LUND UNIVERSITY

LEADERSHIP PERSPECTIVES ON MITIGATING CORRUPTION IN INDIA'S NONPROFIT SECTOR

Examining the influence of donor and State-led pressures to curtail corruption and the role of organizational governance in facilitating anti-corruption measures

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ABSTRACT

Corruption is a well-known issue in India, yet research on its prevalence in the nonprofit sector is limited, particularly from the perspective of nonprofit professionals. This qualitative research, therefore, aimed to explore corruption in nonprofit organizations through the insights of nonprofit leaders. Using narrative inquiry grounded in Institutional Theory, the study examined donor and State-led pressures on mitigating corruption and the role of organizational governance in implementing anti-corruption measures. The analysis utilized key Institutional Theory concepts, including institutional logics, isomorphism, entrepreneurship, authority, and leadership, to interpret the findings.

The research revealed that corruption was believed to be common in the nonprofit sector, but not universally widespread. Furthermore, State-led pressures led to increased compliance with anti-corruption laws; however, the State's authority was questioned. Additionally, nonprofits increasingly adopted corporate practices, driven by the CSR mandate and blurring boundaries between donors and nonprofit organizations. However, external pressures also had negative effects, as some nonprofits practiced unlawful ways to maintain legitimacy. The findings underscored the role of institutional entrepreneurship in anti-corruption reforms, and the significance of institutional authority and leadership in cultivating an ethical environment. Overall, corruption remained a complex issue, necessitating further research to identify sector-wide trends in transparency and accountability mechanisms.

KEYWORDS

Nonprofit organizations, nonprofit leaders, corruption, anti-corruption measures, and institutional theory

LIST OF ABBREVIATIONS

- CA – Chartered Accountant
- CSR – Corporate Social Responsibility
- FCRA – Foreign Contribution (Regulation) Act
- GST – Goods & Services Tax
- IT – Income Tax
- MoU – Memorandum of Understanding
- NGO – Non-Governmental Organization
- NPO – Not-for-Profit Organization or Nonprofit Organization
- PAN – Permanent Account Number
- RQ – Research Question

LIST OF TABLE AND FIGURES

- Table 1: Institutional Theory vis-à-vis Research Analysis
- Figure 1: Sampling Criteria
- Figure 2: Annual Selection Process for Nonprofit Organizations for CSR Projects by an Indian Company

WORDS: 15,000

NOTE: The thesis is written in American English, but some quotes from other literature may use British English, which the researcher has chosen to retain.

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TABLE OF CONTENT

1.	**Introduction**	**7**
1.1.	Research Objectives	8
1.2.	Thesis Outline	9
2.	**Contextual Background**	**10**
2.1.	The Problem of Corruption	10
2.2.	The Indian Nonprofit Arena	11
2.3.	Corruption in the Nonprofit Sector	12
2.4.	Anti-Corruption Measures	13
3.	**Literature Review**	**15**
3.1.	Previous Research	15
3.2.	Legal and Regulatory Requirements	16
3.3.	Systems of Transparency and Accountability	17
3.4.	The Role of Nonprofit Leaders	19
4.	**Theoretical Framework**	**21**
4.1.	Tenets of Institutional Theory	21
4.2.	Institutional Theory vis-à-vis Research Analysis	24
5.	**Methodology**	**26**
5.1.	Philosophical Foundation	26
5.2.	Qualitative Approach	26
5.3.	Semi-structured Interviews	27
5.4.	Sampling Method	28
5.5.	Sampling Criteria	29
5.6.	Interview Setting	30

5.7.	Analysis	31
5.8.	Scope and Limitations	31
5.9.	Positionality and Reflexivity	32
5.10.	Validity and Reliability	33
5.11.	Ethical Considerations	33
6.	**Results and Analysis**	**35**
6.1.	Institutional Logics	35
6.2.	Institutional Isomorphism	37
6.3.	Institutional Entrepreneurship	43
6.4.	Institutional Authority and Leadership	46
7.	**Conclusion**	**49**
8.	**References**	**51**
9.	**Appendix**	**60**
9.1.	Interview Questionnaire	60
9.2.	Email Sent to Participants	61
9.3.	Research Context and Background	62
9.4.	Codes for Thematic Analysis	63

1. INTRODUCTION

According to the World Economic Forum, corruption incurs a global cost of at least $2.6 trillion, equivalent to 5% of the global gross domestic product (*United Nations*, 2018). Corruption has been repeatedly stated as the leading cause of weak institutions, poverty, disrespect for rights, unemployment, denial of basic services, and environmental catastrophes, among other problems (Aidt, 2011; Owusu et al., 2020). Moreover, corruption greatly undermines advancements across all seventeen UN Sustainable Development Goals as well as the imminent Agenda 2030 (Corruption and sustainable development, n.d.). In fact, “corruption has always been a negative factor that impedes social and economic development” (Owusu et al., 2019:40).

Numerous studies have shown the increasing prevalence of corruption in the global south, and the challenges in combating it (Brinkerhoff, 2000). In India, the world's most populous democracy (Mukhopadhyay, 2023), corruption is an epidemic (Sukhtankar and Vaishnav, 2015). Not only is corruption endemic to the public sector, but it has also seeped into a substantial number of civil society organizations, particularly nonprofit and nongovernmental organizations (Tandon, 2017). Such organizations, which pledge to promote progress in various spheres of society, recurrently resort to unethical and malicious activities (ibid.).

In consequence, donors are becoming increasingly conscious of corruption issues and demanding heightened transparency and accountability from nonprofit organizations in India (Karanth, 2015; Yesudhas, 2019). Additionally, nonprofits also face mounting pressure from the State in the form of rigorous regulatory and statutory measures instituted to curb corruption (detailed in Chapter 3.2) (Jalali, 2008; Tandon, 2017). This escalated scrutiny is compelling nonprofit organizations to boost their legitimacy and prove that funds are being used judiciously for their intended purpose (Yesudhas, 2019).

However, for anti-corruption reforms to be genuinely and effectively incorporated by nonprofit organizations, these must be embraced and spearheaded by individuals in positions of authority and influence; otherwise, organizations may struggle to prove their credibility to stakeholders over the long term (Renz and Herman, 2016). As per the findings of Mahalinga Shiva and Suar (2012), nonprofit leaders can establish a 'reinforcement mechanism' to integrate ethical behavior into the organizational culture and ensure adherence by all employees. This research, therefore, contributes to the growing inquiry into how nonprofit organizations in India navigate the pressures

for enhanced accountability and transparency, and the role organizational impetus and leadership play in supporting this process.

Before moving on, it should be noted that the term ‘nonprofit organizations’ is synonymous with ‘non-governmental organizations’ in India (Karanth, 2015), and this study employs both terminologies interchangeably.

1.1. Research Objectives

Through qualitative analysis, this research examines the narrative accounts of nonprofit professionals in India, specifically those in leadership roles, to gain insights into their perspectives and experiences of addressing corruption within nonprofit organizations.

In academic research, there is a growing recognition that nonprofit workers are underrepresented, and there is a limited understanding of their experiences, challenges, and beliefs (Higashida, 2021). This lack of attention may thus limit our grasp over the sector's attitude and ability to address internal corruption which “increases costs, creates delays, decreases benefits, and limits projects’ positive social and economic impacts” (Lehtinen et al., 2022:347).

This is particularly essential because realities are mainly constructed through communication exchanges between people within a group (Galbin, 2014). This concept is termed ‘social constructivism’ which emphasizes language and social interaction in the construction of knowledge, reality, and social phenomena (ibid.) (discussed in Chapter 5.1). The participants of this research possess substantial expertise in the nonprofit industry, having served two or more organizations over the past ten years or longer.

Besides, they presently hold leadership positions in diverse nonprofit organizations across India. Thus, their perceptions of corruption and knowledge of anti-corruption measures are extremely valuable. Moreover, scholarly research on anti-corruption measures in nonprofit organizations is generally scarce (Muurlink and Macht, 2020). The few existing studies indicate significant discrepancies between what is outlined in the anti-corruption policies of organizations and what is observed in practice (ibid.).

Thus, the research aims to answer the following research questions:

- What are the perceptions of leadership-level professionals regarding corruption in the nonprofit sector of India?

- From a leadership outlook, how do donor and State-led pressures influence the adoption of corruption risk management strategies in nonprofit organizations?
- What do nonprofit leaders' experiences reveal about the role of organizational leadership and initiative in facilitating anti-corruption measures?

1.2. Thesis Outline

In the second chapter, this research examines the prevalence of corruption within the Indian nonprofit sector and introduces anti-corruption measures that form the foundation for inquiry. The third chapter reviews existing literature on the topic, legislative efforts by the Indian government to address corruption in nonprofit organizations, systems of transparency and accountability, and the role of nonprofit leaders. The fourth chapter presents the theoretical framework used in this study, Institutional Theory, and its application to the analysis of research findings. The fifth chapter explains the research methodology and the sixth chapter reports the findings in relation to the conceptual framework of this research. Finally, the seventh chapter discusses the conclusions in light of the research objectives.

2. CONTEXTUAL BACKGROUND

Any discussion on anti-corruption measures is inadequate without at least a brief assessment of corruption—its nature, causes, and effects. Without a clear understanding of corruption as a social, economic, and political issue, it is difficult to evaluate the impact of existing anti-corruption measures and identify areas for improvement. This chapter thus begins with a succinct analysis of corruption and its impact on development.

2.1. The Problem of Corruption

Corruption has been a much-researched and talked-about topic for decades. The word 'corruption' comes from the fourteenth-century Latin word 'corruptus' which means 'depravity, dishonesty, bribery, or immorality' (Purwanto et al., 2021:428). Although corruption has several contemporary definitions, Transparency International, a leading global civil-society organization dedicated to ending corruption, defines it as "the abuse of entrusted power for private gain" (*Transparency.org*, n.d.). Typically, corruption includes unethical and illegal acts such as bribery, embezzlement, fraud, extorsion, forgery, nepotism, or other similarly dishonest behavior by an individual, group, or institution (Wathne, 2021).

Not only does corruption erode trust at institutional, community, and individual levels of society, but it also creates obstacles to economic growth, equality, and human prosperity (*Knowledge tools for academics and professionals*, 2021). Yet, despite the attempts made towards eliminating corruption, it continues to be deeply ingrained into society and affects the way people operate, both individually and collectively (Bracking, 2007). This problem is particularly prevalent in the global south due to a variety of reasons, such as poverty, inefficient government systems, and low economic freedom and growth, among several others (Brinkerhoff, 2000; Dimant and Tosato, 2018). What's worse is that corruption breeds more corruption (ibid.) and severely impedes development efforts, especially in low to middle-income countries (Gray and Kauffman, 1998).

India—the focus of this study—is no exception. In 2017, India was at the top of a bribery rate survey conducted by Transparency International among sixteen countries in the Asia-Pacific region with 69% of respondents admitting to having paid "a bribe, given a gift or done a favour to receive services" (*The Hindu, 2017)*. The situation has not changed since. In 2022, India was ranked the 85th least corrupt country out of 180 countries in the world (*The Indian Express*, 2022). While this ranking is associated with corruption in the public sector, civil society organizations in India are also often 'compromised' (Jenkins and Goetz, 2003). But before exploring corruption

evidence among civil society organizations, the next section provides a brief overview of India's development sector.

2.2. The Indian Nonprofit Arena

The culture of voluntarism has been synonymous with social work in India since the pre-independence era; before India became the democracy it is today (Sen, 1999). During the colonial period from 1757 to 1947 (Roy, 2021), the growing resistance towards British imperialism saw "the emergence of numerous indigenous organisations devoted to social and religious reform" (Sheth and Sethi, 1991:50; Sen, 1999). The scope of such organizations was largely defined by the brewing anti-colonial sentiment in the country, and as a result, they began to identify themselves as separate from the State or 'non-governmental' (ibid.). However, during the decade following India's independence, NGOs and the State worked collaboratively to rebuild the country after the plunders of the British Raj (Mishra and Rastogi, 2017; Sen, 1999).

Since then, non-governmental and charitable organizations have multiplied tremendously into a highly heterogenous nonprofit sector that continues to play a critical role in India's development (Rajasekhar, 2000; Srivastava and Tandon, 2005). According to Palekar (2012:23):

> "NGOs have been quite successful in bringing to the attention of the government some of the burning problems in respect of development, poverty, unemployment, illiteracy, ill-health, disparities, incidence of bonded labour, exploitation of women, children, tribals and weaker sections, women's rights, peace and social cohesion and communal harmony, equal opportunity to different social cultural ethnic and regional groups to pursue development and contribute to national regeneration."

Moreover, NGOs are also seen as agents of change who deliver social transformations that the State fails to accomplish, often with less-than-ideal budgets and resources (Baviskar, 2001).

Legally, a nonprofit entity in India is required to be registered under The Societies Registration Act, 1860; The Indian Trusts Act, 1882; The Co-operative Societies Act, 1904; The Trade Union Act, 1926; or Section 8 of the Indian Companies Act, 2013 (ibid.). These organizations "are generally formed by professionals or quasi professionals from the middle or lower middle class, either to serve or work with the poor, or to channel financial support to community-based or grass-roots organizations" and hire salaried staff (Sen, 1999:332). The Central Statistical Institute of

India estimates that there are over three million nonprofit organizations operating in the country—one for every 400 citizens (Vaidya, 2022). Depending on the scope and legal boundaries of a nonprofit organization, it may seek funding from domestic and international sources, including government grants and programs, Indian or foreign individuals, trusts, foundations, and corporates (Ashok, 2015; Jalali, 2008).

Over the past decade, however, the nonprofit sector has further grown to include numerous corporate social responsibility (CSR) organizations after the government "made it mandatory for a certain category of companies to spend 2 percent of their average net profit in the past 3 years" towards the betterment of society under the Companies Act 2013 (Kapoor and Dhamija, 2017:98). This move made India the first and only country to implement such a ruling (ibid.).

Today, CSRs and NGOs commonly work in partnership with each other to fulfill sustainable development objectives (Bindhu and Niyaz, 2021; Swarnalathan and Anuradha, 2017). This newfound development space has created a huge potential for nonprofit organizations to achieve tremendous growth as well as financial sufficiency (ibid.; Khandelwal and Bakshi, 2014). Nevertheless, the ever-burgeoning nonprofit sector of India is not without its problems. As the next section elucidates, transparency, accountability, and ethics continue to remain a challenge.

2.3. Corruption in the Nonprofit Sector

"99% of the existing NGOs are fraud and simply moneymaking devices. Only one out of every hundred NGOs serve the purpose they are set up for" – a statement by the Delhi High Court bench headed by then Justice Pradeep Nandrajog in 2013 (Nair, 2013). These strong comments echo a study by the Asian Centre for Human Rights (a New Delhi-based NGO) which alleged that 97 percent of NGOs never presented utilization certificates for grants provided by the government between 2002 to 2009 (Tripathi, 2013).

Two years later, the Women and Child Development Ministry reported that "nearly 90% of around 1,400 NGOs seeking financial grant under a major training and employment scheme were fake" (*The Times of India*, 2015). These organizations were applying for multiple grants under bogus names and giving false information (ibid.).

The remarks of the Delhi High Court also reflect the frustrations of the Indian judicial system towards the lackadaisical attitude of several nonprofit organizations. In 2017, the Supreme Court

of India issued an order to investigate three million NGOs and volunteer-based organizations that receive funding from the government and may be involved in embezzlement (Rautray, 2017). Multiple media reports over the past decade have exposed several corrupt NGOs across the country (Bhardwaj, 2022; Bhattacharya, 2015). For instance, in a recent case, the Union Ministry of Home Affairs "cancelled the Foreign Contribution Regulation Act (FCRA) licences of the Rajiv Gandhi Foundation (RGF) and the Rajiv Gandhi Charitable Trust (RGCT)" over suspicions of money laundering, income tax violations, and FCRA violations (*The Economic Times*, 2022). Several other nonprofit organizations have met the same fate (*Business Standard*, 2022).

Clearly, corruption continues to be a serious issue within the nonprofit industry. And it's not just the media—many scholars have also underscored the need to strengthen internal processes, monitoring and evaluation, and reporting procedures to restrict corruption (Rajasekhar, 2000; Sheth and Sethi, 1991). On the flip side, several nonprofit organizations in India have adopted a variety of anti-corruption measures to curtail unscrupulous acts and achieve their goals in an ethical manner (as revealed in Chapter 6). The final segment of this chapter below provides a brief overview of such anti-corruption measures that also form a base for this study.

2.4. Anti-Corruption Measures

Typically, anti-corruption measures include policies, laws, and regulations aimed at curtailing corruption and unethical behavior in organizations or groups of individuals (Lehtinen et al., 2022). These measures may involve implementing a code of conduct, improving financial transparency, raising awareness, conducting regular audits, establishing whistleblowing procedures, and enacting rules that criminalize corruption and enforce penalties on those who engage in corruption (Owusu et al., 2020).

Anti-corruption measures can further include aspects of leadership, training, communication, access to information, as well as frequent monitoring and evaluation mechanisms (ibid.). Several nonprofit organizations across India and abroad have implemented official anti-corruption policies that all employed members and representatives of the organization must adhere to (Hanna et al., 2011). These policies sometimes also extend to stakeholders, such as partners, donors, contractors, interns, volunteers, or other affiliates.

Nonetheless, anti-corruption measures often fail to barricade corruption effectively (Sampson, 2019). Some of the main challenges associated with controlling corruption are active enforcement

of rules, dismantling of long-standing and systemic corruption, overcoming a lack of political will, and power and incentive imbalances, among numerous other reasons (Johnston, 2012; Persson et al., 2010). Even though nonprofit organizations and governments around the globe have tried and tested several methods to end corruption, success stories are far and few (ibid.). But to make progress in the future, it is necessary to analyze the past. Thus, the following chapter explores prior research related to this thesis, the anti-corruption regulations introduced by the Indian government specifically for the nonprofit sector, and the role of nonprofit leaders.

3. LITERATURE REVIEW

The upcoming sections present the limited research available on how nonprofit workers perceive obstacles to transparency and accountability mechanisms that can prevent corruption. This chapter also examines the legislative attempts by the Indian government to improve internal transparency and hold nonprofit organizations accountable. Nonetheless, as the chapter demonstrates, the nonprofit sector has largely resisted such attempts and views them as "incursions into their autonomy" (Sheth and Sethi, 1991:61). On the other hand, similar demands from donors have been met with greater compliance. The chapter ends with a discussion on the role of nonprofit professionals in aiding or restricting anti-corruption measures in organizations.

3.1. Previous Research

A Lebanon-based paper by AbouAssi and Trent (2016) is one of the few studies that closely mirror the methodology of this research to examine accountability within nonprofit organizations—from the perspective of nonprofit managers. By analyzing narrative accounts from three NGOs, the authors conclude that individual perceptions do "shape the management strategies organizations pursue to buffer the demands of external actors" and that "perceptions also constitute the basis for a socially constructed system of norms and values that can then define institutional isomorphic practices as organizations seek legitimacy" (ibid.:294).

Other similar studies have also explored anti-corruption approaches in nonprofit organizations, albeit through a variety of angles, including but not limited to measuring effectiveness through quantitative methods (López-Arceiz and Bellostas, 2020), capturing the perspectives of beneficiaries (Burger and Owens, 2010), conducting a content analysis of available documents and reports (Ebrahim, 2003; Islam et al., 2017), and theoretical and literary analysis (Keating and Thrandardottir, 2017). However, much like this research, Schmitz et al. (2012:1175) also provide a leadership perspective on accountability practices and find that nonprofit leaders can better integrate accountability systems "by listening more to stakeholders other than donors".

On the whole, the available literature seems to advocate that while there are substantial merits in incorporating accountability towards donors and governments (Doig, 1995), there are also pitfalls since "too much accountability can hinder" organizations from achieving their goals (Ebrahim, 2005:56). In contrast, ensuring accountability towards both staff and beneficiaries has been widely

recognized as a more effective approach in reducing corruption (Jordan, 2005; Kilby, 2006), as the succeeding sections will further establish.

The following segment will illuminate some of the major government interventions effected in India to advance the anti-corruption agenda in the nonprofit sector.

3.2. Statutory and Regulatory Requirements

The very first law enacted in India to regulate voluntary and charitable organizations was The Societies and Registration Act of 1860 which aimed to provide a legal framework for the registration of societies and ensure that they operate within the bounds of the then-colonial law (Sheth and Sethi, 1991). Next came the Income Tax Act, 1961, which made it mandatory for NGOs to register themselves as nonprofit organizations to claim tax exemption on their income (Pattanaik and Chaudhury, 2011). However, NGOs can only receive tax exemption if they meet certain criteria, such as applying income solely for charitable purposes and not engaging in any commercial activity (Adgulwar, 2020). NGOs must also file annual income tax returns and comply with other tax-related requirements, such as deduction and collection of tax at source (ibid.).

Over a decade later, the government instituted the Foreign Contribution (Regulation) Act, 1976 (FCRA) with the intention to regulate the acceptance and utilization of foreign funds by nonprofit organizations (Deshpande, 2021). The Act was further expanded in 2010 and again in 2020 to prevent the misuse of foreign funds for political activities (or other activities detrimental to national interests) and tighten penalties for any non-compliance (Foreign Contribution (Regulation) Act, 2010, 2010; Foreign Contribution (Regulation) Act, 2020, 2020). Under the Act, NGOs must file annual reports on their foreign contributions and utilization of such funds to the Ministry of Home Affairs (ibid.). It also includes provisions for the cancellation of the registration of NGOs, revoking their FCRA license, and the freezing of their bank accounts (ibid.; Thakur, 2022).

In 2007, the government introduced the National Policy on the Voluntary Sector designed to promote and strengthen the voluntary sector in India by creating an enabling environment for nonprofit organizations to function effectively (*Press Information Bureau*, 2007). It stresses the need for transparency, accountability, and good governance in the sector and provides suitable guidelines, including the need for maintaining proper books of accounts, holding regular meetings of the governing body, and complying with applicable laws and regulations (The National Policy on the Voluntary Sector, 2007). But due to the continued negligence of regulatory frameworks by

public functionaries including nonprofit organizations, The Lokpal and Lokayuktas Act, 2013, was established at the central and state levels to probe and prosecute corruption cases against public servants, including nonprofit organizations that receive government funds (The Lokpal and Lokayuktas Act, 2013).

As discussed in Chapter 2.2, the nonprofit sector in India also includes CSR organizations registered under the Companies Act, 2013. The mandatory CSR provisions require such companies to develop and implement a CSR policy that outlines their activities, budget, and implementation strategy (Khandelwal and Bakshi, 2014). Companies must execute their CSR activities in-house or through a registered trust, society, or nonprofit organization (Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR), 2021). Further, companies must report their CSR activities in their annual report and disclose details of the CSR spending, executing agency, and the impact of the CSR activities (ibid.). Failure to comply with the guidelines issued by the Ministry of Corporate Affairs can result in penalties, including fines and imprisonment of company officials for up to three years (*The Economic Times*, 2019).

Despite efforts by the government, several nonprofits either disregard legal requirements or falsify information to evade the repercussions (Bhardwaj, 2022; *The Times of India*, 2015). The next section throws light on some of the primary factors that influence the adequacy and effectiveness of anti-corruption measures in nonprofit organizations as reviewed in the available literature.

3.3. Systems of Transparency and Accountability

Unlike the public sector, nonprofit organizations have overall exhibited far more flexibility and innovativeness in their systems and processes (Sooryamoorthy and Gangrade, 2001). Moreover, they are able to quickly understand the needs of a community and tailor their services accordingly (ibid.). Nevertheless, given the relative operational freedom enjoyed by nonprofit organizations as compared to other sectors, their inner workings are often a tightly held secret (Townsend and Townsend, 2004). Accountability and transparency have thus been the most widely questioned and disputed issues by donors, governments, and sometimes beneficiaries as well (Donnelly-Cox et al., 2021; Jordan, 2005).

Green and Matthias (1997) define accountability as the duty or necessity to justify every action taken, which includes, but is not limited to, the utilization of resources. Willems (2021:48) on the other hand defines transparency as “openness about various aspects of an organization.” Over

the past few decades, donors have been demanding greater financial, structural, and operational transparency and accountability (Heiss and Kelley, 2017; Keating and Thrandardottir, 2017). Given the dire need for continual funding, nonprofit organizations have been more willing to heed donor demands than those made by the government (ibid.).

Nonetheless, many scholars have pointed out that accountability mechanisms necessitate a more holistic approach (Ebrahim, 2003). For instance, Jordan (2005) underlines the need for accountability towards 'multiple stakeholders' and not just donors. She explains that the current trend accommodates accountability towards donors ('upward' accountability), but not towards NGO staff ('internal accountability'), and beneficiaries and the general public ('external' accountability). This creates gaps in the internal functioning of an organization which may lead to opportunities for corruption to occur.

Similarly, Sooryamoorthy and Gangrade (2001) underscore the importance of 'member accountability' or accountability towards the beneficiaries. The authors state that organizations must "fulfil the needs of members" on an ongoing basis and this dimension "can be used as a measure to assess an organization in terms of its delivery of goods to the intended beneficiaries as envisaged in the avowed objectives of the organization" (ibid.:12). Through case study analysis of NGOs in India, the authors demonstrate how even well-intentioned organizations fail to fully incorporate the various facets of member accountability into project management. These include problems with participatory approaches, lack of financial transparency and regular dissemination of organizational information, and poor redressal of complaints, among several others (ibid.).

In the context of transparency and accountability, it is also important to consider the reasons for which a nonprofit organization is established. Oftentimes, organizations rest on the shoulders of charismatic leaders who inspire people and mobilize resources toward a worthy cause (Sheth and Sethi, 1991). Brown and Kalegaonkar (2002:236) argue however that these organizations tend to make decisions without consulting their beneficiaries "particularly when resources, expertise, and time are short" thereby creating an environment where corruption can flourish. The authors use the term 'paternalism' to describe this phenomenon which in essence is a disregard for the needs of others in favor of personal interests (either of nonprofit individuals or the organization).

Furthermore, such organizations also suffer from a lack of decentralized control of information and resources as well as uniform systems of accountability, transparency, and ethics

(Sooryamoorthy and Gangrade, 2001). Rather “personalized management practices tend to prevail over more impersonal rule-based procedures” which are “mandatory in most formal organizations” (Baviskar, 2001:8). Over time, it is likely that single leader-based organizations cultivate weak internal structures and practically non-existent second- and third-tier leadership required to nurture a robust and ethical organizational culture, especially once the original founder has left (ibid.). This absence of institutionalization leads to poor financial management, inadequate monitoring and evaluation systems, and undemocratic decision-making practices thereby resulting in reduced accountability and transparency (Sheth and Sethi, 1991).

These concerns are notably relevant to the Indian context as the vast majority of nonprofit organizations are small in size with limited human and financial resources (Srivastava and Tandon, 2005). Without sufficient capital to hire experts for conducting external audits or supervising finances, operations, and statutory requirements, the chances of errors, non-compliance, and inefficiencies can increase significantly, thus impacting the organization's credibility and reputation. Besides, the competition for donor funding drives many nonprofits (regardless of size or capacity) to stray away from their core values and resort to unethical practices (Heiss and Kelley, 2017). Unfortunately, “by conditioning funding on evidence of program effectiveness, donors have incentivized NGOs to reshape their programs to deliver evidence of activity rather than results” which can greatly increase the potential of direct and indirect corruption (ibid.:734).

As illustrated thus far, a number of scholars have articulated the need for improved systems and processes (both internally and externally) to curb corruption. But there seems to be a dearth of studies from the perspectives of insiders—nonprofit professionals who have extensive insights into the prevailing challenges. The next section therefore attempts to dive deeper into the role of nonprofit professionals, specifically at leadership positions, as gatekeepers of accountability and transparency mechanisms necessary to limit corruption.

3.4. The Role of Nonprofit Leaders

Unlike in the past, the nonprofit sector in India no longer relies heavily on voluntarism by concerned citizens (Sheth and Sethi, 1991). Rather, it employs professionals with specific skills, educational backgrounds, and experiences that align with pre-determined roles within an organization (Sen, 1999)—much like the private sector. However, the motivations behind working at a nonprofit organization (despite relatively lower wages) can vary considerably from individual

to individual—while some people are driven by a deep commitment to bringing positive change, for others, it is akin to pursuing a career with the desire for professional growth (Townsend and Townsend, 2004). In fact, nonprofit leaders are often seen enjoying an extravagant lifestyle thereby revealing the potential misuse of funds for personal benefits (Sooryamoorthy and Gangrade, 2001).

This begs the question—why does a nonprofit leader act corruptly in the first place? Muurlink and Macht (2020:1018) discuss the Corruption Triangle theory which explains that for an individual to perform an act of corruption, three elements must align: “motivation to commit a corrupt act; the rational decision to commit the act; and opportunity to act corruptly”. The authors contend that to eliminate corruption, organizations must institutionalize anti-corruption measures by developing a “culture that encourages and rewards non-corrupt behaviour patterns and practices” and by “expanding and improving information channels for stakeholders” (ibid.:1018). In addition, organizations must also weed out ‘social actors’ who are obstacles to the anti-corruption agenda and support those who are champions of the cause (ibid.).

Because organization-wide reforms are primarily driven by leaders in positions of considerable influence (Kotter, 1999), it is crucial that such individuals are on the right side of the law. After all, they “have the power to internally guide and influence all other organizational actors and can externally commit and legally bind the organization and its interaction with other societal actors” (Koolen-Maas, 2021:99). Hence, they play a critical role in enabling or disabling corruption within their organizations. It is important to recognize however that acts of corruption are not always black and white. Sometimes, even the “most devoted and committed NGO leaders may have to accept projects for financial reasons, simply to keep their staff while securing funding for work that fulfils their NGOs’ missions” (Townsend and Townsend, 2004:275).

Furthermore, even though “good governance is recognized as critical, many who have a role in implementing and ensuring the effectiveness of this essential function in nonprofit organizations tend to have unclear and even inconsistent views about the fundamental roles and responsibilities” of the various social actors involved (Andersson and Renz, 2021:196). Good governance is also not a one-size-fits-all solution, rather it’s a ‘multifaceted phenomenon’ (Young, 2021). Nonprofit leaders must adopt an approach customized to their organizational objectives as well as the broader institutional environment under which they function (Brière et al., 2015). The following chapter thus endeavors to examine nonprofit organizations through the lens of institutional theory—the theoretical underpinning of this research.

4. THEORETICAL FRAMEWORK

The theoretical conceptualization of this research draws from Institutional Theory—a field of study that assays the formal and informal rules, norms, and regulations which shape and constrain the conduct of individuals and organizations (Scott, 2014). At its core, institutional theory seeks to understand how institutional factors influence organizational structure, strategy, and behavior. The theory is often used to explain why organizations adopt certain practices, conform to certain standards, or resist change (DiMaggio and Powell, 1983; Zucker, 1987; Scott, 2014).

According to the sociologist William R Scott, institutions represent broad social structures that define the framework for social interactions and affect the distribution of resources and power (Scott, 2014). Central to these structures are the cultural-cognitive dimensions of institutions, which consist of shared beliefs, common logic of action, and collective 'taken-for-granted' understandings (ibid.). These cultural-cognitive aspects shape the interpretation and classification of reality within the institution, thus influencing its operations and behavior (ibid.).

In contrast, organizations consist of structured arrangements of individuals, groups, and resources, united by a common purpose and function within institutional frameworks (ibid.). They are not only shaped by the overarching institution in which they operate, but they also contribute to adapting and reshaping these elements to suit specific circumstances (ibid.). It can therefore be deduced that while nonprofit organizations are constantly molded by external pressures, they can also induce renovation of institutional practices that facilitate or impede corruption.

4.1. Tenets of Institutional Theory

Among the foundational tenets of institutional theory are institutional logics, isomorphism, entrepreneurship, authority, and leadership, which collectively guide the investigations of this research. The subsequent passages explain each concept, as put forward by various scholars.

Institutional Logics

Institutional logics are a central component of institutional theory. Scott (2014) suggests that institutions and organizations are made up of three essential elements—ideas, interests, and identities—which together comprise institutional logics (ibid.). These logics are shaped by the institutional environment and represent the shared beliefs, values, and norms that guide decision-

making and action within social systems (ibid.). They are embedded in organizations' institutional environments and reflect the diverse opinions and expectations of different actors (ibid.). Scott explains that multiple logics may co-exist and “each logic is associated with a distinctive mode of rationalization” (ibid.:90). The author also emphasizes that logics can change over time, as a result of shifts in social and cultural values, changes in political and economic systems, and the emergence of new technologies and forms of communication.

Powell and Colyvas (2008:2) expand on this concept, noting that “institutional logics are instantiated in and carried by individuals through their actions, tools, and technologies.” According to the authors, certain actions have the ability to either reinforce or challenge existing conventions. While some actions may serve to support the status quo, others may seek to modify or transform it (ibid.). This suggests that the prevalence of corruption in organizations is shaped by the underlying logics that guide their behavior. To effectively address corruption, anti-corruption measures must be aligned with the values and beliefs of actors within the institutional field, including nonprofit professionals.

Institutional Isomorphism

This seminal concept was first introduced by DiMaggio and Powell (1983) which refers to the process through which organizations become incrementally similar to each other as they adopt parallel practices, structures, and norms. According to the authors, institutional isomorphism refers to the tendency of organizations within a specific field to homogenize in response to external pressures (ibid.). This homogenization is driven by the desire to gain legitimacy and conform to institutional norms (ibid.). Legitimacy here can be understood as the perceived appropriateness of an organization's actions in the eyes of its stakeholders (ibid.).

The authors have identified three ways in which institutional isomorphic change happens, “each with its own antecedents: 1) coercive isomorphism that stems from political influence and the problem of legitimacy; 2) mimetic isomorphism resulting from standard responses to uncertainty; and 3) normative isomorphism, associated with professionalization” (ibid.:150). They further contributed to the idea that “when large and more centrally linked organizations are innovators and early adopters of a given structure, that structure is more likely to become fully institutionalized than other structures” (Tolbert and Zucker, 1996:185).

The concept of institutional isomorphism is especially helpful in understanding the dynamics between the need to conform to external expectations and genuine reform. For example, if

corruption is seen as a common or accepted practice, organizations may feel pressured to engage in corrupt practices to remain competitive or successful (Ashforth and Anand, 2003). Conversely, institutional isomorphism can also promote the adoption of anti-corruption measures.

While coercive isomorphism can drive adoption through legal or regulatory requirements (Verbruggen et al., 2011) (as indicated in Chapter 3.1), normative isomorphism may encourage adoption due to moral incentives or alignment to stakeholder values (AbouAssi and Bies, 2018; AbouAssi and Trent, 2016). Arising from professionalization and the influence of industry norms, values, and standards, normative isomorphism promotes institutional stability (AbouAssi and Bies, 2018). However, mimetic isomorphism may lead to the acceptance of superficial measures as organizations seek to emulate other well-respected and successful organizations to signal their authenticity and trustworthiness to stakeholders (DiMaggio and Powell, 1983). This phenomenon occurs when organizations model themselves after other organizations they perceive as successful or legitimate in their field or industry (ibid.).

Institutional Authority and Leadership

Institutional authority refers to an organization's power and legitimacy to regulate behavior and enforce compliance with established norms, rules, and standards (Meyer and Rowan, 1977), while leadership promotes change and shapes institutional arrangements (Scott, 2014). Within institutional theory, leaders are seen as key actors in shaping and maintaining institutions by promoting or resisting change through their actions and behaviors (ibid.).

Effective leaders must be able to articulate a clear vision and sense of purpose for their institutions and must be committed to upholding ethical principles and values in the face of external pressures (Selznick, 1951). Thus, leadership sets the tone for organizational culture, which significantly impacts employee behavior. However, leaders are also subject to institutional pressures and constraints, which can limit their ability to effect transformations (Scott, 2014).

Within institutional theory, institutions are systems of authority that coordinate and regulate social behavior (Selznick, 1948). Here, authority is a system of power that is based on shared norms and values, rather than coercion or force and is grounded in the ability of social actors to influence the behavior of others through ongoing processes of negotiation, interpretation, and legitimation (ibid.). Therefore, obedience to an institutional norm is driven by the moral authority it has over the individual as opposed to mere expediency or self-interest (Scott, 2014). As the author

explains, “power becomes legitimated as authority to the extent that its exercise is supported by prevailing social norms” (ibid.:71).

Both institutional authority and leadership play crucial roles in understanding corruption and anti-corruption measures in nonprofit organizations. These institutional elements shape organizational culture, drive adherence to ethical standards, and greatly determine the implementation of effective internal controls and practices.

Institutional Entrepreneurship

The concept of institutional entrepreneurship emphasizes the role of agency in shaping institutions, providing a more dynamic perspective on how institutions evolve over time (Garud et al., 2007). The authors explain that institutional entrepreneurs “create a whole new system of meaning that ties the functioning of disparate sets of institutions together” (ibid.:957). Besides, the majority of institutional reforms within organizations can be primarily attributed to innovative entrepreneurial forces that catalyze change (ibid.).

In nonprofit organizations, institutional entrepreneurship involves the efforts of key individuals or entities toward driving transformative changes within the sector, resulting in improved ethics, accountability, and overall effectiveness. Also called agents, institutional entrepreneurs have the ability to initiate changes to existing practices, introduce new ones, or even challenge and disrupt the existing institutional framework (Leca et al., 2008). Moreover, institutional entrepreneurship plays a crucial role in explaining the interplay between actors and their institutional surroundings, the unforeseen results of their actions, and the stabilization of institutions (ibid.).

In the context of anti-corruption measures, institutional entrepreneurship can also refer to the efforts of individuals and organizations to address corruption in ways that go beyond what is required by existing regulations (examples presented in Chapter 6).

4.2. Institutional Theory vis-à-vis Research Analysis

Institutional theory proves to be a strong conceptual blueprint that guides the outcomes of this research, as evident in Chapter 6. This theory is especially relevant for examining corruption in nonprofit organizations and the factors that lead to the adoption of anti-corruption strategies, as “institutional forces shape individual interests and desires, framing the possibilities for action and influencing whether behaviors result in persistence or change” (Powell and Colyvas, 2008:2).

In a nutshell, the concepts of institutional logics, isomorphism, entrepreneurship, authority, and leadership have been used to analyze the research findings and address the research questions as follows:

Research Questions (RQ)	Institutional Theory in Analyzing Findings
1. What are the perceptions of leadership-level professionals regarding corruption in the nonprofit sector of India?	The concept of Institutional Logics has been applied to understand the prevailing belief systems and norms regarding corruption that shape the opinions and actions of nonprofit leaders.
2. From a leadership outlook, how do donor and State-led pressures influence the adoption of corruption risk management strategies in nonprofit organizations?	This RQ has been addressed through the lens of Institutional Isomorphism, which comprises of coercive, mimetic, and normative isomorphism. Together, these concepts aid in examining the converging tendencies in nonprofit organizations as they respond to external pressures in order to mitigate corruption.
3. What do nonprofit leaders' experiences reveal about the role of organizational leadership and initiative in facilitating anti-corruption measures?	To answer this RQ, Institutional Entrepreneurship, Leadership, and Authority has been employed as follows: • Institutional Entrepreneurship: Examining the role of change agents in initiating and promoting inventive and enhanced anti-corruption measures. • Leadership: Investigating the influence of organizational leaders in guiding and championing the implementation of such measures. • Authority: Assessing the impact of established power structures on the enforcement and realization of anti-corruption initiatives.

Table 1: Institutional Theory vis-à-vis Research Analysis

5. METHODOLOGY

This chapter describes in detail the research methodologies applied in this study. It uncovers the strengths and shortcomings of the adopted research methods, philosophical and ethical deliberations, as well as the researcher's positionality regarding the research analysis.

5.1. Philosophical Foundation

This research is based on a social constructivist philosophy which emphasizes that our understanding of the world is constructed through the interaction of individuals and groups and is not independent of the social environment (Young and Collin, 2004). The social constructivist viewpoint underlines the importance of social processes through which people create, negotiate, and transform social realities (Gergen, 1985), including the adoption of anti-corruption measures in nonprofit organizations. This epistemology supports the idea that knowledge is actively created through the interface between the knower and the world (ibid.). It accentuates the role of subjective experience, perception, and interpretation in constructing knowledge—reality is not an objective or fixed entity that exists independently of human perception or interpretation, but is rather constructed through social, cultural, and historical courses (Young and Collin, 2004).

Anti-corruption reforms in nonprofit organizations are a multilayered social process that involves the interaction and negotiation of different actors and stakeholders, such as organizational leaders, staff members, beneficiaries, and donors, who bring their own experiences, values, and interests to the process. Thus, this epistemological approach provides a framework for learning how attitudes toward anti-corruption measures are influenced by broader social, cultural, and organizational factors, such as the cultural norms and values surrounding corruption, as well as the institutional milieu in which the nonprofit organization operates.

5.2. Qualitative Approach

This research adopts a qualitative approach to identify themes and patterns in the perceptions of experienced development professionals toward anti-corruption measures within the Indian nonprofit sector. Denzin and Lincoln (2017:43) describe qualitative research as "a situated activity that locates the observer in the world." It applies a variety of interpretive techniques to uncover the intricacy and diversity of human experiences and sheds light on how social phenomena are

shaped by the meanings people assign to them. Further, qualitative research is inductive in nature—it involves a flexible and iterative process that facilitates the exploration of new ideas and insights as they emerge from the data (Creswell, 2014). As this research seeks to capture the subjective experiences of participants on corruption and its organizational antidotes, a qualitative research methodology was deemed most appropriate.

Given that qualitative research can be carried out using a myriad of techniques, such as case study, ethnography, phenomenology, narrative research, and grounded theory (Creswell, 2014), a need for a specific method of data collection and analysis was felt. Hence, the narrative inquiry method was chosen which involves the collation and evaluation of oral or written accounts (such as events, stories, or happenings) as told by individuals (Patton, 2015). This method provides a way to explore how people make sense of their experiences and construct rationales through the narratives they tell. Although narrative research has many definitions, Creswell and Poth (2017:138) explain it as “personal reflections of events and their causes and effects from one individual or several individuals” or “the stories told about organizations” often guided by a theoretical lens. This definition forms the basis of investigation for this research.

The narrative research method allows the researcher to decode how development leaders construe anti-corruption measures and whether they are enabled or constrained (or both) by organizational cultures and processes. Further, the narrative approach supports the discovery of dichotomies or similarities between the different narratives as well as meanings behind layered stories (Creswell, 2014). This, in turn, may inform future research about the dynamics that contribute to anti-corruption roadblocks, thus supporting the development of more targeted interventions for combating corruption and promoting transparency and accountability in nonprofit organizations in India and elsewhere.

5.3. Semi-Structured Interviews

The researcher employs a semi-structured interview approach to gather data. In its essence, a semi-structured interview is a verbal exchange where the researcher seeks to provoke opinions, experiences, or beliefs on a specific subject matter from the participant(s) (Denzin and Lincoln, 2017). This approach ensures that “the conversation has a focus with prompt questions but is allowed to unfold organically” (ibid.). Moreover, the semi-structured method gives the power to the participants to speak about what they consider most fitting to the agenda of the research, be it incidents, attitudes, behaviors, notions, et cetera (ibid.).

Carruthers (1990) further adds that this interview method has the benefit of being 'reasonably objective' while also awarding opportunities to probe specific rationales for the participant's viewpoints. Additionally, the semi-structured interview process can create a collaborative relationship between the interviewer and interviewee, fostering an environment of openness and trust that can lead to more candid and honest reactions (ibid.).

In the context of this research, participants were asked about their experiences and views of corruption and anti-corruption measures in the nonprofit sector of India. The interview questions were designed to be open-ended without the possibility of a spontaneous yes or no answer (see Appendix 9.1). This ensured that the participants reflected on each question momentarily before responding. Based on the unique responses, the researcher tailored the course of the dialogue to gain a thorough understanding of the participants' perspectives on the challenges faced by nonprofit organizations in implementing anti-corruption measures.

Most importantly, the conversations endeavored to make the participants feel more visible and essential to the process of the research rather than a supplementary aid. The stories gathered through this process provided valuable insights into the specific barriers that exist, as well as the underlying dynamics that contribute to them (discussed in Chapter 6).

5.4. Sampling Method

In comparison to quantitative studies, sampling in qualitative studies usually consists of a smaller number of participants as the nature of qualitative research emphasizes diving deep into a specific subject rather than uncovering generalities from a larger and randomly selected sample (Patton, 2015). Since this research focuses on perceptions rather than definite reality, it was vital to locate individuals with extensive experience in the development sector. Hence, the purposeful sampling method was found to be the most effective—a non-probability sampling technique that involves selecting individuals based on specific criteria, such as their expertise, knowledge, or experience (Creswell and Poth, 2017; Patton, 2015).

Given the rather small sample size of a qualitative study, it is vital to identify participants whose professional credentials and knowledge are well aligned with the purpose of the study (Suri, 2011). These individuals must not only be a near-perfect representation of the desired sample, but also willing to "communicate experiences and opinions in an articulate, expressive, and

reflective manner" (Palinkas et al., 2015:2). Patton (2015:542), a leading scholar of purposeful sampling, eloquently articulates the method as follows:

> "The logic and power of purposeful sampling lies in selecting information-rich cases for indepth study. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry, thus the term purposeful sampling. Studying information-rich cases yields insights and indepth understanding rather than empirical generalizations."

The purposeful sampling method was made possible by the researcher's past work experience in the development space of India, including domestic and international nonprofit organizations as well as corporate social responsibility (CSR) organizations. The researcher also employed the snowball sampling method to maximize the potential of finding the most fitting candidates for the research. This method entails the existing participants extending their network of suitable connections (or acquaintances) to the researcher to further expand the data sample (Naderifar et al., 2017). Among the eight participants of this research, three were chosen through this method.

5.5. Sampling Criteria

To find the most suitable candidates for the research, three primary conditions were designated:

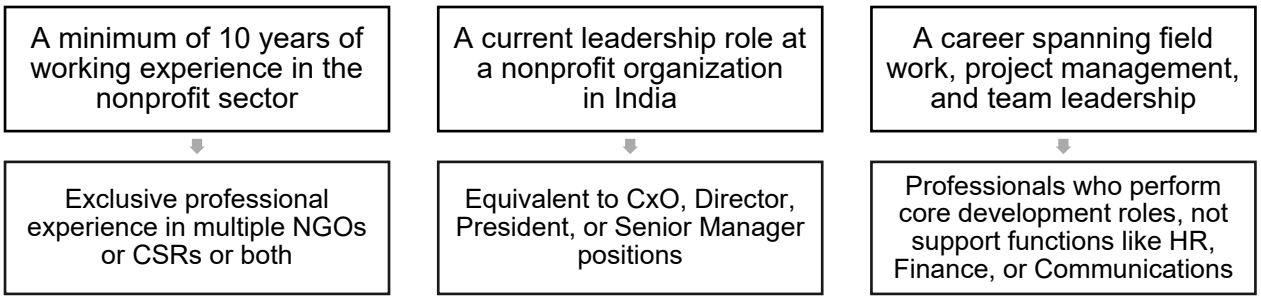

Figure 1: Sampling Criteria

These criteria were decided based on several informal discussions between the researcher and her ex-colleagues and peers from various nonprofit organizations across the country. The general consensus was that it takes at least a decade for nonprofit professionals to work their way up the ladder from field worker to senior management levels within the development sector.

The discussions further brought to the fore that experienced development sector workers are likely to have encountered corruption firsthand and better understand its effects on development

efforts. Such individuals can thus share specific examples and anecdotes that illustrate ways in which corruption can undermine development goals. More importantly, experienced development sector workers may also have practical knowledge of strategies and approaches that can be effective in combating corruption in specific contexts that others may not have considered.

Given India's highly varied cultural, social, and political landscape (Kaul, 2014), effective anti-corruption measures may require adaptation to local circumstances, which can vary widely. Therefore, experienced nonprofit workers were the best data sample for gaining insider information about challenges to the adoption of anti-corruption measures as well as common best practices among nonprofit organizations in India.

Lastly, the researcher had initially endeavored to interview an equal number of men and women for the research to collate a gender-balanced repository of responses. But given the limited time allotted for the study, the researcher was able to attain 63 percent male and 37 percent female participation in the study.

5.6. Interview Setting

Out of the total eight interviews, six were conducted online via the commonly used Zoom Video Communications platform and two were conducted telephonically. Although the primary language for all interviews was English, participants also used some words or phrases in the Hindi language, the most widely spoken language in India (Yadav et al., 2013). Since the researcher is fluent in Hindi, she was able to translate the Hindi portions to English while transcribing the interviews. Each interview lasted between forty-five minutes to one and a half hours.

Before conducting the interviews, the researcher shared a one-pager on the research context and background (see Appendix 9.3) with participants at least three days before the interview. This ensured that they had a clear idea about the purpose of the research and had some time to gather their thoughts prior to the interview. Subsequently, the researcher requested each participant for their feedback on the validity and feasibility of the study. To the researcher's delight, all participants deemed it to be an important and valid study and were keen to share their thoughts.

Furthermore, the researcher requested the participants to select a location where they would not be interrupted during the interview. This ensured that they were able to speak openly without hesitations. The researcher followed the same and performed the interviews in secluded physical

spaces. Finally, all participants were well-versed in the video call setup due to the COVID-19 pandemic-induced move to more internet-based communication (ibid.). All in all, the interview process proceeded without glitches.

5.7. Analysis

All interviews were recorded and transcribed manually. The data was then analyzed using thematic analysis to identify recurring "patterns of meaning (themes)" and to detect similarities or differences in opinions regarding the subject (Braun and Clarke, 2012:57). Following this, 'codes' were developed to condense the data into concise information categories (Creswell and Poth, 2017). This process allowed the researcher to find supporting evidence for each code within the dataset and assign an appropriate descriptive label. The themes were subsequently divided into subthemes in line with the primary research objectives (refer to Appendix 9.4). Also, each participant was assigned a number to support anonymity (from Participant 1 or P1 through Participant 8 or P8).

5.8. Scope and Limitations

Unlike quantitative methodologies, qualitative research does not guarantee the objectivity of information as it focuses on gaining a deep understanding of a specific subject rather than identifying statistical significance in society (Queirós et al., 2017). In addition, the interpretations of qualitative studies are subjective in nature as the researcher's experiences, perspectives, and biases may play a role in the analysis of qualitative data (May, 2002). This is not to say that qualitative research cannot achieve dependable results. On the contrary, the researcher must lay great emphasis on the research design and practice reflexivity throughout the process to safeguard the credibility and trustworthiness of research outcomes (Bryman, 2012).

In the same vein, the narrative research inquiry is also subjective as it relies on the participants' personal experiences and perceptions (Bell, 2002). Oftentimes, “participants construct stories that support their interpretation of themselves, excluding experiences and events that undermine the identities they currently claim” (ibid.:209). Therefore, it is important to consider that the stories narrated by participants may not accurately equate to reality nor does it mean that the narratives are entirely untrue. Perceptions and reality are not mutually exclusive and tactically influence one another in all social phenomena (May, 2002). Here, it is crucial to keep in mind that this study

focuses on an in-depth exploration of individual opinions and experiences with corruption and anti-corruption measures, rather than exploring the reality of corruption itself.

Despite the stated challenges of qualitative methods, including narrative inquiry, these methods are highly effective in understanding “a complex reality and the meaning of actions in a given context” (Queirós et al., 2017), which serves this research well. As Atieno (2009:16) expounds:

> “If the purpose is to learn from the participants in a setting or a process the way they experience it, the meanings they put on it, and how they interpret what they experience, the researcher needs methods that will allow for discovery and do justice to their perceptions and the complexity of their interpretations.”

Lastly, this research does not adopt a gender-based analysis of the data. Although a gendered lens would be meaningful in discerning perceptions towards anti-corruption measures in nonprofit organizations, it does not fall within the boundaries of this research. The research thus treats the responses from all participants equally.

5.9. Positionality and Reflexivity

Hammett et al. (2015:51) explain positionality as “the researcher’s personal, social and cultural position and how these affect the entire research processes” and further add that “reflexivity is the process through which we reflect on our positionality.”

As a citizen of India, the researcher is well-versed in the cultural, social, and political landscape of the country. While this knowledge was certainly an asset in pursuing the study, it also came with certain predispositions and opinions that the researcher had to reflect upon during the course of the research (Hammett et al., 2015). The same applied to the researcher’s experiences with anti-corruption measures since she had previously worked in the nonprofit industry of India for several years. Hence, it was essential to unlearn those experiences and adopt as much of an unbiased and unfiltered research lens as possible (Davies and Dodd, 2002).

It is key to note however that the researcher had primarily worked as a marketing and communications professional rather than a development professional within the sector. So even though she had had much exposure to the work of development practitioners, it was not a role

she had played herself. This allowed her to practice objectivity and curiosity toward the research objectives to a great extent.

Furthermore, given that the majority of participants were former colleagues of the researcher, informal interactions were common during the interviews. However, the researcher refrained from sharing personal stories or attitudes to avoid influencing the responses. Yet despite actively reflecting on her own positionality, there is a possibility that the findings of this study were still affected by the researcher's disposition (Hammett et al., 2015).

5.10. Validity and Reliability

The validity and reliability of qualitative research essentially stem from concerns about the consistency and reproducibility of outcomes (Bryman, 2012). If the same research were to be replicated, the results must be similar (ibid.). To ensure that this research attains the said benchmark, the researcher spent a significant amount of time learning about various research methodologies, theoretical frameworks, as well as data analysis techniques suitable for this study. Moreover, the researcher regularly engaged with peers, nonprofit professionals, and professors to nip intrinsic biases or assumptions in the bud (Brink, 1993; Noble and Smith, 2015). The interview questionnaire also underwent multiple iterations to reach an acceptable standard of objectivity.

Additionally, as described in previous sections, the researcher selected study participants based on a pre-established criterion to obtain credible information. In terms of data analysis, the researcher was meticulous in combing through the recordings and transcriptions to find the most relevant and telling nuggets of information. As a novice scholar, the researcher has taken great care to remain mindful of any sources of error both during the planning and implementation phases (Brink, 1993). Through transparency, reflexiveness, and objectivity at every stage, the researcher has attempted to put forth an honest and valuable study.

5.11. Ethical Considerations

Corruption is a fairly ubiquitous problem in India and most citizens likely face frequent instances of corruption (petty or grand) (Quah, 2008). Even so, sharing personal information regarding corruption could be unpleasant for participants. It is also possible that the anecdotes shared by participants have the potential to incriminate individuals or organizations for engaging in corrupt

practices. The researcher thus has the responsibility to protect the identities of participants. After all, they are “trusting you with information that at times can be sensitive, therefore, it is imperative that the researcher maintain their ethical duty of doing no harm” (Schwickerath et al., 2016:18).

Even though a few participants were comfortable with sharing their names and organizations for the research, the researcher ultimately decided to anonymize all participants, both for consistency as well as confidentiality. The agenda of the research was clearly communicated to all participants before the interviews and the researcher also offered to share a summary of the findings (as well as the full report) upon completion of the thesis (Crow et al., 2006).

The researcher was also mindful of approaching eligible nonprofit professionals with a friendly and unassuming request with an emphasis on the voluntary nature of participation (Crow et al., 2006). This was especially crucial since their previous professional relationship with the researcher could have made them feel obligated to participate so as not to appear unsupportive. It was essential that they were motivated to participate for reasons beyond social obligation. Further, no questions were mandatory during the interviews, and participants were given ample space to share relevant information that fell outside the boundaries of the questions being asked (Schwickerath et al., 2016). More importantly, the researcher was particularly cognizant of posing questions without making participants feel like their morality or ethics were being questioned.

It is also worthwhile to mention that the link to join the Zoom video call sessions was shared only with the participants and no one else was allowed to join. The same holds for the two telephonic interviews. Although the researcher did not insist on turning on the camera feature during the video calls, none of the participants hesitated in doing so. This helped in taking notes on non-verbal cues during the interviews.

6. RESULTS AND ANALYSIS

This chapter brings together the most informative findings related to the main goals of this study, in conjunction with the conceptual framework of institutional theory adopted in this research.

6.1. Institutional Logics

In terms of the perceptions towards corruption, the responses aligned with existing literature, indicating that corruption was commonly believed to be widespread in the nonprofit sector, yet influenced by diverse institutional logics—the logics of self-interest, social welfare, pragmatism, and ethics. The following examples provided by a participant highlight the existence of systemic corruption involving multiple stakeholders, thus illustrating the logic of self-interest. This logic leads to the misuse of funds, reduced effectiveness of development projects, and weakened trust in implementing agencies.

> P6: "Say, there is an NGO building infrastructure in some rural area. They will get the right funds, but they will keep 15-30% for themselves, which is drained out of the system. We have found that a lot of infrastructure is damaged due to this. And it's not that we don't have the right technologies. The problem is with the implementing agencies [NPOs]. Corruption occurs in a big way from top to bottom in these organizations…. At times, an NGO may receive a budget from a different donor for an activity they have previously done. Instead of actually purchasing new equipment, they will show the original bill for the purchase and present physical proof of the machine. Which means they have some corrupt connections with the input supply vendors or service providers. Sometimes it's an issue to tackle such things on a large scale."

However, participants also stressed that there are organizations that do not engage in corruption and work diligently to achieve their objectives. As the following quotes demonstrate, the logic of social welfare can coexist with the logic of self-interest in the nonprofit sector. The study thus suggests that the presence of these competing logics can vary between organizations and even within a single organization across different projects or locations.

> P1: "I wouldn't paint the picture that everything is all corrupted just because there are areas where it does happen. A few NGOs are misusing funds but there are good organizations

> working on the ground. Personally, I have been fortunate to work with some good organizations who believe in the work they are doing."

> P4: "Development is a very messy sector. Corruption can happen at any point when there is a transaction. And everyone has their own perception of what corruption is… See, there would be a small percentage of people who are corrupt. But, in a good organization, you will not find corruption in every [project] location."

Furthermore, corruption was also viewed as a social phenomenon that must be overlooked to a certain degree. This perspective implies the logic of pragmatism, where individuals may accept minor transgressions as commonplace and view them as an inherent part of doing business (Thelen, 1999). The quotes below reveal that prevailing societal norms may serve to normalize behavior that might be considered unethical in other contexts (Trevino, 1986). The study indicates that some organizations view fighting petty corruption, deeply rooted in the broader fabric of society, as not worth the effort.

> P1: "There are everyday situations where you have to give a small bribe and you can't do without it. It makes you boil but that's the way things are. If you don't do it, you are just going to be sitting there."

> P7: "We know that sometimes vendors bill us a little more than the actual price for something. But you have to ignore these small things because they happen everywhere. These are not very serious."

Alternatively, the data also surfaced a movement toward a more open and transparent workplace culture where people are more willing to voice their concerns against perceived wrongdoing or unethical behavior. This indicates the logic of ethics wherein employees actively participate in upholding the organization's integrity and moral standards (Dacin, 2002).

> P1: "I have worked with organizations where people would at times speak up and say, 'Hey this is wrong, you can't be doing this'."

> P2: "Times are changing. That time is gone when no one would speak against the team leader. People now raise their voice if they feel there is a problem."

The above quotes suggest that nonprofit employees feel more empowered to report their concerns, thereby rejecting the logic of self-interest. It may be deduced that the new institutional

paradigms value openness and transparency. Hence, the study proposes that the nonprofit sector is shaped by multiple institutional logics that can be conflicting or complementary, and the prevalence of each logic may vary depending on the context (Besharov and Smith, 2014).

6.2. Institutional Isomorphism

The research data manifested several instances of coercive, mimetic, and normative isomorphism (elucidated in Chapter 4). Together, these concepts help analyze the converging tendencies of nonprofit organizations in response to external pressures for mitigating corruption, as illuminated in the subsequent sections.

Coercive Isomorphism

The research data showed that strict regulations imposed by the State have prompted nonprofit organizations to comply with anti-corruption laws to maintain their legitimacy and avoid legal consequences, thereby revealing the presence of coercive isomorphism. However, participants held differing opinions on the State's authority to do so. Only half of the participants believed that this increased scrutiny was necessary to monitor corruption (P3, P6, P7, and P8). As the quotes below illustrate, changes in rules regarding the FCRA license (the ability to obtain foreign funding) were cited multiple times concerning this heightened supervision, thereby illustrating how State-driven coercion can lead to conformity (Verbruggen et al., 2011).

> P7: "Some NGOs have been misusing the FCRA license, so the government has become very strict… Nowadays, government officials visit our office, ask questions about our work, and write their feedback in our register. They have been given this task and this is for the good. It should happen."

> P8: "Now with the government becoming more strict with the FCRA rules, I believe that most organizations are aware of the anti-corruption laws and rules… I would say that the government's push is improving the working systems of organizations. NGOs are now very clear that they need to have these systems and processes in place… We are moving in a positive direction."

In both quotes, the participants acknowledge the positive effects of coercive isomorphism on the nonprofit sector, as stricter regulations, and monitoring by the government lead to increased transparency and improved practices in nonprofit organizations.

Correspondingly, the CSR regulations were seen as stringent but necessary. Participants with experience in CSR organizations explained that they must "follow the systems and processes as per the government rules" (P3) and "spend the budget as per the government's guidelines" (P6). The following quotes reveal that coercive pressure from the State, through the implementation of CSR regulations, has led to a convergence of regulatory practices, resulting in a positive shift in the nonprofit sector, fostering better practices, and reducing corruption.

> P3: “We don’t compromise on the processes. If you are not able to spend it [funds], you have to open a separate bank account called the ‘unspent bank account’. And this has to be closed in three years. So, the government of India and the Ministry of Corporate Affairs have become very strict on CSR spending.”

> P4: “Things have improved very well. NGOs are doing a very good job, especially after the CSR Act. Before, NGOs faced a lot of difficulty in securing funding. So, there was more corruption also. Suddenly this scenario has changed with all the proper rules. Companies are forced to spend money for the country’s development, for a good cause. Now NGOs are resource-rich. We are more self-reliant.”

Yet, the remaining participants felt that while the government is tightening the strings on nonprofits, it is failing to enhance its own accountability and transparency and still engaging in corrupt practices (P1, P2, P4, and P5). The emerging sentiment was that “NGOs came into existence because the government was not doing their job well”, otherwise the nonprofit sector “would not exist in the first place” (P2). This brings into question the State's legitimacy as a regulatory authority, as its own practices were perceived to be defective. The following excerpt coherently captures the dichotomy between the divergent views:

> P2: “Some people will say that the government is killing the work of the NGOs. But it's important for NGOs to demonstrate accountable and transparent behavior because we are generally seen criticizing the government and other private sector players, but we don't demonstrate it ourselves. The reverse is also true.”

In conclusion, the study infers that while coercive isomorphism has contributed to the reinforcement of anti-corruption measures, the strict regulatory measures imposed by the State are also perceived as restrictive and hypocritical by some nonprofit leaders.

Mimetic Isomorphism

Both positive and negative mimetic isomorphism were observed in the data. While some nonprofits were motivated by donor and stakeholder values to implement anti-corruption measures, others engaged in unlawful practices, thus defeating the intended purpose. The excerpt below shows a negative aspect of mimetic isomorphism, where nonprofits seek the services of illegal businesses to obtain certain licenses and certificates to appear credible.

> P1: “There are these middle businesses that offer services like 80G and 12A certificates and charge exorbitant fees to give you all the documents. And because you have an NGO and you want to get funds, you need to have these documents, so you think, ‘I might as well pay this one-time corruption fee and then afterward I will do what I have to do’. It’s quite an automatic way of working."

Likewise, the data further revealed that tightened income tax rules have prompted some organizations to bribe government officials to avoid financial scrutiny (P5). This behavior is also an example of mimetic isomorphism, where certain organizations engage in unethical practices to emulate the appearance of reputable organizations, aiming to maintain their appeal to funders.

Conversely, positive aspects of mimetic isomorphism were observed in the shift of funding organizations' perceptions, as they now see themselves more as 'partners' rather than 'donors' (P3, P6, and P8). As one participant from an international nonprofit organization explained:

> P8: “The organizations with whom we are working don’t consider us donors. Because we are working together for a cause, it’s important that they can reach out to us for any guidance, or any concerns, and we should be there for them. Ultimately, all of us are working together for the improvement of our beneficiaries.”

This change is attributed to the fact that larger and financially secure nonprofit organizations often provide both financial aid and implementation assistance to smaller nonprofits (Estimating Philanthropic Capital in India, 2019). This support frequently includes training on various operational and administrative aspects, as well as on-the-ground facilitation of activities (P3 and P8). The collaborative style of working fosters the transfer of knowledge and best practices from funders to implementing agencies (Lee, 2017), enhancing the overall effectiveness of nonprofit organizations and demonstrating the positive impact of mimetic isomorphism.

In addition, participants explained that nonprofits have gradually assumed more corporate-like approaches, structures, and activities, thereby demonstrating mimetic isomorphism. Unlike in the past, nonprofits have become more professionalized and operate like corporate entities with the desire to achieve better results, enhance their appeal to stakeholders, and address societal issues more effectively (P2, P3, and P6), as illustrated below.

> P2: “I believe that NGOs are no more the voluntary and Gandhian organizations that they used to be in the past. We have also become more like a corporate NGO.”

Evidently, much like for-profit companies, nonprofit employers are also incorporating anti-corruption training right from the hiring stage and mandating employees to undertake frequent refresher courses. This training may also include field visits to sensitize new hires about ground realities and the ramifications of corruption on beneficiaries (P4). Participants also stressed that such policies and protocols “should be dynamic and change with time” (P3) to ensure they remain relevant and adaptable to evolving environments (P6). This shows that nonprofits are simulating a more business mindset to managing their operations.

> P6: “We [employees] have to undergo a yearly orientation by completing five modules of the anti-corruption policy created by the corporate office. The passing score is 80% and we have to submit the certificate to HR within a given time. This is mandatory.”

Thus, mimetic isomorphism has led to both positive and negative consequences for corruption. As many funding organizations are also nonprofits, they play a significant role in shaping the practices of less resourceful organizations, thereby driving anti-corruption measures forward. However, the study also indicates that some organizations may resort to unethical or superficial methods in accepting these reforms.

Normative Isomorphism

The research found evidence of normative isomorphism in how organizations not only adopt similar anti-corruption protocols but also institutionalize them through employee orientation and training, thereby endorsing acceptable conduct and preventing corruption. The data alludes to organizations investing greater time and energy in educating staff on various anti-corruption policies and rules. There was a clear consensus that “without policies, organizations cannot work” and “people should know that if they engage in corruption, serious action can be taken” (P4).

These statements exemplify normative isomorphism through the influence of collective norms and values in shaping organizations' behavior, as they encourage organizations to align their practices with prevailing ethical expectations.

Equally, the importance of whistleblowing procedures was frequently brought up during the interviews (P1, P2, P3, and P7), indicating that this practice is becoming a normalized professional standard within nonprofit organizations. Participants further echoed that “capacity building is the need of the hour” for regimenting such standards that can help prevent corruption (P8). The following excerpts reflect the seriousness with which nonprofit organizations are ensuring that all employees are well aware of organizational policies and regulations.

> P1: “I have gone through training and signed documents confirming that I am aware of all the rules of the organization, and I know the repercussions if I go out of those bounds."
>
> P3: “We have thorough training for code of conduct, conflict of interest, and other policies now. Whether it is online or offline, a one-day training or half-day training, people should know what corruption is and whether it invites penalty. People also have to be able to raise their voices to the appropriate persons in the organization. One can only imagine what happens in organizations that do not put these systems and processes in place.”
>
> P8: “Ignorance of the law cannot be an excuse to commit crimes or blunders. Disregarding these policies should not be the reason for corruption to happen. Corruption can only be rectified with proper systems and processes as well as training. Employees have to be taught how to distinguish corruption. Sometimes the absence of this understanding also results in corruption.”

Besides, for organizations lacking the capacity to undertake policy reforms, there are other nonprofit organizations that provide “good leadership training programs where they cover everything related to finances” (P5). The government too has set up a website that “offers free learning tools and modules to help them [NPOs] understand tax rules, financial management, and bookkeeping” (P5) (*Swayam Central*, n.d.). Certifications obtained upon completion of these courses serve as validation of their credibility to funders, indicating that organizations have adhered to common standards and expectations. This process advances normative isomorphism, as organizations strive to showcase their commitment to responsible fiscal administration.

Furthermore, normative isomorphism was also evident as organizations recognize the value of engaging beneficiaries in decision-making and financial responsibilities, leading to improved monitoring of fund utilization and implementation on the ground (P2, P3, P5, and P6). It appears that organizations are progressively decentralizing power and authority towards their employees and beneficiaries, thus exhibiting an inclusive and democratic management style, as evidenced by the following quotes:

> P2: “Unlike 30 years ago when I started my career, we are handing over more responsibility to village communities today and people know what money is coming in, what money is going out, how much payment has been made, and what is the work that has been done.”

> P3: “Community ownership is essential and power distribution is very critical. If the power rests with one or two people, the chances of corruption will be more. If you distribute the power to more people, the chances of corruption will reduce.”

In addition, the data underscored the technological push towards financial digitization (both by the State as well as the private sector) (P2, P6, and P7) which signals the normative influence of collective practices in decreasing corruption.

> P6: “Back in the day, there were no digital payments, so my fieldwork was highly dependent on cash flow. When you deal with cash, the chances of corruption are high. But things have changed. Now there is a lot of scrutiny. When we use the services of vendors, payments are made centrally through the finance department. The corruption that used to trickle down because of cash transfers has reduced and a lot of loopholes have closed.”

As the above participant notes, the shift towards digital payments and centralized financial processes has led to greater accountability and transparency in nonprofit spending, thus suggesting the evolution of normative standards over time. Analogously, regular financial audits and reporting appear to be widely assumed as standard practices by organizations. Participants stressed that it was essential to “track and record every single financial transaction” (P7). Interestingly, despite significant size and resource differences among their organizations, the following quotes reflect a matching attitude from nonprofit leaders toward auditing processes.

> P2: “As an organization, we are very strict about any kind of misappropriation in financial terms. The internal audit system is embedded in our processes. Everything gets audited

> on a monthly basis across team locations and at the national office. This report is also presented to the Board every quarter."
>
> P7: "I oversee every penny spent on our activities. We [senior management] also spot-check the financial accounts from time to time. Every year, we hire a CA to conduct the annual audit. He takes over a month to check every document and only if he is satisfied, he gives us the stamp… We have given very limited powers to our branch offices. For every purchase, the check must be sent via the head office. They only have permission to sign checks for up to 2000 rupees [USD 25]."

It may thus be inferred that as these ideals continue to gain acceptance in the sector, more nonprofits will adopt them to instill confidence in stakeholders and stay competitive.

Overall, the study indicates a positive trend regarding the evolution of anti-corruption measures in the nonprofit sector through normative isomorphism. Participants believed that financial digitization, policy institutionalization, employee training, and greater beneficiary involvement have contributed to limiting corruption considerably.

6.3. Institutional Entrepreneurship

The data unveiled two types of institutional entrepreneurship—one exhibited by individual actors, and the other by organizations within the larger nonprofit sphere. As nonprofit professionals with a dominant role in managing people and resources within their organizations, some participants demonstrated individual motivations and entrepreneurship by creating, maintaining, and improving systems and processes that target corrupt actions.

In particular, frequent communication with an open channel for feedback between leaders and subordinates was considered crucial to sustaining a corruption-free environment (P1, P2, and P3). The quotes below embody individual entrepreneurship, showcasing how a proactive nonprofit leader minimizes inefficiencies, fosters a high-performance culture, and promotes continuous improvement. Emphasizing team education and adherence to systems, participants also highlight the value of open communication, and adaptable leadership styles for driving institutional reforms.

> P6: "Honestly, being a team leader, it is my responsibility to step up our systems and processes. Even though I expect my team to follow this hundred percent, they will

understand eighty percent and implement seventy-five percent. Then I need to figure out how these can be maximized... I think team education is very important and you should not dilute or bypass the systems and processes. The day a team member learns that the manager is okay with a mediocre level of work, then they spoil the system, and it will create a problem in the long run… Some people are self-motivating, but others require external motivation. So, managers have to identify which team members need a push."

P8: "When I supervise my team, my prime responsibility is to make sure that they are able to share things openly and there is transparency in the systems… Sometimes we have to adopt different leadership styles, like encouraging decisions, or collaboration, or discussions."

When it comes to the institutional entrepreneurship exhibited by nonprofit organizations, participants shared various corruption risk management measures that support the prevention and mitigation of corruption. These measures appeared to exceed donor, State, or stakeholder requirements and were driven primarily by internal forces aimed at using the organization's resources efficiently to achieve its goals and mission. Examples included multi-step procedures for purchases, use of third-party services, and authentication of partnering agencies, among other such processes where corruption is probable. Below is one such example, shared by Participant 3, of an elaborate 12-step annual process for selecting nonprofit organizations for CSR projects:

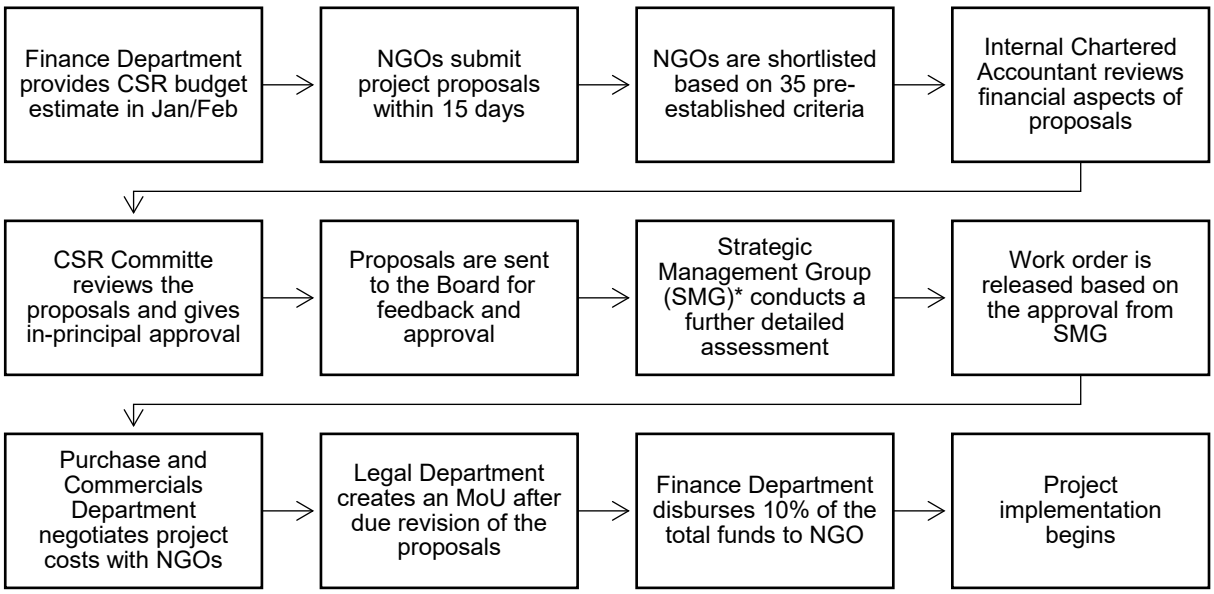

Figure 2: Annual Selection Process for Nonprofit Organizations for CSR Projects by an Indian Company

*The SMG consists of top-level executives of the organization, such as Managing Directors, the Chief Financial Officer, Vice Presidents, etc. (P3).

This exhaustive approval process exemplifies institutional entrepreneurship through its rigorous approach to resource management, risk mitigation, transparency, and accountability. Based on the principles of institutional entrepreneurship outlined in Chapter 4, it may be deduced that this systematic method nurtures a culture that supports innovation and change, while also driving the anti-corruption mission forward.

Furthermore, nonprofit organizations, particularly those providing both project funding and execution support, meticulously assess every minute aspect of the partnering nonprofit organization's functioning, including the qualifications of the staff with respect to the development projects. In the following example, the participant stresses the importance of verifying the legitimacy of partnering organizations, demonstrating a commitment to maintaining high standards and promoting institutional entrepreneurship within the organization.

> P3: "If the NGO is working on education, then there should be someone who has a BE [Bachelor of Education] degree, whether they are technically qualified or not. If they are working with the differently abled, then do they have certified trainers, such as speech therapists? Do they have a diploma or a certificate or a master's degree? People sometimes provide qualifications which are not appropriate to their job roles, plus we have to check whether their courses are legal."

The selection of vendors and service providers also undergoes an equally exhaustive process. Such third parties are required to produce valid GST (Goods & Services Tax) registration, PAN card (Permanent Account Number), bank account, and other proofs (P2, P3, P5, and P6). The data indicates that by verifying the vendor's credentials, organizations alleviate the risk of working with fraudulent or unscrupulous entities and maintain financial transparency.

> P5: "Our organization has a set of protocols in place. We have to obtain three quotations from vendors before making any purchase, no matter how small, like a computer mouse. Even our full-time staff who work remotely have to follow these rules for work-related purchases. And we have a local person who reviews the bills and reconciles them with the team's records for accuracy."

> P6: "They [vendors] cannot accept cash. I have to follow strict checklists to minimize corruption and I must provide a work order. For each physical activity at the village level, geo-tagged photos and verification from the *gram panchayat* is required... For example, for a training program organized in a remote area, we allocated a budget for basic

> refreshments such as snacks. The NGO giving the training must adhere to a pre-agreed price and the bills provided will be verified with accompanying photographs or video to make sure that the number of actual attendees matches the number given on the bill."

The responses above emphasize the organization's commitment to implementing robust systems and controls to maintain integrity and resource efficiency. Through meticulous procurement practices, vendor regulations, and documentation requirements, nonprofit organizations increase the likelihood of fostering a responsible culture that drives progress and significantly reduces opportunities for corruption, in line with the principles of institutional entrepreneurship.

In closing, as institutional entrepreneurs, both organizations and individuals help steer long-term institutional change towards ethical practices, ultimately fostering better outcomes for the development projects and the communities they serve.

6.4. Institutional Authority and Leadership

As explained in Chapter 4, while institutional authority is necessary to establish and maintain order within an organization, effective institutional leadership is crucial for achieving its goals and ensuring long-term success (Meyer and Rowan, 1977; Scott, 2014). This section first explores institutional authority in the realm of nonprofit organizations, followed by leadership.

The data revealed that despite rules, regulations, and training, corruption can still occur. Participants thus emphasized the significance of applying existing policies to real cases, which sets the right precedent for the entire organization and exhibits institutional authority (P2, P3, and P4). As noted by one participant, "If there is a complaint filed, due exploration will be done, and action will be taken. This is something one has to demonstrate very clearly" (P2). Participants shared several instances of corruption and discussed how they were addressed. One such example is as follows:

> P2: "There was an incident in our organization that was highlighted by a community-level person who reported that something wrong was going on in a particular area. Without giving any notice to the local team, we started an inquiry to look at the records, and the work done, and corroborate the work vis-a-vis the submitted documents. We found that there was corruption in terms of the use of machines and booking of expenditures by the people who were working there. A disciplinarian committee was set up and we found that

> it was not a mistake. It was very much a planned corruption. They confessed when we confronted them; we were able to get the money recovered in this particular incident. And we asked those employees to leave the organization."

This event points to the effectiveness of institutional authority in addressing corruption. The organization had the authority to investigate claims of wrongdoing based on their internal policies and procedures. This demonstrates the power of institutional authority to deter misconduct and ensure organizations operate according to their values and mission (Scott, 2014).

Furthermore, participants emphasized that corruption could thrive in silos due to a lack of communication and physical distance between field teams and headquarters (P4, P5, and P6). It was therefore deemed crucial to create safe and supportive work environments where employees could report cases of corruption or suspicious behavior without the fear of losing their job (P1 and P2). Hence, institutional authority also plays a vital role in creating a culture of transparency, accountability, and ethical behavior in organizations (DiMaggio and Powell, 1983).

Moving on to leadership. All participants unanimously highlighted the critical role of effective leadership in instituting anti-corruption measures. According to one participant, leaders must envision a value system that will help create the desired culture when forming an organization (P2). Moreover, participants also echoed that leaders must "demonstrate the values and culture they profess" and ensure that these are understood by the "last mile in the organization" (P1, P2, and P5). As one participant put it, "Whether it is a small or a big organization, the responsibility does lie with the leadership" (P5).

Thus, the data aligns with the literature that effective leadership is essential in promoting anti-corruption measures within nonprofit organizations. As evidenced by the following excerpts from the data, leaders must lead by example and ensure that the values and rules are consistently enforced, inspiring and shaping the behavior of those within their organizations.

> P2: "Everybody needs to understand the significance of clear accountability and transparency in the organization—how the rules and regulations have been framed and what they mean. Any violations within the entire system, from the grassroots to the top level, will inevitably cause issues. So, if leaders are not following the values, the same will not be reflected at the grassroots level."

> P3: “Leadership plays a very important role because you learn from your leaders. If you talk to great leaders in development, they will say that if your process is correct and streamlined, you are far more likely to achieve your expected outcome. And these leaders inspire future leaders.”

However, participants also mentioned that it can be challenging for nonprofit leaders to monitor all activities "because he [or she] is coordinating a lot of administrative tasks" (P3 and P6). Therefore, effective leadership may be considered fundamental in creating a culture of integrity and transparency, but leaders also face hurdles in ensuring that these values are upheld at all levels of the organization (Schein, 2004).

On the other end of the spectrum, corrupt leaders tend to “hire biased people from top to bottom who will do sycophancy” to maintain their power and control (P4). This practice likely inculcates a culture of favoritism throughout the organization. Plus, such leaders “will protect instead of punish” those who engage in corruption (P4). Disciplinary action may thus be dependent on the relationship between the parties involved. In addition, as Participant 4 underlines in the quote below, employing trustworthy leaders helps set the right tone and values from the top, cultivating ethical behavior that discourages corruption.

> P4: “Corruption can only reduce when there is a will at the leadership level. So, it is important to hire an honest person in that position.”

Moreover, one participant argued that “leaders should be prudent, and they should consider the money of the organization as their own personal funds that need to be spent carefully” (P3). This suggests that effective leadership involves a sense of responsibility and stewardship for the organization's resources (Schein, 2004). Nevertheless, it was also cited that even if “the leaders are excellent, but systems and processes are inadequate, corruption can still happen” (P3), thus accentuating that leadership alone cannot support a transparent and accountable environment.

In conclusion, the study suggests that both institutional frameworks and leadership are needed to institutionalize anti-corruption within nonprofit organizations. Effective leadership must be supported by strong institutional authority to ensure that the right values and culture are consistently enforced and upheld by all actors.

7. CONCLUSION

Leadership-level professionals perceive corruption as a widespread issue in India's nonprofit sector, although it is not considered to be universal. When it comes to petty corruption, however, conflicting institutional logics emerge. Some view it as negligible transgressions that are an ordinary part of daily life, while others consider it entirely unethical and advocate for strict regulations and frequent monitoring. In addition, leaders believe that nonprofit workers are now more empowered to report unethical behavior, indicating an increased consciousness toward preserving the organization's ethical values and moral principles.

Furthermore, the research uncovered multiple pieces of evidence indicating the occurrence of institutional isomorphism within the nonprofit sector. The findings reveal that coercive isomorphism has led to increased compliance with anti-corruption laws due to strict legislative and regulatory pressures imposed by the State. However, the State's authority as an enforcement agency is called into question, as it has yet to eliminate corruption within its own operations. This indicates that while coercive isomorphism has reinforced accountability and transparency, some nonprofit leaders perceive the State’s involvement as restrictive and hypocritical.

The research further suggests that normative isomorphism has led to an overall positive trend in the evolution of anti-corruption measures in the nonprofit sector. The normalization of financial auditing, employee training, capacity building, policy institutionalization, and whistleblowing procedures reflect the influence of collective norms and values in shaping organizational behavior. The study also highlights the increasing value placed on beneficiary participation in decision-making and financial responsibilities, as well as the technological shift towards financial digitization, which has improved member and internal accountability.

When it comes to mimetic isomorphism, both positive and negative consequences were observed. The positive effects seemed to be a consequence of the changing relationship between nonprofit entities and their donors, often nonprofits themselves. Even though donors are enforcing high standards for reporting and documentation to prevent corruption, they are also actively involved in the on-ground implementation of projects. The hands-on approach gives them a deeper understanding of prevailing challenges, allowing them to better support the development and adaptation of anti-corruption measures. This transformation is further encouraged by the private sector's sponsorship of the nonprofit sector through the CSR mandate. The research found that nonprofits are increasingly emulating corporate working styles to bolster their legitimacy. The

changing dynamic has led to the blurring of traditional boundaries between donors and NGOs, resulting in a more collaborative framework.

Concurrently, the negative aspects of mimetic isomorphism are also evident as some nonprofits engage in unlawful practices, such as bribing government officials and seeking the services of illegal businesses to obtain certificates and licenses, intending to emulate reputable organizations to maintain trustworthiness to funders.

Nevertheless, the research finds that nonprofit organizations are making great strides in fostering a more ethical and responsible environment through a wide range of corruption risk management measures that often go well beyond statutory requirements, thereby showcasing institutional entrepreneurship. While individual entrepreneurs, such as nonprofit professionals, work towards creating efficient systems and processes, encouraging open communication, and promoting continuous improvement, organizational entrepreneurship is reflected in the implementation of rigorous risk management protocols, resource management practices, and maintaining transparency and accountability in operations. It may thus be deduced that both forms of entrepreneurship are essential in instituting lasting anti-corruption reforms.

Additionally, the research highlights the substantial role of institutional authority and leadership in achieving zero tolerance toward corruption. Although leadership was identified as the leading parameter for exemplifying desirable values and culture throughout the organization, institutional authority was determined as vital in enforcing policies and procedures to create an ethical environment that deters corruption in the long run. Combating internal corruption within nonprofits thus requires a combination of strong institutional frameworks as well as effective leadership.

To conclude, corruption remains a multifaceted challenge within nonprofit organizations in India. The research findings point to a rising commitment toward combating corruption through the adoption of State-led regulations and tailored anti-corruption initiatives. However, considering the limited scope of this study, further research is undoubtedly necessary to discern more generalizable, sector-wide trends.

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9. APPENDIX

9.1. Interview Questionnaire

The following semi-structured interview questions were tailored to the participant's responses to gain a comprehensive understanding of their experiences and opinions related to the research objectives.

- Please share your total years of experience in the development sector and provide a brief overview of the various roles you have held, including your current position.
- How pervasive do you perceive corruption to be in the development sector? What are its consequences on the functioning of nonprofit organizations?
- Can you share any instances of nonprofit sector corruption you may have observed during your career? How were these cases addressed?
- In your opinion, what are some of the main donor requirements for nonprofits? How do they influence anti-corruption measures within the nonprofit sector?
- How would you characterize the role of the government in mitigating corruption in nonprofits?
- Based on your experience, what is the general attitude of employees towards anti-corruption measures? To what extent are policies and rules consistently followed?
- How transparent do you perceive processes such as financial transactions, recruitment, procurement, project/vendor selection, and funding/budget allocation to be?
- Have any organizations you have been affiliated with implemented initiatives to raise employee awareness of anti-corruption measures?
- Have you experienced the implementation of an official anti-corruption policy within any organization you have worked for? This could include signing a policy, participating in training sessions, or learning about whistleblowing procedures.
- What do you perceive as the primary factors essential for the successful adoption of anti-corruption measures, and what? Can you share any best practices?
- How would you characterize the role of managers and leaders in reducing internal corruption?
- To what degree do you think individual and organizational initiatives can mitigate corruption within the development sector?

- In your opinion, how do organizational culture and values influence the effectiveness of anti-corruption measures?
- How vital are anti-corruption measures in curbing corruption within the nonprofit sector?
- Is there anything else that you would like to add to the discussion?

9.2. Email Sent to Participants

The following email was sent to the participants after engaging in a phone call or exchanging text messages to inquire about their initial interest in taking part in my research.

Hello [Participant],

Thank you for your warm response earlier. As I explained, I am currently pursuing a master's programme in International Development and Management (LUMID) from Lund University in Sweden. Earlier this month, I began my thesis research focused on anti-corruption measures in nonprofit organizations in India. My study aims to understand the challenges and best practices in curbing corruption in the nonprofit sector through the perspectives of experienced nonprofit professionals, such as yourself.

With your extensive experience, I am certain that your insights into the factors influencing transparency and accountability within development sector organizations in India will be highly beneficial to my study. To provide more context and background to my research, I have written a brief note; please find it attached. I would like to hear your thoughts about the validity and feasibility of my research. And if you are comfortable, I would love to interview you as well since I am sure you'll have much to share. Please let me know your thoughts and if you have any questions.

Warm regards,
Vedika

9.3. Research Context and Background

The following note was shared with the participants as an attached document along with the email presented in the preceding section.

Dear [Participant],

Last year, I spent five months interning with a Swedish non-profit organization called Engineers Without Borders where I developed an anti-corruption policy and conducted risk assessments to support the next five-year plan. This experience made me think about the attitudes and practices of the Indian development sector in achieving minimum tolerance toward corruption. Hence, I decided to conduct qualitative research to gather the perspectives of nonprofit professionals, particularly the management/leadership level, towards anti-corruption measures.

Anti-corruption measures typically include policies, laws, regulations, and norms aimed at reducing corruption and unethical behavior in an organization. These measures may include implementing strict ethical codes, increasing transparency and accountability, establishing whistleblower protection, improving organizational governance, and enacting rules to penalize those who engage in corrupt activities.

Corruption, on the other hand, is an umbrella term to describe a variety of unethical practices, such as bribery, theft, nepotism, embezzlement, conflict of interest, abuse of power, procurement or supply-chain fraud, forgery, and other similar actions. Although India has made great strides in improving transparency and accountability in the past few decades, much remains to be done. My research thus aims to better understand the challenges and best practices in the implementation of anti-corruption measures in non-profit organizations through a leadership lens.

Lastly, I want to emphasize that participation is entirely voluntary and if you do wish to participate, you will be one of eight anonymous participants. I will not provide the names or organizations of any research participants in my thesis report. This is to protect the identities of my research participants while also allowing for open conversations on the topic. I look forward to learning about your experiences, learnings, and stories related to my research.

Thank you so much!

9.4. Codes for Thematic Analysis

Perception of corruption:

a. Corruption is common
b. Petty corruption acceptable/unacceptable
c. Systemic corruption
d. Ethical organizations exist
e. Employees empowered

Impact of corruption:

a. Misuse of funds
b. Reduced effectiveness of projects
c. Weakened trust

State-led pressures:

a. Regulations and compliance requirements
b. Repercussions of non-compliance
c. Questionable authority of State

Donor-led requirements:

a. Regular reporting and documentation
b. Robust systems and processes
c. Regular auditing

Effects of external pressures:

a. Technology-induced transparency
b. Training and capacity building
c. Corporate-like approaches through CSR regulations
d. Donors as implementers
e. Transfer of knowledge
f. Similar corruption risk management strategies
g. Illegal practices

Anti-corruption entrepreneurship:

a. Rules and policies
b. Extensive NPO selection processes
c. Increased community ownership

Role of leaders:

a. Organizational values and culture
b. Exemplify benchmarks
c. Good governance examples
d. Corrupt leaders
e. Leadership alone insufficient

Organizational authority:

a. Central authority on financial decisions
b. Strict verification processes
d. Corruption investigation and action