

# **The accountability of Community Sector Agencies: a comparative framework**

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### **Abstract**

Accountability in community sector organisations is analysed in comparison with the public and private for-profit sectors, according to a number of variables: who is accountable (collective and individual); for what they are accountable (legal compliance and financial reporting, general performance, treatment of individual clients); and to whom they are accountable (the public, 'owners', and 'clients'). Accountability of individual members within organisations is also explored. 'Accountability' to personal values is misleadingly so named. The community sector has significantly less accountability.

## **Introduction**

Academic research has identified a number of potentially problematic issues in relation to the accountability of the community sector. First, the sector places great emphasis on the value-orientation and trustworthiness of its members, a feature which discourages both external accountability (Taylor 1996: 59-60) and internal control (McDonald 1999: 19). Secondly, members of the sector face 'multiple' accountabilities to a number of stakeholders rather than to a single source of authority (Leat 1990, McDonald 1999: 12; Irvine 2000). Thirdly, the emphasis on responding flexibly to the needs of individuals militates against accountability in terms of general standards, such as equity (Lipsky and Smith 1990), or through measurable performance indicators (Kearns 1994; Taylor 1996: 64).

However, though a number of problem areas have been clearly identified, they tend to be discussed in isolation, without sufficiently explicit comparison with accountability practices in the other main sectors, particularly in the public sector which itself is subject to complex accountability requirements and has also been undergoing significant evolution. A more systematic comparison of accountability in all three sectors may provide a clearer framework for better understanding accountability issues in the community sector. The context of the following discussion is Australia and the Australian community sector, though much of the analysis has a wider, international application.

Generalising across three sectors requires an inevitable degree of simplification. For the purposes of analysis, the public sector will be represented mainly by the standard government department under direct ministerial control, though sometimes the

government as a whole is the focus of accountability. For the commercial private sector, the typical case will be the larger public company incorporated under the Corporations Law. The community sector itself, however, is less easily stereotyped. It will be taken to include those private non-profit organisations that provide public welfare or community services. There is a wide range of organisations, varying greatly in historical origins, size, legal status, internal organisation, dependence on government, relationship to organised religion and so on. At one end of the scale are the large, well-established institutions such as the Red Cross or the St Vincent de Paul Society, which have multi-million dollar budgets, professional staffs and several layers of institutionalised management. At the other end are smaller, more informal community-based associations, such as neighborhood centres and community legal centres, which rely more on voluntary labour and small government grants.

The legal status of community sector organisations varies, including charitable trusts, incorporated and unincorporated associations, companies limited by guarantee and so on (Industry Commission 1995: 16-17; Dal Pont 2000: ch 13). Regulation is at the State level and varies considerably. Some of these institutional variables are directly relevant to issues of accountability and invalidate some attempts at generalising about accountability across the whole sector. No one type of organisation can therefore adequately stand for the sector. Instead, the sector needs to be represented by a range of different types of organisation whose different features can be noted where relevant.

The core of accountability, briefly, is the obligation to answer to a superior for one's actions and to accept appropriate remedies including sanctions (Mulgan 2000a). Such accountability has a number of features : it is *other-oriented* in that the account is

given to some other person or body outside the person or body being held accountable; it involves *social interaction and dialogue*, in that one side, that calling for the account, seeks answers and remedies while the other side, that being held accountable, responds and accepts rectification; it implies *rights of authority*, in that those calling for an account are asserting rights of authority or ownership over those who are accountable, including the rights to demand answers and, where appropriate, to impose sanctions. Accountability is also a situational concept, in that its requirements need to be determined in terms of the particular context. Of any accountability situation, we need to know: (i) *who* is accountable, (ii) *for what* are they accountable and (iii) *to whom* are they accountable.

### **Who is accountable?**

(I) First, the question of *who* is accountable. In all sectors, this can be answered at both (a) the collective and (b) the individual level. That is, the focus may be, firstly, on the institution or organisation as a whole, ie the department, company or community organisation, and on holding it accountable for actions taken in its name. In such cases a designated official usually answers on the institution's behalf. Alternatively, attention may fall on the individual members of the organisation, ie public servants, company employees or community organisation volunteers and employees, and on their personal accountability for their actions within the organisation. Reference to individual accountability is particularly significant in the community sector where individual members of charitable organisations have traditionally taken much of the burden of responsibility on themselves.

## ACCOUNTABILITY: A COMPARATIVE FRAMEWORK

	PUBLIC	PRIVATE FOR- PROFIT	THIRD SECTOR
<b>I Who is accountable:</b> <b>(a) collective</b> <b>(b) individual</b>	Government, agency Officials	Company Employees	Organisation Volunteers, employees,
<b>II For what accountable</b>	Legal compliance and financial reporting Public interest Just treatment of citizens	Legal compliance and financial reporting Profit Fair treatment of customers	Legal compliance and financial reporting Public welfare Beneficial treatment of clients
<b>III To whom accountable: (a) legal compliance and financial reporting</b>	Public: Courts Auditor-General	Public: Courts ASIC ACCC	Public: Courts Attorney-General Registrars
<b>To whom accountable: (b) general policy and performance</b>	Public: Parliament FOI Auditor-General	Owners/shareholders	Members Parent organisations Donors [?]
<b>To whom accountable: (c) particular decisions</b>	Citizen-clients: Complaints procedures and internal review FOI Ombudsman Tribunals/courts Anti-discrimination agencies	Customers: Complaints procedures and internal review  Industry ombudsmen Courts Anti-discrimination agencies	Clients [?]
<b>IV Personal accountability of individuals</b>	Hierarchical Professional Whistle-blowing	Hierarchical	Hierarchical [?] Professional/collegial Whistle-blowing

### **Accountable for what?**

(II) The second question, *for what* are they accountable, relates to the activities or tasks of which an account is required. Here we may distinguish between three types of activity for which organisations and individuals may be accountable.

(a) The first concerns legal compliance and financial reporting. Organisations in all three sectors, as well as their individual members, may be held to account for their compliance with basic legal prohibitions against, for instance, fraudulent or criminal behaviour in relation to the lives and property of others. They are also required to maintain certain standards in their financial dealings. For instance, companies must deal openly and honestly with the investing public while community organisations are regulated in their fund-raising activities. Directors of public companies are legally accountable for exercising appropriate standards of supervision as are directors of charitable companies limited by guarantee.

All organisations may also be expected to report accurately on their current financial situation, though standards of financial reporting and auditing vary across the sectors. The most stringent reporting standards apply to public sector agencies on the ground that they are handling public funds and should therefore be publicly accountable for how these funds are expended. Public companies in the private sector are required to provide annual reports and annual accounts prepared in accordance with fixed standards and approved by independent auditors. The community sector, by contrast, is notoriously unaccountable (Industry Commission 1995: ch 8; Dal Pont 2000: ch 15; Berman 2000). Reporting standards for charitable trusts are particularly lax and variable, with no obligation to lodge their accounts publicly. Incorporated associations are required to

make their accounts available but there is no universal requirement, as in the private commercial sector, to abide by national accounting standards or even to secure an independent audit (Sievers 1996: 138-41).

(b) The second area of activity for which organisations and their members may be held accountable is the organisation's general direction or performance. In the public sector, governments and public service departments are continuously being held to account for their actions. They are expected to act in 'the public interest', a catch-all, umbrella term that embraces a number of potentially conflicting goals, including the collective interests of the public as a whole as well as the interests of particular sections of the public and individuals. Judgment of what the public interest requires in any given situation is often complex and contestable, requiring an assessment of what is of value or benefit for different groups and individuals as well as of how these various interests are to be balanced against each other. Recent reforms of public sector management and budgeting have attempted to specify public sector objectives in more detail, in an effort to match the clarity of private sector goals. Elaborate constructions of strategic planning, outputs, outcomes, milestones and performance indicators have certainly helped to make government agencies more focused on achieving desired results. But they have not been able to obscure the essential ambiguity and contestability of many government objectives (O'Faircheallaigh et al 1998: 194-8). Holding government agencies to account thus inevitably becomes a matter of political debate involving different and conflicting values.

The public interest provides a standard for assessing not only the results or effects of government policy but also the processes by which these results are produced. Government agencies and officials are held accountable for acting with due process in the

public interest, for instance through behaving equitably, transparently and without conflict of interest. This emphasis on process flows from an assumption that the government belongs ultimately to the public and that its business should be carried out transparently in accordance with clear values and standards. A concern for process is also reinforced by the difficulty of arriving at agreed standards for assessing results in the public sector. Although the public interest in terms of policy outcomes cannot be unambiguously determined, decisions should at least be reached by generally acceptable and fair procedures.

The private for-profit sector presents a less contested, though not entirely straightforward, picture. By definition, all commercial companies in this sector are aiming to maximise their profit and shareholder value and this goal provides a readily intelligible standard against which they can be held accountable. Admittedly, the concepts of both profit and shareholder value are not totally unambiguous, because they require the specification of a time-frame which provides the potential for disagreement between shorter-term and longer-term benefits. On the whole, however, compared with the deeply contested notion of the public interest, the goals of a commercial company are relatively clear and measurable.

Given the comparative clarity of commercial objectives and the transparency of the eventual bottom line, there is less need than in the public sector to hold commercial companies to acceptable standards of due process. Because the results are so clearly assessed, the company can be given more freedom to determine how these results are achieved. The clearer the end, the less accountability for means. Not that the sector is entirely free of process accountability. As already noted, companies are expected to meet

certain financial requirements as well as to refrain from uncompetitive activities and to show respect for life and property, including respect for the health and safety of employees. But they remain, compared with the public sector, comparatively unconstrained with respect to process.

What then of the community sector? In some important respects, it is closer to the public sector in that the overall objectives of its institutions are generally more contestable than those of the commercial sector. There is, indeed, no readily acceptable catch-all term for its goals to match ‘the public interest’ or ‘profit’ for the other sectors – another illustration of the sector’s loose and amorphous nature. The term ‘public welfare’ may stand for the general intention to do good for members of the community in areas typically associated with the provision of welfare services. Like ‘the public interest’, ‘the public welfare’, or whatever more specific goals individual community sector organisations adopt, is a value-laden term which is contestable in application and does not have the degree of objective clarity associated with profit or shareholder value. For this reason, community sector organisations have the same difficulty as public sector agencies in reducing their objectives to clearly specifiable and measurable outputs and outcomes (McDonald 1999: 18).

Not having a clearly measurable bottom line, the activities of community sector organisations are thus much less easily monitored than those of the private commercial sector. At the same time, the community sector does not submit itself to the degree of external scrutiny and political debate that allows the public sector to be held accountable for its value-laden activities (see further below). Organisations that contract with government to provide publicly funded public service must accept a high level of

accountability for achieving agreed outputs, similar to that expected of the public sector. But for the most part they escape public scrutiny. This reduced level of accountability helps to explain a significant difference between how the community and public sectors approach their shared objective of enhancing public welfare. Individual members of the community sector often interpret their public mandate in a more particularistic way, with more attention given to dealing with particular individuals in need and less concern for applying general standards of equitable treatment across the whole range of people with similar needs. Governments and public servants, on the other hand, know that they will be called on to justify their preferential treatment of one case over another and so are forced to adopt strict rules of equity, even at the possible risk of lowering average standards of welfare (Lipsky and Smith 1990).

Community sector organisations are similar to the public sector in that independent value is often placed on process, on how decisions are made. Many members and employees of charitable organisations have their own procedural agendas, believing that the organisations' values should apply as much to its internal management as to its external activities, for instance in according all members equal respect and consulting them about collective decisions. Again, as with the public sector, such respect for process not only reflects firmly held values about process but is also a result of the contestability of values when applied to results. In the absence of an unambiguous bottom line, it may be easier to agree on a fair process than on a fair outcome. Though the process values may be close to those of the public sector, the extent of accountability for their observance is much less than in the public sector, being largely internal to

organisations rather than to the public at large and even then not universally accepted (McDonald 1999: 16-18).

(c) Thirdly, organisations are held accountable for their treatment of particular individuals. In the public sector this type of accountability applies most especially to those departments and agencies that have direct dealings with the public, such as the Department of Immigration and Multicultural Affairs, the Australian Taxation Office and Centrelink. Such agencies are held accountable not only for their general performance but also for how they deal with individual members of the public. Similarly, private trading companies are accountable for their treatment of individual customers. Community sector organisations, too, can be held accountable for how they behave towards individuals who seek their help. Again, the extent of such accountability differs across the sectors, with the public sector offering the fullest range of accountability procedures to individual clients and the community sector the least (see further below).

### **Accountable to whom?**

(III) The third accountability question asks *to whom* organisations as a whole and their individual members are accountable. This question can be answered in terms of the previous distinction between the three areas of accountability (legal and financial, general and particular).

(a) In relation to legal compliance and financial reporting, the ultimate initiator and recipient of accountability is the general public. Members of the public have a general interest in the protection of property and in the financial integrity and fair dealing of institutions. They also have a right to be informed about the financial situation of an organisation, whether it is actually owned by them, as a public institution, or, though

privately owned, seeks to deal with members of the public, investors or donors. The function of holding organisations financially transparent is legally delegated on behalf of the public to particular agencies of public accountability. Thus, the police and the courts operate across all three sectors in particularly blatant cases of property abuse, such as theft and embezzlement. Also critically important are the various agencies responsible for auditing and monitoring performance. Thus in the public sector, ministers and agencies are accountable to the Auditor-General for matters of financial compliance and probity, while in the private commercial sector, companies must lodge their accounts and annual reports with the Australian Securities and Investments Commission (ASIC) which also, along with the Australian Competition and Consumer Commission (ACCC), plays an active role in monitoring company compliance with relevant laws and regulations.

In the community sector, this role is played by a variety of officers or agencies, depending on the legal status of the organisations. Charitable trusts are accountable to the Attorney-General while incorporated associations usually report to a Registrar and companies limited by guarantee are regulated by the ASIC. However, this aspect of community sector accountability is generally agreed to be highly deficient, in keeping with, and no doubt contributing to, the generally lax standards of community sector accounting. No effective monitoring is undertaken either by Attorneys-General or Registrars who normally act only in response to individual complaints (Dal Pont 2000, 436-7). Calls for reform have been made from time to time, for instance, through the suggested creation of a supervisory body, along the lines of the powerful United Kingdom Charities Commission, or by including community organisations under the

Corporations Law (the preferred option of the Industry Commission (Industry Commission 1995: 214-20) but no progress has been made to date.

(b) The second area of accountability is for general direction and performance.

Here, as is to be expected, there is considerable variation across the sectors.

Accountability for direction and performance is generally owed to those who are seen as the owners of the enterprise. Thus, in the public sector, the public are unquestionably the ultimate owners of their government and so the government and its agencies are accountable to them through a variety of channels (Mulgan 1997). Preeminent among these channels is the chain of ministerial responsibility whereby public servants are accountable through their departmental hierarchies to ministers who are themselves accountable to Parliament and the electorate. Supplementary avenues of accountability are provided by parliamentary scrutiny of departments through committees, independent performance evaluations undertaken by Auditors-General (at the Commonwealth and in most States and Territories) as well as general reports provided by ombudsmen.

In this respect, government agencies are subject to multiple demands of accountability (eg Finn 1993; Corbett 1996: ch 9). Potential conflict between these various demands is mitigated by a division of responsibility which give ministers the right to determine and to be held accountable for matters of 'policy', leaving agencies to be accountable through other channels only for matters of 'administration'. Though the distinction between 'policy' and 'administration' is notoriously imprecise, in practice ministers can declare any matter of concern to them to be a matter of policy and thus out of bounds for independent official discretion. By the same token, senior bureaucrats,

acting in the name of the minister, may impose directions on subordinates and make the minister accountable for their implementation.

In the private sector, general accountability is primarily to the owners, that is in the case of large listed companies, the shareholders. Shareholders elect the directors and hold them to account through regular reports and annual general meetings. Moreover, shareholders also hold management accountable through the constant reporting of the share price which provides a continuous indicator of management performance. Various attempts are periodically made to widen the general accountability of companies by arguing that they need to answer to other 'stakeholders', including consumers and the general public. But such concerns for the wider public typically fall short of the obligations associated with accountability, such as the duty to release information or to accept directions.

Individual customers or clients may have accountability rights in relation to particular goods or services that they purchased from the company. But they normally have no rights to question the general policy or performance of the company. For such general matters, the company is accountable only to its owners or shareholders for whom it must return a profit (Sternberg 1998). Individual members of the public can choose to take their custom elsewhere (the main engine of market competition) but they have no right to complain directly to the company. In the language of public choice theory, they have rights of 'exit' but not 'voice'. Similarly, unless social obligations are incorporated into law and companies made legally accountable for observing them, most companies see no reason to recognise such obligations, except purely instrumentally, as means of furthering their commercial advantage.

In the community sector, who performs the role equivalent to that of citizens (public sector) or shareholders (private commercial sector), as the ultimate owners to whom organisations are accountable for general policy and performance? The answer depends on the legal structure of the organisation. Some are established by churches that operate under their own statute in which case the charitable organisations are accountable to the parent church. In the case of trusts, the trustees are appointed either by the original founders or by other trustees and are free to make their own decisions subject to constraints set by the purposes of the trust and general fiduciary requirements laid up on all trustees, such as avoiding conflicts of interest. Though trustees can be said to be legally accountable to the Attorney-General for compliance with the terms of the trust, in practice this accountability is rarely invoked and is usually ignored by trustees. For the most part, trustees are accountable only to each other.

With the exception of the church-based charities, most major charities operate as incorporated associations under State Associations Incorporation Acts (Dal Pont 2000: 374-5). Incorporated associations must have a constitution and are usually managed by a committee elected by a wider group of members at an annual meeting. Members may sometimes be active in the organisation, for instance as volunteers. Formally, however, they have a position essentially similar to that of shareholders, though their legal rights depend on the rules of the association and may be less extensive than those of shareholders (Sievers 1996: 111-26). The lack of a constantly reported share price deprives them of any equivalent to the shareholder's indicator of company performance. Overall, then, community sector organisations are comparatively unaccountable for their overall performance and direction. They answer in a generally perfunctory manner to a

comparatively restricted groups of owners. Community sector organisations undertaking contracts for publicly funded services find themselves accountable to a range of public sector paymasters. However, such accountability to government is for limited and specified tasks and does not extend to accountability for general performance.

It is sometimes argued that charitable organisations should be accountable to donors who contribute financially without being either trustees or members (eg Industry Commission 1995: ch 8). Indeed, some jurisdictions are requiring a degree of accountability to donors (Industry Commission 1995: 206), though the principle is by no means firmly established. The position of a donor could be seen as similar to that of a taxpayer in the public sector who contributes his or her funds to the government and therefore has a right to a say in what it does and how it performs. However, the accountability required seems to fall short of that associated with the ownership of citizens or shareholders. It is more a right to information, so that donors may know what they are getting with their gift, rather a right to influence direction. In this case the accountability being sought is similar to the information demanded of private companies by Corporations Law as part of fair trading for members of the public who are potential clients or investors. It is not so much accountability to donors as a duty of transparency to the general public.

(c) The third area of accountability is for the treatment of individual members of the public in their dealings with organisations. Here the general principle is that the organisation should be accountable to the individual client or customer, particularly when service is unsatisfactory. This principle is recognised in all three sectors, but with varying mechanisms. As is to be expected, the most extensive mechanisms are in the

public sector. All government agencies that deal directly with the public are required to have formal service charters setting out the rights of citizen-clients. Disgruntled citizens may apply to well-established internal complaints and review mechanisms in all agencies. Beyond that they may apply to the Ombudsman and, in certain types of case, to administrative appeal tribunals empowered to review the merits of individual administrative decisions. They may also take up the case with their local member of Parliament who can make representations via the Minister or refer them to the relevant review processes.

In the private sector, dissatisfied customers can generally exercise their right of exit by taking their custom elsewhere. If their treatment on any particular occasion requires an actual remedy, they can complain first to the company itself which will often have a formal complaints procedure. They also have access to a variety of legal remedies, under the common law as well as consumer protection legislation. A number of industries, such as banking and insurance, have also followed the public sector in establishing their own independent review officers, sometimes adopting the public sector title of 'ombudsman' (Mulgan 2000b).

By contrast, the community sector is less well developed in its accountability to individual clients or customers for services rendered. Though the rationale of community sector organisations is to provide welfare for the public, the definition of what that welfare requires and whether it has been delivered has traditionally been a matter for the charitable organisation to define. Admittedly, the patronising paternalism characteristic of traditional charities has largely been rejected. Many of the more recently founded organisations have a strong commitment to egalitarian principles of equal

participation and consultation, not only internally between members but also in relation to the clients they are attempting to assist. Many workers in the community sector no doubt see themselves as ‘accountable’ to their clients. This respect for clients is usually expressed in the form of a willingness to listen to their clients’ requests and be responsive to their needs. In Leat’s beguiling phrase, it is a form of ‘voluntary ‘ accountability rather than required accountability (Leat 1990:148).

However, one can question whether such responsiveness can genuinely count as accountability (Mulgan 2000a). Grace-and-favour consultation falls short of according the rights normally associated with accountability to clients, for instance the right of the disgruntled client to demand an explanation or to seek a remedy through a recognised channel of review. Indeed, in many instances, beneficiaries of charitable organisations have no more rights than customers in the commercial private sector (Uphoff 1996). Moreover, as already noted, the community sector nurtures values which are inimical to the establishment of genuine accountability regimes. The holistic and particularistic respect for individual clients who present themselves for care is at risk if carers must always have an eye on how they would justify their actions to an impartial authority. Accountability encourages impersonal rules and inflexible procedures whereas community service, particularly by volunteers, depends on personal and spontaneous attention (Taylor 1996: 67).

### **Individual accountability**

IV. Discussion so far has centered on the collective accountability of organisations in the three sectors. However, accountability issues can also face individual members and employees within organisations. In hierarchical organisations,

such as the typical government department or private company, individual employees generally work under the direction of managers or owners who set the policy for the organisation and its staff. They are thus personally accountable to their superiors within the organisation for the performance of set tasks, including their appropriate contribution to the organisation's collective accountability to its owners and clients. To this extent, their personal accountability dovetails with the collective accountability of their organisation.

At the same time, individual members and employees may recognise an obligation beyond the organisation and see themselves as personally accountable to the general public, to particular clients or to their professional peers, regardless of, or in spite of, the directions of their superiors. The clearest cases of such personal accountability are provided by 'whistle-blowers' who feel obliged to expose illegal or obviously improper behaviour within their organisations and are thus exercising accountability directly to the public. Another type is 'professional' accountability, the accountability that trained professionals, such as lawyers and doctors, owe to both their professional peers and their clients, which may sometimes cut across the obligations to institutional employers.

Such professional accountability, however, requires the possibility of being actually called to account, for instance by a professional tribunal or informally by the scrutiny of colleagues. It is to be distinguished from professional *responsibility* which is acting out of commitment to an internalised sense of professional values. Some influential analyses of accountability have included this type of personal responsibility as a form of 'internal' accountability (Day and Klein 1987: 217-19; Sinclair 1995, Corbett 1996: 201; cf Kearns 1994). However, as it lacks the external scrutiny which is central to

the rationale of accountability, such a description is misleading (Mulgan 2000a ). It may also be self-serving because it allows experts to mask the degree to which they are actually unaccountable.

The personal accountability of individual members within an organisations thus involves a number of dimensions: accountability to superiors, to colleagues and directly to the public. Each sector sets its own particular balance. In the private commercial sector, accountability to superiors is paramount. Individuals may be allowed a comparatively large degree of discretionary judgment but are held highly accountable in terms of measurable results demanded by the management. Whistle-blowers are likely to face dismissal and attempts to discredit their evidence. The public sector is more complex. Public servants are expected to be accountable within their profession for the maintenance of professional standards and values. Genuine whistle-blowing, in the sense of revealing illegality or impropriety, is officially condoned as well as being legally protected in some jurisdictions. However, public servants accept the right of elected politicians to determine policy and would reject any claim to act as independent ‘guardians of the public interest’ (Keating 1999). Accountability through the minister to Parliament and the public generally takes priority over other channels.

‘Street-level’ bureaucrats, who deal directly with the public, sometimes see themselves as primarily accountable to their clients rather than to their bureaucratic superiors or political masters (Lipsky 1980, Yeatman 1994). The preference for ‘bottom-up’ rather than ‘top-down’ accountability is particularly marked in the United States where the separation of executive and legislative power has tended to blur the lines of centralised control and where more emphasis has been given to empowering rank-and-

file bureaucrats (eg Osborne and Gaebler 1992). In Australia, too, individual public servants can be held directly accountable to clients, for instance under complaints procedures or service charters. However, as already argued, a sense of professional responsibility to clients is not to be confused with accountability. For the most part, the individual accountability of Australian public servants is subsumed in the collective accountability of their departments and operationalised through the hierarchical chain of command and control.

The community sector is marked by a comparative lack of individual accountability. Though community organisations vary greatly in their management structures, internal hierarchy generally tends to be weak and individual employees and volunteers are not as internally accountable as those in other sectors. A number of factors contribute to this organisational fluidity. Directors and management committees can be inexperienced amateurs with little time or expertise to devote to supervising the organisations nominally under their control (Taylor 1996: 61; Gibelman et al: 1997). Legal requirements on boards and committees are minimal while accounting and management standards are lax in comparison with the other sectors. Most important, in spite of being formally elected by the membership, boards and committees are generally not accorded any superior moral right to set the direction and policy for the organisation. Compared with their public sector counterparts, community sector leaders lack the equivalent of the external democratic mandate that underlies the right of ministers and senior public servants to impose centralised administrative solutions on public sector agencies and which gives them the right to challenge the individual public servant's own interpretation of what the public interest requires. In this respect, the lack of collective

accountability to the wider public encourages a corresponding lack of internal accountability within the organisations.

Compounding and building on this weakness in leadership, individual charity workers, whether volunteers or employed professionals, tend to rely very heavily on their individual judgment of what actions should be taken and are reluctant to accept direction from others, such as supervisors or managers. Volunteers are contributing their services freely out of a conviction that they are doing good works which entails a presumption that they can define for themselves what works are good. Employed professionals have their own expertise which gives them the confidence to reject the instructions of amateurs in positions of formal authority. Because such professionals often earn less than they would in the public or private commercial sectors, they too enjoy a sense of vocational commitment which strengthens confidence in their own judgment. The result is typically a collection of strongly committed individuals each confident in his or her own personal mission. Collective cohesion depends on shared values and trust rather than centralised control (McDonald 1999: 13, 17). Members may see themselves as 'accountable' to their own values (Taylor 1996: 68), but, again, this is to confuse a sense of responsibility with genuine accountability. Perhaps the most effective type of internal accountability within community sector organisations is horizontal rather than vertical, that owed to colleagues and fellow professionals rather to superiors. Individual welfare workers will often recognise the rights of fellow workers to question their actions, demand explanations and perhaps even impose collective remedies and redirection, particularly on matters of process if not of actual outcome.

### **Conclusion**

In summary, then, the community sector is lacking in accountability across a whole range of areas, including legal compliance and financial reporting, overall performance, and treatment of individual clients. Community sector organisations do not answer to the wider public or to clients to same extent as the public sector nor, unlike the commercial private sector, are they held accountable in terms of a definable objective. Internal mechanisms of accountability are weak, with individual workers a law unto themselves compared with workers in the other sectors. Thus, when community sector organisations come into contact with the other sectors, for instance through providing publicly-funded services or entering into contracts with private commercial companies, conflicting accountability cultures naturally give rise to problems and misunderstandings.

The main feature of the sector's accountability regime is not, as sometimes suggested, its complexity but rather its deficiency. Community sector accountability, as commentators have noted, is to multiple stakeholders and for indeterminate objectives and in these respects more complex than in the commercial private sector. But these complicating factors also occur in the public sector where public servants are accountable for politically contestable objectives to a variety of stakeholding sections of the public and through a variety of channels (Taylor 1996: 61). The public service, too, is staffed, if not by volunteers, then by committed professionals who have strong views about what the public need and who also have difficulty in reducing their services to neatly measurable outputs.

The major differences between the public and community sectors are two-fold. One is the sheer extent of accountability. Public servants must account for far more of what they do than workers in the community sector. The second is the degree of

structure imposed on their various accountability requirements. Public servants may be accountable through a variety of channels but for the most part these channels complement rather than conflict with each other. Review agencies such as parliamentary committees, the Auditor-General, the Ombudsman, and tribunals, and review procedures directly to the public are all seen as supplementary to the overriding accountability to the public through the minister. All concentrate on exercising scrutiny in their own particular areas while keeping clear of each other's jurisdiction. By contrast, the community sector generally lacks a similarly coordinated structure of accountability because accountability has not been seen as such a central value and because elected leaders have not been accorded superior democratic legitimacy.

How far the accountability deficit should be reduced is an issue for further reflection and beyond the scope of this article. Certainly, pressure for increased accountability can be expected. All sectors are experiencing diminishing trust of elites and greater demands for transparency as well as for sanctions when managers and directors fall short of public expectations. Moreover, as the community sector is drawn further into the public domain of providing taxpayer-funded services, it will be required increasingly to adopt higher, public-sector standards of accountability (McDonald 1999: 20). On the other hand, accountability always comes with a cost, particularly the emphasis it places on centralised coordination and control which may stifle flexibility and spontaneity of response to public needs (Taylor 1996: 63; Onyx 2000: 67-8). Provided that the community sector can retain a higher level of commitment and trust among its workers and comparatively greater public confidence in its integrity and value, then it can continue to operate with a less elaborate structure of accountability. This is not

necessarily to question the need for such reforms as improved financial reporting and greater rights for clients. Nor is it to deny that participating in publicly funded welfare projects will bring additional accountability demands. However, the sector need not ape the accountability regimes of other sectors in every respect. Part of its unique value may depend on a comparative lack of accountability.

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