

## **Questioning Public Sector Accountability**

**Bryane Michael, Linacre College**

### **Abstract:**

The rise of accountability seems to unambiguously promote more responsible, effective and participatory public sector action. However, the benefits of accountability are less ambiguous than they appear. Activities aimed at increasing accountability generally proliferate as they gain importance – making monitoring an end in itself at both the national and international levels. While there are economic and institutional explanations for the rise of accountability, these fail to explain the political nature of the rise of accountability. Such politics may include negotiations over power, organisational boundaries, image, social value or moral values. If such negotiations imply that some of the value of accountability is socially constructed, then activities aimed at promoting accountability must be undertaken with circumspection.

**Bryane Michael** is currently conducting research on public sector organisational performance at Oxford University and teaches economics and management. He has worked for a number of years at the World Bank and the OECD on public sector reform issues and has worked in over 10 countries on governance.

This is a conference copy of a paper later submitted to *Public Integrity*.

## Questioning Public Sector Accountability

### Introduction

Over the past 5-10 years, the topic of accountability has gained enormous press and academic coverage (Power, 1997). According to this popular coverage, many of the world's ills stem from a generalised lack of accountability – from the 2002 Enron scandal to bovine spongiform encephalopathy (BSE) scares to ill-gain reconstruction contracts in Iraq. As every demand generates its own supply, a wide-range of accountability programmes have sprung up in government, the private sector, and in NGOs. Some examples include the Sarbanes-Oxley Act, Hampel Report on corporate governance, Social Accountability 8000 standards, AccountAbility 1000, Caux Principles, the Global Sullivan Principles, and the Keidanren Charter for corporate responsibility – a bewildering range of activities all aiming at increasing accountability. Even in the international realm, commentators have claimed that the UN's Global Compact and the OECD Guidelines for Multinational Enterprises represent a first important step in increasing accountability at the public-private nexus (for an overview and critique of some of these activities, see Michael, 2003). As a result of all these activities aimed at promoting accountability in public-private sector relations, the rise of accountability appears to herald a new era where public sector organisations finally respond to the people they are supposed to serve (Gibbons et al., 1994; Castells, 1996).<sup>1</sup>

The purpose of this paper is to show that while the rise of accountability has almost certainly brought many benefits, a critical examination is necessary. The rise of accountability has led to a spiralling proliferation in the amount of auditing, supervision, monitoring, and other mechanisms of accountability in public sector organisations. While there are economic and institutional explanations for the rise of accountability, these fail to explain the political nature of accountability. Accountability can be politics by other means -- serving some (such as evaluators and managers) at the expense of others (such as third-parties). Such politics may even be a form of fighting over power, organisational boundaries, image, the value of the public sector's activities, or the moral values by which activities are undertaken. If such politics is one aspect of a wider social

construction of the value of accountability, then prudence is called for in promoting accountability.

## **The Spiralling Rise of Accountability**

The OECD countries have seen a rise of accountability in the public sector in the 1990s with increased use of activities ranging from benchmarking (Trosa and Williams, 1996), new public management (Barzelay, 2001), e-government (Ho, 2002), the creation of Inspectors-General offices (Light, 1993; More and Gates, 1986) and the establishment of ethics offices and codes of conduct (Stewart, Sprinthall, and Shafer, 2000). Perhaps the increasing use of ethics offices and codes of conduct are most illuminating. The practice of promoting accountability through ethics programmes or the establishment of watchdog organisations have become wide-spread in the US government, with a number of entities involved. Besides having a general Office of Government Ethics, ethics offices or services exist in the Office of Special Counsel, National Institutes of Health, Department of Defense, Department of Agriculture, Department of Justice, U.S. House Committee on Standards of Official Conduct, and the U.S. Senate Ethics Committee – to name a few (for a discussion of codes of ethics, see Chandler, 1983). This truncated list does not take into account the wide variety of private contractors, universities, and NGOs which also offer ethics training to the US government.

The two main principles driving the proliferation of such accountability-promoting institutions are self-responsibility and installing checks-and-balances (Rosen, 1989; Przeworski *et al.*, 1999; Schedler, 1999). Self-responsibility drives each institution to establish mechanisms of accountability and self-monitoring because responsibility ultimately falls on the institution's managers. They are admonished to find new, better, and more effective ways of making their public sector entity accountable to other public sector entities and to the public. Checks-and-balances then act both to provide the incentives necessary for self-monitoring and as a stop-gap in case self-monitoring fails. If institution A watches A (itself) and B and C, and if institution B watches itself and A and C and so on, then there are nine "watching relationships." This roughly follows the famous Metcalf's Law (Economides, 1995): in a system of n actors, adding another actor

(n+1) increases the number of links between all actors by 2n. With 2n watching relationships what could go wrong?

### **Figure 1 Here**

Indeed, the value of such internal and external oversight has taken on messianic tones. If Buddhism has an “Eight-fold Path to Enlightenment” then authors such as Helgason (1997) present a similar messianic eight-fold path to accountability. Figure 1 presents such a model, showing the various relations between public sector and non-public sector entities. In this case, accountability can be exerted between government-ministers, market-government, ministers-parliament, parliament-public, parliament-government, independent organisations-government, independent organisations-public and government-public. Yet such models have problems. First, they are passive. They assume that the institution watched is simply acted upon and does not *react* to being watched. If institutions can react to being watched, they might try to substitute into image-promoting activities – reflecting Goodhart’s Law (Weaver, 1986). Goodhart’s Law roughly states “that which is counted, counts” implying that “every measure which becomes a target becomes a bad measure” (Munro and Mouritsen, 1996). Institutions might also try to engage in blame avoidance (Hood, 2002). Second, these models assume more watching is better. Instead, perfect monitoring by one organisation can be worth more than imperfect monitoring by eight.<sup>2</sup> Third, such models do not capture the geometric growth in monitoring activities occasioned by the rise of accountability. If accountability is important, then institutions (such as effective Parliaments) must be established to ensure accountability. Yet, if Parliament is exercising an effective supervisory role, then internal ministerial units must be established in the executive to catch improprieties before Parliament finds any. If internal ministerial units are established, then departmental internal units must be established before the ministerial unit finds impropriety – thus leading to a Spiral of Accountability. In other words, the more accountability one has, the more one needs.

### **Figure 2 Here**

At the international level, the rise of accountability has been spearheaded by the international organisations. Two examples come from the World Bank and the IMF.<sup>3</sup> Looking first at the World Bank (2003), much work has been done on Governance Indicators. An example of the accountability sub-indices is shown in Figure 2. In the chart, the Netherlands is clearly the most accountable of the OECD's top ten richest countries, while Japan holds last place. Yet, such statistics are beguiling for two reasons. First, indices such as these are often "indices of indices" -- where other measures of accountability are collated to produce a new measure (the Transparency International Corruption Index is another example of an index of indices). Again, the Spiral of Accountability reasserts itself. If there are 6 measures of accountability and one wants to create a 3 indices-of-indices, there are 15 possible combinations to choose from -- 15 indices to write papers about or to sell to foreign investors.<sup>4</sup> Second, with such indices, differences are sometimes not practically important. Even though there are only a few points difference between the Netherlands and the US, looking at the graph, Netherlands can be described as the most accountable, while the US would be described as about half-way down the rankings.

The second example comes from the IMF's Reports on the Observance of Standards and Codes (ROSC). According to the Fund, "the adoption of internationally recognized standards and codes of good practice can help to improve economic policymaking and strengthen the international financial system" (IMF, 2002a). Two particular codes of note -- out of the 10 that the Fund uses in its surveillance -- are the Code of Monetary Transparency and Code of Fiscal Transparency (See IMF, 2002b for specific copies of these codes). Both codes are divided into four main sections evaluating the clarity of roles and responsibilities, public availability of information, open processes for formulating and reporting policy decisions and assurances of integrity. Each of these main sections is further divided into sub-sections (35 sub-sections for monetary transparency and 37 for fiscal transparency) addressing specific organisations or reporting requirements.

This form of monitoring has also led to a Spiral of Accountability in a number of ways. First, each sub-section could in principle be further divided into an infinite number of sub-points. The decision to stop sub-dividing is usually made on grounds of

convenience and practicality rather than on principle. Second, other organisations have started to use the IMF standards in order to make their own evaluations. For instance, in a recent evaluation reported by Michael and Bates (2003), countries were ranked according to their fiscal and monetary transparency – as shown in Figure 3. Taking the example of Pakistan, it rates low on fiscal and monetary policy transparency – thus not being very accountable for its fiscal and monetary policy. Yet, by producing such ratings, the international community makes Pakistan accountable for its non-accountability. Such accountability resembles a hall of mirrors. Pakistan is still unaccountable for its fiscal and monetary policy. But now Pakistan is accountable for being unaccountable. Now that this paper is written, the evaluation presented in Figure 3 is now accountable for its non-accountability in insuring Pakistan’s monetary and fiscal accountability. If it is possible to talk about degrees of accountability, then Pakistan is non-accountable to degree one; the transparency assessment is non-accountable to degree two and so on. In theory, the degrees of accountability are only limited to the number of assessors willing to assess the assessments of others.

Some authors even suggest that the rise of accountability represents a new form of governance. Rischard (1999) advocates a form of Networked Governance – consisting of Global Issue Networks organised around the 20 global problems. In phase one, each global problem enlists an expert working group of about 10 people from government, business and civil society. In phase two, about 100 people work together to produce norms and recommendations. In phase three, about 1000 people work to rate countries against norms and “create reputation effects through naming-and-shaming.” Finally, an Independent Expert Panel of 100 people is established to monitor the work and an Electronic Town Meeting of 10,000 people is established to discuss the work of each issue network. In total, about half a million people – auditors in effect -- would be involved in fighting the 20 global problems. Yet, in a network of 10,000 people, 9,999 are left to blame if something goes wrong. Organisations *react* to being watched and can retaliate if they are named and shamed. As many political parties know, tit-for-tat naming-and-shaming can quickly lead to a Spiral of Accountability which increases embarrassment but not accountability.

## Whence Accountability?

So where does accountability come from? Accountability is generally defined with a stress on “account giving” which is “part of what it is to be rational” (Power 1997: 1) or “a distinctive and pervasive feature of what it is to be human” (Munro and Mouritsen, 1996). More specifically, “accountability” entails “the specification of duties and measurements” (Munro and Mouritsen, 1996). “Giving account” for these “specified duties” is a key element defining “accountability” and differentiating accountability from proximate concepts such as “responsibility” which is “taking care what has been entrusted” (Munro and Mouritsen, 1996).<sup>5</sup> While there are a number of explanations for the rise of accountability (including the interpretive approach will be covered later), two will be highlighted: the economics approach and the institutionalist approach.

In the economics approach, “account giving” arises from both demand and supply factors (Power, 1997). The *demand for accountability* relates to the desire to maximise performance or to minimise surprises – as the BSE crisis in the United Kingdom in the early 1980s demonstrates all too clearly as a negative example. In this case, the head of Government (or in the language of economics -- *principals*) did not have all the information it needed to monitor its employees in the Ministry of Agriculture (its *agents*). If such principal-agent problems could be reduced, public officials may be less inclined to engage in risky behaviour they will not have to pay for – in this case downplaying foot and mouth disease (*moral hazard*). They also would not have chosen actions which were farther from the public eye (*adverse selection*). Thus accountability helps to minimise risks or at least the costs of such risks.<sup>6</sup>

As an economic actor, the Government seeks to maximise the risk-adjusted returns on the activities it undertakes (Gibbons, 1998). Such returns can also stem from cost savings in the regulation or the provision of public goods and services. If the State can devolve public sector functions to business and civil society, by encouraging self-regulation – as the UK government does with many of the professions or in the area of corporate governance -- then the government can be reduced to playing the role of a (low-cost) night-watchman. Moves in this direction are indicated by the collapse of the welfare state and the general move away from public sector regulation (Strathern, 2000).

The *supply of accountability* depends on the objectives of the audit, monitoring, or supervision. One way of defining and directing work on accountability is to address the programmatic level versus the operational level (Power, 1997: 6). Work at the programmatic level involves those ideas which shape the mission and goals of accountable governance. On the operational level, the programmatic concept is then implemented with concrete tasks, routines, and checklists. The determination of these objectives depends on the number of other institutions engaged in accountability work and the returns to engaging in accountability work -- as Strathern (2000) notes, audits can be quite costly. Another part of this expenditure is due to the acquisition of monitoring technologies – which may influence the object or interpretation of measurement. If monitoring technologies are cheap, they will be supplied more generously – especially for measurable activities.<sup>7</sup>

In the institutionalist approach, *exogenous* factors – such as socio-economic factors related to institutions and technologies -- may have led to the rise of accountability. According to Gibbons (1994), in the old production of knowledge (or Mode 1 type knowledge) of the early 20<sup>th</sup> century, little accountability was needed as much knowledge was discipline-specific and knowledge producers were only accountable to other “experts” in the discipline. Given the rise of information technologies, network forms of organisation, and the industrial application of knowledge, knowledge increasing needed to be more accountable to a variety of stakeholders... leading to the “new production of knowledge.” The result has been the increasing production of Mode 2 knowledge -- where knowledge is trans-disciplinary and involves consensus as well as social accountability because Mode 2 knowledge is “socially distributed in the knowledge production system” (ibid.: p. 161-164). The rise of accountability, following this type of contingency-based view, arises simply as the passive response to exogenous change.

The rise of accountability may also be *endogeneously* driven through the process of institutionalisation.<sup>8</sup> At the risk of over-simplification, institutionalism defined by writers such as Scott (1991) explains the rise of institutions, such as those aiming at promoting accountability, as the result of social learning or copy-cat type behaviour. The more other institutions engage in a practice, the more tempting it will be to engage in that

practice as well. Such “institutionalisation” has been noted in a wide variety of other contexts ranging from the creation of epistemic communities – or groups of people who think alike (Haas, 1992), to the spread of business organisation (Fligstein, 1993; Djelic 2001), to methods of global regulation (Braithwaite and Drahos, 2000). At the extreme, the institutionalisation of the rise of accountability could be due to managerial discourse. Thrift (1999) in his analysis of the rise of managerial discourse talks about the convergence of interests between three groups – gurus, consultants and business schools- in the formation of the managerial discourse. In the case of the accountability discourse, the organisations concerned are government, auditors themselves, and auditing firms (Power, 1997).

On a more *interpretivist* level, the rise of accountability may be due to ritualisation of an “audit culture” (Strathern, 1996). As mechanisms of accountability become rituals in organisational life, being accountable becomes a type of cultural performance which places primacy on the action, activity or process of accountability rather than on results. In an ethnography of an IMF mission, often “facts” were considered to be facts only if particular processes were used and particular people consulted (Strathern, 1996). These processes and consultations were used to sanction numbers – as if the process of quantification and counting bestowed a type of sacredness to the data. If the IMF Codes of Transparency evaluations referred to earlier reflect the same process of negotiation, then the Fund is ultimately only accountable to the idea of accountability – and again the Spiral of Accountability plays itself out – where the zero-point of accountability is reached. Accountability becomes only accountable to accountability itself.

## **Accountability as a Double-Edged Sword**

Economic and institutionalist perspectives of accountability are overly romantic, optimistic and worst of all, functionalist.<sup>9</sup> If accountability is used to benefit some at the expense of others, then there are politics involved – and accountability becomes a double-edged sword. The use of accountability in political relations also helps explain the Spiral of Accountability – where more audit expenditure begets more audit expenditure. Part of this expenditure is due to the increased number of intermediaries who provide the

certifications or guarantees upon which accountability is based (Power, 1991: 69-90). Specialists gain the authority of distance (namely increased authority based around technical knowledge which colleagues do not possess). As specialists proliferate, they create centres of calculation (intermediaries who must give account) and centres of discretion (different or multiple distributions to intermediaries), thus creating webs of intermediaries and dependencies (Munro and Mouritsen, 1996). Authors such as Behn (2001) encourage public sector managers to reduce their focus on punishment for breaches in accountability and instead focus on performance. Yet, such a view ignores the vital political power gained from the ability to punish. Without accountability, there can be no punishment – and without punishment, there can be no power.

These intermediaries are able to gain power because accountability itself is a vague concept and can thus be discussed, elaborated or re-elaborated according to the interests advocating accountability (Power, 1991). For example, accountability may become a tool for managers to substantiate other agendas -- like using “cost effectiveness” as excuse for lay-offs. Such re-elaboration suggests that accountability does not exist independently of the people doing the monitoring. Accountability is arrived at through a process of negotiation (Power, 1997). Such a negotiation may involve oppression through increased control and quantification whose “values and practices...penetrate deep into the core of the organisational operations” (*ibid.*: 97). Yet, such oppression can also be resisted – as the targets of accountability find ways around mechanisms of accountability as agents “will wish to buffer ... their core activities [from audit mechanisms]” (*ibid.*: 96). One example of such politicisation of accountability comes from the UK’s Teaching Quality Audits where “vice chancellors themselves have often been resistant to quality initiatives” (*ibid.*: 102). At first glance, such resistance would appear futile or counter-productive. Who could object to better teaching? In this case, better teaching was not being resisted; vice chancellors objected to the transfer of power from the universities (with their expert knowledge in providing educational services) to the government.

The politics behind teaching assessment also indicates that the rise of accountability has reflected the changing nature of public-private relations. As mentioned earlier, the state is increasingly relying on the devolution of regulation. However, a political

analysis might view such devolution as a method of establishing indirect control such as establishing a market for managerial discipline fostered by free-market principles, stakeholder pressure, and regulation. Like the colonial British chieftain system, it is more efficient to push control into the organisation and then to control the controller – which Powers (1991) asserts is the strategy being pursued through bodies like the UK Audit Commission. Nowhere is the politics of redrawing lines between the public and private sectors more prevalent than in the current discussion about Corporate Social Responsibility (CSR). The CSR discourse appears to signal a new form of co-operation between government, business, and civil society in the promotion of social objectives (Michael, 2002). Yet, the vague and all-encompassing CSR discourse serves as a forum for advocating the interests of business, government and relatively non-accountable NGOs. Governments advocating CSR benefit by both extending regulatory control and devolving actual implementation to business. Business benefits from CSR by increasing regulatory autonomy. NGOs benefit by gaining increased policymaking functions and earning money from both government and business (in the form of grants, donations and sometimes cash sales). Such a dynamic multiplies the scale and scope of activities aimed at accountability.

Even proposals such as Rischard's (2002) Global Issues Networks may have a political dimension. If a multi-lateral organisation is to take the lead in co-ordinating such networks (as Rischard suggests), then this represents a subtle shift in power to these organisations -- as well as to the members of the Network vis-à-vis those who are excluded. Moreover, it is usually the weak that get "named and shamed" rather than the powerful. In the case of monetary and fiscal transparency, the US is often very un-transparent, yet incurs little of the IMF's wrath given its power within the Fund.

What are the harms of this double-edged sword which represents the rise of accountability? A system governed on contracts, and providing ample room for the checks-and-balances attendant with the politics mentioned above, can not be all bad. In the past, imperfect information was overcome by the development of trusting relationships – and the lack of trusting relationships would promote the need for accountability -- "accountability, in my view, is the direct political response that one has to the breakdown of the trust market" (Brennon, 1994). The act of requiring someone to

“give account” often implies mistrust or conflict and asking for account giving may foment a generalised culture of low trust (Strathern, 2000). For example, in the survey of 330 government officials, 63% of senior civil servants said Americans don't trust the federal government...while 57% of public said they do not trust government (National Election Studies, 2003). If the government can not trust the population to trust them, then the population can not trust the government to trust that the population trusts them – and the Spiral of Accountability reasserts itself. Government, seeing that the population does not trust them, installs measures of accountability. The voters, seeing that government is installing more measures of accountability, has continued incentive to be distrustful.<sup>10</sup> The trends in Figure 4 roughly show the falling levels of trust in government corresponding with the rise of accountability.

#### **Figure 4 here**

Indeed, greater accountability can led to lower accountability – resulting in a “paradox of accountability” (Harmon, 1995). “If public servants are accountable for the achievement of purposes of the public authority, then they as instruments of that authority have no person responsibility. If, however, they participate in determining public purposes, then their accountability to higher authority is undermined” (*ibid*). According to Harmon, such a paradox results in atrophy of personal responsibility and atrophy of political authority. Such atrophy is a classic example of social dilemma. Individually, public servants have an incentive to minimise personal responsibility, while individually governments have an incentive to maximise public authority. Yet collectively, both public servants and governments allow responsibility to fall through the cracks – resulting in the aforementioned atrophying of personal and public responsibility.

### **What You See is What You Get: Accountability and the Social Construction of Value**

The graph of trust in government presented in Figure 4 highlights a major problem with accountability. Would voters not trust government if they did not see figures such as those presented in Figure 4? The main problem with the concept of

accountability is that it assumes there is some “value” to public sector activity existing independently of monitoring. Monitoring, audits and other forms of accountability simply discover the already existing value. Using a simple equation, public service ( $s$ ) leads to value ( $v$ ) which leads to monitorable results ( $r$ ) or  $s \rightarrow v \rightarrow r$  such that the results of the accountability exercise  $r$  reflects fully and accurately the value generated by the public sector  $v$ . The gaze of others simply serves to record pre-existing value.<sup>11</sup> In some cases, such as the case of checks-and-balances presented above, the gaze of others may provide the right incentives to the organisation to express this value. But value still remains dominant.

What if there is no pre-existing value which the audit discovers and it is the audit itself creates the value? States are notorious for requiring the representation and legitimacy which garners the votes needed to keep the administration in power (Przeworski et al., 1999; Shields, 1998; Seib, 1994). Voters are notorious for changing their values, preferences and opinions depending on the timing and tone of new information (Kahneman and Tversky, 2000; Rabin, 1998). For example, many international donors insist quite firmly on public recognition for the support because without mechanisms of accountability which verify their contributions, they can have no legitimacy. In this case, public service ( $s$ ) leads to monitorable results ( $r$ ) which give their observers some value ( $v$ ). Unlike the equation presented above, in the case where the value of accountability is socially constructed,  $s \rightarrow r \rightarrow v$ . The equation implies that the worth of a public sector activity does not exist independently of the assessment – does a falling tree in the forest make a sound if there are no voters to approve the Government’s lumber policy? Instead, assessment often contributes in important ways in determining the worth (or value) of an activity (Lee, 1994; Yakel, 2001).

Accountability not only determines *value*, but it can sometimes determine *values*. The rise of accountability favours cost-benefit (or utilitarian ethics) over other types of value judgement. When arbitrating between value decisions, public sector employees at the operational level are motivated by three types of ethics (Daft and Marcic, 1998). The first type is pre-conventional ethics – where ethical decisions are taken on the basis of anticipated rewards and punishments. The second type is conventional ethics -- focusing on actor-perceived duties and obligations. The third type is post-conventional ethics –

where actors focus on broader and abstract methods of making judgements such as resorting to pragmatism, 'social contracts,' utilitarianism, or cost- benefits analyses.<sup>12</sup> If one accepts this view of ethics, then the practice of accountability is type-one ethics based on rewards and punishments. Public sector organisations are only accountable if they look for rewards and avoid punishments of those to whom the organisation is accountable. Missing from the accountability discourse is the wide-range of other values which can, and should, be used to assess public sector activity -- including the extent to which it promotes capability, dignity, equality, justice, liberty, progress, quality of life, security, and freedom (listed in no particular order).<sup>13</sup> Giving account in no way ensures that the accounts given correspond to the values desired by society.

What is the logical conclusion of this process of increasingly socially constructed value and ethical values? There are a number of possibilities. First, the rise of accountability could simply represent another brick of the wall of the creation of a post-modern society – where the government simulates the production of useful goods and services while voters and public goods users consume the images their accountable public sector organisations provide them (Baudrillard, 1981). Second, the rise of accountability could herald a change in the nature of public sector work – where much public sector activity revolves around the production and alignment of symbols and images. Third, if the value of public sector is increasingly socially constructed – and if the Spiral of Accountability consumes an increasing proportion of public sector time and resources – then drawing lines between government, business and civil society becomes so much harder. Corruption in international business transactions is one example of such increasingly diffuse accountability. Who is responsible for such corruption? Is it individuals who engage in corruption? The companies in which these individuals are employed? National governments who do not prosecute adequately? The OECD for failing to monitor member countries? The media for failing to monitor all the above? Or academics for failing to think up corruption proof social system? All these actors are accountable. But so what then is to be done?

## **Conclusion**

The rise of accountability has been one important way of maximising the benefits and minimising the risks of public sector organisational activity. This essay does not deny the important and useful role played in society by the rise of accountability. But much of the Panglossian (overly optimistic) rhetoric about accountability ignores many of the downsides of the accountability discourse. Too much of a good thing is rarely good, and so it is with accountability. Accountability is a concept which gives value to some individuals in their organisational and transactional negotiations with others. Because accountability is socially constructed through such negotiation, it may serve to help impose the utilitarian values of some on the non-utilitarian values of others. Accountability may also serve to define the value of public goods which are difficult to value in the market. For some, the value of accountability lies in the power and prestige it confers upon them, while for others it represents a way of expanding their mandates and range of activities. Institutions are accountable to each other and to the people within them. When accountability becomes only accountable to the idea of accountability itself, then it is time to question accountability.

---

<sup>1</sup> The term public sector organisations will be used instead of government in this paper because of the troubles in defining government and even a public sector given the wide range of public-private partnerships, network type relationships and other arrangements which make the once clearer divisions between the government, firms and NGOs fuzzy (Atack, 1999; Held et al., 1999; Monbiot, 2000).

<sup>2</sup> The number of supervisory organisations can affect the quality of monitoring because if each oversight agency knows that other agencies are also monitoring, it could reduce incentives to each organisation to provide effective monitoring.

<sup>3</sup> The OECD has also played an important role in promoting accountability in its members' public administrations – see OECD (2000a, 2000b) for more.

<sup>4</sup> This applies the simple formula for combination:  $C = n! / k! (n-k)!$

---

<sup>5</sup> There are a number of authors who discuss accountability in-depth, through different institutions (Rosen, 1989) or by developing taxonomies of accountability such as Kearns (1996). These typologies will not be addressed here.

<sup>6</sup> A *credible commitment* to accountability can also lower the cost of resources because such a credible commitment precludes the possibility of post-contractual opportunism by the government (North, 1994).

<sup>7</sup> The difference between markets in accountability and other types of markets is that supply and demand depend on already existing levels of supply and demand. For example, for supply (S),  $S = A + Bp + CS$  (where A is an intercept, B is the price elasticity of supply and C is “feedback effect” which should be less than unity). In the same way, demand (D) can be defined as  $D = E - Fp + GD$  (where E is the intercept, F is price elasticity of demand, and G is also a “feedback” effect less than unity). Such dynamics capture the Spiral of Accountability properties referred to in the previous section.

<sup>8</sup> Institutionalisation refers to the Davis et al. (1994) definition of a “widespread adoption of a form or practice”

<sup>9</sup> Such a “functionalist fallacy” invades much social studies thinking – see Sibeon (2003) for a consideration of the role of functionalism versus politics in the social sciences.

<sup>10</sup> Commentators such as Nye et al (1997) point to the political motivations of third-parties such as the media in promoting mistrust (to sell newsprint).

<sup>11</sup> If it is difficult to measure the value of an activity due to problems collecting information, then the assessment exercise can generate important “signals” about what “type” of the project involved (Gibbons, 1992).

---

<sup>12</sup> Such a typology simplifies the complexity and range of thought on ethics which spans from ethical absolutism to communitarian type philosophies of ethics to relativist notions of ethics to emotive and existentialist philosophies (see Olen and Barry, 1998).

<sup>13</sup> The point here is not to engage in a complicated discussion about different competing values – but to offer some illustrative values (see Flathman 1973, Goodwin 1997, or Barry 1989 for more).

## **Bibliography**

Atack I. 1999. Four criteria of development NGO legitimacy. *World Development* 27: 855-864.

Barry, N. (1989). *An Introduction to Modern Political Theory*. London: Macmillan

Barzelay, M. (2001). *The New Public Management: Improving Research and Policy Dialogue*. Berkeley: University of California Press.

Baudrillard, J. (1981). *Simulacra and Simulation*. Ann Arbor: The University of Michigan Press.

Behn, R. (2001). *Rethinking Democratic Accountability*. Washington: Brookings Institute Press.

Bittner, E. (1965). The Concept of Organization. *Social Research* 23: 239-55.

Bowman, J. (1990). Ethics in Government: A National Survey of Public Administrators. *Public Administration Review* 50(3):245-353.

Braithwaite, J. and Drahos, P. (2000). *Global Business Regulation*. Cambridge: Cambridge University Press.

Breneman, D. An Economist's View of Accountability. Speech to the California Institute of Institution Research. Available at: [www.cair.org/conferences/CAIR94/breneman.html](http://www.cair.org/conferences/CAIR94/breneman.html)

Castells, M. (1996). *The Information Age: Economy, Society and Culture*. Oxford: Basil Blackwell.

---

Chandler, R. (1983). The Problem of Moral Reasoning in American Public Administration: The Case for a Code of Ethics. *Public Administration Review* 43, 32-39.

Clegg, S., C. Hardy and W. Nord. Eds. (1996). *Handbook of Organization Studies*. London: Sage.

Daft, R. and D. Marcic Understanding Management. London: Harcourt.

Davis, G. K. Diekmann, and C. Tinsley. (1994). The decline and fall of the conglomerate firm in the 1980s: the deinstitutionalization of an organizational form. *American Sociological Review* 59(4): 547-570.

Djelic, Marie-Laure (2001) *Exporting the American Model: The Postwar Transformation of European Business*. Oxford: Oxford University Press.

Economides, N. (1995). The Economics of Networks. *International Journal of Industrial Organization* 14(2) 673-700.

Flathman, R. (1973). *Concepts in Social and Political Philosophy*. London: Macmillan.

Fligstein, N (1993) *The Transformation of Corporate Control*. Cambridge: Harvard University Press.

Gibbons, M. et al. (1994). *The New Production of Knowledge*. London: Sage.

Gibbons, R. (1998). Incentives in Organizations. *Journal of Economic Perspectives* 12(4): Fall: 115-132.

Gibbons, R. (1992). *Game Theory for Applied Economists*. Princeton: Princeton University Press.

Goodwin, B. (1997). *Using Political Ideas*. London: Wiley.

Haas, Peter (1992). Epistemic Communities and International Policy Coordination *International Organization* 46(1).

Harmon, M. (1995). Responsibility as Paradox: A Critique of Rational Discourse on Government. London: Sage.

Held D, McGrew A, Goldblatt D and Perraton J. (1999). *Global Transformations: Politics, Economics and Culture*. Cambridge: Polity Press.

Helgason, S. (1997). Towards Performance-Based Accountability: Issues for Discussion. Paris: OECD.

---

Ho, A. (2002). Reinventing Local Governments and the E-Government Initiative. *Public Administration Review*. July/August.

Hood, C. (2002). Managing Risk and Managing Blame: A Political Science Approach. In Weale, A. Ed. *Risk, Democratic Citizenship and Public Policy*. Oxford: British Academy Press.

IMF. (2002a). Quarterly Report on the Assessments of Standards and Codes—June 2002. Washington: IMF.

IMF. (2002b). Standards & Codes. Available at:  
<http://www.imf.org/external/standards/index.htm>

Kahneman, D. & Tversky, A. Eds. (2000). *Choices, Values, and Frames*. New York: Cambridge University Press.

Kearns, K. (1996). *Managing for Accountability*. Jossey-Bass.

Lee, T. (1994). Financial Reporting Quality Labels: The Social Construction of the Audit Profession and the Expectations Gap. *Accounting, Auditing & Accountability Journal* 7(2).

Light, P. (1993). *Monitoring Government: Inspectors-General and the Search of Accountability*. Washington: Brookings Institute Press.

Michael, B and M. Bates. (2003). 2003. Assessing International Fiscal and Monetary Transparency: The Role of Standards, Knowledge Management and Project Design. *International Journal of Public Administration* 6(2).

Michael, B. (2003). Corporate Social Responsibility in International Development: An Overview and Critique. *Journal of Corporate Social Responsibility and Environmental Responsibility* 10(3).

Michael, B. (2003b). Assessing International Fiscal and Monetary Transparency: The Role of Standards, Knowledge Management and Project Design. *International Journal of Public Administration* 6(2).

Monbiot G. 2000. *Captive State: The Corporate Takeover of Britain*. Macmillan.

More, M. and M. Gates. (1986). Inspectors-General. Junkyard Dog or Man's Best Friend?

Munro, R. and Mouritsen, J. Eds. (1995). *Accountability: power, ethos and the technologies of managing*. International Thomson Business Press.

---

National Election Studies. (2003). The NES Guide to Public Opinion and Electoral Behaviour. Available at: [http://www.umich.edu/~nes/nesguide/graphs/g5a\\_5\\_1.htm](http://www.umich.edu/~nes/nesguide/graphs/g5a_5_1.htm)

North, D. (1994). Institutions and Credible Commitment. WUSTL Economics Working Paper 9412002.

Nye, J., P. Zelikow, and D. King. (1997). *Why People Don't Trust Government*. Cambridge: Harvard University Press.

OECD. (2000a). *Trust in Government: Ethics Measures in OECD Countries*. Paris: OECD.

OECD. (2000b). *Principles for Managing Ethics in the Public Service*. Paris: OECD.

Olen, J. and V. Barry. (2001). *Applying Ethics*. Wadsworth Publishing Company.

Power, M. (1997). *The Audit Society: rituals of verification*. Oxford University Press.

Rischar, J-F. (2002). *High Noon: 20 Global Problems, 20 Years to Solve Them*. New York: Basic Books.

Przeworski, A., S. Stokes, and B. Manin. Eds.(1999). *Democracy, Accountability, and Representation*. Cambridge: Cambridge University Press.

Rabin, M. (1998). Psychology and Economics. *Journal of Economic Literature*. March: 11-46.

Rosen, B. (1989). *Holding Government Bureaucracies Accountable*. Westport, CT: Greenwood Publishing Group.

Scott, R. (2001). *Institutions and Organizations*. London: Sage.

Schedler, A., L. Diamond and M. Plattner. Eds. (1999). *The Self-Restraining State: Power and Accountability in New Democracies*. Boulder: Lynne Rienner Publishers.

Seib, P. (1987). *Who's in charge: How the media shape news and politicians win votes*. Dallas: Taylor Publishing Co.

Shields, T. G., & Goidel, R. K. (1998). Taking credit and avoiding blame: Good news, spin control, and democratic accountability. *Political Communication* 15: 99-115.

Sibeon, R. (2003). *Governance, Politics And Diversity: Some Ontological, Epistemological And Practical Considerations*. Paper presented at the Political Studies Association Annual Conference.

---

Strathern, M. Ed. (2000). *Audit Cultures*. London: Routledge.

Stewart, D. N. Sprinthall and D. Shafer (2002). Moral Development in Public Administration. In Terry Cooper, ed. *Handbook of Administrative Ethics*.

Thrift, N. (2002). Think and act like revolutionaries: episodes from the global triumph of management discourse. *Critical Quarterly* 44(3): 19-26.

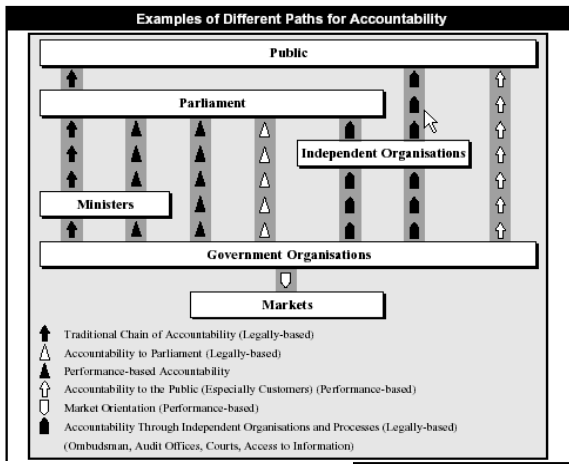
Trosa, S. and Williams, S., (1996). Benchmarking in public sector performance management'. Performance Measurement in Government. *OECD Occasional Papers No. 9*. Paris: OECD.

Weaver, R. (1986). The Politics of Blame Avoidance. *Journal of Public Policy* 6: 371-398.

World Bank. (2003). Governance Indicators. Available at:  
<http://www.worldbank.org/wbi/governance/govdata2001.htm>

Yakel, E. (2001). The Social Construction of Accountability: Radiologists and Their Recordkeeping Practices. *The Information Society* 17(4): 233-245.

Figure 1



Source: Helgeson (1997)

Figure 2

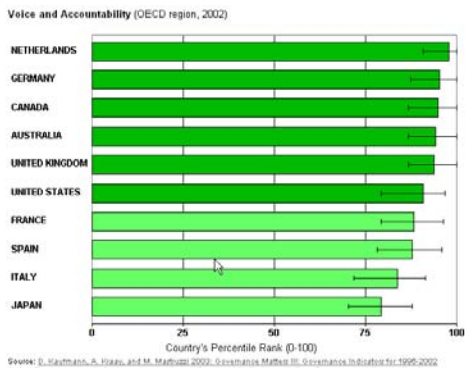


Figure 3: Monetary and Fiscal Transparency World-Wide

Monetary				
	1	2	3	4
4				Argentina Brazil Chile Czech Rep. Hungary

3			India Malaysia Morocco Taiwan	Colombia Israel Mexico Philippines	Peru Poland S. Korea
2		Venezuela Sri Lanka	Jordan Russia Thailand	Indonesia	
1		Pakistan China		Turkey	

Note: Higher scores imply greater transparency. These data are illustrative only and do not represent direct inter-country comparisons (Source, Michael 2003b).

Figure 4



Graph 5A.5.1

Source: The National Election Studies 27AUG01