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When Power Does Not Corrupt: NGO Vulnerability and Political Corruption

by Megan Spencer

Abstract

Field research in Uganda winter 2011 led to hypotheses regarding the prevalence of corruption in NGOs. Do NGOs experience internal corruption? As the organizations are often located in highly corrupt political environments, is it possible that NGO-politician partnerships are a potential source of that corruption? Using a countrywide survey with an embedded list experiment, I address both of these questions. I present the vulnerability theory of corruption and hypothesize that increasing amounts of vulnerability correlate strongly with higher amounts of corrupt practice. Due to the information gaps between NGOs and donors, as well as the ubiquity of NGOs in developing nations, I contend that NGOs often experience levels of vulnerability, which lead them to engage in malpractice. Using multiple regression analysis, I conclude that vulnerability does significantly increase corrupt practices; however, the list experiment showed that NGO-politician partnerships are not necessarily a source of that corruption.

Introduction

Sitting with Ugandan Presidential Candidate Norbert Mao, my research partner and I listened as Mao explained his preference for NGO-sponsored programs over the local and national government's sponsored programs. From his comments, I thought it might be easier to work closely with NGOs, which in many ways are isolated from sluggish bureaucratic processes and often respond quicker to emergencies than local or national government. His thoughts matched my preconception of NGO efficiency and trust; research shows that foreign and domestic donors also prefer NGOs, because the fear of corruption deters investment in government. However, when speaking about the relative efficiency of NGO and governmental organizations, Mao illustrated interesting observations, which imply these two markets may not be as separate or as

different as I previously believed. He has seen briefcase NGOs, corrupt or inefficient organizations, connected to churches where the pastor was rewarded for increasing NGO funds and could be seen driving fancy cars around town. Nonchalantly, Mao also asserted that sometimes politicians use NGO funds to benefit themselves or their friends. These unexpected anecdotes provide the basis of my research.

The popular perception of nongovernmental organizations (NGOs) is that they are isolated and independent of government influence. Donors, beneficiaries, and citizens alike share Mao's opinion—NGOs are supposedly more efficient than the government, because their isolation protects them from procedural and political weaknesses common to the public market. Some have described NGOs as significant checks on government (Flannery and Watt 1999, 529–31) and support the potential of NGOs to act as a “counter-balance” to the “interventionist state” (Szeftel 1998, 234). This means the state has particular political or manmade weaknesses that altruistic and nonprofit organizations can avoid, detect, and make up for. The private and the public spheres were originally separated to avoid the potential for private markets to do just that (Szeftel 1998, 234). Past policy decisions incorporated mechanisms to create and strengthen an independent civil society, which could curb the effect of the state in the private market. The effect most commonly assumed is corruption, defined in this research and many others as “the abuse or misuse of an office of trust for private gain” (Heidenheimer, Johnston, and LeVine 1999, 876). However, Szeftel, quoting Heywood, argues that the dissociation and deregulation of the NGO market could possibly have “helped blur the lines between public and private spheres” (Heywood 1997, 14 in Szeftel 1998, 234), thus obscuring the line where one ends and the other begins. As the NGO market increases in independence and isolation, it is more difficult to monitor, thus more difficult to guard from political influences.

NGOs, though deemed apolitical, altruistic, and independent of their environment, are intricately connected with all aspects of political and social life (Fisher 1997, 441; Streeten 1997, 206; Clarke 1998, 52). The purpose of the organization may be to provide the sustainable development otherwise not afforded the society by local and national government; however, it is becoming increasingly more obvious that NGO survival depends on many interconnected relationships, albeit political in nature (Zaleski 2006). NGOs cannot survive solely on their own resources; therefore, it is probable to suppose that NGOs have a more complex connection to government than many have previously assumed. Likewise, it is interesting to speculate about how the state of the government affects the NGO, both in structure, governance, and efficiency. Mao elucidated a possible incentive behind NGO–politician interaction, which has spurred many questions in regards to these relationships. Do NGOs experience internal corruption? Are NGO–politician partnerships a potential course of corruption?

The purpose of this paper is to test whether NGOs are willing to partner with potentially corrupt politicians and to examine the extent that corruption, possibly

from politicians, has manifested itself within the NGO. I present a list experiment and survey employed among Ugandan NGOs in winter 2011. The list experiment identifies whether NGOs are willing to enter a potentially corrupt partnership with politicians. I then performed multiple regression analysis using levels of vulnerability and self-reported corrupt practice, both of which were obtained through the survey data.

I propose the vulnerability theory of corruption as an explanation for why NGOs might engage in corrupt practice, in general. I posit that higher levels of vulnerability will incite an NGO to engage in otherwise undesirable corrupt activity. Vulnerability is defined here as the state of high uncertainty of an entity's future stability. More specifically, vulnerability for NGOs is defined by their years of operation, the difficulty with which they obtain funding, and their number of full-time staff. I classify vulnerable organizations as those who are more recently established, find funding difficult to come by, and have low levels of staff. I suggest a more vulnerable NGO might temporarily forgo its independent and altruistic goals to secure funding, resources, or manpower in quick and potentially corrupt ways. I hypothesize that higher vulnerability increases the number of internal corrupt practices performed by individuals in the organization. I also hypothesize a significant number of NGOs will be willing to engage in a potentially corrupt partnership with a local politician.

In what follows, I outline the available literature on vulnerability in the NGO environment while highlighting the benefits of cross-market interaction. I also define corruption and provide evidence to support the claim that corruption is prevalent in the Ugandan political environment. I develop the vulnerability theory of corruption and present the testable hypotheses for this paper. The next section is devoted to the design of the regression and list experiment, and the final section presents the results of both tests.

Literature Review

There is little debate about the priority of NGOs in regard to survival—NGOs need funding in order to compete with the increasing ubiquity of nonprofit organizations. Vulnerability in the NGO market is illustrated in academic literature; however, little research analyzes the effect of this vulnerability on NGO governance. Below is a summary of the literature regarding NGO vulnerability. I hope to contribute to this literature by examining another way NGOs can overcome their vulnerable states—engaging in corrupt practice.

If NGO survival depends on funding, vulnerability is most easily explained by examining the donor-NGO relationship. Information gaps in the donor market in regards to NGO development and relative need cause confusion and inefficiency in aid allocation. The search for a clear and concise description of the definition, prevalence, and efficiency of nongovernmental organizations worldwide will most assuredly end in frustration. There is much uncertainty about what constitutes an NGO, which makes

identification of reliable, needy NGOs more difficult (Fisher 1997, 447). The rapid increase in NGOs around the world (Reimann 2006, 45; Streeten 1997, 194) and the nonstandardized qualifications for formation and sustainment have made it virtually impossible to identify, count, and evaluate the organizations (Streeten 1997, 194). Some national governments have published rough estimates, which provide some intuition regarding the spread and dominion of the market. In the first official estimate, the Indian government declared a staggering 3.3 million registered nongovernmental organizations—one for every four hundred Indians, and this is not including those not registered under acts such as the Societies Registration Act of 1860 or the Mumbai Public Trust Act (Shukla 2010). NGOs need funding, especially in developing countries, but the donor pool is too small to support the starving millions.

As NGO listings worldwide become more accessible, donor ability to evaluate and compare organizations is nearly impossible. There lacks in the market a standardized evaluation mechanism capable of not only comparing relative efficiency between organizations but also illuminating the actual needs of each organization. NGO evaluation tends to be internal, contextual, and developed for their specific donors, thus it is difficult for organizations to self-evaluate in such a way that worldwide donors can gain the necessary information. However, this is not entirely an NGO's fault. The organizations are experiencing what Fowler describes as "multiple accountabilities, demands, and expectations—which more often than not are in conflict with each other" (Fowler 1996, 63). Organizations' many non-linear and competing relationships have a threatened survival due to the literal inability to standardize evaluation and meet the demands of their increasingly diverse set of donors.

Literature has highlighted methods that NGOs may employ to decrease their vulnerability and secure survival. NGOs in Israel have been seen to deviate from their planned missions and goals to advance different political and ideological stances (Steinberg and Lassman 2003), which may provide better resource opportunities. It is also possible that mission deviation could be used to find funding in different sectors other than their original sector. An NGO originally established in the health sector might find competition too steep and may thus redirect their efforts toward an alternate field where more funding is available. This transfer of focus undermines the developmental purpose of an NGO—to provide specific and needed care to a particular group of people. Such decisions decrease the legitimacy of the market, which contributes to speculative donor approval and ultimately less funding.

The individuals that NGOs associate with are also crucial to attracting more donor funds. If the organization acquires an increase in volunteers, it gives the impression that it is working on worthwhile projects. NGOs desire an increased workforce, which can illuminate the purpose and reputation of the organization. The NGO also desires to hire a "charismatic leader" to direct and publicize such events (Streeten 1997, 207). The organization may believe this leader represents the relative success of

one NGO compared to the next. It is easy to identify vulnerable organizations by their changing workforce over time and their popularity with available volunteers. All of these elements signal stability to the donor market; the lack of any might contribute to less funding and more vulnerability.

I have specified several sources of vulnerability in the NGO market as well as many ways NGOs try to mitigate their vulnerable state. My research adds to the vulnerability literature by examining whether NGOs in high states of vulnerability might perform corrupt practices with or without political interaction. I present the vulnerability theory of corruption below, which explains why I hypothesize a significant relationship between vulnerability and corruption.

Theory

The vulnerability theory of corruption posits that vulnerability increases an entity's willingness to engage in corrupt practices. Vulnerability is defined as the degree of uncertainty about the individual or organization's future stability. A high degree of uncertainty might lead individuals in the organization to make rash decisions that maximize their short-term utility but might decrease efficiency in the long run. Willingness to be corrupt, therefore, ranges depending on how dire the circumstances appear for an individual or organization.

In assessing the causal logic, it is important to note that I assume that NGOs naturally have altruistic goals that prioritize honesty and efficiency. Therefore, I suggest that a nonvulnerable NGO will not value corruption in any fashion. However, when an organization becomes increasingly more vulnerable, the benefits of corrupt practices outweigh the utility from best practices. Internal corruption is explained using this framework, because if the organization is struggling, the individuals in the organization might also be struggling, increasing the likelihood they engage in corrupt behavior such as stealing funds or falsifying records or reports to appease superiors.

Corruption between individuals and organizations is also explained with the vulnerability theory of corruption. Corruption provides a quick and mutual exchange of benefits between two parties. For example, an NGO needs to be officially registered at the local level in order to legitimately compete with other organizations in its sector. The local civil servant in charge of registration experiences vulnerability from financial duress, employment instability, and inefficient competition. The vulnerability theory of corruption postulates that this mutual state of vulnerability increases the likelihood for a corrupt exchange of information or services. Bribes demanded by the civil servant are paid by the NGO. An NGO leaves registered, and a civil servant is wealthier.

I recognize vulnerability is not the only motivation for corrupt practice. Greed, selfishness, spite, competition, etc. are other potential motivations that may be conjoined or separate from vulnerability in affecting willingness to be corrupt.

Despite these other motivations, I argue that analyzing vulnerability and its power to change behavior is an important endeavor. I can measure vulnerability, and if vulnerability is found to significantly alter practice, I can, theoretically identify and decrease vulnerability and thus effectively counter corruption. From this explanation, I present my first hypothesis.

Hypothesis 1: Higher levels of vulnerability lead to higher occurrences of internal corrupt practices.

The main underlying theory is presented above—vulnerability affects willingness to be corrupt. However, an extension of that simple theory is an analysis of NGO–politician interaction in particular. I posit that, due to the political environment, politicians and NGOs might find themselves in mutually vulnerable states, which increases the possibility of corrupt practice in their interaction.

Civil society and politics each suffer from a state of vulnerability at different times in their establishment. I have previously discussed the ways in which NGOs experience vulnerability. To recap, NGOs need funding and donor support; however, due to information gaps between the organizations and their donors, NGOs are often unsupported. Also, the increasing numbers of NGOs in the market make it more difficult for all NGOs to obtain funding. In order to decrease their vulnerability, NGOs might change their mission, seek for funding outside their specified goals, partner with other organizations, or work with the local and national government.

It is this last possible option that I seek to analyze more fully. I know politicians, too, experience high degrees of vulnerability while in office. The political business cycle is evidence that politicians make different spending decisions near election time in order to satisfy their constituents and ensure votes (Golden and Poterba 1980; Nordhaus 1975; McCallum 1978). Without votes, the politician will lose the opportunity to exercise power. Politicians, therefore, are almost constantly in a state of vulnerability. I assume then that if both the politician and the NGO are vulnerable, there is a higher likelihood that corrupt practices will exist in the NGO–politician partnership.

Therefore, in this paper I also test the possibility that an NGO might engage in corrupt interaction with a politician. From the aforementioned explanation, I hypothesize the following.

Hypothesis 2: A significant number of NGOs will be willing to partner with a potentially corrupt politician.

Research Design

I developed a survey with an embedded list experiment to gather information regarding NGO structure, focus, and stability, as well as their experience with politics and corruption. The survey data provided the variables for the multiple regression

used to test Hypothesis 1, and the list experiment provided the evidence to test Hypothesis 2. The details of the survey and list experiment are explained below.

Location

The survey was designed and distributed in Kampala, Uganda, in March 2011. Uganda, the Central Eastern African nation comprising approximately 33 million people, has nearly eight thousand registered NGOs and many unregistered nonprofit organizations. Due to the high number of organizations and their accessibility, Uganda has become a hot spot for NGO research in the last decade. I performed the survey and experiment there in order to add to the existing literature on Ugandan NGOs. I also believe the Ugandan NGO market is relatively representative of nonprofit markets in other developing nations. Therefore, my external validity is assumed to be high.

Subjects

The NGOs surveyed were the NGO database prepared onsite in Kampala a year before the experiment. The database included NGOs from across Uganda, and the surveys were sent to 1200 NGOs across sectors.

Survey

The NGOs were sent an e-mail inviting them to participate in a survey regarding their experience in development. I partnered with DENIVA, a Kampala-based NGO interested in evaluation. They sent the survey in their name. The survey was designed to gain both experimental and observational information, both of which are used in this paper.

VULNERABILITY QUESTIONS

I designed several questions to gauge information about each NGO's stability and vulnerability, my independent variable. These questions were presented at the beginning of the survey as background information. Though I also gathered information on the number of donors, the number of grant proposals submitted in a year, and the number of volunteers, I decided not to use these variables in my vulnerability measure. Instead, I used years in operation, difficulty in obtaining funding, and number of full-time staff. I felt these three questions would draw more reliable answers due to the simplicity of each question and the expectation that different employees would give similar responses.

The organization first indicated how long the organization had been in operation. The multiple-choice design allowed them to click one of six options, which were eventually coded 1 to 6. One corresponded to less than six months, and six corresponded to more than twenty years. The higher the number, the longer the organization was in operation. Secondly, I had the organization rate on a scale of 1 to 7 how difficult it felt it is to obtain funding. The higher the rating, the more difficult it is for the organization to obtain funding. Lastly, I had the organization type the number of

full-time staff working for the organization. These three variables were used to create the vulnerability measure.

CORRUPTION VARIABLES

The dependent variable of the regression analysis is the number of corrupt practices the organization had witnessed or heard of in their organization. To obtain this information, I gathered data on corrupt practice with the following question.

Listed below are some practices found among many organizations. Please specify whether you have witnessed or heard of anyone in your organization doing the following practices. Please select yes if you have witnessed or heard of anyone in your organization doing the practice.

1. An individual stealing funds.
2. An individual paying a bribe to a governmental worker.
3. An individual purposefully creating records or reports with false information.

Essentially, I asked them if they had heard or seen individuals stealing funds, paying bribes to government workers, or falsifying records or reports. I combined the “Yes” responses to these corrupt practices and standardized the variable to obtain a continuous measure of internal corrupt practice. This variable then became my dependent variable for the regression analysis.

CONTROL VARIABLE

I asked each organization how strongly they agree with the following statement: “Local politicians interact closely with organizations in your sector.” They indicated how strongly they agreed on a scale of 1 to 5—one being that they strongly disagreed and five being that they strongly agree.

The second control variable was whether the organization desired to work more closely with elected politicians on local projects. They indicated “Yes” or “No,” and this variable was a dichotomous control in the regression.

Lastly, I controlled for whether the surveyor was a male or a female with a dichotomous gender variable.

LIST EXPERIMENT QUESTIONS

The list experiment was designed to gauge whether organizations are, on average, willing to enter into potentially corrupt partnerships with local politicians. Since this is a sensitive question, one in which the NGO might not answer honestly, I created a list experiment. A list experiment allows us to see the prevalence of a particular mindset without requiring the organization to oust their true opinions. If I required such, the organization might lie.

In setting up the list experiment, half the organizations received the sensitive question in a direct fashion. Essentially, I asked them the following:

Listed below are potential funding opportunities. Please specify whether you be willing to partner, officially or unofficially, with each of the following entities. Please specify yes for an entity if you would be willing to partner. Please select no for an entity if you would not be willing to partner.

1. A foreign organization that is interested in supporting your mission statement.

Yes No

2. A local NGO that may need your service and funding in the future.

Yes No

3. The national government that desires to fund a specific project in your sector.

Yes No

4. A foreign government that requires the aid be used to promote the foreign government's own national interests.

Yes No

5. A foreign donor with a questionable reputation.

Yes No

The organizations answered this question directly—clicking yes or no to whether they would be willing to partner with these potential donors. None of these items are sensitive; therefore, I do not anticipate that any of the responses were untruthful. This method of asking directly was used to model Corstange's LISTIT model (Corstange 2009), which I subsequently did not employ in the analysis. However, since none of these questions are sensitive, asking Yes/No questions produces the same number of Yes responses as asking them the more traditional list experiment question, "How many of the following partners would you be willing to partner with?"

The indirect question is presented below. Instead of clicking yes or no for each question, the organization was asked only to write how many of the potential donors they would be willing to partner with.

Listed below are potential funding opportunities. Please read the list and determine how many of the following potential donors you would be willing to partner with, officially or unofficially. Please do not say which entities your organization would be willing to partner with, only how many.

After reading the list, please mark the total number of potential donors you would choose. For example, if you would like to partner with any four of the donors below, you would tick "4." If you only like three of them, you would tick "3," etc.

A foreign charity that is interested in supporting your mission statement

A local NGO who may need your service and funding in the future

A local politician who wants to allocate your NGO's resources to his own constituents

The national government who desires to fund a specific project in your sector

A foreign government that requires the aid be used to promote the foreign government's own national interests

A foreign donor with a questionable reputation

How many of the previously listed donors would you be willing to partner with?

HOW MANY TOTAL:

The organization then clicked the multiple-choice option indicating how many organizations they would be willing to partner with.

The list experiment design allows me to compare the number of potential partners reported by each organization when asked directly and indirectly. If the sensitive option is a prevalent choice among the organizations, I will see a significant difference in the number of entities the organization is willing to partner with in the indirect group compared to the direct group. This is because the organization might be more willing to admit willingness to partner with a potentially corrupt politician when they are safe from detection. The indirect question requires only the number of partners, not which specific partners. This protects the organization from publicly admitting their private preference. However, if there is a difference between the direct and indirect group, it is attributed to the sensitive option, which was not included in the first list. In the example, the bolded option in the indirect question is the sensitive question of interest. I want to know whether an NGO would be willing to partner with a local politician who requires the allocation of resources be distributed to his or her own constituents. Though this is not explicitly corrupt, the option illustrates a scenario where biased and potentially corrupt allocation of resources can occur.

DATA ANALYSIS

To test Hypothesis 1, I developed a vulnerability measure and a total corrupt practice for each organization in the database and performed an OLS regression on prevalence of internal corrupt practice. The regression analysis allows me to see how well vulnerability affects corrupt practice, controlling for how closely politicians interact with organizations in the sector, whether the organization wants to work with local politicians, and whether the individual taking the survey is male.

The vulnerability measure was developed by a factor analysis of the three vulnerability variables—years in operation, difficulty in obtaining funding, and number of full-time staff. The factor analysis confirmed that the three variables had a natural grouping, which I categorized as vulnerability. The measures of corrupt practice were developed by a simple standardization of the number of corrupt practices the organization had witnessed or heard of occurring in their organization.

To analyze Hypothesis 2, I used a t-test to compare the number of partners the organizations chose in the direct versus the indirect question. This test measured whether the difference in potential partners was statistically different in the indirect group compared to the direct group. If a statistically significant difference exists, it means that the sensitive option only available on the indirect question is a highly prevalent option among organizations.

Results

Hypothesis 1 posits that increasing levels of vulnerability will lead to more occurrences of internal corrupt practice. I tested this hypothesis with a linear multiple

regression, controlling for interaction with local politicians, desire to work with local politicians, and gender.

I can support Hypothesis 1 due to the significant relationship between vulnerability and corruption as seen in Table 1. Regression 2 uses robust standard errors due to the heteroskedastic nature of the data. (For the test of heteroskedasticity, see the Appendix). The regression shows that as the vulnerability measure increases by one point, the number of corrupt events is predicted to increase by .197. Substantively, this means that if the vulnerability measure increases by 5 units, the number of reported corrupt practices will increase by 1. I argue this is substantively significant, because the factors that make up the vulnerability measure can vary significantly over time. For example, the vulnerability rating should change drastically in one year if the organization increases its full time staff. This effect is also statistically significant with a p-value less than .05. I am at least 95% confident that there is a significant relationship between vulnerability and corrupt practice. All three control variables also significantly explain corrupt practice. However, the regression as a whole explains only 9 percent of the variation in self-reported corrupt practice. This is not a very good fit, and I recognize many more variables are needed to accurately predict and explain corruption in these organizations.

Table 1: Regression of Corruption on Vulnerability

| | Corruption (1) | Corruption (2) |
|--|---------------------|---------------------|
| Vulnerability | .1970** (.0909) | .1970** (.0907) |
| Close Interaction in Sector | .2466*** (.0910) | .2466*** (.0772) |
| Desire to work closer locally | .5454* (.2878) | .5454*** (.1892) |
| Male | .3682* (.2104) | .3682* (.2182) |
| Constant | .4011 (.4265) | .4011 (.3363) |
| <i>Summary stats</i> | | |
| R ² / adjusted R ² | .1161/ .0926 | .1161/ .0926 |
| <i>n</i> | 155 | 155 |

Notes: OLS regressions; Regression 2 reports heteroskedastic robust standard errors while Regressions 1 is run non-robust. Standard errors reported in parentheses. Statistical significance is reported at the 0.01 (***), 0.05 (**), and 0.1 (*) levels.

Hypothesis 2 suggests the list experiment should reveal that a significant amount of NGOs are willing to partner with a potentially corrupt politician. Table 3 summarizes the mean number of potential partners for both the direct and the indirect questions. It is important to note the indirect question did generate a greater number of potential donors—2.04 compared to 1.91. However the difference is not statistically significant, as seen by the two-sided p-value of .5644. This means the list experiment did work—organizations did feel more comfortable responding on the indirect question; however, the organizations did not have more information to report. Willingness to partner with a politician who required allocation of resources to his or her own constituents is not prevalent among Ugandan NGOs, thus I must reject Hypothesis 2.

Table 3: Test of the difference between direct and indirect self-reported corruption

| | Mean | Observations |
|------------|-------------------|--------------|
| Direct | 1.9118 (.1997) | 34 |
| Indirect | 2.0462 (.1069) | 130 |
| Difference | -.1344 (.2327) | --- |
| Ha: Diff<0 | Ha: Diff=0 | Ha: Diff>0 |
| .2822 | .5644 | .7178 |

Notes: Difference is equal to the mean of the direct minus the mean of the indirect. Degrees of freedom was 162 and the t-stat was -.5775. Standard errors reported in parentheses. Statistical significance is reported at the 0.01 (***), 0.05 (**), and 0.1 (*) levels.

Conclusion

Though there seems to be a connection between vulnerability and corruption, this paper has many limitations, which decrease our ability to generalize this theory at this time. First, the lack of control variables affects the predictive strength of my analysis, because our model does not explain much of the corrupt practice in an organization. My model may be suffering from omitted variable bias, which would change the effect of vulnerability on corruption. It is also important to recognize that if vulnerability influences an organization's willingness to engage in corrupt activity, I still do not understand exactly how it does so. Potentially, I can aid vulnerable organizations in an effort to curb corruption; however, this is an arduous task considering the amount of struggling NGOs and CBOs (community based organizations) in developing nations such as Uganda. My analysis of NGO-politician partnerships failed to provide a source of that corruption, so future

research should focus on explaining the mechanisms with which vulnerability affects corruption. In doing so, we can understand exactly how to aid specific types of vulnerable organizations.

Despite these limitations, my study does provide relevant information regarding vulnerability in general. We can measure it and see its effect on a range of issues in the nonprofit market. My study also fills a gap in literature examining cross-market interaction between the nonprofit and public sphere. My survey in general illustrates the prevalence of NGO–politician interaction, and it provides evidence that NGOs desire and expect to work with local government. These two markets are dependent on one another in many ways, especially in the area of development. We must expect that issues plaguing the political environment might over time come to affect the civil society. More research into the potential for this spillover is necessary. Based off the initial purposes and idealized notion of civil society, modeling politics would be destructive to the market’s ultimate goals. If we discover wide scale evidences of this spillover effect, we need to stop treating civil society as the solution and find more effective ways to provide sustainable development.

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APPENDIX

Table 2: Test for Heteroskedasticity of Regression 1

| Breusch-Pagan / Cook-Weisberg test for heteroskedasticity | |
|---|-------|
| Ho: Constant variance | |
| Ha: Heteroskedastic | |
| chi | 7.13 |
| probability | .0076 |