CHAPTER 2

REVIEW OF LITERATURE

Literature review aims to review the critical aspects of existing knowledge by studying the theoretical and empirical contribution to the concerned topic and to study the findings thereof. It helps us to study the attempts which have been made earlier by various researcher on the subject. In order to identify and fill-up the gap which has been left by previous researchers, the literature produced by them is reviewed. This helps to justify the present research work. The review of available studies relevant to the field of present research is given below:

Coughlin (1969) conducted a survey in 1965 of 406 sectarian (Jewish, Protestant, and Catholic) agencies in 21 states and examined the role of “voluntary welfare” in overall welfare programs. At the time of the study, 70 percent of the agencies were involved in some type of purchase-of-service contract with government, with increasing interest in expanding programs and in exploring collaborative arrangements with government.

Key findings of the study were as follows:

- Church leaders expressed uncertainty about the role of their institutions in modern society and also about the nature of the relationship between religion and government;
- Most agencies in the study had no policy regarding receipt of public funding, but when they did exist, agencies almost always accepted support. Roughly 70 percent had contracts with the government. Protestant groups had the greatest degree of variation and ambiguity in policy. They tended to oppose government support but recognized practical reality;
- Government support of some agencies accounted for as much as 50 percent of their budgets. Catholic organisations tended to be more heavily supported than Protestant and Jewish counterparts;
- Protestant and Catholic services were provided under the auspices and organisation of the church while Jewish services were more autonomous;
- Protestant executives were concerned about subsidization of sectarian agencies and violation of church-state separation;
From the Catholic perspective, government was viewed as an enabler of voluntary effort. This was similar to Jewish agency representatives who expressed little fear of government cooperation and support; and

All three groups were more concerned about the effect of subsidies on autonomy than about the issue of separation of church and state/constitutional issues.

Benson and Spilka (1973) had taken a sample of 128 Catholic subjects with approximately identical religious backgrounds; the study established and explained a theoretical model which makes personality-religion relationships more understandable. The research explored three hypotheses: self-esteem is positively related to loving God-images; self-esteem is negatively related to rejecting or non-loving images; external control is related positively to controlling God-images.

Bolduc (1984) examined the impact of public funding on Catholic Charities (CC) and focused on issues of autonomy and identity. He found that the basic mission of Catholic Charities was unaffected by public support but that agency executives still feared loss of autonomy, particularly as the portion of their budgets which were government funded approached 50 percent. Overall government support of CC programs increased from 15 percent of budgets in 1960 to 50 percent in 1984. Those agencies that received a significant amount of public funding (in excess of 75 percent of budgets) and those with little or no government support indicated less apprehension about loss of independence. Some of his findings were based on comparisons drawn between Catholic Charities agency executives and public administrators of Title XX:

- Public administrators believed that the separation of church and state precluded public funding of social services;
- A significant percentage of CC administrators believed that pluralism justified public funding of voluntary social welfare agencies. The opposite was true for Title XX executives;
- Public administrators emphasized accountability and control while their CC counterparts stress cooperation; and
- A significant number of public administrators believed that private agencies should operate exclusively with private support. The exact opposite was true for the majority of CC representatives.
Freeman (1985) examined the effect of church attendance and other aspects of background on time allocation, social behavior, and work force behavior among inner city youth (using data from the 1979-80 National Bureau of Economic Research-Mathematica survey of inner city black youth, and a national longitudinal survey of young men). His primary conclusion is that there is sufficient diversity of backgrounds even in similar inner city areas for certain aspects to be good indicators of “who escapes” poverty.

Freeman further concluded that church attendance is associated with considerable differences in behaviors of young black males from high-poverty neighborhoods and thus their chances to “escape.” Church attendance, he maintains, affects time allocation, school attendance, work activity, and socially deviant behavior among this population. Other factors examined include whether family members are working or are on welfare and youths’ perceptions of work opportunities; both he argues influence youths’ activities and time allocation.

Allison, Gay and Glass (1989) examined the relationships between one particular facet of well being, general life satisfaction and three dimensions of religiosity – affiliation, participation and devotion. The study includes a series of six multiple regression models, with general life satisfaction as the dependent variable in each equation. Model I include the effects of demographic, health, and trauma variables and explain 14 percent of the variance in life satisfaction. Model II incorporates the frequency of high intensity social contacts and the membership in nonreligious voluntary associations. Model III adds nine variables representing religious preference. Model IV includes a subjective strength of affiliation measure. Model V incorporates frequency of attendance at religious meetings. Model VI adds devotional intensity.

Chaves and Higgins (1992) stated the results of a comparative analysis of a sample of black and white congregations. Black and white congregations are found to participate in different sorts of secular activities. Black congregations are not more active in secular activities in general but are more active in certain types of activities such as serving underprivileged members of their communities or engaging in human rights activity.

Blaine and Crocker (1995) examined 1) whether the relationship between religiousness and psychological well-being differ between Black and White individuals; and 2) what are the social psychological mediators of this relationship. Those relationships were
examined in a sample of 66 Black and 59 White university students. Measures include religious belief salience, religious attributions, religious participation, collective self-esteem and psychological well-being. The results indicate that religious belief promotes psychological well-being among Black but not White individuals. The results further suggest that the influence of religious belief provides individuals with attributions that enhance the meaning of life events as well as the extent to which people positively evaluate their religious group or affiliation.

Esbeck (1996) stated how Charitable Choice provisions affect the autonomy of religious organisations engaged in social welfare and educational activities. Author also examined the various types of regulatory constraints imposed as a condition of governmental assistance. Finally, he comments on constitutional issues such as whether the financial assistance regulations violate the First Amendment Freedom of religious institutions or whether religious institutions receiving governmental financial assistance are “state actors.”

Ammerman (1997) prepared a report of findings and conclusions based on a study of 23 congregations in nine U.S. cities. The study examined interaction between congregations and the communities/ecologies within which they exist and how they respond to social change. While most congregations often choose to not adapt and thus die as a result of social change, the authors conclude that important lessons can be drawn from the interaction between congregation and community, namely that congregations remain vital elements in civic culture and important institutions in American life.

Esbeck (1997) argued for the constitutionality of government funding of faith-based social services. In this article, he provided an overview of Supreme Court cases and decisions within the framework of separationism and the neutrality or equal treatment principle. He asserts that strict church-state separationists often place the First Amendment’s Establishment Clause in opposition with the Free Exercise Clause. It is his contention that if the Establishment Clause is interpreted along the lines of the neutrality principle, then faith-based organisations are not required to censor their religious expression if they contract with the government and that the standard for neutrality is equal treatment, not disengagement. Furthermore, to bar religious groups from benefits secular entities enjoy is discriminatory. He maintains that First Amendment principles can
be upheld as long as the objective of the organisation is general betterment of society and all providers religious and secular have access to the program.

**Grettenberger (1997)** researched the nature and extent of service provision by congregations of United Methodist Churches of Michigan and their potential to provide more non-religious services. Representatives of churches in the study area were mailed surveys and of those who responded, the majority indicated they would be willing to increase human service programs, primarily services for children and youth. Grettenberger found that services were primarily provided in response to emergencies. Over half of these churches reported an increase in requests for assistance and most reported that they could meet increased need to some degree but not to a great extent. Respondents’ answers reflect a reluctance to serve stigmatized populations. Roughly 40 percent indicated they would not be interested in serving the gay and lesbian population and only about 13 percent indicated they would be interested in serving welfare recipients.

She argues that congregations do not possess the necessary resources to implement services and that additional, external inputs are needed in the form of financial and technical assistance. Congregations would be able to assist in already established programs. She recommends that if state agencies do approach congregations, matching the theological orientation of the congregation to the particular cause/program would be beneficial. She concludes that congregations in the study may serve as a source of additional services for “clearly-defined” populations.

**Edin et al. (1998)** collected the data in his report from in-depth interviews with low-income single mothers (welfare-reliant and low-wage working) in four urban areas around the country, (Boston, Charleston, Chicago and San Antonio) representing variations in welfare benefits, labor market and cost of living. Findings support the role of nonprofit social service agencies in low-income women’s “economic survival strategies’, yet not sufficient to replace the public safety net. Other findings were as follows:

- Women from poor neighborhoods receive significantly less discretionary cash and voucher assistance from agencies than women from mixed-income neighborhoods.
- Almost all participants felt they had something to hide from the government.
• Agencies’ services were designed primarily to meet non-recurrent emergencies.
• Less than one-third of families had received cash assistance in the last year, but two-thirds had received in-kind assistance, mostly food and clothing.
• Most of the women/families in the sample maintained contact with more than 12 organisations in a given year and used multiple agencies.
• Each agency/program has specific eligibility criteria, “stigma costs”, and rules about how often a family/individual could be served. These policies tend to generate mistrust and also favor those clients that exhibit preferable social characteristics.
• Due to rules and requirements, families spend time going from one agency to another.
• The lack of coordination between agencies resulted in unmet needs in some areas.
• Smaller programs, such as congregations’ are unevenly distributed within and between cities.
• Practice of targeting or specialization lends legitimacy and credibility to the program that is important in the eyes of donors and the community at large.
• By “rationing” agencies appear more efficient and effective if they demonstrate service to larger numbers of clients.
• Agency staff and volunteers tend to be more willing to provide cash and assistance to clients deemed “good investments”, or individuals experiencing short-term crises.

Gronbjerg and Nelson (1998) stated the findings from a 1991 survey of Illinois nonprofit human service organisations. From the outset he suggest that further researcher is needed, particular since these entities tend to be invisible given their size and that religious affiliation reduces the need for formal tax-exempt status. The paper provides a summary of organisational characteristics (mission and types of services provided, target population, year of establishment and IRS status), financial characteristics (with supporting data for argument that these agencies are more vulnerable financially), nature of relationships with religious congregations and organisations’ governance structures.

Alexander (1999) prepared a report of findings from a study of the Cuyahoga County which was an OH nonprofit (501-c3 agencies) social service sector. Four types of agencies serving children and youth were included in the study: traditional, community
and faith-based as well as semipublic organisations. Results from the study suggest that the capacity of community and faith-based organisations to fulfill expectations of government contracts even if business oriented approaches are adopted, is limited by a lack of financial and human resources. Market orientation toward service provision also presents a conflict for organisations’ missions. For these agencies, serving the neediest may result in incurring increased service costs which in turn are reflected by poorer performance on outcome measures (a factor which can jeopardize future funding and agency survival). Representatives indicate that agency responses to the changing environment of increased need and reduced funding could include the elimination of services and programs, reduction in staff, increased reliance on volunteers, implementation of management reforms and possibly charging fees for services rendered. These responses are reflective of a general shift in resources from service delivery to administration and management.

Bartkowski and Regis (1999) prepared a report based on in-depth interviews with religious leaders representing 30 faith communities in a rural area of northeastern Mississippi. Religious leaders were found to promote a “holistic” approach to social service provision that addresses the material and non-material (moral development and spiritual) needs. The four categories of assistance by religious communities are outlined in the report: 1) intensive long-term interpersonal engagement; 2) intermittent direct relief; 3) collaboration with “para-church” relief agencies; and 4) short-term distance missions. Most of the religious leaders in the sample claim awareness of Charitable Choice and some named it specifically. Overall, respondents demonstrated a favorable attitude while some had reservations and others exhibited “profound ambivalence” toward the provision. The authors suggest that pastoral attitudes toward Charitable Choice are associated with certain interrelated factors:

- Evaluations of previous relief efforts and congregational-denominational characteristics (church structure and decision-making processes)
- Attitudes regarding ethnicity, the poor and social inequality (Leaders are more favorable towards the provision they believe that racial and class barriers can be overcome through faith-based efforts. Black pastors were more favorable than some white pastors who indicated that attitudes within their congregations could impede efforts.)
Beliefs about government efforts to alleviate poverty.

Carlson (1999) argued that Charitable Choice begins to fulfill the need for ways to expand the role of nongovernmental organisations, including faith-based organisations, in the social welfare system. He outlines principles and rules of the provision that should govern the relationship between FBOs and government. Charitable Choice he contends creates new ways for the government to relate to FBOs which protect religiously distinct social service providers from threats posed by cooperating specifically with government entities while protecting the rights of vulnerable populations served by these organisations.

Chaves (1999) by using data collected from the National Congregations Study survey (1998) addressed the following:

1) To what extent congregations would be inclined to take advantage of funding opportunities made available as a result of Charitable Choice legislation.

2) Which subsets of congregations would be more likely to apply for funding? Key findings relate to the several factors including congregations’ size, ethnic composition, regional considerations and degree of secular integration. It also presents additional findings from the National Congregations Survey (1998) on participation in and extent of social service provision, effect of location or class composition on willingness to apply for government funding; and use of volunteers.

De Vita et al. (1999) in their study included two separate surveys. The first survey assembled comprehensive information on faith-based service programs and compiled an inventory of available services. The second survey developed a need assessment tool for houses of worship and faith-based organisations in New Jersey. The study found increased activity among faith-based organisations in providing social services to their communities. The efforts, however, tend to focus mostly on short-term emergency services such as food, clothing and financial assistance. Far less faith-based providers help their clients in moving out of the welfare system or in building community infrastructure. A geographic analysis of the data indicates that employment and training or housing services are offered predominantly where the poverty rate is above the state
average. Additional analysis is recommended in planning for future partnerships with the faith based community.

**Alexander (2000)** in his article “Adaptive Strategies of Nonprofit Human Service Organisations in an Era of Devolution and New Public Management” which begins with an overview of life cycle, organisational adaptation and resource acquisition theories emphasizing the fact that issues pertaining to social service nonprofits are poorly elaborated because of the complex structure of the third sector organisations that makes any generalization inappropriate. The analysis of the nonprofit sector adaptation strategies is conducted through a series of longitudinal focus groups in Cuyahoga County, Ohio. Focus groups were composed of executive directors, associate directors and program staff and were held with each of the three organisational types: traditional/ established organisations, community-based organisations and faith-based organisations. As a result, four adaptation strategies have been identified: stretching current revenues to new services and populations; developing business management techniques, extending inter-organisational networks and employing business techniques that maintain the public service character of their organisations. Fiscal pressures impose also other responses such as cutting programs and/or staff; rationing services or relying more on volunteers.

**Anderson et al. (2000)** focused on the role of faith-based organisations in providing social services with the primary objective of assessing the will and capacity of CA FBOs to expand services to welfare-to-work participants. Results of the study pertain to how state and local social service departments engage with the faith community, responses to welfare reform within the community, and what is required for FBOs to expand services. The report also includes results on the scope of congregational services, the degree of demand reported for such services, and perceptions of capacity to meet increased demand. The extent of government funding of congregations and the success rate of these entities to secure contracts are addressed. The authors elaborate on factors that restrict expanding the capacity of congregations as well as circumstances which will augment their capacity.

**Chaves and Tsitsos (2000)** evaluated (using data from the 1998 National Congregations Study) the extent to which religious congregations are constrained in their activities by governmental regulations. Article also offers an assessment of the need for additional legal protection of religious activity.
Cnaan (2000) reported the findings from a study of 401 Philadelphia-based congregations. Among the topics addressed are the scope and nature of social and community programs, sources of support, who provides services, beneficiaries and degree of awareness of government policies such as Charitable Choice and programs such as Americorps by congregations, the level of various types of partnerships and rough estimates of the monetary ‘replacement value’ of congregational programs.

Farnsley (2000) examined the arguments for expanding faith-based participation. Among them are less bureaucracy and greater efficiency, greater familiarity with local circumstances and the ability to make nuance judgments. He asserts that faith-based groups provide moral teachings and spiritual values that are not addressed by the traditional welfare system. The author also discusses the administrative capacity of those organisations necessary to work in the service arena with public funds and the issue of what resources those groups possess and how they match the objectives of the new initiative. Among the topics that are also addressed are religious context, communication between faith communities, government, and civic groups and the organisational roles within these new partnerships.

Frumkin and Kim (2000) investigated the question of whether operational efficiency is recognized and rewarded by the private funders who support non-profit organisations in fields ranging from education to social service to arts and beyond. Looking at the administrative efficiency and fundraising results of a large sample of non-profit organisations over an 11 year period, researchers found that non-profits that position themselves as cost efficient – reporting low administrative to total expense ratios – fared no better over time than less efficient appearing organisations in the market for individuals, foundations and corporate contributions. From this analysis, the authors suggested that economizing may not always be the best strategy in the non-profit sector.

Hall (2000) stated the findings from a study of small religious nonprofit organisations using data collected from a national mail survey of 360 organisations that received funding from the Campaign for Human Development of the National Conference of Catholic Bishops includes evaluation of inter-organisational relations and linkages, organisational behavior and degree of religious affiliation.
Bane (2001) examined the role that churches and in particular the Catholic Church, played in welfare reform during the 90s. She points to her dissatisfaction with the limited scope of the Church’s participation. She deliberates on a new role for the Church that encompasses policy, service and politics in a broader integrated context.

Bane et al. (2001) stated a range of perspectives offered by leading scholars regarding the current debate of government, church, and community organisations working together. Provides a broad framework of issues and addresses the question of where responsibility for social provision lies. Chapters also trace the history of social programs, voluntary and religious organisations.

Chambre (2001) stated in an exploratory study of four AIDS organisations in the New York City area and the changing nature of “faith.” He examines the extent to which organisations adhere to their religious orientation. Paper concludes that while all four continue to honor their religious roots, two became “secularized” and two have incorporated a more personalized, ecumenical form of faith. Sources of change include lack of funding for religious activities, changing client populations, leadership and stakeholders.

Chaves and Tsitsos (2001) addressed two key assumptions about congregations and social service provision: 1) that religious organisations specialize in holistic service delivery focused on personal transformation which provides long-term, lasting solutions to poor people’s problems and 2) that the religiously distinctive approach constitutes an important alternative to social services delivered by nonreligious, especially government agencies, and this alternative approach is potentially undermined by collaboration with such agencies. Results support neither assumption.

Chaves (2001) stated the findings from the 1998 National Congregations Study (NCS) based on a survey of a nationally representative sample of 1,236 religious congregations. The study indicates that although 57 percent of the congregations participate in some sort of social service delivery, there is variation in the intensity of their involvement. One measure of that involvement is the number of programs they have under their own auspices. The results show that 12 % run food programs of their own and fewer than 5 % run either housing or homeless programs of their own. Of those providing social services, only 12 % have a staff member assigned to the projects. The survey also indicates that
congregations prefer some types of projects to others. Some 33% of the congregations have food-related projects, 18% have housing and shelter projects, and 11% have clothing projects. Projects dealing with health, education, domestic violence, mentoring, substance abuse and work issues are not so common. The study proves that larger congregations and those located in poor neighborhoods are most active. On the other hand, congregations with more middle class people in them provide more social services than those with poor people in them. The study also questions the congregations’ interest in expanding social service delivery through the funding opportunities prompted by the Charitable Choice.

**Farnsley (2001)** argued that the welfare reform related to the Charitable Choice provisions of 1996 is drawing smaller faith-based groups, especially congregations, into the social service arena. However, these newcomers face many difficulties in responding to requests for proposals and the application process. Findings are based on analysis of 105 applications (70 from faith-based groups) presented to the Indianapolis Mayor’s office. The findings focus on identifying of religious organisations applying the quality of applications and religious content and the relationship between application quality and funding success. Discussion suggests differences between new initiatives meant to create a level playing field for faith-based groups and those meant to encourage their participation.

**Cnaan and Boddie (2002)** examined in his study the some important features of Charitable Choice provision and how it legitimizes the role and integrity of faith-based organisations in social service delivery. It summarizes some political standpoints and reviews the prospects for future political support for Charitable Choice. It also discusses recent research on the effects of Charitable Choice dividing available studies in two categories: (1) those assessing awareness and interest of congregations regarding Charitable Choice, and (2) those measuring the scope of the new partnerships between the public sector and the religious community. It stresses the need for further analysis of faith-based organisations’ ability to grow, incorporate public funds efficiently, evaluate programs and forms of collaboration and acquires the best practices.

**Bekkers (2003)** examined the relationship between trust and charitable giving in his study. The researcher has found that charitable organisations can increase the public’s trust by signalling their trustworthiness. The author has given the example of the Netherlands which shows how a system of accreditation can be an instrument for
signalling trustworthiness to the public. Donors who are aware of the accreditation system have more trust in charities than those who are not and they give more money to charitable causes. The author said charitable organisations have only limited control over the public’s trust because it is also rooted in a general social trust in institutions and fellow citizens. The author has also found that general social trust increases the amount which people give to charitable causes, even more so when people know about the accreditation system. However, the author has not discussed what should be the basis of donors' trust, where there is no accreditation system in a country like India.

Brown and Yoshioka (2003) stated in their article that non-profit organisations rely on the mission to attract resources and guide decision making. Increasingly, mission statements are recognized as a strong management tool that can motivate employees and keep them focused on the organisation’s purpose. The authors investigated employee attitudes toward the mission in a youth and recreation service organisation. In general, the employees expressed positive attitudes toward the organisation’s mission and those attitudes were related to employee satisfaction and intentions to remain with the organisation. However, dissatisfaction with pay tended to override employee’s mission attachment as explanation of why they may leave the organisation. The implication is that mission might be salient in attracting employees but less effective in retaining them.

Keating et al. (2003) reported in this article on audits that are required by the government of the United States for organisations receiving large amounts of federal financial assistance. Since 1990, nonprofits receiving substantial federal funds are required to undergo this rigorous and expensive form of federal oversight. They report on 11,841 nonprofit entities that underwent such audits and the 3,592 audit firms that conducted them from 1997 to 1999. Overall, compliance with federal regulations appears to be high. The study indicates that smaller nonprofits, those that are new to government grants and those with prior audit findings have a significantly higher rate of adverse audit findings. Perhaps for cost or other reasons, these nonprofits are being audited by less experienced auditors. Current federal funding does not provide any additional funds for Single Audit Act compliance. One policy implication of this work might be to provide federal funding specifically for Single Audit Act compliance to these nonprofits.

Marion et al. (2003) examined the results of a survey of newspaper reports published between 1995 and 2002 of incidents involving criminal and civil wrongdoing by officers
and directors of charitable organisations. One hundred and fifty-two incidents of wrongdoing during a seven-year period from a universe of an estimated 1.4 million organisations reinforces an initial impression that there may be serious under-reporting, and an untold number of incidents that do not come to light due to provisions in state and federal law guaranteeing privacy. The preponderance of human service agencies involved in both types of wrongdoing is striking: 56 of the 104 criminal cases and 20 of the 54 breach of duty cases. Also of interest is the fact that only one religious organisation was involved in cases in which breach of fiduciary duty was alleged while churches and church related organisations comprised one of the larger groups of criminal cases. The amount of money diverted from charities appears large when the Ponzi-type schemes are included in the tally; without them, the total claimed by prosecutors to have been stolen or diverted, $177 million is relatively modest in comparison with the $2 trillion of assets estimated to be held by charities nationwide.

Two basic sets of questions are raised by the study. One relates to the role of Government specifically, whether stricter legal remedies are needed or whether enhanced enforcement of existing laws would be sufficient to deter wrongdoing. Unfortunately, the study results do not provide an adequate basis for making informed judgments on either possibility, although the evidence regarding organisations that were apparently formed to qualify for government funding suggest at the least greater vigilance on the part of government contracting agencies. The second set of questions applies to the charitable sector itself, namely, whether there are measures that can be taken to improve governance. With the failures of governance in the private profit sector revealed in 2002 and 2003, this topic has begun to receive attention from both government and the leaders of the charitable sector. This study and others like it cannot lay to rest allegations of pervasive wrongdoing in the sector. However, it does lend support to the view that wrongdoing is not as widespread as the sector’s severest critics allege.

Bowman (2004) investigated the question that should we be concerned when the public’s confidence in charitable institutions declines? The author’s work filled a gap in the literature regarding the relationship between volunteering and confidence in charitable institutions. It modeled volunteering as impure altruism— joint consumption of a public good (charity) and a private good (clubbiness). Confidence affects the consumption of the public good but not the private good. The feedback effect of volunteering on confidence
was also considered. Low-confidence people may volunteer because they are asked and then gain confidence in charitable institutions by working with them. A two-equation bivariate probit model separately identified the effect of confidence in charitable institutions on volunteering and the opposite effect of volunteering on confidence. Empirical results supported the hypotheses that recruiting a person to volunteer overrides a lack of confidence in charitable institutions and volunteering fosters confidence in charitable institutions. The latter effect was stronger thereby suggesting that declining confidence is self-correcting.

**Frumkin and Reingold (2004)** examined the connection between program evaluation research and decision making by public managers. Drawing on neo-institutional theory, a framework is presented for diagnosing the pressures and conditions that lead alternatively toward or away the rational use of evaluation research. Three cases of public-nonprofit contracting for the delivery of major programs are presented to clarify the way coercive, mimetic and normative pressures interfere with a sound connection being made between research and implementation. The article concludes by considering how public managers can respond to the isomorphic pressures in their environment that make it hard to act on data relating to program performance.

**Sargeant and Lee (2004)** explored the relationship among trust, relationship commitment and donating behaviour. The technique of structural equation modelling is used to determine whether the trust directly affects giving behaviour or whether its effects are mediated by the commitment. The authors found that commitment plays a mediating role. The relationship commitment is maximized by the extent to which trust is present. The authors have discussed four indicative trust behaviours namely; relationship investment, mutual influence, communication acceptance and forbearance from opportunism. Finally, the authors have concluded that communicating antecedents of trust to the donors and delivering a high standard of service from the fundraising department would be likely to increase levels of trust that would, in turn, build commitment and stimulate higher levels of charity giving. However, the authors have not discussed, what are the antecedents of trust? The authors have also not given attention regarding the effect of charity performance on donors’ trust.

**Trussel and Greenlee (2004)** expanded his study in five ways. First, they included size in the model, since smaller organisations may be more vulnerable to financial distress
than larger ones. Second, they controlled nonprofit sub-sector, since different types of nonprofits may be impacted differently by changes in the economy. Third, they defined “financial distress” as a “significant” decrease in net assets over a three-year period. Fourth, they tested the resulting models for robustness by applying them to different time periods. Finally, they developed a way to rate the financial vulnerability of nonprofits. Their composite model was robust and was, with some accuracy, able to predict financial distress. Significant relationships were found between financial distress and two Tuckman and Chang measures and between financial distress and organisational size.

Keating et al. (2005) compared two models used to forecast bankruptcy in the corporate sector (Altman 1968 and Ohlson 1980) with the model used by nonprofit researchers (Tuckman and Chang 1991). They found out that the Ohlson model has higher explanatory power than either Tuckman and Chang’s or Altman’s in predicting four different measures of financial vulnerability. However, they show that none of the models, individually or combined, are effective in predicting financial distress. They then propose a more comprehensive model of financial vulnerability by adding two new variables to represent reliance on commercial-type activities to generate revenues and endowment sufficiency. They find that this model outperforms Ohlson’s model and performs substantially better in explaining and predicting financial vulnerability. Hence, the expanded model can be used as a guide for understanding the drivers of financial vulnerability and for identifying more effective proxies for nonprofit sector financial distress for use in future research.

Irvin (2005) examined that the motivations that state regulators have in promulgating registration and reporting requirements for non-profit organisations and professional fund-raisers. Examination of six states with no annual requirements for non-profit organisations or professional fund-raiser registration and financial reporting revealed no obvious accountability pathologies such as unusually high fraudulent activity or abnormally low donations to non-profit organisations. Because non-profit accountability in states without annual registration appears as robust as that in other states, the author proposed removal of state regulations requiring non-profit annual registration and financial reporting. At the very least, the author urged caution in the face of increasing calls for more stringent state regulation of non-profit organisations.
Jong-Sung You (2005) argued that the fairness of a society affects its level of social trust more than does its homogeneity. Societies with fair procedural rules (democracy), fair administration of rules (freedom from corruption), and fair (relatively equal and unskewed) income distribution produce incentives for trustworthy behavior, develop norms of trustworthiness, and enhance interpersonal trust. Based on a multi-level analysis using the World Values Surveys data that cover 80 countries, he find that (1) freedom from corruption, income equality, and mature democracy are positively associated with trust, while ethnic diversity loses significance once these factors are accounted for; (2) corruption and inequality have an adverse impact on norms and perceptions of trustworthiness; (3) the negative effect of inequality on trust is due to the skewness of income rather than its simple heterogeneity; and (4) the negative effect of minority status is greater in more unequal and undemocratic countries.

Bowman (2006) reported on a theory-based experiment to determine whether there is an observable relationship between changes in charitable giving to an organisation and changes in the proportion of revenue it spends on administration and fund-raising (“overhead ratio”). The study argued that overhead ratios are meaningless for comparing organisations, but changes in overhead ratios communicate useful, though incomplete, information to donors. Empirical studies have used organisation-level data with mixed results. This research improved on past work by using donor-level information on federal employees in the Chicago area who donated through the Combined Federal Campaign with ready access to information on the overhead ratios of all participating charities. Donations were aggregated by charity and compared over time. Statistical tests gave evidence of an inverse relationship between changes in overhead ratios and changes in giving that were robust with respect to model specification. However, collectively other factors were much more important.

Robert (2006) explored how three behavior-shaping systems legal, market, and moral influence the fundamental tasks of both profit and nonprofit organisations including organisational goal-setting, motivation of participants, deterring and reducing abuse of power. After identifying key features of these normative systems and their characteristic differences, the author argues that the influence of moral systems on nonprofit organisations may be underestimated, especially in view of their potentially unifying role with respect to all of the fundamental tasks. He suggests that the prospects for effective
reform of nonprofit governance and accountability regimes are improved when the mechanisms and effects of these moral systems are taken into account.

Keating et al. (2006) examined the frequency, determinants and implications of misreporting fundraising activities. They compare state telemarketing campaign reports with the associated information from nonprofits’ annual Form 990 filings to directly test nonprofits’ revenue and expense recognition policies. Their study indicates that smaller nonprofits and those with less accounting sophistication are more likely to inappropriately report telemarketing costs as a component of net revenues rather than as expenses. In addition, less monitored firms are more likely to report telemarketing campaign revenues net of expenses. Additionally, among those firms that do report telemarketing costs as expenses, they find that smaller firms and those with relatively less officer compensation are more likely to allocate telemarketing expenses to non-fundraising expense categories.

Cordery and Baskerville (2007) provided a comparison of the histories of the evolution of regulation for charity reporting in the UK and New Zealand. The current process of international harmonization in both jurisdictions is premised on the principle that accounting conceptual frameworks should not be jurisdiction-specific, but charities have proved to be an exception. The authors suggested in this study that this exception is attributed to different drivers resulting in regulatory distinctions in two otherwise similar jurisdictions. Without persisting in the maintenance of sector-neutrality, the inevitable divergence increases the load on preparers, attesters and users and may lead to lower levels of accountability and transparency.

Kim and Lee (2007) tested the traditional assumption of mission orientation among non-profit employees by replicating Brown and Yoshioka’s research on the role of mission attachment as a factor in non-profit employee retention. The results of the hierarchical regression analysis are generally consistent with Brown and Yoshioka: Human services employees showed a positive attitude toward the agency’s mission, but dissatisfaction with working conditions—pay and career advancement—overrode the role of mission attachment in employee retention. However, employees’ positive perceptions and strong correlations between non-profit working conditions and mission attachment suggested that mission can still play a significant role in retaining non-profit employees by reducing dissatisfaction with pay and career advancement.
Sargeant et al. (2007) delineated a set of personality traits associated with nonprofit brands. An attempt has been made to explore the extent to which these are genuinely distinctive or shared with others in the sector. Their study also explored the relationship, if any, with facets of giving behaviour. It was found that a high proportion of perceived personality traits are shared with others addressing the same issue/cause or, more typically, with those organisations in the wider charity sector. Of the 61 traits that were identified in their study, 32 appear common to all the organisations involved. If the acquisition of these personality traits is felt to be desirable, the results suggest that an organisation need only ensure that it is recognized as a charity and/or recognized to be working with a particular cause. If on the other hand these personality traits are felt to be inappropriate, it may be necessary to work either with other organisations in the same cause or in the charity sector as a whole to manage these perceptions.

Luksetich (2008) tested whether there is a simultaneous relationship between the number of non-profits and government funding of non-profit activity and whether the fundraising efforts of non-profits are the means by which non-profits affect the grants available to them. The author found that the estimates of the model are consistent with the proposition that government grants and contracts (program revenues) received by non-profits are strong determinants of the number of non-profits in a state. They lend support to the argument that non-profit fundraising activities have an independent effect on the availability of the grants and contracts. However, although the number of non-profit organisations per state has a similar effect on grants to non-profits, they do not have an effect on the contacts they receive.

Tang (2008) examined the relationship between volunteer socioeconomic status (SES) and voluntary organisation involvement among older adults. Using longitudinal data from the Americans' Changing Lives surveys, the study assessed the effects of education and income on the type and scope of voluntary organisation involvement. The author used multiple imputations and generalized estimating equations methods for the data analysis. The results indicated that more highly educated, older adults are more likely than their less-educated counterparts to volunteer in all five types of organisations (i.e., religious, educational, political, senior citizen, and others), volunteer in a wider range of organisations, and devote more hours. However, income makes little significant difference in organisational volunteering. Voluntary organisations are advised to facilitate
older adults from diverse socioeconomic backgrounds in taking volunteer roles. Innovative recruitment programs are needed to tap the resource for volunteering that elders from all SES groups represent.

**O’Neill (2009)** presented a conceptual framework in his article for analyzing the issue of “crisis of confidence in charities” and reviews attitudinal and behavioral data relevant to public confidence in the nonprofit sector generally and major nonprofit subsectors. The author has found that the “crisis of confidence” hypothesis is not supported by the evidence.

**Reinhardt (2009)** explored the donor–recipient relationship in non-profit funding and the effects of signalling on non-profit resources. Multivariate analysis of data collected shows that donors channelize their money to organisations exhibiting higher levels of reliability, accessibility, credibility, reputation and fundraising specialization. The author has found that non-profits emit these signals through obtaining certification, employing staff members who speak various languages, acquiring the endorsement of international donors and undergoing third-party audits. The donors are giving their money to the most skilful signallers. Larger geographic ranges of service, more full time staff and religious affiliation also increase an organisation’s yearly intake. The author uses a signalling game in his study to sharpen understanding of non-profit fundraising and derive the conditions under which signals will be credible. Interview and survey evidence gathered in Brazil indicate that signals of accessibility, reliability, and credibility attract the highest payoffs. However, the author has not given attention regarding performance indicators of charitable organisations, which could form the basis of donor’s trust and also signal reliability and credibility.

**Sloan (2009)** discussed the current landscape of accountability systems and accountability ratings. The author describes a model for estimating the effect of ratings systems on donor behaviour within the theoretical context of information asymmetry. Hypotheses are tested with non-profit ratings for New York charities from the Better Business Bureau’s Wise Giving Alliance to estimate the effect of accountability ratings on the amount of contributions an organisation receives. Results indicate that the Wise Giving Alliance “pass” ratings have a statistically significant effect on the contributions received and “did not pass” ratings are insignificant. However, there is no accountability rating system for charitable organisations in India.
Bies (2010) explored the emergence of non-profit self-regulation in long-established and emergent non-profit sectors in Europe. An application of agency, resource dependence and institutional theories to specific national cases revealed three predominant self-regulation types, compliance, adaptive and professional models, conditioned on varied market, political and social antecedents. The author found that the compliance system predominates in the Western European cases (Germany, Switzerland, the Netherlands and Austria), where the non-profit sector is long established and public regulation of the sector is weak. Further, the adaptive model is evidenced in the United Kingdom, where the non-profit sector is well established but self-regulation design shifts in response to changes in public regulation and the resource environment. The professional self-regulation type occurs when the non-profit sector and its legal system both are emergent, as in Poland, with self-regulation emerging to shape philanthropic, civil society and non-profit practice. An analysis of the European context more broadly revealed that as self-regulation is emerging across a number of contexts, there is evidence of isomorphism.

Handy et al., (2010) explored consumers’ abilities to identify non-profits and their levels of trust in non-profits as compared to for-profits and government organisations as well as their proclivity to patronize non-profits as direct and indirect consumers. From a sample of 1,169 university students, the authors found out that the students are more likely to trust as well as to volunteer and donate to non-profits than other types of organisations. In purchasing health care and education, they are also more likely to patronize non-profits. Moreover, most cannot spontaneously identify the status of ‘well-known’ non-profits and in this regard they did not differ from the front line staff working for those organisations. But, authors have not discussed the basis on which non-profits can acquire status of ‘well-known’.

Heyes and Liu (2010) discussed that firms devote increasing funds and resources to cause-related marketing (CRM). The authors’ research works sought to uncover some of the factors that explain how firms choose between competing social causes in the development of their CRM strategy. The behaviour of firms traded on the London Stock Exchange was analysed, by highlighting regularities and patterns in CRM activities. The rationales for the observed patterns were investigated through semi structured interviews with managers employed by UK-based non-profit organisations, financial services and retail firms. The authors identified, among other things, differences in the nature of the
“selected” social causes, the length and geographical scope of the social campaigns, and the (CRM) strategies used to implement them. It was argued that these variations may reflect differences in the organisational legitimacy pressures experienced by firms in the retail and financial services sectors.

**Kerlin and Reid (2010)** examined non-profit environmental groups to demonstrate the impact of Internal Revenue Service (IRS) and Federal Election Commission (FEC) regulation on non-profit organisations interested in advocacy work. This regulation encourages non-profits interested in extended advocacy to form additional, related tax-exempt entities, creating complex non-profit structures. Although regulatory barriers to charitable lobbying have received some attention, little has been written on how regulatory policy shapes the organisational structures, finances, and programming of non-profits involved in advocacy. The study analysed the complex structures of five environmental non-profit groups using information they file with the IRS and FEC and interviews with key officers and representatives. It was found that even with strict regulatory compliance, financial and programmatic relationships across these complex structures can vary creating different types of complex non-profit structures. The article modelled the different complex non-profit structures and provided an analysis of the historical and legal risk factors that underlie them.

**Fischer et al. (2011)** stated that non-profits receive funding from multiple revenue sources, including private contributions and earned program revenues. The authors hypothesized that the composition of revenues is a result of the nature of services provided—specifically whether services are public, private, or mixed in the nature of their benefits. Using subfields from three major fields in the National Taxonomy of Exempt Entities (NTEE), the study divided non-profits according to service type and estimated the impact of service character on particular revenue streams and overall revenue diversification. Generally, the authors found that the proportion of revenues generated by earned program revenues is lowest for the category deemed public, highest for those with mostly private benefits and midway for those classified as mixed. The authors also found that the more public a non-profit’s services, the greatest its reliance on donations. At the end of the study, the authors identified some puzzling results that suggested the need for continued investigation.
Gandia (2011) examined the relevance of technology and particularly the Internet, for the improvement of accountability and transparency in non-profit organisations. The novelty of our work regarding the previous empirical evidence resided in the fact that the author has taken into account the means through which these organisations diffuse voluntary information. In this study, the author has proposed a model of information disclosure for the Web sites of Spanish nongovernmental organisations for development (NGODs) that can serve as a guide for improving their informative transparency and their accountability. The empirical evidence obtained revealed that Spanish NGOD Web sites are primarily ornamental and that they should evolve toward an environment more informational and relational that allows the stakeholders to access relevant information ranging from the work being done and the use of the dispersed funds to the form in which the organisation is governed. The results confirmed that the disclosure levels are related to the amount of future donations received by the organisation.

Saxton and Guo (2011) stated that non-profit organisations are increasingly using Internet-based technologies to address accountability. The study presented a set of conceptual, theoretical, and empirical innovations to help understand this phenomenon. Firstly, the study presented a conceptual framework that delineated two key dimensions of Web-based accountability practices: disclosure and dialogue. It then posited a four-factor explanatory model of online accountability incorporating organisational strategy, capacity, governance and environment. Lastly, it tested the model through a content analysis of 117 U.S. community foundation Web sites combined with survey and financial data. The descriptive statistics showed that the Web site has been more effectively used to provide financial and performance disclosures than to provide dialogic mechanisms for stakeholder input and interactive engagement. The authors used multivariate analyses to highlight capacity- and governance-related variables, especially asset size and board performance, as the most significant factors associated with the adoption of Web-based accountability practices.

Waters (2011) investigated through 1,706 surveys which administered to randomly sampled donors at three western United States non-profit hospitals. The results indicated that the non-profit— donor relationship is healthy in terms of the relationship evaluation. However, the impact of cultivation strategies suggested by communication theory varies significantly for major gift and annual giving donors. The author used structural equation
modelling to provide insights for fundraisers on how they can streamline their fundraising programs to maximize the impact of their cultivation efforts.

Agypt et al. (2012) described that in light of the current economic conditions and the subsequent increased pressure on non-profit organisations to collaborate, many non-profit organisations are developing and conducting cross-sector workplace giving campaigns to increase philanthropic activity. Although some scholars have focused on the implications of such activities for for-profit organisations, little research has been conducted to better understand employee-level giving behaviors in charitable workplace campaigns. This longitudinal study focused on workplace givers and the impact of individual-level factors on actual donation amounts in two annual workplace campaigns at a large public university from 2001 to 2008. The results showed that salary consistently predicts giving amounts across campaigns, length of service, however, only predicts giving amounts in one campaign. Being promoted and receiving tenure led to employees donating less, whereas being promoted while already tenured led to employees donating more. The authors ended the article with a discussion of the managerial implications of our findings.

Bowman et al. (2012) introduced five definitions of non-profit surplus (the analogue of profit) and identified when researchers should use one in preference to the other. The distinctions are especially important when analysing endowed organisations because surpluses affect the amount and rate of accumulation of endowment assets. Conversely, an endowment affects how managers and analysts should calculate surplus. The study revealed that the information on IRS 990 reports is incomplete. Resulted the authors explained how to construct a pro forma endowment portfolio and endowment spending from available data for the purpose of calculating operating surplus of endowed organisations. Further the authors argued that researchers doing statistical analyses with large data bases should distinguish between endowed organisations and those without endowments because their financial behaviour may differ. To lump them together is likely to distort statistical results. Finally, the authors discussed practical issues of data cleaning when using data from IRS 990 reports.

Cornforth (2012) examined some of the main limitations of research on the governance of non-profit organisations. The study argued that there are limitations in both the way, governance has been conceptualized and the ways in which it has been researched. It suggested that research has focused too narrowly on the boards of unitary organisations
and ignored both the wider governance system and the more complex multilevel and multifaceted governance structures that many organisations have evolved. It also argued that the dominant research designs employed have been cross-sectional and positivist in orientation.

Hung and Ong (2012) examined the factors for the sustainability of Asian-American non-profits formed in major U.S. metropolitan areas by 2000. Consistent with studies on other non-profits, the youngest and smallest among Asian-American organisations are the most vulnerable. The authors found that the age effect is nonlinear and the marginal effect of an additional year of age on sustainability decreases at higher values of age. Chinese-American non-profits or Asian-American social service non-profits are more likely to remain active than other Asian ethnic or other functional types of organisations. More sustainable Asian-American non-profits are better at managing their finances. A growing Asian-American population also provided these non-profits with more sustaining power. This study contextualised the importance of organisation age and size as central determinants of non-profit sustainability. It also demonstrated the relevance of race and ethnicity, organisational function, as well as management capacity for future research.

Lee et al. (2012) investigated why do levels of public trust in NGOs vary across post-communist countries? How does media independence influence these trust levels? The authors began from the premise that citizens develop trust in NGOs when they believe that NGOs function according to their normative expectations and they receive regular information about NGOs’ activities. Media has a crucial role in both these regards, especially in the context of countries in Eastern Europe and the former Soviet Union, where the NGO sector is in a nascent stage and citizens lack prior experiences with NGOs as activist organisations and providers of public goods and services. First, media can provide information about NGO activities that enables citizens to develop opinions about individual NGOs and NGOs as a category of social actors. Second, media can serve as a vehicle to monitor the activities of NGOs and make them accountable. However, media may have its own biases and provide misleading information about NGOs. Thus the authors expected that media independence is associated with trust in NGOs. The authors analysed the relationship between NGO trust and media independence using a time-series and cross-section panel of 28 post-communist countries from 1997 to 2006, controlling for a range of domestic and international factors that might influence trust in the NGO
sector. The analysis done by authors suggested that independent media is positively associated with trust in NGOs.

**Sosin (2012)** stated that a comprehensive analysis of the strategies pursued by non-profit agencies must take into account not only the conventional market forces but also the social expectations and constraints that the agencies regularly confront. This study reported on a theoretically guided, qualitative analysis of the strategies that develop in the context of such factors. Data stem from interviews with officials from 12 agencies, the agencies’ prime funding agency and interest groups. The results suggested that sampled agencies occasionally use conventionally described strategies as well as the social and political strategies covered in several previous studies, but that they most frequently rely on rarely considered “relationship” strategies by which they seek to establish and preserve an image or status. The results were argued to inform strategic decision making and to suggest ways in which agency officials may take into account two sources of social expectations and constraints: institutional arrangements and organisational identities.

**Cnaan and Curtis (2013)** highlighted religious congregations as a form of non-profit organisation and voluntary association. It contended that, when theology and faith are removed, congregations are a ubiquitous form of non-profit organisation. The study focused on five key areas of understanding congregations: defining congregations in a manner that set them apart, the great variability that exists among congregations, why congregations are important, what congregations do that is unique and who attends congregations. As there are many others aspects of congregational studies, the study has also suggested other areas of study as well as key supporting citations.

**Marco et al. (2013)** presented the first cross-national comparison of more than 300 national campaigns for charitable causes in the Netherlands, Spain, Sweden, and the United States for the period 1950 to 2011. The authors studied frequency and amounts raised, discussed successful and failed campaigns, and reviewed the literature with regard to potential determinants of success. The authors grouped these determinants into three categories: (a) perceived characteristics of recipients, notably their need, agency, and blamelessness; (b) donor characteristics, such as geographical and cultural proximity, a gain in status or reputation, and material incentives; and (c) structural characteristics of the giving regime, such as the frequency and media formats of campaigns, fundraising rules and regulations and trust.
Vamstad and Essen (2013) explored how charitable giving is structured in a universal welfare state. The study presented new data based on more than 200 national fundraising campaigns in Sweden during the past 60 years. The varying success of these campaigns for different causes created a historical pattern of charitable giving under a social democratic welfare regime. Which causes are still considered urgent and appropriate for donations in a country where welfare is considered to be a social right, and how have these attitudes developed over time? More specifically, the study analysed differences in the success of campaigns for domestic and for international causes, including several subcategories of campaigns. The results not only showed that Swedes gave considerably more money to causes not addressed by the state but also that charitable giving in Sweden has been increasing for all types of causes.

The above written literature review stated that very few studies have been carried out which made an attempt to do the financial analysis in a comprehensive and systematic way. So, there is a much room for further research in the field of financial analysis of charitable organisation. However, the issue of donors’ trust has received broad attention of the researchers. Brody (2002), Gronbjerg (1993), Salamon (1999), (2002), (2003) and Weisbrod (1977) recognized the need for and promoted the use of accountability systems. Some authors namely: Benett & DiLorenzo (1994), Bies (2001), Edwards & Hulme (1996), Kanter & Summers (1987) and Murray (2001) focused specifically on the effectiveness of non-profit accountability systems. Sloan (2009) discussed the systems of accountability and examined the effect of accountability ratings on donor behaviour. Bekkers (2003) studied the relationship between donors’ trust and charitable giving. He also observed the effect of awareness about the accreditation system on donors’ trust. Sargeant and Lee (2004) explored the relationship among trust, relationship commitment and donating behaviour. Reinhardt (2009) explored the donor–recipient relationship in non-profit funding and the effects of signaling on its resources. Handy et al. (2010) explored consumers’ abilities to identify non-profits and their levels of trust in non-profits as compared to for-profits and government organisations as well as their proclivity to patronize non-profits as direct and indirect consumers. However, in India, there is no accountability rating and accreditation system. No author has discussed the basis of donors’ trust in the absence of an accreditation and accountability ratings system. An attempt has been made in the present study to provide the basis for donors’ trust in the absence of an accreditation and accountability ratings system. Moreover, the present
study explores the factors that can add to the growth and economic contribution of a charitable organization. The endeavour might be useful for the organisation under study specifically to build trust and confidence among donors and to boost employees’ satisfaction in the organisation.

In addition to above, the present study points out the shortcomings of law which governs charitable organisations in India with special reference to the organisation under study and also suggests the measures to overcome it.