspectives shape the organization's agenda and operations?
2. Does your organization include multiple cultural perspectives?
3. Do you try to involve young people and the elderly in the decision making process?
4. Do you involve the rich, middle-class, and the poor in your decisions?
5. How can your organization increase the types of perspectives represented?
6. How is your organization accountable to the community that it serves?
7. How is your organization accountable to donors?

### **PART III: MENU OF ENRICHMENT ACTIVITIES: Lesson 3**

#### ***Activity 3.1: Create an Accountable and Responsive Nonprofit Organization***

Design your own nonprofit organization to address a specific social justice concern within your community. You should address the following issues:

- What governance mechanisms will ensure an accountable and responsive organization?
- How will your organization be accountable and responsive to the community?
- How will members of the community participate in evaluating your organization's impact in fulfilling its mission on a regular basis?
- Focus on the composition of your board. Design your ideal board in terms of demographic make-up. Be sure to consider race, ethnicity, geography, age, and other background factors when creating your board.

#### ***Activity 3.2: Identify Examples Where Nonprofit Organizations Have Upheld the Public Trust***

Review news reports for actions where nonprofit organizations have upheld the public trust and acted to address fundamental issues of concern to their constituencies. For example, **Lesson 7** presents the case of the Massachusetts Clean Election coalition and their efforts to get the State Legislature to act on and fund the public initiative for clean elections.

- a. What other examples can you identify where nonprofit organizations have upheld the public trust?
- b. What were the key issues where the public trust was threatened or broken?
- c. How did nonprofit leaders frame the issue for the public?
- d. What lessons do these examples offer for accountable and responsive leadership?

## **PART IV: RECOMMENDED RESOURCES**

### **A. Suggested Readings**

#### **1. Nonprofit Organizations Role in Providing Responsive Leadership to the Publics They Serve**

Estes, Carol, Elizabeth A. Binney, and Linda Bergthold. (1983). How the Legitimacy of the Sector Has Eroded. In: *The Future of the Nonprofit Sector*, Virginia Hodgkinson, Richard Lyman, eds., San Francisco, CA: Jossey-Bass Publishers.

Gonyea, Judith G. (1999). The Nonprofit Sector's Responsiveness to Work-Family Issues. *Annals of the American Academy of Political & Social Science*, 562: 127-142, March.

Herzlinger, Regina E. (1996). Can Public Trust in Nonprofits and Government Be Restored? *Harvard Business Review*, 74: 97-107, March-April.

Light, Paul C. (2001). "Nonprofit-Like": Tongue Twister or Aspiration? *Nonprofit Quarterly*, 8(2), July.

Web site: [www.nonprofitquarterly.org/govbusiness/light.php](http://www.nonprofitquarterly.org/govbusiness/light.php)

Miller, C. J. (1998). Canadian Non-Profits in Crisis: The Need for Reform. *Social Policy and Administration*, 32(4):401-419.

Rosenman, Mark. (1996). True Self-interest in the Nonprofit World. *The Chronicle of Philanthropy*, VIII (9), February 22.

#### **2. Ensuring Accountability in Nonprofit Organizations**

Belk, Judy, and Michael Daigneault. (1998). Ethics and Accountability. In: *Evaluation with Power: A New Approach to Organizational Effectiveness, Empowerment, and Excellence*. Sandra T. Gray, ed., San Francisco, CA: Jossey-Bass Publishers.

Bothwell, Robert O. (2000). Trends in Self-Regulation and Transparency of Nonprofits in the U.S. *The International Journal of Not-for-Profit Law*, 2(3), March. Web site: [www.icnl.org/journal/vol2iss3/Arn\\_bothwell.htm](http://www.icnl.org/journal/vol2iss3/Arn_bothwell.htm)

Covington, Sally. (1994). *The New Age of Nonprofit Accountability*. Washington, DC: National Committee for Responsive Philanthropy, NCRP Special Report.

Cutt, James, and Victor V. Murray. (2000). *Accountability and Effectiveness Evaluation in Non-Profit Organizations*. New York: Routledge.

Edwards, Michael. (2000). *NGO Rights and Responsibilities: A New Deal for Global Governance*. London: Foreign Policy Centre.

Edwards, Michael, and David Hulme, eds. (1996). *Beyond the Magic Bullet: NGOs, Performance and Accountability*. London: Earthscan.

Gates, Scott, and Jeffrey Hill (1995). Democratic Accountability and Governmental Innovation in the Use of Nonprofit Organizations. *Policy Studies Review*, 14(1-2):137-149.

Gray, Sandra Trice. (n.d.) The Accountable Organization.  
Web site: [www.independentsector.org/programs/leadership/asae\\_articles.htm](http://www.independentsector.org/programs/leadership/asae_articles.htm)

Gregoire, Crispin. (2000). The Role of Governing Boards in Fostering Accountability. *The International Journal of Not-for-Profit Law*, 2(3), March.  
Web site: [www.icnl.org/journal/vol2iss3/Arn\\_Gregoire.htm](http://www.icnl.org/journal/vol2iss3/Arn_Gregoire.htm)

Hayes, Treasa. (1996). *Management, Control and Accountability in Nonprofit/Voluntary Organizations*. Aldershot, UK: Avebury Publishers.

Kearns, Kevin P. (1994). The Strategic Management of Accountability in Nonprofit Organizations: An Analytical Framework. *Public Administration Review*, 54(2):185-192, March-April.

Kearns, Kevin P. (1996). *Managing for Accountability: Preserving the Public Trust in Public and Nonprofit Organizations*. San Francisco, CA: Jossey-Bass Publishers.

Lakey, Berit M. (2000). *Nonprofit Governance: Steering Your Organization with Authority and Accountability*. Washington, DC: National Center for Nonprofit Boards.

McDonald, Catherine. (1997). Government, Funded Nonprofits, and Accountability. *Nonprofit Management and Leadership*, 8(1):51-64.

Taylor, Martha E., and Russy D. Sumariwalla. (1993). Evaluating Nonprofit Effectiveness. In: *Governing, Leading, and Managing Nonprofit Organizations*. Dennis R. Young, Robert M. Hollister, and Virginia A. Hodgkinson, eds., San Francisco, CA: Jossey-Bass Publishers, pp. 93-116.

Young, Dennis R. (1993). *Addressing the Accountability Crisis of the Nonprofit Sector: The Role of Association Structure*. Cleveland, OH: Mandel Center for Nonprofit Organizations, Case Western Reserve University, November 11.

Young, Dennis R. (1996). Accountability: The Key to Keeping the Nonprofit Sector on Course. *Canadian Fund Raiser*, August 28.  
Web site: [www.charityvillage.com/charityvillage/research/rstew2.html](http://www.charityvillage.com/charityvillage/research/rstew2.html)

Young, Dennis R., Neil Bania, and Darlyne Bailey. (1995). *Structure and Accountability: A Study of National Nonprofit Associations*. Cleveland, OH: Mandel Center for Nonprofit Organizations, Case Western Reserve University, July.

### **B. On-Line Resources for Building Responsive Nonprofit Leadership**

#### *Advocacy Institute*

- Advocacy Institute (2000). "Justice Begins at Home: Strengthening Social Justice Advocacy in the U.S." Washington, DC.  
Web site: [www.advocacy.org](http://www.advocacy.org)

#### *Civic Practices Network*

- Pew Partnership for Civic Change, "Building Deliberative Communities,"  
Web: [www.cpn.org/cpn/sections/tools/manuals/pew\\_delib\\_com.html](http://www.cpn.org/cpn/sections/tools/manuals/pew_delib_com.html)

#### *Free On-Line, Nonprofit Management Assistance Library*

- This on-line library offers nonprofit leaders with a wealth of information and resources for improving the management of nonprofit organizations.  
Web site: [www.mapnp.org/library/np\\_progs/org\\_dev.htm](http://www.mapnp.org/library/np_progs/org_dev.htm)

#### *Nonprofit Quarterly*

- An essential resource on innovative nonprofit leadership, strategy and practice.  
Web site: [www.nonprofitquarterly.org/collaboration/index.php](http://www.nonprofitquarterly.org/collaboration/index.php)