

**GOVERNANCE IN NON-GOVERNMENTAL ORGANIZATION
(NGO) SECTOR IN NEPAL:
A CASE STUDY OF NGOs IN DANG DISTRICT OF NEPAL**

A Dissertation submitted to the Office of the Dean, Faculty of Management, in partial
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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Governance in Non-Governmental Organization (NGO) Sector in Nepal: A Case Study of NGOs in Dang District of Nepal.” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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List of abbreviations

CBOs	: Community Based Organizations
DAO	: District Administration Office
DFID	: The Department of International Development
FES	: Friedrich-Ebert-Stiftung
GROs	: Grass Root Organizations
INGOs	: International Non-Governmental Organizations
MoFA	: Ministry of Foreign Affairs
MoWCSW	: Ministry of Women, Children and Social Welfare
NORAD	: Norwegian Agency for Development Cooperation
NGOs	: Non-Governmental Organizations
NPOs	: Non-Profit Organizations
O&M	: Operation and Maintenance
POs	: Peoples Organizations
SNV	: Netherlands Development Organizations
SSNCC	: Social Service National Coordination Council
SWC	: Social Welfare Council
UN	: United Nations
UNESCAP	: United Nations Economic and Social Commission for Asia and the Pacific
WB	: World Bank

Abstract

Good governance is one of the heated topics in the 21st century, and it is vital for the organization's sustainability. This research was conducted to assess good governance in NGOs based in the Dang district in Nepal. At present, NGO culture is booming in Nepal but with limited sustainable impact on the lives of community beneficiaries and employees. Thus the rationale behind this research is to assess management practice in NGOs and evaluate its effectiveness in instituting good governance in its working modality. The research focuses on four main elements of good governance, i.e., Accountability, Transparency, the Rule of Law, and Participation. The quantitative approach and descriptive statistics were adopted to assess good governance. A simple random sampling technique selected 113 respondents from 14 NGOs in the Dang district. The local field enumerators were used to conduct the questionnaire survey, followed by online meetings with the executive members of each selected NGO. The research data were further analyzed using statistical software. The result shows that most respondents were optimistic regarding their organization's management practice and knew the importance of good governance. The correlation and regression analysis further reflect that all elements positively correlated with good governance. However, accountability and the rule of law were significantly correlated with good governance. Hence, along with strengthening current practices, the NGOs must focus on enhancing transparency and increasing participation from the community beneficiaries to institute sustainable good governance.

Keywords: Good governance, accountability, transparency, participation, the rule of law, NGO

CHAPTER I

INTRODUCTION

1.1 Background of the study

Non-Governmental Organizations (NGOs) are lawfully established corporations by natural or legal people that operate autonomously from any government. According to United Nations, NGOs refer to organizations not a part of a government, do not possess government status, and do not run for conventional profit businesses (Stankowska, 2014). NGOs are non-profit unit that functions independently from any government. NGOs, also referred to as civil societies, are organized on community, national and international levels to serve environmental or humanitarian causes (Nonprofit Expert, 2017). NGOs play a vital role in the development process of any country. They recognize innovation, participatory approaches, social inclusions, flexibility, and advocacy on social and economic issues (Manandhar, 2017). Most NGOs get funds from an international non-governmental organization (INGOs) and other bilateral donors. This holds the same in Nepal's case, where 95% of NGOs receive funds from INGOs and donors (Dhakal, 2007). Nepal receives foreign aid primarily from the foreign government through INGOs and bi-lateral and multi-lateral donors (Karkee & Comfort, 2016). Despite large amounts of foreign help, Nepal remains quite behind in terms of development in South Asia (Karkee & Comfort, 2016)

There has been a gradual rise in the number of NGOs in Nepal, especially after restoring multi-party democracy in 1990 (Karkee & Comfort, 2016). The Social Welfare Council (SWC) published data reveals that 50,358 NGOs and 245 INGOs were registered in Nepal between 1978 and 2019 (SWC, 2019a, 2019b). However with the increase in the number of NGOs and their role in societal development, one of the missing factor is good governance. NGOs can no longer perform in isolation and requires contribution from diverse sectors. The foreign aid in isolation is insufficient for sustained development. One of the essential components for the NGO's sustained effort is good governance in its work culture and environment. In this regard, good governance plays a vital role in sustainably amplifying the activities of NGOs.

In the developed countries, the term "governance" and "good governance" is increasingly being employed in the administrative and development sector (Ali, 2019). The organizations operate in the public interest in a transparent, equitable, and responsible manner with the genuine participation of the local people (UNESCAP, 2009). However in Nepal, the governance of NGOs and organizational sustainability is a major challenge. The Local Governance Act allows the NGOs to participate in the local planning process and conduct their own developmental program, but what most of them are lacking is the enforcement of concept of good governance (Dhakal, 2007). Most of the NGOs are implementing their activities in adhoc basis, without proper consideration of organizations sustainability.

From the World Bank documents and United Nations (UN) study, good governance is measured primarily by eight factors, i.e., participation, transparency, the rule of law, responsiveness, consensus, equity and inclusiveness, effectiveness and efficiency, and accountability (UNESCAP, 2009). These factors govern NGOs in terms of their effectiveness. Some NGOs are implementing these factors in their working culture but most of the NGOs are lacking it (Dhakal, 2007). Thus the present study attempts to assess these governance factors in the Dang district in Nepal.

1.2 Problem statement

Good governance is a heated topic in this era and has grabbed interest from different sectors in society. The term good governance is essential for the success and sustainability of NGOs in any setting. Since NGOs work within a complex network of civil interests, international affairs, and varied power structures, establishing good governance is challenging (Massari, 2021). NGOs should take obligation for efficient and accountable internal governance to enhance its credibility and legitimacy. The considerable growth of the NGOs and external funding in the developing countries needs to identify good governance as an essential element for organizational effectiveness and a precondition for development. Such NGOs need to utilize the available resources (technical, workforce) and strive for good governance. It should focus on properly managing public resources with a responsive decision-making process. Furthermore, the internal organization structure, including the board of directors, should strengthen organizational governance. To establish good

governance, the decision-making authority should be decentralized rather than giving the power to an individual or a group (Wyatt, 2004).

In the present context, the number of NGOs is skyrocketing in Nepal. The process of NGO registration is straightforward in Nepal, with few processes and limited requirements. The SWC Act 1992 provides flexibility in the registration and operation of NGOs. Therefore, NGOs are free to work according to their choice. However, this flexible system has created an environment that lacks an effective monitoring mechanism to check and balance the activities of each NGO (Dhakal, 2007). The primary concern is what if they do not work as they are supposed to do. Besides, the other area of interest is what if they are not accountable to society regarding their action. This brings the importance of governance in the work culture and practice. Every NGO should incorporate good governance, foster organizational stability, informed decision-making, and avoid the state of “governance less.”

The research attempts to assess the key governance factors in the NGOs in the Dang district. The key factors or indicators mentioned by World Bank and United Nations are used to assess governance. Since analyzing all the eight factors is of more extensive scope and time-consuming, the following research focuses on four main factors or elements of governance, i.e., Accountability, Transparency, The Rule of Law, and Participation. These four primary elements are categorized as significant pillars against which governance is assessed in any work setting or environment (IFAD, 1999). The study also investigates the role of different social actors such as women, men, marginalized communities in resource governance. Thus, the study seeks to fill in the gaps by viewing NGOs from a governance standpoint and explaining the major driving forces in strengthening the aspects of good governance. The findings of this study can assist the government, local partners, and policymakers to have better insight into governance in NGO settings. Therefore, the outcomes of this research can establish a positive course for effective functioning and better management of NGOs for years to come.

Based on the mentioned scope and problems, this study attempts to answer the following research questions:

1. What are the NGOs' existing management practices and work procedures in the Dang district?

2. What are the elements of good governance, and how are they included in their practice for achieving good governance?
3. What are the most influential factors contributing to good governance in NGOs in the Dang district?

1.3 Objectives of the study

The study's general objective is to examine the governance practices in the NGOs in the Dang district of Nepal to achieve good governance.

The specific objectives of the study are:

1. To examine the overall management practices and work procedures of NGOs in the Dang district
2. To assess the elements of good governance in the NGOs of the Dang district for achieving good governance, and
3. To identify the most influential factors contributing to good governance in NGOs in the Dang district.

1.4 Rationale of the study

With the NGO culture booming in the country, there are several challenges and responsibilities which need to be fulfilled by respective organizations. Each organization works in different sectors such as health, education, finance, environment, government, etc. To fulfill the shared responsibility of societal development, there is a constant need for effective coordination, commitment, and transparency within and between the organizations. However, in recent times, NGOs in Nepal are facing several challenges to enforcing good governance, such as lack of coordination, professionalism, inefficient public surveillance, constantly changing government structure. Thus, this research explores the major governance issues and finds underlying principles, forces, and factors that contribute to good or bad governance in NGOs in Nepal. It further explores the strength and areas for improvement in enforcing good governance in NGO settings.

Moreover, this research explores governance practices, identifies influencing factors, and addresses the gaps by exploring NGOs in Dang district through a governance perspective and explaining the driving forces and factors resulting in this situation. Two theoretical perspectives are taken to address the gaps in governance, i.e.,

Structural and Cognitive Social Capital for Participatory Management and Foreign Aid as a Social Development Process. The research design is quantitative and analytical based on a descriptive framework design, drawing on both primary and secondary information. The information is collected through some key participatory tools and techniques.

1.5 Limitations of the study

The major limitations of the study are as follows:

- One of the study's significant limitations is the delay in collecting data due to the COVID-19 pandemic. Due to travel restrictions, a field visit for the data collection was not possible. The local research associates or the field enumerators were used to collect each NGO's data. However, virtual meetings were done with the key informants of each NGO to gather more comprehensive information and data verification as well.
- Being a case study focused on NGOs in the Dang district. Hence, this does not necessarily reflect the status of NGOs in other parts of the country.
- The application of limited analytical and statistical tools may also affect the outcome of the present study.

CHAPTER II

LITERATURE REVIEW

The primary purpose of conducting the literature review is to get acquainted with the required theoretical and conceptual knowledge of the present study. For this, the chapter as a whole has been divided into four distinctive sections. The first section of the chapter presents a review of related conceptual perspectives, followed by the review of related literature regarding NGO governance in the second part. The third section explains the governance in Nepalese NGOs, and the fourth part covers the research gap of the study.

2.1 Conceptual review

2.1.1 Concept of governance

Different scholars, governance experts, development thinkers, social scientists, economists, and development institutions have explained the concepts related to governance in specific contexts. Definition of basic concepts and terminologies in governance and public administration expressed that governance refers to the exercise of political and administrative authority at all levels to manage a country's affairs. It comprises the mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences (United Nations, 2006). Governance refers to the process whereby elements in society wield power & authority, influence and enact politics and decisions concerning public life, and economic and social development (Kakabadse & Kakabadse, 2001).

The Asia Foundation presentation on local governance expressed the context of local governance in Nepal with the following points. Such as; the practice of power for the management of economic and social resources in the development of the state. As same the rules that answer the questions who, what and how decisions are made and enforced. Also, same exercise of political authority and the use of institutional resources to manage society's problems and affairs. And focuses on a system that manages the public affairs related to social and economic resources locally is local governance (The Asia Foundation, 2012). The characteristics of the good governance is shown in *Figure 2.1*

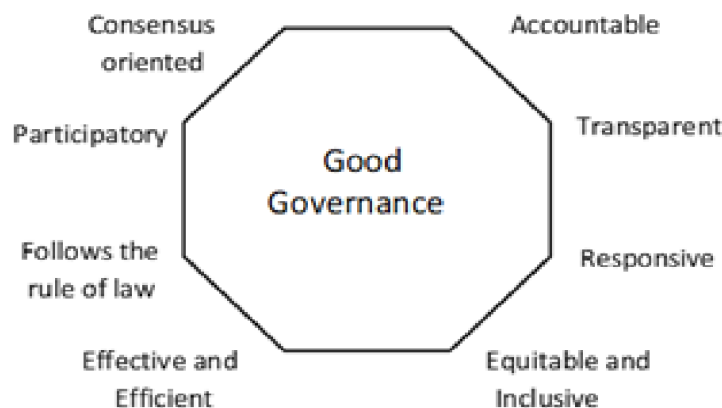


Figure 2. 1 Characteristics of good governance

Note: Adapted from (UNESCAP, 2000)

As per various definitions and the diagram, governance focuses on strengthening institutions and human resource capacities at all levels. Good governance and local governance are very much interrelated.

The World Bank defines governance as “Governance reflects the worldwide thrust toward political and economic liberalization.” Governance is the conscious management of regime structure to enhance the public realm (World Bank, 1994).

2.1.2 Elements of good governance

Based on the preceding sections, the common indicators have been found out for the purpose of research and analysis in this work. These indicators are representative of all sorts of indicators put forward by different scholars, institutions and development practitioners. These are considered as the pillars of governance and more specifically good governance, what new change has been documented.

Majority of the literature about governance is related to state government. There is little literature available to discuss the key elements of governance of NGOs. As per World Bank there are eight elements of good governance i.e. Participation, Rule of Law, Transparency, Responsiveness, Consensus Oriented, Equity and Inclusiveness, Effectiveness and Efficiency and Accountability (UNESCAP, 2000) and out of these four major pillars against which governance can be judged are stated to be Accountability, Transparency, Rule of Law and Participation (IFAD, 1999). Therefore, the proposed research has been considered Accountability, Transparency,

Rule of Law and Participation for analysis of the NGOs under research. These institutions under research include NGOs in Dang district. Under each element, different secondary elements are used for analysis. The details of each element are presented below:

2.1.2.1 Accountability

At the macro level this includes financial accountability, in terms of an effective, transparent and publicly accountable system for expenditure control and cash management, and an external audit system. It encompasses sound fiscal choices, made in a transparent manner, that give priority to productive social programs – such as basic health services and primary education vital to improving the living standards of the poor and promoting economic development – over non-productive expenditures, such as military spending. At the micro level it requires that managers of implementing and parastatal agencies be accountable for operational efficiency. Auditing systems should meet international standards and be open to public scrutiny (IFAD, 1999).

2.1.2.2 Transparency

Private-sector investment decisions depend on public knowledge of the government's policies and confidence in its intentions and the information provided by the government on economic and market conditions. Transparency of decision-making, particularly in budget, regulatory and procurement processes, is also critical to the effectiveness of resource use and the reduction of corruption and waste (IFAD, 1999).

2.1.2.3 The Rule of Law

A fair, predictable and stable legal framework is essential so that businesses and individuals may assess economic opportunities and act on them without fear of arbitrary interference or expropriation. This requires that the rules be known in advance, that they be actually in force and applied consistently and fairly, that conflicts be resolvable by an independent judicial system, and that procedures for amending and repealing the rules exist and are publicly known (IFAD, 1999).

2.1.2.4 Participation

Good governance requires that civil society has the opportunity to participate during the formulation of development strategies and that directly affected communities and

groups should be able to participate in the design and implementation of programs and projects. Even where projects have a secondary impact on particular localities or population groups, there should be a consultation process that takes their views into account. This aspect of governance is an essential element in securing (IFAD, 1999).

2.1.3 Concept of Non-Governmental Organization (NGO)

The need for unpacking the literature becomes clear when we consider the degree to which the literature on NGOs relies upon several key terms participation, empowerment, local, and community each of which has been given a variety of meanings and linked in different ways to analysts' perceptions of the origins, capacities, objectives, and impacts of NGOs (Fisher & Green, 2004).

A Taxonomic Approach to NGOs - There is as yet no universally acceptable definition of "nongovernmental organization"(NGO). Yet defining NGOs is fundamentally less important and useful than understanding what they do, who their members are, and where their money comes from (Simmons, 1998). But the term NGO embraces a vast diversity of institutions – people's indigenous organizations, grassroots movement organizations, government-sponsored organizations, intermediary or 'bridging' institutions, advocacy institutions, and international NGOs (INGOs) which are run by their own members, networks and federations (Maskey, 1998).

The term "non-governmental organization" (NGO) is a post-World War II expression which was initially coined by the United Nations (UN). When the UN Charter was adopted in 1945, it was stipulated in Article 71 that NGOs could be accredited to the UN for consulting purposes. Thus, scholars first mainly applied the term NGOs only when referring to those societal actors which are (because of UN criteria) international bodies and engage within the UN context. In recent decades, especially since the 1980s, the term NGO has also become popular for societal actors of all sorts engaged outside the UN framework, internationally and nationally, and has indeed been increasingly adopted more broadly by academics as well as by activists themselves (Martens, 2002).

Recent years have seen development NGOs making significant efforts to show how they are performing, a trend impelled by three factors: a) stricter requirements attached to official aid, which is a fast-growing proportion of NGO funds; b) doubts

about NGO claims to be more effective than governments; c) post-Cold War shifts in the role of NGOs, which increase their own needs to know what is being achieved, in order to manage the processes of organizational reorientation and transformation (Fowler, 1996). Associations designated as NGOs differ from one another in functions; the levels at which they operate; and organizational structures, goals, and membership (Fisher and Green, 2004).

Clearly, the NGO development paradigm, described as an alternative development paradigm, contained within itself the seeds of significant future evolutions and had in itself a number of significant analytical dimensions (Tandon, 2000). Nonprofits may face challenges to their accountability, since the structure of the nonprofit sector provides few mechanisms to ensure that the incentives of nonprofit boards and managers are aligned with those of key stakeholders and resource providers (Gugerty, 2009).

Good rules of the game thus came to displace good citizens as the *sine qua non* of good government (Bowles & Gintis, 2002). Social capital generally refers to trust, concern for one's associates, a willingness to live by the norms of one's community and to punish those who do not. These behaviors were recognized as essential ingredients of good governance among classical thinkers from Aristotle to Thomas Aquinas and Edmund Burke (Bowles & Gintis, 2002).

The meteoric rise of voluntary-sector-led development, the interorganizational relationships within the 'voluntary development chain' need to be scrutinized, especially in relation to the supposed ability of NGOs to promote a culture of popular participation and political activism (Kapoor, 2008). INGOs should revisit the idea of working directly with the people and their organizations or with networks of local NGOs and CBOs/POs-many of which have managed to secure foreign contribution that would permit such partnership (Kapoor, 2008).

NGOs have made a very significant contribution to the creation of a global culture of compliance with human rights. Thanks to NGOs' efforts, while governments or other perpetrators are seldom held legally accountable, they do feel and act upon the pressure of public opinion, shame and the threat of political isolation (Tuijl, 2000). The voluntary sector encompasses a broad range of organizations, including

nongovernmental organizations (NGOs), philanthropic organizations, community-based organizations (CBOs), Grass Root Organizations (GROs), Non-Profit Organizations (NPOs), and cooperatives (Ganapati, 2009).

2.2 Review of journal articles

2.2.1 Governance and good governance

The concept of governance in the later days has been advocated by new phrase 'good governance', which as a concept has been explained by different scholars and institutions in different ways. Good governance has roots to ancient civilization and revolutions. Precisely, the history relates to practices in western world. Developed nations prepare different practices, techniques and tools to support developing nations run their government in a people-centered way. Good governance has been a technique of such kind, which has emerged recognizing the need of keeping ceilings to the ruler's activities upon the people. Practice of being governed by representatives selected or elected by the people has been found to emerge from Greeks and Romans (Gautam, 2009).

Good governance frames policy, maintains law and order, and protects property rights in order to buttress production and investment in the country. The core idea of good governance is that in the development process, the support and involvement of all agencies like central government, constitutional bodies, corporations, local government, Non-governmental Organizations (NGOs), International NGOs (INGOs) and finally the allied civic societies is a must (Dahal, 1996). Therefore, good governance is a system, which opposes all the ills and evils associated with politics, economy/finance, administration, judiciary, social services and human rights (UNDESA, 2007). In this context, the South Asia Human Development Report, which took its theme for 1999 as the Crisis of Governance in South Asia, has conceptualized good governance in three dimensions i.e. good political governance, good economic governance and good civic governance. Sufficient budget allocation for the essentials of the poor, progressive taxation, well-targeted subsidies for the poor and equitable access to credit and land are considered as major aspects in good governance (Oxford, 1998).

If governance would have been practiced popularly, the emergence of good governance was not needed. It means good governance should have something in addition to governance. Among other things, it is participatory, transparent and accountable. It is also effective and equitable and it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision making over the allocation of development resources (Gautam, 2009).

World Bank (WB) relates the issues of accountability, rule of law and transparency while some others consider democratization as a significant feature and equitable development as the foundation for governance. Efficiency and accountability of public institutions and service, advocated by WB, seem to be oriented towards improving the climate for business, financial management, public enterprises reform, environment and resource management and women and development. The WB has further identified reforms in public sector management, predictability and the rule of law, and the protection of the freedom of press and human rights (World Bank, 1994). Therefore, WB's document in Sub-Saharan Africa (1989) considered public sector management, accountability, and legal framework for development, information and transparency as the elements of good governance (World Bank, 1989).

The Department for International Development (DFID) is involved in Nepal in enabling the state program to promote a virtuous state-a-state with strong pro-poor governance. DFID has also been contributing to strengthen democratic policy, macro-economic stability, strategic policy framework, service delivery, and access to justice, national security, the rule of law, transparency and accountability mechanism in areas of good governance. The Embassy of Finland has created a local fund for Democracy, good governance and human rights to foster the democratic process, promote good governance in the public institutions, including local authorities and civil societies, enhance and secure social and gender equality and human rights and alleviate poverty for a more equitable and sustainable development of the country. Norwegian Agency for Development Cooperation (NORAD), Netherlands Development Organizations (SNV), INGOs like Care/Nepal, ActionAid Nepal, and Friedrich-Ebert-Stiftung (FES) in Nepal are directed towards generating local knowledge, modernizing state

institutions, creating and developing pro-decentralization societal forces to a critical level until they are capable of applying enough pressure for reforms and redefine state-society relationships for good governance (Gurung et al., 2002).

Governance is an important phenomenon of the present context. It is one of the success indicators of development which enhances program quality and project's overall performance. It provides space to society to groom and be matured to address cropping needs and challenges. Ample examples from elsewhere reflect that only well-governed institutions are institutionally sound that contribute for sustainable development. The study on governance of NGO contributes to sociology. Sociology studies social relationships. It is a matter related to people and its linkage with people directly or indirectly. Governance promotes collective efforts of people in the society. People make society and society make social relationships. Therefore, governance is the meeting point of all relationships like the community-based institutions viz. forestry and water (Gautam, 2009).

2.2.2 Governance in Nepalese NGOs

Civil society organizations including non-governmental organizations (NGOs) are an increasing trend over the last 1992 years in Nepal. Given this situation, it can be hoped that these organizations could play a complementary role in the promotion of good governance. A favorable policy pursued by the government of Nepal has increasingly been linked to simplification of the legal instruments for making NGOs responsible and committed to the canons of good governance. However, NGOs involved in the developmental process has also been considered as a grey area due to their own internal governance problems. In this context, this study assesses whether the present civil society governance can play an effective role in Nepal. This study critically reviews the available civil society governance literature, and the challenges for governing civil society organizations, such as NGOs, for more effectively (Dhakal, 2007).

NGOs/INGOs are taken as development partners and trying to find their meaningful role for mobilizing local resources and implementing their programs at the grass-roots level. For this end, government enacted various NGOs governing legal instruments, which help the NGOs to proliferate and work according to their choice of areas and the programs. The Local Governance Act also allows NGOs to participate in the local

planning process and implement their own programs and also local bodies' programs. The SWC act 1992 also directs the INGOs to work in partnership with local NGOs. These all help creation of more NGOs in Nepal. So it can be claimed that the expansion of NGO community in Nepal is due to the government's favorable policies. With such expansion, the governance of NGOs may vary as per their functional diversities and also their presence in a particular setting. Whatever their functions and wherever they work, they need their own governance 'good' for meeting their missions and goals. The most respondents think that enough funding and effective executive, transparency and accountability, skilled staff, public support, government support, and the use of advance technology are taken as important factors to effectively govern NGOs. Usually Nepali NGOs are primarily funded (up to 95%) from donors and INGOs. They get funding from the government purse which accounts around 4% and just a meagre contribution (0.5%) from among the members of the concerned NGOs (Dahal, 2020).

2.2.2.1 Governance of NGOs in Nepal: Legalizing the NGO sector

In Nepal, traditional social organizations were not registered, as most of them were created after building consensus and understanding among the community members. The governance of such organizations is based on mutual trust and transparency of each and every activity. The legalization of NGOs began only after the establishment of democracy in 1951. To develop such a partnership between public sector organizations and non-profit organizations, the legal instruments particularly related to the local governance bodies were enacted specifying NGOs' developmental roles. Some of the earlier legal instruments were the Societies Registration Act, 1959, National Directives Act 1962, Foreign Currency Exchange Act 1962, Muluki Ain 1962 (Civil Laws), and Company Act and Regulations 1965 (Dhakal, 2007).

The Organization and Association Act, 1977 enables registration of all kinds of voluntary organizations other than governmental or private organizations. The act also clearly states that the proposed organization should be non-profit and the non-political. According to this act, at least seven Nepali citizens can collectively apply at a district administration office attaching a statute of the proposed organization stating name, objectives, address, organizational and management provision, authority, responsibilities, and code of conduct of the executive committees, and financial

sources including the *modus operandi*, etc. The act also made a provision of renewal system for which each organization should submit progress report, income and expenditure report and the audit report annually to the District Administration Office (DAO) for working for another term. The act entrusted the DAO office for monitoring and evaluation and to take action against the wrong doers. It is mandatory by law to disclose the business of NGOs in Nepal. After the completion of each fiscal year, every an NGO should submit certain specified documents to its authorized office/authorities (DAO and SWC), especially for the renewal process. In addition to such provision these reports should also be submitted at the annual general meeting and the Board meeting of the concerned NGO. Obviously such provision helps transparency. SWC Act 1992 provides the NGOs more flexibility for creation of new NGOs and performing in its own way (Dhakal, 2007).

Social Service Act was entrusted to avoid duplication by bringing uniformity among the national and international NGOs. According to this legal provision, Social Service National Coordination Council (SSNCC) was created in 1977 which was responsible to work as an umbrella organization for the promotion, facilitation, co-ordination, monitoring, and evaluation of the NGO activities. SSNCC created six different committees to coordinate and facilitate various NGOs (Dhakal, 2007).

After 1990, there was pressure from the NGO/INGO communities for the enactment of a new act particularly addressing the new role of the then SSNCC for governing NGOs. The government also showed its firm commitment to bring a change in NGO dynamism by liberalizing the NGO led legal instruments. As a result, Social Welfare Council Act, 1992 was enacted, replacing the then SSNCC Act, 1977. According to this act, the Social Welfare Council (SWC) was constituted as a governmental bureau to look after the NGO affairs. The present SWC Act eliminated the practice of pre-approval requirement of SSNCC for the registration of NGOs in District Administration Office. This obviously helped for interested people to create new NGOs and work accordingly. As a result, there has been rapid growth of NGO community in Nepal (Dhakal, 2007).

2.2.2.2 Institutional Arrangement for Governing NGOs in Nepal

Two organizations - District Administration Office (DAO) and the Social Welfare Council (SWC) are the important governing institutions of NGOs in Nepal. The

Association and Organization Act 1977 entrusted DAO as the implementer of this act. With regard to governing the NGOs, this office is responsible for following three functions:

- Registration – after verifying the statute with regard to existing legal provisions
- Renewal – usually renew the working NGOs, checking of annual progress reports, income and expenditure reports, and audit report, and
- Monitoring - checking for those which may/may not be violating existing laws, misappropriation of NGO funds, misconduct, etc.

However, the Association and Organization Act, is silent regarding NGOs' role in development (Dhakal, 2007).

Similarly the SWC is another important institution for governing NGOs which is responsible for promotion, facilitation, co-ordination, monitoring, and evaluation of the activities of the NGOs and INGOs in Nepal. In addition, it also provides advice to the government in the matters of developing the NGO sector policies and programs. Apart from these, the council also delivers training to the NGO workers and provides small grants and back-up supports to those NGOs affiliated with SWC. It creates necessary environment to link the local NGOs with INGOs and assists to develop partnership for the implementation of their activities. The roles and functions of SWC are as follows (SWC, 1992):

- Promote, facilitate, co-ordinate, monitor, supervise and evaluate NGO activities;
- Provide possible assistance for the establishment, promotion, extension and strengthening of NGO activities;
- Advise and suggest to the government in the formulation of plans, policies, and programs related to social welfare and service sector;
- Establish trusts or funds for social welfare activities and encourage others to do the same;
- Conduct training, undertake studies and research on social welfare subjects;
- Do the physical verification of NGO assets;
- Undertake necessary measures for the execution of the aims and objectives of the act;
- To avoid duplication and maintain co-ordination among various social organizations;
- Enter into agreement or contract with foreign and international agencies; and

- Make an effort in procuring national and international assistance and use it judiciously.

Other governmental organizations directly or indirectly play roles in controlling and/or facilitating the NGO functions (see Table 2.1). Among them, the Ministry of Women, Children and Social Welfare (MoWCSW) is mandated to formulate policy on NGO/INGO and the SWC (Dhakal, 2007)

Table 2. 1 Central-level organizations for governing NGOs in Nepal

S.No	Name of Organization	NGO related Function	Operational Channel
1	Ministry of Women, Children and Senior Citizens	<ul style="list-style-type: none"> • formulate policy on NGO/INGO; approve annual plan, programs & budget of SWC; • Approve general agreement carried out between SWC and INGOs; Monitor & evaluate of SWC functions. 	<ul style="list-style-type: none"> • SWC • Women Development Department • District Women Development Office • Child Development Center
2	Ministry of Finance	<ul style="list-style-type: none"> • Facilitation & control, duty-free status, and tax exemption 	<ul style="list-style-type: none"> • SWC
3	Ministry of Education, Science and Technology	<ul style="list-style-type: none"> • Facilitation for education related (non- formal education) NGOs 	<ul style="list-style-type: none"> • District Education Office and respective selected NGOs
4	Ministry of Health and Population	<ul style="list-style-type: none"> • Facilitation for health-related NGOs 	<ul style="list-style-type: none"> • SWC and selected NGOs
5	Ministry of Labour, Employment and Social Security	<ul style="list-style-type: none"> • Facilitation & control of working visa for expatriates 	<ul style="list-style-type: none"> • SWC
6	Ministry of Federal Affairs and General Administration	<ul style="list-style-type: none"> • Facilitation and co-ordination of local development/community development related NGOs 	<ul style="list-style-type: none"> • DCC, rural municipality, municipality and selected NGOs
7	Ministry of Forests and Environment	<ul style="list-style-type: none"> • Facilitation of social mobilization & environment awareness creating NGOs 	<ul style="list-style-type: none"> • Selected NGOs
8	Ministry of Home Affairs	<ul style="list-style-type: none"> • Registration/renewal of all NGOs, Facilitation of drugs-related NGOs 	<ul style="list-style-type: none"> • DAO Office and selected NGOs
9	Ministry of Foreign Affairs	<ul style="list-style-type: none"> • Facilitation & control of formal visa 	<ul style="list-style-type: none"> • SWC

10 National Planning Commission (NPC)	<ul style="list-style-type: none"> • Approval & co-ordination of NGO activities with the national development plan/programs 	<ul style="list-style-type: none"> • SWC
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Source: Adapted from (Dhakal, 2007)

There are also different NGO federations like NGO Federation of Nepal, National Federations of Nepali NGOs, NGO Coalition/Nepal, Association of Development Agency of Nepal, and Child related NGO network, including Federation of Dalit related NGOs. These federations support networking among national/international NGOs and the government for mutual co-operation (Dhakal, 2007).

It is mandatory by law to disclose the business of NGOs in Nepal. After the completion of each fiscal year, every an NGO should submit certain specified documents to its authorized office/authorities (DAO and SWC), especially for the renewal process. In addition to such provision these reports should also be submitted at the annual general meeting and the Board meeting of the concerned NGO. Obviously such provision helps transparency. SWC Act 1992 provides the NGOs more flexibility for creation of new NGOs and performing in its own way (Dhakal, 2007).

2.2.3 Role of Non-Governmental Organization (NGOs)

The role of NGOs in the present day context is vast and difficult to categories into specific compartments. However, their specific role in the process of democratization could be put into the four categories: role of empowerment, role of catalyst, role of facilitator, and role of an advocator (Chand, 1998).

The appropriate role of NGOs: can we universally assume that NGOs represent a force for democratizing development by virtue of being outside the State (Pearce, 1993). One way to understand the role of NGOs in social change is as bridges or facilitators, helping to bring the process forward. This may occur incrementally or in a more piecemeal manner (Piper, 2004).

The relationship of NGOs and the community and NGOs and the State emphasises the need to 'scale up' and seek wider influence premature, where NGOs have not worked out their relationship with their local constituencies and 'beneficiaries' (Pearce, 1993).

In many aid-recipient countries, the recent growth of nongovernmental organizations (NGOs) has attracted widespread academic attention.

Every notable success of an NGO reinforces the view that: (a) NGOs are competent while governmental institutions are not; (b) that NGOs should be accorded even greater authority in the state; and (c) that NGOs deserve a larger share of the donor pie. In other words, the perceived successes of NGOs challenge the integrity of state institutions (Charles H. Kennedy, 1999). Moreover, viewing partnerships as one part of a broader strategy in the development of the value-driven sector of society may help persuade NGOs to temper self-interest in their negotiations in order to achieve fundamental realignments in society for the common good (Fowler, 1991).

Many donors and NGOs argue that there is no conflict between a responsive, bottom up, flexible process 'a learning approach' and the project cycle, even when the project cycle is framed in the rational mode of a log frame (Wallace, 1997). Nongovernmental organizations (NGOs) are playing an increasingly important role throughout the Third World in assisting war-related refugees. NGOs of various sizes, backgrounds and expertise have been giving both solicited and unsolicited help in regional 'hot spots' to alleviate the pain that accompanies war and displacement. As local conflicts of high or low intensity continue around the globe, host governments, the UN, and the ever-present superpowers are likely to look to NGOs for help (Baitenmann, 1990).

Some of the positive functions of NGOs are described as:

- a) To educate people about laws, entitlements, etc.
- b) To advocate for changes in society or in structured inequality
- c) To monitor governments both local and national so that the elites and multinationals are partly controlled
- d) While providing credit and helping individual members improve themselves financially, to also empower women and the poor to stand up for them, to help create an alternative model of development
- e) Making use of participatory research and participatory decision-making, to try out experiments that the government bureaucracy is not capable of doing but might be interested in spreading if it is proven to be successful; and to start processes that can

spread from village to village without help of NGOs but just through empowered people.

In recent years, good governance has become a new fad in development discourse. However, as noted earlier, the alternative development paradigm of NGOs focused a great deal on the 'bottom-up' process of development which was to be collectively constructed through participatory action (Tandon, 2000). NGOs have done much to address the needs and issues of the 'poor across the world. However, much remains to be done with regard to understanding the effects that NGOs and their multiple approaches and agendas have on wider sociological processes such as the building of social capital and social organizing (Abom, 2004).

In the Nepalese context, the role of NGOs and Civil Societies are still service and development oriented. Civil societies play important roles in the changing of individual's lives by bringing together diverse groups of people to solve social problems (Bhandari, 2014).

2.2.4 Good Governance in Nepalese Context

The concept of good governance in Nepal emerged because of the failure of the politics leading to unstable government. However, ancient Nepal seems to have contained good governance practices. The time between 1941 and 1959 saw many reforms, which were taken as the initiatives for good governance. While the Constitution of Nepal, 1959 was focused to ensure good governance. The Constitution of 1963 could not contain the elements such as participatory development. The Constitution of Nepal 1991 was a milestone towards directing the activities with the concept of good governance. It was considered a document of good governance rather than that of a political one. This ensured human rights protection, rule of the law and other elements deemed necessary for good governance. Further, the Interim Constitution of Nepal 2007 contains provisions to maintain rule of law and build a socially inclusive state (Gautam, 2009).

Nepalese scholars present their understanding on good governance through contextual explanations. It involves accountability of government officials and the civil service for public fund, transparency in government procedures and investments, predictability of behavior and relational decisions and a free flow of information aimed at ensuring economic development and rule of law where by the government

and institutions are subject to rules and regulations, which are clearly understood and generally approved by the citizenry (Dahal 1996).

In the Nepalese context, a leading organization in the field of good governance Pro-Public, a NGO, puts legitimacy, greater public participation, government and accountability, efficient and effective public sector management and cooperation between government and civil social organizations as critical to good governance. Pro-Public further considers transparency in government services, accountability of the government with the people, access of people to government services, creation of corruption-free society, decentralization of power, and protection of human rights. Based on the above discussions, good governance also incorporates legitimacy/democratization/pluralism, accountability, transparency, honesty and probity in public affairs/corruption control, decentralization/devolution of political and managerial power and people participation. Similarly, its other elements include: rule of law/independent judiciary, human rights, equity and equality, gender mainstreaming in the development process, empowerment of marginalized and disadvantaged groups of people including women to have access to and control over resources and to influence decision-making processes, and developing of feeling of ownership over the programs by the people (Gautam, 2009).

After making sufficient discussion, it is also necessary to explain whether there is poor governance or not. Some people call it bad governance as well. In this context, it is obvious that when good exists, poor does too. There can be several characteristics that can be pointed for poor governance after analysis of good governance. Some of the characters of the poor governance could be miss-management of resources and programs, corruption, whimsical, nepotism and favoritism, disregard for the concerns of many, decisions to benefit the few, red-tapism, etc. Others also might include negligence of vulnerable groups, failure in delivery of services, excess state control and increasing inequality (Gautam, 2009).

Accountability is a key requirement of good governance. Governmental institutions and the private sector and civil society organizations must be accountable to the public and their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable

to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law (UNESCAP, 2009).

At an organizational level, Human Resource Management (HRM) has accountability towards its stakeholders such as owners, employees, unions and society, etc. In managing workforce ethically and safely, healthy, and wellbeing manner, HRM is exercising its accountability in the organization in several ways through HRM policies and practices. HRM practices in an organization must follow employee related national and international laws and legal aspects. The emerging concepts and practices of HRM such as socially responsibly HRM (Shen & Jiuhua Zhu, 2011) and socially responsible international HRM (Shen, 2011), reflect accountability element of good governance through HRM. Based on these available literature evidences and supports, this review proposes following proposition: Proposition 3: The extent to which HRM practices are perceived to be accountable is positively related to accountability element of good governance in the organizations.

There are several actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community (UNESCAP, 2009). The human resource development and other practices of HRM in the organizations highly related to consensus orientation dimension of good governance in the corporate level. Nowadays in many countries, HRM is approached with a context specific nature (Brewster & Mayrhofer, 2012).

Human Resource (HR) professionals design and implement HRM system and practices by considering the context. This means they consider the historical, cultural, and social context of a given society/community or country in designing and implementing HRM policies and practices. In practicing international HRM, HR professionals have to consider labor and employment laws relating to a particular country as well as social and cultural differences and uniqueness in designing and implementing HR policies and practices. This is a good example to show consensus orientation dimension of good governance through HRM. Because multi-national

companies operate in diverse cultural and economic environments, it is important for multi-national companies to provide equal opportunity in all international HRM activities to employees, regardless of their gender, race, age and cultural background (Grover & Crooker, 1995; Thomas & Ely, 1996). If HR policies and practices of an organization do not effectively reflect workplace equality, then employees will create a bad image and perception about the entire processes of the organization (Richard & Kirby, 1999).

Employee-oriented or centered HRM practices contribute to create good governance in an organization. Employee centered HRM practices address personal and family needs of employees that are beyond the minimum legal requirements. These HRM practices focus on organizational justice, support, and employee need for personal development. For example, mentoring, coaching, career development and workplace democracy, employee participation and empowerment, involvement and sharing powers etc. (Warning & Lewer, 2004). In general, HRM is dealing with people and relational dimensions of workplace aspects. Hence, in making decisions or implementing policies and practices, it has to achieve consensus orientation dimension of good governance by considering various stakeholders, otherwise it is very difficult to practice HR policies in the organizations. Based on these literature evidences and supports, this review proposes following proposition: Proposition 2: The extent to which HRM practices are perceived to be consensus orientation is positively related to consensus orientation element of good governance in the organizations.

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand (UNESCAP, 2009). The new developments in HRM (e.g. strategic HRM, electronic human resource management: e-HRM, HR Diversity Management, HR Ethics and Green HRM) gradually increase the contribution and influence of HRM in the strategic level of corporate management. This trend increases the participation rate of HRM in the corporate level decisions and

also allows to listen bottom level issues of the workforce by the top management of the organizations (e.g., making labour laws to be practiced in the organization and etc.). There are many HRM policies and practices which are promoting participation of organizational members and employees in the workplace activities and decision making. These policies and practices are team working, diversity management, stock-ownership plan, employee suggestion scheme, work-family balance practices, benefit sharing programs, family-friendly work practices or HRM (Bagraim & Axis, 2007), equal employment opportunities, affirmative action, empowering employee, open book management, and etc.

These commitment orientated HR practices, provide evidences for good governance in the organizations through HRM. Team working encourages employee involvement and sharing but also allows the avoidance of managerial responsibility and suppresses resistance and confrontation (Sennett, 1998). Team works really improve the participation rate of organizational members in corporate level decisions making and their implementation and also improve the participation rates of female employees in the organizational activities and functions. To encourage and motivate female employees and to increase their participation, an organization should combine family-friendly organizational programs with supervisor support (Kima et al., 2013). In general, opportunities for women in employment have increased, and they have taken up careers once considered the exclusive prerogative of men (International Labour Organization-ILO, 2007).

2.3 Conceptual framework

The main objective of the research was to examine the governance practice in the NGOs in the Dang district. For this, the conceptual framework was formulated based on assessing mainly four elements of good governance i.e. transparency, accountability, the rule of law, and participation. The conceptual framework based on these elements has been the basis of review and analysis. If the NGOs adopt these elements in their management practice, then good governance can be reinstated in their organization. Moreover, DAO and SWC have equal responsibility for regulating the activities of each NGO to establish good governance. Hence in the utmost state where both NGOs and DAO/SWC act simultaneously, good governance can be achieved in practice.

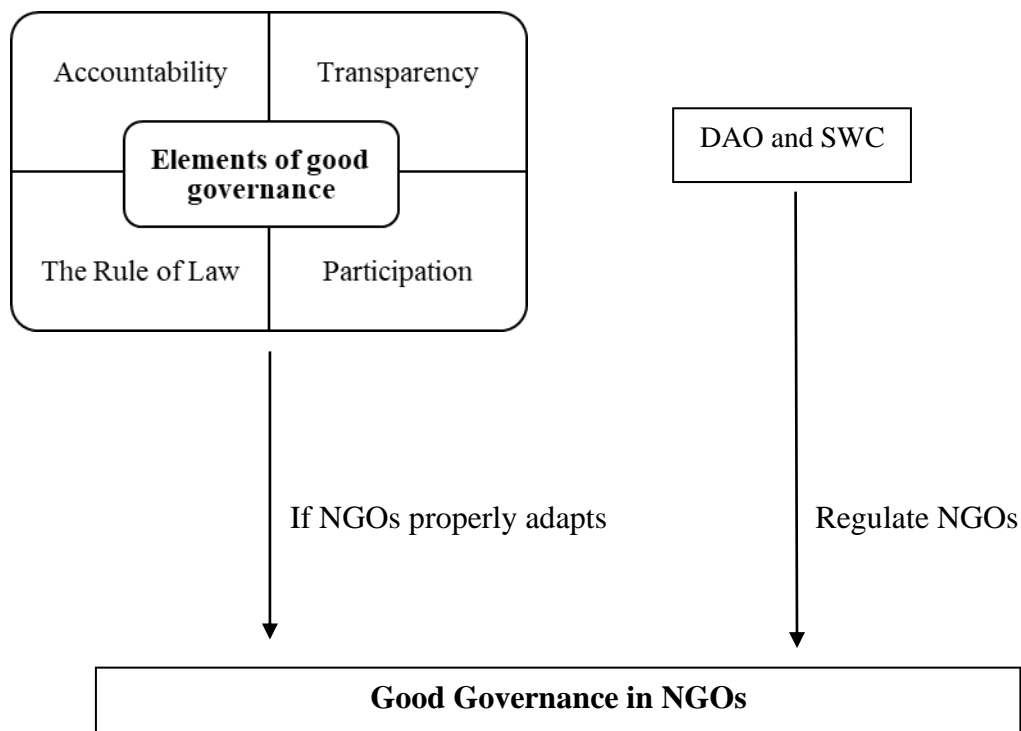


Fig 2.2 Conceptual Framework

CHAPTER III

RESEARCH METHODOLOGY

This chapter details research design, nature and sources of data, data collecting techniques, and the overall data analysis procedure. Similarly, it describes statistical analysis performed to meet the required objectives of the study.

3.1 Study area

The present study was carried out in the Dang district. The Dang district lies in Lumbini Province, a part of Inner Terai of Midwestern Nepal. Ghorahi, Tulsipur, and Lamahi are the major cities of Dang. The total area of this district is 2,955 square kilometers and has a population of 552,583 (Central Bureau of Statistics, 2014). According to the Census of 2011, the average household size is 4.75, with a sex ratio of 89.55 % (Central Bureau of Statistics, 2014). There are about 723 NGOs registered in the Dang district, out of which only 143 NGOs are active. These NGOs work in different sectors such as health, education, environment, emergency relief, food security infrastructure development, human right, livelihood development. Besides, the study area has 35 different projects funded by INGOs, the fourth largest donor contribution in Nepal (Ministry of Finance, 2018). The high presence of NGOs and the developmental project in the Dang district is one of the major criteria for choosing it as a study area.

3.2 Population and sample

The study has considered only those NGOs renewed at the District Administration Office in Dang district in 2020 A.D. The total population is 143 NGOs. Since the population is significant for the research, only 14 NGOs were chosen as the effective sample study, i.e., 10% of the population. From the selected 14 NGOs, 113 respondents were chosen using a simple random sampling technique as the sample population. The respondents included executive committee members, staff (junior level, officer, senior-level), and some female/disadvantaged members of the NGOs.

Table 3. 1

Sample size selection

S. No	Selected NGOs	Entry Level	Junior Officer	Officer	Senior Officer	Executive Level
1	Bethesda Home, Dang	5	1	2	-	1
2	Human Welfare and Environment Protection Center (HWEPC)	3	2	1	1	1
3	Forum For Human Rights & Disabled Nepal	4	1	2	1	1
4	Backward Society Education (BASE)	4	1	1	-	1
5	Rural Women Development Centre	4	2	1	-	1
6	Nepal Women Community Service Center (NWCSC)	4	2	1	1	1
7	SISA Nepal	4	2	2	-	1
8	Nepal Red Cross Society Sub-Chapter, Ghorahi	3	1	2	1	1
9	SWAN Dang	4	1	1	-	1
10	Freed Kamalari Development Forum, Dang	3	1	2	-	1
11	Society for Environment Education Development (SEED)	4	2	1	2	1
12	Rotary Club of Dang	3	2	2	-	1
13	Creating Possibilities Nepal	3	1	2	-	1
14	Federation of Nepal Cottage and Small Industries (FNCSI)	4	1	1	-	1
	Total	52	20	21	6	14

Note: Based on questionnaire survey, 2021, March

3.3 Data source and collection technique

Primary data in the form of a questionnaire survey was the main data source for the research. The research primarily involves collecting primary data and reviewing existing literature such as NGO reports, journals, and other publications as secondary data sources. The following techniques were used for the collection of the primary data.

3.3.1 Questionnaire survey

A set of questionnaires was used as the primary tool for collecting the primary data. A questionnaire was developed with the guidance of the supervisor. The local field enumerators were given the instructions to fill out the questionnaire form. The chosen staff belonging to a different level of work from each NGO were surveyed to understand their perspectives on good governance and its impact on their respective organization.

3.3.2 Observation

Since direct observation was not possible due to COVID-19 restrictions, only limited observation was done in the study. Each of the 14 NGOs provided the monthly meeting minutes and other name lists of arbitration committees to the field enumerators. This was done to visualize the participation of staff and other members of the NGOs in the decision-making process.

3.3.3 Key informant interview

Key informant interview (KII) was done with the executive members of each NGO. KII was done virtually online via zoom meetings. The main purpose of KII was to validate the information gathered from the questionnaire survey and gather more details on the practice of good governance in respective NGOs.

In summary, the types of tools, their numbers, and the rationale of each tool and technique are given in Table 3.2.

Table 3.2

Types of tools, their numbers, and relevance

Tools	Nos.	Techniques	Relevance
Survey	113	Questionnaire survey	To collect quantitative data regarding four aspects of good governance and management practices with NGO staff.
Observation	14	Participant Observation	To collect information about the governance of NGOs and forces and factors determining good and poor governance (During KII)
Key Informant Interviews	14	Checklist	To validate the information gathered from the respondents.

3.4 Data analysis

The quantitative data obtained from the questionnaire survey were tabulated in an excel sheet for analyzing and interpreting the results. Further analysis of the quantitative data was performed in statistical software. Frequency tables were used to express the percentage of each category. Similarly, correlation analysis and regression analysis were done to determine the relationship between factors of good governance. Moreover, the qualitative data such as results from the KII discussion, expert comments, personal judgment, and findings from the literature review were used as the basis for the interpretation of the results.

CHAPTER IV

RESULTS AND DISCUSSION

This chapter deals with the analysis, interpretation, and presentation of the results to meet the stated objectives of the study. This chapter is divided into two sections. The first section deals with the analysis of management practices in instituting governance in the NGOs in the Dang district of Nepal. The second section analyzes the relationship between elements of good governance with NGO activities and identifies the influential factors of good governance in NGO settings in the Dang district.

4.1 Demographic analysis of data

This section deals with the demographic data analysis of the respondents and examines their perspectives on the influence of good governance practices in their respective NGOs. It shows the demographic characteristics of respondents in terms of gender, age, academic qualification, and position.

4.1.1 Respondent profile based on gender

Table 4.1 shows that the total number of surveyed respondents is 113. Most of the respondents were female, with 53%, whereas male respondents were 47%. This represents the prevalence of gender equity in the selected NGO.

Table 4. 1

Respondent's profile based on gender

Gender	Frequency	Percent (%)
Male	53	46.9
Female	60	53.1
Total	113	100

Note: Field survey, 2021, March

4.1.2 Respondent profile based on age

According to Table 4.2, it is evident that most of the respondents, i.e., 52% were from the age group of 20-39 years, followed by 36% of respondents belonging to the age group of 40-49 years. At the same time, respondents from the age group of 60 and above were found to be in less number. Therefore, the young age group is vital as it

creates a favorable environment for team building and improves the organization's overall purpose.

Table 4. 2

Respondent's profile based on age

Age	Frequency	Percent (%)
20-39	59	52.2
40-59	41	36.3
60 and above	13	11.5
Total	113	100.0

Note: Field survey, 2021, March

4.1.3 Respondent profile based on academic qualification

Qualification is one of the essential factors contributing to one's capacity development. According to Table 4.3, it is observed that most of the employees have completed bachelor's degrees, i.e., 35.4%, followed by 28% of master's degree holders.

Table 4. 3

Respondent's profile based on academic qualification

Qualification	Frequency	Percent (%)
Intermediate	40	35.4
Bachelor	41	36.3
Master	32	28.3
Total	113	100.0

Note: Field survey, 2021, March

4.1.4 Respondent profile based on position

According to Table 4.4, most respondents work entry-level (46%), followed by officer level (18.6%). The junior officers accounted for 17.7%. Whereas the senior and executive-level employees are less than (15%). Since senior and executive levels are expert positions, few employees can lead with greater efficiency. Moreover, under the guidance of such senior officers and directors, the subordinates can perform better and further increase their skills, ultimately guiding the organization's good governance.

Table 4. 4

Respondent's profile based on position

Job Position	Frequency	Percent (%)
Entry Level	52	46.0
Junior Officer	20	17.7
Officer	21	18.6
Senior Officer	6	5.3
Executive Level	14	12.4
Total	113	100.0

Note: Field survey, 2021, March

4.2 Management practices and work procedures in NGOs

Participants from the selected 14 NGOs are interviewed using the questionnaire to know about their respective NGOs' management practices and work procedures. The main purpose was to observe if the management practices were conducive to the principles of good governance, such as strategic planning, accountability, and monitoring of their activities. Besides, they were asked if the organizations were conducting their activities under ethical considerations. The significant results are presented below.

4.2.1 Separate accounting procedures

The participants were asked if their organization maintained separate accounting of funds for individual projects. The main purpose of managing separate accounts is to manage the funds from different projects better. Moreover, it helps keep the accounting procedures more transparent and have better economic governance. As shown in Figure 4.1, it was found that 72.6% of the respondents agreed that their organization maintained separate accounting procedures. In contrast, the rest, 27.4%, revealed that their organization had no provision of such a separate accounting system. The result shows that most organizations manage the accounting procedures and maintain a complete and accurate record of all the financial transactions.

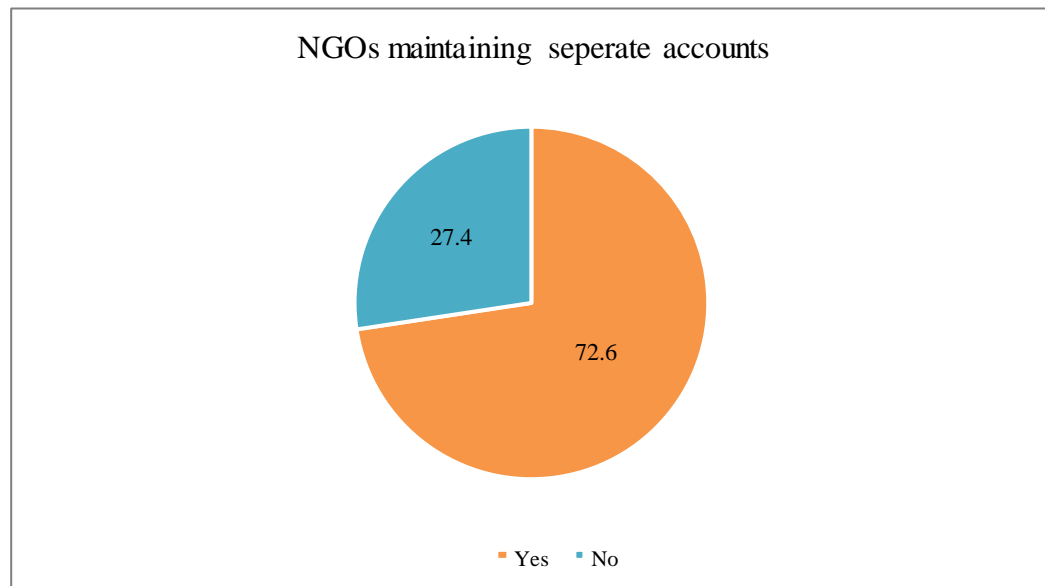


Figure 4. 1 Separate accounting procedures

4.2.2 Accounting policies and procedures

The participants from the study were asked if their organization have proper written documentation of the accounting policies and procedures. It was found that 71.7% of the participants responded that their organization has proper accounting policies and procedures documentation. They agreed that robust organizational accounting policies help to improve their financial data and the overall budgeting process. In contrast, 28.3% of the respondents replied that their organization did not maintain proper documentation of accounting policies. The main purpose of written accounting policies is to maintain a financial code of conduct and ensure that funds spent are based on authorized procedures. The result is presented by the following Table 4.5.

Table 4. 5

Response on accounting policies and procedures

Response	Frequency	Percent (%)
Yes	81	71.7
No	32	28.3
Total	113	100.0

Note: Field survey, 2021, March

4.2.3 Financial audit and related problems

A good governance practice recommends a timely internal and external financial audit. The internal audit committee safeguards the NGO's assets by utilizing the resources effectively and thereby regulating the funds appropriately. Besides, it also ensures that the financial reports are accurate with transparent invoices, approval, and bank transactions. Whereas external audit carried out by independent body showcases the NGOs financial reliability and credibility to the donors and looks for the signs of fraud. Thus, a financial audit is a pillar of good governance that seeks transparency and ensures public accountability.

The research attempted to explore the status of financial audits in the selected NGOs. Here the response from each participant was categorized based on their respective organization. The result is shown in the following Figure 4.2.

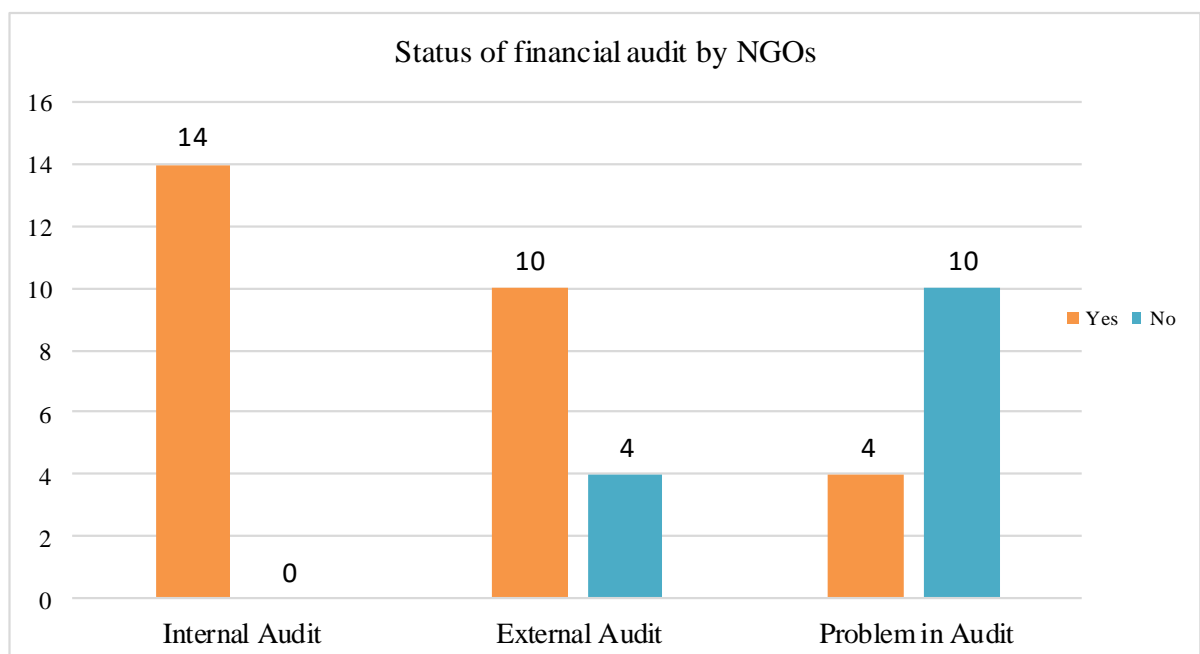


Figure 4. 2 Financial audit in NGOs

According to the study, all 14 NGOs conducted annual internal audits by their internal audit committee. In contrast, it was found that ten NGOs had annual external audits without any problem, whereas the rest four NGOs had an irregular external audit. On further discussion, it was noted that these four NGOs failed to perform external audits due to financial burden. They mentioned that organizations need to separate a fixed amount of money each year to facilitate external auditors, which their organization

could not bear. However, they are aware of the importance of external auditing and are ready to oblige with the standards in the upcoming fiscal years. From this perspective, most NGOs practiced good governance in financial transparency and accountability, whereas the rest were improving their governance modality.

4.2.4 Participation and feedback on organizational policy

The participants were asked if they contributed to formulating and executing the NGO's organizational policies. The study shows that about 35% of participants were actively involved in formulating the organizational policy, whereas the rest 65% were involved only in some steps of policy implementation. Besides, the participants were also asked if their respective NGOs have a mechanism of engaging stakeholders or community beneficiaries in policy-making. For this, only 41% of the participants reported that their NGOs involved beneficiaries in agenda-setting and policy formulation, whereas the rest 59% had no such provision. Since the policies and programs support such beneficiaries, their involvement in policy formulation and implementation is vital for successful program completion. Moreover, the participants responded that feedback mechanisms from beneficiaries should be encouraged, which would provide a balanced decision-making process and organizational stability. Besides this, the feedback from the staff and beneficiaries would provide a sense of inclusiveness and responsiveness towards enforcing good governance.

4.2.5 Information dissemination among staff and community

Access to information of the staff and the community beneficiaries is vital for enhancing good governance practice. The participants were asked if their organization shared the information to the staff by the rules and regulations. It appears that 82% of the participants agreed that their organization exercised information sharing among the staff, and they were aware of the organization's activities. Further, they revealed that their organization prioritized community needs and responded quickly to the challenges raised by the beneficiaries. At the same time, 18% of the participants responded that their organization sometimes kept confidential information, and staff did not have access to certain information. Therefore, these organisations lagged in accountability to their staff and community. Lack of information dissemination and accountability could be hindrances to good governance practice. The result is shown in the following Figure 4.3.

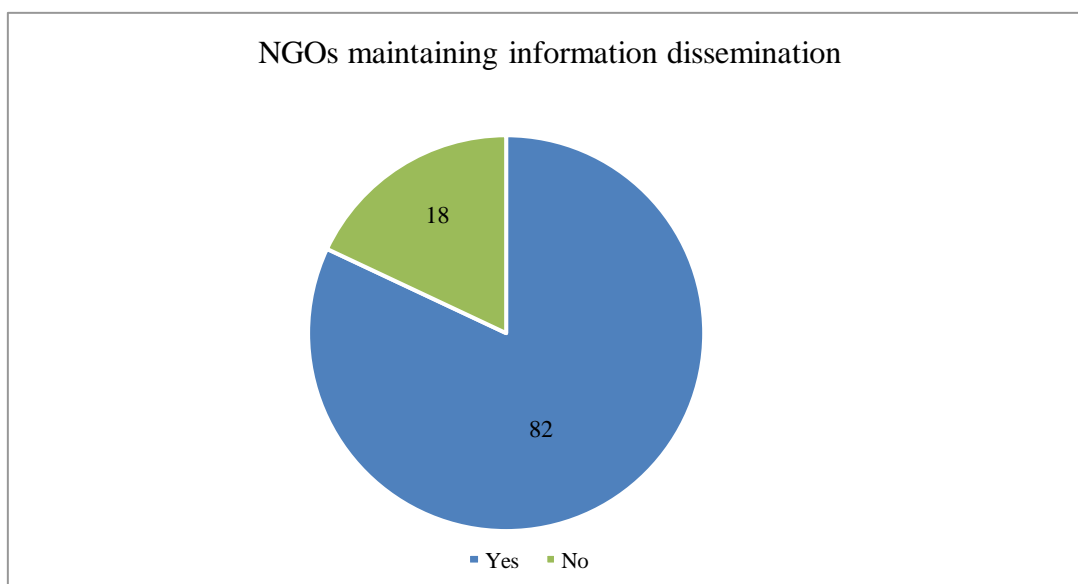


Figure 4. 3 Information dissemination among staff and community

4.2.6 Strategic planning and documentation

Many participants received a positive response regarding their organization's strategic planning, management, and documentation. It was found that 84% of the participants agreed that their organization has proper documentation of their strategic plans, which was well disseminated with their staff. However, 16% of the participants responded that their organization did not document strategic plans. On further discussion, it was discovered that such organizations worked under a bureaucratic nature, where the managers delegate the responsibilities to the junior officer, and they must work accordingly. One of the participants states that “*we have raised the issue of strategic plan documentation in the board meetings, but nothing has been done yet.*” Hence, even though staffs are aware of the importance of strategic planning, the managers and board members are still reluctant to change the working modality.

Table 4. 6

Strategic planning

Response	Frequency	Percent (%)
Yes	95	84
No	18	16
Total	113	100.0

Note: Field survey, 2021, March

4.2.7 Capacity building of staff and beneficiaries

The capacity-building activities implemented by NGOs to their staff and beneficiaries are a vital component for ensuring good governance practice. The study found that the 11 NGOs provided different capacity-building activities to their staff, such as proposal writing, leadership development, project management, fundraising, risk management, monitoring, and evaluation. This evidence suggests that such NGOs tried to exercise good governance. Whereas rest three organizations failed to provide substantial exposure to its staffs in terms of capacity building. The major reason was the lack of funding to provide such training to its staff. Apart from providing capacity-building training to their staff, NGOs were also accountable to their beneficiaries and stakeholders. The participants responded that many NGOs taught the beneficiaries to be self-reliant, as they provided livelihood development training such as fish farming, agribusiness, and climate-smart agriculture. The main purpose of such training was to teach income-generating activities to the community beneficiaries and concerned stakeholders. It was reported that nine NGOs provided capacity-building training to their beneficiaries, whereas the rest five NGOs did not provide any such training to their beneficiaries. However, they were ready to provide such training upon the availability of funds from the donors.

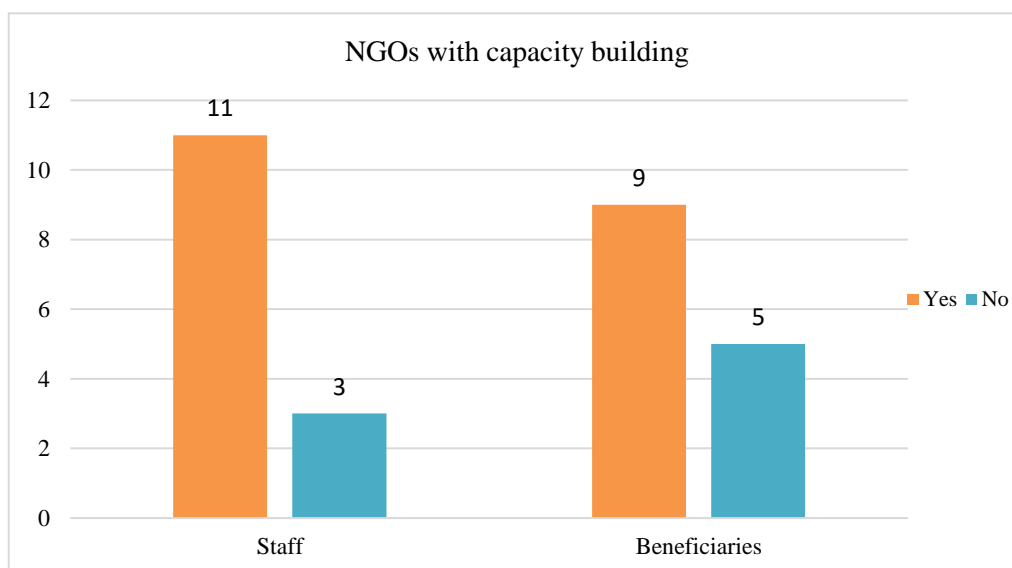


Figure 4. 4 Capacity building of staffs and beneficiaries

4.2.8 Monitoring and evaluation practice

Monitoring and evaluation strategies are vital components for establishing good governance in NGOs. All the 113 participants responded that their organization carried out different strategies such as monthly, quarterly, and annual progress reporting to the board of directors and the donors. The reporting included financial statements and performance assessments against their set targets. Besides the organization's reporting system, the donor agencies also carried out yearly monitoring system to check if there are any discrepancies in the organization. Some staff stated that *“monitoring and evaluation have helped our organization more accountable to beneficiaries and donor agencies. It has also helped us to be in line with our progress and identify the gaps in our work.”*

4.2.9 Ethics and code of conduct

The participants from the study acknowledged that their organizations worked under the ethical standards as set by SWC and DAO. Further, the participants responded that their organization shared mutual relations with the community and other concerned stakeholders, making them more accountable for their activities. The study attempted to discover if the organizations have a complaint management system to explore the code of conduct. It was known that 79.6% of the participants agreed that their organization has a complaint management system or cell for lodging complaints against any discrepancies in the organization. At the same time, 20.4% of the respondents replied that their organization did not have any complaint management system. Most of the complaints were lodged against the management practices and the hierarchical work order. Moreover, the complaint against financial fraud was reported to be very less. Overall, the participants responded positively to observing good ethical standards and code of conduct, which is a positive sign of good governance.

Table 4. 7

Code of conduct

Response	Frequency	Percent (%)
Yes	90	79.6
No	23	20.4
Total	113	100.0

Note: Field survey, 2021, March

4.3 Assessment of elements of good governance in the NGOs

This section analyses four major elements of good governance in the NGOs in the Dang district. The four major elements are transparency, accountability, the rule of law, and participation. To assess these elements, the response from the participants in the questionnaire survey are categorized in the Likert scale ranging from 1 to 5, i.e., 5= “strongly agree”; 4= “agree”; 3= “neutral”; 2= “disagree” and 1= “strongly disagree.” The data was then sorted out and statistically analyzed to determine each element. The result of the assessment is discussed in the following tables.

Table 4. 8

Analysis of transparency in NGOs in Dang district

S.No.	Statement	N	Mean	Std. Deviation
1	NGO/government projects are properly valued	113	3.58	1.092
2	Cost/Amounts incurred is recorded	113	3.16	0.960
3	There is no leakage of government revenue	113	3.08	1.010
4	Better use of resources is encouraged	113	2.96	1.153
	Mean		3.20	

Note: Field survey, 2021, March

Table 4.8 represents the analysis of transparency for establishing good governance in NGOs in the Dang district. The first statement, i.e., “NGO/government projects are properly valued,” has the highest mean of 3.58, whereas the fourth statement, i.e. “better use of resources,” has the lowest mean of 2.96. This reveals a high degree of transparency in evaluating the NGO projects and low transparency in using resources in NGOs in the Dang district. Further, the overall mean value is 3.20, which signifies

that all the mentioned transparency statements are equally likely to establish good governance in NGOs in the Dang district.

Table 4. 9

Analysis of accountability in NGOs in Dang district

S.No.	Statement	N	Mean	Std. Deviation
1	Under the division of functions, the approving officer for fund releases is same from bookkeeper and cash custodians	113	3.42	0.764
2	Annual financial statements of income and expenditures are maintained at least for two fiscal years.	113	3.21	0.930
3	NGO follows written policies and procedures which are accepted principles of accounting and control	113	2.88	1.364
4	Under the division of functions, the approving officer for fund releases is different from bookkeeper and cash custodians	113	2.81	1.164
	Mean		3.08	

Note: Field survey, 2021, March

Table 4.9 shows the analysis of accountability in NGOs in the Dang district. The first statement, i.e., “under the division of functions, the approving officer for fund releases is same from bookkeeper and cash custodians,” has the highest mean of 3.42. Whereas the fourth statement, i.e., “under the division of functions, the approving officer for fund releases is different from bookkeeper and cash custodians,” has the lowest mean of 2.81. This signifies a high degree of accountability in approving officers for fund release. Further, the overall mean value is 3.08, which signifies that all the mentioned accountability statements are equally likely to establish good governance in NGOs in the Dang district

Table 4. 10

Analysis of the rule of law in NGOs in Dang district

S.N.	Statement	N	Mean	Std. Deviation
1	There are procedures to verify identity, credentials and good faith of beneficiaries, donors, associate NGOs.	113	3.49	0.937
2	Annual audits commissioned by board of director.	113	3.39	0.986
3	NGOs do not use registered bank accounts.	113	3.33	1.333
4	NGO uses registered bank accounts for transaction	113	3.21	1.064
	Mean		3.35	

Note: Field survey, 2021, March

Table 4.10 represents the analysis of the rule of law of governance in NGOs in the Dang district. According to the table, the first statement has the highest mean of 3.49, whereas the fourth statement has the lowest mean of 3.21. This signifies that NGOs in Dang district have procedures to verify the identity, credentials and good faith of beneficiaries, donors, associate NGOs. In contrast, NGOs have a low rule of law for using registered bank accounts for financial transactions.

Table 4. 11

Analysis of participation in NGOs in Dang district

S.No.	Statement	N	Mean	Std. Deviation
1	NGO will grade higher for working in groups than individuals	113	3.77	1.296
2	Everyone in the group will have an equal opportunity to participate	113	3.58	1.092
3	Everyone in the group will not have an equal opportunity to participate	113	3.35	0.943
4	The grade that NGO provides will be based on fair reflection of employee working condition	113	2.96	1.153
	Mean		3.41	

Note: Field survey, 2021, March

Table 4.11 represents the analysis of participation in NGOs in the Dang district. The highest mean was observed for the first statement. This signifies that NGOs have grading practices for employees who participate and work in groups rather than

individually. Similarly, the lowest mean was observed for the fourth statement. This signifies that NGOs' grading system sometimes does not reflect the employees' true working conditions. This statement is quite contradictory as the highest and lowest mean are almost identical for both the cases of grading employees.

Table 4. 12

Analysis of good governance in NGOs in Dang district

S.No.	Statement	N	Mean	Std. Deviation
1	NGO had used proper banking recording system for monetary transaction.	113	3.60	0.591
2	There are enforced institutional policies and mechanisms with proper check and balance system.	113	3.58	0.998
3	There is transparency in monetary transaction and information is well circulated through meetings frequently	113	3.19	1.295
4	There are good financial accounting, budgeting and audit policies.	113	3.11	1.105
Mean			3.37	

Note: Field survey, 2021, March

Table 4.12 shows the analysis of good governance in NGOs in the Dang district. According to the table, the first statement has the highest mean of 3.60, which signifies that the NGOs have a proper banking recording system for monetary transactions. In contrast, the last statement has the lowest mean of 3.11, which denotes that NGOs lacked proper accounting and budgeting policies.

Table 4. 13

Ranking of elements of good governance in NGOs in Dang district

S.N.	Elements	N	Mean	Mean-based ranks
1	Participation	113	3.41	1
2	Rule of law	113	3.35	2
3	Transparency	113	3.20	3
4	Accountability	113	3.08	4

Note: Field survey, 2021, March

Table 4.13 shows the ranking of elements of good governance in NGOs in the Dang district. The mean value of each element is ranked based on highest to lowest. The ranking result shows that participation has the highest mean of 3.41, which indicates it has a significant role in establishing good governance in NGOs. Whereas accountability has the lowest mean of 3.08, indicating it has a low impact in maintaining good governance in NGOs in the Dang district. However, the following mean values are based on univariate analysis, so conclusive results can not be established. Hence, further bivariate analysis is done to establish the association between four elements of good governance and determine the significant factors to institute good governance in NGOs in the Dang district.

4.4 Factors influential in contributing to good governance in NGOs in the Dang district

In order to determine the influential factor contributing to good governance in NGOs in the Dang district, a correlation analysis (association between factors of good governance) and regression analysis (impact of elements on good governance in NGOs in Dang district) was performed. The correlation and regression analysis determines the association between the four elements of good governance and hence determines the influential one in instituting good governance in NGOs in the Dang district.

4.4.1 Association between factors of good governance in NGOs in Dang district

In this study, the correlation analysis was done to establish the relationship between the dependent variable (good governance) and the independent or explanatory variables (transparency, accountability, the rule of law, and participation). The correlation analysis depicts the impact of these independent variables on the dependent variable. The Pearson correlation coefficients (r) between dependent and independent variables show their correlation. Here the value of r ranges between -1 to +1. The correlation analysis is presented in Table 4.14.

Table 4. 14

Correlation coefficient of good governance with accountability, transparency, the rule of law, and participation

Variables	Good Governance	Transparency	Accountability	Rule of Law	Participation
Good Governance	1				
Transparency	.017 (.859)	1			
Accountability	.565** (.000)	.002 (.980)	1		
Rule of Law	.373** (.000)	.016 (.863)	.061 (.521)	1	
Participation	.040 (.673)	.867** (.000)	.338** (.000)	.011 (.906)	1

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

Note: Results based on responses on survey questionnaire, 2021, March

Table 4.14 shows a positive correlation between good governance and its four elements. Even though transparency and participation are positively correlated with good governance, both of them were not significant at the 5 % level. So, it can be concluded that transparency and participation, though explained some variation but were not significant ($p < 0.05$). In other words, transparency and participation have less contribution to good governance in this case. This could also be the case, like NGOs in the Dang district did not maintain the transparency and the practice of participation in decision-making in ensuring/strengthening good governance. The next analytical value can observe in the table is a strong correlation between accountability and good governance. And the moderate correlation between the rule of law and good governance. Both were highly significant at the 1% level ($p < 0.01$).

Moreover, the correlation between a few independent variables was also found significant. There was a high correlation of 0.867 between transparency and participation, which was highly significant ($p < 0.01$). That could be a case of multicollinearity (Tabachnick & Fidell, 2001). Similarly, there was a significant

correlation between participation and accountability with a correlation coefficient of 0.338.

Using the coefficient of determination, it was found that 32% of the variation in good governance was explained by accountability while holding all variables constant. Similarly, 14% of the variation in good governance was explained by the rule of law. Based on this result, it can be assumed that accountability functions are well implemented by the NGOs of the Dang District, and also rules of law are followed to some extent. As such, out of four pillars tested, the NGOs followed two pillars-accountability and the rule of law in either case. However, the status of transparency and participation seems poor among the NGOs. Hence, it can be concluded that in the case of studied NGOs, accountability and the rule of law are the key components to contribute to good governance significantly.

4.4.2 Impact of elements of good governance in NGOs in Dang district

Regression analysis was conducted between independent variables, i.e., accountability, transparency, the rule of law, and participation with the dependent variable, i.e., good governance. The regression analysis was performed to identify which independent variable has more impact on good governance. The result is shown in Table 4.15.

Table 4. 15

Regression analysis of good governance with accountability, transparency, the rule of law, and participation

Dependent variable: Good Governance (GG)	
GG = a + B ₁ Transparency + B ₂ Accountability + B ₃ Rule of Law + B ₄ Participation	
Coefficients	
(Constant)	1.960
Factor 1: Transparency	0.079 (0.07)
Factor 2: Accountability	1.009** (0.000)
Factor 3: Rule of Law	1.045** (0.000)
Factor 4: Participation	0.054 (0.09)
F-value	34.801
R-square (R ²)	0.5630
Adjusted R-square (R ²)	0.547

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

Note: Results based on responses on survey questionnaire, 2021, March

Table 4.15 shows the R square value of 0.5630, which indicates that the independent variable explains 56% variation in good governance. Moreover, the beta coefficient for all the independent variables is positive for the dependent variable. In the case of transparency, governance increases by 0.079 units with every one unit increase. Similarly, in the case of participation, with every one unit increase, governance increases by 0.054 units. This is comparatively lower and insignificant ($p < 0.01$). This could be because the NGOs in the Dang district did not maintain transparency in using resources. Whereas in the case of participation, even though everyone had an equal chance to participate in the developmental activities, the grading system in NGOs was not quite fair enough. Hence, this underscores the need to improve the transparency of resource use and refine the grading system of participation.

In contrast, the accountability and the rule of law had a significant impact on instituting good governance in NGOs in the Dang district. The beta coefficient of the rule of law is 1.329, which indicates that with every one unit increase in the rule of law, governance increases by 1.329 units. Moreover, governance increases by 1.069 units for every one unit increase in accountability. Therefore, the significant impact on governance could be that the NGO staff are more accountable for their work and the rule of law is well established in the sampled NGOs.

4.5 Discussion

The results obtained from the data analysis reflect the importance of four main elements to establish good governance in NGO settings in the Dang district. The significant findings of the study are discussed hereafter.

- The majority of the respondents were female, i.e., 53%, followed by 47% male respondents. This represents that the NGOs in the Dang district have good representation in terms of gender equality, and female participants have an equal voice compared to the male participants. Gender equity is considered an essential factor for establishing good governance in the work setting (Wyatt, 2004).
- The majority of the respondents (52.2%) are from 20-39 years, followed by 40-59 years (36.3%). This is a positive sign for establishing good governance, as respondents are enthusiastic about their work environment and the organization's productivity (NGOTips, 2011).
- The majority of respondents (36.3%) have completed bachelor's degrees, followed by (35.4%) of respondents who completed an intermediate degree and the rest (28.3%) who completed a master's degree. This represents NGOs in the Dang district comprised of qualified staff. NGOs can achieve better knowledge management and empower themselves to exercise good governance with more qualified employees.
- Based on position, (46%) respondents work entry-level, followed by (18.6%) of respondents working at the officer level. Similarly, (17.7%) respondents belong to the junior officer level, and the least (5.3%) represent senior professionals.
- The majority of respondents (72.6%) agreed that their organization maintained separate accounting procedures for different projects. The rest (27.4%) revealed

that their organization had no separate accounting procedures for different projects.

- Regarding the accounting policies and procedures, most respondents (71.7%) agreed that their organization had written accounting policies and procedures, whereas (28.3%) responded that their organization does not have written accounting policies and procedures. The primary purpose of written accounting policies is to maintain a financial code of conduct and ensure that funds spent are based on authorized procedures.
- The study also examined the status of financial audits and their related problems in the selected NGOs in the Dang district. It was found that all 14 NGOs had an internal audit committee that conducts regular internal audits. A significant discrepancy was noticed in the execution of external audits as only ten NGOs performed regular external audits and the remaining four NGOs had periodic external audits. The major hindrance for external audit was the budgeting issues in those four NGOs.
- Regarding the participation of the employees in the formulation of organizational policy, it was found that 35% of participants were actively involved, and 65% of participants were involved only in some steps of policy implementation. On further discussion, it was found that less employee participation was due to such organizational policy, which was not conducive for active participation. Similarly, 41% of participants responded that their organization actively involved beneficiaries for agenda setting, whereas 59% of participants replied that their organization has no such provision. Most of the agendas are set during the project inception phase.
- Regarding information dissemination among the staff and beneficiaries, it was found that 82% of the participants replied that their organization shared information among the staff and community beneficiaries. The rest 18% of participants revealed that their organization did not give access to certain information and lacked accountability to their beneficiaries.
- The study also analyzed the strategic planning and documentation of the NGOs. The majority of the participants, i.e., 84%, responded that their organization has proper documentation of strategic plans, whereas 16% of participants replied that their organization lacked proper documentation. Such participants mentioned that

the issue regarding the strategic plan has already been discussed in the board meetings, and they are hopeful of change in the working modality.

- Regarding the capacity building of staff and beneficiaries, 11 NGOs provided training and livelihood support training to their staff and beneficiaries, respectively. This suggests that NGOs tried to exercise good governance by supporting staff and beneficiaries. The remaining three NGOs did not provide training due to a lack of funds to conduct such activities.
- About the practice of monitoring and evaluation conducted by the NGOs, it was revealed that all 14 NGOs have a regular practice of monitoring and evaluation in terms of monthly, quarterly, and annual progress reports. Monitoring and evaluation are among the significant prerequisites of donor submission, which help track performance assessments against set targets.
- The study also analyzed the ethics and code of conduct of the NGOs. All the NGOs adhere to the ethical standards set by SWC and DAO. Besides this, 79.6% of the participants replied that to establish a good code of conduct, their organization maintained a complaint management system to file complaints against management practices, unethical behaviours, and financial frauds.
- The analysis of transparency in NGOs in the Dang district reveals a high degree of transparency in evaluating projects with a mean value of 3.58 and low transparency in using resources with a mean value of 2.96. It can be understood that the NGO projects are evaluated with the highest transparency, which helps further in availing good governance in the organization.
- Regarding the analysis of accountability in NGOs in the Dang district, there is a high degree of accountability in approving officers for fund release, with a mean value of 3.42. Since the overall mean value is 3.08, it signifies an equally likely effect of all statements being accountable to exercise good governance in NGOs in the Dang district.
- Regarding the rule of law analysis in NGOs in the Dang district, there is a strict rule of law to verify the identity, credentials, and good faith of their beneficiaries, donors, and associate NGOs with the mean value of 3.49. In contrast, NGOs have a low rule of law for using registered bank accounts for financial transactions with a mean value of 3.21. Since the overall mean value is 3.35, it signifies an equally

likely effect of all statements establishing the strong rule of law and governance in NGOs in the Dang district.

- The result of analysis of participation in NGOs in the Dang district reveals that NGOs grade higher for the employees who work in a group rather than individually with the mean value of 3.77. However, the low mean value of 2.96 was also recorded to similar statements that mention that the grading system is unfair and does not reflect the employees' working conditions. This is quite a contradictory finding of the study.
- Regarding the analysis of good governance in NGOs in the Dang district, it is revealed that NGOs have a proper banking recording system for monetary transactions with a mean value of 3.60. In contrast, NGOs lack proper financial and accounting policies with a mean value of 3.11.
- The ranking of elements of good governance in NGOs in the Dang district represents that the participation has the highest mean value, indicating that it has a significant role in establishing good governance in NGOs. Whereas accountability has the lowest mean, depicting a low impact on good governance in NGOs in the Dang district.
- The correlation analysis was performed to establish the relationship between the dependent variable (good governance) and the independent variables (transparency, accountability, the rule of law, and participation). The analysis results show that accountability and the rule of law showed a significant correlation ($p < 0.01$) with good governance. However, participation and transparency had a very low correlation coefficient and were not significant at the 95 percent level. While using the coefficient of determination, it was found that 32% of the variation in good governance is explained by accountability while holding all variables constant. Similarly, 14% of the variation in good governance is explained by the rule of law.
- The regression analysis was done to determine the impact of the independent variable on the dependent variable. While fitting in the regression model, 56% variation in good governance was found to explain the variation of the independent variables. The beta coefficient of all the independent variables are positive with respect to the dependent variable. However, only two accountability and rules of law variables were significant ($p < 0.01$).

CHAPTER V

SUMMARY AND CONCLUSIONS

This chapter deals with the study's summary, significant conclusions, and recommendations regarding good governance in NGOs in the Dang District.

5.1 Summary

Non-Government Organizations (NGOs) are legally constituted corporations created by natural or legal people who operate independently from any government. The number of NGOs working in Nepal has grown significantly since the 1990s after restoring multi-party democracy in 1990 from the one-party Panchayat government. In these past years, NGOs have played a vital role in the development sector in the country, from bringing participatory approaches, social inclusions, and key economic transformations. In the gradual evolutionary process of NGOs, the concept of good governance has been embedded in its working modality. Good governance is a system that operates in the public interest in a transparent, equitable, accountable, and responsible manner with the genuine participation of the local people. It is vital for the organization's effectiveness and to increase the sustainability of the developmental work in the community. In this line, the present study was conducted to assess management practice in NGOs and evaluate its effectiveness in instituting good governance. The study's specific objectives are to examine NGOs' overall governance and management practices regarding the four elements of good governance, i.e., accountability, transparency, the rule of law, and participation. Then the most influential factors contributing to good governance in NGOs in the Dang district were identified.

The study adopted a quantitative approach concerning good governance in NGOs in the Dang District. Since the study was conducted during the pandemic and limited travel, the local enumerators were hired to conduct the questionnaire survey. The local enumerators were properly guided regarding the questionnaire survey and the study's main objectives to ensure no biasness. A structured questionnaire was distributed to the respondents of NGOs in the Dang district for this study. The questionnaire survey was performed among 113 participants from the selected 14 NGOs in the Dang

district. The respondents included employees from different levels ranging from entry-level staff to senior executives.

The result shows that most respondents were optimistic regarding their organization's management practice and knew the importance of good governance. The demographic analysis shows that most NGOs had a good representation of gender equity as more female staff were recorded during the study. Similarly, most of the participants are from a young age group of 20-39 years and had completed at least a bachelor's degree, which indicated positive signs for instituting good governance in the NGO setting. Besides this, the research analyzed the management practices and work procedures in NGOs by assessing different factors such as accounting policies and procedures, financial auditing status, employee's and beneficiaries' participation, information dissemination procedure, strategic planning and documentation, capacity building activities, monitoring and evaluation practice, and code of conduct. The main purpose of analyzing these factors was to assess the current management practice adopted by the NGOs for instituting good governance.

The data analysis reflects that majority of the respondents had positive feedback regarding these diverse factors. It indicates that 75% of the participants agreed upon most management and governance factors, indicating that NGOs in the Dang district employed good management practices. As research was based on four main elements of good governance, i.e., accountability, transparency, the rule of law, and participation, its ranking was also done based on their mean value. It was found that participation was ranked first whereas accountability was ranked fourth. Furthermore, correlation analysis was done to check the relationship between these four elements and good governance. The result shows a positive correlation between good governance and its four elements. Even though transparency and participation are positively correlated, they did not explain much variation, as it was not significant ($p < 0.05$). There was a strong correlation between accountability and good governance, whereas there was a moderate correlation between the rule of law and good governance. Furthermore, while fitting in the regression model, 56% variation in good governance was found to explain by the variation of the independent variables. Moreover, accountability and the rule of law had a significant impact on instituting good governance. Hence, along with strengthening current practices, the NGOs in the

Dang district must focus on enhancing transparency and increasing participation to institute sustainable good governance.

5.2 Conclusions

The study was conducted with the specific objectives to examine NGOs' overall governance and management practices regarding the four elements of good governance, i.e., accountability, transparency, the rule of law, and participation. The study followed a quantitative approach involving a questionnaire survey performed among 113 participants from the selected 14 NGOs in the Dang district. The data analysis reflects that 75% of the participants agreed upon most management and governance factors, indicating that NGOs in the Dang district employed good management practices. This quantitative data was backed by the qualitative data from KII and expert comments.

The correlation analysis shows that all four elements positively correlate with good governance. However, based on the coefficient of determination, 32% of the variation in good governance was explained by accountability, whereas the rule of law explained 14%. Furthermore, 54% of the variation is yet needed to be explained. In this scenario, one can assume that accountability functions are well implemented, followed by the rule of law. Thus, out of four pillars, NGOs in the Dang district followed accountability and the rule of law but lacked transparency and participation. This signifies that, at the current management practice, the NGOs in the Dang district have to improve their activities to be more transparent and increase their participation in developmental activities to establish good governance. At the same time, accountability and the rule of law are satisfactory to institute good governance in NGOs in the Dang district.

5.3 Recommendations

Based on the study's findings, the following recommendations are made for NGOs in the Dang District.

- The study shows a positive correlation between good governance with participation. However, it is not significant. Therefore NGOs in the Dang district should focus on employee participation and stakeholder engagement in various NGO activities.

- The study shows positive relation of good governance with transparency. However, it is also not significant. Therefore NGOs in the Dang district should focus on improving the transparency of various activities and disseminate information appropriately to improve its current state of good governance.
- The study shows moderate positive relation of good governance with the rule of law. Therefore, NGOs in Dang district should focus on properly implementing organizational rules and regulations, leading all employees to function efficiently and be more productive.
- The study shows a strong relationship between good governance with accountability. However, while ranking, accountability was ranked lowest among four elements. Therefore NGOs in the Dang district should focus on being more responsible and accountable to its activities and community beneficiaries.

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Annex 1

Survey Questionnaire

Part A: Respondent's Information

Name (Optional)				
1. Gender					
2. Marital Status	Single []	Male []	Female []		
3. Age (In Year)	16-25 []	Married []			
4. Educational Qualification	illiterate []	26-35 []	36-45 []	46 and Above []	
5. Organization Name					
5 Position	Entry level	Intermediate []	Bachelor []	Master []	

Part B: Objective related questions

B1: Good Governance elements (Y/N)

1. Does your organization maintain separate accounting of funds for different projects?

Yes: No:

2. Does your organization have written accounting policies and procedures?

Yes: No:

3. Is your organization's accounting system capable of recording transactions, including date, amount, and description?

Yes: No:

4. Have external accountants ever performed an audit of your organization's financial statements?

Yes: No:

5. Does your organization have regular audits?
- Yes: No:
6. Are there any circumstances that would prevent your organization from obtaining an audit?
- Yes: No:
7. What are your organization's record keeping systems or practices?
- Manual: Digital (PC): Online (Cloud):
8. How does your organization disseminate information to general members?
- Annual Report: Newspaper: Both:
9. Do NGO executives are aware about constitution provision and rules/norms?
- Yes: No:
10. Do NGO staffs aware about rules/norms?
- Yes: No:
11. Does your organization have clear responsibilities of executive committee members documented somewhere?
- Yes: No:
12. Does your organization state responsibilities of staff clearly in written form?
- Yes: No:
13. Are the organization's policies discussed and approved by the executive committee?
- Yes: No:
14. Does your organization have a fraud management policy?
- Yes: No:

15. Does your organization have a complaint management system or cell for lodging complaints against any discrepancies in the organization?

Yes:

No:

16. In your organization, which department has major decision power for the appointment of staff?

Finance and Admin:

Executive Members:

Human Resource:

B2. Governance practice in terms of the Elements

17. How far do you agree/ disagree with the following statements related to Governance in the Non-Governmental Organization (NGO) Sector in the Dang District of Nepal? (Please make a tick mark at the appropriate number as per the following scheme)

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

Statements		1	2	3	4	5
A	Transparency					
1	There is no leakage of government revenue					
2	NGO/ government projects are properly valued					
3	Better use of resources is encouraged.					
4	Cost/ Amounts incurred is recorded					
B	Accountability					
1	NGO follows written policies and procedures which are accepted principles of accounting and control					
2	Under the division of functions, the approving officer for fund releases is different from bookkeeper and cash custodians					
3	Annual Financial Statements of income and expenditures are maintained at least for two fiscal years.					
4.	Under the division of functions, the approving officer for fund releases is the same as the bookkeeper and cash custodians					
C	Rule of Law					

1	Annual audits commissioned by the board of director.					
2	NGO uses registered bank accounts for money flows in case of every transaction.					
3	There are procedures to verify the identity, credentials and good faith of their beneficiaries, donors and associate NGOs.					
4	NGO doesn't use registered bank accounts for money flows in case of every transaction.					
D	Participation					
1	NGO will grade higher working in a group than working individually					
2	Everyone in the group will have an equal opportunity to participate					
3	The grade that NGO provides will be based on fair reflection of employee working condition					
4	Everyone in the group will not have an equal opportunity to participate					
E.	Good Governance					
1	There is transparency in a monetary transaction, and information is well circulated through meetings frequently.					
2	There are good financial accounting, budgeting and audit policies.					
3	There are enforced institutional policies and mechanisms with a proper check and balance system.					
4.	NGO had used a proper banking recording system for monetary transaction.					

Part C: Ranking Question

18. What do you think are most influential factors contributing to good governance?

Please rank below (1 highest 4 lowest)

- Accountability
- Transference
- Rule of law
- Participation

Annex 2

Checklist for Key Informant Interviews

Name of organization:

Name of representative:

Position/Designation:

1. Could you please share glimpses of your organization?
2. Please share your organogram and decision making process?
3. What is your say on public auditing and public hearing? Have you ever attended?
4. How do you see the relationship between staff and board members at your organization?
5. What are the financial and administrative irregularities you have experienced in your organization? If yes, how has the organization addressed it?
6. What are the guiding protocols your organization follows? eg. Financial audit, social audit, IT audit, hiring protocol, etc.
7. What is the procedure for selection of board members or President in your organization? Can you explain it?
8. Is there any reservation plan for job vacancy especially for marginalized communities in your organization?
9. Does your organization give equal opportunity for all staff members to participate in different activities related to staff welfare and self-development?
10. Does your organization make a strategic plan for each year? If yes are those plans in line with the organization's mission, vision, and goals?
11. What is the position of your organization in achieving good governance? How do you think it will improve?

Annex 3

Checklist for Observation

1. How is the office's physical situation?
 - Office is in executive member's house
 - Office has own building
 - Office is in executive member's or staff's relative's house

2. How is the office environment?
 - Condition of equipment and assets
 - Condition of file and ledgers
 - Inventory management

3. How is the office working environment?
 - Seating arrangement of staff
 - GESI friendly settlement
 - Relationship between executive member and staffs
 - Treatment between senior staffs to junior staffs

4. What is the structure of executive committee?
 - Organogram check
 - Participation of women and other disadvantage group

5. What are the meeting and decision making process?
 - Meeting minute check
 - Radom discussion with staffs to get information

6. What is your organization's conflict resolution process?
 - Recent incident sharing
 - Radom discussion with staffs to get information

7. What is women's role in decision making?
 - Recent incident sharing
 - Meeting minute check