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# Accountability in French non-profit organizations: between paradox and complexity

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## Abstract

*Purpose:* This article examines whether accountability can contribute to the analysis of effectiveness in grassroots voluntary organizations (GVOs) in France.

*Originality:* The French context of mistrust of certain managerial approaches and the development of codes of governance based on a disciplinary vision are confronted with a growing and critical literature on accountability in non-profit organizations (NPOs).

*Design/methodology/approach:* Based on recent studies and stakeholder theory, hypotheses are formulated about the negative link between accountability and financial effectiveness and a positive link between accountability and non-financial effectiveness.

*Findings:* The findings show that accountability practices are positive determinants of financial indicators (apart from ROA) and employment of people in difficulty. In contrast, the other non-financial indicators are not explained by accountability practices.

*Research limitations/implications:* The study points out the complexity and paradoxes surrounding accountability and highlights the risk of insensitivity to it. It thus underlines a specific French situation, close to the risks of myopia linked to accountability. One possible explanation could be the coupling and decoupling mechanisms that allow NPOs to regain power. Given the sometimes-random effects of accountability, producing nuanced theories is necessary and governance should oscillate between equilibrium and adaptation in the face of stakeholders. Finally, this article introduces the risk of insensitivity of NPOs to accountability (i.e. they act as they wish, regardless of control mechanisms such as accountability).

*Practical implications:* This study thus reveals governance dilemmas, which could be solved through less formal, more mission-oriented, more creative and therefore heterodox accountability.

**Keywords:** governance – effectiveness – accountability – stakeholder theory – French nonprofit organizations

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## 1. Introduction

The Covid-19 crisis has considerably affected the survival and the effectiveness of non-profit organizations (NPOs), but in fact, NPOs have been under pressure for a long time. These organizations' growing political, social and economic position in society is accompanied by increasing stakeholder requirements (Costa and Goulart da Silva, 2019). Little by little, stakeholders are asking for more and more before they agree to allocate resources to NPOs. They no longer trust or believe NPOs (Greiling and Stötzer, 2016) and ask for proof in order to assess NPOs' outcomes and performance (Mitchell and Berlan, 2018).

NPOs are therefore in a constant search for legitimacy (Yasmin and Ghafran, 2021) and the non-profit literature associates this concept with accountability. It can indeed be defined as the "liability for ensuring a task is satisfactorily done" (McGrath and Whitty, 2018, p. 702). However, the literature on accountability in non-governmental organizations (NGOs) and national forms of NPOs is still "embryonic" (Yasmin and Ghafran, 2019, p. 3). Renz, Brown and Andersson (2023) also point to the lack of research dedicated to NPOs' accountability but also of a critical approach on the associated issues.

Until now, the results are rather contrasted and mainly focused on the financial effects of accountability. It was this finding that led Yasmin and Ghafran (2019) to describe accountability as a potentially "problematic" process. The use of accountability is therefore sometimes questioned or even limited in some countries. One example could be the French case (Plaisance, 2023).

The French NPO sector is marked by a historic scandal that has disrupted their management. In 1996, an audit by the public authorities of the Association for Cancer Research revealed that only a quarter of the money collected actually financed medical research. Since then, governance and control principles have been developed to counter the problem. Despite this scandal, governance and accountability remain concepts that NPOs are wary of. NPO federations (e.g. *Le Mouvement Associatif*) question their relevance and adaptation to French NPOs (CPCA, 2012).

This mistrust can be explained by the underlying theoretical vision in France. Even governance codes are rooted in disciplinary approaches, even though NPOs do not have owners in the shareholder sense. Furthermore, the recent literature constantly emphasizes the importance of opening up to other theoretical currents when studying organizations in general (Hitt *et al.*, 2021), and NPO accountability in particular (Pilon and Brouard, 2022).

This article therefore proposes to confront recent critical studies, which remains sceptical about the development of disciplinary accountability, with the French non-profit governance codes that defend this approach to improve organizational effectiveness. In this, the research question is:

*RQ: To what extent do French NPOs adopting good accountability practices see their effectiveness improve?*

This study is based on an analysis of French NPOs' reports, of their financial health and of their social and environmental practices. It participates in the reflection on the link between accountability and overall effectiveness, one of the main challenges of the accountability literature. The literature on the subject is still emerging and is polemical in questioning the relevance of accountability. A gap is particularly open in non-profit research because it remains close to a financial vision of accountability (similar to the agency theory) whereas it is appropriate to extend effectiveness to social and environmental issues (Coupet and Broussard, 2021). This research therefore contributes to the literature on several aspects: given the sometimes-random effects of accountability, it is necessary to produce nuanced theories; governance should oscillate between

equilibrium and adaptation in the face of stakeholders; and finally, this article introduces the risk of insensitivity of NPOs to accountability (i.e. they act as they wish, regardless of control mechanisms such as accountability).

This paper starts with a literature review on accountability and effectiveness in NPOs, in which the relevance of stakeholder theory is recalled. The hypotheses are based on this theory and the empirical literature, before the method is presented. The results of the regressions conducted are proposed before a discussion of the contributions of the article.

## **2. Literature review: defining accountability and effectiveness in NPOs**

### ***2.1. Accountability in non-profit organizations***

In a rather broad view, accountability may allow stakeholders to verify that the NPO act as they expect. It is defined by Unerman and O'Dwyer (2006, p. 351) as the “mechanisms through which all those affected by an organization’s actions can demand an account from the managers of that organization regarding how and why the organization has acted in the manner it has”. An example of accountability is reporting (Ling Wei *et al.*, 2008), widely used by NPOs due to certain legal obligations: annual activity, financial and moral reports are produced. Accountability can be the recognition of the existence of an authority to which the organization is responsible for its actions (Ebrahim, 2005). In addition, Benjamin (2008, p. 207) proposes the concept of account space as “the explanatory accounts that non-profits give when they fail to meet the expectations of a stakeholder”. Accountability is therefore as important for success as for failure.

As a result, accountability is eminently contextual (Williams and Taylor, 2013), subjective (Dhanani and Connolly, 2012) and consequently socially constructed (Kennedy, 2019). This complexity implies for NPOs as well as for researchers specific approaches (Ebrahim, 2003), for example based on a country, as proposed by the present study. Accountability practices are evolving rapidly, particularly thanks to the Internet and social networks (Amelia and Dewi, 2021). Moreover, it is not limited to the financial or activity reports that NPOs are used to produce: it is extended to “social” data (dedicated to members, volunteers or employees), internal life, environment, or even sustainability of the action (Carvalho *et al.*, 2017). Accountability therefore tends to broaden (Morrison, 2020), in line with the growing consideration of stakeholders in management. For example, Dainelli *et al.* (2013) emphasize the requirement to hear and respond to the stakeholders’ needs. This approach corresponds to the growing application of stakeholder theory in the field of non-profit accountability (Chen *et al.*, 2020).

Stakeholder theory is indeed concerned with the people or groups that affect, influence, are affected by or are influenced by the organization (Freeman *et al.*, 2020). The wide variety of their interests is therefore the main concern of NPOs. These interests are sometimes divergent and sometimes convergent, and are particularly variable. NPOs therefore face tensions between the stakeholders they manage. These extremely strong relationships force managers to try and satisfy each of their stakeholders. This theory is divided into three approaches (Mehedi and Jalaludin, 2020). The descriptive approach promotes and explains how stakeholder management works. The instrumental perspective looks at the consequences of such a strategy. Finally, the normative dimension provides an ethical vision: organizations have to be oriented towards society and stakeholders.

For NPOs, the descriptive and instrumental forms of this theory insist on their democratic ideal. NPOs are indeed asked to integrate the stakeholders’ demands in governance and in their mission. Moreover, NPOs are concerned with society and its

well-being, in line with the normative vision of this theory. Beyond this transposition, non-profit scholars have explained the relevance of this theory for NPOs (Andersson and Renz, 2021; Renz *et al.*, 2023; Van Puyvelde *et al.*, 2012). First, it is relevant because they are community organizations that need stakeholders to carry out their mission, which is itself stakeholder-focused. Second, and consequently, this theory emphasizes that NPOs are responsible and accountable to a wide range of stakeholders. Third, this theory is useful for NPOs because it takes into account their organizational context, which is precisely influenced by stakeholders. Finally, stakeholder theory takes precedence over agency theory in studying NPOs.

According to Pilon and Brouard (2022), this theory is associated with a stakeholder-oriented accountability that emphasizes the organization's responsibility. The theory thus highlights a strong link between accountability and effectiveness (Ebrahim, 2005; Pawson and Joannidès, 2014). This fairly broad approach had also been adopted by Dhanani and Connolly (2012, pp. 1145–1147), who constructed a list of accountability practices, that can be qualified as disciplinary. Finances, performance and activities are summarized within managerial (or strategic) accountability, the “core purpose”. Organizational (or procedural) accountability presents teams and ethical policies (“internal organizational operations”). Governance and its mechanisms are explained in fiduciary accountability (“probity and compliance, and at an operational level, good governance and control”). Finally, downward accountability is about stakeholder participation, grant policies and team protection. Here, in line with Bovens (2010), accountability is thus a formal and processual mechanism for values and strategy, and not an ideal “virtue”. Following Andreus and Costa (2014), this study is based on two of the three pillars of accountability: the social dimension (linked to social and environmental reporting) and the financial dimension (linked to the income statement).

## **2.2. Effectiveness issues in NPOs**

Effectiveness is “the degree of success with which organizational goals are achieved” (Mensah *et al.*, 2008, p. 325) and is a part of performance in NPOs (Liket *et al.*, 2014). Adopting the stakeholder theory has important consequences for the definition of non-profit effectiveness. It is “highly subjective and context-dependent” (Willems *et al.*, 2016, p. 454), for many reasons. First, it is particularly dependent on evaluation methods and these methods are often unclear and vary according to the evaluators (Boon *et al.*, 2017; Molecke and Pinkse, 2017). Second, NPOs' outcomes are almost imperceptible, because they are “qualitative and vague”, “difficult to measure” and because NPOs' “interventions are uncertain” (Kleszczowski, 2017, p. 71). In other words, understanding how invested resources are transformed into outcomes is complex. The same is true for determining the extent to which the NPO and its action actually contribute to the final societal outcomes (Kleszczowski, 2017). Third, NPO performance and effectiveness are subjectively defined by each of its stakeholders (Mano, 2010): stakeholders participate in defining, measuring and evaluating organizational performance and provide resources in return. In this, NPOs' effectiveness is a social construct: “it exists in the minds of the organization's diverse internal and external stakeholders” (Murray, 2010, p. 433).

Stakeholder theory thus offers various dimensions of effectiveness, particularly at the organizational, social and environmental levels. Recent studies indeed call for a reflection on NPOs' performance and effectiveness that are less focused on financial health (Coupet and Broussard, 2021). The literature recognizes that performance is multidimensional: it can be linked to “financial, stakeholder, market, mission” aspects (Mihaltan *et al.*, 2015, p. 369) or “overall” (Boateng *et al.*, 2016).

Following this approach, NPOs' effectiveness can no longer be summarized as financial capacity, but encompasses the social and environmental dimensions (Weinert, 2016). In this study, we will focus on three effectiveness dimensions (Verschuere and Suykens, 2020). Financial effectiveness is linked to the ability to finance the NPO and ensure economic viability. Social effectiveness is associated with actions in favour of and developing human capital. Finally, environmental effectiveness is about initiatives that protect the environment and ensure the sustainability of the organizational action.

### **3. Hypotheses development: recent developments on accountability**

The link between accountability and effectiveness has already been studied in the literature. The majority of empirical studies on the subject conclude that there is a positive relationship, as indicated by recent literature reviews (Grossi *et al.*, 2019; McGee and Gaventa, 2010). This result was found in all types of organizations: companies (e.g., see the two previous references), public administrations (Dikopoulou and Mihiotis, 2010; Free and Radcliffe, 2009; Heinrich, 2002; Rabovsky, 2012), and NPOs (Costa *et al.*, 2011; Cutt and Murray, 2000; Hengevoss, 2023; Mohd Noor *et al.*, 2017). Nevertheless, the debate is beginning to open on the nature of accountability in order to rework this a priori positive link (e.g. Ali and Nicholson-Crotty, 2021). The stakeholder theory is also part of this debate and emphasizes that organizations seek to meet the demands of their environment. In this, NPOs are held accountable less for their financial effectiveness than for their ability to achieve their mission or be ethical. Both stakeholder theory and critical studies thus make accountability a process for the "common good" (Pesci *et al.*, 2020) and much less about financial issues. This approach will therefore have consequences for the formulation of hypotheses.

Financial effectiveness is linked to the capacity to attract public or private external funders and is influenced by accountability (Costa *et al.*, 2011; Ebrahim, 2005). This process signals the financial, social, societal and environmental commitments that are criteria for allocating funds to NPOs. Transparency is also known to enhance financial effectiveness (Zainon *et al.*, 2014).

Nevertheless, this conceptual approach is confronted on the one hand with empirical literature and on the other hand with stakeholder theory. A recent study (Lee *et al.*, 2023) points out that, at the empirical level, the link between accountability and financial effectiveness has been little tested. In support of their argument, the authors point out that the managerial costs of accountability are high and that adapting to the changing demands of stakeholders requires investment. Finally, their extensive empirical study confirms that a high level of accountability worsens financial effectiveness.

Beyond that, the surge in transparency is beginning to raise questions in the literature, which anticipates negative effects on organizations (Mayrhofer and Meyer, 2020). In the face of divergent interests and requirements, accountability can indeed have perverse effects on financial effectiveness (Kim, 2005). In addition, stakeholder theory leads to a preference for accountability based on organizational effectiveness, collaboration and cooperation with stakeholders. Such an approach leads to a strategy that emphasizes mission over finance (Morrison, 2020; Mourey, 2021). In this,

*H<sub>1</sub>: The development of accountability practices in NPOs negatively affects their financial effectiveness.*

The link between accountability and social effectiveness is differently documented in the literature. Stakeholder theory leads to two observations. First, NPOs belong to a social sector with strong human values. The development of individual

stakeholders is an integral part of organizational issues (Freeman *et al.*, 2021). Second, as indicated in the literature review, new societal demands are emerging with respect to working and volunteering conditions. The understanding and incorporation of these societal expectations can then be achieved through accountability (Abbas and Ahmed, 2016).

In addition, recent research (Jiao, 2021) has shown that the feeling of responsibility resulting from accountability leads NPOs to make new commitments and to do everything possible to develop their social performance. In short, the broad accountability induced by the stakeholder theory implies a strong organizational commitment (Pilon and Brouard, 2022). Because of NPOs' dependence on human capital, one of the ways to achieve their mission is to participate in skills development (Henderson and Sowa, 2018).

Finally, the link between governance, accountability and social performance has also already been analysed and is theoretically positive (Chu and Luke, 2023; Estapé-Dubreuil and Torreguitart-Mirada, 2015). Some studies have empirically confirmed this link (Bagnoli and Megali, 2011; Bradford *et al.*, 2020), while pointing out that it is often found in the medium term. More indirectly, studies have also shown that accountability strengthens non-profit capacity and social performance (Nordin *et al.*, 2022; Stainer and Stainer, 2000). In this,

*H<sub>2</sub>: The development of accountability practices in NPOs positively affects their social effectiveness.*

The same principles of stakeholder theory can be applied to environmental effectiveness. NPOs that are effectively accountable to stakeholders feel more responsible (Jiao, 2021), in particular because they listen to stakeholders' expectations expressed in the accountability process. Some of these expectations are linked to environmental concerns and constitute incentives to make new commitments (Kassinis and Vafeas, 2006). These concerns become a social norm with which NPOs comply: in short, this is an issue of competitiveness and legitimacy for a sector that is still not very committed to its environmental performance (Dart and Hill, 2010).

In addition, more and more regulators and stakeholders require a detailed report on the environmental impact of events they funded (Costa and Goulart da Silva, 2019). Being accountable about this impact leads to an awareness (e.g. Chinander, 2001) or becomes a constraint (Jiang *et al.*, 2022). Organizational sustainability is part of societal requirements and stakeholders' expectations (Freeman *et al.*, 2021) and the quality of the activity can be influenced by accountability practices (Becker, 2018).

Finally, accountability is known to increase commitments to sustainable development (e.g. IFRS, 2021; Jones and Mucha, 2014). An empirical link is also established between accountability, adaptive capacity and environmental effectiveness (Banjongprasert, 2022, cited by Nordin *et al.*, 2022). In this,

*H<sub>3</sub>: The development of accountability practices in NPOs positively affects their environmental effectiveness.*

## **4. Methods**

### **4.1. The case of French NPOs**

This article proposes a contribution to the study of NPOs that is still under-explored. More specifically, this study is based on French NPOs, in particular because management research dedicated to French NPOs is still emerging (Plaisance, 2021). Consequently, current studies can only be based on the scarce data available which leads to numerous methodological limitations.

The majority of French NPOs are grassroots volunteer organizations (GVOs) and are called “associations”. The French law of 1901 on “association contracts” states that an *association* is a “convention by which two or more people pool, on an ongoing basis, their knowledge or activity for a purpose other than sharing profits”. This subgroup of NPOs is the one studied.

French NPOs play multiple roles in the economic and social development of territories, in social cohesion and in civic and citizenship education. They are part of the social and solidarity economy, defined by the Hamon Law of 2014. This law requires NPOs to meet democracy criteria. Beyond this legal aspect, the principle of “one person, one vote” is part of their democratic essence. NPOs are defined by an “associative project” that specifies the organization’s vision for its future but also for society.

NPOs account for a budget close to 113 billion euros (4% of national GDP), 1.76 million employees (6.5% of employment, but 10% of private employment) and 31.2 million voluntary participations (Tchernonog and Prouteau, 2019). Recruitment in NPOs has been double that of other sectors in recent decades (Archambault *et al.*, 2014).

#### **4.2. Data**

The data are linked to IDEAS, the Institute for Development of Ethics and Action for Solidarity. This NPO acts in favour of a better transparency in the third sector by supporting in their daily life. In addition, in the past, IDEAS offered to NPOs the possibility to publicly disclose their organizational results. In this, French NPOs were able to declare parts of their legal documentation and disclose their organizational characteristics and their governance practices. The public website (<https://ideas.asso.fr>) was last accessed on in March 19, 2019 (close to Connolly and Dhanani, 2013). At that date, 182 NPOs had released their 2018 information, including reports and social and environmental commitments. The data from each page of each organization was recorded in a table. Table I shows the data collected.

[Table I here]

Consequently, NPOs in the database have specific characteristics. First, they choose to be transparent. This voluntary declaration represents a bias in the sample: they are potentially the most invested in the indicators they publish. Secondly, IDEAS seeks to promote good management and transparency. By disclosing, NPOs show that they are confident about their functioning or that they are effectively supported by IDEAS. Finally, the majority of the sample are large NPOs, as shown by the number of employees or by their resources. It is therefore not a representative sample of French NPOs, but rather a group of organizations with employees, well-developed management and large resources.

#### **4.3. Variables, statistical method and control variables**

In order to test the hypotheses, three types of dependent variables are selected: these effectiveness indicators are adapted from the IDEAS database. First, NPOs’ financial documents provide large volumes of data. One indicator of financial effectiveness is calculated: the return on assets (ROA) as total revenue minus total expenses divided by total assets (Ritchie and Kolodinsky, 2003). Other indicators of resource attraction (incomes, grants, donations and memberships) come from the literature (Epstein and McFarlan, 2011; Ritchie and Kolodinsky, 2003). Second, social effectiveness indicators proposed by the IDEAS database relate to the existence of training processes and of a policy for recruiting people in difficulty (with disabilities, in



social and professional reinsertion, etc.). They illustrate social effectiveness because they focus on employee development and the value of human resources (Estapé-Dubreuil and Torreguitart-Mirada, 2015; Pope *et al.*, 2018). Third, environmental effectiveness is measured by three indicators. NPOs can indicate if (and what) initiatives are implemented to improve environmental protection at headquarters and in the field (e.g. Maurel and Tensaout, 2014) but also to develop the sustainability of action (e.g. Weerawardena *et al.*, 2010). In the database, the existence of each of the three types of initiatives results in three binary variables.

The independent variables are linked to the accountability quality, which is studied via the Accountability Disclosure Index (ADI) proposed by Dhanani and Connolly (2012, p. 1153). The ADI provides a suitable score for understanding accountability practices. The authors write: “ADI<sub>j</sub> [is] the accountability disclosure index for each accountability theme and in total, for charity *j*” is calculated by summing the quotient of each “ $n_j$ , the number of accountability items relevant for the charity *j*” by “ $X_{ij}$  : 1 if the ‘*i*<sup>th</sup> item for charity *j* is disclosed and 0 if it is not disclosed, so that  $0 \leq ADI_j \leq 1$ ”. A content analysis produces information for each item in each category for each type of accountability. Organizational accountability refers to ethical policies (investment, purchasing, fundraising, trading), staff, volunteer policies and stakeholders. Managerial accountability highlights finance, overall organisation efficiency, fundraising efficiency, direct charitable activities and performance. Fiduciary accountability relates to organizational structure, governance, financial, risk management, compliance and evaluation. Finally, downward accountability is interested in grant-making policies, board representation, complaints procedures, health and safety, safety and security and participation. ADI is the global indicator that is calculated on the basis of all items. The other four indicators are calculated from the associated items. The higher the ADI, the more items making up the four types of accountability are disclosed and the more developed the accountability practices are.

Two control variables were available and thus selected: age of the organization and number of employees (Bryan, 2019, p. 894). In this, the empirical model can be summarized as follows (see Tables III for abbreviations). OLS regressions are estimated for financial effectiveness indicators analysis (testing H<sub>1</sub>) and probit regressions are estimated for social and environmental effectiveness indicators analysis (testing H<sub>2</sub> and H<sub>3</sub>):

- *financial effectiveness indicators* =  $\alpha_0 + \alpha_1 \times Age + \alpha_2 \times Size + \alpha_3 \times ADI + \alpha_4 \times (ADI_{FA}) + \alpha_5 \times (ADI_{OA}) + \alpha_6 \times (ADI_{DA}) + \alpha_7 \times (ADI_{MA}) + \varepsilon$ .
- *social effectiveness indicators* =  $\beta_0 + \beta_1 \times Age + \beta_2 \times Size + \beta_3 \times ADI + \beta_4 \times (ADI_{FA}) + \beta_5 \times (ADI_{OA}) + \beta_6 \times (ADI_{DA}) + \beta_7 \times (ADI_{MA}) + \varepsilon'$ .
- *environmental effectiveness indicators* =  $\gamma_0 + \gamma_1 \times Age + \gamma_2 \times Size + \gamma_3 \times ADI + \gamma_4 \times (ADI_{FA}) + \gamma_5 \times (ADI_{OA}) + \gamma_6 \times (ADI_{DA}) + \gamma_7 \times (ADI_{MA}) + \varepsilon''$ .

Endogeneity and robustness tests are proposed and fully detailed in Table IVd.

## 5. Results

### 5.1. Descriptive statistics and correlation matrix

Descriptive statistics (Table II) call for some remarks. First, the sample is composed of fairly old organizations with a large number of employees. Financial effectiveness indicators confirm this impression as do report budgets averaging around 20 million euros. On average, one-third of this budget is allocated through grants. About their social performance, the NPOs in the sample are particularly committed to volunteer training. One in two NPOs implements a policy of environmental protection or a measure to sustain its action. The correlation matrix (Table III) calls for a few remarks. First, the

size is not related to the different indicators selected; while age has multiple effects. Not surprisingly, the different accountability indicators are correlated, as NPOs generally engage in parallel efforts to develop their transparency. Finally, significant correlations appear within each type of effectiveness. This can be explained by the high dependence of NPOs on grants and the simultaneous adoption of social and environmental initiatives.

[Tables II and III here]

### 5.2. *OLS and Probit regressions*

First of all, the OLS regressions on financial effectiveness indicators have contrasted results. ROA is not explained by control variables or accountability (the null hypothesis cannot be rejected,  $F = 0.42$ ;  $p = 0.89$ ), unlike the other three more descriptive indicators of financial effectiveness. However, accountability helps to understand the other, whose regressions are presented in Table IVa. First, the ADI aggregate plays a positive role on the amount of grants ( $\alpha = 98,849$ ;  $p < 0.10$ ). In France, accountability for grant-funded activities is mandatory but this result shows that accountability quality is beneficial to grant amounts. Second, donors and members have a sensitivity to fiduciary accountability ( $\alpha = 17,460$ ;  $p < 0.05$ ). Knowing the organization's governance and financial policies therefore helps to engage them. Organizational accountability, illustrating both human resources and ethical principles, has a positive effect on the total incomes ( $\alpha = 227,832$ ;  $p < 0.001$ ), the grants ( $\alpha = 57,216$ ;  $p < 0.10$ ) and the donations and memberships ( $\alpha = 12,824$ ;  $p < 0.10$ ). In other words, the emphasis on ethics and people (and in particular on dependence on people) does have a major effect on financial indicators.

The results about social effectiveness indicators (Table IVb) show that the implementation of training for employees is not explained by accountability but they are more developed in mature NPOs. The employment of disadvantaged people or with disabilities is supported by good organizational ( $\beta = 1.87$ ;  $p < 0.10$ ) and downward accountability ( $\beta = 1.49$ ;  $p < 0.10$ ). This result is understandable in light of their content: NPOs mention the importance of human capital, stakeholder participation or their ethical principles.

Finally, none of the regressions about environmental effectiveness indicators are significant (Table IVc). The null hypothesis cannot be rejected for the three indicators (the  $p$ -values vary between 0.10 and 0.20). No control variable is even relevant.

[Tables IVa,b,c here]

### 5.3. *Endogeneity tests: 2SLS regressions*

The two control variables participate to control endogeneity in the relationship between accountability and effectiveness. Nevertheless, numerous questions remain about possible causalities between these concepts. In theory, in NPOs, this endogeneity is particularly reduced in the absence of owners and because of the major differences between for-profit and not-for-profit governance.

However, a Two-Stage Least Squares (2SLS) regression analysis is proposed. In view of the independent variables available, the two control variables (age and size) and and, in congruence with Dhanani and Connolly (2012)'s construction of their indices, the 4 sub-dimensions of the ADI were retained as instrumental variables. The ADI variable is the explanatory variable. In this, the selected system of equations becomes:

- $Effectiveness\ indicators = \beta_0 + \beta_1 \times ADI + u$

- $ADI = \gamma_0 + \gamma_1 \times Age + \gamma_2 \times Size + \gamma_3 \times (ADI_{FA}) + \gamma_5 \times (ADI_{OA}) + \gamma_6 \times (ADI_{DA}) + \gamma_7 \times (ADI_{MA}) + v$

The tables IVd present the results of these 2SLS regressions.

[Tables IVd here]

Consistent with the results of the OLS regressions, the regression dedicated to ROA remains insignificant. In addition, improved accountability (ADI) has a positive effect on total incomes ( $\beta = 200,461$ ;  $p < 0.01$ ), grants ( $\beta = 83,633$ ;  $p < 0.01$ ), and donations and memberships ( $\beta = 29,949$ ;  $p < 0.001$ ). In this, the hypothesis H<sub>1</sub> is rejected, because it focused on the negative financial effects of accountability. However, no relationship is found with financial effectiveness ratios, which further nuances the hypothesis.

Then, the 2SLS regression shows a positive effect of ADI on the employee training plans ( $\beta = 0.75$ ;  $p < 0.01$ ) and on the employment of disadvantaged people or with disabilities ( $\beta = 0.71$ ;  $p < 0.05$ ). As expected, NPOs are organizations with deep-rooted values that are promoted in their accountability reports and that they apply in practice. In addition to the congruence with the Probit regressions in the case of employment of disadvantaged people or with disabilities, the 2SLS regressions add information about the employee training plan. While the development of certain dimensions of ADI has no direct effect, a better overall quality of ADI does have an effect. There is thus a synergistic phenomenon here. In this, the hypothesis H<sub>2</sub> is supported.

By contrast, consistent with the results of the Probit regressions, the regressions of the environmental effectiveness indicators are not significant and this is confirmed by the other endogeneity tests: the hypothesis H<sub>3</sub> is rejected.

#### **5.4. Robustness checks**

To investigate the robustness of the results, three additional studies were conducted. They are available in Supplementary Materials. Their variety confirms the complexity of the concepts studied and the fact that they are sometimes paradoxical.

The first study focused on a sub-sample that would include only NPOs with national activities (Appendix A). International NPOs are indeed subject to more regulatory and managerial pressures. This new sample is composed of 147 NPOs. The results remain robust, but a nuance must be made: the employment of disadvantaged people or with disabilities is no longer explained by the ADI – DA.

The second is a sub-sample of 130 NPOs that belong to a network or federation, which would allow NPOs to be accompanied in their management (Appendix B). The results also remain robust (the incomes total is even better explained by the variables), but two nuances must be made. On the one hand, donations and memberships are no longer explained by the ADI – FA and the employment of disadvantaged people or with disabilities is no longer explained by the ADI – DA.

Finally, the third study is dedicated to a subsample of 138 NPOs that did not comply with a donor protection charter (Appendix C). The NPOs have therefore not developed specific management processes on the subject. The results are still robust (the grants, the donations and memberships and the employee training plan are even better explained by the variables), but a nuance must be made: the total incomes is no longer explained by the ADI – OA.

## 6. Discussion

The results of this study call for several comments, particularly with respect to the effectiveness indicators not explained by the accountability. First, the ROA of the NPOs in the sample is not explained by the selected variables. The concept of profitability is of great concern to NPOs, particularly because their objective is above all to achieve their mission and have a positive impact on society. Financial performance may be a fundamental pillar of NPOs' survival, but it is still a controversial subject. NPOs prefer to highlight their actions rather than their balance sheets (Clerkin and Quinn, 2019).

However, the hypothesis H<sub>1</sub> is essentially rejected because of the link between accountability and financial effectiveness. In positioning the first hypothesis within the most recent research streams (Lee *et al.*, 2023), this study is finally confronted with two dimensions of accountability that may have been overlooked. Its first characteristic is its complexity: the determinants and effects of accountability in NPOs are unpredictable and highly varied (Young, 2002). Its second characteristic is its paradoxical aspect: depending on the period, the context, the people, etc., accountability can have opposite and contradictory effects (Halligan, 2007). In sum, the results illustrate the synthesis of Renz *et al.* (2023, p. 12) who advocate a "multifaceted and nuanced" research on non-profit governance.

Hypothesis H<sub>2</sub> is supported. This study is therefore in line with the literature already mobilized on the subject (Jiao, 2021; Nordin *et al.*, 2022). However, the fact that NPOs are subject to regulatory pressures that lead them to adopt plans for training or better integration of people in difficulty should not be underestimated. Consequently, in future studies, new indicators of social effectiveness (in relation to volunteers, for example) seem essential.

Then, all environmental indicators are not influenced by accountability practices. The following comments therefore relate to the status of hypothesis H<sub>3</sub>. In their work on NGOs, Yasmina and Ghafran (2019) have theorized the problematics of accountability. The authors have pointed out the many issues of social construction, aporia and uncertainty that surround accountability. Their approach even leads them to question the ethics of transparency underlying accountability. For instance, some authors had shown how transparency is important in a democratic ideal, but this ideal can be detrimental to the organization if it is too extreme (Unerman and O'Dwyer, 2006).

Their vision is similar to Ebrahim (2005)'s work on the risk of myopia in accountability: even if a long-term vision is much more important for ensuring the organization's survival and the stakeholders' commitment, NPOs sometimes remain focused on the financial aspects. The author stressed the importance of a "balance" and "combination" of accountability mechanisms to meet the demands of the environment. In this, the results obtained here highlight another issue, less violent than those pointed out by Yasmina and Ghafran (2019) and complementary to myopia: *insensitivity*.

In other words, accountability quality has no effect on environmental effectiveness, has little effect on social effectiveness, but does attract resources. The quality of broad accountability defined by Dhanani and Connolly (2012) incorporates a rather disciplinary view, trying to coerce the organization into reporting to inform and engage its stakeholders. This disciplinary approach seems irrelevant insofar as NPOs are *insensitive* to it: for instance, one out of two NPOs is engaged in actions related to environmental effectiveness, regardless of its commitment to accountability.

Accountability has been reappropriated by NPOs, which seem to use it as a tool to obtain funds rather than as a holistic tool for engagement. The literature has already emphasized the ambiguity of the concept of accountability. As a result, some authors (Pras and Zarlowski, 2013, pp. 24–27) point out that this ambiguity can become fruitful

for NPOs' leaders, in line with the "ambiguity and compromise" in the objectives, mission and NPOs in general. Accountability, thanks to the "coupling/decoupling" games (Brandtner, 2021), then gives more latitude to the leaders and gives them back the power.

Nevertheless, the results presented here are congruent with Ebrahim (2005)'s vision. The lack of a clear contribution of accountability quality to non-financial effectiveness confirms the myopia that accountability can create: when organizations focus on the short term, overall effectiveness and performance are neglected (Costa and Goulart da Silva, 2019).

To conclude, this study illustrates the obstacles that NPOs face in broadening their accountability (Morrison, 2020). Still in search of legitimacy (Yasmin and Ghafran, 2021), NPOs have to face their stakeholders' mistrust and monitoring. Their accountability is therefore formal and seeks to obtain funds in order to survive, and not necessary to perform (*cf.* the contrasting result between ROA and the indicators of obtained funds). Conversely, to develop their social and environmental effectiveness, NPOs don't develop formal accountability: they would rather need their stakeholders' trust and to collaborate with them. This implies a less formal, more mission-oriented, more creative and therefore heterodox accountability. Renz et al. (2023) also highlight this challenge, noting that the societal issues associated with NPOs and accountability are major.

## **7. Conclusion**

Based on recent studies dedicated to non-profit accountability, this article sought to investigate the link between this process and organizational effectiveness. A negative link was expected in the case of financial effectiveness and a positive one in the non-financial case. A partially positive result was obtained in the financial case and, with the exception of specific social indicators, no link was found in the non-financial case. These unexpected results challenge recent developments in accountability theory and return to findings from twenty years ago.

In addition to the above discussion, this study offers theoretical contributions. Twenty years after the studies pointing out the complexity and paradoxes of accountability (Halligan, 2007; Young, 2002), the research dedicated to NPOs must consider what to do with this process. Stakeholder demands remain important, but managing them through accountability seems far too uncertain to remain the focus of attention. The results of this study therefore call for a rethinking of the accountability in NPOs, particularly because the concepts studied here (accountability, effectiveness, etc.) are considered contingent by the literature.

This study followed the recommendations of Yasmin and Ghafran (2021). For the authors, there was a need for accountability research that focused on relationships with and between stakeholders and their attributes (i.e., interpretive researches) and on the contradictions and paradoxes encountered in non-profit accountability (i.e., radical researches). In fact, in line with Morrison (2020), the results suggest the need of a focus on informal accountability, in order to approach the associated cognitive and behavioural issues (Marnet, 2008).

Furthermore, the use of stakeholder theory to accurately describe the case of French NPOs did not adequately explain the link between accountability and effectiveness. Because of the dynamics that run through this sector, a combination of governance theories seems necessary. The suggestion of Pilon and Brouard (2022) will be a relevant guide for this. Finally, calls from research to study NPOs (for instance, Erkens *et al.*, 2015) or disclosure effects on performance (Grossi *et al.*, 2017) are addressed here.

Practitioner and societal contributions are of several kinds. The first one corresponds to the previous call concerning accountability in NPOs: this process is extremely complex, uncertain and full of paradoxes. The increasing demands on the subject are not without risk and other approaches could be explored (e.g., evaluation and control through relationship quality, Plaisance, 2022).

In the French case, the codes of non-profit governance refer to rather disciplinary principles that would improve organizational effectiveness. The results are particularly inconsistent on this subject. This study therefore calls for an update of these codes. They could incorporate more informal governance mechanisms and consider cognitive and behavioural issues, which are largely involved in accountability.

In addition, French NPOs are again particularly poorly informed by the results of the international literature on governance and accountability (Plaisance, 2023). This implies the development of contextualized research on French NPOs, but also the need to develop the sector's own best practices. As a result, this article questions the relevance of developing codes of good practice and considers that they should rather focus on the implementation of practices specific to NPOs and to each organization.

The different results and the sceptical literature on accountability do not mean that French NPOs should not adopt such a process. However, they do call for an adaptation to each organizational situation and for a reflection on the links with the stakeholders requesting accountability processes.

Several limitations need to be pointed out in this study. First, further studies are necessary in order to remove the context of large NPOs. Second, new methods are needed to replace the binary variables, develop new control variables and use qualitative methods (e.g. textual disclosures, interviews, etc.). In addition, the effectiveness indicators were imposed by the data. A questionnaire survey would allow the selection of new proxies.

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Table I. Variables and their measurement

<i>N</i> <sup>o</sup>		<i>Nature</i>	<i>Measurement</i>
<b>Control variables</b>			
1	Age	Metric	Obtained by subtracting 2018 from the year of creation (information provided on each NPO's page of the IDEAS website).
2	Size	Metric	Number of employees (information provided on each NPO's page of the IDEAS website).
<b>Accountability variables</b>			
3	ADI	Ratio	Obtained by calculation according to the method proposed by Dhanani and Connolly (2012). The calculations are based on all the reports that each NPO has made public on the IDEAS website.
4	ADI – Fiduciary accountability (FA)	Ratio	
5	ADI – Organizational accountability (OA)	Ratio	
6	ADI – Downward accountability (DA)	Ratio	
7	ADI – Managerial accountability (MA)	Ratio	
<b>Financial effectiveness variables</b>			
8	ROA	Ratio	Obtained by the total revenue minus total expenses divided by total assets. The data came from the financial reports.
9	Total incomes (in thousands)	Metric	Directly obtained from the financial reports.
10	Grants (in thousands)	Metric	Information provided on each NPO's page of the IDEAS website.
11	Donations and memberships (in thousands)	Metric	Information provided on each NPO's page of the IDEAS website.
<b>Social effectiveness variables</b>			
12	Employee training process	Binary	The presence (1) or absence (0) of this commitment was directly indicated on each NPO's page of the IDEAS site.
13	Employment of disadvantaged people or with disabilities	Binary	
<b>Environmental effectiveness variables</b>			
14	Concrete actions for the protection of the environment at headquarters	Binary	The presence (1) or absence (0) of this commitment was directly indicated on each NPO's page of the IDEAS site.
15	Concrete actions for the protection of the environment in the field	Binary	
16	Sustainability of action in the field	Binary	

*Source: Table created by author.*

*Note: The variables integrate four categories that constitute the four types of accountability. For the items used for each category, see the checklist built by Dhanani and Connolly (2012). The name of each type varies between the published article and the tool transmitted by the authors: both terminologies were indicated in the literature review.*

Table II. Descriptive statistics

<i>N</i> <sup>o</sup>		<i>N</i>	<i>Mean</i>	<i>Median</i>	<i>Standard-Deviation</i>
<b>Control variables</b>					
1	Age	182	41.26	29	39.70
2	Size		1,569	17.5	16,381
<b>Accountability variables</b>					
3	ADI	160	0.36	0.3719	0.16
4	ADI – Fiduciary accountability (FA)		0.18	0.2	0.16
5	ADI – Organizational accountability (OA)		0.16	0.125	0.15
6	ADI – Downward accountability (DA)		0.08	0	0.16
7	ADI – Managerial accountability (MA)		0.46	0.4444	0.22
<b>Financial effectiveness variables</b>					
8	ROA	123	0.05	0.0154	0.22
9	Total incomes (in thousands)	176	19,678	1,345	98,296
10	Grants (in thousands)	175	8,421	200	47,960
11	Donations and memberships (in thousands)	176	3,685	179	11,858
<b>Social effectiveness variables</b>					
12	Employee training process	182	0.69	1	0.46
13	Employment of disadvantaged people or with disabilities		0.35	0	0.48
<b>Environmental effectiveness variables</b>					
14	Concrete actions for the protection of the environment at headquarters	182	0.52	1	0.50
15	Concrete actions for the protection of the environment in the field		0.46	0	0.50
16	Sustainability of action in the field		0.55	1	0.50

*Source: Table created by author.*

Table III. Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Age	1															
2. Size	0.08	1														
3. ADI	0.08	0.09	1													
4. ADI-FA	0.14	-0.06	<b>0.60***</b>	1												
5. ADI-OA	<b>0.22**</b>	0.03	<b>0.55***</b>	<b>0.42***</b>	1											
6. ADI-DA	<b>0.20*</b>	-0.01	<b>0.44***</b>	<b>0.55***</b>	<b>0.43***</b>	1										
7. ADI-MA	0.03	0.07	<b>0.84***</b>	<b>0.42***</b>	<b>0.46***</b>	<b>0.36***</b>	1									
8. ROA	-0.09	-0.04	0.11	0.00	0.05	0.03	0.09	1								
9. Incomes	<b>0.25***</b>	0.09	<b>0.26***</b>	<b>0.29***</b>	<b>0.43***</b>	<b>0.29***</b>	0.13	-0.04	1							
10. Grants	<b>0.17*</b>	0.07	<b>0.27***</b>	<b>0.19*</b>	<b>0.29***</b>	<b>0.19*</b>	<b>0.17*</b>	-0.03	<b>0.80***</b>	1						
11. Donations & membership	<b>0.23**</b>	0.08	<b>0.29***</b>	<b>0.32***</b>	<b>0.32***</b>	<b>0.24**</b>	<b>0.25**</b>	-0.07	<b>0.63***</b>	<b>0.33***</b>	1					
12. Employee training	<b>0.17*</b>	0.06	<b>0.24**</b>	0.12	<b>0.19*</b>	<b>0.18*</b>	<b>0.22**</b>	-0.03	0.12	0.09	<b>0.19*</b>	1				
13. Employments of d. people	<b>0.16*</b>	0.12	0.14	0.15	<b>0.26***</b>	<b>0.25**</b>	0.15	-0.09	<b>0.25***</b>	<b>0.19*</b>	<b>0.35***</b>	<b>0.37***</b>	1			
14. Environment protection at headquarters	-0.12	0.08	0.03	-0.08	0.03	-0.06	0.03	0.14	0.08	0.09	0.04	<b>0.22**</b>	0.06	1		
15. Environment protection in the field	<b>-0.18*</b>	0.08	-0.01	-0.12	-0.03	-0.07	0.02	<b>0.19*</b>	-0.01	0.08	-0.05	0.04	0.06	<b>0.57***</b>	1	
16. Sustainability	-0.07	0.08	<b>0.16*</b>	0.04	0.08	-0.04	0.12	0.04	0.08	0.11	0.04	0.12	0.06	<b>0.38***</b>	<b>0.51***</b>	1

Source: Table created by author.

Reading: \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$ .

The high coefficients within the accountability variables are due to the very nature of the index (Dhanani and Connolly, 2012) and the link between incomes and grants is representative of the French case.



Table IV. Empirical results

Table IVa. OLS regressions of financial effectiveness indicators

	ROA			Total incomes (in thousands)			Grants (in thousands)			Donations and memberships (in thousands)		
	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE
Constant	0.00		(0.04)	-47,721 *		(20,698)	-23,236 *		(11,083)	-6,155 *		(2,607)
Age	-0.00		(0.00)	334 ^		(181)	134		(96)	42 ^		(23)
Size	0.00		(0.00)	0.49		(0.42)	0.12		(0.22)	0.05		(0.05)
ADI	0.18		(0.20)	115,923		(99,489)	98,849 ^		(53,270)	-815		(12,529)
ADI – FA	-0.09		(0.12)	90,578		(63,774)	-4,104		(34,147)	17,460 *		(8,031)
ADI – OA	0.06		(0.14)	227,832 ***		(61,755)	57,216 ^		(33,066)	12,824 ^		(7,777)
ADI – DA	0.01		(0.11)	49,423		(57,554)	8,680		(30,817)	303		(7,248)
ADI – MA	-0.03		(0.13)	-100,353		(62,316)	-41,186		(33,366)	6,386		(7,847)
N	118			158			157			158		
F	0.42	<i>n.s.</i>		8.04 ***			3.05 **			4.94 ***		
R <sup>2</sup>	0.02			0.27			0.13			0.19		
Adjusted R <sup>2</sup>	0.00			0.24			0.08			0.15		

Source: Table created by author.

Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.

Table IVb. Probit regression of social effectiveness indicators

	Employee training plan			Employment of disadvantaged people or with disabilities		
	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	-0.50		(0.33)	-0.69 *		(0.30)
Age	0.01 *		(0.00)	0.00		(0.00)
Size	0.00		(0.00)	0.00 ***		(0.00)
ADI	1.32		(1.57)	-2.55		(1.53)
ADI – FA	-0.77		(1.10)	0.81		(0.96)
ADI – OA	0.66		(1.08)	1.87 ^		(0.99)
ADI – DA	1.20		(1.01)	1.49 ^		(0.85)
ADI – MA	0.39		(1.01)	0.94		(0.95)
N	160			160		
-2 Log(Likelihood)	19.97 **			34.10 ***		
R <sup>2</sup> (Nagelkerke)	0.17			0.26		

Source: Table created by author.

Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error.

Table IVc. Probit regression of environmental effectiveness indicators

	Environment protection at headquarters			Environment protection in the field			Sustainability		
	$\gamma$	$p$	SE	$\gamma$	$p$	SE	$\gamma$	$p$	SE
Constant	0.23		(0.29)	0.25		(0.30)	-0.26		(0.29)
Age	0.00		(0.00)	0.00		(0.00)	0.00		(0.00)
Size	0.00		(0.00)	0.00		(0.00)	0.00		(0.00)
ADI	0.47		(1.41)	-0.14		(1.44)	2.00		(1.44)
ADI – FA	-1.03		(0.91)	-1.33		(0.94)	-0.20		(0.92)
ADI – OA	0.37		(0.92)	0.09		(0.93)	0.03		(0.93)
ADI – DA	0.40		(0.82)	-0.03		(0.84)	-1.13		(0.82)
ADI – MA	0.08		(0.89)	0.54		(0.90)	-0.31		(0.90)
N	160			160			160		
-2 Log(Likelihood)	9.78 <i>n.s.</i>			12.80 <i>n.s.</i>			13.06 <i>n.s.</i>		
R <sup>2</sup> (Nagelkerke)	0.08			0.10			0.10		

Source: Table created by author.

Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.

Table IVd. Endogeneity tests: 2SLS regressions

	ROA			Total incomes (in thousands)			Grants (in thousands)			Donations and memberships (in thousands)		
	$\beta$	$p$	SE	$\beta$	$p$	SE	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	0.00		(0.04)	-49,153 *		(23,934)	-21,709 ^		(11,139)	-6,948 *		(2,711)
ADI	0.08		(0.10)	200,461 **		(60,870)	83,633 **		(28,258)	29,949 ***		(6,896)
N	118			158			157			158		
F	0.23	<i>n.s.</i>		10.84 ***			8.76 **			18.86 ***		
R <sup>2</sup>	0.01			0.07			0.05			0.11		
Ajusted R <sup>2</sup>	0.00			0.06			0.05			0.10		

Source: Table created by author. Reading: \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.

	Employee training plan			Employment of disadvantaged people or with disabilities		
	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	0.44	***	(0.10)	0.12		(0.11)
ADI	0.75	**	(0.25)	0.71	*	(0.27)
N	160			160		
F	9.08	**		6.65	*	
R <sup>2</sup>	0.05			0.04		
Ajusted R <sup>2</sup>	0.05			0.03		

Source: Table created by author. Reading: \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.

	Environment protection at headquarters			Environment protection in the field			Sustainability		
	$\beta$	$p$	SE	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	1.53	***	(0.33)	1.41	***	(0.33)	0.40	***	(0.11)
ADI	0.12		(0.85)	-0.17		(0.85)	0.42		(0.28)
N	160			160			160		
F	0.02	<i>n.s.</i>		0.04	<i>n.s.</i>		2.27	<i>n.s.</i>	
R <sup>2</sup>	0.00			0.00			0.01		
Ajusted R <sup>2</sup>	0.00			0.00			0.00		

Source: Table created by author. Reading: \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.

**Appendix A: First robustness check**  
**Sub-sample including NPOs with national activities**

*OLS regressions of financial effectiveness indicators*

	ROA			Total incomes (in thousands)			Grants (in thousands)			Donations and memberships (in thousands)		
	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE
Constant	-0.02		(0.04)	-49,119 ^		(27,866)	-26,074 ^		(15,250)	-5,698		(3,625)
ADI	0.19		(0.23)	170,499		(151,020)	134,238 ^		(82,651)	2,404		(19,650)
ADI – FA	-0.12		(0.15)	150,200		(93,598)	12,796		(51,224)	21,669 ^		(12,179)
ADI – OA	0.01		(0.15)	385,470 ***		(99,247)	89,526 ^		(54,316)	22,072 ^		(12,914)
ADI – DA	0.02		(0.12)	21,843		(79,694)	645		(43,615)	-4,812		(10,369)
ADI – MA	0.00		(0.14)	-176,770		(91,845)	-64,255		(50,265)	5,089		(11,950)
N	97			97			97			97		
F	0.49	<i>n.s.</i>		9.41 ***			3.10 *			4.08 ***		
R <sup>2</sup>	0.03			0.34			0.15			0.18		
Ajusted R <sup>2</sup>	0.00			0.31			0.10			0.14		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

*Probit regression of social effectiveness indicators*

	Employee training plan			Employment of disadvantaged people or with disabilities		
	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	-0.28		(0.31)	-0.59 ^		(0.29)
ADI	1.12		(1.69)	-2.52		(1.59)
ADI – FA	-0.71		(1.17)	0.32		(1.03)
ADI – OA	1.35		(1.19)	2.39 *		(1.04)
ADI – DA	0.54		(1.04)	1.42		(0.90)
ADI – MA	0.92		(1.12)	1.55		(1.00)
N	129			129		
-2 Log(Likelihood)	14.03 ***			17.31 **		
R <sup>2</sup> (Nagelkerke)	0.15			0.17		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

*Probit regression of environmental effectiveness indicators*

	Environment protection at headquarters			Environment protection in the field			Sustainability		
	$\gamma$	$p$	SE	$\gamma$	$p$	SE	$\gamma$	$p$	SE
Constant	-0.24		(0.28)	-0.33		(0.29)	-0.77	**	(0.30)
ADI	1.34		(1.51)	0.44		(1.52)	3.67	*	(1.57)
ADI – FA	-1.00		(0.99)	-1.57		(1.02)	0.22		(1.00)
ADI – OA	0.37		(0.94)	0.03		(0.95)	0.32		(0.96)
ADI – DA	-0.48		(0.86)	0.50		(0.89)	-1.30		(0.89)
ADI – MA	-0.09		(0.95)	0.26		(0.96)	-1.14		(0.98)
N	129			129			129		
-2 Log(Likelihood)	2.82	<i>n.s.</i>		2.73	<i>n.s.</i>		12.1	*	
R <sup>2</sup> (Nagelkerke)	0.03			0.03			0.12		

Nota: Although insufficient, the result is consistent with hypothesis H3 in the case of sustainability in France. This confirms the complexity of our subject.

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

**Appendix B: Second robustness check**  
**Sub-sample including NPOs belonging to a network or a federation**

*OLS regressions of financial effectiveness indicators*

	ROA			Total incomes (in thousands)			Grants (in thousands)			Donations and memberships (in thousands)		
	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE
Constant	-0.02		(0.04)	-58,796 <sup>^</sup>		(34,110)	-33,998 <sup>^</sup>		(19,074)	-4,371		(3,360)
ADI	0.18		(0.19)	343,398 *		(167,069)	207,356 *		(93,425)	25,775		(16,460)
ADI – FA	-0.02		(0.11)	6,726		(99,193)	-37,929		(55,468)	6,233		(9,772)
ADI – OA	-0.06		(0.12)	459,662 ***		(107,802)	119,382 <sup>^</sup>		(60,283)	27,385 *		(10,621)
ADI – DA	-0.03		(0.12)	61,623		(101,766)	7,863		(56,907)	6,406		(10,026)
ADI – MA	-0.04		(0.12)	-256,966 *		(104,671)	-92,950		(58,532)	-14,944		(10,312)
N	83			83			83			83		
F	0.31	<i>n.s.</i>		9.78 ***			3.50 ***			6.21 ***		
R <sup>2</sup>	0.02			0.39			0.19			0.28		
Adjusted R <sup>2</sup>	0.00			0.35			0.13			0.24		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and <sup>^</sup>:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

*Probit regression of social effectiveness indicators*

	Employee training plan			Employment of disadvantaged people or with disabilities		
	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	-0.07		(0.36)	-0.82 *		(0.34)
ADI	0.49		(1.83)	-0.46		(1.62)
ADI – FA	0.23		(1.24)	0.17		(1.02)
ADI – OA	1.24		(1.28)	2.56 *		(1.05)
ADI – DA	0.01		(1.23)	0.09		(1.02)
ADI – MA	0.99		(1.28)	0.58		(1.07)
N	115			115		
-2 Log(Likelihood)	8.38	<i>n.s.</i>		11.37 *		
R <sup>2</sup> (Nagelkerke)	0.11			0.13		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and <sup>^</sup>:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

*Probit regression of environmental effectiveness indicators*

	Environment protection at headquarters			Environment protection in the field			Sustainability		
	$\gamma$	$p$	SE	$\gamma$	$p$	SE	$\gamma$	$p$	SE
Constant	-0.15		(0.32)	-0.18		(0.33)	-0.54		(0.34)
ADI	1.02		(1.57)	-0.28		(1.57)	1.78		(1.68)
ADI – FA	-1.13		(1.00)	-1.07		(1.02)	-0.28	*	(1.07)
ADI – OA	0.51		(0.96)	0.40		(0.98)	1.60		(1.06)
ADI – DA	-0.26		(0.99)	-0.56		(1.02)	-2.21		(1.05)
ADI – MA	-0.09		(1.02)	0.78		(1.03)	0.43		(1.10)
N	115			115			115		
-2 Log(Likelihood)	2.28	<i>n.s.</i>		3.36	<i>n.s.</i>		12.02	*	
R <sup>2</sup> (Nagelkerke)	0.03			0.04			0.14		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

**Appendix C: Third robustness check**  
**Sub-sample including NPOs without donor protection charter (“Trusted Donation Charter” label)**

*OLS regressions of financial effectiveness indicators*

	ROA			Total incomes (in thousands)			Grants (in thousands)			Donations and memberships (in thousands)		
	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE	$\alpha$	$p$	SE
Constant	-0.03		(0.05)	-5,758		(4,516)	97		(1,171)	-528		(906)
ADI	0.14		(0.28)	-2,445		(25,829)	16,377 *		(6,698)	-3,190		(5,181)
ADI – FA	-0.10		(0.21)	7,295		(19,086)	-8,799 ^		(4,949)	4,617		(3,828)
ADI – OA	0.06		(0.19)	15,803		(17,562)	6,917		(4,554)	-8,140 *		(3,523)
ADI – DA	0.00		(0.16)	14,767		(14,305)	8,148 *		(3,709)	6,607 *		(2,869)
ADI – MA	0.09		(0.20)	17,243		(17,927)	-10,011 *		(4,649)	6,409 ^		(3,596)
N	84			84			84			84		
F	0.67	<i>n.s.</i>		2.63 *			2.89 *			4.23 **		
R <sup>2</sup>	0.04			0.14			0.16			0.21		
Ajusted R <sup>2</sup>	0.00			0.09			0.10			0.16		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*

*Probit regression of social effectiveness indicators*

	Employee training plan			Employment of disadvantaged people or with disabilities		
	$\beta$	$p$	SE	$\beta$	$p$	SE
Constant	-0.20		(0.31)	-0.32		(0.31)
ADI	3.70 *		(1.84)	-2.85		(1.86)
ADI – FA	-2.67 *		(1.32)	-0.55		(1.26)
ADI – OA	0.86		(1.16)	2.28 *		(1.10)
ADI – DA	1.33		(1.12)	2.61 *		(1.08)
ADI – MA	-0.88		(1.23)	0.80		(1.25)
N	118			118		
-2 Log(Likelihood)	10.87 ^			14.05 *		
R <sup>2</sup> (Nagelkerke)	0.12			0.16		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*



*Probit regression of environmental effectiveness indicators*

	Environment protection at headquarters			Environment protection in the field			Sustainability		
	$\gamma$	$p$	SE	$\gamma$	$p$	SE	$\gamma$	$p$	SE
Constant	-0.01		(0.30)	-0.17		(0.30)	-0.29		(0.30)
ADI	2.37		(1.71)	-0.85		(1.67)	3.07		(1.73)
ADI – FA	-2.18		(1.25)	-0.55		(1.19)	-1.86		(1.28)
ADI – OA	0.77		(1.04)	0.28		(1.01)	0.74		(1.07)
ADI – DA	-0.37		(1.02)	-0.64		(1.02)	-1.71		(1.13)
ADI – MA	-1.17		(1.16)	1.21		(1.15)	-1.20		(1.18)
N	118			118			118		
-2 Log(Likelihood)	5.14	<i>n.s.</i>		2.30	<i>n.s.</i>		8.61	<i>n.s.</i>	
R <sup>2</sup> (Nagelkerke)	0.06			0.03			0.09		

*Source: Table created by author.*

*Reading: FA for fiduciary accountability, OA for organizational accountability, DA for downward accountability, MA for managerial accountability. \*\*\*:  $p < 0.001$ , \*\*:  $p < 0.01$ , \*:  $p < 0.05$  and ^:  $p < 0.10$ . SE: standard error; *n.s.*: not significant.*