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Non-Governmental Organisations(NGOs): Issues of Terminology and Definitions

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Abstract

There is a phenomenal growth over the last two decades in the numbers and scope of Non-Governmental Organisations (NGOs) across the world. Although there is great recognition on the role of NGOs in society, there is no agreement on what the term NGO entails and how NGOs can be defined and understood. A number of issues are associated with this disagreement such as terminological issues and different approaches to definitions. The terminological issues refer to the wide range of terms used to identify this set of organisations such as an non-profit, not for profit, civil society, third sector organisations and so on. The various definitional approaches include legal, functional, economical and structural definitions. This conceptual paper argues that an analysis of the debates on sectoral differences, terminological issues and definitional aspects surrounding the concept of NGO can provide an understanding of the concept. This paper concludes that NGOs are institutional entities, different from government and commercial organisations, based on six essential attributes: formal nature, non-governmental, non-profit, self-governing, voluntarism and accountability.

Keywords

NGOs, voluntary organisations, third sector

Introduction

The last three decades have seen a significant growth around the globe in the numbers and scope of a set of organisations which are different from government and commercial organisations. Identified as a different sector from the government and commercial sectors they are known as the non-profitorganisations (NPOs), non-governmental organisations(NGO), not for profit organisations (NFPOs), voluntary organisations (VOs), civil society organisations (CSOs), the third sector, and the social economy and the charitablesector (Salamon et al., 2003).The existence of these organisations is by no means a new phenomenon. They have a long history, characterised by religious ideologies, social movements, and the global crisis of the state and they have become increasingly visible since the Second World War(Salamon et al., 1999). These sets of institutions are involved in a wide array of activities ranging from education to social services(Lewis, 2007). Commonly known as non-governmental organisations (herein after referred as NGOs) in the global south, they now have an increasing profile in society irrespective of their function, such as, service providers or promoters of values or public concerns(Lewis, 2007; Salamon et al., 2003). Many researchers (Anheier, 2005; Lewis, 2007; Rahman, 2003; Salamon et al., 2003) have identified several reasons for this development such as increased knowledge in information technology, a high level of literacy among the population, increased interest in human rights, and environmental and gender consciousness. Salamon et al. (2003: 1) identified a "global associational revolution"

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inwhich NGOs have become a crucial actor in public policy formulation along with the market and the state. Stansfield (2001) argued that NGOs are a growing feature of the social service sector along with governmental social service organisations, and society is increasingly dependent on them for delivery of various services.

The failure of the state and the market to represent the large variety of human needs has resulted in fears about a decline, or general insufficiency, and has triggered an interest in NGOs as a way to find a solution for this failure(Salamon et al., 2003).Anheier (2005) argued that the NGO sector receives high recognition as a major social and economic force at the local, national and international level and is an emerging midway sector between markets and the state. Although there is a global recognition that NGOs are important actors in development along with the government and other sector organisations, there is still no agreement on what is meant by the term NGO and how they can be defined and understood (Anheier, 2005; Kenny, 2013; Lewis, 2007; Rahman, 2003). This paper attempts to provide an answer to this paradox by looking at the debates on sectoral differentiation, terminology issues and definitional aspects.

Sectoral Differentiation: The Three Sectors of the Society

Debates over the classification of societal structures persist in academic, social and governmental circles. Organisational theorists have developed approaches based on specific criteria, hence generating different classifications (Brown and Korten, 1989; Lyons, 2001; Nerfin, 1986;Westrum and Samaha, 1984). An earlier analysis of complex organisations by Westrum and Samaha (1984) employed the principles related to the nature of membership and notion of profit to differentiate various organisational forms. They argued that organisations constituted by full time members are different from organisations having part time members and organisations whose central concern is profit are different from organisations with a non-profit motive. Based on these two assumptions, Westrum and Samaha (1984) classified organisations into three main types such as the bureaucracy, enterprises and voluntary organisations. According to them, bureaucracy is a full time non-profit organisation formed to carry out a specific mission such as running the affairs of the state, providing full time employment to various incumbents, and functions according to the laws laid out by the state. The funds that support a state bureaucracy are collected from the public in the form of taxes and fees. The second type of enterprise is a full time organisation set up to earn profit by producing goods or services or by making profitable investments in other organisations. The primary beneficiaries of these organisations are the owners of the organisation and the organisational structure is geared towards maximising operational efficiency in a competitive environment. The last type is voluntary organisations are those that are part time service oriented organisations with a non-profit motive. Westrm and Samaha (1984) argued that in an ideal voluntary organisation the members are supposed to make unpaid contributions in terms of labour, time, professional expertise and vision to the organisation.. This early analysis provides the basic framework in classifying organisational types.

Marc Nerfin used the metaphors of the Prince, the Merchant and the Citizen to differentiate the three sectors of the society (Nerfin, 1986). The prince represents the first sector—the government. By using command as the resource mobilisation mechanism, the government allocates national resources to address the needs of the country and sets rules that control the behaviour of the people. The merchant represents the business organisations. Being the second sector, the businesses produce goods and services to meet the resource needs and make a profit. The citizen represents the third sector which mobilizes resources through voluntary action. Similarly, Brown and Korten (1989) differentiated the various institutional structures in the society as government, commercial and voluntary sectors as they have distinctive characteristics based on conceptual meanings. They mainly defined and differentiated the three sectors based on the coordination mechanism available to organisations to mobilise the resources on which their function depends. Brown and Korten (1989) argued that government organisations mobilise their resources through authority and coercion such as the power to tax for their primary concern of preserving social order and social

control. Commercial organisations use the mechanism of negotiated exchange for their primary concern of producing goods and services. In contrast, voluntary organisations use the mechanisms of shared values and expectations to actualise social vision. Brown and Korten (1989: 5) concluded that "voluntary organisations represent a distinct class of organisations that depend on energy and resources given freely by their members and supporters, because they believe in organisational missions, not because of political imperatives or economic incentives."

Several authors have attempted to differentiate the various organisational forms that exist in the society in line with the classifications developed by Westrum and Samaha (1984), Nerfin (1986) and Brown and Korten (1989). Lyons (2001) differentiated them as the government sector, business sector and third sector. The government sector is represented by government departments, schools and hospitals owned by governments, the police, armed forces and judiciary. The business sector consists of large corporations and small businesses that are operating to generate profit. The third sector is made up of all non-profit and non-governmental organisations that are sustained by the activities of giving and volunteering (Lyons, 2001). For the sake of convenience in explaining the regulation of the social order, society can be confined to three sectors that are, the state, the market and the voluntary sectors (Rahman, 2003). More recently, Chenoweth and Mcauliffe (2012) classified the organisations as government or public agency, third sector organisations and private for profit organisations based on their auspice or authority base. According to them, "an organisation's auspice refers to how it is mandated and often underpins the kind of funding it attracts" (Chenoweth and Mcauliffe, 2012: 208). According to their classification, government organisations are authorised, established and operated through statute or law. The private organisations for profit are legal entities authorised through legal charter or a partnership agreement or articles of association. The third sector organisations are under the authority of an incorporated body with legal jurisdiction in the country where they operate. These discussions provide a useful classification of organisations based on their structure, purpose and operating mechanism. These arguments are summarised in Table 1.

Table 1: Differences between Sectors of Society

Classification& Metaphors	*Sector*	*Nature*	*Purpose*	*Resource mobilisation*	*Auspice/ Authority*	*Examples*
First (Prince)	Government (Public)	Public benefit	Maintain social order	Authority &Command	Statute or law	Police
Second (Merchant)	Business (Private)	For Profit	Produce goods and services	Trade and exchange	Legal charter, partnership or articles of association	Corporations
Third (Citizen)	Voluntary	Not for profit	Actualises social vision	Shared values and consultation	Incorporation	Faith based organisations

In contrast to the perspectives discussed above regarding the three sectors of society, Uphoff (1995) argued that characterisation of society as three sectors and voluntary organisations as the third sector is misleading. He argued that in reality the so called third sector is located somewhere between the public and the private sectors and they belong to people's associations and membership organisations rather than to voluntary organisations. To Uphoff (1995), the voluntary sector is a sub sector of the private sector and although they are service organisations undertaking voluntary collective action and self-help, they operate much like private businesses. He thus considered them as a sub sector of the private sector and used the synonym private voluntary organisations. While this view has some acceptability among management academics, it has very limited acceptability among people working with the NGOs (Rahman, 2003).

Few argued that (Alessandrini, 2010 as cited inKenny, 2013) there is a fourth sector consisting of informal or household sector, but the term is yet to gain acceptance as the fourth sector is also often

used to describe hybrid social entrepreneurial sector that combines aspects of the market and community sectors.

It is evident from the above discussion that NGOs are unique organisations in our societies with their purpose, nature, resource mobilisation methods and auspice. While they often work in close association with government and business organisations to meet their purposes, they are different from these organisations due to their purpose of being a social carer for individuals, families and communities. While there is a clear agreement on the nature of these organisations and how they are different from government and commercial organisations, there is an ongoing debate about the terminologies used to identify these organisations. Confusion exists among researchers, academicians and practitioners about the terminology used to refer to these third sector organisations. The following section looks at these debates.

Terminological Issues

The existence of NGOs in modern societies is a unique phenomenon. The structural location of NGOs against the state and market and its advantageous positioning in the pluralistic welfare system in provision of goods and services has evoked considerable academic interest in recent times particularly in the last two decades.

Rahman (2003) argued that the term voluntary organisations are an umbrella term that covers all organisations that work for the welfare and development of general and specific segments of society. The term 'voluntary' refers to the "actions taken by the free will of the actor" (Rahman, 2003: 5). There are many synonyms used for the term voluntary organisations such as not for profit organisations (NFPOs), nonprofit (NGOs), non-governmental organisations (NGOs), third sector, community organisations, civil society organisations, government organised NGOs(GONGOs) and so on. In fact Rahman (2003) identified around 40 terms that are used to refer to voluntary organisations. Najam(1996 as cited inLewis, 2001) has drawn up a list of forty-eight different acronyms used for different kinds of third sector organisations by practitioners and researchers all over the globe. Kenny (2013) discussed similar terminological issues of using various terms interchangeably with the term third sector. Kenny (2013: 176) identified four major terms in international lexicon such as "voluntary association; nonprofit or not-for profit organisations; non-government or nongovernmental organisations and civil society organisations." Kenny (2013) has argued that while these terms refer to the same phenomenon, there are subtle differences and emphases in their meanings.

Many prominent third sector researchers (Anheier, 2005; Corry, 2011; Kenny, 2013; Lewis, 2001) discuss the terminological issues of various labels and terms in the so called third sector. There is no consistency in the use of these terminologies and this brings challenges to developing theoretical approaches. For instance, Lewis (2007) argued that labelling has important resource and policy implications and terminological issues are hence not merely a semantic problem. Kenny (2013) agreed that there is a need for conceptual clarity to determine what is and is not included in the phenomenon if we undertake empirical research. Lewis and Kanji (2009) proposed that each of the terms commonly used to describe voluntary organisations depict only one aspect of the social reality of the third sector as an alternative to government and business sector. While demonstrating one aspect, each term normally overlooks other aspects. This is evident from the following discussion.

Lewis (2007) observed that third sector organisations are called non-governmental organisations in one country, but are called non-profit or not for profit or voluntary organisations in other countries for no apparent reason. However, he argued that they are culturally generated in specific social, economic and political contexts. In making sense of the different terms, Lewis and Kanji (2009) argued that each term is set within different traditions, narratives and locations. The term voluntary associations has strong currency in the United Kingdom in the context of a longstanding and significant tradition of volunteering and also changes in welfare provision where they are positioned as agents of state welfare delivery (Kenny, 2013; Lewis, 2001, 2007). The terms nonprofit or not–for-profit are commonly used in the United States and are often described as

American approach to the third sector organisations (Kenny, 2013). This term highlights the nature of organisations as not generating and distributing profits and has gained currency in the United States where alternative forms of market organisations can receive fiscal benefits if they are noncommercial and nonprofit- making entities. The third term, NGO is applied to third sector organisations in developing countries or global south such as India. Lewis (2007) called them non-governmental development organisations (NGDOs) and referred to organisations involved in development works in South East Asian countries such as Bangladesh, India, and Nepal. Lewis and Kanji (2009) argued that they offer people centered bottom up approaches as an alternative to governments. In the western worldview, the terms voluntary association and nonprofit organisations are reserved for the third sector in the developed world and the term NGO is reserved for the developing world (Kenny, 2013). However, as observed byTennant et al. (2008), in reality there is no single term used, rather a number of terms used interchangeably such as non-profit (or non-profit or not-for-profit), voluntary, community, voluntary welfare, non-governmental, third sector (sometimes fourth), and independent sector. They also argued that some of the legally constituted NGOs did not necessarily identify themselves as part of the NGO sector, rather they may see themselves as part of the social, cultural, sporting or economic sectors. This essentially warrants an analysis of the nature of NGOs. An analysison the definitional aspects of NGOs and their features could clarify the meaning and nature of NGOs.

Definitional Aspects

The emergence of academic interest on third sector organisations over the last two decades contributed a wide variety of terms to explain the existence and growth of NGOs as discussed above (terminological issues) and that created problems in defining them (Lewis, 2001, 2010; Martens, 2002; Salamon and Anheier, 1992b; Salamon et al., 2003).

Many attempted to define NGOs in such a way that made sense to them. For instance, Martens (2002: 282) defined NGOs as "formal (professionalized) independent societal organizations whose primary aim is to promote common goals at the national or the international level."Vakil (1997:2060) defined NGOs as "self-governing, private, not –for- profit organisations that are geared to improving the quality of life for disadvantaged people." Interestingly, despite the efforts of research in this sector, there is no agreement at an international level or at an interdisciplinary level on a definition which can precisely analyse what constitutes a NGO (Lewis, 2001, 2010; Martens, 2002; Muukkonen, 2009). One reason cited for this disagreement is the diversity that exists within the sector and different societal contexts that make the generalisation problematic (Lewis, 2010). At one level, the terminological issues were blamed for this definitional problem as concepts are not value free and are contextualised in the cultural and disciplinary milieu (Muukkonen, 2009).Corry (2011) argued that at a disciplinary level, economic approach to NGOs emphasise the non-distribution of the profit generated and a sociological approach to NGOs focuses on the motivation of the participant driven by the values that exist in the particular society.

Authors classified definitional approaches differently. An earlier attempt of Salamon and Anheier (1992a) to define NGOs revealed that definitions were either legal (referring to the registration and status), economic (referring to the source of the resources) or functional (referring to the type of activities undertaken).Martens (2002) divided the definitional attempts into judicial and sociological approaches. Martens (2002) summarised that the judicial approaches focus on the legal status of NGOs in the national and international context and sociological approaches emphasise the structure and functions of NGOs. Lewis (2007) also shared a similar division such as a legal definition that focuses on a general view of NGOs and a developmental view that focuses on NGOs concerns with social and economic changes. Corry (2011) classified the definitions into American and European views that attempted to understand the NGO institutions with special features of the third sector organisations. Corry (2011: 11) argued that the American view sees NGOs as "a discrete sector characterized by certain qualities such as civility" whereas the European hybrid view sees them as "mixtures of other kinds of social organization such as private and public, or hierarchic and anarchic." The following discussion offers some examples of these various approaches to defining NGOs.

Legal Definitions

According to Anheier (2005), the most straight forward definitions of NGOs are legal definitions in any country. Legal definitions establish that NGOs are organisations that take a legal form such as a charity, society, trust or organisations that are exempted from taxes (Salamon et al., 2003). For instance, in New Zealand, the laws of incorporation establish the legal validity of NGOs. Tennant et al. (2006) identified five forms of incorporation in New Zealand such as an incorporated society, charitable society or trust, company, a friendly society or an industrial or provident society. The most common forms of NGO incorporation are Incorporated Society under the Incorporated Societies Act 1908 or Charitable society and trust under the Charitable Trusts Act 1957(Tennant et al, 2006).

Section 4 of the New Zealand Incorporated Societies Act 1908 states that:

1. Any society consisting of not less than 15 persons associated for any lawful purpose but not for pecuniary gain may, on application being made to the Registrar in accordance with this Act, become incorporated as a society under this Act. "Pecuniary gain" is not defined in the act, but interpreted as "any gain resulting from the society's activity that has a monetary value, and any profits made by the society may not be distributed to members" (Tennant et al., 2006: 18). However, section 5 of the act clarifies that pecuniary gain does not include division of property among members upon dissolution of the society or a member is paid a salary as an officer of the society (New Zealand Incorporated Societies Act, 1908).

The New Zealand Charitable Trust Act 1957, Part 4, Section 38 lists the following charitable purposes;

a) the supply of the physical wants of sick, aged, destitute, poor, or helpless persons, or of the expenses of funerals of poor persons;

b) the education (physical, mental, technical, or social) of the poor or indigent or their children;

c) the reformation of offenders, prostitutes, drunkards, or drug addicts;

d) the employment and care of discharged offenders;

e) the provision of religious instruction, either general or denominational;

f) the support of libraries, reading rooms, lectures, and classes for instruction;

g) the promotion of athletic sports and wholesome recreations and amusements;

h) contributions towards losses by fire and other inevitable accidents;

i) encouragement of skill, industry, and thrift;

j) rewards for acts of courage and self-sacrifice; and

k) the erection, laying out, maintenance, or repair of buildings and places for the furtherance of any of the purposes mentioned in this section.

The act also specifies that the above charitable purposes may not necessarily be for the benefit of the community. At the same time, not every trust or society with a publicly beneficial purpose will qualify as a charity (The New Zealand Charitable Trust Act, 1957).

Although the legal definitions establish the validity and what constitutes a NGO in a particular country in accordance with the laws prevailing in that country, they could be confusing when a number of laws exist for registration for organisations with the same purpose such as in New Zealand. They are also irrelevant in comparative contexts as different countries have different legal traditions (Anheier, 2005; Salamon et al., 2003).

Functional Definitions

The focus of functional definitions is based on the purpose of organisations and they are defined on the notion of charity, civil society or not-for-profit. They normally state that NGOs are organisations that promote public good, carry out activities that serve public interest such as poverty reduction, protection of children and aged and promotion of public health (Anheier, 2005; Salamon et al., 2003). As an example, the New Zealand Charities Act 2005, section 5 states that "charitable purpose includes every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community" (Charities Act, 2005, N.Z). The idea of public benefit is a core notion in functional definitions and offers a

clear view on the purposes. However, people may have different ideas about what constitutes a valid public purpose as distinct from the legal notions as stated in the Charities Act 2005. Salamon et al. (2003) argued that pursuit of public purpose by definition makes it impossible to disprove.

Economic Definitions

The economic definitions emphasise the source of funding resources and differentiate the NGO sector from other sectors by arguing that NGOs are organisations that do not receive their income from the market or through government support or taxation. They rather receive revenue from voluntary contributions of their members or from private philanthropy (Anheier, 2005; Salamon et al., 2003).For example, the 1993 economic definition of United Nations System of National Accounts (UnitedNations, 2003: 12) states that "non-government institutions are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit, or other financial gain for the units that establish, control or finance them. In practice their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units." This definition focused on the common feature that NGOs do not distribute their profits (UN, 2003) and they are defined as residual economic entities (Anheier, 2005). In a sense they are the left over organisations after corporations, government units and household units are identified in the system of national accounts. While economic definitions provide an understanding about the nature of NGOs as non-profit distributing economic units, they were criticised for their rigid focus on the financial behaviour of NGOs and for their lack of attention to other important aspects such as volunteerism and social mission (Anheier, 2005; Salamon et al., 2003). The structural operational definition of NGOs was suggested as an alternative to limitations of legal, functional and economic definitions.

The Structural-Operational Definition

This literature review on NGOs has revealed that the most frequently referred definition in the research on the NGO sector is the structural operational definition, initially conceptualised by Salamon and Anheier (1992b) as part of the seminal non profit sector comparative research project undertaken by the Centre for Civil Society Studies at John Hopkins University, Baltimore, USA. The structural operational definition emphasizes the basic structure, common features and operation of NGOs instead of the purpose or the revenue structure as focused in functional and economic definitions. According to the structural operational definition, NGOs are organisational entities with five basic features(Salamonet al., 1999: 3-4, 2003: 7-8):

- Organizations, i.e., they have an institutional presence and structure;
- Private, i.e., they are institutionally separate from the state;
- Not profit distributing, i.e., they do not return profits to their managers or to a set of "owners";
- Self-governing, i.e., they are fundamentally in control of their own affairs; and
- Voluntary, i.e., membership in them is not legally required and they attract some level of voluntary contribution of time or money.

Salamon et al. (2003) argued that the basic attributes of NGOs as identified in the structural operational definition make it different from other definitions. For instance, they argued that the term organisations includes both formal (registered) and informal (non registered) organisations and thus covers the NGOs not covered under legal definitions. The attribute of private essentially outlines that NGOs are structurally different from government even if they receive support from government. In this context, this definition is different from economic definitions as they exclude organisations from the NGO sector if they receive significant government support. The criterion of non-profit distributing implies that they can generate profit in the course of their operations, but they need to be utilised for achieving organisational objectives instead of distributing profit to the directors. This indicates the notion of public purpose as discussed in a functional definition, but without the trouble to specify the meaning of public purpose (Salamon et al., 2003).The international recognition for this definition can be seen in the United Nations' (2003) Handbook on

Non Profit Institutions in the System of National Accounts. It introduced a simplified version of the structural–operational definition that suggests NGOs are "a) organizations; that b) are not-for-profit and, by law or custom, do not distribute any surplus they may generate to those who own or control them; c) are institutionally separate from the government; d) are self-governing; and e) are non-compulsory" (UN, 2003: 17).The last criterion 'voluntary' in a structural operational definition is replaced with 'non-compulsory' in the UN definition and means that "membership and contributions of time and money are not required or enforced by law or otherwise made a condition of citizenship…organizations in which membership, participation or support is required or otherwise stipulated by law or determined by birth (e.g., tribes or clans) would be excluded from the non-profit" (UN, 2003: 20). Anheier (2005) concluded that this UN definition is a good compromise with the economic definitions.

The structural operational definition had been empirically tested and validated through an inductive approach in 35 countries through John Hopkins Comparative non-profit sector project and thus can be claimed as the most accepted working definition of NGOs. While this definition has a global acceptance for its "cross cultural rigour" (Lewis, 2007: 47) in measuring the observable features of NGOs, it is not free from criticisms. The issues raised by Kenny (2013) deserve special mention here due to the ambiguity around the suggested nature and attributes of NGOs by various definitions. Kenny (2013) argued that there are four issues with these features. Firstly, also shared by Lewis (2007), the feature of non-profit distributing excludes key players in social economy such as cooperatives and mutual aid societies in many countries as they generate profit. These organisations are voluntary, self-governing and involved in social development. Secondly, there is an issue with the notion of boundaries as state and market sectors overlap with third sector organisations especially when NGOs are involved in entrepreneurship activities and act as a service delivery contractor for government. The third issue is with the notion of NGOs having an institutional presence and structure as the NGO sector largely consists of loosely structured small scale organisations. Finally, the meaning of the term voluntary raises some questions as it is not clear whether the organisation, its activities or the participants are voluntary (Kenny, 2013).

Anheier (2005) argued that different definitions cater to different purposes and they are neither true nor false, however they should be judged by their usefulness in providing a better understanding of the reality. He also argued that the United Nations definition would gain acceptance over and above any other definitions for its international nature and comparative advantage while, legal definitions make their relevance at the national level, and serve as key elements in policy debates (Anheier, 2005).Despite these valid challenges, all these definitions offer helpful insights into the nature and various attributes of NGOs.

Conclusion

Drawing on the analytical framework of sectoral differentiation, terminological issues and definitional aspects, it can be summarised that NGOs are institutional entities with six essential attributes:

Formal nature: NGOs are formal organisations with a constitution or set of rules, formally registered under laws of incorporation including tax authorities. NGOs have their own structure agreed by all the members which governs the decision making process.

Non-governmental: NGOs are institutionally independent of governments and operate and function without the influence of the state. They may receive funds from government sources, but they are not a representative of the government. In practice, the nature and extent of independence from the government is essentially a dynamic relationship between government and a NGO. The key indicator of independence is the way a NGO exercises control over its own constitution and makes decisions about resource allocations in line with its vision, mission and objectives. An NGO which becomes part of the government cannot play independent role of advocacy and lobbying and thus negates the basic nature of NGOs.

Non-commercial or not profit: The purpose of NGOs is to achieve social goals. As such, they are not involved in the commercial production of goods for making profits for its members. They

can be entrepreneurial and make profits, but that must be invested back into the organisation to further its goals.

Self-governing: NGOs have their own internal governance systems which control its operations and decision making. They can also cease operations on their own authority with their internal governance. In practice, the laws of incorporation can specify the number of members required forming the organisation, but they are free to configure the structure in terms of gender, age, culture and so on. Even though they are privately governed, the goods and services offered by the organisations are generally for the members of the society.

Voluntarism: Voluntarism means that individuals who come together to establish NGOs should become members according to their own choice and free will. Membership cannot be a legal requirement or compulsory criteria of the organisation. This attribute also refers to the voluntary philanthropic contributions of time and money made by its members or public to the organisation. In practice, majority of the income for NGOs come from private and government grants and contracts or from fees charged for services from clients.NGOs should generate a significant portion of their revenue from voluntary contribution from their members and others in the society. In fact, people should feel that their voluntary contributions of money and time will benefit the community as whole rather than any private interest. So this key attribute nurtures the trust and good will of the community towards NGOs.

Accountability: Accountability generally refers to the willingness and ability of organisations to substantiate their finances with their activities to its stakeholders. The stakeholders of the NGOs are its members, its clients, funding agencies, government and the community and society in which it operates. The minimum level of accountability is guaranteed by the laws of incorporation or the contractual obligations with funding agencies. NGOs cannot survive without the trust and support from its clients and the community.

This lead us to conclude that NGOs are formal, self-governing, voluntary organisations involved in helping individuals and communities to achieve their social, economic and cultural goals. They are institutionally separate from government and commercial organisations and do not distribute profits, but are accountable to their stakeholders.

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