INGOs, Inc. - The Effects of INGO Adoption of “Best Corporate Practices” on Funding Received

Joannie Tremblay-Boire

A Thesis

In

The Department

of

Political Science

Presented in Partial Fulfillment of the Requirements for the Degree of Master of Arts (Public Policy and Public Administration) at Concordia University Montreal, Quebec, Canada

August 2009

© Joannie Tremblay-Boire, 2009
NOTICE:

The author has granted a non-exclusive license allowing Library and Archives Canada to reproduce, publish, archive, preserve, conserve, communicate to the public by telecommunication or on the Internet, loan, distribute and sell theses worldwide, for commercial or non-commercial purposes, in microform, paper, electronic and/or any other formats.

The author retains copyright ownership and moral rights in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

In compliance with the Canadian Privacy Act some supporting forms may have been removed from this thesis.

While these forms may be included in the document page count, their removal does not represent any loss of content from the thesis.

AVIS:

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque et Archives Canada de reproduire, publier, archiver, sauvegarder, conserver, transmettre au public par télécommunication ou par l'Internet, prêter, distribuer et vendre des thèses partout dans le monde, à des fins commerciales ou autres, sur support microforme, papier, électronique et/ou autres formats.

L'auteur conserve la propriété du droit d'auteur et des droits moraux qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

Conformément à la loi canadienne sur la protection de la vie privée, quelques formulaires secondaires ont été enlevés de cette thèse.

Bien que ces formulaires aient inclus dans la pagination, il n'y aura aucun contenu manquant.
ABSTRACT

INGOs, Inc. - The Effects of INGO Adoption of "Best Corporate Practices" on Funding Received

Joannie Tremblay-Boire

Since the late 1980s, the exponential growth of the nonprofit sector, large amounts of funding devoted to it, occurrence of major scandals in the corporate and nonprofit realms, and fear that international non-governmental organizations (INGOs) are vulnerable to misuse of funds for terrorist purposes have contributed to creating a more demanding environment for INGOs through new calls for accountability from within and outside the sector. Many solutions proposed by INGOs and others seem to emanate from corporate sector practices. How well have norms of accountability traveled from the corporate to the nonprofit sector? Using interviews and archival data, I examine the cases of Greenpeace USA and Environmental Defense Fund (EDF) in order to examine the relationship between INGO adoption of corporate norms and INGO financial performance. I argue that adopting corporate norms is likely to improve INGO financial performance. INGOs that copy corporate norms are likely to improve more financially than INGOs that adapt them because the former can respond more directly and rapidly to varied donor demands. However, INGOs which copy corporate norms are more likely to experience lower mission performance than INGOs which adapt them because copied corporate norms can conflict with the greater purpose of the organization or lead to goal displacement. If it is the case that INGOs which perform better financially are less likely to succeed in their mission, it could put into question the current collaborative relationships between INGOs and corporations as corporate norms may be incompatible, and even detrimental to INGO purposes.
# TABLE OF CONTENTS

List of Figures ................................................................. vi

Chapter 1  Introduction ....................................................... 1

Chapter 2  Argument, Literature Review and Research Design ............ 11

  2.1 Argument ............................................................. 11

  Expectations for Greenpeace USA and EDF ......................... 20

  2.2 Literature Review .................................................. 23

  Norms in International Relations ................................... 23

  INGOs as Norm-Takers ............................................... 28

  Organizational Learning and Diffusion ............................. 33

  Learning and Organizational Change ............................... 37

  Organizational Performance ......................................... 44

  Theory and Financial Performance .................................. 45

  2.3 Research Design .................................................. 49

Chapter 3  Corporate Norms: Sources, Motivations and Travel ........... 58

  3.1 External Shock and Demands for Accountability ................ 58

  3.2 Accountability and Corporate Norms in the Two Case INGOs ... 62

  3.3 Did INGOs Adopt Corporate Norms as a Result of the External Shock? .............................................................. 78

Chapter 4  INGO Response: Copying, Adaptation, and Change .......... 89

  4.1 Which Actor Transferred the Corporate Norms to INGOs? ....... 89

  4.2 Adaptation vs. Copying of Corporate Norms .................... 99

  4.3 Did Adopting Corporate Norms Result in Organizational Change? .............................................................. 110
LIST OF FIGURES

Figure 1 – Visual Representation of Causal Relationship ........................................... 12

Figure 2 – Summary of Expectations on Organizational Learning Based on Organizational Change Theories ................................................................. 43

Figure 3 – Summary of Expectations Based on Organizational Change Theories ........ 47

Figure 4 – Comparison of the Case Studies: Greenpeace USA and EDF ................. 51

Figure 5 – Greenpeace Inc.’s Sources of Support and Revenue 1995-2007 (Constant 2008 Dollars) ........................................................................... 124

Figure 6 – Greenpeace Inc.’s Sources of Support and Revenue 1995-2007 as Percentages .................................................................................. 125

Figure 7 – Greenpeace Fund’s Sources of Support and Revenue 1995-2007 (Constant 2008 Dollars) ................................................................. 127

Figure 8 – Greenpeace Fund’s Sources of Support and Revenue 1995-2007 as Percentages .................................................................................. 127

Figure 9 – EDF’s Sources of Operating Support and Revenue 1996-2008 (Constant 2008 Dollars) ................................................................. 130

Figure 10 – EDF’s Sources of Operating Support and Revenue 1996-2008 as Percentages ................................................................. 131
CHAPTER ONE:

Introduction

In recent years, a combination of factors has led to a major shock in the external environment of international non-governmental organizations (INGOs). These factors, the exponential growth of the sector, the increasingly large amounts of funding devoted to it, the retreat of the welfare state, the occurrence of major scandals both in the corporate and in the nonprofit realms, the fear that INGOs are particularly vulnerable to misuse of funds for terrorist purposes, and the current financial turmoil, have all contributed to creating a more stringent and competitive environment for INGO operations. This combination of factors, which I will refer to as an external shock in this thesis, led to increased demands for INGO accountability and transparency.

As a result, grant makers now use short-term, project-based contracts because it is assumed that more competition between grantees will increase efficiency (Cooley & Ron, 2002). INGOs have to demonstrate their efficiency rapidly and frequently through measurable, usually quantitative, indicators. Grant makers, government officials, the media, the general public, and even INGOs themselves all put greater emphasis on proper accountability, transparency, and governance, thus, making new demands on INGOs. The solutions proposed from within and outside the sector to address these new accountability demands seem to emanate from practices already implemented in the corporate sector, encouraging INGOs to adopt corporate practices and norms. For instance, INGOs are asking their board of directors to play a more active role in overseeing the organization, policies such as conflict-of-interest and whistleblower protection policies are formulated.
and circulated among INGO staff and board, internal financial audit committees are created, and INGOs hire independent audit firms to verify their books.

In my research, I ask two interrelated questions: 1) how well have norms of accountability and transparency, or commonly accepted best practices, traveled from the corporate to the nonprofit sector? and 2) how does the adoption (or non-adoption) of these corporate norms affect the financial performance of INGOs? Based on insights from organizational change theories, I argue that adopting corporate norms is likely to improve an INGO's financial performance. Yet, whether an INGO chooses strategies of copying or adapting when adopting corporate norms will influence how much its financial performance will improve. I consider that, when a corporate norm is "pushed" upon an INGO by an external actor (e.g. government, donors), it will copy the norm by adopting it as is, without making any changes to it. An INGO which "pulls in" a corporate norm through internal actors (e.g. other INGOs, staff), on the other hand, will adapt the corporate norm by changing it to better fit its own context. INGOs that copy corporate norms are likely to improve financial performance more than INGOs that adapt them because they can respond more directly and rapidly to varied donor demands. Furthermore, by copying corporate norms directly, these INGOs do not face the risk that their adaptation of the norms will not conform to donors' requirements.

Although this thesis is based on organizational change theories, I extrapolate from them to go further than the original theories did. The distinction between copying and adaptation is mine and I am not aware of other work in the IR or NGO literatures adopting a similar perspective. In addition, my focus on norm adoption by INGOs is also uncommon in the literature, especially when it comes to corporate norms. In that sense,
my thesis is exploratory and constitutes more of a plausibility probe. I want to determine if my theory is applicable to INGOs and plausible. Future research should focus on proving if a causal relationship between the form of adoption of corporate norms and an INGO's financial performance in fact exists.

I focus on two case studies: Greenpeace USA and Environmental Defense Fund (EDF). Both organizations are international NGOs (or INGOs), but in this thesis I address their activities in the United States only. Many of the factors that combined into the shock to the INGO external environment, the starting point of my argument, were felt first and/or were felt very strongly in the United States. This was probably the case partly because of the large number of INGOs (and donors) already operating in the United States. In addition, the fact that the Enron and WorldCom scandals occurred in the U.S. and that the terrorist attacks of 9/11 occurred on U.S. soil clearly contributed to the strength of the shock there, even though it was also felt abroad. Another reason for focusing on INGO activity in the United States is that both the corporate and the nonprofit sectors in the United States are well developed and influential, and have been examined by academics and the media for a long time. And, from a practical perspective, focusing on a single country, the United States, avoided situations in which two national chapters of the same organization (Greenpeace) may have adopted contradictory policies, and allowed for more convenient travel if I needed to go to the organizations.

The two case studies provide an interesting comparison because one of them, EDF, tends to act in close cooperation with corporations while the other, Greenpeace USA, tends to be more critical of corporations generally. This difference is key in observing their patterns of adoption of corporate norms and enables a thorough
examination of my research questions. I conducted interviews with members of the board of directors and management staff at both INGOs as well as experts and foundation staff. My research is significant theoretically because it will help answer broader questions in the international relations literature, particularly about norms. Effectively, the “best corporate practices” discussed here are norms which travel from one sector of the economy (corporate/for-profit) to another (nonprofit), so studying them can contribute to our understanding of how norms transfer in the international system. Some of the findings concerning the transfer of norms from the corporate to the nonprofit sector may also apply to the diffusion of norms from the domestic to the international level (or vice versa) in international relations or to the diffusion of norms between different actors in the system, such as INGOs and states, intergovernmental organizations (IGOs), or multinational corporations (MNCs). In both cases (domestic vs. international and actor 1 vs. actor 2), the two settings in which the norms are applied are different and actors can choose to copy the norms or to adapt them to the new setting. It is also likely that similar diffusion or transfer mechanisms are used even if the actors are different (i.e. an IGO probably uses at least some of the same diffusion mechanisms as an INGO or an MNC), so finding more information about the diffusion of corporate norms might point to diffusion mechanisms that have not been studied extensively at the international level. For instance, board interlock (executives sitting on multiple boards of directors) has been studied extensively as a diffusion mechanism in business, but is not really discussed in international relations even if the potential for interlock between MNCs, INGOs, states, and IGOs is clearly present. The Environmental Defense Fund constitutes a perfect
example. Its trustees include executives from major MNCs and other INGOs, as well as former government officials from the U.S. and Hong Kong.

In addition, as opposed to traditional studies in which INGOs use norms to affect other organizations, this work is concerned with how norms can affect INGOs themselves. INGOs are usually understood as norm-givers, not norm-takers, i.e. they are studied in contexts where they are trying to influence other actors in adopting new norms, not in contexts where other actors transmit new norms to them. This research can begin to indicate if INGOs respond to norm transfers in ways similar to states or corporations. Observing how INGOs adopt or do not adopt norms transferred from the corporate sector might contribute to our understanding of why INGOs choose to adopt certain “moral” norms and not others. Carpenter (2007) highlights that factors understood to lead to norm emergence in the literature are insufficient to explain why INGOs choose certain moral issues over others because such factors have also been present in cases of norms not adopted by INGOs. For example, the issue of child soldiers has been championed by INGOs, but not that of children born of wartime rape (Carpenter, 2007). Similarly, INGOs have been active for a long time in trying to ban landmines, but began to focus on cluster bombs only recently even if the two types of weapons create very similar consequences (Carpenter, 2007: 100). This research will contribute to the literature on issue emergence. By focusing on why INGOs adopt corporate norms, it can discover previously unexplored factors which could also explain why NGOs adopt certain moral norms and not others.

This research also ties in with studies of INGO adaptation and survival and how INGOs cope with major changes in their environment. The external shock discussed in
my thesis constitutes a major change in the environment of INGOs. If INGOs respond to this change by becoming more corporate-like, what does that mean for INGOs? If they do not become more corporate-like, what does that mean? Will INGOs eventually have to implement corporate norms to survive? Will the central values or roles of INGOs in the international system change? All these questions become critical as corporations are starting to compete with INGOs in certain sectors and as partnerships and collaborations between the two types of organizations are becoming more and more common.

My research is also significant practically as it starts to uncover patterns of INGO funding and may help INGOs cope with future changes by analyzing current adaptive strategies and the pathologies that can result from these strategies. If I discover that the adoption of corporate norms as a potential strategy to attract funding has led to goal displacement or has interfered with other organizational areas in specific INGOs, it may help other INGOs avoid such unintended consequences in the future or find different strategies that would not result in the same problems. For example, Greenpeace USA sells merchandise such as teddy bears, t-shirts, and calendars as a source of income. It is possible that, at some point in time, merchandising becomes too time- and resource-consuming compared to the income that it generates for Greenpeace. Yet, the staff responsible for merchandising may be too busy making the business operate as smoothly as possible to realize that it has stopped fulfilling the purpose for which it was originally put into place: to fund the organization’s activities. Exposing this (hypothetical) unintended consequence in my research may help other INGOs avoid similar situations. Furthermore, INGOs might not always be aware of the pathologies that can result from their strategies, and discussing them in my research might make INGOs more careful.
If my initial propositions are found to be correct, it could put into question the entire set of collaborative relationships that has developed between INGOs and corporations in recent years as corporate norms may be incompatible with, and even detrimental to, INGO purposes. If INGOs that adopt corporate norms become less successful in other areas of their work as a result, they might question the applicability of corporate best practices to their activities and be more guarded in their relationships with corporations in the future, redrawing more clearly the increasingly blurred line between the two sectors and potentially even moving back to a more adversarial stance toward corporations. This research could also put into question foundations practices in selecting the INGOs they sponsor as the criteria upon which the evaluation of candidate INGOs is based may focus too much on management and administration, and not enough on actual project outcomes. Instead of focusing on measurable indicators and short-term impact, foundations might want to enter into longer-term contracts on issues of more immediate importance, even if results are not easily measured, and provide INGOs with some operational support to make them more secure financially and in a better position to achieve a long-term, concrete impact on the communities they serve.

In the future, I will expand this research into a larger project on the adoption of corporate norms, or best practices, by INGOs and its effect on INGO performance. The project is based on the premise that INGOs have two sets of sometimes competing incentives: organizational incentives to survive and mission-related incentives to do "good". For instance, sometimes, more progress could be achieved in relation to a specific cause if one INGO stopped its operations and gave its resources to another INGO which is more likely to achieve results. Yet, while the INGO has as its purpose to
advance this greater cause, it might not be willing to stop its operations. In this case, there is a tension between the INGO's organizational incentive to survive and its mission-related incentive to do good for the cause (because to do the greatest good, it would have to stop its operations). Similarly, when an INGO has to choose between spending one more dollar on fundraising or one more dollar on a project on the ground helping others, its organizational and mission-related incentives are competing. With the combination of external shocks discussed above - the growth of the sector, the large amounts of funding devoted to it, the major corporate/nonprofit scandals, the fear that INGOs are vulnerable to terrorists, and the current economic crisis - this tension between organizational and mission-related incentives seems to be exacerbated as INGOs are placed in a context in which funding is scarce and more resources have to be expanded merely to be able to function. But do INGOs choose to adopt policies that ensure organizational survival, or at least financial success, at the expense of their mission?

There appears to be a fear in the NGO sector that if an organization becomes more corporate-like, it will eventually prioritize its organizational survival and move away from its original benevolent mission. Merton (1957) argued that, if the emphasis in an organization is constantly put on concrete operating procedures, at one point the staff will perceive the performance of these operating procedures as an end in itself as opposed to the means toward a more abstract purpose. He called this concept "goal displacement." Therefore, in our INGOs, if the emphasis within the organization is always on making the organization more efficient or more accountable, the staff will come to perceive being efficient or accountable as their end, as opposed to a means to achieve the greater mission. Yet, in the context of this research, such an argument leaves us with two
puzzles. First, does adopting corporate norms actually lead to better financial performance and thus to organizational survival? And second, must focusing on organizational survival ultimately lead to mission drift or to poorer performance in the attainment of the mission?

My research begins to answer the first of these two questions. I argue that INGOS that copy corporate norms wholesale are likely to improve their financial performance more than INGOS that adapt them because they can respond more directly and rapidly to varied donor demands. However, in terms of the larger project, I expect that INGOS that copy corporate norms are more likely to experience lower mission performance in the future than INGOS which adapt the norms to their environment because copied corporate norms can conflict with the greater purpose of the organization, lead to goal displacement, or require behaviors deemed inappropriate for an INGO (e.g. excessive executive compensation). Consequently, the INGOS which are more likely to survive (because they perform well financially) would tend to be the ones that would be the least likely to succeed in achieving their mission or greater purpose. I will return briefly to this larger project on mission drift and its link to corporate norms in the conclusion.

My thesis is divided into six chapters. In the first section of chapter 2, I formulate my argument. In the second section, I discuss the literature on norms, with a focus on international relations (IR), as well as the literature on organizational learning, change, and performance. In the third section, I briefly consider my research design and introduce my two case studies, Greenpeace USA and Environmental Defense Fund. Chapters 3, 4, and 5 are the empirical chapters answering my research questions based on the case studies. Chapter 3 focuses on the origin of the corporate norms and their diffusion to the
INGO sector. Which actor transferred the norms? How? Chapter 4 focuses on the INGOs’ response to the transferred corporate norms. Do they adopt them at all? Why? Do they copy or adapt them? Chapter 5 focuses on the link between the corporate norms and INGO financial performance. Does adopting (or not adopting) corporate norms influence funding patterns? Since the empirical chapters are concerned with norms of accountability and transparency more generally, I conclude each of them with a brief example section. In these sections, I examine conflict-of-interest and whistleblower policies in order to see if my hypotheses apply to specific accountability policies. I do not imply that these policies are the only accountability and transparency policies adopted by INGOs or even that they are representative of accountability and transparency norms more generally. The examples serve an illustrative purpose. Finally, Chapter 6 offers my conclusions and the contribution that these findings can make to the field of international relations and the discipline of political science more generally.
CHAPTER TWO:

Argument, Literature Review and Research Design

Chapter two is divided into three parts: the first part presents my argument, the second the literature review, and the third my research design. In the literature review, I first define what a norm is and how norm diffusion is explained in the IR literature. Then, I discuss the literature on organizational learning, organizational change, and organizational performance to determine how INGOs are expected to respond to new corporate norms and how their response can affect their financial performance. In the research design, I explain why I chose to use case studies and how I selected Greenpeace USA and Environmental Defense Fund specifically.

2.1 Argument

My research answers two interrelated questions: 1) how well have norms of accountability and transparency traveled from the corporate to the nonprofit (INGO) sector? and 2) how does the adoption (or non-adoption) of these corporate norms affect the financial performance of INGOs? The causal relationship I am testing is as follows (see figure 1 for a visual representation). An external shock in the INGO environment has led to increased demands for INGO accountability and transparency in recent years. In turn, these demands have led INGOs to adopt corporate norms. INGOs on which corporate norms are “pushed” by external actors are likely to copy corporate norms wholesale while INGOs which “pull in” corporate norms through internal actors are likely to adapt them to their own context. I argue that INGOs which copy corporate norms are more likely to see their short-term financial performance improve as a result, but less likely than INGOs which adapt corporate norms to see their long-term mission
performance improve. Because INGOs which copy corporate norms choose to focus on short-term organizational survival, they are more likely to experience mission drift and goal displacement. Furthermore, the corporate norms that they implement for financial/survival purposes may enter into conflict with the greater mission-related objectives of the organization.

**Figure 1 – Visual Representation of Causal Relationship**

![Visual Representation of Causal Relationship](image)

As mentioned in the introduction, the external shock that hit the INGO environment is a combination of multiple factors, including the exponential growth in the number of INGOs, major increases in the availability of funding, the retreat of the welfare state, supposed links between INGOs and terrorist groups, corporate and nonprofit scandals, and the current financial turmoil.

The number of INGOs increased dramatically during the last century and continues to do so (Skjelsbaek, 1971; Boli & Thomas, 1999; Reimann, 2006). Funding to INGOs from both public and private sources also increased significantly, leading to demands for more scrutiny of the sector. In the 1980s and 90s, reforms of the public sector in many countries had a paradoxical effect on INGOs. They created a larger demand for INGO services as these organizations began fulfilling some of the roles the
state had been fulfilling in the past. Yet at the same time reforms reduced the amount of public funding available for these INGOs (Lipschutz, 1992). In the last decade, the environment of INGOs persisted in its transformation. Demands for accountability and transparency continued to grow, both from within and from outside the sector. Following the tragic events of 9/11, the perception of INGOs by the U.S. government, and other governments around the world, appeared to change. The U.S. government acknowledged "the vital importance of the charitable community in providing essential services around the world" yet accused charities of being a "significant source of alleged terrorist support" (U.S. Dept. of Treasury, 2006: 2; Phillips, 2007). In 2002, following the major corporate scandals of WorldCom and Enron, the U.S. government enacted the Sarbanes-Oxley Act to strengthen regulation of disclosure by public companies. The third sector, also hit by scandals (e.g. The Nature Conservancy), started to question its accountability mechanisms. Now, with the economic crisis affecting the world, INGOs are facing a funding environment more competitive than ever in addition to this accountability crisis.

The demands for greater INGO accountability resulting from this combination of external shocks are both external and internal to the sector. External demands for accountability are emanating from the government, media, academics, donors, and corporations. Sources of demands for accountability internal to an INGO include its board of directors and staff. Sources internal to the sector as a whole include other INGOs. An example of an external demand for accountability was the U.S. government's extension of certain provisions of the Sarbanes-Oxley Act to nonprofit organizations (e.g. document destruction and whistleblower protection) even if the Act was enacted to strengthen regulation of disclosure by publicly traded companies. An example of a
demand internal to the sector occurred when nonprofit organizations, BoardSource and Independent Sector, produced a report encouraging NGOs to adopt some accountability and governance practices of the Sarbanes-Oxley Act, even if they were not mandatory for nonprofit organizations (BoardSource and Independent Sector, 2003). An example of a demand internal to one particular INGO could be a board of directors deciding independently to adopt practices similar to those of the Sarbanes-Oxley Act after the Enron and WorldCom scandals but prior to the actual legislation being discussed.

As a result of these external and internal demands for accountability, I argue that INGOs adopt corporate norms, that is, “best practices” that have become widely accepted in the corporate sector and are considered to improve accountability, such as independent audits, whistleblower protection policies, and conflict-of-interest policies. When adopting these corporate norms, INGOs can choose to copy them or to adapt them to their specific environment. I hypothesize that INGOs choose to copy or to adapt based on whether the actor transferring the norm to them is external or internal. I argue that the process of norm transfer can occur when norms are pushed onto INGOs through processes of diffusion or when INGOs staffers pull norms into an INGO through learning.

When corporate norms are “pushed onto” INGOs by external actors, the process is one of diffusion and INGOs are more likely to copy the norms than to adapt them. Diffusion is the “transfer or transmission of objects, processes, ideas and information from one population or region to another” (Hugill & Dickson in Checkel, 1999: 85). External actors are in a position where they can impose the norms onto INGOs because they often have authority over them, for instance financial authority. When corporate norms are “pulled in” by INGOs through internal actors, the process is one of learning.
and INGOs are more likely to adapt the norms than copy them. Internal actors are not in a position of authority and are thus more collaborative as they cannot require the INGO to do anything, but can only provide recommendations. The more an INGO is dependent on external actors, either financially or administratively, the more likely it is that pushing will occur. The more an INGO is involved in NGO networks and conferences, the more likely it is that pulling will occur. Organizations that are frequently involved with organizations from outside the nonprofit sector as well as organizations in difficult situations will be more likely to be targets of pushing while organizations that encourage personnel participation and that have open-door policies as well as organizations which actively seek feedback from professionals and other INGOs will tend to pull more.

One of my hypotheses in this research is that adaptation is more likely to lead to organizational learning than copying. According to my argument, INGOs are likely to copy corporate norms wholesale to please actors external to the sector (such as the government, donors and corporate members on their board of directors), or when they are experiencing a crisis and have to react quickly and decisively. In these situations, the norms are only adopted to fulfill a requirement or to receive money needed to continue the operations. They become symbols, signals that INGOs send to organizations with authority over them (such as funders) to be deemed acceptable and to be “left alone” to take care of “real” work on “real” issues. They are either not intended to be actually used by the organization or its staff or they are intended as temporary emergency measures.

When corporate norms are adapted to the INGO context, on the other hand, the process of organizational learning has already begun. An individual or group within the organization has had to examine the INGO’s environment and determine which aspects
of the norm can or cannot work and modify it accordingly. From that initial assessment, it is likely that the INGO will keep on collecting feedback and adapting the norm as time goes by, continuing the learning process. The norms in this case appear to be part of a longer-term strategy of the organization. However, this assumption does not preclude the possibility that, in certain cases, a norm copied as a temporary measure or as a mere symbol might become part of an INGO’s organizational learning process and be adapted accordingly. Similarly, it is possible that some norms do not actually need to be adapted as they are already consistent with the INGO’s culture and context.

*External Actors and Copying*

When corporate norms are transferred by institutional donors, an INGO is more likely to copy them than to adapt them. First, the INGO does not necessarily want to run the risk to adapt the corporate norm(s) and then find out that the donor is displeased with the adaptation. Second, implementing new practices is often time-consuming and costly and different donors have very different requirements so it might not be worthwhile for the INGO to constantly evaluate the practices required or recommended by donors, modify them, and then implement them, especially in the case of short-term grants which are becoming more and more common.

One important group of individuals through which corporate norms can be transferred directly from corporations to INGOs is corporate executives sitting on INGO boards of directors. Corporate executives, although they are part of the INGO, are still considered as external to the nonprofit sector because of their corporate background. When corporate norms are transferred to an INGO by its own board of directors, I hypothesize that whether the INGO is more likely to adapt or to copy the norms depends
on the composition of the board. The board interlock literature in management suggests that a corporate executive sitting on the board of another corporation is likely to transfer innovations from one to the other. Therefore we can extrapolate that corporate executives sitting on the board of an INGO are likely to transfer their knowledge of corporate norms to the INGO. In cases when other board members ("non-corporate" members) have little managerial experience or limited knowledge of the nonprofit sector, they tend to rely more on corporate board members’ expertise. Thus, I hypothesize that in such a context an INGO would be more likely to copy corporate norms. The same hypothesis holds if the board of directors is composed mostly of corporate executives.

I include one exceptional case in which internal actors transfer corporate norms to an INGO but it results in copying: staff members in periods of crisis. In periods of decline or crisis within the organization, suddenly, executives start to use terms like "downsizing," "restructuring," or "bottom line." If a corporate norm makes intuitive sense, staff members and management of the INGO will be more likely to copy it because they have to act rapidly and decisively. Yet, the context in which this corporate norm was implemented originally may be very different from the context in which the INGO finds itself, or other alternatives might have been more appropriate for the circumstance.

Internal Actors and Adaptation

When corporate norms are transferred to an INGO by other INGOs or nonprofit consultants, I hypothesize than it is more likely to adapt the norms than to copy them. The INGO is not dependent on these actors, as opposed to donors. They do not have authority over it. The INGO can choose not to adopt the corporate norms or to modify them before adopting them without producing negative consequences in its relationships
with these actors. If a great majority of organizations in its field of activity has adopted a
certain corporate norm, the INGO might feel pressured to adopt it, but because there is no
real sense of obligation or of urgency, it can focus on finding the formulation that works
best in the organization’s context as opposed to implementing a ready-made policy.

Corporate norms can also be transferred to INGOs through their own staff.
Outside of decline and crisis periods (see above), professional staffers can transfer
corporate norms that they receive through training or membership in professional
associations to their organization. Although more and more universities are offering
degrees in nonprofit management, it is still the case that many managers, especially in
large INGOs, have completed traditional MBAs. The professional associations of which
staffers are members (e.g. chartered accountants) are also composed in large part of
professionals working in the corporate sector. Their background can lead professional
staff to incorporate norms from the corporate sector into their work at an INGO, but they
are also in a good position to notice similarities and differences between the two types of
organizations, leading them to adapt corporate norms and not copy them.

As I mentioned above, norms can be transferred directly from corporations to
INGOs through corporate executives sitting on INGO boards of directors. I hypothesized
that, when non-corporate board members have relatively little managerial experience or
limited knowledge of the nonprofit sector, an INGO would be more likely to copy
corporate norms. If, on the other hand, there are a number of individuals on the board
who are not corporate executives and have previous experience and knowledge of the
nonprofit sector, I hypothesize that the INGO is more likely to adapt corporate norms
than to copy them because these board members are more aware of differences between
the private and nonprofit sectors and of potential problems with imposing corporate solutions to nonprofit problems. If the board is composed mostly of individuals internal to the sector, it is likely to lead to adaptation.

Now, if we go back to figure 1, once a corporate norm has been adopted by an INGO, either through copying or adaptation, I hypothesize that this will result in a change in the financial performance of the organization. If my expectations about copying and adaptation are correct, INGOs which copy corporate norms are more likely to improve their financial performance than INGOs which adapt them because the former copy these norms at the request of external actors which are also resource providers, either donors or the board of directors (usually responsible for finding funding for the organization). If resource providers are transferring corporate norms to INGOs, it seems fair to assume that the adoption of these norms by INGOs is likely to have a positive impact on INGO resources. On the other hand, if INGOs adapt corporate norms when they are transferred to them by other INGOs, consultants, or their own staff, they have to inform donors of these new norms to expect financial performance to improve as a result. There is a risk that donors will disapprove or be indifferent to the new norm(s), which does not exist when donors transfer norms to INGOs. Therefore, financial performance can improve when INGOs adapt corporate norms, but it seems less likely than when they copy them.

As I highlighted in the introduction, the last causal relationship in my argument, the relationship between the adoption of corporate norms and change in mission performance, will not be tested in this particular research. However, since it is important to the larger research project and partly explains my decision to focus on change in financial performance in this research, I will discuss it briefly here. My interest in this
topic developed as I noticed a tension between two incentives in INGOs: survival and mission. INGOs, as organizations, have to survive before they can fulfill their charitable mission. Hence, they constantly have to balance the pragmatic aspect of obtaining sufficient funding to survive and flourish (financial performance) and the ideal/moral aspect of fulfilling their greater purpose (mission performance). The problem is that focusing on one of these two aspects can lead to poorer performance on the other. My hypothesis is that INGOs which copy corporate norms tend to focus more narrowly on financial performance and thus are less likely to perform well on their mission. They are likely to put too much emphasis on administrative aspects, which are really just means to an end, and lose sight of the more abstract purpose of the organization, the real end.

**Expectations for Greenpeace USA and EDF**

In my thesis, I focus on two case studies: Greenpeace USA and Environmental Defense Fund (see section 2.3 for more details). I study the transfer of corporate norms of accountability more generally to these two INGOs. At the end of each empirical chapter, I also briefly examine two specific corporate norms of accountability adopted by Greenpeace USA and Environmental Defense Fund to illustrate my arguments: the whistleblower protection policy and the conflict-of-interest policy. A whistleblower policy protects individuals who speak out against perceived wrongdoing within an organization against retaliation. A conflict-of-interest policy usually asks board members (and sometimes employees) to disclose their affiliations with other organizations to prevent any potential conflict of interest between them, or their family, and the INGO. When an INGO is in a relationship with one of the disclosed organizations, the individual affiliated to them is asked not to participate in the decision-making process.
Both types of policies have been in place in many corporations for decades. With the Enron and WorldCom scandals, the 2002 Sarbanes-Oxley Act made these policies mandatory for all publicly traded companies. Yet, according to a survey, as of 2008, almost one third of nonprofit organizations (29%) did not have a whistleblower protection policy. Among organizations with budgets over $500 million, 16% stated that they did not have one (Grant Thornton, 2008: 2-3). In contrast, only 8% of nonprofit respondents stated that their organization did not have a conflict-of-interest policy (Grant Thornton, 2008: 2-3). Even with the enactment of the Sarbanes-Oxley Act in 2002, the ensuing reports encouraging nonprofits to follow Sarbanes-Oxley standards (e.g. BoardSource and Independent Sector, 2003; Panel on the Nonprofit Sector, 2005), and good governance practices published by the Internal Revenue Service (IRS) (IRS, 2008), a relatively large proportion of NGOs in the United States do not have a whistleblower policy. So it becomes interesting to know when and why organizations such as Greenpeace USA and EDF have adopted these corporate norms.

In terms of my argument, I hypothesize that corporate norms of accountability were transmitted to Greenpeace USA either via other INGOs, nonprofit consultants, or its board of directors. Greenpeace forms networks and alliances with numerous NGOs and INGOs and is relatively hostile toward corporations, which increases the probability that it would learn about corporate norms from another nonprofit organization as opposed to a corporation. I would also assume that Greenpeace hires consultants fairly frequently because of the size and reputation of the organization. Finally, I consider that the board of directors is an excellent norm transmission mechanism because it provides a space where individuals with different backgrounds have to discuss issues such as accountability and
because board members are usually aware and knowledgeable about current events in the sector. Since the board of Greenpeace USA is usually composed of individuals with significant experience in the management of nonprofit organizations, the three actors mentioned here are internal actors. As a result, I hypothesize that Greenpeace USA adapted the corporate norms and did not copy them. In turn, I hypothesize that adapting these norms resulted in a moderate improvement of financial performance.

As far as EDF is concerned, I hypothesize that corporate norms of accountability were transmitted to it either through institutional donors, partner corporations, or the board of directors. EDF receives a significantly greater proportion of its funding from foundations than Greenpeace USA and receives small grants from the government, which increases the probability that institutional donors influence its policies. Because EDF’s work consists in partnering with corporations, these corporations could transmit corporate norms directly to EDF (as EDF does with environmental norms) through their interactions. Finally, as I highlighted in the previous paragraph, the board of directors appears to be a great transmission belt. In this case, since EDF usually includes a number of corporate executives on its board, corporate norms can be transferred directly from the corporate executives to the INGO itself. The three actors mentioned here are external actors and, therefore, I hypothesize that EDF copied the corporate norms and did not adapt them. In turn, I hypothesize that copying these norms resulted in a greater improvement of financial performance than for Greenpeace USA because the norms had been transferred by resource providers (donors and/or board members who are responsible for fundraising) and/or by large, reputable corporate partners (e.g. McDonald’s) that could increase its reputation with other potential donors.
2.2 Literature Review

Norms in International Relations

The norm literature in IR helps answer four questions. First, what is a norm? Second, why do norms change over time and when are they likely to change? Third, why do some norms prevail over others? Fourth, how are norms diffused?

The prevailing definition of a norm is a standard of appropriate behaviour for actors with a given identity (Katzenstein, 1996: 5; Finnemore & Sikkink, 1998: 891; Keck and Sikkink, 1998: 3). Norms can be divided into two categories: regulative norms and constitutive norms. Regulative norms constrain behaviour related to an already existing identity whereas constitutive norms create a new identity by defining the categories of interests and practices that characterize it (Katzenstein, 1996: 5; Finnemore & Sikkink, 1998: 891; Ruggie, 1998: 871). I consider corporate accountability practices as corporate norms because they are commonly accepted in the corporate sector as “the appropriate thing to do.” These best practices have become standards of accountability that corporations want, and now have to, follow. Corporate norms of accountability are different from other norms of accountability such as nonprofit ones. For example, the stakeholders are different: corporations are accountable to shareholders and investors whereas nonprofits often consider themselves accountable to the general public.

According to Finnemore and Sikkink (1998), norms follow a “life cycle.” The first stage of the cycle is norm emergence when the norm is created. The tipping point is the point at which a critical number of actors adopt the norm. Once this threshold is reached, the second stage, norm cascade, follows as actors which previously did not adopt the norm start adopting it rapidly. The third and final stage is norm internalization.
Actors now stop questioning the norm as they perceive it as the appropriate thing to do. Obviously, this norm life cycle does not happen in a vacuum. As Finnemore and Sikkink (1998: 897) highlight, norms “emerge in a highly contested space where they must compete with other norms and perceptions of interest” (see also Florini (1996)). For instance, whistleblower policies were not always accepted in the corporate sector. Until the 1970s, loyalty to your organization was considered essential and whistleblowers were ignored and/or retaliated against (Ravishankar, 2003). Then, through the years, more corporations adopted whistleblower protection policies because it became accepted that 1) it was in the public interest to prevent wrongdoing and 2) corporations should protect their employees when they did so. Today, publicly traded companies in the United States are required by law (Sarbanes-Oxley Act) to have a whistleblower protection policy.

This leads us to ask what makes one norm prevail over other norms competing with it. Why do norms change over time? Constructivists argue that people behave according to a “logic of appropriateness”: they perform actions based on the perception that it is their duty, what is appropriate for them to do, based on their identity and the situation (March & Olsen, 1984; 1998). Norms change when they no longer coincide with what is considered appropriate. Florini (1996) associates change with horizontal reproduction of norms and status quo with vertical reproduction. Vertical reproduction occurs when a norm is transmitted from one generation to the next. Horizontal reproduction occurs when one actor emulates another actor by adopting the same norm. Horizontal reproduction, and therefore a change of norms, is more likely when there is a change in leadership, when previous norms have failed, or when a new issue arises and
few or no existing norms can address it (Florini, 1996: 378). Yet, knowing when a change in norms will occur does not tell us why one norm will prevail over others.

The constructivist literature considers a norm to prevail over other norms when actors, in this case INGOs, which perceive themselves as part of a certain identity group (e.g. accountable INGOs) or want to become part of a specific identity group deem that their identity requires them to behave in accordance with this norm as opposed to competing norms. The norm becomes widely accepted and internalized within the group. Authors disagree as to why a norm becomes widely accepted. Some authors focus on the norm itself as an indicator of its potential power while others also focus on the actors which disseminate it. Keck and Sikkink (1998) and Legro (1997) appear to belong to the first category while Florini (1996) belongs to the second. Keck and Sikkink (1998: 27) argue that norms concerning “bodily harm to vulnerable individuals” and norms about “equality of opportunity” tend to be most compelling. Legro (1997: 34-35) argues that clear, specific norms that have been in effect for a long period of time have a greater impact than other norms. Florini (1996) focuses both on the coherence of the norm with existing norms and on its prominence. Norms endorsed by powerful or prestigious actors, whether those actors actively promote the norm or not, tend to be advantaged (Florini, 1996: 374-375). In this research I focus on the actors (external or internal) disseminating corporate norms to INGOs and how that affects the INGO’s response to the norms.

Most scholars seem to agree that norms do not diffuse by themselves and that a norm entrepreneur is usually necessary to promote a new norm (Finnemore & Sikkink, 1998; Keck & Sikkink, 1998; Florini, 1996). According to Finnemore and Sikkink (1998: 898), norm entrepreneurs choose to diffuse norms for various reasons, but are generally
motivated by empathy, altruism, and ideational commitment. They are committed to the norm they promote and want to improve the well-being of others even if it has no direct impact on their own well-being. A staff member at EDF or Greenpeace USA who would promote a corporate norm in a disinterested fashion, simply to make the INGO a “better” organization could fit in this category. Yet, norm entrepreneurs can also be motivated by self-interest, since they usually benefit when the norm they promote is adopted (Goertz & Diehl, 1992; Jacobsen, 1995). A staff member who would promote a corporate norm at EDF in the hope of being promoted could fit in this category. Hence, some entrepreneurs promote norms to advance collective goals while others do so to advance personal goals. Regardless of motive, the new norm could still benefit the organization as a whole.

Once there is a norm entrepreneur, how does s/he diffuse the norm? Two interrelated models of norm diffusion are prominent in the literature: the boomerang model and the spiral model. In this thesis, I focus on the latter. The spiral model can be understood as a series of “several ‘boomerang throws’” (Risse, Ropp, & Sikkink, 1999: 18) or as a succession of boomerang models. Initially, the state represses the population, which prevents strong domestic opposition. Local NGOs or grassroots movements which want to promote a norm domestically are blocked access to the government. This forces local groups to contact their transnational networks of INGOs. These INGOs then pressure their own governments to take action against the original NGO’s domestic government (Keck & Sikkink, 1998). This initial stage in the spiral model corresponds to the earlier boomerang model or, in this case, the first boomerang throw.

In response to outside pressures, the state denies the accusations brought against it, and accuses others of illegitimate intervention in its domestic affairs. Eventually,
continued outside pressure, notably through shaming, leads the state to make tactical concessions. Even if the government does not perceive the norm as valid, it adjusts its behaviour to be in line with the norm to retain its legitimacy, which facilitates domestic mobilization. The state, now pressured from above and from below, starts accepting the validity of the norm and talking in terms of the norm although it might still violate it. Finally, the behaviour of the state becomes consistent with the norm, which leads to demobilization of the INGO network (Risse, Ropp, & Sikkink, 1999; Risse, 2000).

The norm diffusion process discussed in the spiral model merges the rationalist and constructivist diffusion mechanisms presented by Checkel (1997: 477): “societal pressure on elites” and “elite learning dynamic.” In the first case, the norm is adopted for instrumental reasons (like tactical concessions) while in the second case, the norm is internalized by elites (like rule-consistent behaviour). Checkel (1997), however, argues that one of the two diffusion mechanisms will dominate in certain domestic regime types whereas the spiral model suggests that both mechanisms will come into play successively in the same regime. Checkel (1997) states that the societal pressure mechanism will prevail in liberal states (because society plays an important role in policy-making), elite learning will prevail in state-above-society states (because leaders exercise control over society), and a combination of both mechanisms will be at work in corporatist and statist states (in which both society and leaders influence policy-making to different degrees). The spiral model, on the other hand, holds that states generally make tactical concessions first and eventually internalize the norms later regardless of their political regimes.

My two modes of corporate norm transfer, diffusion and learning, parallel the two diffusion mechanisms of Checkel, societal pressure on elites and elite learning dynamic.
When corporate norms are diffused by external actors, INGOs are hypothesized to copy them for tactical or instrumental reasons, such as financial motives or crisis management, which is similar to Checkel's societal pressure on elites. When corporate norms are diffused by internal actors, INGOs are hypothesized to adapt them and internalize them, which is similar to Checkel's elite learning. Also like Checkel, I would argue that one mechanism is likely to prevail over the other for the transfer of any given corporate norm, i.e. transfer from external actors or transfer from internal actors, depending on the influence that each type of actors has within the INGO. For instance, in an INGO more dependent on institutional donors, we can expect that external actors will be more influential. Notwithstanding this parallel between my research and Checkel's, as the next section on relationships between INGOs and corporations highlights, the spiral model also offers a compelling story as to why INGOs react the way they do to corporate norms.

**INGOs as Norm-Takers**

In the norms literature, INGOs are usually analyzed as norm entrepreneurs attempting to change the behaviour of other actors, such as states, international organizations, and corporations. I am interested in the reciprocal relationship: how norms travel from other international actors like states and corporations to INGOs. INGOs are not just norm promoters; they are norm-takers as well. In this section, I first examine the concepts of "norm-maker" and "norm-taker." Then I discuss similarities and differences between INGOs and corporations, one actor depicted as norm-taker in the literature, to illustrate why I argue that INGOs are norm-takers as well as norm promoters.

Generally, I would argue that the study of INGOs has centred on their role of norm entrepreneurs/promoters/makers because of the particular interest of the scholars
examining them. In IR, the focus has always been on the state as the main actor. Through their studies of INGOs, scholars were able to demonstrate that other actors can have an influence in the international system, and that they can succeed in altering the behaviour of states (Finnemore & Sikkink, 1998; Keck & Sikkink, 1998; Risse, Ropp, & Sikkink, 1999; Florini, 2000). Yet, INGOs are organizations as well as principled actors. As I wrote above, norms are "standard[s] of appropriate behaviour for actors with a given identity." Depending on the identity group they perceive themselves to be in, INGOs will accept certain standards of behaviour as appropriate, just like states, corporations, and even individuals. For instance, a charitable organization in the United States has to conform to the standards of behaviour associated with 501(c)(3) tax status or it will lose its charitable tax exemption. Being a norm-maker and being a norm-taker are not mutually exclusive conditions. INGOs are norm-makers to the extent that they promote new norms to change the behaviour of other actors in the system, but they are also norm-takers to the extent that they accept certain established norms as valid for themselves.

Although much of the literature in IR focuses on INGOs as norm-makers and not norm-takers, similarities between INGOs and the corporations they target strengthen my claim that INGOs are norm-takers and norm-makers. The two types of organizations are sufficiently similar for INGOs to consider adopting corporate norms yet sufficiently different to question whether this mimetic process will actually result in improved INGO performance. First, it is argued that INGOs have started to target corporations directly, as opposed to governments, with the advent of globalization and the rise of neoliberal policies. According to this argument, the emphasis on free trade and the retreat of the state have caused an increase in corporate power, which made corporations an important
target for INGOs desiring social change (Bartley, 2003; Newell, 2001; Trumpy, 2008). Another argument is that INGOs tend to target corporations if their attempts to target states, or international organizations, fail (Wapner, 1996: 314-5; Bartley, 2003). In the same way, one could argue that INGOs have gained a certain amount of power and visibility due to globalization. This increased power and visibility also makes them the targets of criticism from actors desiring social change. They are frequently accused of being undemocratic and of lacking accountability and transparency. Today, NGOs are created to monitor other NGOs (e.g. NGOWatch, NGO Monitor) as NGOs have been created in the past to monitor corporations (e.g. CorpWatch). This scrutiny of the INGO sector can lead INGOs to adopt norms that corporations chose to adopt when their own accountability and governance were questioned, notably by INGOs.

Second, some INGOs are probably more prone to be “targeted” by corporations than others just like some corporations are more prone to be targeted by INGOs. For instance, retail companies that are highly visible and are recognized by the public (e.g. Home Depot) as well as companies with reputable brand names (e.g. Nike) are more vulnerable to INGOs than suppliers or resource-extractors (Gereffi et al., 2001; Bartley, 2003). In cases of collaborative strategies such as partnerships, INGOs tend to target corporations with which they have had previous contacts (Hendry, 2006). Similarly, large, reputable INGOs as well as INGOs known to foster good relations with business partners are probably more likely to attract corporations’ attention and participation than others. As INGOs use partnerships and alliances with corporations to diffuse norms to their partners, corporations can do the same with INGOs. For instance, if corporate representatives are admitted to an INGO’s board of directors, the INGO is more likely to
be in contact with corporate ideas and thus more likely to adopt them. Board interlock becomes a direct mechanism through which corporations can transfer norms to INGOs.

Third, I expect INGOs to behave like states and corporations by first accepting new norms for rational reasons. As the spiral model expects of states, corporations appear to accept a new norm based on rational calculations first. They often try to demonstrate commitment to the norm rhetorically without actually changing their behaviour (referred to as “greenwashing”, see also Trumpy’s (2008) concept of “co-optation”) or accept the norm to prevent more stringent government regulation (Gereffi et al., 2001; Newell, 2001; Koenig-Archipugi, 2004). However, with continued pressure corporations often eventually internalize the norm, as the spiral model suggests. INGOs can tend to follow the same spiral pattern of adoption, but for different reasons. INGO leaders and staff are devoted to their mission and tend to be less interested in the administrative side of operations. So it is possible that INGO leaders adopt corporate norms because their stakeholders ask for such norms to be implemented or because the norms make good organizational sense, not because they agree with these practices. They accept the norms for rational reasons. Then, with time, they might start to internalize the norms.

Fourth, INGOs’ motivations in adopting corporate norms appear to be both normative and instrumental, like corporations. Corporations are very protective of their reputation as they need to keep consumer trust in their brand/products. However, this normative motivation to adopt external norms is complemented by a more instrumental motivation: if the corporation loses its legitimacy, it will result in financial losses (Richter, 2001: 189; Sasser et al., 2006: 5-6; Trumpy, 2008). Similarly, INGOs’ reputation and credibility are essential. How could an INGO demand accountability and
transparency from other organizations if it is not accountable and transparent itself? Yet at the same time, INGOs may also be encouraged to implement corporate standards of accountability by donors and may fear that they will lose funding if they do not. The fact that INGOs can be motivated by instrumental concerns makes them more likely to become norm-takers because of the need to conform to the demands of donors.

One important difference between the transfer of norms from INGOs to corporations and that of corporations to INGOs seems to be that corporations do not target INGOs in the same way as INGOs target corporations. INGOs target corporations directly and often confrontationally to change their behaviour. The strategies that INGOs use to diffuse norms to corporations are very similar to those they use with states (Keck & Sikkink, 1998: 25). Confrontational strategies notably include consumer boycotts (e.g. Shell boycott during Brent Spar incident, Friends of the Earth and the fast food industry's use of styrofoam), shareholder activism (i.e. when an NGO buys a limited number of shares to attend shareholder meetings and put pressure on the corporation) and monitoring (e.g. CorpWatch) (Newell, 2001; Hendry, 2006; Sasser et al., 2006; Trumpy, 2008). Even when they use cooperative strategies, such as partnerships (e.g. Environmental Defense Fund and McDonald’s) and certification programs (e.g. Forest Stewardship Council), INGOs do so to change how corporations do what they do so that they are more in line with what INGOs consider appropriate. Actors like the media (and academia to some extent) can be critical and try to change INGO behaviour, but corporations usually appear to collaborate with INGOs for their own benefit (e.g. to increase their social legitimacy). For instance, a corporation does not generally send a representative to the board of directors of an INGO with the primary purpose of changing
the INGO’s behaviour. There are probably cases in which corporations collaborate with INGOs in an attempt to change them, but a desire to make INGOs more corporate does not seem sufficient to motivate a corporation. The corporation would have to gain some benefit from the transformation. The change in the behaviour of the INGO is not an end in itself, but a means to an end.

A second difference is in the nature of the norms that travel from the corporate sector to the nonprofit sector. When INGOs campaign against a corporation or enter in a partnership with corporations, the norms they are trying to transmit to these corporations are usually “moral” norms, norms about what is right and wrong, like that it is unacceptable to use nets that kill thousands of dolphins to catch tuna even if these nets tend to catch more tuna than other nets which would kill less dolphins. The norms that are transferred from the corporate sector to INGOs tend not to be “moral” in the same sense. They are usually meant to increase the organization’s efficiency.

When a norm-taking organization, be it a state, a corporation, or an INGO, adheres to a new norm, a change takes place within the organization. In fact, the change may have started before the norm is officially adopted. Organizations learn new information that leads them to change their perception of their environment and to change their behaviour accordingly. This is why I now turn to theories of organizational learning and organizational change to help us determine who transfers corporate norms to INGOs, how well the norms travel, and how INGOs respond.

**Organizational Learning and Diffusion**

Organizational learning is paradoxical. Organizations only learn to the extent that individuals within the organizations do. Yet what individuals learn is not always
transferred to the organization. Hence, it appears logical to distinguish individual from organizational learning. Levy suggests that organizational learning is a four-step process: 1) individual learning based on feedback from the environment; 2) action to change organizational behaviour; 3) change in organizational behaviour; and 4) environmental feedback (1994: 288). The learning process can be blocked at any step. Organizational learning has been defined in many ways, but is generally understood to involve an accumulation of knowledge that corrects errors and improves the organization’s actions (Argyris & Schön, 1978: 2; Fiol & Lyles, 1985: 803; Dodgson, 1993: 377; Levy, 1994). Scholars accept organizational learning as a form of learning even if organizations do not learn on their own. Moreover, definitions usually assume that learning, even though it can result in negative consequences, is by and large a positive process.

Ebrahim (2003) discusses three types of organizational learning: learning by doing, learning by exploring, and learning by imitating. Learning by doing occurs through trial and error processes. Organizations following their routines keep practices that function well and discard practices that fail. Learning by exploration involves searching for new ideas and innovations outside of the organization’s routine. Learning by imitating (also referred to as “vicarious learning”) occurs when one organization copies the behaviour of another one (Ebrahim, 2003: 108-9; Huber, 1991: 96-7). This research is mainly concerned with learning by imitating since I am interested in the transfer of norms from the corporate to the nonprofit sector.

However, I argue that imitation does not always result in learning. I distinguish between two types of imitation: “copying” and “adaptation.” Copying is understood as the adoption of corporate norms without attempting to modify them from their original
format. It is associated with diffusion, the “transfer or transmission of objects, processes, ideas and information from one population or region to another” (Hugill & Dickson in Checkel, 1999: 85). The concept does not imply that learning has to take place on the part of the organization receiving the information. As mentioned in section 2.1, I hypothesize that copying is likely to happen when external actors “push” norms onto INGOs. Adapting, on the other hand, consists in explicit modifications of the original corporate norms to better fit the INGO environment or context. I hypothesize that adaptation is associated with learning because corporate norms are “pulled in” by internal actors.

My interpretation of the term “adaptation” is similar to Acharya’s (2004) concept of “localization.” Localization is a process by which norm-takers do not simply accept or reject foreign or transnational norms based on the latter’s fit with local norms, but actually “build congruence” between the two to eventually incorporate the foreign norms within local practices (Acharya, 2004: 241). Acharya explicitly defines localization as more specific and voluntary than adaptation. Constructivists understand adaptation as the norm-taker changing (voluntarily or by force) to fit the external reality whereas localization is a two-way process whereby external norms are also modified by the norm-taker to fit its internal reality (Acharya, 2004: 250-1). My interpretation of adaptation is consistent with Acharya’s localization because I attempt to find instances in which INGO staff or members explicitly seek to modify existing corporate norms (Acharya’s transnational norms) with the goal of making these norms more consistent with their own nonprofit environment and culture (Acharya’s local norms).

I argue that the transfer of the corporate norm to the INGO can happen through an external or an internal actor. External actors include all actors not from the nonprofit
sector, such as governments, donors, and corporate executives sitting on the INGO’s board of directors. The government can transfer corporate norms to INGOs by making them requirements for contracts or grants or through legislation. Institutional donors can also include corporate norms in their grant requirements. Corporate executives who sit on the INGO board of directors can use their position of authority and of expertise to bring in norms from the corporate sector to the INGO.

Internal actors include actors from the nonprofit sector such as other INGOs, nonprofit consultants, board members and INGO staff. It could be argued that nonprofit consultants are not internal but external actors because consulting firms are corporations. However, consultants who work in the nonprofit sector have expertise specifically in this sector and tailor their advice for nonprofits. Even if a consulting firm advised both corporations and nonprofits, I assume that the advice to each type of organization would be different, which is why I chose to include nonprofit consultants as actors internal to the sector. INGOs can transfer corporate norms to other INGOs by discussing them with their partners, alliances, or networks. INGOs specializing in issues like accountability can also transfer corporate norms through publications to other INGOs relying on their expertise. INGO managers who sit on the board of another INGO can, like corporate board members, transfer corporate norms to this INGO. Finally, staff members can transfer corporate norms that they have learned about in their training or in professional associations by suggesting them to their superior or to the board of directors directly.

Since two of my hypotheses are that norm transfer from an external actor is likely to lead to copying through diffusion and that norm transfer from an internal actor is likely to lead to adaptation through learning, once I have determined which actor has transferred
the corporate norm to the INGO, I have to determine whether copying or adaptation took place. I deem that adaptation takes place if I find evidence that someone questioned the applicability of the norm and effected modifications as a result. Modifications do not have to be substantial, but they cannot be modifications which have no practical consequence (e.g. wording changes).

Learning and Organizational Change

I argue that organizational change theories can help us understand organizational learning. Following Powell and Friedkin (1987), I discuss three theories of organizational change: resource dependence theory, institutionalism, and internal conditions theories. Figure 2 below summarizes my expectations based on each theory on 1) which actors transfer the norms to INGOs, and 2) whether the INGO is more likely to copy or adapt.

Resource Dependence Theory

Resource dependence theory holds that all organizations depend on resources to survive. No organization can be entirely self-sufficient. Consequently, organizations depend on the organizations in their external environment that provide them with the resources they need to function effectively (Pfeffer & Salancik, 1978). There are three major determinants of extra-organizational dependence according to Pfeffer and Salancik (1978): 1) resource importance, 2) discretion over resource allocation and use, and 3) concentration of resource control.

First, an organization that is dependent on one type of resource is more vulnerable to its external environment than one which depends on multiple inputs. In addition, an organization which cannot function without a particular input is more vulnerable than one which can. For instance, one could argue that Greenpeace’s refusal to accept any
donation from governments or corporations demonstrates its independence. Yet, according to a resource dependence perspective, by limiting the number of types of funding it can accept, Greenpeace is making itself more vulnerable to external control. Second, an organization that cannot exercise any discretion over the use of its resources is more vulnerable to its external environment than one which can. For instance, INGOs generally prefer to receive funding from individuals to grants from foundations because they can use individual donations as they wish whereas foundation grants are often restricted to a specific program and cannot be used for any operational/administrative expense. Third, an organization which receives all its resources from a single actor is more vulnerable than one which receives resources from many actors. For instance, if the majority of an INGO’s budget comes from a single foundation grant, that INGO is significantly more vulnerable to cuts in this foundation’s budget than another INGO which depends on a number of smaller grants. Of course, administrating numerous grants can be demanding for an INGO’s management so some organizations might deliberately choose to be more dependent on one donor to avoid burdening management.

What can resource dependence theory tell us about the diffusion and adoption of corporate norms by INGOs? Resource dependence theory emphasizes that organizations will (and should) respond to selected environmental demands, primarily the demands of the groups who hold key resources for their survival. In terms of this thesis, it means that INGOs are more likely to adopt corporate norms if they are put forth by their major institutional donors. I chose institutional donors even if individual donations often account for the greatest percentage of INGO funding, especially in environmental INGOs (e.g. in 2007, 72% of Greenpeace’s total revenue came from individual contributions),
because individual donors usually suffer from collective action problems and cannot exercise the same control as organized groups such as foundations and government. According to resource dependence theory, an organization’s survival ultimately depends on its ability to obtain resources, not on its performance or its mission. If the theory is correct, I can expect copying to be more prevalent than adaptation because organizations will be trying to please critical donors and not trying to implement the norms that would improve their performance the most. For example, in his discussion of donor-NGO relationships, Ebrahim (2003) examines “symbolism” as a resistance strategy. NGOs collect some of the information that donors demand symbolically – this information is only a signal to the donors and is never actually used by the NGO (Ebrahim, 2003: 96). The purpose of information collection becomes to maintain funding and legitimacy and thus to survive as an organization, not to fulfill the organization’s charitable mission. NGOs use symbolism to create a barrier protecting their “core” from donor influence. Funding and mission become literally separated.

*Institutionalism*

Like resource dependence theory, institutionalism (or new institutionalism) underlines the importance of an organization’s environment in effecting organizational change. Institutionalists argue that organizations tend to become increasingly similar (isomorphism) because they are trying to conform to “institutionalized myths” of what is considered appropriate for an organization such as theirs to retain legitimacy (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Organizational survival depends on reputation and legitimacy. Even if other organizations are better suited to a given context, the organizations that achieve institutional legitimacy will have better chances of
survival. Yet they will eventually become rigid and resistant to change (DiMaggio and Powell, 1983; Strang and Meyer, 1993).

Institutional isomorphism can be coercive, mimetic, and/or normative (DiMaggio and Powell, 1983). Coercive isomorphism entails that organizations can be pressured to change by other organizations which have authority over them. This corresponds to my hypothesis regarding external actors “pushing” norms on INGOs. Mimetic isomorphism entails that organizations will mimic more successful counterparts, especially in uncertain environments. Normative isomorphism entails that organizations can become more similar through their professional staff, if the latter have received similar academic training or are members of professional associations. In my hypotheses, I identify other INGOs as well as staff as internal actors and thus associate them with adaptation. However, in “uncertain environments,” which could mean crisis or decline, I hypothesize that INGOs will copy the norms even if they are transferred by internal actors.

What can institutionalism tell us about the diffusion and adoption of corporate norms by INGOs? According to institutionalism, INGOs may not be attracted to corporate norms because of a promise of increased efficiency, but because of the reputation and legitimacy that they can gain through them. If INGO leaders believe they are more likely to receive funding from major donors if they behave like businesses, they will. In addition, INGOs may perceive that the public tends to trust organizations with a corporate structure more because it is something that people are familiar with. Therefore, as Meyer and Rowan (1977) and DiMaggio and Powell (1983) suggest, INGOs may not adopt corporate norms of best practice because they improve INGO performance, but because such inclusion is understood in the community as the acceptable thing to do.
As was the case with resource dependence theory, I expect to find that INGOs will adopt corporate norms demanded by major donors. In fact, institutionalists would expect INGOs to become increasingly similar to their major funding organizations because the latter can exercise coercive pressure on them. By requiring that certain standards be followed and that certain reports be produced, major institutional donors can shape INGOs' structure so that it becomes more similar to their own (isomorphism). Yet, institutionalists would not expect donors to be the only source of corporate norm transfer. Other NGOs in the same organizational field, nonprofit consultants, professionals within the organization, corporate partners, and even successful corporations performing related activities are all potential norm transmitters. Based on the theory of institutionalism, I expect adaptation to be more prevalent than copying. Institutionalized myths, rules, and practices are socially constructed, sometimes vague or abstracted and change over time (Meyer and Rowan, 1977; Strang and Meyer, 1993). This reduces both the ability and desire of organizations to copy others' practices exactly. As long as they remain sufficiently similar to maintain legitimacy, they can adapt certain practices to their own environment and accept specific aspects while rejecting others for implementation.

*Internal Conditions Theories*

The third and final group of theories proposed by Powell and Friedkin (1987: 181) explains organizational change as "reactions to internal conditions – in particular, growth, decline, and crisis." In a situation of crisis, I expect INGOs to not only accept corporate norms more easily but to implement them wholesale, without adapting them to the INGO environment. Bennett, in a discussion of emulation, arrives at a similar conclusion: "the more urgency that is perceived, the more likely will be the imitation of
solutions without lengthy analysis and investigation” (1991: 223). Adaptation requires too much time and resources for INGO staff who have to react to great uncertainty, perceive significant time pressures and are afraid that every extra minute they use in exploring alternatives results in a greater probability of loss.

Other internal conditions that have been theorized to lead to organizational change are “goals and procedures” (Powell and Friedkin, 1987: 181). It has been argued that bureaucratization can lead to displacement of goals within organizations. Operating procedures become so central to the functioning of an organization that employees begin to see procedures as an end in themselves (Merton, 1957; Blau & Scott, 2003 [1962]: 228-230). Organizational change can also occur when members of the organization prioritize their own goals or status at the expense of organizational goals (Niskanen (1971) presents this argument on public bureaucracies). In such cases of internal changes, it is likely that corporate norms would be transferred to the organization by consultants or by staff within the organization itself, leading to adaptation.

One internal condition that was not mentioned and was not particularly relevant to Powell and Friedkin’s (1987) research, but that is relevant here is the composition of the board of directors of the organization, more specifically the concept of board interlock. According to the board interlock literature, an executive for one firm sitting on the board of directors of another firm transfers the information from one to the other, leading to the implementation of the other firm’s innovation in his own firm (Davis, 1991; Haunschild, 1993; Mizruchi, 1989; Palmer et al., 1993; Westphal et al., 2001). Here, I am especially interested in individuals who are corporate executives (and may sit on one or more corporate boards of directors) and sit on an INGO board of directors because it allows for
the possibility of direct transfer of best practices from the corporate to the nonprofit sector. Other members of the INGO board trust in these individuals’ management expertise and want to use it to the organization’s advantage. Effectively, as Austin highlights, results of his survey have shown that business leaders are “seen by most [fellow executive directors and board presidents] as somewhat different from the other board members and [are] ‘most highly valued for their professional skills, analytical thinking, management experience, and knowledge of organizational structure’” (1998: 46). Based on this literature, I would expect corporate executives sitting on INGOs’ boards of directors to be a major source of corporate norms in INGOs. However, whether the corporate norms suggested by corporate board members are copied or adapted by the INGOs would depend on the composition of the rest of the board. The managerial expertise of other (non-corporate) board members plays a role here since board members with some managerial experience in the nonprofit sector might be less likely to copy corporate norms suggested by corporate executives on the board. If non-corporate board members do not have managerial expertise in the nonprofit sector or if the board is mainly composed of corporate executives, the INGO is more likely to copy norms.

**Figure 2 – Summary of Expectations on Organizational Learning Based on Organizational Change Theories**

<table>
<thead>
<tr>
<th>Actors Transferring the Norms</th>
<th>Copy vs. Adapt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource Dependence</strong></td>
<td></td>
</tr>
<tr>
<td>Major institutional donors</td>
<td>Copy</td>
</tr>
<tr>
<td><strong>Institutionalism</strong></td>
<td></td>
</tr>
<tr>
<td>Other NGOs; consultants; professionals; other organizations in same organizational field</td>
<td>Adapt</td>
</tr>
<tr>
<td><strong>Internal Conditions</strong></td>
<td></td>
</tr>
</tbody>
</table>
Organizational Performance

Organizational performance is usually understood as the extent to which an organization reaches its goals (Herman & Renz, 1999: 108). The simplicity of this definition may mislead some in thinking that performance is a unidimensional concept, but it is inherently multidimensional. The literature on performance in development INGOs is vast (see for example Carroll, 1992; Riddell and Robinson, 1995; Edwards and Hulme, 1996; Edwards, 1999; Lewis, 2001). Yet, there does not seem to be one accepted operationalization of performance. Because INGOs have multiple stakeholders, which criteria one includes or does not include in an evaluation of performance depends on whether one thinks INGOs should respond primarily to donors or to beneficiaries. Complexity arises because organizational survival dictates that donors should come first while morality/purpose dictates that beneficiaries should (Brown & Moore, 2001).

In this research, I divide organizational performance into two components: financial performance and mission performance. As I mentioned in the introduction, my thesis is concerned with financial performance. I chose to focus on the financial aspect for two main reasons. First, financial sustainability appears to be temporally prior to mission-related activities. INGOs are foremost organizations and therefore need money to survive before they can accomplish their mission. With the number of INGOs
increasing exponentially and the advent of short-term donor contracts, the competition that is created in the sector often leads to material incentives becoming more pressing than the normative incentives for which INGOs were created in the first place (Cooley & Ron, 2002; Mendelson & Glenn, 2002; Bob, 2005; Johnson & Prakash, 2007). Second, this research will become part of a larger project studying the impact of corporate norm adoption on various aspects of INGO performance. Studying funding success and mission success separately will allow me to examine whether the adoption of corporate norms can lead to better performance in one area, but be counter-productive in other areas because of contradicting external demands (Pfeffer & Salancik, 1978; Brown & Moore, 2001).

To measure the financial performance of the case studies, I use financial data provided in their annual reports and Forms 990. For each year from 1995-96 to 2007-08, I collected information on total revenues, revenues by funding sources, and associated percentages. I also used news sources and NGO watch groups and rating agencies (e.g. Capital Research Center) to find information on foundation grants that these INGOs received. Knowing who the donors are, especially institutional donors, is useful because I can track when funding from these institutions increased or decreased and find out what led to the movements.

Theory and Financial Performance

Above, I presented what I argued the three general theories of organizational change – resource dependence, institutionalism, and internal conditions - could tell us about organizational learning. But what can they tell us about financial performance? Figure 3 below expands the table presented above (p.43) to include whether adopting
corporate norms should result in improved INGO financial performance or not based on my extrapolation of the three theories.

If resource dependence theory is correct, I expect to find that the adoption of corporate norms by INGOs will result in stable or improved financial performance. Since major institutional donors demanded that the INGOs implement corporate norms, it seems fair to conclude that they would reward them for doing so. If institutionalism is correct, I expect to find that the adoption of corporate norms by INGOs will result in stable or improved financial performance only if these norms are perceived as legitimate by donors. Effectively, according to institutionalism, what matters is not whether the corporate norm(s) makes the INGO more efficient, but whether the norm enhances the credibility and legitimacy of the organization to the eyes of other actors, in this case donors. Therefore, the impact on an INGO financial performance will depend on the specific corporate norm(s) adopted and on the identity of the donors.

Theories of internal conditions lead to various expectations. In situations of uncertainty, I expect to find that the adoption of corporate norms by INGOs will result in stable or improved financial performance because it will help maintain the confidence of donors. I also expect that increased attention to procedural matters will result in stable or improved financial performance because institutional donors seem to put more emphasis on procedures and data collection than on mission completion. In terms of board interlock, my expectations correspond to institutional expectations. Effectively, it could be argued that INGOs include corporate members on their board of directors for the same reason that corporations include representatives of financial institutions on their board: legitimacy. According to Mizruchi (1996), representatives of financial institutions appear
on corporate boards notably because it makes financial institutions more willing to lend money to the corporation. The same rationale applies for INGO donors. The presence of major corporations on the board of directors of an INGO lends it legitimacy and credibility in the eyes of other potential donors. Some INGOs, like Environmental Defense Fund, do not accept donations from their corporate partners to maintain their independence. Based on that fact, it is possible that corporations represented on the INGO board do not contribute at all to the INGO budget. Yet one could argue that, regardless of the financial involvement of the institution or corporation in an INGO, the fact that they are represented on the board implies a positive evaluation of the INGO on their part and provides legitimacy to the organization. Therefore, the presence of corporate executives on an INGO board of directors does not automatically mean that the INGO’s financial performance will improve if it adopts corporate norms. However, if it accepts donations from corporations, it is likely that adopting these norms will increase its legitimacy and thus potentially lead to an increase in funding.

On the other hand, for an organization like Greenpeace, which has adopted a critical position vis-à-vis corporations throughout the years, both including corporate executives on its board of directors and implementing corporate norms (depending on the exact nature of the norms) might be perceived negatively by the public and by its supporters and result in lower financial performance.

**Figure 3 – Summary of Expectations Based on Organizational Change Theories**

<table>
<thead>
<tr>
<th>Resource Dependence</th>
<th>Actors Transferring the Norms</th>
<th>Copy vs. Adapt</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Dependence</td>
<td>Major institutional donors</td>
<td>Copy</td>
<td>Stable/Improve – especially institutional donors</td>
</tr>
<tr>
<td>Institutionalism</td>
<td>Other NGOs;</td>
<td>Adapt</td>
<td>Depends – Are</td>
</tr>
</tbody>
</table>
Based on my hypotheses, it seems that adopting corporate norms will often, in fact almost always, be profitable for INGOs in terms of financial performance. However, a number of factors can lead us to expect the financial performance of INGOs to worsen as a result of adopting corporate norms. In a discussion about organizational learning, Huber (1991: 89) explains that it is possible to learn about facts that are false. INGOs can make mistakes in recognizing corporate best practices and adopt norms that will affect their financial performance negatively. They can also implement norms that are common and accepted in the private sector but are difficult to apply to the nonprofit sector. For instance, high executive pay and substantial severance packages and departure gifts are common among corporations because it allows organizations to hire the best and brightest. Yet, when Elaine Chao, President of the United Way of America, was offered $292,500 as a departure gift (18 months of salary) after four years of her five-year contract, the situation caused uproar in the media and the nonprofit sector (Eisenberg,
2005). Another possibility is that differences between INGOs and corporations may limit the applicability of corporate norms to the sector in fundamental ways. For instance, if an INGO does not have a chief executive officer but a group of individuals at its head, they could pass the buck to one another, never taking the blame for mistakes, and thus undermine accountability mechanisms that work well in corporate settings with CEOs.

As I highlighted in the introduction, adopting corporate norms may be beneficial financially in the short run, but may adversely affect mission effectiveness in the longer run, thus leading to poor long-term financial performance and impaired survivability.

2.3 Research Design

In this research, I chose to work with case studies because I am using process tracing to find causal mechanisms between the adoption (or non-adoption) of corporate best practices and an INGO’s financial performance (George & Bennett, 2005). This particular project is exploratory in the sense that corporate norms within INGOs have rarely been studied in the past, if they have been studied at all. It was more important for me to produce detailed information about a few cases to test my hypotheses than to generalize to the greater INGO population.

I decided to study international NGOs as opposed to NGOs for a number of reasons. First, the literature on norm diffusion in IR tends to focus on transnational norms and processes of diffusion. Even if my research itself is not transnational in nature, I wanted to control for potential differences between transnational and single-country NGOs. Second, in terms of size, budget, and reputation, the INGO population appears to be significantly more homogenous than the NGO population as a whole, which facilitates comparison and may facilitate generalization in the future. Third, from a more practical
perspective, I assumed that larger, more recognized organizations would probably have
more information available more rapidly, especially if I needed older data or documents.

My two case studies are Greenpeace USA and Environmental Defense Fund. They are both large, widely recognized, environmental INGOs operating across the United States. Greenpeace USA has offices in Washington D.C. and San Francisco in addition to countless chapters around the country while EDF has offices in Austin, Boston, Boulder, Los Angeles, New York, Raleigh, Sacramento, San Francisco, and Washington D.C., as well as project offices in Bentonville, AR and Beijing, China. Although both organizations are international environmental NGOs according to the Yearbook of International Organizations (UIA, 2008), in this thesis, I focus on their activities in the United States for four major reasons. First, many of the factors that I consider as part of the external shock which triggered major demands for INGO accountability originated or were felt strongly in the United States. For instance, the backlash against nonprofit organizations after the terrorist attacks of September 11, 2001, the corporate scandals of Enron and WorldCom and the ensuing legislation efforts, as well as the current global financial crisis all originated in the United States. Second, both corporations and INGOs are abundant, influential, and sometimes very powerful in the United States, creating a favourable setting for the transfer of norms from the corporate to the nonprofit sector. The media and academia in the United States has also paid attention to the NGO sector and its accountability for a long period of time. Third, focusing on the international activities of an organization like Greenpeace, for instance, could have become problematic because each national office is autonomous and they sometimes enter into conflicts with one another or adopt different perspectives toward corporations.
Therefore, it was easier to focus on a single national chapter. Fourth and finally, from a practical perspective, INGOs in the United States use English as their main language and can be travelled to relatively easily if need be.

Since I am interested in discovering how corporate norms (or corporate “best practices”) travel to INGOs, I thought it would be valuable to use case studies that I would initially hypothesize to be very different, almost opposite. In fact, in his article “Shades of Green,” Andrew J. Hoffman (2009) develops a typology of environmental NGOs’ roles vis-à-vis corporations and classifies Greenpeace USA and EDF in the two opposite extremes. Greenpeace USA is characterized as an “Isolate,” an organization that “operates outside the corporate network” while EDF is characterized as a “Mediator,” an organization that is located at the core of corporate networks and has developed ties with multiple sectors (Hoffman, 2009: 46-7).

Because EDF works in close partnership with businesses and governments, it is very likely to adopt corporate norms quickly and directly from these organizations. Greenpeace, which refuses donations from corporations and governments and is more often critical of corporations than enters in partnerships with them, would be more likely not to adopt corporate norms or to adopt corporate norms transferred from other actors in the system, such as other INGOs and consultants. If Greenpeace has effected similar changes as other INGOs, like EDF, which are dependent on corporations and/or government, it leaves us with a puzzle as to which actor(s) diffused the norms and how.

**Figure 4 – Comparison of the Case Studies: Greenpeace USA and EDF**

<table>
<thead>
<tr>
<th></th>
<th>Greenpeace USA</th>
<th>Environmental Defense Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td>Large</td>
<td>Large</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>International NGO</td>
<td>International NGO</td>
</tr>
<tr>
<td>Nonprofit field</td>
<td>Environment</td>
<td>Environment</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Issues</td>
<td>Global warming; oceans; forests; nuclear energy; toxics</td>
<td>Global warming; land; water &amp; wildlife; oceans; health</td>
</tr>
<tr>
<td>State</td>
<td>United States</td>
<td>United States</td>
</tr>
<tr>
<td>Regional offices</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Role vis-à-vis corporations (Hoffman, 2009)</td>
<td>Isolate</td>
<td>Mediator</td>
</tr>
<tr>
<td>Strategy toward corporations</td>
<td>Confrontational – campaigns, boycotts, etc.</td>
<td>Collaborative – alliances, partnerships, etc.</td>
</tr>
<tr>
<td>Year of founding</td>
<td>1971</td>
<td>1967</td>
</tr>
<tr>
<td>501(c)(4) organization</td>
<td>Greenpeace, Inc.</td>
<td>Environmental Defense Action Fund</td>
</tr>
<tr>
<td>510(c)(3)</td>
<td>Greenpeace Fund</td>
<td>Environmental Defense Inc.</td>
</tr>
<tr>
<td>Total revenue 2007-08 (constant 2008 dollars)</td>
<td>$62,634,225 (Greenpeace, Inc. and Greenpeace Fund together)</td>
<td>$134,929,041</td>
</tr>
<tr>
<td>Sources of revenue</td>
<td>Greenpeace, Inc.</td>
<td>51% membership and contributions</td>
</tr>
<tr>
<td></td>
<td>75% contributions and donations</td>
<td>42% foundations</td>
</tr>
<tr>
<td></td>
<td>17% Greenpeace Fund</td>
<td>3% government and other grants</td>
</tr>
<tr>
<td></td>
<td>4% Greenpeace Int’l</td>
<td>2% miscellaneous and investment income</td>
</tr>
<tr>
<td></td>
<td>4% others (investment, licensing, royalties, etc.)</td>
<td>3% bequests</td>
</tr>
<tr>
<td></td>
<td>Greenpeace Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21% contributions and donations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>75% grants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4% investment returns</td>
<td></td>
</tr>
<tr>
<td>Charity Navigator rating</td>
<td>4-star (60.98/70)</td>
<td>4-star (63.01/70)</td>
</tr>
<tr>
<td>BBB rating</td>
<td>Meets 20 standards</td>
<td>Currently being rated</td>
</tr>
<tr>
<td>Accepts donations from corporations and government</td>
<td>No</td>
<td>Yes (but restrictions as to which corporations and how much EDF will accept)</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>Decentralized</td>
<td>Decentralized</td>
</tr>
<tr>
<td>Corporate executives on board</td>
<td>Few (about 20%)</td>
<td>Many (about 40%)</td>
</tr>
</tbody>
</table>

**Greenpeace USA**

Greenpeace was founded in 1971. Greenpeace, Inc., the activist and political branch of the organization in the United States, is registered under section 501(c)(4) of the Internal Revenue Code. Greenpeace Fund, the other U.S. branch, is registered as a
tax-exempt charity under section 501(c)(3). Greenpeace has more than 2.8 million supporters worldwide, 250,000 in the United States alone, and works in 41 different countries. The organization describes itself as “the leading independent campaigning organization that uses peaceful direct action and creative communication to expose global environmental problems and to promote solutions that are essential to a green and peaceful future” (Greenpeace USA website, “About Us”). Greenpeace values include the Quaker concept of “bearing witness,” non-violence, independence, and openness.

According to its annual report, the revenue of Greenpeace, Inc. for 2007/08 was of $20,315,560 ($21,095,586 in constant 2008 dollars) and that of Greenpeace Fund $40,002,715 ($41,538,639 in constant 2008 dollars). 75% of total contributions to Greenpeace, Inc. came from contributions and donations and 17% from Greenpeace Fund (Greenpeace USA, 2008: 25). 75% of total contributions to Greenpeace Fund came from grants, and 21% from contributions and donations (Greenpeace USA, 2008: 24). Charity Navigator, a watchdog agency, gives Greenpeace Fund a 4-star ranking (which “exceeds industry standards” with a total score of 60.98 out of 70) and the Better Business Bureau (BBB) has determined in its 2007 report that Greenpeace Fund meets its 20 Standards for Charity Accountability. 1 According to its website, Greenpeace “do[es] not solicit donations from corporations or governments” (Greenpeace USA website, “About Us”).

In terms of structure, Greenpeace is a mostly decentralized organization. Greenpeace USA is one of 28 largely autonomous national and regional Greenpeace offices internationally (see Appendix 1 for a complete list). The international

---

coordinating body of Greenpeace (referred to as Greenpeace International) is located in Amsterdam, the Netherlands. It is notably responsible for providing support to members in countries without a national or regional office, caring for the Greenpeace trademark, maintaining the fleet of Greenpeace ships, determining worldwide strategies for the organization, preparing combined financial reports, and providing financial and technological support to the national and regional offices (Greenpeace International website, “How Is Greenpeace Structured?”). Each year, the board of directors of each national and regional office, including Greenpeace USA, elects a trustee to represent it at the Greenpeace International Annual General Meeting (AGM). All national and regional executive directors meet twice a year with the Greenpeace International executive director and senior management (Greenpeace International website, “Governance Structure”). Financially, Greenpeace works according to an “incremental annual contribution system” (Greenpeace International, “Financial Structure”). Each national/regional office’s annual contribution to Greenpeace International is determined based on income. The money is used by Greenpeace International for its own campaigns and administrative expenses as well as for redistribution to national and regional offices.

Greenpeace USA works in five key issues: global warming, oceans, forests, nuclear energy, and toxics. Both branches of Greenpeace USA have their own board of directors (see Appendix 2 for the list of current board members). The board of directors of Greenpeace, Inc. is composed of three to nine members (currently nine) who are elected for a two-year term and can be re-elected for no more than three consecutive terms (Greenpeace USA, “Amended and Restated Bylaws of Greenpeace, Inc.”). The board meets at least once a year. The board of directors of Greenpeace Fund is
composed of three to seven members (currently five) elected for no more than three consecutive three-year terms (Greenpeace USA, "Amended and Restated Bylaws of Greenpeace Fund"). The board also meets at least once a year. Members of the two boards have extensive experience in the nonprofit sector, either in NGOs, foundations or both. Their professions include: executive for a strategic services firm and a lobbying firm, founder of a communications firms, lawyers, founder of a solar energy service provider, founder/director/executive director for other nonprofit organizations, consultant, and former Greenpeace employees.

Environmental Defense Fund

EDF was founded in 1967. It is registered as a tax-exempt charity under section 501(c)(3) of the Internal Revenue Code. Its lobbying arm, the Environmental Defense Action Fund, is registered as a 501(c)(4) organization. EDF has more than 500,000 members in the United States. Its motto is “finding the ways that work.” In its mission statement, EDF mentions that “Guided by science, [it] evaluates environmental problems and works to create and advocate solutions that win lasting political, economic and social support because they are nonpartisan, cost-efficient and fair” (EDF website, “Mission Statement”).

The operating revenue of EDF in 2008 was of $134,929,041. 51% of total contributions to the organization came from membership and contributions, and 42% from foundations (EDF, 2008: 36-7). Charity Navigator gives EDF a 4-star ranking (score of 63.01 out of 70). Information for EDF has been provided to the Better Business Bureau (BBB) but the Bureau’s report is not yet available. According to its website, EDF accepts donations from governments and from certain specific corporations. Corporate
donations cannot exceed three percent of EDF’s annual operating budget (EDF website, “Corporate Donation Policy”).

EDF can be compared to Greenpeace International to a certain extent in terms of organizational structure. Effectively, it is also considered a decentralized organization as its nine regional offices (see Appendix 3 for a list) are provided with a lot of autonomy and flexibility in their decision-making, not unlike the national chapters of Greenpeace. This decentralization can be explained in part by the fact that EDF’s staff is mostly composed of professionals: lawyers, economists, and scientists. Shaiko (1999: 82) reports EDF President Frederic Krupp’s statement on decentralized decision-making in his organization: “All the decisions are not made here in New York; all of the people in the regional offices are incredibly brilliant and able. There is the presumption that when they recommend some action, they would not do that unless there was good reason.” One difference between Greenpeace and EDF is the way the membership is included in the overall organizational structure. As opposed to Greenpeace, EDF tends not to involve its membership in activism by asking for direct participation (Shaiko, 1999: 81). EDF members are more “passive” in the sense that they are asked to donate money and to try and make changes in their own personal life.

EDF conducts campaigns in five main issue areas: global warming, land, water & wildlife, oceans and health. The board of trustees of EDF is currently composed of 41 members and four honorary trustees. Apart for board members who currently work for other nonprofit organizations, no information is provided as to the previous experience of board members in the nonprofit sector. Their professions notably include: managing director of an equity firm, naturalist, venture capitalist, corporation chairman, foundation
chairman, philanthropist, university professor, and former Under Secretary of State. The website also lists 31 advisory trustees (see Appendix 4 for the list of current trustees). However, no information is provided on the website regarding the functioning of the board, the role of advisory trustees, or the organization’s bylaws. At the time of writing, I am still waiting on a response from EDF’s board liaison officer for this information.

According to a 2003 Harvard Business School case (Reinhardt: 8), the board of trustees meets three times a year. EDF also has two regional boards of trustees (in North Carolina and Texas). Another organ of the organization is the National Council. The National Council is a non-governing body composed of individuals (currently 33) chosen by the board of trustees for their potential impact on the future of the environment (EDF website, “National Council Mission Statement”).

In this chapter, I developed the argument and hypotheses for this research, discussed the literature on norms, organizational learning, organizational change, and performance, and gave an overview of my research design. I also provided detailed background information on the two case studies, Greenpeace USA and Environmental Defense Fund. The following chapter is the first empirical chapter testing my hypotheses about the adoption of corporate norms of accountability by INGOs.
CHAPTER THREE: Corporate Norms: Sources, Motivations and Travel

This chapter is the first of three empirical chapters which are each concerned with one part of my argument: 1) the transfer of corporate norms to INGOs, 2) the copying or adaptation of the norms, and finally 3) the impact of the norms on INGO financial performance. The chapter is divided into three sections. In the first section, I examine whether a shock to the INGO environment occurred recently and if it led to increased demands for INGO accountability. In the second section, I discuss definitions and practices of accountability and transparency at Greenpeace USA and EDF. In the third section, I determine whether INGOs generally, and Greenpeace USA and EDF in particular, adopted corporate norms in response to the external shock.

3.1 External Shock and Demands for Accountability

The starting point of my argument in this thesis is that there was a shock to the external environment of INGOs that led to increasing demands for accountability from inside and outside the nonprofit sector, which then led INGOs to adopt corporate norms. But was there such a shock? Interviewees all seem to agree that such a shock happened recently and led to more demands for INGO accountability. One interviewee from EDF answered that "scandals in the for-profit sector such as Enron and now Madoff have had a rub-off effect on the non-profit sector" (Interview with author, 23 Apr. 2009). One interviewee from Greenpeace USA mentioned the Sarbanes-Oxley Act and the related state legislation that followed as the shock (Interview with author, 20 Jul. 2009). These two answers complement each other. The scandals in the for-profit sector that the first interviewee refers to, Enron more specifically, are what led the American government to
enact the Sarbanes-Oxley Act. These responses are also consistent with my description of the external shock, which included corporate and nonprofit scandals as well as the Act.

The Senate Finance Committee hearings on “Charity Oversight and Reform: Keeping Bad Things from Happening to Good Charities” and “Charities and Charitable Giving: Proposals for Reform” prompted by Senator Grassley (R-Iowa) in 2004 and 2005 were also mentioned as part of this external shock by more than one interviewee (Interview with author, 9 Jul. 2009; Interview with author, 20 Jul. 2009).² In his opening statement for the 2004 hearing, Senator Grassley mentioned the Senate investigations of United Way, Red Cross and The Nature Conservancy after the scandals in these organizations and referred to “recurrent problems” in the charitable sector (Grassley, 2004). This implies that these hearings were related to a certain extent to the scandals happening in the nonprofit sector. Yet, in his opening statement for the 2005 hearing, Senator Grassley also indicated that Congress had not “taken on a serious review of tax-exempt organizations since 1969” (Grassley, 2005), which implies another motivation for the hearings. Notwithstanding whether the hearings themselves were in response to the shock discussed above, it seems safe to state, based on the interviews, that they created a shock of their own by making INGOs more knowledgeable/aware of governance and fiscal issues. I had not included these hearings in my initial description of the shock but, since this research is focused on norms of accountability, they should be included.

One interviewee from EDF mentioned another interesting factor that I had not included initially as part of the external shock. Although he did talk about Sarbanes-Oxley briefly, this interviewee specified that the increased demands for accountability

---

² The member and witness statements for the June 22, 2004 hearing are available online at http://finance.senate.gov/sitepages/hearing062204.htm. The member and witness statements for the April 5, 2005 hearing are available online at http://finance.senate.gov/sitepages/hearing030505.htm.
that INGOs are facing are not necessarily related to Sarbanes-Oxley, but to a new kind of philanthropy (Interview with author, 5 Aug. 2009). He explained that philanthropy is seen more and more as an investment as opposed to mere charity. People who have used, or are using, business models in their professional life want to see the same benchmarks and reports as with their businesses when they give to a nonprofit organization. They are not just giving to any organization and want to see a return on their investment (Interview with author, 5 Aug. 2009). Of course, the return is not a profit or interest, but the thinking process is the same: philanthropists want to give to organizations that are transparent, efficient, and effective to achieve the best results. This trend toward a new kind of philanthropy, often referred to as “high-impact philanthropy,” has also been noticed in surveys (Barclays Wealth, 2009), discussed in the media (Tierney, 2007), and is the object of study at the Center for High Impact Philanthropy at the Wharton School of Business. Although I did not include it originally as part of the external shock affecting INGOs, if this trend continues and a more hands-on approach becomes prominent among foundations as well, it is likely to increase demands for accountability even more.

A number of factors that I had included as part of this external shock (e.g. exponential growth of the nonprofit sector, increased funding, and retreat of the welfare state) were not mentioned by interviewees. One factor, supposed links between INGOs and terrorist groups, was mentioned only by a foundation interviewee because of the new practices the foundation had implemented, such as checking organization and staff names of potential grantees against lists of terrorists (Interview with author, 9 Jul. 2009). I perceive two major reasons as to why some factors initially included as part of the shock were ignored. First, I told interviewees at the beginning of the interview that I focused
specifically on corporate norms of accountability and transparency. Consequently, interviewees may have focused on events perceived to be related to accountability, as opposed to other aspects of the nonprofit sector. Second, the events and trends they highlighted are all relatively recent (after 2000) and INGOs still appear to be feeling their repercussions, which is why interviewees might have thought of them first.

Interviewees reported that the main forces behind the demands for more accountability and transparency from the INGO sector appeared to be government and the media (Interview with author, 9 Jul. 2009; Interview with author, 20 Jul. 2009). The mention of Congress is not surprising here considering the implementation of Sarbanes-Oxley and the Senate Finance Committee hearings. Various state legislatures also began considering stricter Sarbanes-Oxley-like legislation for nonprofits following the scandals and the federal response. The California Nonprofit Integrity Act (S.B. 1262), which was enacted in September 2004, is such an example. Similar Sarbanes-Oxley-like legislative reforms have also been implemented in the states of Connecticut, Massachusetts, and New Hampshire, and proposals have been made in the state of New York.

The media, with its interest in the Enron and WorldCom scandals and then in the Sarbanes-Oxley Act, quickly drew attention to the nonprofit sector's accountability and transparency. Numerous articles suggested that the corporate scandals and ensuing legislation could provide lessons for the INGO sector (Goldstein, 2002; Greene, 2003; Hempel & Borrus, 2004). Prior to Sarbanes-Oxley, there had been extensive news coverage of the United Way and Red Cross scandals. It was a series of articles in the Washington Post that led to Senate and IRS investigations of The Nature Conservancy. The series of articles, entitled "Big Green," notably accused The Nature Conservancy of
providing false financial information and of conducting questionable scientific research and unethical business practices. This media concern for the accountability of the sector is understandable because of the tax-exempt status of most INGOs. The public, although not pleased, is usually not surprised by abuse in the corporate sector. Scandals in the charitable sector are more surprising and disturbing to the public because NGOs are supposed to be benevolent organizations depending on taxpayers' donations.

Based on interviewees’ responses, it seems that demands for accountability came mostly from external actors, the government and the media. One interviewee stated that donors, even if they were not a main force behind accountability demands, seemed to have become more invested and knowledgeable about these issues (Interview with author, 20 Jul. 2009), which is consistent with the high-impact philanthropy trend observed by another interviewee (Interview with author, 5 Aug. 2009). One interviewee mentioned the influence of organizations which pushed for voluntary adoption of Sarbanes-Oxley provisions by INGOs (e.g. Independent Sector) (Interview with author, 9 Jul. 2009), adding an internal actor as a source for accountability demands.

3.2 Accountability and Corporate Norms in the Two Case INGOs

One difference between accountability in the corporate sector and in the non-governmental sector is to whom organizations are accountable. Corporations are strictly accountable to shareholders. INGOs, on the other hand, are accountable to various groups very different in terms of the accountability that they can demand, such as institutional donors, individual donors, and beneficiaries. Based on that crucial distinction between corporate and INGO accountability, in my thesis I focus on public accountability and transparency. Because corporations do not have to be accountable to the public, INGOs
which copy corporate norms are likely to be less accountable to the public than other NGOs. They are also likely to define accountability somewhat differently. Thus, I first establish what Greenpeace USA and EDF define as accountability and transparency. Then I examine how their internal practices measure with these definitions. I also discuss briefly the positions of the two organizations on corporate norms as a whole (as opposed to corporate norms of accountability and transparency specifically).

Greenpeace USA – Accountability and Transparency

Greenpeace has been asking for accountability and transparency on the part of corporations and governments since its founding. By examining recent articles, reports, and blog entries on the Greenpeace USA website, I have arrived at general descriptions of what Greenpeace means by accountability and transparency when it applies these standards to other organizations. To Greenpeace, being accountable means using proper business and accounting practices, but also taking responsibility for one’s actions. For instance, Greenpeace criticizes Dow Chemical for not accepting responsibility for the Union Carbide tragedy in Bhopal (Greenpeace USA, 2003). In its Book of Greenwash, Greenpeace defines “public accountability and public participation” as follows: “The people most affected by TNC [transnational corporations] activities should have a strong voice in decisions about those activities. The principles of precautionary action and clean production will only be achieved by an active public with access to information and decision-making power” (Greenpeace, 1992: 29). Thus, accountability to Greenpeace involves providing information and involving the public in the decision-making process.

This definition of accountability is consistent with the definition of the INGO Accountability Charter, which Greenpeace International contributed in creating and

63
which, because of the hierarchical structure of the organization, applies to Greenpeace USA as well. On the Greenpeace International website, the INGO refers to the INGO Accountability Charter as its own (http://www.greenpeace.org/international/about/our-core-values/transparency-and-accountabilit). Under the section “Good Governance,” INGO signatories notably agree to “be held responsible for [their] actions and achievements,” have clear structure and procedures, and act in accordance with them, report openly on their actions, and encourage input on their policies by all stakeholders, including lawmakers, the media, and the general public (INGO Charter, 2005: 4).

As far as transparency is concerned, Greenpeace USA often uses the term in conjunction with “honesty” and in opposition to “misinformation” and “propaganda” (Greenpeace USA, “ExxonSecrets FAQ”; Greenpeace USA, “Scorecard - Trader Joe’s”). When it asks for more transparency, it usually means that more technical or precise information should be divulged to the public. For instance, it is suggested on the website that the Energy Star symbol should be replaced by a symbol indicating the actual consumption of an appliance (Greenpeace USA Blog, “Energy Star”). In the INGO Accountability Charter, which Greenpeace USA has agreed to respect, the section on transparency states that: “We will communicate actively to stakeholders about ourselves, and make information publicly available” (INGO Charter, 2005: 3). This definition of transparency corresponds to that inferred from the information on the Greenpeace USA website. The question is: does Greenpeace apply these standards in reality?

In terms of accessibility of information, annual reports of Greenpeace USA since 1995 all provide information about key achievements in Greenpeace’s major campaigns during the year and an annual financial statement of activities for both Greenpeace, Inc.
and Greenpeace Fund. Annual reports for 1995 and 1996 provided significantly more
detailed financial information than following reports, including a letter from the
independent auditor. For following years, this omitted information is available on
Greenpeace’s IRS Form 990 which is required by law to be made available to the public
and is provided on the organization’s website (currently from 2003 to 2008). However, it
is unclear whether this information was easily accessible by the public in 1997 for
example. Greenpeace Fund provides copies of audits from 2004 to 2007 on its website.

In the 2001 and 2002 annual reports, the names of donors (except for those who
requested anonymity) are published. From 2003 onwards, I used the annual reports in
electronic format which do not show donors’ names. However, I do not know if the
names appear in the paper reports and are simply taken out of the electronic version or if
Greenpeace actually stopped publishing them. The National Center for Public Policy
Research, which was criticized by Greenpeace for accepting donations by ExxonMobil,
challenged Greenpeace into divulging the names of donors who donated more than
$50,000 to the organization in 2006, which leads me to conclude that Greenpeace USA
may have stopped including this information in its annual reports (National Center for
Public Policy Research, 2007). On the website, the public also has access to governance
information, such as information on the members of the board of directors, corporate
officers, articles of incorporation, bylaws, and policies and procedures (currently the code
of ethics and whistleblower policy). A searchable archive of documents uncovered during
Greenpeace’s campaigns, called Greenpeace Investigation (research.greenpeaceusa.org),
is also available as well as the current edition of the newsletter sent to supporters,
Greenpeace Update. No previous editions seem to be available however.
I could not find any self-evaluation or performance assessment of the organization on its website, even if it probably has to provide such assessments to institutional donors. I also did not find any information regarding events where the general public would have an opportunity to ask questions or talk to Greenpeace officials. Yet, the fact that I did not find information does not mean that such meetings do not take place. I examined the archive of press releases on the Greenpeace USA website to determine if the organization sometimes uses it to reveal unflattering information. All the documents depicted Greenpeace in a positive light. Nevertheless, there are a number of historical examples of Greenpeace apologizing publicly and taking responsibility for mistakes. In 1995, Greenpeace apologized to Shell UK for overestimating the amount of oil in the Brent Spar oil rig. In 2005, Greenpeace paid a fine and took some of the blame for damaging a coral reef at a protected marine park in the Philippines (BBC News, 2005). Last August, when confronted with a claim from a Greenpeace press release, Gerd Leipold, outgoing executive director of Greenpeace International, admitted that the statement “may have been a mistake” in an interview for BBC’s program Hardtalk. These examples suggest that the INGO does not hide information because it is unflattering.

The fact that Greenpeace does not accept donations from governments or corporations can also be understood as a form of accountability to its supporters. Effectively, Greenpeace explains that it does not accept such donations to retain its independence, telling its supporters that its work will never be affected by how much money a company can give it and that it will always be responsive to their concerns.

In terms of transparency, Greenpeace USA does seem to apply its standards to itself as far as technical information in reports is concerned. For instance, I examined the
webpage for the greener electronics campaign (greenpeace.org/electronics) and easily found a detailed explanation of the evaluation criteria, detailed scoring of corporations, and questions and answers about the report. Yet, Greenpeace has been accused of misinformation many times in the past, notably during the Brent Spar episode at which time Greenpeace members greatly exaggerated the consequences of disposing of the tanker at sea because of faulty measurement. This particular case involved Greenpeace UK and not Greenpeace USA, but the accusation of using emotional appeals instead of scientific evidence has been levelled against all Greenpeace chapters through the years.

Greenpeace USA specifically was accused of tax evasion in 2003. Public Interest Watch (PIW), a nonprofit organization exposing charitable abuse, filed a complaint with the IRS accusing Greenpeace USA of using tax-deductible donations to Greenpeace Fund for the non-tax-deductible purposes of Greenpeace, Inc. Following the accusation, Assemblyman Ray Haynes (R-Murrieta) of the California legislature asked for an enquiry of Greenpeace at the state level (Miller, 2003). The IRS found minor violations in the activities of Greenpeace USA, but did not revoke the organization’s charitable status. John Passacantando, executive director of Greenpeace USA, wrote in the 2007-08 annual report that “[a]n IRS agent told us he had expected to find receipts in shoeboxes. Instead, he told me that this was one of the best run non-profit organizations the IRS had ever audited” (Greenpeace USA, 2008: 2). After the IRS investigation, it was discovered that ExxonMobil was a major contributor to PIW, raising questions as to the legitimacy of PIW’s complaint and the role of ExxonMobil in prompting the audit (Stecklow, 2006).

Based on the evidence presented above, it seems that Greenpeace USA’s record on accountability and transparency is mostly positive, but has some weaknesses. The
organization does provide a lot of information on its website and in its reports, but some information is still missing. Furthermore, its accountability and transparency have been questioned by various organizations. The rankings attributed to Greenpeace by different independent charity rating agencies seem to convey a similar mixed picture. In the United States, Greenpeace USA is receiving excellent scores from Charity Navigator\(^3\) (Four Star Charity, the highest ranking), Independent Charities of America (Seal of Excellence), the American Institute of Philanthropy (grade of A), and the Better Business Bureau Wise Giving Alliance (meets 20 Standards for Charity Accountability). Yet, at the international level, One World Trust, in its 2007 \textit{Global Accountability Report}, ranks Greenpeace as second to last within the INGO group and in the bottom third of the 30 organizations studied (ten intergovernmental organizations, ten INGOs, and ten transnational corporations) with an accountability score\(^4\) of 42\% (One World Trust, 2007). However, it is important to mention that this ranking is for Greenpeace International, not Greenpeace USA in particular. Although it is true that what Greenpeace International and what Greenpeace USA say should be exactly the same, what they do in practice does not have to be because the headquarters and the chapters are autonomous.

\textit{Greenpeace USA – Corporate Norms}

\(^3\) For more information on the scoring method of Charity Navigator, please visit their Methodology section at \url{http://www.charitynavigator.org/index.cfm/bay/content/view/catid/2/cpid/33.htm}. For more information on Independent Charities of America eligibility standards, please visit \url{http://www.independentcharities.org/info.asp?Title=Mission+and+Services&sBody=ABO&#standards}. For more information on the American Institute of Philanthropy grading criteria, please visit \url{http://www.charitywatch.org/criteria.html}. For more information on BBB’s Standards for Charity Accountability, please visit \url{http://us.bbb.org/WWRoot/SitePage.aspx?site=113&id=4dd040Id-08af-4dd2-aa00-1d6c1a17fc}.\(^4\) The accountability score is based on four dimensions weighted equally (25\% each): transparency, participation of key stakeholders, evaluation (includes monitoring), and complaint and response mechanisms. For more information about the key indicators, please examine the document “Global Accountability Framework” (2005: 40-47) at \url{http://www.oneworldtrust.org/index.php?option=com_docman&task=doc_view&gid=210&tmpl=component&format=raw&Itemid=55}.\(^68\)
Greenpeace has always been perceived by the general public as the symbol of anti-corporatism. When we hear the name “Greenpeace,” a lot of us automatically think of an organization chaining people to trees and putting their boat between a sailor’s harpoon and a whale. Yet, some organizations such as the Greenpeace Foundation ("proudly unaffiliated with Greenpeace USA") refer to Greenpeace International and its Greenpeace USA branch as multinational corporations interested in money and lying to the public about the real work done by the organization. According to the Greenpeace Foundation, the priority of groups we now refer to as Greenpeace USA and Greenpeace International was already money (and not saving wildlife) in the late 1970s, much like a corporation. For instance, a large portion of the funds Greenpeace indicated was going to saving the dolphins was spent on “educational” materials, i.e. direct mail solicitation (Greenpeace Foundation, “About the Greenpeace Movement”). From this perspective, it seems that Greenpeace may have started to adopt corporate norms early in its life.

Media reports are also starting to depict Greenpeace as an organization which is more and more open to corporate norms. Under the leadership of Thilo Bode from 1995 to 2001, Greenpeace International was streamlined and professionalized. The power of the board of directors was reduced to give more power to the executive director (Jackson, 1996). Bode was an economist who talked in business terms and wanted Greenpeace chapters to be viable financially. Business jargon was used at the international and national levels. Jackson (1996) reports that Barbara Dudley, director of Greenpeace USA in 1996 used phrases such as "rationalize the organizational structure," "significant downsizing," and "they [closed offices] weren't economically viable." John Passacantando, Greenpeace USA’s executive director from 2000 until recently, received
economics training in university and worked as a consultant before joining Greenpeace. In an interview for Fortune magazine, he talked about damaging a company’s brand (Gunther, 2003). In the Solutions section of its website, Greenpeace USA proposes a “Corporate Governance Framework for Climate Change” which merges mitigating a corporation’s effects on the environment with business competitiveness (http://www.greenpeace.org/usa/assets/binaries/corporate-governance-for-clima).

Since the mid-1990s, there seems to have been a shift in Greenpeace’s stance toward corporations themselves. One journalist goes as far as writing that “Although Greenpeace will strongly deny any suggestion of change, the days of Greenpeace's refusal to take corporate money are probably coming to an end” (D’Cruz, 2003). Greenpeace is now trying to find solutions in addition to bearing witness. Tim Andrews, former Greenpeace USA spokesman, defined this approach: "It's an effort to sit down with businesses instead of coming out of the woodwork yelling. We use that as a last resort, yes. But we're trying a more diplomatic approach" (Jackson, 1996). Yet, because Greenpeace is composed of Greenpeace International and autonomous national branches, the shift has been uneven and has resulted in inconsistencies within the organization. For instance, while Greenpeace UK was using the solutions-oriented approach with BP Amoco, Greenpeace USA was campaigning against the company (Bender, 2005). A similar conflict arose when Greenpeace UK worked with Monsanto to develop a PVC-free credit card while Greenpeace USA was actively campaigning against Monsanto. Nevertheless, Phil Radford, new executive director for Greenpeace USA, said that he is “committed [...] to continue Greenpeace’s collaboration with major corporations on environmental innovations” (Greenpeace USA, 2009). Thus, if we look at corporate
norms generally, not just in terms of accountability, it seems that Greenpeace USA is becoming more open toward corporate practices than in the past.

*Environmental Defense Fund – Accountability and Transparency*

Like Greenpeace, EDF has been asking for accountability from governments and corporations for a long period of time. But do the two organizations mean the same thing when they use the term “accountability”? Apparently they do to a great extent. EDF also seems to perceive accountability as taking responsibility for one’s actions, as this passage demonstrates: “The World Bank’s response to its internal evaluations has been to weaken the requirements of some of its environmental safeguard policies, reducing its own accountability” (EDF & Halifax Initiative, 2002: 18). Based on this passage, accountability should include establishing requirements for an organization or project, evaluating progress on these requirements, and taking responsibility when requirements are not met. This also implies that consequences should follow when requirements are not met. A 1998 report prepared by EDF employees provides an explicit definition of accountability which agrees with this one: “Accountability. Hold participants accountable for meeting their goals [original emphasis]” (Petsonk et al., 1998: 5).

The same report (Petsonk et al., 1998: 5) defines transparency as “Making reporting and program operation publicly available.” In a recent article, Fredd Krupp is reported as saying that “Transparency and accountability are the hallmarks of a fair marketplace [...] As the nation responds to the challenges of global warming, investors have a right to know which businesses are forging innovative solutions for the Twenty-First Century and which are lagging behind” (PRNewswire, 2009). The article, in which EDF and other NGOs criticize both corporations for not revealing climate change-related
information and the Securities and Exchange Commission (SEC) for not requiring such
disclosure, confirms the definition of transparency discussed above (PRNewswire, 2009).

But does EDF stand up to these standards? As far as accessibility of information
is concerned, EDF is somewhat less open than Greenpeace. Annual reports contain
similar information: a summary of yearly accomplishments and a statement of financial
activities. Complete audited financial statements are not provided, but they are available
upon request. The current audited statement is also available on the website. A list of
donors is not provided in the annual reports either, but, as was the case for Greenpeace, I
am not sure if it has been taken out of the electronic report or if it was not there in the
first place. I have called EDF and asked for this information but at the time of writing am
waiting for a response. A list of foundations supporting EDF can be found on the website.
EDF’s annual reports also provide a list of staff and board members, as does the website.
The IRS Form 990 for the current year is easily accessible on the website, but Forms for
previous years seem to be accessible only through a search of the archive, which can be
relatively difficult. As opposed to Greenpeace, no governance information is provided on
the EDF website. No information is provided on the functioning of the organization. Of
the multiple requests I made for information via the website, only one was answered and
the individual to whom the request was forwarded never replied.

Like Greenpeace, no information as to self-evaluations or performance
assessments seems available on the EDF website or elsewhere online. I also did not find
any information regarding events where the general public would have an opportunity to
ask questions or talk to EDF officials. Yet, as I mentioned earlier, the fact that I did not
find information does not mean that such meetings do not take place. I examined the
archive of press releases on the EDF website to determine if the organization sometimes uses it to reveal information even if it might be unflattering. All the documents I looked at depicted EDF in a positive light. Contrary to Greenpeace, I could not find evidence from the media of public apologies or admissions of mistakes, but I also did not find accusations that would require EDF to apologize or admit such mistakes.

EDF clearly seems to be a more closed organization than Greenpeace. This may be because of the organization’s perception of membership. As I mentioned in chapter two, individuals who donate to EDF are perceived more as contributors than as members. They are not asked to participate in the organizational structure in the way Greenpeace supporters are (e.g. by becoming activists or by lobbying). Because supporters are understood mostly as contributors, it seems appropriate to provide them with detailed financial information, but not other types of information such as internal policies. One comment of EDF in response to the statement that environmentalists are not accountable seems to confirm my interpretation: “And as for accountability, our financial records, including complete tax filings and independently audited financial reports, are readily available online for anyone to scrutinize. Our major donors are identified in our annual report” (EDF, 2005). The focus here is solely on financial disclosure.

Like Greenpeace, EDF explains its corporate donation policy on the website, which can be understood as a form of accountability to its supporters and bolsters its independence and credibility. According to its website, EDF does not accept donations from corporations whose actions are in direct contradiction with EDF’s goals, who are in litigation with EDF, who are in a partnership with EDF, who would benefit from policies advocated by EDF or from corporations whose Standard Industrial Classification (SIC)
code is listed on the website. Furthermore, corporate donations cannot exceed three percent of EDF’s annual operating budget (EDF website, “Corporate Donation Policy”). Yet, there have been criticisms in the media that EDF accepts money from foundations related to corporations it works with, such as the Walton Family Foundation, closely linked to partner Wal-Mart and to EDF board member Sam R. Walton (Verini, 2007).

The webpage on EDF’s corporate donation policy includes a link to common questions about EDF’s partnerships with business. The page is very interesting as it explains how EDF chooses its projects and partners, something that INGOs do not necessarily explain usually. I would argue that EDF does so because people often perceive the organization as business consultants as opposed to an environmental organization. EDF explains that it does not receive money or have intellectual property on environmental innovations implemented by its corporate partners. The goal is to make these innovations public so that many corporations adopt them and produce greater environmental benefits. The economic incentives are more of a motivation to get corporations on board. EDF often chooses companies with high visibility and companies deemed “bad” by other environmentalists because when these companies achieve significant positive environmental results, it leads other companies to follow suit.

The ratings of EDF by independent charity rating agencies in the United States are not as good as those of Greenpeace, but are still excellent. The Charity Navigator\(^5\) gives EDF four stars (with a final score slightly higher than that of Greenpeace) and the

American Institute of Philanthropy gives it a grade of B+. The Better Business Bureau Wise Giving Alliance is currently studying EDF’s information. EDF is not a member of Independent Charities of America and therefore cannot receive its seal of excellence. Regardless of these good ratings, as was the case for Greenpeace, organizations such as NonprofitWatch.org have questioned the accountability of EDF. The nonprofit watchdog accused EDF of taking part in self-dealing and conflicts of interests by supporting legislative bills that would produce financial gains for the organization.

NonprofitWatch.org claimed that EDF supported Senator John H. Chafee's Credit for Voluntary Early Action bill (S. 547), because it would result in financial gain for EDF through the Environmental Resources Trust (ERT). ERT, an affiliate organization created and partly staffed by EDF, would have been an accrediting agency for the reduction of greenhouse gas emissions of corporations under the bill. The report does not appear to have caught much media attention. NonprofitWatch.org provides access to articles published in the London Observer, Global Warming Today, and Greenwire based on the report but searches on Google News and Factiva with the terms “environmental defense fund” and “nonprofit accountability project,” “nonprofit watch,” “self-dealing,” or “environmental resources trust” did not return any results. David Ridenour, of the National Center for Public Policy Research (the organization which challenged Greenpeace into divulging the names of its donors), used information in the report to question the motivations of EDF at a hearing before the House Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs on July 15, 1999.

---

6 For the full report of NonprofitWatch.org, please see [http://www.nonprofitwatch.org/edf/crony.pdf](http://www.nonprofitwatch.org/edf/crony.pdf).
7 “Credit for Early Action: Win-Win or Kyoto Through the Front Door” - Hearing before the House Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs. The member and
EDF President Frederic D. Krupp, who testified at the hearing, responded to the accusation as follows in the question period:

So at no time has the Environmental Defense Fund's advocacy been affected by the fact that a couple of years ago we did help to create an independent 501(c)3 organization whose mission, I might say, is my second point, is also environmental protection. The whole concept that there is a supposed conflict of interest between two independent 501(c)3s, both nonprofits, both with environmental missions, one that chooses advocacy and one which chooses transactions, strikes me as odd. I just don't see it. But to the extent that the Environmental Resources Trust ever earns fees or revenues that exceed expenses, as I understand their operations, those revenues would be plowed right back into environmental projects. In no case will funds ever flow from the Environmental Resources Trust to the Environmental Defense Fund.

Apart from the hearing statement from Frederic Krupp, I found no indication on the EDF website or in the media of a further EDF response to the report.

In terms of transparency, EDF does not appear to produce its own investigative reports and rankings as Greenpeace does and thus does not really have technical or methodological information to share with the public. In partnerships with corporations, as with McDonald’s for example, it issues a joint report with the corporation on project findings but keeps the right to add a “separate statement” if the parties disagree on an issue (Reinhardt, 2003: 4). In addition, EDF states in the agreement with corporations that there will be no “secret intellectual property.” All the innovations and best practices developed within the project are available to other corporations after the project is complete so that environmental change can happen on a greater scale (Nee, 2009: 14).

*Environmental Defense Fund – Corporate Norms*

When it was founded in 1967, EDF took a legalistic confrontational approach to saving the environment. The unofficial motto of the organization was “Sue the bastards!” Then, in 1984, Frederic D. Krupp took the leadership of the organization, bringing with

him what he coined the “third wave” of environmentalism: environmentalists would not simply oppose abusers, but find alternative solutions to stop the abuse (Krupp, 1986). Since then, EDF has hired scientists, economists, and lawyers to work in collaboration with governments and corporations to find environmentally and economically profitable solutions to environmental problems. The transition from confrontation to cooperation was not easy. Jim Middaugh, a former EDF employee told the Wall Street Journal that “Many people at EDF thought the organization would get burned’ by working with McDonald’s” (Gutfeld, 1992). Because of its role corporation partner, EDF must be familiar with corporate norms in general. It is attempting to improve certain aspects of corporations, not change them entirely. Because of its corporate-friendly stance, EDF has been described in the media as a “mainstream green group beholden to industry” (Loughrey, 1999) and is criticized by other nonprofit organizations from both left and right, including Greenpeace and other INGOs (Gutfeld, 1992; Greenwire, 1996).

One corporate norm which EDF has integrated into its own organization and for which it has been criticized by the media is its high compensation of top employees, notably CEO Fred Krupp (Loughrey, 1999; Murray, 2004). EDF also uses business jargon widely in communications and interviews. Gwen Ruta, vice president of corporate partnerships at EDF, has been cited using phrases such as “create business value,” “improving the planet and the bottom line at the same time,” and “measurable results” while CEO Fred Krupp has been cited saying “Markets use greed to harness innovation” (EDF, 2001; EDF, 2009; Schulte, 2007). One of my interviewees used the phrase “cost-benefit analysis” when discussing fundraising strategies: he explained that the organization has limited time and resources to apply for grants so it applies for larger
grants first and for smaller grants if there is enough time (Interview with author, 5 Aug. 2009). Such use of business jargon is not surprising since EDF has to interact and communicate with corporations on a daily basis.

Based on information publicly available on the websites and in the reports of Greenpeace USA and Environmental Defense Fund as well as information from the media and nonprofit watchdogs, this section has demonstrated that EDF appears to be less accountable to the general public. It provides annual reports and financial statements, but not more, and data from past years is difficult to find on EDF’s website. At the same time, it is very transparent in its relationship with corporations. Although I originally expected EDF to be more open than Greenpeace, this finding still seem to make sense in terms of my argument. Effectively, I would argue that the behaviour of EDF (in being very open about financials but not divulging any “extra” information internal to the organization) is probably similar to corporate behaviour. As far as corporate norms are concerned, I was surprised to discover the increasing openness of Greenpeace to corporate practices and its willingness to cooperate with corporations.

3.3 Did INGOs Adopt Corporate Norms as a Result of the External Shock?

A shock happened. Demands for INGO accountability from external and internal actors increased as a result. But did INGOs start adopting corporate norms as a result of this shock? According to the Grant Thornton 2003 National Board Governance Survey for Not-for-Profit Organizations, which was conducted one year after Sarbanes-Oxley was enacted and focused on the implications of this Act for the sector, nonprofit organizations in general were not adopting its provisions. Although 13% and 43% of respondents to the survey respectively answered that they were “very familiar” or
“somewhat familiar” with the Act, only 38% of all respondents had discussed it with their board of directors (58% of organizations with revenue above $10 million) and only 20% had made changes to their policies as a result (Grant Thornton, 2003: 2-3).

Within the 20% who had made changes, 80% of respondents said they had adopted/amended a conflict-of-interest policy (66% of organizations with revenue above $10 million) (Grant Thornton, 2003: 3). As of 2003, 82% of nonprofit organizations still did not have a whistleblower protection policy even if the Sarbanes-Oxley Act required all organizations, including nonprofits, to implement one. Of these 82%, only 21% were considering adding a whistleblower policy (Grant Thornton, 2003: 6). These findings are consistent with a prior study of the responses of Fortune 1000 companies to legislative changes. Near and Dworkin (1998) found that very few of these companies had created whistleblower protection policies in response to legislative modifications in their state.

Yet, if we look at statistics from the Grant Thornton survey in 2008, the change is substantial, which leads me to think that, even if nonprofit organizations did not appear to adopt corporate norms early after the enactment of the Sarbanes-Oxley Act, they did adopt them later on. Effectively, in 2008, 71% of nonprofit organizations stated that they had a whistleblower protection policy, as opposed to 18% in 2003. Among organizations with budgets over $500 million, 84% stated that they had one (Grant Thornton, 2008: 2-3). In addition, 92% of nonprofit respondents stated that their organization had a conflict-of-interest policy (Grant Thornton, 2008: 2-3).

Greenpeace USA

At Greenpeace USA, the board of directors discussed the Sarbanes-Oxley Act and made some amendments to its policies as a result (Interview with author, 20 Jul. 2009).
For instance, an official audit committee was formed and a whistleblower protection policy and records retention schedule were developed, in response to Sarbanes-Oxley and to new nonprofit legislation in California (Email communication, 12 Aug. 2009). A number of Sarbanes-Oxley-like policies were already in place at Greenpeace in 2002. With the Act, the INGO went a step further and formalized these policies instead of using them in a more ad hoc fashion. One reason why Greenpeace already had implemented many of the provisions prior to this shock, apart from the fact that being accountable is “the right thing to do,” is that the INGO does controversial work. Because of that, the board of directors felt that the governance and administrative aspects of the INGO’s operations had not only to be in line with the public and government’s expectations but to exceed these expectations (Interview with author, 20 Jul. 2009). As one interviewee explained, if a lawsuit was brought against Greenpeace, board members did not want it to be attacked on its governance record, but on the actions its members had taken to raise awareness about saving the environment (Interview with author, 20 Jul. 2009).

Apart from the information provided by the interviewee above, I was unable to find information on Greenpeace USA’s reaction to Sarbanes-Oxley on the Greenpeace website or through an internet search. The term “Sarbanes-Oxley” did not return any result on the Greenpeace website search page. Yet, if we look at the main provisions of Sarbanes-Oxley and at the website of Greenpeace International, we find interesting similarities. Although the organization does not devote a section to it, it does mention in the profile of board member Steve Francis that it has an audit committee. Furthermore, Mr. Francis qualifies as the “financial expert” required by Sarbanes-Oxley to serve on the audit committee because of his professional background as a chartered accountant. In
terms of auditing firms, Greenpeace International used the services of KPMG at least from 1994 to 2006 (annual report archives go back to 1994), but then switched to Ernst & Young in 2007. Sarbanes-Oxley requires corporations to rotate partners (or auditing firms) every five years. Although the information provided in Greenpeace International’s annual reports is not sufficient to determine if the organization rotated partners with KPMG, which would make it compliant with Sarbanes-Oxley, it seems very convenient that exactly five years after Sarbanes-Oxley Greenpeace International suddenly changed auditing firms even if it had not done so in at least the prior 13 years. Sarbanes-Oxley also requires the CEO and CFO to certify that the financial statements are appropriate. No such certification appears in Greenpeace International’s annual reports, but a message from the financial/organizational director has been added since 2001. This message could be perceived as a form of certification of the financial statements by the director.

If we add these to the increased disclosure requirements Greenpeace International has imposed upon itself by participating in the INGO Accountability Charter and the accountability systems it details on its website, Greenpeace International seems to be working with accountability norms very similar to those of the corporate sector and conforming at least with the spirit of Sarbanes-Oxley even if it does not have to do so. The question is to what extent Greenpeace International is using its website and annual reports as a cheap way to appear to comply and to what extent it is actually complying.

Environmental Defense Fund

Interviewees from EDF mentioned the Sarbanes-Oxley Act only in passing, so I am not aware of the influence the Act had or did not have within the organization at the time of its implementation. Due to both a lack of access and a lack of information, I am
not in a position to say if EDF modified its accountability policies or added new ones as a result of the Act. As was the case with Greenpeace USA, internet and EDF website searches did not return any result regarding Sarbanes-Oxley. The Act was not mentioned in any of EDF’s annual reports. The absence of this finding is not surprising considering the relative lack of public openness of EDF as far as internal policies are concerned.

If we compare the provisions of Sarbanes-Oxley to the information provided on the EDF website, it appears that EDF already had some policies in line with Sarbanes-Oxley prior to 2002. Contrary to Greenpeace, evidence suggests that EDF rotated auditing firms prior to 2002, but that it did not after. In 1997 and 1998, annual reports cite Coopers & Lybrand as EDF’s auditors. Then, from 2001 to 2008, EDF used the services of Eisner LLP. As I mentioned above, Sarbanes-Oxley requires corporations to rotate partners (or auditing firms) every five years. Information in EDF’s annual reports was insufficient to establish whether there has been a rotation of partners auditing EDF at Eisner LLP since 2001, but considering the experience of this auditing firm with corporations, it is very likely. There is no mention of an audit committee at EDF, but many board members with ties to financial institutions, investing firms, and hedge funds would qualify as “financial experts” under Sarbanes-Oxley. In terms of disclosure, however, EDF provides no information as to governance structure and accountability practices. This raises the concern that EDF might worry a lot more about other organizations’ transparency and accountability than about its own.

Yet, based on my research, my impression is not that EDF does not conduct internal examinations. In fact, I think it probably conducts examinations, but for some reason it does not want to share the results with the public. Throughout this research, the
organization was very private about internal policies. The fact that documents were not available on the website (e.g. whistleblower and conflict-of-interest policies) did not mean that the organization did not have such documents, which leads me to conclude that not seeing the information on evaluations does not mean that evaluations were not undertaken. EDF seems to want what is internal to the organization to remain internal to the organization, a way of thinking that seems more in line with a perception of corporations as accountable to shareholders only. This way of thinking may be a result of the organization’s background in litigation. It chooses to protect itself from unwarranted attacks by revealing as little information internal to the organization as possible while providing enough to be considered financially accountable.

Example: Conflict-of-Interest and Whistleblower Protection Policies

Conflict-of-interest and whistleblower protection policies are two specific accountability policies derived from corporate and government accountability norms. Particular attention was given to these policies among nonprofit organizations when the Sarbanes-Oxley Act was enacted in 2002 (see for instance BoardSource and Independent Sector, 2003), thus constituting an “easy case” for this research. In a national survey of nonprofit organizations in the United States, Ostrower (2007: 4) found that “47 percent of the nonprofits in our sample that have a conflict of interest policy had created or revised it since the Act’s passage. This was also true for 46 percent that have a whistleblower policy[...].” If we add to this statistic the fact that larger INGOs like Greenpeace and EDF are more likely to have had written conflict-of-interest policy and whistleblower policy prior to the Act than smaller organizations (Ostrower, 2007: 9), we can hypothesize that both these organizations are likely to have revised their policies in
response to the external shock. Therefore, I asked interviewees at Greenpeace USA and EDF specifically about these two policies to see if my argument held in the case of these particular accountability policies, and not just general accountability norms.

Surprisingly, when asked specifically about conflict-of-interest and whistleblower protection policies, interviewees from both organizations did not mention Sarbanes-Oxley. First, it is important to mention that both organizations currently have a conflict-of-interest policy and a whistleblower protection policy. Greenpeace USA implemented the two policies on December 14, 2004 (Email communication, 18 Aug. 2009). The interviewee from EDF did not mention a specific date of implementation, but stated that they were put into place “several years ago” (Email communication, 11 Aug. 2009). When asked if a specific event, either internal or external, had triggered the adoption of these policies, both respondents answered no. In the case of Greenpeace USA, the policies were adopted as a result of legal counsel advice (Email communication, 18 Aug. 2009) and in the case of EDF, they were adopted out of “general prudence” (Email communication, 11 Aug. 2009). Interestingly, both of these motives could have been the result of an external shock even if the interviewees are not aware of it.

For instance, it is definitely possible that the enactment of Sarbanes-Oxley and of new nonprofit laws in California had a role to play in the decision of legal counsel to advise Greenpeace to adopt these policies in 2004 and not prior to that. Similarly, we can argue that EDF had to come to see the adoption of these policies as “general prudence” before it would adopt them. Something had to change to make it important to include these policies within the organization now. Developments similar or related to Sarbanes-
Oxley can explain why the organization would have seen these practices as general prudence at that particular time, but not years earlier.

Interviewees answered that no particular event had triggered the adoption of these policies because they did not know what motivated the individuals who proposed to adopt them. Yet a shock had had to occur for these people to begin considering as general prudence policies that they did not consider as such prior to that time. Like Ikenberry (1993), I consider Sarbanes-Oxley not as a cause, but as a critical juncture, which allowed new norms to flourish. Even if interviewees explicitly said that no event had triggered the adoption of these policies directly, some event (like the enactment of Sarbanes-Oxley) could have triggered it indirectly by opening a space for new norms. In that case, interviewees would not have to attribute a causal role to the event and may not even perceive it as such, as critical junctures are often easier to perceive after the fact.

As an alternative explanation, one could argue that the policies were a result of increased recruitment of legal experts by these organizations. Greenpeace USA hired its first general counsel around 1988. The current general counsel entered office in 1998 as the only attorney. Additional attorneys were hired in 2003 and 2004, bringing the number of in-house attorneys to three. One of these attorneys left in 2005-2006 and the organization is currently looking for a replacement (Email communication, 11 Nov. 2009). There was increased recruitment of legal experts at Greenpeace USA exactly during the years of interest here. Therefore, it is possible that the alternative explanation is correct and that recruitment of attorneys, not Sarbanes-Oxley, led to the adoption of these accountability policies. However, it would also be interesting to know why the
organization chose to hire more attorneys at that particular time (again suggesting a role for critical historical junctures), but this is beyond the scope of this thesis.

At EDF, the number of legal experts has always been higher than at Greenpeace USA since the organization was originally created to litigate. According to the list of attorneys working for EDF provided in the annual report, since 1997, the number of attorneys has remained between 18 (1997 and 2005) and 26 (2001). It was generally stable around 20 except for 2000 and 2001, where the numbers were slightly larger at 24 and 26. If the whistleblower and conflict-of-interest policies were adopted in 2000-2001, the alternative explanation would be plausible, but because we do not know the exact date of their implementations, it is impossible to speculate.

An external event such as Sarbanes-Oxley, if it had not triggered their creation, could have triggered amendments to existing INGO policies. Since I did not know on what exact dates the conflict-of-interest and whistleblower policies had been implemented at EDF, I asked the interviewee if the policies had been amended since their implementation. If they were already in place in 2002, they might have been amended as a result of Sarbanes-Oxley or a similar external shock. He answered that they had both been amended several times, but as a result of changes within the organization (Email communication, 11 Aug. 2009). When asked specifically about Sarbanes-Oxley, he specified that, although he was not working for EDF when the legislation was enacted, his conversations with staff who did work there at the time indicated that the legislation had not had a meaningful impact on the organization because controls were already in place at EDF (Email communication, 24 Aug. 2009). Again, this suggests that the impact

---


86
of the external shock was clearly not direct. However, it does not rule out the possibility that it had been indirect.

Therefore, both Greenpeace USA and Environmental Defense Fund have adopted specific policies clearly associated with corporate norms of accountability, namely conflict-of-interest and whistleblower protection policies. Respondents from both organizations answered that these policies had not been adopted as a result of a triggering event such as the external shock I discuss in this research. However, the evidence indicates the plausibility that the external shock may have been an indirect source of the adoption or amendment of these policies by providing a critical juncture that opened space for new norms, but that the respondents were simply not aware of it. The alternative explanation that the policies were the result of increased legal recruitment within the organizations was studied and is also plausible. Consequently, I would argue that INGOs do adopt corporate norms of accountability and that external shocks to the INGO environment, such as corporate scandals and Sarbanes-Oxley, apparently can contribute indirectly in creating an incentive to adopt such norms. Yet other factors, such as increased recruitment of legal experts, could potentially be more important. I will return to the two specific policies of conflict-of-interest and whistleblower protection at the end of the two following chapters.

The first section of this chapter demonstrated that an external shock to the environment of INGOs occurred recently and that demands for nonprofit sector accountability increased as a result. Interviewees associated the shock with recent corporate scandals (e.g. Enron and Madoff), and the implementation of the Sarbanes-Oxley Act, which I had identified as potential sources of shock in my argument. They
also associated the shock with the trend of high-impact philanthropy and with the Senate hearings regarding the charitable sector, which I had not included in my initial argument.

The second section was an overview of accountability and transparency norms as well as corporate norms generally within Greenpeace USA and EDF. I established that, contrary to my initial hypotheses, Greenpeace USA appeared to be more accountable and transparent to the public than EDF. However, this finding does not necessarily contradict my hypothesis that EDF was more likely to adopt corporate norms insofar as the INGO seemed to follow a more corporate approach to accountability by providing financial information but not other information. I also discovered that Greenpeace USA was more open to corporate norms than I originally expected.

The third section attempted to identify if the external shock that took place in the INGO environment led to the adoption of corporate norms of accountability or to amendments to existing accountability practices within the two INGOs. Although limited direct evidence of a relationship between shock and corporate norms was available, a comparison of the practices of Greenpeace and EDF with practices mentioned in the Sarbanes-Oxley Act revealed that Greenpeace seemed more in line with Sarbanes-Oxley accountability standards than EDF. The concrete example of the conflict-of-interest and whistleblower protection policies demonstrated that interviewees at Greenpeace and EDF did not perceive a link between the external shock to the nonprofit sector and these accountability practices. However, evidence suggests that it is plausible that an indirect link between the two existed. An alternative explanation, increased recruitment of legal experts, was tested and is also plausible.
CHAPTER FOUR:
INGO Response: Copying, Adaptation, and Change

This empirical chapter, as its title suggests, examines the INGO response to the transfer of corporate norms. In the previous chapter, I discussed the shock that hit the INGO environment, the increased demands for accountability that resulted, and the general accountability and transparency practices of Greenpeace USA and EDF. In this chapter, I examine which actors were, or might have been, responsible for the transfer corporate norms to Greenpeace USA and EDF, whether Greenpeace USA and EDF adapted or copied the norms that were transferred to them and whether this resulted in organizational change within these INGOs, i.e. whether these corporate norms were implemented and made a difference in the organization or whether it was just cheap talk.

4.1 Which Actor Transferred the Corporate Norms to INGOs?

In my initial hypotheses, I expected that internal actors, either other INGOs, nonprofit consultants, or non-corporate executives on the board of directors, had transferred corporate norms to Greenpeace USA. On the other hand, I expected that external actors, either institutional donors, corporate partners, or corporate executives on the board of directors, had transferred corporate norms to EDF. These expectations were based on the relationships the two INGOs have formed with other actors. Greenpeace USA receives a very small portion of its income from institutional donors while EDF receives significantly more. In its campaigns, Greenpeace often partners with other NGOs to pressure corporations and governments while EDF partners with corporations themselves. The board of directors of Greenpeace is mainly composed of individuals with experience in the nonprofit sector while the board of trustees of EDF counts a number of
corporate executives in its ranks. The relationships of Greenpeace USA appear to be mainly with actors that I define as internal actors while the relationships of EDF appear to be mainly with external actors, so it seems fair to expect internal actors to be more likely to affect the former and external actors the latter. In this section, I look specifically at the actors which were, or might have been, responsible for the transfer of corporate norms to each INGO and how they transferred them.

Greenpeace USA

Evidence as to actors which transferred corporate norms of accountability to Greenpeace seems to be mostly in line with my initial hypothesis. I found evidence that independent consultants, other INGOs, and non-corporate executives on the board of directors of Greenpeace USA were all in a position to transfer corporate norms of accountability to Greenpeace at some point. I also discovered two other internal actors that could be added to this list: Greenpeace International and attorneys. I elaborate below on the potential of Greenpeace International as a norm transmitter. The example of whistleblower and conflict-of-interest policies developed at the end of the previous chapter illustrated the potential of staff, and particularly of legal staff, to transfer norms. I return to the examples at the end of this chapter.

As I mentioned in the previous chapter, Thilo Bode, executive director of Greenpeace International from 1995 to 2001, wanted each Greenpeace chapter to be financially viable, and the Greenpeace USA chapter was not. As a result, in 1997, Greenpeace USA had to undertake a major corporate restructuration by cutting jobs, closing field offices, and stopping door-to-door canvassing. One of the interviewees mentioned that, in the years following the restructuration, a number of external
consultants were brought in and management training took place as the organization was “trying to get a handle on a better governance structure” (Email communication, 12 Aug. 2009). This situation of internal crisis and the explicit desire to reformulate the governance structure of Greenpeace at the time provided consultants with an opportunity to transfer corporate norms of accountability and transparency.

Consultants were not in a position to transfer corporate norms to Greenpeace only in times of crisis. Effectively, Greenpeace USA still hires independent consultants periodically. For example, in its 2007 audit, Greenpeace includes expenses of $252,245 and $51,505 for consultants in “fundraising” and “management & general.” In 2008, Greenpeace includes an amount of $500,204 paid to fundraising consultants on its IRS Form 990. Although I recognize that “fundraising” consultants probably do not deal with norms of accountability, consultants in the “management & general” category likely do. If these consultants are familiar with corporate accountability norms, they are in a good position to transfer these corporate norms to INGOs. The fact that Greenpeace hired management consultants as recently as 2007 leads me to conclude that there is clear potential for consultants to have transferred corporate norms of accountability to Greenpeace USA in recent years, even in the absence of a crisis situation as in 1997.

Another group that I identified as potential transmitter of corporate norms of accountability to Greenpeace USA was the board of directors. One interviewee highlighted the role of the board of directors and staff regarding accountability policies, and mentioned how the fact that board members at Greenpeace managed other nonprofit organizations could be advantageous, for instance in the finance committee (Interview with author, 20 Jul. 2009). Currently, the boards of directors of Greenpeace, Inc. and
Greenpeace Fund include individuals who do consulting for other nonprofit organizations, individuals with experience in foundations of various sizes, former Greenpeace employees, individuals who have founded their own NGOs, as well as individuals sitting on the board of directors of other nonprofits. These people have expertise and knowledge of the nonprofit sector as a whole and of the organization specifically. They have management experience in other nonprofits and sometimes in their own businesses. And they have contacts in the sector. In addition, they have to approve the policies before they can be accepted by Greenpeace USA. Thus, the potential of board members as transmitters of norms is clear, but the norms they transfer to Greenpeace USA are likely not to be strictly corporate norms. They are more likely to be nonprofit interpretations or adaptations of corporate norms because of their personal experience and knowledge of the nonprofit sector.

Through its work, Greenpeace also comes into contact with various NGOs and INGOs which can transfer norms to it, through partnerships, meetings, and conferences. As one interviewee puts it, “Because we are also a global organization, we are exposed to and discuss best practice on a global scale” (Email communication, 12 Aug. 2009). One example of such a sharing of best practices is the INGO Accountability Charter. In 2003, the first International Advocacy Non-Governmental Organisations (IANGO) Workshop took place. The concept of an accountability charter emerged from the annual workshop, was developed by a task force of workshop participants, and was reviewed by an independent consultant before its official unveiling in June 2006. Eleven founding INGOs (ActionAid International, Amnesty International, CIVICUS World Alliance for Citizen Participation, Consumers International, Greenpeace International, International...
Federation Terre des Hommes, International Save the Children Alliance, Oxfam International, Survival International, Transparency International and the World YWCA) signed the Charter on June 6. The Charter has its own board of directors and secretariat. Signatory organizations, including Greenpeace International, have to provide an annual report evaluating their compliance with the Charter. Within Greenpeace, national chapters must also adhere to the Charter’s principles, which demonstrates the potential of other INGOs to be norm transmitters. This also demonstrates that Greenpeace is looking more to the nonprofit sector for its norms than to the corporate sector directly.

For Greenpeace USA, one important actor that I had not included in my argument as a potential transmitter of corporate norms was Greenpeace International. Greenpeace is a hierarchical entity, with Greenpeace International determining the INGO’s worldwide strategies and overseeing the financial performance of all autonomous chapters. One example of the influence that Greenpeace International can have on the country chapters occurred during the corporate restructuring of Greenpeace USA in 1997 (see p.90 above). One journalist stated that “This dramatic move was made by the Greenpeace USA board of directors, reportedly under strong pressure from Thilo Bode, executive director of Greenpeace International and the former head of Greenpeace Germany” (Hazen, 1997). In addition, the new executive director of Greenpeace USA was to be Kristen Engberg, previously National Offices Director at Greenpeace International. With this corporate mindset at Greenpeace International and the direct and clear hierarchical links between the international headquarters and the American chapter, Greenpeace International seems to be a perfect candidate to transfer corporate norms to Greenpeace USA. Yet, even if in this particular instance a very corporate approach was taken to the
restructuration, more generally the evidence seems to suggest that Greenpeace adopts corporate practices superficially (for example in its language and in its use of flow charts and financial statements) but at its core follows norms drawn from the nonprofit sector.

As far as some corporate accountability policies are concerned, Greenpeace International could not have transferred the norms to Greenpeace USA since the national chapter implemented these policies prior to the international headquarters. As the One World Trust (2007: 1) reports in its 2007 Global Accountability Report,

Greenpeace International has developed a number of policies that are still in draft form. These include an Information Disclosure Policy, Whistleblower Policy, and External Complaints Policy. These documents are awaiting final approval by the Board of Directors in December 2007. Similarly, training on these policies has not begun but plans have been developed to include these topics into the next rounds of training.

Yet, deliberations at the international level may have led Greenpeace USA to take the initiative, thus Greenpeace International could have transmitted the norms regardless of whether it had formally adopted them or not. The fact that Greenpeace USA had formally adopted its whistleblower policy in 2004 but that deliberations were still going on at Greenpeace International by 2007 raises some doubts about the validity of the claim for this particular policy, but may well have affected the adoption of other policies.

Regarding other accountability policies associated more with the nonprofit sector, Greenpeace International is ahead of Greenpeace USA. For instance, since 2006, Greenpeace International has included a report detailing its environmental efforts and greenhouse gas emissions for the year in its annual reports. Greenpeace USA has not included such a report on its environmental impact yet in its annual report. Nevertheless, the example from 1997 suggests that Greenpeace International has had, and still has, the opportunity to transfer corporate and nonprofit norms of accountability to Greenpeace
USA through recommendations, pressures, and staff movements. Its hierarchical position above that of the national chapters gives it the authority to push norms it wants to see adopted. National chapters may not have this authority over one another, but we can assume that best practices from the different chapters are probably shared at various meetings, leading to potential transfer of norms between the participants. In that sense, international headquarters, as well as autonomous national chapters of a same INGO, should be added as internal actors with the potential to transfer corporate norms and nonprofit interpretations and adaptations of corporate norms in my argument.

*Environmental Defense Fund*

Evidence as to actors which transferred corporate norms of accountability to EDF seems to be only partly in line with my initial hypothesis. In accordance with my original argument, I found evidence that corporate executives on the board of directors of EDF, corporate partners, and institutional donors were all in a position to transfer corporate norms of accountability to EDF at some point. However, internal actors such as independent consultants and other INGOs were also in a position to transfer corporate norms of accountability to EDF. As illustrated in the previous chapter, legal staff can also be important. I return to this actor at the end of the chapter.

In the first representative survey of nonprofit organizations *Nonprofit Governance in the United States*, Ostrower (2007: 4) found that:

> Having corporate members on the board was one of the most consistently influential factors and was positively associated with engagement in each of the six practices [having an external audit; having an independent audit committee; rotating audit firms and/or lead partners every five years; having a written conflict of interest policy; having formal process for employees to report complaints without retaliation (whistleblower policy); and having a document destruction and retention policy] except having a document retention policy. This finding supports the idea that corporate board members serve as one vehicle through which developments and practices in the corporate sector are imported into the nonprofit boardroom.
According to this passage, across a representative sample of nonprofit organizations in the United States, the presence of corporate executives on an INGO’s board of directors (in the case of EDF, board of trustees) was consistently a factor in implementing accountability norms. Currently, the board of trustees of EDF includes individuals who own or manage a variety of corporations, such as major financial institutions (e.g. Morgan Stanley and JPMorgan), private equity firms (e.g. Berkshire Partners), hedge funds (e.g. Tiger Management), entertainment companies (e.g. Dreamworks Animation, True Love Productions, Witt Thomas Productions) and law firms (e.g. Davis Polk & Wardwell, Paul, Hastings, Janofsky & Walker). The board of trustees also includes philanthropists, university professors, community advocates, chairmen of foundations, and political figures, but the corporate presence is significantly greater and from more internationally recognized corporations than on Greenpeace USA’s boards. In addition, because EDF partners with corporations in its activities, there is even more of an incentive for the corporate executives on the board to perceive their role on EDF’s board as they would on a corporation’s board and behave accordingly. Board members choose to get involved with EDF because they can contribute through their corporate experience. Thus, the potential of board members as transmitters of corporate norms is clear.

EDF’s corporate partners also have the potential to transmit corporate norms, of accountability and others, to the INGO. Past and current EDF corporate partners notably include McDonald’s, FedEx, Starbucks, Wal-Mart, and DuPont. Fred Krupp, CEO of EDF, explained that EDF partners with these large, well-known corporations because its ultimate goal is to arrive at solutions that “result in real industry-wide transformation” (Nee, 2009: 14). Corporations such as Wal-Mart and McDonald’s have the power to
change the attitudes and behaviours of both manufacturing companies and individual consumers, and that is why EDF works with them. But if these corporations can influence such a wide variety of actors, why would they not also have the potential to influence EDF itself? EDF helps these corporations to innovate from an environmental standpoint, but the corporations probably have practices in place that could benefit an INGO like EDF from an administrative and/or managerial standpoint, especially considering that EDF has expanded quite rapidly in the last few years. The partnership with McDonald’s is a case in point. As Reinhardt (2003: 4) reports, McDonald’s executives said after the project that they had provided “unprecedented access to [Environmental Defense] researchers, providing detailed information about purchasing strategies, materials, suppliers, and operations.” Although I did not find evidence to this effect, it is plausible that EDF could have used this detailed information about McDonald’s operations as a model for its own operations. EDF was a rapidly growing organization which could potentially benefit greatly from the managerial and administrative experience available from a corporation such as McDonalds. In that sense, partner corporations may not be “active” transmitters of corporate norms like board members for instance, but they definitely have the potential to become passive transmitters through example.

Because of their position as grantors, institutional donors are known to impose requirements on INGOs to which they grant money, such as sending reports, using quantifiable performance measurements, spending on a specific programmatic purpose, etc. In turn, this may lead grantees to become increasingly similar to their major donors in terms of structure and strategies (Myers & Sacks, 2003; Brulle & Jenkins, 2005). Based on this argument, if foundations adopt corporate norms, it is likely that grantees,
such as EDF, will adopt similar norms because they become part of the requirements for grants. For instance, the Merck Family Fund, which EDF lists as a current donor on its website, requires organizations presenting a proposal to submit 15 different documents, including the history of the organization, its current financial statement and annual report, a list of board members, a list of other potential sources of funding for the project, a budget for the project, and proposed criteria on which the project will be evaluated (Merck Family Fund, "Grant Guidelines"). It is possible that EDF already produced these documents before receiving funding from the Merck Family Fund, but it is also possible that it started to produce such documents as a result of its involvement with the Fund. The same is also true of other institutional donors EDF receives contributions from. Therefore, institutional donors also have the potential to be corporate norm transmitters.

As far as internal actors are concerned, I have identified two groups of actors that may have transmitted corporate norms of accountability to EDF: independent consultants and other NGOs. Crutchfield & McLeod (2008: 147) mention that EDF hired an independent consultant in New York City to help design its five-year strategic plan in 1997, which may have involved examining EDF’s accountability practices. Also, in the audited consolidated financial statement of EDF for 2008, a total of $17,754,879 is attributed to "professional, consulting and intern fees," with $438,566 of this amount attributed solely to the "management and general" category. This leads me to conclude that, like Greenpeace USA, EDF requests the services of independent consultants periodically, thus making these consultants potential norm transmitters.

I also include other NGOs as potential corporate norm transmitters because of one nonprofit organization in particular: the Pew Charitable Trusts. Pew Charitable Trusts is
EDF’s partner in the Alliance for Environmental Innovation, a part of EDF’s corporate partnerships program. In its capacity as a partner, Pew is in a position to transfer norms of accountability to EDF through repeated interactions and communications. Furthermore, according to Pew’s website, it granted EDF $300,000 in September 2003 and $250,000 in September 2004 for general operating support, not in relation to the Alliance (grants for the Alliance are clearly identified as such). Therefore, Pew Charitable Trusts can also become a norm transmitter in its quality of grantor. Since Pew was created from the corporate profits of Sun Oil Company by the sons of the corporation’s founder, it is likely to hold values and standards taken from the corporate world, which could have been transmitted to EDF through the two organizations’ interactions and exchanges.

In this section, I identified which actors were in a position to transfer corporate norms of accountability to Greenpeace USA and EDF. The case of Greenpeace USA was consistent with my hypothesis that norm transfer would occur through internal actors. Greenpeace International, which had not been identified in the original theory was demonstrated to have crucial potential for norm transfer. The case of EDF, on the other hand, was only partly consistent with my initial hypothesis as both internal and external actors are or have been in a position to transfer corporate norms of accountability to the organization. One internal actor not originally identified in the theory but significant in both organizations, legal staff, will be discussed in more detail at the end of the chapter.

4.2 Adaptation vs. Copying of Corporate Norms

In section 2.2, I defined copying as the adoption of corporate norms without any attempt at modifying them from their original format. Copying is associated with diffusion. It entails that no learning has to take place on the part of the organization
receiving the information and is likely to happen when external actors “push” corporate norms onto INGOs. Adaptation, on the other hand, consists in explicit modifications of the original corporate norms to better fit the INGO environment or context. It is associated with learning because corporate norms are “pulled in” by internal actors.

In my hypotheses, I expected that Greenpeace USA would adapt corporate norms that internal actors, such as other INGOs, nonprofit consultants, or non-corporate executives on the board of directors, had transferred to it. I expected that EDF would copy the corporate norms that external actors, such as institutional donors, corporate partners, or corporate executives on the board of directors, had transferred to it. In the case of Greenpeace USA, my hypothesis about internal actors transferring the norms appears correct so we should see adaptation taking place. In the case of EDF, my hypothesis seems partially correct as both internal and external actors had opportunities to transfer norms. Consequently, we may see both copying and adaptation at EDF, contrary to my initial hypothesis.

*Greenpeace USA*

When discussing how Greenpeace USA arrives at new policies and practices, one interviewee from the organization explained that “We [at Greenpeace] often start by looking at and collecting best practices from other organizations and from reference materials for non-profits. [We t]hen create a policy or practice that best suits the organization's needs and culture and fulfills the legal requirements” (Email communication, 12 Aug. 2009). This statement, the second sentence in particular, suggests adaptation. Effectively, if the organization compiles best practices from other nonprofits to then create a policy based on these best practices but tailored to
Greenpeace's "needs and culture," it conforms to what I refer to as adaptation. Yet, there is always a possibility that the organization does not create a new policy but simply copies from the best practices it compiled, which is not inherently problematic but can eventually produce unintended consequences, especially if the best practices have been taken directly from the corporate sector. Jepson (2005: 518) writes:

"applying accountability regimes uncritically from the business or private-sector to the NGO sector could be the worst of all outcomes, but there is a risk that hard-pressed NGO managers will do just this. During the last two decades, ENGO [environmental non-governmental organizations] managers have applied and adapted tools from the business and public sector to deal with the challenges posed by rapid growth in turnover, staff, global reach, membership and so forth, and the temptation will be to do the same for the emerging governance and accountability issues. However, the way a sector defines accountability shapes its distinctive identity and role in society. Consequently, ENGOs must develop their own tools, processes and systems and convince the other sectors of their efficacy and merit."

The key term in the above passage is "uncritically." As I mentioned earlier, it is possible that an INGO, after careful consideration of its options, decides to copy a policy or practice simply because it is already in line with the organization's culture and context. In that case, even if the policy has been copied, it will probably not result in unintended consequences. Problems usually arise when policies are adopted uncritically.

Without inside knowledge from the organization, it is difficult to determine if Greenpeace USA has copied or adapted corporate norms of accountability. Therefore, in this section, I compare accountability standards at Greenpeace with those of the various potential norm transmitters I have identified in the previous section. The more similar they are, the more likely it is that copying has taken place. If they are similar in terms of general ideas and principles without being too similar in wording and format, I consider that adaptation has taken place.
First, I examined the websites of nonprofit organizations and companies
Greenpeace board members are associated with. Most of the nonprofit organizations are
significantly smaller and/or not as renowned as Greenpeace. A lot of them mainly
provided annual reports and/or financial information on their website. NOW deserves a
special mention for including its bylaws and POGO and Californians for Pesticide
Reform for including a list of donors on their website. ACLU provided the most
information on accountability and governance with public access to annual reports,
Forms 990, audited financial statements, bylaws, and conflict-of-interest policy.
However, the way the information is presented on the website is not similar to
Greenpeace USA’s, suggesting adaptation and not copying.

One corporation (Peregrine Environmental Consulting) does not appear to have a
website. Other corporations provide very little or no accountability information. Seventh
Generation is an exception with a very complete annual report, called the “corporate
consciousness” report, which assesses financial, environmental, labour, social, and
product responsibility performance. However, Seventh Generation does not provide
information on internal policies. The fact that the information it provides is very different
from that provided by Greenpeace leads me to think that no copying took place.

Based on this information, Greenpeace does not appear to have copied its
accountability and governance standards from another organization linked to it through a

---

9 For nonprofit organizations, I looked specifically at the New York Public Interest Research Group
(NYPIRG), National Organization for Women (NOW), American Civil Liberties Union (ACLU), Social
Venture Network, Healthy Child Healthy World, Project on Government Oversight (POGO),
Environmental Law Alliance Worldwide-US, EarthRights International, People for Community Recovery,
Silicon Valley Toxics Coalition, Women’s Voices for the Earth, Commonweal, International Persistent
Organic Pollutants (POPS) Elimination Network (IPEN), Californians for Pesticide Reform, EarthShare
California, San Francisco Zoological Society, Marine Mammal Center, Agape Foundation, and Western
States Legal Foundation. For firms, I looked specifically at Malkin & Ross and M+R Strategic Services,
Valerie Denney Communications, Seventh Generation, Peregrine Environmental Consulting, SunEdison,
and Strategic Communications.
board member since 1) it provides more information than most of these organizations and 2) the organizations who do provide a lot of information provide different data altogether or provide similar data in a distinct format. Greenpeace may have copied some of these organizations for specific policies but I did not find information that would suggest that. So far the evidence seems to corroborate the statement of my interviewee that Greenpeace adapts its policies based on nonprofit best practices and its own culture.

The ten other founding signatories of the INGO Accountability Charter have been identified as potential sources of accountability norms, so I examined their websites. Some provide annual reports only (Survival International, Terre des Hommes International Federation). Others provide information similar to that of Greenpeace (Consumers International). Others go further. ActionAid International discusses its accountability, learning and planning system and impact assessment. World YWCA provides a copy of its standards of good management and accountability. CIVICUS is in the process of developing an impact assessment system. Amnesty International mentions a Learning and Impact Unit, but does not provide documentation related to that unit. None of these organizations include internal governance documents on their website, but Greenpeace International equally does not. International Save the Children Alliance and Transparency International give access to internal governance documents, but do not appear to include an evaluation of their programs. Oxfam International provides the most complete information, with numerous internal documents, annual reports, strategic plans, and independent reviews of programs on its website.

The potential for copying is definitely greater in this case than in the case of board member affiliations because a lot of these INGOs appear to be more “advanced” than
Greenpeace in terms of accountability. If they are more accountable now, it is very likely that they were in the past as well, which means that Greenpeace may have copied some of the norms from them. Yet, although the concepts are always similar, the wording, format and presentation are not really, indicating that adaptation may be more likely than copying. Furthermore, the norms of accountability adopted by these INGOs are fairly distinct from corporate norms of accountability both in their substance and wording, suggesting that adaptation is taking place. Greenpeace and its INGO Accountability Charter partners may have decided to create the Charter in part because of what happened in the private sector, but their effort at self-governance indicates a willingness to move away from accountability norms from other sectors (private and public). They adopted their own nonprofit norms before norms could be imposed by other actors.

Consultants are a difficult group of actors to assess because I do not have access to any of their reports. Consequently I cannot determine whether Greenpeace USA copied or adapted their recommendations. Initially I would have assumed that the consultants that Greenpeace hired provided recommendations tailored specifically to the needs of the organization. This would have meant that adaptation of corporate norms to better fit the nonprofit context would have taken place already through the work of the consultants. In that case, if consultants were the norm transmitters, adaptation would follow almost automatically. The reality does not appear to be that simple. Buono (2009) describes management consultancy as “Janus-faced.” While some praise consultants for their work, others criticize them for offering customers pre-made solutions and trying to transfer “best practices” when a best practice for one organization cannot necessarily be generalized (Buono, 2009). Therefore, there seems to be a perception in the literature on
consulting that, even if they should in fact be adapting policies for each customer, consultants often just copy policies from one customer to the next. In terms of this research, this means that we cannot generalize about the work of consultants. I would have to examine the reports that consultants prepared for Greenpeace USA individually to determine if adaptation or copying took place. The same applies to EDF.

*Environmental Defense Fund*

For EDF, I followed the same procedure as I did for Greenpeace. I compare accountability standards at EDF with those of the various potential norm transmitters I have identified in the previous section. The more similar they are, the more likely it is that copying has taken place. If they are similar in terms of general ideas and principles without being too similar in wording and format, it is likely that adaptation has taken place. First, I focus on external actors: corporations with which board members are affiliated, EDF’s partner corporations, and institutional donors. Then, I study the NGO I identified as a potential internal norm transmitter.

Corporations affiliated with board members\(^{10}\) are relatively silent about financial accountability and governance on their websites. Berkshire Partners LLC, Sutter Hill Ventures, Davis Polk & Wardwell, VivaTerra LLC, Shorenstein Properties LLC, and Westport Country Playhouse do not mention accountability or governance at all on their websites. Berkshire Partners LLC provides the names and backgrounds of its investment team as well as performance indicators for its investments. Copies of its year-end summary are available upon request only. Davis Polk & Wardwell dedicates one section of its website to diversity. VivaTerra LLC only dedicates one page to the organization.

\(^{10}\) For corporations affiliated with board members, I examined Berkshire Partners LLC, Sutter Hill Ventures, Davis Polk & Wardwell, CNET Networks, DreamWorks Animation, VivaTerra LLC, JP Morgan Chase, Shorenstein Properties LLC, and Westport Country Playhouse.
itself. CNET Networks does not provide much information either, but its owner, CBS Corporation (CBS Interactive), is very thorough. The CBS website provides access to SEC filings, annual reports from 1994 to the present, investor newsletters, materials related to the annual shareholders' meeting, and a variety of governance documents. The DreamWorks Animation website makes similar and equally complete information available, as does the JP Morgan Chase website which also includes corporate responsibility reports, bylaws, and certificate of incorporation.

EDF's corporate partners, also potential norm transmitters, provide significantly more information about accountability and governance. McDonald's, FedEx, Starbucks, DuPont, and Wal-Mart provide access to the same types of information provided on the websites of CBS, DreamWorks, and JP Morgan Chase. They also devote sections of their website to corporate social responsibility, which notably include CSR reports, and to diversity. Starbucks does not provide information for shareholders' meetings. DuPont and Wal-Mart do not include their certificate of incorporation online (DuPont also does not share its bylaws). Governance and accountability information is more difficult to find on the KKR website. Committee charters and governance guidelines are available through a search. Annual reports are available from 2006 to the present. A section discusses disclosure and transparency initiatives and another corporate responsibility.

The corporations above are only some of the corporations linked with EDF through its board of trustees or through partnerships, but the information from these appears to indicate that large, reputed corporations like CBS, DreamWorks Animation, JP Morgan Chase, McDonald's, FedEx, Starbucks, Wal-Mart, and DuPont tend to be more

---

11 For corporate partners, I examined McDonald’s, FedEx, Kohlberg Kravis Roberts & Co. (KKR), Starbucks, Wal-Mart, and DuPont.
accountable through their website than smaller corporations, as was the case with large, renowned INGOs. The difference between large corporations and large INGOs is that information provided on the website of large corporations is directed towards investors, not the general public (even if it is available to the public by being on the website). This choice of target audience illustrates a clear difference in who these actors understand as their stakeholders. From that perspective, EDF appears to be similar to a corporation, focusing on its members. Although EDF is considered one of the major environmental NGOs in the U.S., it seems to follow a model of information disclosure similar to the smaller corporations I examined. Did copying of corporate norms take place? Not necessarily, based on the evidence. EDF’s accountability measures are significantly less developed than many of the corporations, especially large ones, examined here.

I noticed that EDF seems to put more emphasis on diversity in employment than Greenpeace USA and the other INGOs I discussed above. Effectively, in April 2009, EDF established diversity fellowships. David Yarnold, EDF’s executive director, stated that: “Our ambition is to become the leader within the environmental community on diversity issues” (EDF, 2009b). Explicit emphasis on diversity of the workforce is definitely something common among corporations, especially large ones, as illustrated here. INGOs like Greenpeace probably also consider diversity when hiring new employees, but do not seem to address the issue of diversity as explicitly and publicly as corporations and EDF do. So this could constitute an example of EDF adopting a corporate norm because of its frequent contacts with corporations.

Another potential group of norm transmitters that I identified for EDF is institutional donors. Based on the argument presented in the literature, when institutional
donors adopt new norms for themselves, they tend to also incorporate them in their demands to grantees, leading to isomorphism between grantors and grantees. Therefore, EDF should have copied corporate norms adopted by its major donors.12

Most foundations examined here (except the Argosy Foundation and the Educational Foundation of America) include a list of grantees on their website. Some (Oak Foundation, Bernard F. and Alva B. Gimbel Foundation) provide only the names of board and staff members while some (Brown Foundation) provide only annual reports. Others (Overbrook Foundation, Argosy Foundation, Merck Family Fund, Educational Foundation of America) provide financial information as well as lists of board members and staff, but no information on governance, accountability, or transparency. Others (William and Flora Hewlett Foundation, David and Lucile Packard Foundation) do provide internal governance documents in addition to financial reports and list of board members and staff. In fact, the David and Lucile Packard Foundation is similar to the large corporations and INGOs I examined above in that it provides a wealth of governance and finance documents as well as evaluations and independent reports.

A number of them (Overbrook, William and Flora Hewlett, Oak, Argosy, David and Lucille Packard) include general or no guidelines at all for grantees on their website, some because they do not accept unsolicited proposals (Overbrook, Argosy, Educational Foundation) and others because this information is only available to grantees (William and Flora Hewlett). The Merck Family Fund's guidelines for grantseekers are among the most detailed here and include criteria related to accountability. The Brown Foundation

12 Major donors examined here include foundations that EDF thanked on its website for support: Overbrook Foundation, William and Flora Hewlett Foundation, Oak Foundation, Argosy Foundation, Merck Family Fund, David and Lucile Packard Foundation, Educational Foundation of America, Brown Foundation, and the Bernard F. and Alva B. Gimbel Foundation. The Ohrstrom Foundation was mentioned but does not appear to have a website.
and the Bernard F. and Alva B. Gimbel Foundation's guidelines for grantseekers are extremely similar to those of the Fund.

Like the INGOs and corporations studied above, large foundations like the William and Flora Hewlett Foundation and the David and Lucile Packard Foundation seem to provide substantially more accountability information on their websites than smaller foundations. The latter generally focus on providing a list of board and staff members, a list of grantees, and some financial information. Although EDF does provide more information than that, the nature of the shared information, i.e. the focus on financial data, is similar. So there is definitely potential for foundation influence here.

If we look at requirements for grantees or grantseekers, the variation is so great from one foundation to the next based only on the websites that it is very difficult to determine if the requirements have affected the type of information that EDF makes available. For instance, the information required of EDF to fulfill some of the guidelines of the Merck Family Fund (e.g. how EDF evaluates its performance) is not accessible on the EDF website. In addition, the guidelines on foundations' websites, when they are available, are only guidelines and may not be entirely representative of requirements grantees have to fulfill once they receive a grant. Therefore, I would argue that there is a clear similarity between the types of accountability information that EDF and its institutional donors provide on their respective websites, but it is unclear whether this similarity occurred as a result of grant requirements from these foundations to EDF.

In section 4.1, I recognized some internal actors as potential corporate norm transmitters to EDF: consultants and other INGOs. Consultants have already been discussed with regards to Greenpeace USA above so I will focus on other INGOs here.
The Pew Charitable Trusts provides annual reports from 2005 to 2009 and Forms 990 from 2006 to 2008 on its website, as well as evaluation reports, its code of ethics, and a list of board and staff members. The fact that Pew provides access to internal governance documents and evaluation reports leads me to conclude that EDF did not copy the organization’s accountability norms because these types of documents are not available on the EDF website. Based on its website, Pew seems to follow accountability norms closer to those of Greenpeace and the other INGOs discussed above than to those of EDF.

4.3 Did Adopting Corporate Norms Result in Organizational Change?

Before I analyze if adopting corporate norms affected the financial performance of Greenpeace USA and EDF in the next chapter, I have to determine if the corporate norms that were adopted were really implemented and used in the two INGOs. If they were never used within the organizations, corporate norms would not really be “adopted” and would instead be considered cheap talk. This becomes interesting when it comes to financial performance because one might find that appearing to implement corporate norms is as important financially as really implementing them within one’s INGO. For instance, if donors only require that a written conflict-of-interest policy is in place in the INGO, it might be worth it for the INGO to “adopt” a written policy, put it on its website, but not to spend the time and resources to really use it within the organization.

Greenpeace USA

In the case of Greenpeace USA, the key piece of evidence regarding the actual application of accountability norms within the organization is the INGO Accountability Charter. Greenpeace has to produce a report detailing its compliance with the Charter every year and publish it online. The report includes information about the organization’s
current compliance (or lack thereof) with the various criteria of the Charter and requires it to explain future measures that the organization will take to eliminate weaknesses. Greenpeace, like other Charter signatories, also has to be prepared to provide evidence supporting claims in its annual report in case the board of the INGO Accountability Charter or interested parties ask for it. The management committee of the Charter is working on the development of monitoring and evaluation mechanisms at present. Still, the signatories’ annual reports already constitute a proof that organizational changes have taken place within these organizations because of changing accountability norms.

Furthermore, the fact that some of Greenpeace USA’s governance documents, such as its code of ethics, are available online is in and of itself a form of accountability because the organization is being transparent to the public about its internal policies. My experience with the general inquiry system at Greenpeace was positive as my requests were answered promptly and documents were sent to me by mail rapidly (including drafts of unpublished annual reports). I also received multiple responses to my requests for interviews, even from individuals who felt that they were not in a position to answer my questions but referred me to colleagues. Generally, based on my experience, Greenpeace USA seems to apply the principles of accountability and transparency that it talks about. People from the organization talk openly about Greenpeace and its functioning.

*Environmental Defense Fund*

The Environmental Defense Fund does not participate in any project similar to the INGO Accountability Charter. It is not as transparent an organization insofar as it provides only its annual reports and Forms 990 online, which it is required by law to make available to the public. Its disclosure of financial information is consistent with an
application of corporate norms of accountability, as is its unwillingness to disclose more information than it needs to. Furthermore, it seems to consider itself accountable to its stakeholders from a financial perspective, but not for its normative or political effects, which can be traced back to corporate ideas of accountability and transparency. Like a corporation, it is accountable to its board and shareholders (i.e. donors), but not to society in general. Its transparency is measured through annual reports with external financial audits, but there is no consideration of its larger moral effects or social worth.

In terms of my own experience with EDF, it was significantly more difficult to get information through the general inquiry system as many of my requests remained unanswered even if I contacted the organization multiple times about them. It was also more difficult to find individuals willing to be interviewed as more of my requests for interviews were ignored. It may be that the organization is trying to focus its resources on its cause, but EDF’s lack of responsiveness to the public could be interpreted as deficient accountability and transparency or cheap talk.

Example: Conflict-of-Interest and Whistleblower Protection Policies (cont’d)

In the last section of the previous chapter, I discussed when and why conflict-of-interest and whistleblower protection policies had been adopted at Greenpeace USA and EDF. In this section, I will discuss who transferred the corporate policies to the two INGOs, whether they were adapted or copied, and whether they are actually used in the two organizations (i.e. was the adoption of these policies only cheap talk?).

I had not included attorneys, or employees with legal expertise, as part of my original hypotheses for Greenpeace USA and EDF. Yet, as I elaborated based on Powell and Friedkin (1987), professional staff can play a major role in transferring norms
because of their education and contacts with other professionals. In addition, legal staff, because it has specific knowledge not necessarily available to other members of the organization, enjoys a certain form of authority based on its expertise. Thus management is very likely to follow legal advice. As was mentioned before, legal counsel advised Greenpeace USA to adopt a conflict-of-interest and a whistleblower protection policy in 2004, which the organization did. According to my interviewee, legal counsel also wrote the policies based on templates that it had used for other organizations (Interview with author, 18 Aug. 2009). This information was confirmed when I conducted an online research to determine if the policies could have been copied from somewhere else.

I found a template on the website of Lighthouse Services (http://www.lighthouse-services.com/trainingmaterials.htm) which was almost identical word for word to Greenpeace USA’s current whistleblower protection policy. Lighthouse Services is a hotline provider for companies which want to make a confidential reporting service available to their employees. Greenpeace USA is not listed as one of Lighthouse clients on the company’s website, but other employers which are Lighthouse clients show a whistleblower policy extremely similar to that of Greenpeace on their websites. It is impossible for me to determine whether the same legal counsel wrote Lighthouse’s policy, but this evidence indicates that copying could have taken place. No such similarity was found between Greenpeace and other organizations’ code of ethics.

These specific accountability policies were transferred to Greenpeace USA by an internal actor as originally hypothesized, although the specific actor was not among the actors I had identified as potential norm transmitters. However, the policies were copied and not adapted as I expected. This variation can be explained by the fact that conflict-of-
interest and whistleblower policies are fairly standard documents that do not necessitate significant modifications from one organization to the next.

The respondent from EDF did not know who had initially suggested adopting conflict-of-interest and whistleblower protection policies or who had written the original versions (Email communication, 11 Aug. 2009). However, he explained that he has been responsible for keeping them updated in conjunction with EDF’s law firm (Email communication, 11 Aug. 2009). From that information, we can assume that the law firm had probably been involved originally as was the case with Greenpeace USA and that the policies were also based on a template. At EDF, the conflict-of-interest policy seems to be internalized in the organizational process as a re-certification occurs every annually for both staff and trustees. Although not used as often, a copy of the whistleblower protection policy is provided to new employees in their new employee packet (Email communication, 11 Aug. 2009). Therefore, it seems fair to state that both policies are in fact in use at EDF and that they were not implemented only as cheap talk.

In this chapter, I determined, in accordance with my original hypotheses, that internal actors were more likely to have transmitted norms of accountability to Greenpeace USA. I identified nonprofit consultants, INGOs involved in the INGO Accountability Charter, non-corporate executives on Greenpeace’s boards, and Greenpeace International as potential norm transmitters. Greenpeace International had not been identified as a potential norm transmitter in the original theory. I also found that norms of accountability that these actors transferred to Greenpeace were more likely to be nonprofit adaptations of corporate norms, as opposed to corporate norms per se. No
evidence of copying was found, in line with my initial hypothesis. My own experience communicating with the organization and evidence obtained through the INGO Accountability Charter led me to conclude that the norms of accountability implemented at Greenpeace USA were not merely cheap talk.

My findings for EDF were mostly in line with my original hypothesis. External actors were in a position to transmit corporate accountability norms to the organization: corporate executives on the board, corporate partners, and institutional donors. I also identified internal actors, consultants and other INGOs, as potential norm transmitters. I did not find clear evidence that EDF had copied corporate norms of accountability transmitted by external actors. Nevertheless, evidence regarding the types of information that EDF discloses, i.e. mostly financial information, and the INGO’s emphasis on diversity suggest that it has been influenced by corporations and/or foundations. EDF does not appear to have adopted accountability norms from the Pew Charitable Trusts.

Through my own experience communicating with the organization, I concluded that the norms of accountability implemented at EDF had resulted in at least some organizational change, but could partly be cheap talk especially as far as transparency was concerned.

One actor that had not originally been identified in my hypotheses was legal staff. The examples of conflict-of-interest and whistleblower policies illustrated the role that legal experts played in both organizations. The examples also revealed that, for these two particular policies, copying was likely to have taken place, contrary to my hypothesis that a transfer of norms by an internal actor would lead to adaptation. One possible explanation for this anomaly is that these policies are standard policies that do not have to be modified from one organization to the next. Thus, adaptation is simply unnecessary.
CHAPTER FIVE:
Result: Effect of Norms on Financial Performance

The last empirical chapter of this thesis is concerned with the final part of my argument: the relationship between an INGO’s adoption of corporate norms and its financial performance. The first section provides the rationale for linking corporate norms of accountability and financial performance. The second section summarizes responses from interviewees. The third section is a detailed examination of Greenpeace USA and EDF’s financial situation from 1995-96 to 2007-08. In the fourth section, I analyze specific time periods in the history of Greenpeace and EDF. In the fifth and final section, I discuss limitations of my measures and how future research can improve them.

5.1 Corporate Norms of Accountability & INGO Financial Performance: Really?

Corporate practices or strategies, like marketing strategies for example, intuitively seem to be linked more closely with the amount of funding an organization receives (see Frumkin & Kim (2001) for an empirical study) than accountability practices. However, the concept of accountability is intimately linked with legitimacy, and legitimacy is crucial for an INGO to attract donations and grants. Donors, be they institutional or individual donors, will give their money to INGOs they trust and accountability and transparency help build that trust between INGOs and their donors.

Corporations are clearly and strictly accountable to their shareholders. If a corporation chooses to stop being accountable, shareholders will simply stop investing in the corporation. INGOs are different from corporations in that they are accountable to a variety of stakeholders, including some which may not have financial power over the organization (e.g. their beneficiaries). Yet, like corporations, they are also accountable to
stakeholders who have financial power over them, i.e. institutional and individual donors. Therefore adopting corporate norms of accountability might result in improved financial performance for INGOs through larger grants or donations from these stakeholders.

Interviewees who currently work for foundations\textsuperscript{13} agreed that accountability is definitely a criterion that foundations consider before making grants (Interview with author, 9 Jul. 2009; Interview with author, 20 Jul. 2009). So adopting corporate norms of accountability could have an influence on the financial performance of INGOs which receive funding from foundations. INGOs like Greenpeace, however, depend to a much larger extent on individual donations than on foundations for income and it is more difficult to assess the motivations of individual donors when making charitable donations. Nevertheless, surveys conducted in the United States, the United Kingdom, and Canada have indicated that accountability seems to be one of the incentives (or disincentives) of individual donors when they make donations to nonprofit organizations.

The 2008 Bank of America Study of High Net Worth Philanthropy, which studies the philanthropic habits of affluent households in the United States, reports that high net worth individual donors usually have high expectations of the nonprofits they give to. Effectively, 93\% of respondents ranked “demonstrating sound business and operational practices,” 77.7\% “providing full financial disclosure,” and 64.6\% “providing access for due diligence” among the factors important when making a charitable gift (Center on Philanthropy, 2009: 54). These percentages seem to indicate that high net worth individuals do care about accountability and that INGOs may improve their financial performance in that group of donors by adopting corporate norms.

\textsuperscript{13} One Greenpeace interviewee currently works in a foundation in addition to being involved with Greenpeace.
In surveys of the charitable giving habits of the general population in Canada and the UK, respondents also appeared to consider accountability as a relatively important factor when making their donations. In the 2007 Canada Survey of Giving, Volunteering and Participating, when asked why they did not give more, 33% of respondents answered that they “did not think their money would be used effectively” (Hall, McKeown & Roberts, 2009: 32). 30% of respondents had given the same answer in 2004, and 46% in 2000 (Hall et al., 2001: 27; Hall, McKeown & Roberts, 2009: 32). One could hypothesize that, as INGOs were becoming more accountable and transparent in the early 2000s, notably through the adoption of corporate norms of accountability, Canadian donors became more confident that their money would be used effectively (and may have given more). In the survey Helping Out: A National Survey of Volunteering and Charitable Giving conducted in the UK, respondents chose factors such as “having the confidence that the charity uses the money effectively” (72% of respondents), “receiving information on what is done with the donation” (60%), and “having more information about different charities” (43%) as very or fairly likely to encourage donations (Low et al., 2007: 100). Based on these survey results, improving an INGO’s accountability and transparency mechanisms appears to have the potential to increase donations.

This section has demonstrated that, although intuitively they might not appear to be, an INGO’s accountability and its financial performance are linked. Donors, both institutional and individual (particularly high net worth individuals), appear to consider accountability as important when choosing which organizations to contribute to. This observation provides an initial indication that adopting corporate norms of accountability

14 Independent Sector conducts a similar survey in the United States called Giving and Volunteering in the United States, but the full report of the survey is only available to Independent Sector members and the summary of key findings does not touch upon the issue at hand here.
might in fact result in improved financial performance for INGOs. In the following sections, I will discuss my interviewees' responses regarding the relationship between the adoption of corporate norms and their organization's financial performance and will examine financial data for Greenpeace USA and EDF.

5.2 Interview Results and Discussion

Interviewees appeared to perceive a relationship between an INGO's adoption of corporate norms of accountability and its financial performance, especially with regards to institutional donors, but I would qualify this relationship as weak insofar as accountability is not the main criteria upon which an INGO is judged. As an executive from a major American foundation explained (Interview with author, 9 Jul. 2009), an INGO's standards of accountability are just one of a number of criteria (including the fit of the INGO project with the foundation's funding strategy and the INGO's reputation) on which potential grantees are evaluated. At this individual's foundation, grants are made on a grant-by-grant basis. Organizations which propose a solid project that they have the capabilities to undertake, even if they may be weaker in terms of accountability than other organizations (if they do not have a written conflict-of-interest policy for instance), might still get a grant. According to that individual, the work, the actual project proposed by the INGO, is more important than the organization's governance (Interview with author, 9 Jul. 2009). An INGO's accountability practices would affect its chances of receiving funding from this foundation if it affected the substance of the grant. In that case, it would not receive funding, but it would be because its inappropriate governance or accountability impacted other aspects of its project.
To argue that an INGO’s project is what matters to foundations appears to me to be a politically correct statement made by a foundation employee. By law, INGOs need a clear governance structure to form and to be eligible to receive money, so governance is undeniably important. Furthermore, large and recognized INGOs like Greenpeace and EDF have already established their basic governance structures to the satisfaction of donors, which makes it appear like the project matters more than the organization’s governance. Reputation is also significant, as interviewees from both INGOs highlighted (see below). An unknown organization is less likely to receive foundation grants, especially large amounts, than a Greenpeace or an EDF.

Greenpeace USA receives only a small portion of its income from foundations (usually around 10% of Greenpeace Fund’s yearly income (see following section for more detail)), but when discussing institutional donors, interviewees from Greenpeace appeared to perceive reputation as a more important factor than accountability standards. One interviewee explicitly said that “reputation does matter” (Interview with author, 20 Jul. 2009) while another hinted at the same idea when stating that “most of those [foundations] give to us because of who Greenpeace is in their field of interest” (Email communication, 18 May 2009).

EDF receives a greater portion of its income from foundations than Greenpeace USA (usually around 25 to 30% of its yearly income) but the conclusions of interviewees regarding institutional donors were similar to those of Greenpeace interviewees. Interviewees from EDF highlighted that institutional donors do ask about accountability (Interview with author, 5 Aug. 2009; Email communication, 11 Aug. 2009). One interviewee mentioned that some institutional donors ask specifically about conflict-of-
interest and whistleblower policies (Email communication, 11 Aug. 2009), which indicates that these policies can have an impact on funding. Yet, as another interviewee explained, an INGO’s standards of accountability are considered, but are not the reason why an institutional donor would give to an INGO (Interview with author, 5 Aug. 2009). This statement appears consistent with the answers of the foundation executive discussed above. This same interviewee from EDF agreed with interviewees from Greenpeace that reputation is an important factor when dealing with institutional donors.

However, he specified that what he meant by reputation is the organization’s “reputation about getting work done,” its track record within the foundation community, not necessarily its reputation within the NGO community (Interview with author, 5 Aug. 2009). This statement is significant for two reasons. First, it implies that the foundation community and the nonprofit community have different sets of norms and measures for accountability and performance. This is consistent with what I discovered above: foundations have internalized corporate norms more explicitly while NGOs tend to perceive accountability in more social and moral terms. Second, it demonstrates that EDF cares more about reputation as measured by foundations, and thus is closer to corporate norms of accountability.

As far as individual donors are concerned, one interviewee from Greenpeace USA explicitly mentioned that she did not know whether the adoption of corporate norms of accountability may affect individual donations, which constitute most of the organization’s income. However, she indicated that knowing that Greenpeace chose to adopt such standards might lead some donors who already gave to the organization to give a little more (Interview with author, 20 Jul. 2009). I would also add that it may lead
donors not necessarily to increase their donation, but to give to the same organization
every year instead of giving to different ones. Yet, for individual donors to know that
INGOs adhere to certain standards of accountability, it has to be publicized.

One source of information for donors is private rating agencies that evaluate
nonprofit organizations such as Charity Navigator, the Better Business Bureau (BBB)
Wise Giving Alliance, and the American Institute of Philanthropy (AIP). Periodically, the
Wise Giving Alliance publishes a list of nonprofit organizations which do not meet its
standards for fundraising, governance, financial management, and information disclosure
in the *Chronicle of Philanthropy*. A couple of years ago, it came to the attention of one of
my interviewees that Greenpeace Fund had been added to the list of non-compliant
organizations (Interview with author, 20 Jul. 2009). Staff at Greenpeace Fund contacted
the BBB and ensured that they did what was necessary to fulfill the requirements and be
taken off the list. Some staff members were also asked to look at other rating agencies to
ensure that the organization was also in compliance with their standards. This anecdote
demonstrates that, although INGOs cannot be certain that their accountability standards
influence donors, they still choose to assume that they do.

Greenpeace USA provides a copy of its articles of incorporation, bylaws,
whistleblower protection policy, and code of ethics in the “Governance” section of its
website. It also provides access to its annual reports and IRS Forms 990 from 2003 to
2008. The amount of information that potential donors have access to is significant.
Environmental Defense Fund provides access to its annual reports from 1996 to 2008 and
to IRS Forms 990 since 2003, but no information is available on its website regarding
accountability or governance. When I used the online form for general inquiries that EDF
provides, I did not receive a reply. When I called, I was told that I should use the online form instead. One interviewee from EDF confirmed that the organization does not usually publicize internal policies (Email communication, 11 Aug. 2009). Because accountability information is not publicly available and is significantly more difficult to obtain from EDF, it is less likely for this INGO that adopting corporate norms would lead to more individual donations because the information is not disseminated to the public. It would be interesting to find out if this kind of information is sent to EDF members.

In this section, I confirmed that interviewees do perceive a relationship between the adoption of corporate norms of accountability and the financial performance of their organization. Individual donors consider accountability to some extent when making donations, but they take a number of other, emotional or personal criteria into account that foundations do not. High net worth individuals examine accountability more systematically when making donations. Because they have often worked for corporations or own their own business, these individuals, like institutional donors, are likely to focus on corporate standards of accountability and transparency specifically.

5.3 Financial Data

This section gives an overview of the financial situation of Greenpeace USA and Environmental Defense Fund from 1995-1996 to the present. Annual reports for Greenpeace USA from 2003 to 2007 and annual reports for EDF from 1997 (financial data for 1996 included) to 2008 are available on their respective official website. Annual reports for Greenpeace USA from 1995 to 2002 (no report in 2000) were sent to me in paper format. To facilitate year-to-year comparison, I use constant 2008 dollars as the measuring unit throughout this section (see Appendix 5 for data).
Greenpeace USA

Greenpeace, Inc. divides its sources of support and revenue into seven categories: contributions and donations, grants from Greenpeace Fund, Inc., grants from Greenpeace International, licensing, royalties and merchandise sales, investment return, net assets released from restrictions, and other. In this thesis, I will focus on contributions and donations, grants from Greenpeace Fund, Inc., and grants from Greenpeace International. Greenpeace, Inc.'s two major sources of funding are contributions and donations (between 67 and 87% of annual budget) and grants from Greenpeace Fund (between 10 and 30%), with the five other categories providing between 0 and 8% of annual revenue together. The amount of funding received by Greenpeace, Inc. followed a wave pattern. It was at its highest point in 1995 with $33.1 million, decreased steadily until 1999 ($18.4 million), went back up and reached a peak in 2002 ($26 million) and then decreased steadily from 2002 to 2006 ($16 million), reverting to 2003 levels in 2007.

Figure 5 – Greenpeace Inc.'s Sources of Support and Revenue 1995-2007 (Constant 2008 Dollars)
Contributions and donations to Greenpeace, Inc. followed the same wave pattern as the total amount of funding the organization received. Contributions were at their highest in 1995 at $28.8 million. They decreased steadily until 1999, where they reached a low of $12.2 million. Then they increased until 2002, reached a peak, and decreased from $20.5 million to $11.5 million in 2006. This pattern is consistent with a decrease in confidence from donors when the organization was in crisis (1997-1999). Then, in 2000, the arrival of a new executive director, John Passacantando, re-established confidence. The passage of Sarbanes-Oxley in 2002 and the accusation of tax evasion in 2003 may explain the second steady decrease from 2002 to 2006. In 2007, contributions and donations increased significantly to reach $15.8 million, between 2003 and 2004 levels.

Grants from Greenpeace Fund were at their highest point at $7.4 million in 1997 and reached their lowest point just below $3 million in 2004. 1997 marked the height of the internal crisis at Greenpeace USA. More funds may have been transferred from Greenpeace Fund to Greenpeace USA in an attempt to keep the organization from failing.
In 2003, Greenpeace USA was accused of transferring tax-deductible donations for non-tax-deductible purposes from Greenpeace Fund to Greenpeace, Inc. Following such accusations, it is understandable that the organization would limit grants from Greenpeace Fund in 2004. In 1995, grants from Greenpeace Fund were almost as low as in 2004 ($3.2 million). They increased sharply in 1996 and 1997, but dropped below 1996 levels in 1998. They increased mildly from 1999 to 2001. From $5.8 million in 2001, they decreased steadily to reach the 2004 low point. In 2005, grants almost reverted to 2003 levels ($4.2 million), but then decreased steadily until 2007 to $3.5 million.

Information about grants from Greenpeace International was unavailable in Greenpeace, Inc.’s annual reports prior to 2005. In dollars, grants remained stable in 2005 and 2006 at $661,000 and $641,000 respectively. 2007 saw a large increase of almost 30% in grants from Greenpeace International (approximately $831,000). In terms of percentages, however, grants from Greenpeace International accounted for a stable 4% of annual support and revenue throughout the period.

Greenpeace Fund divides its sources of support and revenue into four categories: contributions and donations, investment return, net assets released from restrictions, and grants. Usually, its major source of funding is contributions and donations (between 72% and 93% of annual budget prior to 2007). However, in 2007, grants constituted 75% of Greenpeace Fund’s total support. Investment return and assets released from restrictions provide as low as 1% and as high as 13% of annual revenue. For the purposes of this thesis, I will focus on contributions and donations, and grants. From 1995 to 2006, the amount of funding received by Greenpeace Fund remained fairly stable. Total support and revenue remained between $11.5 and $13 million from 1995 to 2001, then went
down to $10 million in 2002-2003, $8 million in 2004-2005, and moved back up to $12 million in 2006. In 2007, total support and revenue more than tripled to $41.5 million because of exceptional grant amounts.

Figure 7 – Greenpeace Fund’s Sources of Support and Revenue 1995-2007 (Constant 2008 Dollars)

Figure 8 – Greenpeace Fund’s Sources of Support and Revenue 1995-2007 as Percentages
Contributions and donations to Greenpeace Fund remained fairly stable between 1995 and 2001, with a difference of only $1.2 million between the highest (1997) and lowest (1995) amounts. In 2002, contributions and donations dropped from $10.4 to $8.4 million, but increased to $9.1 million in 2003. They then decreased to $6.9 million by 2005. In 2006, they almost reached 2003 levels again but decreased slightly in 2007. The increase in contributions and donations to Greenpeace Fund from 2002 to 2003 indicates that it may not have been affected by the passage of the Sarbanes-Oxley Act (although the drop in 2002 may mean that the scandals leading to Sarbanes-Oxley had a slightly negative effect on the organization). However, the decrease in 2004-2005 may have occurred as a result of Public Interest Watch’s accusation of money laundering.

If one compares contributions and donations for Greenpeace, Inc. and Greenpeace Fund, one notices that the years 1995 to 1999 were very different with constant decline for the first and stability for the latter. This leads me to conclude that either donors clearly associated the crisis with Greenpeace, Inc. or that the decline in funding was unrelated to the crisis, which appears unlikely. Both branches experienced decline in contributions starting in 2002-2003, consistent with the passage of Sarbanes-Oxley and the accusation of money laundering against Greenpeace USA. Yet, 2006 marked the lowest point for Greenpeace, Inc. and a return to 2003 levels for Greenpeace Fund.

Grants to Greenpeace Fund remained between $550,000 and $650,000 from 1995 to 1997. In 1998, they increased rapidly to $865,000 to then decline to $375,000 in 1999. 2001 marked a large increase with grants of $2.4 million. The surge in funding may have been a sign of confidence of donors after the nomination of John Passacantando as executive director. Grants decreased steadily from $2.4 million in 2001 to $439,000 in
2004 and then increased until 2007 ($850,000 in 2005, $2.2 million in 2006, and an exceptional $31.1 million in 2007). The decrease between 2001 and 2004 may mark an attitude of prudence on the part of institutional donors following the effects of Sarbanes-Oxley on the community and the money laundering accusation against Greenpeace. Institutional donors may have been concerned that their own accountability practices would be questioned if they funded an organization accused of money laundering. Interestingly, although lower grant amounts to Greenpeace Fund in 2004 corresponded to lower grants from the Fund to Greenpeace, Inc., the reverse was not true when grants to Greenpeace Fund increased abruptly in 2007. Since Greenpeace Fund is a charity (501(c)(3)), the grants it receives are reserved for educational purposes. But Greenpeace, Inc. (501(c)(4)) can conduct political and advocacy activities without an educational component. When Greenpeace Fund receives less money, it will logically decrease its grants to Greenpeace, Inc. However, when it receives more funds, it might not be able to fund more Greenpeace, Inc. educational activities than it currently does.

The data on contributions and donations and on grants for Greenpeace, Inc. and Greenpeace Fund appears to indicate that the internal crisis at Greenpeace in the late 1990s, the nomination of John Passacantando as Greenpeace executive director in 2000, the passage of the Sarbanes-Oxley Act in 2002, and the Public Interest Watch accusation of money laundering against Greenpeace at the end of 2003 may all have had a noticeable effect on Greenpeace’s financial performance.

*Environmental Defense Fund*

Environmental Defense Fund divides its sources of operating support and revenue into five categories: membership and contributions, foundation grants, government and
other grants, miscellaneous and investment income (interest and allocated investment income, awarded attorneys' fees, and fees, royalties and other income), and bequests. Its two major sources of funding are membership and contributions (between 45 and 70% of annual budget depending on the year) and foundation grants (between 20 and 40%), with the three other categories each providing approximately 10% or less of the annual operating budget. For the purposes of this thesis, I will focus on membership and contributions, foundation grants, and government and other grants. From 1996 to 2008, the amount of funding received by EDF increased steadily and substantially. Total operating support and revenue in 1996 equalled $31,967,770 (in constant 2008 dollars), less than 25% of the total operating support and revenue for 2008.

**Figure 9 - EDF's Sources of Operating Support and Revenue 1996-2008 (Constant 2008 Dollars)**

Membership and contributions have increased significantly since 1996 (from $16 to $69 million). They seemed to experience a slowdown in 2003 and 2004, but started increasing again in 2005. This slowdown may have been associated with the passage of Sarbanes-Oxley. Based on the data, EDF does not appear to have been affected by it as
much as Greenpeace was, but Greenpeace was hit by the money laundering scandal rapidly after Sarbanes-Oxley, which may have deepened the effect.

**Figure 10 – EDF’s Sources of Operating Support and Revenue 1996-2008 as Percentages**

If one does not take 2005 and 2008 into consideration because of their exceptional results, foundation grants a little more than doubled between 1996 and 2007. I noticed three waves of increase in foundation grants, from 1998 ($10.7 million) to 2001 ($16 million), 2002 ($11.7 million) to 2005 ($28.1 million), and 2006 ($17.1 million) to 2008 ($56 million). More data might indicate a previous wave peaking in 1997. The low point of 2002 may be explained by the corporate scandals surrounding Enron, WorldCom, and Tyco. Foundations may have been reluctant to fund an INGO which works with large corporations at a time when large corporations were such an object of distrust in the eyes of the public and of government. I did not find an explanation for the low point of 2006.

Government and other grants decreased steadily between 1996 and 2000, increased slightly in 2001 and then reached their lowest point at 327,000 dollars in 2002.
They started increasing again, reaching a small peak at 1.1 million in 2005 and then a very large peak at 3.4 million in 2008. Interestingly, the high points I identified for foundation grants (2001, 2005, 2008), with the exception of 1997, also constitute high points for government and other grants. 2001 and 2005 were also high points for Greenpeace Fund in terms of grants. In discussing data for Greenpeace USA, I associated the peak in 2001 with renewed confidence of donors because of the nomination of a new executive director. However, the data for EDF indicates that a larger trend in the nonprofit sector might have been at work.

The data on memberships and contributions, on foundation grants, and on government and other grants appears to indicate that the corporate scandals and the ensuing passage of the Sarbanes-Oxley Act in 2002 may have had a noticeable effect on EDF's financial performance. Because EDF's main activities involve large corporations, the organizations appears to have felt the effects of the scandals earlier than Greenpeace USA. Yet, EDF was not affected financially to the same extent as Greenpeace USA was. The data on EDF grants, when compared to that of the Greenpeace Fund, also revealed that there may have been an increase in grants to the nonprofit sector in 2001 since both organizations saw their grant amounts peak during that year.

This section demonstrated that Greenpeace USA and EDF depend on different sources of funding to different extents and that there has been variation in both their levels of funding throughout the years. Greenpeace USA depends mostly on individual contributions and donations. Between 1995 and 2007, its level of support and revenue fluctuated in a wave pattern. Years with lower financial performance seem to correspond generally with Greenpeace's internal organizational crisis in the late 1990s, the passage
of the Sarbanes-Oxley Act in 2002, and the accusation of money laundering levelled against the organization by Public Interest Watch in 2003. The 2000-2001 peak financial performance corresponds to the nomination of John Passacantando as executive director of Greenpeace. Environmental Defense Fund depends mostly on memberships and contributions and on grants to function. The proportion of income it receives from grants is significantly higher than Greenpeace USA, which does not accept government or corporate money. Between 1996 and 2008, EDF’s level of operating support and revenue increased steadily and substantially. However, a slowdown occurred in 2002-2003, at the same time the Sarbanes-Oxley Act was debated and implemented. The fact that the patterns discovered here do not correspond across the organizations leads me to believe that they are specific to each of them, which means that the corporate norms each implemented in previous years may have had an impact on these patterns. Now, I will examine specific periods within this timeframe to see if Greenpeace USA and EDF’s adoption of corporate norms may have had an impact on their financial performance.

5.4 Trends Suggesting the Presence of a Relationship between Corporate Norms of Accountability and INGO Financial Performance

The previous section illustrated that some trends in Greenpeace USA and EDF’s financial performance seem to correspond with specific events discussed in this thesis. In this section, I discuss two time periods in more detail: the late 1990s (from 1997 to 1999 approximately) and the period following the implementation of the Sarbanes-Oxley Act (from 2002 to 2004 approximately) to determine if the adoption of corporate norms by Greenpeace and EDF impacted their financial performance. With this analysis, I do not
intend to demonstrate causation, but to suggest the presence of a plausible relationship between corporate norms of accountability and INGO financial performance.

*The Late 1990s: Crisis and Corporate Restructuration*

The first half of the 1990s was a difficult period for the environmental movement, with organizations like Greenpeace, the Sierra Club, and the National Audubon Society losing members and funds (EDF was a notable exception with its membership and income growing during the period). For example, between 1990 and 1993, Greenpeace USA’s membership dropped from the all-time high of 2 million members to 1.6 million members and its budget was cut from $65 to $43 million (Brinckman, 1994). At the end of 1995, Greenpeace International announced major cuts in staff and spending because of “falling income [caused by falling membership], changes in strategy and the urgent need to raise cash to replace Greenpeace’s ageing fleet of protest ships” (Lean, 1995).

In 1997, Greenpeace USA, with its annual budget reduced significantly from $29.5 in the previous year to $20.1 million, announced it would close its ten regional offices, cut staff from 400 to 65 employees, and put an end to door-to-door canvassing to reduce costs (Greenwire, 1997a; Associated Press, 1997). It would also restructure to focus on its global warming and forests/logging campaigns (Associated Press, 1997; Watson, 1997). According to Kristen Engberg, acting director for Greenpeace USA at the time, the “cutbacks reflect[ed] poor past management, including inadequate recordkeeping” (Greenwire, 1997b). In 1999, Greenpeace USA was still trying to recover from the restructuration when the board of directors resigned for a second time (the first time had been in 1997) because of “irreconcilable divisions over how to improve the
group's internal workings” (Revkin, 1999). With the nomination of John Passacantando as executive director in 2000, the organization reverted to a more stable situation.

Based on my hypotheses, this situation of decline and ultimately of crisis for Greenpeace USA should have resulted in the copying, and not adaptation, of corporate norms, notably because of limited decision time. The information acquired through media reports and presented above seems to confirm my hypothesis. Greenpeace USA resorted to standard business cost reduction methods such as reducing staff, closing offices, and even stopping its signature door-to-door canvassing. Also, because the cutbacks were attributed to “poor past management,” we can assume that measures were taken regarding accountability and governance.

Did these transferred corporate norms make a financial difference? Based on my hypothesis, corporate norms should have restored donor confidence and thus improved Greenpeace USA’s financial performance. However, the financial data seems to be telling a different story as contributions and donations decreased consistently until 1999, two years after the restructuration. The fact that the entire board of directors resigned in 1999 shows that the organization was obviously still experiencing problems at the time. If we look at 2001 as our “post-crisis” time, we can see that contributions and donations are increasing. This episode seems to offer mixed results based on my hypothesis. There was no or weak improvement in individual contributions following the resolution of the crisis. Yet, at the same time, we expected that adopting corporate norms was not likely to increase funding as much as for an INGO which depends on institutional donations.

Around the same time, in 1997, EDF hired an independent nonprofit consultant to help design its five-year strategic plan (Crutchfield & Grant, 2008: 147). According to
the 1997 Annual Report, strategic planning "produced a sharper focus of programmatic efforts and significant operating efficiencies [emphasis added]" (EDF, 1997: 14). EDF refocused its activities on four major goals. As opposed to Greenpeace USA, however, this 1997 goal restructuration was not accompanied by administrative controversies and financial trouble. In this particular case, it is not clear if EDF decided to implement corporate norms of accountability, but we can see that there was corporate thinking in terms of streamlining of operations. Based on my hypotheses, hiring a consultant was likely to result in adaptation because the consultant was not in a position of authority over EDF. In turn, adapting the corporate norms transferred by the consultant would lead to improved financial performance because more efficient operations would be perceived as legitimate by donors. I did not find sufficient information on the strategic plan to determine if it was in fact adaptation.

Yet, we can look at EDF's financial performance to see if we can detect a change. In 1996 and 1997, membership and contributions and foundation grants remained very stable. But from 1998 to 2001, both categories increased steadily and significantly to reach amounts one and a half time bigger in 2001 than in 1998. Government grants during the same period were decreasing steadily but this is most likely due to factors outside of my analysis as government was cutting funding for NGOs generally. Contrary to Greenpeace, which receives memberships and contributions only from individuals, EDF receives memberships and contributions from corporations as well as individuals. The fact that both contributions and foundation grants increased after the corporate restructuration suggests that my initial hypotheses were correct insofar as institutional donors care more about corporate norms than individual donors. When Greenpeace
undertook a corporate restructuration, its financial resources remained stable. When EDF undertook a corporate restructuration, its financial resources increased. The difference between the two organizations is the type of donors providing them with resources.

*The Early 2000s: Sarbanes-Oxley*

As I discussed in previous chapters, the Sarbanes-Oxley Act of 2002, even if it was directed to the accountability and governance practices of publicly traded companies, had a major impact in the nonprofit community. My impression was that the board of directors was likely to take action in such a situation because of the legislative nature of the shock. One interviewee from Greenpeace (Interview with author, 20 Jul. 2009) confirmed this impression when she mentioned the board’s decision to adapt some of the Sarbanes-Oxley regulations to the organization. One interviewee from a major American foundation (Interview with author, 9 Jul. 2009) also mentioned the board of directors as the source of the change within the foundation.

Based on my hypotheses, if the board of directors was responsible for the transfer of corporate norms, we should expect adaptation from Greenpeace (because the board is largely composed of individuals from the nonprofit sector) and copying from EDF (because the board is composed to a larger extent of individuals from the corporate sector). We should expect both INGOs’ financial performance to improve at least slightly as a result of adopting corporate norms. However, EDF’s financial performance should improve significantly more since the implementation of new corporate norms should increase corporate and foundation donations. Because Greenpeace depends almost exclusively on individual donations, adopting such corporate norms should result in stable financial performance. The reason why I argue that Greenpeace’s financial
performance should increase slightly as opposed to remaining stable is that, because of the climate of suspicion against INGOs at the time of the enactment of the Act, INGOs which voluntarily decided to adopt more stringent accountability and governance standards were likely to be seen positively by donors.

But did the financial performance of our two INGOs improve? Greenpeace Inc. saw its contributions and donations decrease steadily from 2002 to 2006. Contributions and donations to Greenpeace Fund increased in 2003, but decreased in 2004 and 2005. Grants to Greenpeace Fund decreased in 2003 and 2004 and then increased slightly in 2005, but still did not reach the amount received in 2002. The trend in contributions and donations is fairly consistent with my hypothesis since, although they decreased, they remained stable as expected. The trend in grants to Greenpeace Fund goes against my hypothesis because grants should have increased. However, the fact that Greenpeace adopted nonprofit accountability norms as opposed to corporate norms may have had a role to play here as I hypothesized that institutional donors want to see corporate norms.

Membership and contributions to EDF decreased in 2003 but increased steadily in following years. Foundation, government and other grants increased consistently until 2005. In the case of EDF, the drop in membership and contributions in 2003 could be explained by the fact that the INGO was closely linked to corporations and that the climate following the Enron, WorldCom, and Tyco scandals was one of general corporate distrust. Apart from that anomaly, the trends appear to be consistent with my hypotheses. Therefore, this case arrives at mostly consistent results with my initial hypotheses.

5.5 Limitations
A multitude of factors influence financial performance and norms of accountability are only one of these factors. Because an INGO’s reputation and the projects it proposes to undertake may be considered significantly more important by donors, the impact of corporate norm adoption is likely not to appear clearly in overall financial data. This is why I focused on the specific time periods associated with the adoption of corporate norms in my analysis. Future research should try to move away from general financial information to more precise financial indicators that are more likely to show a causal link between norms and financial performance. It would also be interesting to focus on the perceptions of staff within INGOs. If staff perceives that corporate norms impact financial performance, more corporate norms should be adopted.

Some external factors affecting INGOs may also hide the effects of corporate norms. I indicated that government grants to EDF were decreasing steadily during the period examined. However, this decrease in the amount of grants may be entirely unrelated to EDF adopting or not adopting corporate norms. In fact, it is possible that EDF adopted corporate norms and that it had a positive impact on the proportion of grants it successfully applied for, but because it did not apply for as many government grants as it used to, or fewer grants were available from the government, I conclude that adopting corporate norms did not have a positive effect even if it did.

The final limitation is that, since the effect of corporate norms is difficult to distinguish and can only be associated with financial trends in a preliminary fashion, it is impossible for me to detect whether adaptation and copying have different effects on financial performance. Future research should focus specifically on INGO responses to donors’ accountability demands to determine if INGOs that adapt norms receive
systematically less money than INGOs that copy them. Such research will be challenging as institutional donors are usually reluctant to share information about specific grants.

*Example: Conflict-of-Interest and Whistleblower Protection Policies (cont’d)*

As far as my initial hypotheses are concerned, the corporate policies examined here (whistleblower protection policy and conflict-of-interest policy) taken alone are most probably insignificant for both Greenpeace USA and EDF in terms of financial performance. A whistleblower protection policy or a conflict-of-interest policy in and of itself would probably not be enough to make a difference for an INGO in terms of grants or donations. Institutional donors, for instance, tend to consider a number of different practices, such as a whistleblower protection policy, a conflict-of-interest policy, and independent audits under one big “accountability” heading. Therefore, because of my choice of whistleblower and conflict-of-interest policies as illustrations, I have been unable to determine whether adaptation or copying is more likely to lead to improved financial performance in this particular example. Both corporate norms taken individually do not appear to impact financial performance enough to make a difference. However, in light of the evidence presented in the previous section which appears to mostly confirm my original hypotheses, other corporate policies from which the financial impact can be measured should be the object of future research to further support my findings.

In this chapter, I determined that Greenpeace and EDF interviewees do associate the adoption of norms of accountability with their organization’s financial performance. I argued that private foundations and high net-worth individuals, which tend to provide the largest grants, are likely to focus specifically on corporate norms of accountability when
assessing an INGO because of their own background in the corporate world, thus the importance of corporate norms for financial performance.

An overview of the financial situation of Greenpeace USA and EDF in the period 1995-6 to 2007-8 revealed that an INGO’s sources of revenue influences its financial performance. Effectively, Greenpeace USA depends mostly on individual donations while EDF depends to a greater extent on institutional grants and their patterns of funding were very different for the period studied here. The overview also revealed that key external events such as the organizational crisis at Greenpeace in 1997, corporate scandals, and the passage of the Sarbanes-Oxley Act appeared to affect the financial performance of the two INGOs. I examined two specific periods in more detail: 1997-1999, a time of corporate restructuration at both INGOs, and 2002-2004, the time immediately following the implementation of the Sarbanes-Oxley Act. The evidence largely appears to support my hypotheses. Effectively, Greenpeace USA’s adoption of corporate norms did not have a large impact on financial performance as most donors to Greenpeace are individuals who include personal and emotional factors in their decision of which INGOs to give to. On the other hand, at the time EDF adopted corporate norms, financial performance improved, especially in terms of institutional funding. This is consistent with my hypothesis that an INGO which depends more on institutional funding is likely to see its financial performance improve when it adopts corporate norms as institutional donors look more systematically for this type of accountability.

Finally, I assessed the limitations of using the approach I chose for this type of research and suggested ways in which future research can arrive at more significant results.
CHAPTER SIX:  
Conclusion and Contribution of Findings

In my thesis, I argued that since the late 1980s, a combination of factors has contributed to creating a shock in the environment of INGOs. In turn, this shock has led actors, both within and outside the INGO sector, to make new demands on INGOs, particularly regarding accountability and transparency. To answer these new demands, INGOs have turned to norms and best practices of accountability that were common in the corporate (for-profit) sector.

I hypothesized that INGOs on which external actors (e.g. institutional donors, corporate partners, or corporate executives on INGO board of directors) pushed corporate norms of accountability through diffusion were more likely to copy the norms directly. This copying would result in improved financial performance because the external actors pushing the norms onto INGOs would also be the actors providing resources to these INGOs. On the other hand, I hypothesized that INGOs which pulled in norms of accountability through learning from internal actors (e.g. staff, consultants, other INGOs, non-corporate members of INGO board of directors) were more likely to adapt the norms to their own context and culture. This adaptation would result in stable or slightly improved financial performance because the actors transferring the norms to INGOs would be different from the actors providing them with resources.

The two case studies examined were Greenpeace USA and Environmental Defense Fund (EDF). Because EDF partners with corporations and depends significantly on institutional donors for funding, I hypothesized that corporate norms of accountability would be transferred to it by external actors and thus that it would be more likely to copy the norms. Because Greenpeace usually takes an adversarial stance toward corporations
and depends mostly on individuals for funding, I hypothesized that corporate norms of accountability, if it adopted any, would be transferred to it by internal actors and thus that it would be more likely to adapt them.

Because of the exploratory nature of my thesis and its theory-building focus, I used it to show the plausibility of my arguments, rather than as an illustration of causation per se.

6.1 Summary of Findings

My empirical findings were in line with many of my original hypotheses. Effectively, interviewees acknowledged that a shock to the environment of INGOs has occurred recently. This shock was produced by many factors, including corporate scandals and the passage of the Sarbanes-Oxley Act as I had hypothesized, but also other factors such as Senate hearings on the charitable sector and a trend toward high-impact philanthropy. The shock increased demands for accountability and transparency of the NGO sector and led INGOs, some directly, some indirectly (through legal counsel for instance), to implement or amend their norms of accountability.

Still in accordance with my original hypotheses, norms of accountability were transferred to Greenpeace USA through internal actors while they were transferred to EDF mostly through external actors (although consultants and the Pew Charitable Trusts may have played a role). Two actors which had not originally been hypothesized as norm transmitters were demonstrated to have great potential: parent organizations (Greenpeace International) and legal staff. Greenpeace USA adapted the norms as was expected. Although EDF did not show evidence of copying, I found clear parallels between its accountability practices and those of corporations and private foundations. In terms of
financial performance, the adoption of corporate norms of accountability seemed to have a greater impact on the finances of EDF than on those of Greenpeace. This was consistent with my hypotheses since EDF depends on institutional funding to a greater extent than Greenpeace. As I expected, Greenpeace, which is funded mainly through individual donations, saw only small changes in its financial performance.

Yet, the evidence seems to suggest that some of my original hypotheses were somewhat mistaken. Contrary to my hypothesis that EDF would be more likely to adopt corporate norms of accountability and transparency and would be likely to do so more quickly than Greenpeace USA (if Greenpeace adopted corporate norms at all), based on the evidence presented here, EDF adopted few corporate norms. Greenpeace USA was more aggressive in its adoption of norms and more transparent about them, but it chose to create nonprofit norms of accountability and transparency, for instance through the INGO Accountability Charter, instead of adopting norms from the corporate sector. It did adopt some corporate practices in relation with these norms of accountability, but the substance of the norms came from a nonprofit perspective.

California, the state in which Greenpeace is registered, has among the most, if not the most, stringent legislative requirements for nonprofit organizations in the United States. This can explain, at least partly, why the INGO has been aggressive in adopting norms of accountability. But there is also another reason. According to one Greenpeace board member, the reason why the INGO chooses not only to follow the law on accountability and transparency but to go beyond legislative requirements is the controversial nature of its day-to-day activities (Interview with author, 20 Jul. 2009). Because Greenpeace campaigns are so flamboyant and contentious, the organization
wants other aspects of its work, such as managerial and administrative practices to be as up-to-date and excellent as possible so that the focus, particularly of the media and of courts, remains on the mission of the organization and not its internal workings (Interview with author, 20 Jul. 2009). Greenpeace USA is also very open to the public regarding its accountability practices. Information about Greenpeace USA’s accountability policies is readily available on the organization’s website. My inquiry for paper versions of older annual reports not available on the Greenpeace website was responded to rapidly and courteously even if I am not a member of Greenpeace and have not donated any money to the organization. Such a practice is compatible with nonprofit norms of accountability but not necessarily with corporate norms, since corporations would likely tend to ignore demands not from investors/shareholders or potential investors/shareholders.

At EDF, the situation is unclear. One interviewee mentioned that NGOs should follow the tenets of good business, which he described as “strong ethics, efficient processes and good controls” (Interview with author, 23 Apr. 2009). Based on that statement, it seems safe to conclude that the interviewee believes that EDF follows these tenets and therefore acts in accordance with corporate norms, or corporate best practices. Another interviewee from EDF questioned my use of the term “corporate norms” and qualified norms of accountability and transparency as “mainstream” both in the corporate and nonprofit sectors (Interview with author, 5 Aug. 2009). For the purposes of this research, the fact that the interviewee (Interview with author, 5 Aug. 2009) perceived these practices as “mainstream” and “really the norm now” suggests that they really have been adopted and internalized by EDF, since they are not even understood as corporate
anymore. Yet, that same interviewee was not aware whether EDF had a whistleblower policy and asked why an organization like EDF would even need one. If we add to that the fact that EDF does not provide accountability information on its website and that my multiple requests for information on that topic were not answered, the evidence seems to indicate that EDF uses the accountability jargon but might not necessarily apply all of its principles in reality.

Why is the evidence different from what I originally expected? Although the results from these two case studies are relatively close to my original hypotheses on certain aspects, other factors in the INGOs’ environment could explain some apparent contradictions and variations. Regarding Greenpeace’s unanticipated strong focus on accountability, as I highlighted above, the focus is not necessarily for the sake of accountability itself, but for other reasons such as the controversial nature of its activities. Greenpeace USA could be an anomaly among INGOs with little or no ties to business. Further research would be necessary to determine whether all “isolate” INGOs, using Hoffman’s (2009) terminology, conduct controversial activities and, if not, whether those which do not conduct such activities are as likely to adopt norms of accountability as those which do. Furthermore, even if Greenpeace appears to conform to corporate norms, the substance of the norms seems to be strongly associated with nonprofit accountability values of moral performance and transparency to the general public.

In the case of EDF, the lack of evidence concerning accountability within the organization could be attributable to the fact that EDF is a more closed organization. It is possible that EDF adopted corporate norms of accountability as I hypothesized but I just did not get far enough inside the INGO to get the information I needed. Or it is also
possible, as I have suggested before, that being transparent financially, but keeping internal standards and practices more "secret" is in fact a corporate norm of accountability. As an INGO dealing daily with corporations, EDF may have chosen to provide information to donors and corporate partners that it does not make available to the general public, like corporations which provide certain information to investors that they do not publicize widely.

It is also possible that what appears to be the case at first glance might not be. For instance, although Greenpeace USA appears to have adopted some corporate norms of accountability such as providing flow charts and following financial accounting standards, these elements that are not crucial to the organization might be window-dressing to a certain extent as they can be used symbolically, as an artifice. Greenpeace might be providing them because that is what it is expected to do, but it might not really use them within the organization. Yet, other nonprofit norms of accountability appear to be deeply enshrined at Greenpeace USA as the organization includes them in its core values, observes them by providing the public with various documents and information, and expresses concern that it always has to do so because of the controversial nature of its activities. Thus, the crucial core accountability norms at Greenpeace USA appear to come from Greenpeace itself and from the nonprofit sector more generally and to be adapted while less crucial norms appear to come from the corporate sector and tend to be copied.

Similarly, it could be the case that I cannot find corporate norms of accountability at EDF because they have become so well absorbed and internalized in the organization that they have become invisible. Because the individuals who work at EDF do not even realize that the norms are there anymore, they cannot talk to me about them, I cannot
grasp the norms and thus I arrive to the conclusion that they are not there. For instance, I highlighted previously that one interviewee had questioned my use of the term “corporate norms” and argued that the norms I was referring to were really mainstream across sectors. Another interviewee might not have asked me for clarification and might have just assumed that the norms I was referring to and the norms that person saw within EDF were simply different norms. If we go even further than that, it is possible that certain norms would be so entrenched in EDF culture and so deeply internalized that people would no longer see them as norms. The people might no longer understand them as something that can be disputed or changed. They could see them as something that is intrinsic to EDF itself. In such a case, they would probably no longer notice them at all, making it extremely difficult for them to discuss them. Or if they did notice them, they would not qualify them as “corporate” norms, but as EDF norms, leading me to conclude falsely that EDF has not adopted corporate norms.

6.2 Contribution of Findings

The fact that board interlock was unveiled as a mechanism for the transmission of norms between corporations and INGOs as well as among INGOs is significant theoretically for the discipline of IR because it has the potential to explain norm transmission between international actors such as INGOs, multinational corporations (MNCs), intergovernmental organizations (IGOs) and states. As was illustrated above, the board of directors provides a clear and direct channel through which norms can be transmitted across sectors. Board interlock has been studied extensively in management, but yet has to be in international relations. In addition, studying board interlock can
become a useful tool in studying organizational learning and the distinction between adaptation and copying.

This thesis has also contributed to the IR literature by providing a different perspective on INGOs. Focusing on INGOs as norm-takers as opposed to norm-makers allows to examine them as organizations, not just as principled actors. By adopting such a perspective, it will be possible to uncover behavioural and learning patterns within INGOs that have not been studied extensively in political science so far. And uncovering these internal patterns and mechanisms can potentially help us understand the external behaviour of INGOs and address questions such as why INGOs chose certain issues over others, how do they determine who or what to target, and what makes certain INGOs more successful than others. These questions are all currently the object of research in the discipline, but I would argue that studying INGOs from a different perspective might be helpful in answering them more fully.

Another contribution of my findings to the literature has been to re-emphasize the importance of examining the relationship between INGOs and corporations closely. As partnerships between the two types of organizations are becoming increasingly popular and more widely accepted and as corporations are now competing with INGOs in the provision of certain services, it is important to keep a critical mind. My thesis has shown that INGOs becoming "more corporate" can lead to unintended consequences. Therefore, it is crucial to study the relationship between INGOs and corporations to determine what kinds of interactions and transfers between the two actors are desirable for society and what kinds are not. INGOs and corporations can help each other mutually, but it is also
important to know when they can be detrimental to one another and to the people they are trying to help.

From a more practical perspective, this thesis has shown that depending mainly on one type of funding, in this case institutional funding, can lead to pathologies that INGOs are not necessarily aware of. If depending of foundation grants means that one’s INGO will eventually start to adopt more corporate norms and may become less efficient in achieving its mission as a result, some INGOs may choose to diversify their sources of funding regardless of the additional work that it entails. They may also choose the path that Greenpeace seems to have chosen by implementing their own alternative norms, creating a movement toward more self-regulation of the sector. Institutional donors may also not have realized the effect of their requirements on grantees and may decide to focus more on long-term mission performance as opposed to financial indicators and short-term results.

6.3 Questions for Further Study

In this thesis, I worked with only two case studies. I chose purposely to focus on cases that would be very different, almost opposite. However, to strengthen my findings, it would be valuable to examine more INGOs, both similar and different from the two discussed here, to see if similar results would be observed. It would allow to determine if the sources of an INGO’s funding, i.e. from institutional donors or from individuals, is really a crucial factor in predicting the effect of adopting corporate norms or if other factors that I did not consider here are more important. Focusing on different time periods or different states is also likely to produce interesting results in assessing the generalizability of my findings.
Future research work could also examine the *adapt vs. copy* dichotomy more in depth. Although I argued in this thesis that adaptation was more likely to lead to organizational learning than copying, which is why INGOs that adapt should be more successful at achieving their mission than their counterparts in the long run if they can survive financially, time and space constraints resulted in my devoting less attention to this process of organizational learning than I would have liked. Learning is a difficult process to examine and significantly more in-depth interviews and archival work would have to be conducted to explain the implications of adapting and copying and to determine if my initial hypothesis that adaptation is more likely to lead to learning was correct. It would also be useful to find out if adapting and copying produce the same types of learning.

6.4 INGOs, Corporate Norms, and Mission

As I mentioned in the introduction, this thesis will become the first step in a larger project examining the relationship between INGOs’ adoption of corporate norms, their financial performance, and their mission performance. The argument here is that organizational survival and mission success can become competing incentives and that focusing on one becomes detrimental to the other. If an INGO deploys a lot of time, energy, and resources merely to survive as an organization, i.e. to succeed financially, it is less likely to achieve its mission. The means to the end, the money, becomes an end in itself and the abstract purpose of the organization is lost. If this argument is correct, it would mean that the organizations which perform better financially (for example by implementing corporate norms) and thus survive longer would be the least likely to achieve their original mission.
Evidence presented in this thesis suggests that, at least in the case of INGOs more dependent on institutional funding, adopting corporate norms of accountability might result in obtaining more resources. But does adopting any type of corporate norms make a difference financially? If not, we have to determine what types of corporate norms institutional donors value. Then, we have to assess whether adopting these particular corporate norms can have a negative impact on the achievement of an INGO’s mission. Based on the results from my thesis, it seems plausible that adopting certain corporate norms of accountability could affect an INGO’s mission performance. For instance, an INGO which considers itself to be accountable only financially to donors and not morally to all stakeholders, not just donors, might propose projects that are very efficient from a financial perspective but that only work for a limited time period (just long enough to share the result and get more funding) or go against the beneficiaries’ culture or desires. Other types of corporate norms may lead to similar unintended consequences.

Some corporate norms may also be in direct contradiction with nonprofit values. For instance, some might argue that paying the CEO of an INGO a six-digit salary, like Frederic Krupp at EDF, does in fact affect the potential of the INGO to achieve its mission because fewer resources can be devoted to its purpose. These arguments will have to be explored further in future research. This thesis has served to demonstrate that an INGO’s adoption of corporate norms can affect its financial performance positively and that it is plausible that it could affect its mission negatively.
REFERENCES


Greenpeace National and Regional Offices

Licensed to use the name "Greenpeace" by Stichting Greenpeace Council, National and Regional offices contribute financially to Greenpeace International, campaign locally, participate in international campaigns, and help shape the international campaign programme.

Greenpeace Africa
Greenpeace Argentina
Greenpeace Australia-Pacific
Greenpeace Belgium
Greenpeace Brazil
Greenpeace Canada
Greenpeace Central and Eastern Europe
Greenpeace Chile
Greenpeace China
Greenpeace Czech Republic
Greenpeace France
Greenpeace Germany
Greenpeace Greece
Greenpeace India
Greenpeace Italy
Greenpeace Japan
Greenpeace Luxembourg
Greenpeace Mediterranean
Greenpeace Mexico
Greenpeace Netherlands
Greenpeace New Zealand
Greenpeace Nordic
Greenpeace Russia
Greenpeace Southeast Asia
Greenpeace Spain
Greenpeace Switzerland
Greenpeace United Kingdom
Greenpeace USA

Source: Greenpeace International website, “How Is Greenpeace Structured?,”
APPENDIX 2

Greenpeace USA - 2009 Boards of Directors

Greenpeace, Inc.
Donald Ross, Chair* (2008-2009)
Valerie Denney (2007-2010)
Elizabeth Gilchrist (2008-2011)
Jeffrey Hollender (2006-2009)
David Hunter (2008-2011)
David Naguib Pellow (2006-2009)
Bryony Schwan (2006-2009)
Jigar Shah (2007-2010)
Sharyle Patton (2008-2011)

Greenpeace Fund, Inc.
David Chatfield, Chair (2007-2010)
Peggy Burks (2007-2010)
Karen Topakian (2008-2011)
John Willis (2008-2011)
Elizabeth Gilchrist (2008-2011)

* The Chair is appointed by the board and serves a one-year term. All other Directors are elected by Voting Members and serve three-year terms.

Source: Greenpeace USA website, “2009 Board of Directors,”
Environmental Defense Fund - Our Regional Offices

Our dedicated staff of more than 300 are strategically located in offices around the country that address regional, national and international issues.

New York, NY

National Headquarters
257 Park Avenue South
New York, NY 10010
Telephone: (212) 505-2100
Fax: (212) 505-2375

The New York region has been central to Environmental Defense and its mission for over 30 years. The Manhattan office houses our top management and is the hub of our Living Cities program.

Washington, DC

1875 Connecticut Ave., NW
Washington, DC 20009
Telephone: (202) 387-3500
Fax: (202) 234-6049

North Carolina

4000 Westchase Blvd.
Suite 510
Raleigh, NC 27607
Telephone: (919) 881-2601
Fax: (919) 881-2607

The North Carolina staff works on environmental problems affecting the state and the Southeast region. Projects include protecting and restoring marine, coastal and mountain ecosystems; promoting sustainable forest management; and stopping the unbridled growth of factory hog farms.

Massachusetts

18 Tremont Street
Suite 850
Boston, MA 02108
Telephone: (617) 723-2996
Fax: (617) 723-2999

Our Boston office — home to our Corporate Partnerships program — tackles issues as diverse as waste reduction and recycling, cleaner vehicles, fisheries protection, nutrient run-off and global climate change.

**Bentonville, AR [Project Office]**

1116 South Walton Boulevard
Suite 120
Bentonville, AR 72712
Telephone: (479) 845-3816
Fax: (479) 845-3815

**Sarasota, FL**

1990 Main Street, Suite 750
Sarasota, FL 34236
Fax: (941) 309-5201

**California**

**Sacramento**
1107 9th Street, Suite 540
Sacramento, CA 95814
Telephone: (916) 492-7070
Fax: (916) 441-3142

**San Francisco**
123 Mission Street, 28th Floor
San Francisco, CA 94105
Telephone: (415) 293-6050
Fax: (415) 293-6051

Founded in 1971, our California offices work to sustain Pacific fisheries, clear the air, fight global warming and manage water supplies for both people and the environment.

**Colorado**

2334 North Broadway
Boulder, CO 80304
Telephone: (303) 440-4901
Fax: (303) 440-8052
Our Rocky Mountain office has been a constant and powerful presence in the West for over two decades. We have been a leader in efforts to clean the air, protect public health and safeguard our cherished rivers and lands.

**Texas**

44 East Avenue  
Suite 304  
Austin, TX 78701  
Telephone: (512) 478-5161  
Fax: (512) 478-8140

Founded in 1990, the Texas office works for cleaner air, combats global warming, helps rare wildlife recover in Central Texas and restores healthy fisheries in the Gulf of Mexico.

**Beijing, China [Project Office]**

East C-501, No. 28 East Andingmen Street  
Beijing, 100007 China  
Telephone: +86 10 6409 7088

Source: Environmental Defense Fund website, “Regional Offices,”  
Environmental Defense Fund - Board of Trustees

Carl Ferenbach
Chair
Managing Director, Berkshire Partners LLC

Arthur P. Cooley*
Secretary
Expedition leader and naturalist, Lindblad Expeditions

G. Leonard Baker, Jr.
Managing Director, Sutter Hill Ventures

Rod A. Beckstrom
Catalyst, The Rod Beckstrom Group

James W. B. Benkard
Senior Counsel, Davis Polk & Wardwell

Sally G. Bingham, M.Div.
President, The Regeneration Project

Shelby W. Bonnie
Co-founder, CNET Networks

William K. Bowes, Jr.
U. S. Venture Partners

Lewis B. Cullman
Chairman Emeritus, Chess-in-the-Schools

Ann Doerr
Philanthropist

Stanley Druckenmiller
Chairman and CEO, Duquesne Capital Management

Roger Enrico
Chairman, DreamWorks Animation, SKG; former Chairman and CEO, PepsiCo, Inc.

Kirsten Feldman
Former Managing Director, Morgan Stanley

Jeanne Donovan Fisher
True Love Productions

Lynn R. Goldman, M.D., M.P.H.
Pediatrician; Professor, Johns Hopkins University Bloomberg School of Public Health

R. Jeremy Grantham
Chairman, Grantham Foundation for the Protection of the Environment; Chairman, GMO

Charles J. Hamilton, Jr.
Partner, Paul, Hastings, Janofsky & Walker LLP

The Honorable Thomas H. Kean
Chairman, Robert Wood Johnson Foundation

Arthur Kern
Investor
Sarah Liao Sau-tung, Ph.D.
Former Secretary for the Environment, Transport and Works, Hong Kong SAR Government

Frank Loy
Former Under Secretary of State for Global Affairs

Susan Mandel
Community Advocate

N. J. Nicholas, Jr.
Investor

David O'Connor
Managing Partner, Creative Artists Agency

Signe Ostby
Advisor, Center for Brand and Product Management, University of Wisconsin at Madison; Director, The Intuit Scholarship Foundation

Stephen W. Pacala, Ph.D.
Petrie Professor of Ecology and Evolutionary Biology; Director of the Princeton Environmental Institute, Princeton University

Robert M. Perkowitz
Managing Partner, VivaTerra LLC; President, ecoAmerica

Julian H. Robertson, Jr.
Founder and Chairman, Tiger Management, LLC

E. John Rosenwald, Jr.
Vice Chair Emeritus, JPMorgan

David J. Roux
Co-Chief Executive, Silver Lake

Peggy M. Shepard
Co-Founder and Executive Director, WE ACT for Environmental Justice

Douglas W. Shorenstein
Chair and CEO, Shorenstein Properties, LLC

Sam R. Walton
President, Restoration Works LLC

Paul Junger Witt
Partner, Witt Thomas Productions

Joanne Woodward
Artistic Director, Westport Country Playhouse

Charles F. Wurster, Ph.D.*
Professor Emeritus of Environmental Sciences, Marine Sciences Research Center, State University of New York at Stony Brook

Honorary Trustees

Roland C. Clement
George G. Montgomery, Jr
George M. Woodwell, Ph.D.*

Gene E. Likens, Ph.D.
John H. T. Wilson

* Founding Trustees
Advisory Trustees

Nancy Alderman
Wendy Benchley
Tom Castro
Mimi Cecil
Norman L. Christensen, Jr. Ph.D.
John Curry
Jane Geniesse
Pricey Taylor Harrison
Freeborn G. Jewett, Jr.
Gretchen Long
Harold A. Mooney, Ph.D.
Robert W. Musser
Lewis S. Ranieri
Farwell Smith
W. Richard West, Jr.
Joy B. Zedler, Ph.D.

Karen M. Barnes
W. Michael Brown
Jessica Catto
David Challinor, Ph.D.
David G. Crane
Christopher J. Elliman
Robert E. Grady
Norbert S. Hill, Jr.
Lewis B. Kaden
Susan Manilow
Bunny Murray
William A. Newsom
Adele Simmons
Richard B. Stewart
Blaikie Worth

National Council

Frank Loy, Chair
Robert L. Bachner
Sally Lyons Brown
Gilbert Butler
Douglas Campbell, Jr.
Susan J. Dawson
D. Wilson Ervin
Howell Ferguson
Irvine D. Flinn
Tim Gomes
Al Jubitz
Sidney R. Knafel
George A. Miller
George D. Phipps
Samuel Reeves
Roger W. Sant
Barbra Streisand

Wendy Abrams
Jim Bildner
Michael Browne
Brook H. Byers
Ann Colley
Susan Ford Dorsey
Jay Faison
Jesse M. Fink
Gordon T. Geballe
Alison Holtzschue
Barbara Kingsolver
Roger Liddell
Gilman Ordway
Christopher A. Pilaro
John Sall
Lynn Stern
Environmental Defense Action Fund - Board of Trustees

Brian Conboy  
Co-chair  
Partner, Willkie Farr & Gallagher  
Jeffrey P. Williams  
Co-chair  
President, Jeffrey Williams and Co.  
Lewis B. Cullman  
Honorary Co-chair  
Chairman Emeritus, Chess-in-the-Schools  
Lewis S. Ranieri  
Honorary Co-chair  
Chairman and Chief Executive Officer, Ranieri & Co., Inc.  
Wendy Abrams  
Principal, Medline Industries, Inc.  
James W. B. Benkard  
Senior Counsel, Davis Polk & Wardwell  
Thomas F. Darden  
CEO, Cherokee Investment Partners  
Stanley Druckenmiller  
Chairman and CEO, Duquesne Capital Management  
Kirsten J. Feldman  
Advisory Director, Morgan Stanley  
Jesse Fink  
Managing Director, MissionPoint Capital Partners  
Jeanne Donovan Fisher  
True Love Productions  
Robert E. Grady  
Managing Director, The Carlyle Group  
Charles J. Hamilton, Jr.  
Partner, Paul, Hastings, Janofsky & Walker LLP  
Frank Loy  
Former Under Secretary of State for Global Affairs  
N. J. Nicholas, Jr.  
Investor  
H. C. Niehoff  
Of Counsel, Peck, Shaffer & Williams LLC  
Douglas W. Shorenstein  
Chair and CEO, Shorenstein Properties, LLC  
Adele Smith Simmons  
Vice Chair, Chicago Metropolis 2020; President, Global Philanthropy Partnership  
John H. T. Wilson  
Advisory Director, Morgan Stanley  
Paul Junger Witt
Partner, Witt Thomas Productions
Joanne Witty
Director, Brooklyn Bridge Park Development Corporation

Sources:
Board of Trustees - Environmental Defense Fund website, “Board of Trustees,”
Advisory Trustees - Environmental Defense Fund website, “Advisory Trustees,”
Action Fund Board of Trustees - Environmental Defense Fund website, 2008 Annual Report,
Greenpeace, Inc. - Sources of Support and Revenue (in constant 2008 dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and Donations</td>
<td>28,937,832</td>
<td>23,113,824</td>
<td>17,288,522</td>
<td>13,109,860</td>
<td>12,232,695</td>
<td>n/a</td>
</tr>
<tr>
<td>Grants from Greenpeace Fund, Inc.</td>
<td>3,215,713</td>
<td>5,459,180</td>
<td>7,422,184</td>
<td>5,019,334</td>
<td>5,521,006</td>
<td>n/a</td>
</tr>
<tr>
<td>Grants from Greenpeace International</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>(Stichting Greenpeace Council)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licensing, Royalties and Merchandise Sales</td>
<td>635,795</td>
<td>721,013</td>
<td>522,533</td>
<td>286,591</td>
<td>345,749</td>
<td>n/a</td>
</tr>
<tr>
<td>Investment Return</td>
<td>27,382</td>
<td>33,595</td>
<td>32,404</td>
<td>34,310</td>
<td>82,217</td>
<td>n/a</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Other</td>
<td>316,620</td>
<td>69,096</td>
<td>-17,216</td>
<td>7,698</td>
<td>183,428</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,133,042</strong></td>
<td><strong>29,396,707</strong></td>
<td><strong>25,248,427</strong></td>
<td><strong>18,468,193</strong></td>
<td><strong>18,365,694</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars</strong></td>
<td><strong>%</strong></td>
<td><strong>Dollars</strong></td>
<td><strong>%</strong></td>
<td><strong>Dollars</strong></td>
<td><strong>%</strong></td>
<td><strong>Dollars</strong></td>
</tr>
<tr>
<td>17,160,193</td>
<td>73</td>
<td>20,521,111</td>
<td>79</td>
<td>16,985,409</td>
<td>80</td>
<td>15,100,219</td>
</tr>
<tr>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>661,453</td>
</tr>
<tr>
<td>107,314</td>
<td>0</td>
<td>94,699</td>
<td>0</td>
<td>78,020</td>
<td>0</td>
<td>74,084</td>
</tr>
<tr>
<td>17,020</td>
<td>0</td>
<td>3,143</td>
<td>0</td>
<td>6,550</td>
<td>0</td>
<td>8,512</td>
</tr>
<tr>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>304,076</td>
<td>1</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>23,422,596</strong></td>
<td><strong>100</strong></td>
<td><strong>26,079,165</strong></td>
<td><strong>100</strong></td>
<td><strong>21,279,505</strong></td>
<td><strong>100</strong></td>
<td><strong>18,142,006</strong></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
<td>---------------</td>
<td>---------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Contributions and Donations</td>
<td>10,131,514</td>
<td>10,501,568</td>
<td>11,305,640</td>
<td>10,154,475</td>
<td>10,741,359</td>
<td>93</td>
</tr>
<tr>
<td>Investment Return [and interest on Note]</td>
<td>1,652,260</td>
<td>988,386</td>
<td>878,611</td>
<td>667,141</td>
<td>373,013</td>
<td>3</td>
</tr>
<tr>
<td>Receivable</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Grants</td>
<td>551,290</td>
<td>641,879</td>
<td>547,257</td>
<td>865,127</td>
<td>375,081</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>12,335,063</td>
<td>12,131,833</td>
<td>12,731,508</td>
<td>11,686,743</td>
<td>11,489,453</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars</td>
<td>%</td>
<td>Dollars</td>
<td>%</td>
<td>Dollars</td>
<td>%</td>
<td>Dollars</td>
</tr>
<tr>
<td>10,371,480</td>
<td>80</td>
<td>8,368,954</td>
<td>80</td>
<td>9,085,321</td>
<td>88</td>
<td>7,267,012</td>
</tr>
<tr>
<td>143,983</td>
<td>1</td>
<td>603,448</td>
<td>6</td>
<td>191,698</td>
<td>2</td>
<td>338,158</td>
</tr>
<tr>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2,441,783</td>
<td>19</td>
<td>1,461,068</td>
<td>14</td>
<td>1,100,113</td>
<td>11</td>
<td>439,317</td>
</tr>
<tr>
<td>12,957,246</td>
<td>100</td>
<td>10,433,471</td>
<td>100</td>
<td>10,377,132</td>
<td>100</td>
<td>8,044,487</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>--------------</td>
<td>--------</td>
<td>--------------</td>
<td>--------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>Total Environment 126.828,000.00</td>
<td>47.6%</td>
<td>2005.55</td>
<td>46.958,000.00</td>
<td>46.3%</td>
<td>46.957,000.00</td>
<td>45.8%</td>
</tr>
<tr>
<td>Membership and Contributions</td>
<td>16,654,812</td>
<td>64.1%</td>
<td>16,100,400</td>
<td>63.2%</td>
<td>15,364,680</td>
<td>55.6%</td>
</tr>
<tr>
<td>Major Gifts</td>
<td>28,960,000</td>
<td>61.7%</td>
<td>28,960,000</td>
<td>61.7%</td>
<td>28,960,000</td>
<td>61.7%</td>
</tr>
<tr>
<td>Contingent Grants</td>
<td>1,076,144</td>
<td>4.4%</td>
<td>1,076,144</td>
<td>4.4%</td>
<td>1,076,144</td>
<td>4.4%</td>
</tr>
<tr>
<td>Miscellaneous and Investment Income</td>
<td>2,950,000.00</td>
<td>45.8%</td>
<td>2,950,000.00</td>
<td>45.8%</td>
<td>2,950,000.00</td>
<td>45.8%</td>
</tr>
<tr>
<td>Total</td>
<td>51,967,790</td>
<td>64.1%</td>
<td>51,967,790</td>
<td>64.1%</td>
<td>51,967,790</td>
<td>64.1%</td>
</tr>
</tbody>
</table>