Improving and Measuring Transparency in NGOS: A Disclosure Index for Activities and Projects.

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Abstract

NGOs are established not with the aim of making profits but rather to provide social values by implementing different projects and activities. Transmitting complete information about these projects to society is a key element of transparency, as they operate within an atmosphere of public trust. Although there is a large body of literature on transparency in NGOs from a global perspective, very little research has been conducted on transparency within the area of projects and activities. This study takes a deeper look at this line and contributes to the literature on transparency in NGOs by proposing an index to measure the information transparency of the projects implemented by these organisations. The index captures three dimensions of the information about the projects (technical, financial and scope) and makes it possible to: analyse the level of transparency of the portfolio of projects, detect the specific aspects that could be improved in each organisation, and carry out comparisons among organisations.

Keywords: Transparency Index, Project Portfolio Transparency, NGOs, Non-Profit Sector.

1. Introduction

Non-governmental organisations (NGOs) play a vital role within our society. This role has become even more important in recent years as a consequence of government cuts in the resources allocated for social purposes. Indeed, the cutbacks which, in response to the crisis, have been introduced by governments in the amounts budgeted for social affairs have driven NGOs to start working in areas which were previously covered by government programmes. In addition, and also as a result of the economic crisis, the number of people whose basic

necessities are not covered, and who therefore receive aid from NGOs, has risen sharply. It could therefore be said that organisations of this kind have become a key element not only to help meet the needs of the population but also for the actual functioning of the system itself, by mitigating the social tensions that arise in times of need.

The activities carried out by this type of organisations cover a wide range of groups (stakeholders): fund donors, both public and private, the beneficiaries of the projects and activities, the people related with those beneficiaries, volunteers, workers, etc. All these groups insist, either directly or indirectly, on being informed on the activities carried out by the organisations with which they have some kind of relationship. And these organisations have the moral obligation to satisfy the informational needs of these groups. In short, they have the obligation to be transparent. NGOs have to be able to convey the added value provided by their activities to society by implementing the actions they consider necessary to do so and which result in improved transparency.

A growing number of studies dealing with transparency in non-governmental organisations have appeared in the literature. But all of them have approached transparency from a global perspective. That is, they analyse transparency from a viewpoint that considers the organisation as a whole. Nevertheless, we have not found any studies that concentrate on analysing the extent to which this transparency works at the micro level; that is to say, to what extent NGOs are transparent in the specific actions they carry out in their projects, which is an aspect where transparency is essential for certain stakeholders.

This circumstance has led us to consider a new perspective in the analysis of the transparency. Thus, the main contribution of this study is that it moves away from the traditional global approach and examines the information about the actual projects and activities of the NGO, as the crucial elements needed to generate social value and to reinforce its legitimacy in the eyes of society. Moreover, this work contributes to the literature on

transparency in NGOs with a methodology that allows it to be captured and quantified by means of an index.

This study proposes an index for measuring information transparency in relation to the projects carried out by NGOs. This index, which summarises the three dimensions of information that are required by outside users (technical, financial, and scope), is constructed from a set of items that measure the informational content of the different aspects analysed in each of these dimensions.

Application of the index makes it possible not only to analyse the level of transparency of the portfolio of projects of the organisation, but also to determine the specific aspects in which transparency could be improved, by means of an individualised analysis of the items it is made up of. In fact, the empirical application that was carried out based on the information published in the social reports of 49 Spanish NGOs distinguishes the points in which the transparency of the projects is acceptable from those in which it could clearly be improved. This latter group of aspects includes the quantification of the social impact of the projects, which is information that is not disclosed by any of the organisations analysed.

The rest of the study is structured in four sections. In the first of them, we review the main studies conducted on transparency in non-governmental organisations. The third section covers the proposed index for measuring transparency in the projects carried out by these organisations. Section four shows an empirical application of the calculation of the index for a set of Spanish organisations. And in the last section, the main conclusions from the study are discussed.

2. Studies on transparency in NGOs

Transparency can be considered a dimension within a wider concept, namely, accountability (see Fox, 2007). Accountability is a multidimensional issue (Saxton & Guo, 2011) that

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includes disclosing information, enabling stakeholder participation, evaluating performance (both internally and externally) and responding to stakeholder concerns (see Ebrahim, 2003a; Ebrahim, 2003b, and O'Dwyer & Unerman 2007, 2008). Transparency is linked to this whole set of issues but mainly to information disclosure. As stated by Paton and Foot (2000), transparency is nowadays one of the issues of most interest in NGOs. Their representativeness and contribution to society, doubts as to the quality of their projects, and the cases of abuse that some of them have been involved in (Greenlee et al., 2007) justify the need for this transparency (Murtaza, 2012).

There are several theories that may support non-profits' (including NGOs) transparency. Galvez et al. (2012a) refer to institutional theory and resource dependence theory.

In accordance with these theories, information disclosure can be considered a response to the requirements of governments and other stakeholders (Meyer & Rowan, 1977). Indeed, the pressures exerted by the organisation's major resource providers are especially meaningful (Froelich, 1999). NGOs' funding is extremely volatile as it depends on external donors (Bies, 2010; Verbruggen et al., 2011). This fact can explain why NGOs disclose voluntary information, that is, to strengthen their image as agents that serve society (Taylor & Warburton, 2003; Christensen & Mohr, 2003). By so doing they reinforce the financial support of their main donors, since the disclosure of voluntary information highlights the moral dimension of the organisation and enhances the stakeholders' trust in non-profits (see Suchman, 1995). Nevertheless, other authors indicate that disclosure of voluntary information obeys to a motivation different to that stated above. For example, Striebing (2017) affirms that "voluntary transparency is a management measure for nonprofit employees and managers to gain peer recognition within their professional community rather than to improve communication with the organisation's beneficiaries or within the wider community". In any case, both the approach of this paper and that of Taylor and Warburton (2003) are linked to

another of the theories that can be used to explain information disclosure in non-profits: legitimacy theory.

Tremblay-Boire and Prakash (2015) argue that the legitimacy and stakeholder theories are well suited to study non-profit accountability (and, therefore, non-profit transparency). Both theories have been used to explain disclosures in the corporate accountability, corporate governance, and corporate social responsibility (CSR) fields.

As Tremblay-Boire and Prakash (2015) stated, "the motivations guiding non-profits to unilaterally disclose information are similar to those faced by firms undertaking CSR. In both cases, organisations are seeking to serve a public purpose which outside stakeholders may not have the opportunity to observe". Organisations seek to reduce information asymmetries (Gonedes, 1978; Leftwich et al., 1981) between internal and external agents (stakeholders) and, in this way, enhance their legitimacy, while also making themselves accountable. This is valid both for firms and for non-profits (see Burger & Owens, 2010). The latter need to sell their image to receive the donor's support.

The legitimacy and stakeholder theories have also been employed by scholars to explain non-profit accountability (see Edwards & Hulme, 1995; Najam, 2002; Barrett, 2001; Ebrahim, 2003a; Keating & Frumkin, 2003; Flack & Ryan, 2003; LeRoux,2009; Campbell, 2009; Dainelli et al., 2012; Dhanani & Connolly, 2012), but not many papers make use of them.

Beyond the theories that support the accountability and transparency of non-profits/NGOs, however, the literature has also focused on a series of particular issues related to transparency. For example, Hyndman and McConville (2016) studied efficiency reporting in the context of transparency. Behn et al. (2010) analysed the determinants of transparency in NGOs. And Rocha et al. (2015) stated that transparency is a multidimensional concept, as accountability is.

Another fruitful line of research is the one concerning the channel used for information disclosure. Naudé et al. (2004) and Ingenhoff and Koelling (2007) underlined the usefulness of ICTs, especially the internet, for information disclosure. Indeed, NGOs' websites provide them with an important competitive advantage: low cost and easy accessibility encourage volunteers' and donors' involvement (Hackler & Saxton, 2007; Lee et al., 2001). Within this research line, Galvez et al. (2012a) identified the influence of some of the most relevant factors determining the level of NGO online transparency and Gandia (2011) analysed the effect that disclosure levels have on the donations received.

However, there is undoubtedly one topic that conditions all the research focused on the information disclosed by NGOs: the reliability of this information. Hyndman and McConville (2016) argued "that charities may be inclined to report information that is not totally representative of actual performance". Indeed, as stated by Gandia (2011), through voluntary disclosure managers can limit the possibility to be accused of intentionally concealing material information. At the same time, however, this voluntariness allows managers to choose the kind of information to be disclosed so as to present management in a positive light. As stated by Burger and Owens (2010), non-profits can have incentives to misrepresent themselves and lie about their accountability. Ebrahim (2003a) had already underlined the voluntary nature of the information disclosed by non-profits and this voluntary nature of the disclosed information means that its reliability is probably questionable. In this line, Gandia (2011) argued that information related to non-profits is not usually regulated in terms of content or its presentation format, and Galvez et al. (2012b) stated that there are no specific legal rules for NGO transparency at an international level. In a similar vein, Riddel (1999) indicated that NGOs are doubtful about disclosing information on the evaluation of the projects they undertake, as the culture of NGOs is more inclined to emphasise action rather than analysis due to the high costs of disclosure. Jepson (2005) studied the accountability of a

single group of stakeholders: donors. Taking only their necessities into account, he pointed out that GNOs can be reluctant to disclose information about the impact of their projects because they are afraid that funders will review their donation assignations if these impacts are not as expected.

It is quite clear that the reliability of the information disclosed by NGOs condition the scope of the conclusions of all the works that have used the information that is voluntarily disclosed (and therefore not audited) by these organisations.

Some of the studies mentioned earlier (Gandía, 2011; Tremblay-Borie & Prakash, 2015; Saxton & Guo, 2011; Caba et al. 2011; Gálvez et al., 2012a; Rocha et al. 2015) have used indexes to explore either the accountability or the information transparency of NGOs directly. In this regard, Saxton and Guo (2011) proposed a transparency index for non-profit organisations that includes two dimensions: disclosure and dialogue. The disclosure dimension refers to the extent to which non-profit organisations voluntarily post key information about the organisation on the corporate website. Within this dimension the authors refer to two types of disclosure: financial disclosure and performance disclosure, which refers to providing information about the vision, plans, goals, results and outcomes achieved.

The dialogue dimension consists of information about the interactivity between the organisation and its stakeholders, offering in turn two different components. The first refers to the applications for contributions submitted by the stakeholders (stakeholders' demands), while the second is the degree of interactivity, that is, the extent to which the organisation responds to the requests made by the stakeholders.

The index proposed by Saxton and Guo (2011) is made up of three subindexes: financial disclosure, performance disclosure and interactivity.

Other studies, such as those by Gálvez et al. (2012a), Caba et al. (2011) and Rocha et al. (2015), have used a transparency index that is based on the information required by the nine principles of transparency and good practice of the Fundación Lealtad (Loyalty Foundation). The indexes consist of information on three levels: aspects of the organisation, economic aspects and activities undertaken. They are constructed as the sum of the different items that make up each level. The items take a value of 1 or 0 depending, respectively, on whether they are considered by the organisation or not.

Gandia (2011) analysed the information transparency on the websites of Spanish NGDOs through a transparency index based on the work carried out by Kang and Norton (2004), Goatman and Lewis (2007), Waters (2007) and the transparency and accountability recommendations established by the CONGDE (2007). This index consists of four subindexes that contain general information about the company, financial and governance information, information about the presentation and navigability of the website and about the degree of interactivity with the stakeholders via the website.

Lastly, Tremblay-Borie and Prakash (2015) studied how the degree of accountability on the website of American NGOs is influenced by certain characteristics such as visibility, amount of government funding received, size and sector. The authors proposed an accountability index based on the Corporate Social Reporting (CSR) literature and created in accordance with the reporting guidelines of the Global Reporting Initiative (GRI). This index is made up of seven dimensions (beneficiary responsibility, codes and standards, employment responsibility, environmental responsibility, financial responsibility, public responsibility and supplier responsibility).

A review of the studies that have used indexes to address accountability or transparency in NGOs shows that all of them employ a global perspective. That is to say, they analyse the

overall degree of transparency. Yet, it would be preferable for such transparency not to be limited to a global level in the organisation, but instead for it to present information about each of the projects carried out by the NGOs. In this sense, some authors such as Galvez et al. (2012a), Herranz (2007) and Marcuello et al. (2007) include within the three dimensions they propose for transparency a specific one referring to transparency in the activities NGOs carry out to cover the needs of their beneficiaries. These activities take the form of projects. It must not be forgotten that undertaking these projects represents what could be called the "core business" of NGOs. Rocha et al. (2015) provided evidence showing that, among Spanish NGOs, the disclosure of detailed information about the projects carried out is related to a higher degree of efficacy of the organisations. Moreover, it should be stressed that preparing and disseminating information about the projects undertaken would force NGOs to perform a participative analysis that would allow the organisation to carry out joint continual learning, in line with the proposals of Ebrahim (2003a). Nevertheless, no studies have been found in the literature that focus on examining the level of transparency at the "micro" level, that is, the transparency related to the projects carried out by the NGO, by means of an index. In fact, among the studies cited that have addressed the topic of transparency using indexes, only that by Saxton and Guo (2011) takes this kind of information into account, although it deals with it at the "macro" level, without going into details about the different projects.

3. Definition of a transparency index for projects

As shown in the previous section, the studies conducted to date in the area of non-governmental organisations have employed a global (macro, we might say) approach in which the level of transparency of the organisation is analysed as a whole. Yet these studies have not analysed the extent to which this transparency works at the micro level, in other words, to what extent NGOs are transparent in the specific actions they carry out, that is, in

their projects. Transparency, at this point, is fundamental for the external users of the information disclosed by these organisations.

According to Carrion and Berasategui (2010) a project is a single process that involves a set of planned, executed and evaluated activities which, with finite human, technical and financial resources, seek to accomplish a number of goals within a certain period of time that has a clearly identifiable beginning and end. In the social domain, Perea (2010) defines a project as a minimum unit of resource allocation which, through an integrated set of processes and activities, seeks to transform an area of reality by diminishing or eliminating a deficit or by solving a problem. And also in this field Yussuf et al. (2016) stated that a project is a "a task or series of tasks that has a definable beginning and end, and requires the expenditure of one or more resources that must be completed in order to achieve the objective for which it is instituted". Therefore, the key elements that must be considered to identify a project are: first, there must be a clear objective linked to it. Second: it needs clearly identifiable starting and ending points; Third: the project comprises a set of activities or tasks. And fourth: it is the smallest organisational unit to which resources (technical, human and financial) can be allocated. This last is the feature that outlines what a project is, clearly distinguishing it from other units in the organisation.

An important number of activities carried out by NGOs are based on projects (Strichman et al., 2008). External users are those that finance these projects, the beneficiaries of them, the staff and the volunteers who collaborate with the organisation. They are all stakeholders, that is, parties with an interest in or that are affected by the development and the achievements of the organisation (Freeman, 1984, p. 46), and each of them have their own needs and expectations with respect to the good governance of the organisation (Wellens & Jegers, 2014). Although NGOs, by nature, do not pursue the generation of an "economic" benefit (unlike "for-profit" businesses), this does not mean that they have to limit themselves to

simply implementing different well-meaning projects/activities/tasks. The projects are still a means to achieve an aim that also seeks to generate a benefit, although in this case it is social rather than economic. Easterly (2009) pointed out that another challenge lies in the fact that the projects carried out by NGOs must engage with a wide variety of stakeholders, such as donors, host communities and beneficiaries. This justifies the interest in having access to details about the projects.

Furthermore, the legitimacy of this kind of organisations, whose mission is to pursue the general or social interest, is largely based on the trust placed in them not only by the actual donors, but also the potential donors and society in general. For social interest organisations the disclosure of detailed information about all their activities and projects is a key instrument when it comes to offering proof of their credibility and when it comes to enjoying the social support and presence that are an inseparable part of them (*Código de Conducta* CONGDE, 2014). Within this line, Schmitz et al. (2012), through a sample of 152 NGOs, study which one is the perception that leaders have on "accountability, to whom they feel accountable to, and how they implement accountability". These authors conclude that "the second most frequently mentioned way in which NGOs implement accountability is through project/program evaluation and the development of tangible metrics or systems of assessment to evaluate what is being done …". In short, this information disclosed by non-profit organisations is what will be taken as a reference by the different stakeholders for their decision-making processes.

Within the field of ethical decisions, Jones (1991) noted that the four elements of the model proposed by Rest (1986) are essential to the decision-making process. These elements are: issues, judgements, intent and actions. That is, the decision-makers must know the aim and the essence of what is going to be decided (intent and issues). They must know about the activities that are carried out (actions). And they must be able to make an evaluation

(judgement). These elements can be summed up in three dimensions: scope (related to intent and issues), technical (related to the activities that have been carried out) and financial (related to evaluation – judgement). These are therefore the dimensions that should be required of the information disclosed by NGOs about projects:

- The nature, scope or territorial area of application of the projects. In short, they will want the disclosed information to contain a detailed description of each of the projects carried out by the organisation, with the aim of being able to make decisions regarding the type of project to fund or their adequacy in terms of the mission and values of the organisation.

- The amount of funding invested in each of the projects. The user of the information will be interested in knowing not only the amount of funding involved overall but also a breakdown of the sums of money allocated to each of the projects. This disaggregated information will allow a more detailed control to be exercised over the resources that are donated and, moreover, will allow a map of priorities to be drawn up. This will enable them to evaluate the extent to which the different actions carried out by the organisation fit the general aims stemming from its mission and values.

- Finally, they will require information about the thresholds reached and the achievements they have accomplished in each of the projects that have been carried out, in order to determine whether their support has managed to improve the situation of those they attend to; in other words, whether they are contributing to enhance well-being in society through the organisation or if, conversely, this is not being achieved.

In sum, the needs and aims of the external users of an NGO as regards information about projects revolve around three axes: needs involving descriptive information about the project, those of an economic-financial nature and those concerning the results obtained. Hence, with

the aim of fulfilling these expectations, the information about projects disclosed by an NGO must include these three dimensions:

1. Technical

2. Financial

3. Scope

The potential investors, the institutions responsible for tax audits and, in general, all the other stakeholders need to know where the company invests its money and in what (technical dimension); the amount of funding invested (financial dimension); and what is the cost-effectiveness obtained from that investment (scope dimension).

Additionally, and in order to make it easier to compare the information published by the different organisations (each of them with different projects), it would be very useful to have a measurement of transparency at the micro level, which could be applied to all the organisations and which simplified the task of comparing information from each of them. In this study, the aim is to measure this transparency at the micro level by means of an index.

The advantage of establishing an index is that it is standardised, with a previously set structure, and can thus be generalised. This allows it to be applied to any NGO, thereby simplifying comparisons as regards transparency.

The index proposed here summarises the three dimensions of information needed by users. Within each of these dimensions, the index is constructed from a set of items that measure the informational content of the different aspects analysed in each of these dimensions.

More specifically, the transparency index will be built in accordance with the definition in Expression (1):

$$TI = \frac{\sum_{i=1}^{n_{TD}} TDI_i + \sum_{j=1}^{n_{FD}} FDI_j + \sum_{k=1}^{n_{SD}} SDI_k}{n_{TD} + n_{FD} + n_{SD}} \quad (1)$$

where:

- *TI* represents the value of the transparency index

- TDI_i represents that of the *i-th* item considered in the "Technical" dimension. This is quantified from n_{TD} items. That is, $i = 1, ... n_{TD}$.

- FDI_j represents that of the *j-th* item considered in the "Financial" dimension. This is quantified from n_{FD} items. That is, $j = 1, ... n_{FD}$.

- SDI_k represents that of the *k-th* item considered in the "Scope" dimension. This is quantified from n_{SD} items. That is, $k = 1, ... n_{SD}$.

Each of the items mentioned is calculated by means of a quotient where the numerator is the number of projects in which the NGO publishes information about the particular item, and the denominator is the total number of projects of the NGO. Thus, the items of the "Technical" dimension are calculated in accordance with (2).

$$TDI_i = \frac{NTP(i)}{TNP} \quad (2)$$

where *NTP(i)* represents the number of projects in which the NGO publishes information about the *i-th* item of the "Technical" dimension, and *TNP* represents the total number of projects of the NGO.

Accordingly, the values of the item will range from 0 (minimum information) and 1 (maximum level of information is published).

For the "Financial" and "Scope" dimensions, the value of the different items will be calculated in a similar way to that described above: see Expressions (3) and (4).

$$\mathrm{F}DI_{\mathrm{j}} = \frac{NFP(j)}{TNP} \quad (3)$$

$$\mathrm{S}DI_{\mathrm{k}} = \frac{NSP(k)}{TNP} \quad (4)$$

where $NFP(j)$ and $NSP(k)$ represent, respectively, the number of projects in which the NGO publishes information about the *j-th* and *k-th* items of the "Financial" and "Scope" dimensions, and *TNP* has the same meaning as in Expression (2).

In accordance with the foregoing, the minimum value of the transparency index *TI* will be 0, which will mean that no information about any of the projects is disclosed, and the maximum value will be 1, which will indicate the maximum level of disclosure of information, that is, the highest level of transparency.

Constructing the transparency index from the informational content of different items of the three relevant dimensions makes it possible not only to analyse the overall level of transparency in the projects carried out by the organisation, but also allows the user to determine the aspects which could, at this point, be improved. Indeed, an individualised analysis of each of the items will reveal which of them have low values, and these will be the ones where efforts will have to be focused in order to improve the information disclosed.

It should be stressed that, because it is considered a measure of performance of the organisation, the index proposed here can contribute to organisational learning. Ebrahim (2003a) distinguished between external performance evaluations and internal performance evaluations (in fact he also considered a third path of hybrid evaluation). The first are

essentially those demanded by the donor and are focused on analysing the degree of compliance with the aims marked by the programmes and projects that have been undertaken. With this type of evaluation there is a risk of measuring the short- and mid-term achievements more than those accomplished in the long term, thereby losing sight of the perspective of the organisation's mission. As regards internal evaluations, Ebrahim (2003a) underlined the reluctance of organisations to carry them out due to the resources that they consume and which therefore cannot be allocated to the activities that make up the NGOs' real mission. The challenge, according to this same author, lies in directing the evaluations towards learning, towards detecting weaknesses in the scheduled projects and towards the implementation of strategic interventions, so that they are designed to measure processes in the long term (outcomes or impacts) more than evaluations in the short term (outputs). The same idea is addressed in greater depth in a later study (Ebrahim, 2005), in which he argued for "the potential use of evaluation as a tool for learning, rather than simply for impact and performance assessment". This author proposed "a broader look at accountability aimed toward balancing short-term upward accountability imperatives with more systematic attention to mission achievement through deliberate processes of organisational learning". He further stated that "improving accountability is not only about accounting for donor funds but also about making progress toward a mission that reflects accountability to communities or clients". That is to say, not only the donors must be considered but also all the stakeholders.

Ebrahim (2005) linked evaluation performance (and in general, accountability) to organisational learning, as it "provides knowledge of the effect of programs in the external environment, providing superior information" and it "is fed back into planning systems, and goals and strategies are changed accordingly to effect learning" (Buckmaster, 1999). At the same time, however, Ebrahim (2005) underlined that "most non-profits have neither the resources nor the social science expertise to invest in complex information systems and

analysis. What they need are systems of evaluation that are simpler and more accessible (…)".

The proposed transparency index is oriented towards satisfying the informational needs of all the stakeholders and not only those of the donors. If NGOs take this index as a reference and therefore set improving it on a year-by-year basis as one of their goals, this process will contribute to organisational learning. Indeed, NGOs need to reflect upon the scope, impact, strategies, etc. linked to the projects they undertake. And it should be remembered that those projects are the raison d'être of these organisations. In other words, working on the aspects mentioned above will help achieve an evaluation of the activities that have been performed which is more focused on the long term and on the mission of the organisation.

Furthermore, it must be taken into account that the information used to calculate this index is disclosed by the NGOs on a voluntary basis and, hence, it may contain biases or mistakes, as has been pointed out by several of the studies in the literature cited in earlier sections. This is a limitation that affects the proposed index but which also conditions the results of the studies published to date that have used voluntary information.

Another limitation of the proposed index is that, despite being designed to evaluate the extent to which the informational needs of all the stakeholders are satisfied, it is possible that some of them do not consult the channels that are used to disseminate the information and, hence, they are not aware of the extent of the transparency of the organisation with which they interact. We are referring to, for example, the beneficiaries of the projects. It is difficult to think that, at the individual level, people with essential shortages in their basic needs are able to evaluate the information about the organisations that help them. However, greater transparency would help the rest of the stakeholders (and not only donors) to be able to

appreciate the extent to which the projects undertaken contribute to achieving the mission of the organisation.

4. Calculation of the transparency index for projects: empirical application

The construction of the project transparency index proposed in the previous section requires that, within each of the dimensions, both the number and the meaning of the items to be considered have to be delimited. If the index is to be comparable, all the organisations must use the same items to construct it. Defining exactly what items are to be used requires a process of reflection, not only among the NGOs but also among all the stakeholders, with the aim of reaching an agreement on the matter.

Although this obviously falls beyond the scope of this work, it is true that, from the information currently published by NGOs in their social reports, it is possible to define a series of information items that can be used to construct the above-mentioned transparency index. Upon this basis, in this section we show how to utilise the information published in the social reports of a series of Spanish NGOs to define a transparency index for the projects they carry out.

4.1 Selection of the sample

The population chosen from which to later select a sample was that consisting of the organisations belonging to the Spanish Development NGOs Coordinator (CONGDE). It should be noted that these NGOs not only carry out projects in the field of development cooperation, but also implement programmes and activities in other areas, such as the case of social initiatives. The choice of organisations belonging to this coordinator was guided mainly by a question of size. In fact, these organisations are the ones with a greater size within the non-governmental organisations sector, and this has a twofold advantage with regard to the aims of this work. On the one hand, greater size implies a higher number of

projects undertaken that can be evaluated from the perspective of information transparency. And, on the other, these organisations are the ones that provide more detailed information about these projects in the social reports; in short, they are the ones that, generally speaking, publish social reports with a higher degree of detail.

Altogether we identified 76 organisations (excluding associations of organisations and territorial coordinators). Of the total number, 49 were chosen and the latest social report posted on their website was analysed. It should be highlighted that the data collection work was performed in the year 2015, and thus most of the reports analysed are for 2014 (although for some organisations it was necessary to take the report from previous years as they had not yet published the one for 2014).

4.2 Obtaining information and defining the items

The information about specific projects published by the organisations in their social reports was analysed and it was summarised in the following fields:

- Organisation

- Geographic area of action and initiatives undertaken

- Projects carried out within these areas and initiatives

- General information about the project

- Information about funding of the project

- Information about the results and impact of the project

This summary allowed a structured analysis of the published information to be performed and also made it possible to identify a whole series of items (from the three dimensions) that can

be taken into account when it comes to constructing the transparency index proposed in the previous section. In particular, the following items were identified:

Technical Dimension:

- Item 1: A description of the project is produced. The indicator (TDI_1) will be calculated as the quotient between the number of projects in which the organisation drafts a description of the project and the total number of projects undertaken by the institution.

- Item 2: Information is provided about the action to which the project belongs (cooperation, education, social integration, etc.). The indicator (TDI_2) will be calculated as the quotient between the number of projects in which the organisation provides information about the action and the total number of projects undertaken by the institution.

- Item 3: Information is provided about the geographical area in which the project is carried out. The indicator (TDI_3) will be calculated as the quotient between the number of projects in which the organisation provides information about the geographical area and the total number of projects undertaken by the institution.

Financial Dimension

- Item 4: Information is provided about the amount of financial resources consumed by the project. The indicator (FDI_1) will be calculated as the quotient between the number of projects in which the organisation provides information about the amount of financial resources consumed and the total number of projects undertaken by the institution.

- Item 5: Details are given of the different sources of funding of the project. The indicator (FDI_2) will be calculated as the quotient between the number of projects in which the organisation provides information about the different sources of funding and the total number of projects undertaken by the institution.

- Item 6: Information is provided about the amount donated to the project by each of the sources of funding. The indicator (FDI_3) will be calculated as the quotient between the number of projects in which the organisation provides information about the amount donated by each of the sources of funding and the total number of projects undertaken by the institution.

- Item 7: Information is provided about the person or persons responsible for managing the funds of the project (counterparty). The indicator (FDI_4) will be calculated as the quotient between the number of projects in which the organisation provides information about the counterparty and the total number of projects undertaken by the institution.

Scope Dimension:

- Item 8: Information is provided about who the beneficiaries of the project are (qualitative information). The indicator (SDI_1) will be calculated as the quotient between the number of projects in which the organisation provides qualitative information about who the beneficiaries are and the total number of projects undertaken by the institution.

- Item 9: Information is provided about who the beneficiaries of the project are (quantitative information). The indicator (SDI_2) will be calculated as the quotient between the number of projects in which the organisation provides quantitative

information about who the beneficiaries are and the total number of projects undertaken by the institution.

- Item 10: Information is provided about the direct and indirect beneficiaries of the project. The indicator (SDI_3) will be calculated as the quotient between the number of projects in which the organisation provides information about the direct and indirect beneficiaries and the total number of projects undertaken by the institution.

- Item 11: Information is provided about the social impact of the project. The indicator (SDI_4) will be calculated as the quotient between the number of projects in which the organisation provides information about the social impact and the total number of projects undertaken by the institution.

4.3 Results

The data collected were used to calculate the indicators of the different items and the project transparency index, proposed in the previous section. Figure 1 shows the histogram of the distribution of the values of this transparency index.

As can be seen in this figure, most of the organisations have a transparency index for their projects with a value equal to or below 0.6. That is, in relation to the projects that they carry out, the organisations do not include in their social reports information about a large number of items that, from the information transparency perspective, they ought to disclose.

(Figure 1 here)

Table 1 shows the descriptive statistics of these values of the indicators for the organisations that were analysed.

(Table 1 here)

As can be observed in Table 1, the mean value of the transparency index for the organisations analysed is 0.51, quite some distance from what would be desirable for total transparency in the projects carried out. Yet what is perhaps most noticeable is the maximum value of the index, which stands at 0.8. In other words, none of the organisations publish information on all the items defined for all their projects.

In any case, apart from the global analysis of the transparency in the projects carried out by the organisations, the proposed index also allows the three dimensions to be studied individually, by analysing the indicators they are made up of one by one.

In this sense, and as regards the Technical dimension, Figure 2 shows the distribution of values of the indicators (which, by construction, range between 0 and 1) that have been included in that dimension.

(Figure 2 here)

As can be observed in Figure 2, practically all the NGOs provide information about the geographical area in which they implement their projects (nearly all the organisations have, in the third indicator, a value of 1, which is a value that occurs when the NGO offers information about the geographical area in all its projects).

As regards TDI_2, concerning the kind of action in which the project is set, as shown in Figure 2, most of the organisations provide information about this point for all their projects. Nevertheless, it can be seen that in a significant number of organisations the value of the indicator is 0, that is to say, they do not offer any information about the type of action the project is included in for any of the projects that they carry out.

This can be largely explained by the results presented in TDI_1 in Figure 2. As can be seen, the distribution of the values of this indicator is practically dichotomous. Approximately half the organisations include within their report a description of all the projects that they carry out

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(value of the indicator equal to 1). Yet a significant number of organisations (slightly less than half of them) do not provide an individualised description of any of the projects they have carried out (the value of the indicator is 0). This finding is rather odd because a description of a project carried out by an organisation is the minimum amount of information one could expect it to provide in order to raise the level of transparency of the information disclosed.

With respect to the financial dimension, Figure 3 shows the distribution of the values of the indicators for the different items it is made up of.

(Figure 3 here)

As can be observed in Figure 3, the values of FDI_1 show that, although a high number of organisations provide detailed information about the resources consumed by their projects, a significant number of them do not provide this type of information (value of the indicator equal to 0). Furthermore, several organisations do offer information about this aspect, although not for all their projects (values of the indicators higher than 0 but lower than 1).

The comments that can be made about FDI_2 are practically identical to those referring to FDI_1; perhaps the only difference lies in the fact that there are more organisations that, in the case of FDI_2, do not provide any information. That is to say, they do not give any details, for any of their projects, about the sources of funding that enable them to carry out such initiatives.

In FDI_3 the dispersion is even greater (see Figure 3): a large part of the organisations is within the range of values above 0 but below 1. This means that many of the organisations give information about the amounts provided by each of their sources of funding. However, they do not publish this information for all the projects they carry out.

Finally, the last of the indicators evaluated within this financial dimension refers to the counterparty, the person or organisation responsible for managing the funds the NGO devotes to the project. In this case, as can be seen in Figure 3 (*FDI*$_4$), very few organisations provide information on this point. This is especially notable and troubling from the perspective of international development cooperation, understood as referring to a peer relationship (Alonso & Glennie, 2015) in which the counterparties are fundamental pieces as well as being co-responsible for the success/failure of the projects.

Figure 4 shows the distribution of values for the Scope dimension.

(Figure 4 here)

An analysis of the distributions, the first two indicators (*SDI*$_1$ and *SDI*$_2$) of which are shown in Figure 4, reveals that there are many organisations that do not provide any qualitative or quantitative information about who the beneficiaries of their projects are. And among those that do offer such information, a large number of them only provide information about some of the projects. Perhaps the most surprising finding, however, is the concentration of the values of the indicators *SDI*$_3$ and *SDI*$_4$ around 0. Moreover, as shown in Figure 4, in the case of this last indicator no NGOs that provide information about any of their projects was found: the values of the indicator are 0 for all the organisations analysed.

It is noteworthy that none of the organisations analysed offer information about the social impact of the projects that they carry out (*SDI*$_4$), beyond the information provided about the beneficiaries of their projects. This is even more striking if we bear in mind that organisations such as AECA (2005) consider that the organisations should publish information about the impact of their initiatives in three domains: economic, environmental and social. In order to promote transparency, it would be desirable for this type of information to be broken down at the project level. Particularly, with regard to the social impact, this information should be

disclosed in the social report, which is the document that was analysed. Nevertheless, the results are in line with those published in studies such as that by Carreras et al. (2010), also conducted on Catalan non-profit organisations. This shows that, at least in Spain, there is a need to foster the organisational culture of results-based management in this sector, which has traditionally been focused on effort and on direct action.

At this point another significant aspect is the reflection made by Socias and Horrach (2013) about the twofold responsibility – social and solidarity – of solidarity economy organisations. According to these authors, one of the stakeholders of an organisation would be the "group of beneficiaries of its activity, whose social mission is centred on improving its economic and social well-being". If it is supposed that the information published must be useful for all those stakeholders, which includes the beneficiaries of the projects, and if, as has been said, it is assumed that the interest of these stakeholders is centred on improving their economic and social well-being, then it is clearly necessary for the information published by the organisations to include information about the social impact of the projects that have been undertaken.

5. Conclusions

NGOs are organisations that, under different legal forms, are set up not to generate economic profits, but to provide social values. Hence, their benefits must be understood as being a social benefit. These organisations must have a set of clear social aims and, consequently, structured activities that are perfectly aligned with those social aims. Thus, detailed information about these activities or projects is crucial to be able to demonstrate the foregoing and facilitate both the decision-making process and the satisfaction of the stakeholders' informational needs. To the contrary, as pointed out by Arshad et al. (2015), this kind of organisations, which operate within a climate of social trust, many of them doing

so within a global framework where real or financial exchanges are transnational, are more vulnerable to fraudulent actions.

In this work we have proposed an index to measure information transparency with regard to the projects carried out by NGOs. This index is constructed from a set of items that measure the informational content of the different aspects analysed in three dimensions related to stakeholders' informational needs: technical, financial and. This index makes it possible not only to analyse the level of transparency of the entire portfolio of projects of the organisation, but also uses the individualised analysis of the items included in it to determine the particular aspects in which transparency could be improved. Furthermore, it also has two basic characteristics that, according to AECA (2012, p.13), must be present in an information instrument: the capacity to summarise complex information and comparability. If stated as a benchmark, it can help to enhance the organisational learning process. The proposed index, however, has its limitations. It is built upon the information published voluntarily by organisations and is therefore conditioned by the truthfulness of that information. Likewise, and although the index is conceived as a tool for evaluating the information published in terms of its usefulness to stakeholders, it is hard to believe that any of them, and more specifically the beneficiaries of the projects, can consult the channels through which the information is disseminated.

In this study an empirical application is performed based on the information published in the social reports of 49 Spanish NGOs. The results, the scope of which is necessarily limited to the set of organisations analysed, allow us to appreciate those points or aspects in which transparency in the projects is acceptable and those in which there is clearly room for improvement. This latter group of aspects includes the quantification of the social impact of the projects, which is information that is not disclosed by any of the organisations analysed.

Taking the proposed index as a starting point, future research might investigate topics like the relationship between the disclosed information (assessed through this index) and outcome variables as, for example, access to donations.

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