# MISSION ACCOUNTABILITY: A CASE STUDY OF PERFORMANCE REPORTING IN A LARGE, MULTI-SERVICE COMMUNITY WELFARE ORGANISATION

A thesis submitted in fulfilment of the

requirements for the award of the degree

of

DOCTOR OF PHILOSOPHY

by

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# CONTENTS

**ACRONYMS USED**

| | |
|---|---|
| AAA | American Accounting Association |
| ABEF | Australian Business Excellence Foundation |
| ABS | Australian Bureau of Statistics |
| A&C | Advocacy and Communications |
| ACM | Adelaide Central Mission Incorporated |
| ACS | American Cancer Society |
| AIHW | Australian Institute of Health and Welfare |
| AQTF | Australian Quality Training Foundation |
| CEO | Chief Executive Officer |
| CGM | Corporate General Manager |
| CLSS | Community Legal Service Standards |
| CSF | Critical Success Factor |
| CWO | Community Welfare Organisation |
| DAR | Direct Accountability Reporting |
| DCW | Department for Community Welfare |
| DS | Disability Services |
| EMHR | Executive Manager Human Resources |
| EMRD | Executive Manager Research and Development |
| EO | Equal Opportunity |
| E & T | Education and Training |
| FaCS | Family and Community Services |
| FAMQIS | Family Services Quality Strategy Information System |
| FM | Finance Manager |
| FRSP | Family Relationship Services Programme |
| FF | Forsyth Foundation Incorporated |
| FTE | Full Time Equivalent |
| GMS | General Manager Services |
| HACC | Home and Community Care |
| I C | Industry Commission |
| KPI | Key Performance Indicator |
| KSA | Key Success Area |
| LASP | Lifeline Accreditation and Standards Programme |
| MoM | Minister of the Mission |
| MFOR | Monthly Financial Operating Report |
| MOR | Monthly Operations Report |
| NSS | Neighbourhood Support Services |
| OH&S | Occupational Health and Safety |
| OPMS | Organisational Performance Measurement System |
| PIR | Performance Indicator Report |
| PSP | Personal Support Programme |
| PSR | Periodic Service Review |
| R & D | Research and Development |
| ROI | Return on Investment |
| SRI | Socially Responsible Investment |

TL            Team Leader
TQM           Total Quality Management
VMV           Vision Mission and Values Statement
WFO           Weekly Financial Overview

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**DECLARATION**

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# — ACKNOWLEDGEMENTS —

# — ABSTRACT —

Community welfare organisations (CWOs)[1] perform an important role in society. They are founded on religious or social values that are given expression through their mission statements. In undertaking their work, many command significant economic resources. While the literature shows an increasing use of performance reporting by CWOs, little is known about the processes through which performance reports are developed and deployed. This thesis attempts to fill this lacuna by investigating the structure and process of, and rationale for, performance reporting by a CWO.

The research was undertaken through a single organisation case study of performance reporting in a large, multi-service CWO. The study employed an interpretive methodology, which was informed by Strategic Choice Theory, using data that was obtained through interviews, observation of meetings and document analysis.

The study found that performance reporting by the organisation was extensive, being undertaken within two distinct but related frameworks: a voluntary system that had been developed within the organisation, and a mandatory system of external reporting. It concluded that performance reporting was essentially the strategic response of a decidedly purposeful, voluntary organisation that chose to operate in a highly regulated welfare system. The contributions to knowledge from this thesis arise from a comprehensive explanation of practice, and a demonstration of the applicability of Strategic Choice Theory to understanding organisational behaviour in a CWO.

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[1] See Appendix 1 for a definition of the term Community Welfare Organisation.

## OVERVIEW OF THE THESIS

### 1.1: THE OBJECTIVE OF THE STUDY

This thesis explains how a Community Welfare Organisation (CWO) reports the effectiveness of its efforts to achieve its mission and to acquit accountabilities to external parties. It results from a seventeen-month case study, which explored the nature and role of performance reporting in a large, multi-service CWO; how the organisation developed performance reports; and why it used the performance reports that it did. Following the theoretical approach of Eisenhardt (1989), Dyer and Wilkins (1991) and Ahrens and Dent (1998), it is accepted that such a method can permit a general contribution to knowledge about performance reporting in CWOs through the development of theoretical generalisations. The study was grounded in the literature on accounting, organisational studies and, more pointedly, performance reporting in CWOs. However, since that literature is not well endowed with empirical studies, the present work is exploratory as well as explanatory.

The thesis posits an overall performance reporting system that comprised two distinct but related frameworks: a voluntary performance reporting framework, and a mandatory performance reporting framework. The voluntary framework comprised three elements: a system of financial performance reporting, a system of non-financial performance reporting, and a system of direct accountability reporting. The mandatory performance reporting framework comprised performance reports that arose under four distinct heads of authority: compliance, accreditation, service contract and church auspices.

**Figure 1.1: Classification of Organisational Performance Reports Used by the case organisation, Adelaide Central Mission**

**DIRECT ACCOUNTABILITY**

To External Parties

**Annual Report:** F and NF Performance

**Services:** Monthly report

**Stewardship:** Monthly Financial Performance

**Board**

**MoM:** Quarterly report

**Executive:** (Collective accountability to Board)

**CEO:** Monthly whole of organisation report

**Functional Area**

**EM:** Fortnightly verbal report to CEO. Monthly Functional Area Report by each EM to CEO, Executive and Board. Covers financial and non financial performance of activities undertaken within function. Quarterly performance against plans.

**Manager:** Fortnightly verbal and standard monthly and quarterly written reports to GMS on financial and non financial performance of programmes/ support department/ business unit

**Team Leader:** Fortnightly verbal and monthly written report on performance of programme.

**Coordinator / Supervisor:** Fortnightly verbal and monthly written report.

**Financial**

**Monthly Financial Overview:** Analysis of financial performance, position and cash flows. Covered all organisational activities.

**Monthly Financial Operating Reports:** Analysis of Transactions; Operating Statement; Variance analysis of Income and Expenditure; and Analysis of Unspent Government Subsidies.

**Weekly Financial Review:** Update on financial management projects; Update on management of strategic relationships that related to the financial affairs of the organisations; Weekly statement of cash flows for ACM Inc. and FF Inc.

**Ad Hoc Reports:** Financial analysis and review of various projects.

**Annual Accounts:** Statement Fin Performance , Position and Cash Flows, Notes to Accounts, Directors' Statement.

**Investment Reviews:** Monthly and six monthly performance evaluations of funds under management

**Non Financial**

**OPMS Report:** Annual, whole of organisation strategic performance measurement tool. Includes 2 lower level reports.

**PIR:** Quarterly KPIs of output, outcome and client satisfaction

**MOR:** Monthly throughput and demographic statistics

**ABEF:** Whole of organisation quality management tool.

**Staff Development Report:** Indicates progress in meeting staff education and training targets.

**Staff & Volunteer Satisfaction Report:** Biennial and quarterly evaluations by staff and volunteer on 25 dimensions of organisational activity.

**Specific Area Reports:** Local performance measures developed and deployed in a programme or support department to evaluate performance on specific activity.

**Governance Review:** Self-Evaluation of Board's governance .

**Mandatory**

**Compliance:** Performance requirements of regulators

**Accreditation:** Performance required by accreditation agencies

**Contract:** Performance required under service contracts

**Auspices:** Report on organisational performance to UC

To External Parties

**Legend:** ABEF: Australian Business Excellence Foundation; CEO: Chief Executive Officer; EM: Executive Manager; EO: Equal Opportunity; F: Financial; MoM: Minister of the Mission; MOR: Monthly Operations Report; NF: Non-Financial; OHS: Occupational Health and Safety; OPMS: Organisational Performance Measurement System; PIR: Performance Indicator Report.; UC: Uniting Church

Report          Influence          Presentation

Performance reporting was found to be extensive, being undertaken at all levels of the organisation and across the entire span of organisational effort. Performance reporting was both purposeful, in that the organisation had voluntarily deployed an extensive array of specific measurement tools, as well as reactive, in that the organisation also reported against a number of mandatory performance measures that were imposed on it by external parties. As such, this thesis posits that performance reporting was essentially a strategic response to a complex social phenomenon, (i.e. the role of an independent, voluntary organisation providing direct welfare services in a twenty-first century welfare state). The case organisation's performance reporting system is depicted in Figure 1.1 (opposite).

The analysis in this thesis is presented through the application of Strategic Choice Theory. In explaining how performance was reported, and how reports were used, the thesis considers the organisation's character and structure; its communication and management styles; the relationships between board members and executives; and the relationships between the organisation and external parties. In analysing why such a system of performance reporting obtained, the thesis considers the nature of the organisation; the beliefs and values of those who guided it; environmental factors; and the relationship between key personnel and that environment. It thus provides the sort of grounded analysis that only a field-based case study can yield.

This overview proceeds, in Section 1.2, by locating the present research within the extant literature, and by explaining why the study of performance reporting in CWOs

is important. In Section 1.3, the research problem is outlined: first in the general case, and then as four subsidiary research questions, the rationale for which are also provided. In Section 1.4, the methodology employed in the study is explained, while in Section 1.5, the research design is outlined. The overview concludes, in Section 1.6, with a plan of the thesis.

## 1.2: BACKGROUND TO THE STUDY

CWOs perform an important role in society. They are voluntary organisations that exist to provide services and advocacy. CWOs undertake their missions directly by marshalling the resources to provide services; through co-operation with government on policy formulation; and through their contribution to civil society (Lyons, 2001). The range of services provided by CWOs is broad: it includes emergency accommodation, counselling, aged care, vocational training and disability support (IC, 1995; Lyons, 2001). Some CWOs are multi-service providers, while others offer dedicated services to those with specific needs (IC, 1995). CWOs have been active in the Australian community since European settlement (Dickey, 1986; Rogan and Moore, 1999). According to the Industry Commission,

"…community welfare organisations have contributed significantly to community building and ultimately nation building" (IC, 1995, p.1).

In undertaking their work, CWOs command considerable economic resources (IC, 1995; Lyons, 2001). Some organisations control substantial assets, which are used to undertake operations, or to generate investment income (IC, 1995). Some

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operate significant   commercial operations (Lyons, 2001).  Almost   all receive

donations from the public, and grants from government (IC, 1995). As well,

income is generated through service contracts with governments for the provision

of services, and from fees from clients (IC, 1995; Lyons, 2001).  In 1999/2000, the

total expenditure on service delivery by Australian CWOs was $7.7 billion (AIHW,

2001). CWOs are also significant employers (Cohn, 1995).


However, knowledge of the effectiveness and efficiency of these organisations is

poor   (IC, 1995; Healy, 1998; McDonald, 1999; Lyons, 2001; Poister 2003). In

particular, the charity sector has received insufficient attention from accounting

researchers (Wise, 1995; Gambling and Jones, 1996; Kaplan, 2001; Parker, 2003 and

2007). Where the literature has addressed the subject of  performance reporting by

CWOs, it has been largely descriptive,  comprising    a mix of survey work and

individual  case studies  (cf. Cutt  and Murray  (2000);  Fine,  Thayer  and Coughlin

(2000);  Hall, Phillips Meillat and  Pickering (2003); Cairns, Harris, Hutchison and

Tricker (2005); Christensen and Ebrahim (2006); Zimmerman and Stevens (2006).

Only Parker (2003 and 2007), in studies that are somewhat tangential to the present

one,   considers the processes undertaken by boards of CWOs, inter alia, in using

performance information.  Consequently, British scholars such as Cairns et al. (2005,

p.135) note that,


> "little is known about the <u>processes involved</u> in the implementation
>
> of specific approaches" [emphasis added].

Similarly, having examined the use of performance information in a sample of North American CWOs, Zimmerman and Stevens (2006), concluded that,

> "more in-depth research is needed in order to fully understand the scope of performance measurement" (p.326).

The present study responds to this lacuna in the performance reporting literature by undertaking a field-based case study of performance reporting in a single, large organisation. In so doing, it makes a significant contribution to the literature by offering an analysis of sufficient depth, not only concerning the nature of the performance reports used by a CWO, but also the processes of developing and using them. The empirical research problem addressed by the present study is outlined in the following section.

## 1.3: THE RESEARCH PROBLEM

In keeping with the objective of the present study to contribute to our understanding of the general case, the primary research problem was stated as follows:

> *To investigate the structure and process of, and rationale for, performance reporting in a community welfare organisation.*

In order to undertake data collection and analysis in a structured and comprehensive manner, the primary research problem was addressed through four interrelated

subsidiary questions, each of which was framed in terms of the specific case. The four specific research questions were:

1. *What was the nature of the performance measures that were reported by the organisation?*

2. *How were those performance reports used?*

3. *What were the imperatives for their use by the organisation?*

4. *What factors shaped the construction of the performance reports used by the organisation?*

In posing Question 1, the study aimed to identify, explain and classify each of the performance reports used by the case organisation, and, in the process, map the terrain of further analysis. While the literature on performance reporting in CWOs has suggested a number of aspects of organisational effort that a CWO might evaluate, such as financial performance and position, quality of processes, stakeholder satisfaction, and programme outcomes and outputs; it has provided no definitive examination of the nature and extent of performance reporting in CWOs. Rather, with the exception of the longstanding reporting of financial measures used to acquit government grants, performance reporting by CWOs is considered to be a relatively recent and somewhat patchy practice. Furthermore, since the literature also emphasises a general increase in the use of performance reporting across society, and, with respect to the welfare sector, an increase in their usage due to the contestability of direct welfare service provision, it was considered to be important to begin the

thesis by definitively identifying and classifying the performance reports used by the organisation.

In examining how performance reports were used (Question 2), the study sought to explore where in the organisation performance data was collated and reported; who used it; what considerations were given to individual performance reports vis-à-vis other performance reports and also non-performance information; and for what purposes it was used. Again, the literature has pointed to a number of generic uses of performance information in CWOs, such as governance, organisational control, programme management and accountability. However, there is little suggestion about any integrated use of performance information, thus yielding an understanding of what the concept of performance reporting meant in a CWO. This thesis has comprehensively addressed that question.

While Questions 1 and 2 are basically empirical, Questions 3 and 4 require a higher order of analysis. Question 3 further elaborates the concept of performance in a CWO by examining the reasons for the use of particular performance reports by the organisation. The literature provides some guidance on this question in relation to external imperatives for performance reporting, particularly for the acquittal of specific accountabilities to funders and agencies exercising oversight, and, generally, to other external stakeholders. However, the literature lacks any comprehensive analysis of why CWOs have, in recent years, begun deploying performance reports of their own making. The approach adopted in the present study, which was to examine why the organisation used the performance evaluations that it did through the

perspective of Strategic Choice Theory, permitted an holistic analysis that takes into account not only the purposefulness of those who were charged with guiding the organisation, but also the characteristics of organisational and environmental influences.

In posing Question 4, which explored those factors that shaped the construction of the performance reports used by the organisation, the study aimed to elicit a deeper understanding of what the concept of performance meant for a CWO, and to understand how the nature of the organisation and the context in which it operated influenced that meaning. Importantly, since the organisation faced many external pressures to evaluate their performance, Question 4 prompted the analysis of both internally - as well as externally-driven performance reports.

Taken together, these four questions have provided the breadth of coverage required to address the primary research question, given the present state of knowledge of the subject. While, as noted above, framing four specific questions facilitated the requisite degree of analytical clarity, it soon became clear there was considerable overlap between them. For example, addressing the nature of a performance report (Question 1) required analysis of its origins and destination(s), which was the focus of Question 2. As well, addressing the imperatives for deploying performance reports (Question 3) also required an understanding of how they had been developed (Question 4). The interrelationship between the four specific research questions is explained further in the discussion of research design in Section 1.5. Prior to that, Section 1.4 provides a brief outline of the methodology used to address the research problem.

## 1.4: METHODOLOGY

The research was conducted using a field-based case study that was informed by Strategic Choice Theory (Child, 1972; 1997). In undertaking the study, it was considered that such an approach could permit a more general contribution to knowledge about performance reporting in CWOs through the development of theoretical generalisations (Eisenhardt, 1989; Dyer and Wilkins, 1991; Ahrens and Dent, 1998).

The field-based case study approach is particularly useful where the subject is complex and contextually contingent, as performance reporting has been shown to be (Yin, 1989; Ferreira and Merchant, 1992; Parker, 1994; Schwandt, 1994; Llewellyn, 1996). Case studies, in particular, are valuable where, as the review of the empirical literature suggests is the case with performance reporting in CWOs, basic variables are poorly defined, and there is a need to develop explanatory theory (Kaplan, 1986; Scapens, 1990; Parker, 1994); and where little is known about the actual practice of accounting in a situation (Burchell, Clubb, Hopwood, Hughs and Nahapiet, 1980). Knowledge gained from such exploratory case studies can be used in further field studies, or can contribute to the development of hypotheses for testing in broader empirical studies (Kaplan, 1986; Scapens, 1990; Parker, 1994).

The application of Strategic Choice Theory (Child, 1972; 1997) is appropriate because it permits an analysis that considers both organisational and environmental influences: one that a reading of the prior literature suggested might be useful. For example, writers such as Jeavons (1994) have emphasised the importance of participants'

values, while others, such as Ostrower and Stone (2006), have emphasised the importance of contextually grounded research. Strategic Choice Theory provides a means of incorporating such a range of influences because it acknowledges both the purposefulness of organisational actors and the institutional forces that constrain choice.

As the study progressed, the above mentioned choice of methodology proved to be apposite, since it became apparent that the development and use of performance reporting by the organisation was essentially a strategic response to the somewhat paradoxical situation whereby a highly purposeful organisation with a tradition of independence voluntarily assumed a responsibility to operate within a highly regulated environment. The strategic choice perspective thus allowed consideration of the salient characteristics of the organisation and its approach to performance reporting; the multiple environmental factors that influenced performance reporting; and the interactions between organisational participants and the environment in which the organisation operated, a factor that is particularly important in the highly networked field of community welfare. The practical application of this approach is outlined in the following section, which deals with the research design.

## 1.5: RESEARCH DESIGN

Four research design issues are discussed in this section: case selection, the scope of the inquiry, data collection, and data presentation and analysis.

**1.5.1: Case Selection**

The method of case selection was purposive, i.e. the case was selected because it was expected to exemplify theoretical concepts of concern in the research program (Eisenhardt, 1989; Yin, 1989; Scapens, 1990). The case organisation in the present study was Adelaide Central Mission (ACM) a large, multi-service charity that operated under the auspices of the South Australian Synod of the Uniting Church in Australia (the Synod). In 2000-2001, the organisation's expenditure was $23.4m. It employed more than 600 people (equivalent to 403 full-time staff), and harnessed the effort of more than 600 part-time, volunteer workers. The organisation provided fifty-three programmes that were delivered through eight front-line welfare services, which were supported by a corporate infrastructure, and two support departments. In addition, the organisation raised income through three business units, and investments. The organisation was governed by a voluntary board. It was managed by a CEO, a Minister of the Mission and four executive managers.

**1.5.2: The Scope of the Enquiry**

The scope of the inquiry encompassed the entire organisation. The primary focus of the study was on the organisation as a whole, but localised use of performance reports was also examined. Processes of the organisation, such as the budget cycle, the deployment of a quality management framework, and the development of a whole of organisation performance reporting system were considered as discrete units. Consequently, the study examined a single case, with embedded units of analysis

(Yin, 1989). In order to capture a complete cycle of organisational activity[1], the case study covered the seventeen-month period beginning in February 2002.

### 1.5.3: Data Collection

The primary sources of data were interviews with organisational participants; observation of meetings, workshops and activities; and the examination of documents. A comprehensive log of the data sources that were accessed during the study is presented in Appendices 2, 3 and 4. Importantly, interviews were conducted with participants at all levels of the organisation, from board members through to staff delivering services (Scapens, 1990). Interviews were semi-structured, utilising a structured questionnaire that permitted open-ended responses (Yin, 1989). They were taped and written records of the interview were made. Forty-one formal interviews were conducted. These are listed in Appendix 2. As well, oral data was collected during informal discussions with informants before and after observation sessions, and other gatherings of organisational participants.

Observations were conducted at routine management and governance meetings; meetings dedicated to specific projects, such as the implementation of a quality management framework, the development of a whole of organisation performance measurement system, and ongoing financial management; and ad hoc meetings and workshops that dealt with specific performance issues. The observation role of the

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[1] A twelve-month period corresponded to the normal operating and reporting cycle of the organisation and therefore provided the opportunity to consider all usual processes. However, since the meetings of one important committee was not observed until five months into the field work, in October 2002, observations of this, and related committees, were continued for as long as was practical, i.e. until June 2003.

researcher in the present study was of the passive presence type (McKinnon, 1988). A total of one-hundred-and-twenty-eight observations were made. These are listed in Appendix 3.

Documentary evidence comprised a wide range of material, including organisational policies, formal reports, performance measurement tools, working papers and memos. A total of two-hundred-and-fifty documents were analysed. These are listed in Appendix 4. The primary use made of documents was in triangulation with interviews and observations. In using multiple data sources a comprehensive picture of the subject was developed, and, where data converged, triangulation was used to enhance the reliability of the evidence (Yin, 1989). Since the study was analytical, both qualitative and quantitative data were used.

Overall, the process of data collection can be described as incremental and integrated. It was incremental in that, as the field work progressed, data that was elicited early in the process progressively informed the development of later interview questionnaires, observations and document analyses. It was integrated in that data from observation sessions and documentary analysis informed the later interviews; and, conversely, data from interviews informed later observation sessions and data analysis. This data collection process is comprehensively outlined in Chapter 3.

### 1.5.4: Data Presentation and Analysis

The qualitative case study methodology requires that presentation and analysis occur in an essentially narrative format (Llewellyn, 1998). However, since the interpretive methodology does not conceive of data as being theory independent, description and analysis are intertwined, that is, data presentation and analysis occur simultaneously (Chua, 1996). In this thesis, data presentation and analysis occur across seven chapters (4 to 10) in a way that extends Chua's (1996) methodological principle. That is, it is acknowledged that the early  chapters of the thesis largely present empirical evidence through a lower level analysis; a balance that reverses as the thesis progresses, with later chapters largely providing  a  higher level analysis with little presentation of empirical  evidence. Consequently, each chapter can be classified according to where on a continuum between data presentation and analysis it sits. Such a classification is illustrated in Figure 1.2 (p.16 over). Elucidation of this principle is given in Chapter 3.

### 1.6:  PLAN OF THE THESIS

The thesis comprises eleven chapters, a reference list and appendices, which are arranged in five parts. The plan is represented schematically in Figure 1.3 (p.17 over). Part one comprises the present introductory chapter. The second part, comprising Chapters 2 and 3, provides the foundations on which the substantive research questions were developed, and the way in which they were addressed respectively. Chapter 2 provides a review of the prior literature and locates the present study within it. The chapter concludes by demonstrating how the prior literature informed the development of the research problem that is addressed in this thesis, thus defining the

**Figure 1.2: Data Presentation and Analysis: The Continuum Between Empirical Evidence and Analysis.**

**Chapter 11:** Conclusions, implications for existing knowledge and limitations.

**Chapter 10:** Explains, through the perspective of Strategic Choice Theory, why the case organisation used the performance reports that it did.

**Chapter 9**: Explains how the various performance reports were integrated.

**Chapter 8:** Explains the nature and usage of, and imperatives for mandatory performance reports.

**Chapters 5, 6 and 7:** Explain the nature and usage of, and imperatives for, voluntary performance reports.

**Chapter 4:** Outlines the case organisation and its environment.

**Largely presentation of empirical evidence and lower level analysis.**

**Largely higher level analysis with little presentation of empirical evidence.**

**Figure 1.3: Plan of the Thesis**

| Part 1: Introduction | Part 2: Foundations of the Empirical Investigation | Part 3: The Context | Part 4: Substantive Investigation of the Research Problem | Part 5: Literature Reflection, Findings, Conclusions Appendices & References |
|---|---|---|---|---|

**Ch1:**
Introduction

**Ch2:**
Literature review

**Ch3:**
Methodology

**Articulation of the Research Problem and four Specific Research Questions**

**Ch4:**
The case organisation and the environment in which it operated

**Ch5:**
Voluntary performance reports: evaluating financial performance

**Ch6:**
Voluntary performance reports: evaluating organisational effort

**Ch7:**
Voluntary performance reports: direct accountability reporting

**Ch8:**
Mandatory performance reports

**Ch9:**
The integration of the four elements of the performance reporting framework

**Ch10:**
Strategic Choice Analysis of why the organisation used the performance reports that it did

**Ch 11**
Conclusions

Findings and literature reflection

Implications
For existing knowledge

Limitations
of the study

Directions for further research

Appendices

References

imperatives for addressing that problem. Chapter 3 explains the methodological approach taken in the study, and details the research design.

The third part of the thesis, comprising Chapter 4, marks the beginning of the empirical investigation. It outlines the nature of the case organisation and what it did, as well as the environment in which it operated, thus providing the important contextual information required for a full analysis of the substantive research problem. In particular, it highlights the organisation's key management and governance structures; its policies and processes; its history, traditions and culture; its span of activities; and its domain of operation. Chapter 4 is comprehensive since a key criterion of evaluating the relevance of the case study data is how well it is grounded. As well, any explanation of organisational behaviour developed through the application of Strategic Choice Theory must take into account, both organisational environmental characteristics.

The fourth part of the thesis, comprising Chapters 5 to 10, addresses the substantive research questions. Chapters 5, 6 and 7 examine the nature, usage, and imperatives for financial performance reports, non-financial performance reports, and direct accountability reports respectively. Chapter 8 examines the nature, use, and imperatives for mandatory performance reports. As such, Chapters 5 to 8 explore each individual performance report separately. In Chapter 9, an holistic analysis of organisational performance reporting is developed through an explanation of how, in practice, the four elements in the performance reporting framework were interrelated. This analysis highlights what performance meant in the case organisation, how it was

considered, and where in the organisation performance was evaluated. Chapter 10 examines how and why the organisation used the performance reports that it did, through the application of Strategic Choice Theory (Child, 1972; 1997).  Thus, in moving through Chapters 5 to 10, the explanation of performance reporting by the case organisation is progressively developed, such that Chapter 10 "fleshes out" a framework adapted from that of Child's (1972) with grounded empirics. In so doing it presents a powerful analysis of the research problem. Chapter 11 presents the study's findings and discusses them with reference to the literature, thus explaining the implications for existing knowledge. It provides an overall conclusion to the thesis, discusses the limitations of the present study, and suggests areas for further research. The thesis is completed with the appendices and list of references.

## — 2 —

## LITERATURE REVIEW

## 2.1: INTRODUCTION

The literature on performance reporting by CWOs is grounded in the disciplines of accounting, organisational studies, and sociology. Within the literature, three broad domains of interest can be identified: (1) empirical surveys and case studies that have examined the nature and extent of performance reporting by CWOs, including, in some instances, the uses to which performance reports were put, and the reasons for their usage; (2) normative literature that has analysed the conceptual underpinnings of accountability and performance reporting by CWOs; and (3) literature on the management and governance of CWOs. It is an international literature, much of which has originated in the United States, Canada and the United Kingdom; but which also includes contributions from Australia. Importantly, it has been accepted as one that yields a cross-jurisdictional theory concerning the organisational practices of CWOs (Cutt and Murray, 2000; Anheir, 2005; Ostrower and Stone, 2007).

Chapter 2 is structured in a way that mirrors the key research questions posed in Chapter 1. It proceeds, in Section 2.2, with a discussion of studies that have examined the nature and extent of performance reporting by CWOs. This analysis highlights an overall increased use of performance reporting in recent years, with some organisations deploying advanced strategic management tools. Section 2.3 discusses research on the use of performance reports by CWOs; while in Section 2.4, the imperatives for such reporting are addressed. Following this, in Section 2.5, studies concerned with factors that have influenced the construction of performance reports

used by CWOs are reviewed. Chapter 2 concludes with a summary of the extant knowledge of performance reporting in CWOs, thus providing a foundation for the present research, and a bridge to the discussion of the research strategy in Chapter 3.

## 2.2 THE NATURE AND EXTENT OF PERFORMANCE REPORTING BY CWOS

The literature dealing with the nature and extent of performance reporting by CWOs began to take shape in the 1980s. It comprises broad-scale studies by academic researchers, surveys by not-for-profit sector and public sector agencies; and a number of academic case studies. In order to highlight the developing (but somewhat variable) use of performance reporting in CWOs, the analysis of this material is arranged chronologically.

The early academic study by Brace, Elkin, Robinson and Steinberg, (1980), and the survey in 1989 by the American Accounting Association (AAA) demonstrated that CWOs reported only simple measures: typically input, throughput and output, with few outcome measures. They found that qualitative data was reported more than quantitative data, non-financial data more than financial data, and, that the financial data that was reported was summary and lacked comparability across the sample. Furthermore, the AAA (1989) also reported that the focus of performance reporting in CWOs was on stewardship rather than management control. The large-scale academic study by Taylor and Sumariwalla (1993) also found a low incidence of outcome measurement by CWOs, with output measures and compliance with standards being most commonly reported, with participant satisfaction the least commonly reported. However, the study found evidence that organisations were increasingly reporting

outcome measurement, and assessments of management practices. Overall, that study noted a general consensus amongst respondents that evaluation was both necessary and beneficial, particularly as CWOs began to focus more on program outcomes and results.

Through the 1990s, researchers noted an increasing use of performance reporting (cf. Fischer, 2004; Ostrower and Stone, 2007). However, it was found to be highly variable, ranging from those that fully integrated performance reporting within decision making processes to those that merely reported summary, descriptive statistics, which was often due to resource constraints. Organisations with developed performance reporting systems were found to have collated both quantitative data, such as input, throughput, output and outcome data; and qualitative data, such as interviews and document analysis (Stone and Cutcher-Gershenfeld, 2001).

Three case studies exemplify the variability noted by Stone and Cutcher-Gershenfeld (2001). The first, an Australian study by McDonald (1996), which examined internal control and accountability mechanisms in thirteen small to medium-sized Australian CWOs, concluded that, in general, internal control was "weak" (p. 11). McDonald (1996) observed a lack of regular, formal monitoring by line managers, with what supervision there was focused on promoting professional development, rather than on ensuring outcomes.  She also noted insufficient monitoring by management committees. Factors contributing to the problem were deficits in management knowledge and skills, haphazard management, organisational resistance, limitations on data quality and "ceremonialisation" in inspection and evaluation (p.13).

The second, (Cutt, Bragg, Balfour, Murray and Tassie, 1996), examined performance reporting across the management cycle from planning through to external reporting in four Canadian CWOs. Using a gap analysis, Cutt et al. (1996) concluded that, while both internal and external stakeholders identified various specific needs for financial and non-financial information concerning the performance of programmes, fundraising and support operations; there were significant deficiencies in meeting the information needs of all stakeholders except through the provision of organisational budgets, programme budgets and year-end financial reports.

The third, (Buckmaster, 1999a), reported that, in one large Australian CWO, best practice benchmarking was used to good effect. However, she noted that few Australian voluntary non-profit organisations had formally implemented benchmarking into their strategic management processes.

More systematic approaches to performance reporting by CWOs gained currency in the US from the mid-1990s, due to pressures from large philanthropic organisations, such as United Way America, which required information to ensure that the service providers (CWOs) it funded operated effectively (Fischer, 2004). However, the recency of performance reporting by CWOs was demonstrated by Fine, Thayer and Coughlin (2000), who found that, of their sample of American CWOs, only 24% had reported outcome measurements prior to 1989; with a further 24% first doing so in the period 1990 to 1994, and the remaining 45% beginning in 1995 (6% were unsure when then they started). That study also noted considerable variability in methods of data collection, with 67% using a combination of qualitative and quantitative data

obtained from document analysis, interviews, observation, written questionnaires, focus groups, tests of knowledge or skills; comparison with a control group.

Further evidence of more comprehensive performance reporting practices was provided by Cutt and Murray (2000), who reviewed eighteen performance reporting tools available to Canadian CWOs, finding that the majority of focussed on the organisation as a whole, capturing mainly process measures. All captured quantitative data, with six also capturing qualitative data. Eleven used only absolute standards, six used only relative standards, and one used both. Six tools comprised logic models; and only four specified implementations requirements. Similarly, a study of how thirty not-for-profit organisations (most of which were CWOs) determined whether they had effectively achieved their missions found that they reported financial performance; throughput statistics; and both financial and non-financial key performance indicators. Notably, the sample comprised organisations that had been, "identified by other practitioners as 'well managed' or 'cutting edge' in institutional management systems" (Sawhill and Williamson, 2001, p.377).

Other examples of the use of more sophisticated performance reporting systems include the Balanced Scorecard (Kaplan, 2001; Manville, 2007); the Performance Dashboard (a variation on the Balanced Scorecard), (Paton, 1999; 2003); Total Quality Management (TQM) (Boettcher, 1998); and Social Return on Investment (Emerson and Wachowicz, 2000; Richmond, 2000). As well, Lindberg's (2001) single organisation case study of a large relief agency in the US, found that Long Range Strategic Planning; Organisational Repositioning; Benchmarking and Customer

Satisfaction Surveys were rated by staff as having a high or medium adaptability ranking for implementation by the organisation.

The increasingly widespread use of performance reporting by CWOs was further evidenced by a study of almost two thousand Canadian not-for-profit organisations (half of which were registered charities) that found almost 75% undertook routine performance reporting (Hall, Phillips, Meillat and Pickering, 2003). Further findings by Hall et al. (2003) concerned report focus, method of data collection and board use of performance reports. The foci of performance reporting were programmes (66% of respondents); projects (56%); overall organisational effectiveness (54%); fundraising activities (45%); volunteer experiences (40%); board performance (33%); and products (23%). Methods of evaluation were also varied, comprising staff meetings (83% of respondents); volunteer meetings (67%); surveys (56%); formal evaluations (52%); interviews (48%); focus groups (45%); and experimental design (14%). Similarly, board involvement varied: 33% requested and reviewed performance information; 35% just reviewed information; and 20% had no involvement. Despite documenting such widespread use of performance reporting by not-for-profit organisations, the authors concluded that little is known about how such organisations approach performance evaluation and reporting (Hall et al., 2003. Emphasis added.)

In a study of the adoption and use of TQM in 127 British CWOs, Cairns, Harris, Hutchison and Tucker (2005) reported widespread use of both generic models based on ISO9000 criteria, and sector-specific models, such as QuADS (which is used in

Alcohol and Drug Services). Furthermore, some organisations were found to have deployed more than one TQM System because of pressures from multiple funders, which resulted in their data collection resources becoming overloaded. The study also noted a greater use of practices, such as best practice benchmarking, Balanced Scorecard, and outcome measurement.

Furthermore, the survey by Zimmerman and Stevens (2006), of North American Not-for-Profit organisations (of which approximately 30% were CWOs) showed that 85% of organisations conducted quantitative evaluations of outputs and outcomes, with 75% reporting such information within the organisation. This research also highlighted the recency of widespread performance reporting by CWOs, finding that the average length of time since first deployment of performance reporting was four years.

Further empirical evidence of the state of performance reporting by Australian CWOs is provided by five public sector reports: the Industry Commission report on Charitable Organisations in Australia (IC, 1995), a report by the Productivity Commission on the micro-economic reform on welfare services, (Productivity Commission, 1996), two reports by the Australian Institute of Health and Welfare, on the use of performance indicators in the disability services sector (AIHW, 2000a; 2000b), and a discussion paper on the use of performance indicators in the South Australian community health sector (Jolley, 1999). Significantly, all noted a significant, though variable use of performance reporting in the welfare sector, which the IC (1995) attributed to differences in organisational size, financial position and

regulatory requirements under which CWOs operated. Two specific aspects of performance reporting were highlighted in the IC (1995) report: benchmarking and quality systems. Following a survey of benchmarking in the community welfare sector, the Commission found that it was not widely used; however, some large CWOs had roundly embraced the practice in an effort to provide clients with the best possible service. With respect to quality standards, the Commission found that CWOs were subject to the application of a high number of service standards, which were prescribed by governments under regulatory and funding regimes.

Both reports by the AIHW (2000a; 2000b), and the report by Jolley (1999) clearly indicated that organisations operating in the disability services and community health fields respectively, were required to report externally against a complex array of performance indicators. Furthermore the IC (1995) recommended the development of sector wide, certified quality systems to ameliorate the problems of data duplication. While the development of TQM systems in some CWOs was noted (IC, 1995); the Productivity Commission (1996) found that then levels of performance reporting in the fields of community health, welfare and education were below those required to support the process of micro-economic reform.

In summary, the literature shows performance reporting by CWOs to be a recent and variable practice. The chronological analysis clearly demonstrates an overall, sector-wide increase in the extent and sophistication of performance reporting practices over the past three decades. While the reporting of basic financial accountability measures has been ubiquitous, reporting of non-financial information, both internally and

externally has increased; with larger, progressive organisations deploying a range of contemporary performance reporting tools, including benchmarking, TQM and Balanced Scorecard. Furthermore, CWOs were shown to have reported multiple dimensions of performance, and to have done so in response to both internal and external influences (an issue that is explored fully in Section 2.4). Consequently, it can be said that CWOs have begun to define performance in ways that reflect their specific circumstances. However, it has been noted that little is known about the ways in which performance reporting is undertaken, an issue that is comprehensively addressed in the present study.

## 2.3: THE USAGE OF PERFORMANCE REPORTS BY CWOs

Performance information has been used for a number of purposes, both internally and externally. Internal uses are to improve programmes and services (Paton and Payne, 1998; Fine et al. 2000; Sawhill and Wiliamson, 2001; Hall et al., 2002; Zimmerman and Stevens, 2006); to measure client satisfaction (Fine et al., 2000); to evaluate process quality at the programme level (Fine et al., 2000); to motivate staff (Sawhill and Wiliamson, 2001); to improve management practices (Cairns et al., 2005; Zimmerman and Stevens, 2006); to enhance accountability within the organisation (Sawhill and Wiliamson, 2001; Parker, 2003); strategic planning (Buckmaster, 1999a; Hall et al., 2002; Parker, 2003 and 2007); organisational learning (Paton and Payne, 1998; Buckmaster, 1999a and 1999b; Paton 1999b Cairns et al., 2005); to promote goal congruency within the organisation (Sawhill and Wiliamson, 2001); training (Fine et al., 2000; Cairns et al., 2005; Zimmerman and Stevens, 2006); to develop relationships with other not-for-profit organisations through data sharing (Buckmaster,

1999a); determining fees (Zimmerman and Stevens; 2006); improving fundraising (Paton and Payne, 1998);  staff evaluation (Paton and Payne, 1998; Sawhill and Wiliamson, 2001) and resource allocation (Fine et al., 2000; Parker, 2003). Furthermore, it has been suggested that the rigorous analysis required to implement a performance reporting system provides insights into how the organisation operates (Paton, 1995; Stone and Cutcher-Gershenfeld, 2001; Cairns et al., 2005); thus enhancing  staff confidence and motivation, and  improving planning (Cairns et al., 2005).

Sawhill and Williamson (2001) also observed a difference in  performance reporting by entities in the not-for-profit and private sectors. They found that successful not-for-profit organisations acknowledged that measuring mission accomplishment was problematic, since the missions of not-for-profit organisations generally focused on something external to the organisation, such as, in the case of the American Cancer Society (ACS), reducing the incidence of cancer. However, since other influences operated, it may not be clear, even if the mission was achieved, that it was due to the efforts of the ACS. In contrast, Sawhill and Williamson (2001) noted that  mission statements of for-profit entities are typically self-reflective. Consequently, they   are able to clearly identify critical success factors that are essential for mission accomplishment, and posit a set of key performance indicators to track achievement against each critical success factor in order to effect  mission accomplishment.

 However, too strong a focus on performance indicators can produce goal displacement, thereby undermining the mission of the organisation (Kanter and

Summers, 1987; Paton and Foot, 1996; Stone and Cutcher-Gershenfeld, 2001). Such dysfunctional behavior has been noted in the general literature on organisational effectiveness (Epstein, Flamholz and McDonough, 1977). Llewellyn (1996a), in an analysis based on the Weberian distinction (Weber, 1947) between formal and substantial rationalities, notes a general propensity for the formal rationality of performance measurement to subsume the substantive rationality of the field of activity that is measured; and with respect to social work, because of the subjective nature of many standards of assessment. Consequently, accountability is conceived in a narrow way that focuses on efficiency rather than effectiveness, thus obviating the need to make moral judgments by allowing choices that ought to be made on substantive grounds to be made on formal, efficiency criteria. Booth (1996) notes this tension between formal and substantive rationalities in the application of management accounting practices in not-for-profit organisations. According to McDonald (1997) and Stone and Cutcher-Gershenfeld (2001), funding arrangements that are based on performance outcomes can redefine relationships between funders and fundees.

External uses of performance reports include the following: to increase the awareness of the organisation (Hall et al., 2002); to influence public policy (Sawhill and Williamson, 2001); to report to funders (Fine et al., 2000; Hall et al., 2002); to prove continuous improvement to funders (Fine et al, 2000; Fischer, 2004; Manville, 2007); for accountability (Sawhill and Williamson, 2001; Fischer, 2004; Zimmerman and Stevens, 2006); to gain funding (Fine et al, 2000; Zimmerman and Stevens, 2006); and for public relations (Fine et al. 2000). Overall, such pressures were shown to have contributed to more systematic approaches to performance reporting by

American CWOs from the mid 1990s (Fischer, 2004). While, as noted above, one significant reason for the use of performance measurement systems in CWOs is to meet the requirements for increased accountability, too much openness poses particular problems for charities. Unlike the private sector, where intermittent failure is expected, there is a public perception that charities should possess complete wisdom (Paton and Foot, 1996).

In summary, the literature posits a broad range of internal and external uses of performance reporting by CWOs. While performance reports are used directly by organisational participants as inputs to planning, monitoring and management; others are perceived to yield indirect benefits that arise through the need for self reflectivity and analysis required to develop and deploy performance reports.

## 2.4: THE IMPERATIVES FOR PERFORMANCE REPORTING BY CWOs

The imperatives for performance reporting by CWOs are varied. While some studies have highlighted specific imperatives, there has, overall, been a steady increase in demands for improved accountability by not-for-profit organisations (including CWOs) since the early 1990s, which has come from government, funders, other external stakeholders, and CWOs themselves (Cutt and Murray, 2000; Murray, 2005 Cairns et al., 2005). In the words of Cairns et al. (2005) such influences together comprise a, "complex mix of mandatory and voluntary, internal and external factors" (p.140) .

Internal imperatives for the deployment of performance reporting systems by CWOs noted in the literature are: to improve decision-making and improve services (Talbot and Sharp, 1994; Paton and Payne, 1998; Fine et al., 2000; Stone and Cuther-Gershenfeld, 2001; Cairns et al. 2005; Zimmerman and Stevens, 2006); to enhance strategic planning (Cutt et al., 1996; Fine et al., 2000; Parker, 2003); to ensure the organisation was faithful to its mission (Lindberg, 2001; Zimmerman and Stevens 2006); to ascertain whether the organisation was making a difference (Zimmerman and Stevens, 2006); to deal more efficiently with information that was collated in an ad hoc manner (Manville, 2007); to promote organisational learning (Paton and Payne, 1998; Buckmaster, 1999a); to secure legitimacy with staff and board (Cairns et al., 2005); to guide organisational development or to restore confidence after a period of organisational crisis (Cairns et al., 2005); and to facilitate organisational growth (Manville, 2007).

External imperatives noted in the literature are: to acquit accountability in general (AAA, 1989; Talbot and Sharp, 1994; Paton and Payne, 1998; Stone and Cutcher-Gershenfeld, 2001; Cairns et al., 2005); to acquit accountability to funders (Brace et al., 1980; Stone and Cutcher-Gershenfeld, 2001; Cairns et al., 2005); to meet the requirements of regulators (Brace et al., 1980; AAA,1989; Manville, 2007), to enhance legitimacy (Paton, and Payne, 1998; Cairns et al. 2005); to allow comparisons between charities (Paton and Payne, 1998); to respond to the influence of professional bodies (Brace et al., 1980; Au, 1996); as a response to fraud and or scandal in some high-profile charities (Ebrahim, 2003; Ebrahim and Christensen,

2006); and in anticipation that  at some time, funders in particular government agencies may demand adoption of a TQM System (Cairns et al., 2005).

More general changes in societal values and structures have also influenced performance reporting by CWOs.  It no longer suffices for not-for-profit organisations to argue that doing good works puts them beyond judgment. Rather, it is necessary to evaluate performance and demonstrate accountability (Kanter and Summers, 1987; Edwards and Hulme, 1996a; Najam, 1996; Lindberg, 2001). Noting this, it has been shown that during the 1990s, CWOs turned to traditional business models to improve efficiency and effectiveness (Sawhill and Williamson, 2001; Lindberg, 2001; Cairns et al., 2005).

Structural changes in the funding of welfare services, which have led to  competition between CWOs for scarce donor resources, have also been noted as a driver  for welfare agencies to demonstrate greater accountability and programme impact (Lindberg, 2001). Furthermore, a general shift towards the use of output and outcome measures, particularly because of their use in service contracts, has also been cited as an imperative for performance reporting (Stone and Cutcher-Gershenfeld, 2001).

In addition to positing reasons for the uptake of performance reporting by CWOs, the literature has also identified certain barriers.  Generally, studies have found that the greatest impediment to performance reporting has been the  lack of resources  (skills, time  and money), with smaller organisations facing more difficulties than larger ones

(Paton and Payne, 1996; Taylor and Summiwarilla, 1996; Bozzo and Hall, 1999; Hall et al., 2002; Cairns et al., 2005).

In summary, the literature shows that the imperatives for performance reporting by CWOs are both mandatory and voluntary. External funders  demand performance reports to ascertain that funds were applied appropriately, as do regulators to monitor programme delivery. However, the literature evidences an increasingly proactive approach by CWOs to meet their own needs through reporting performance. Reasons for deploying performance reporting have ranged from making operational  changes to improve service delivery to clients, to more strategic responses such as improving organisational decision-making and guiding organisational development. Furthermore, CWOs have responded to pressures from professional bodies, and  to a heightened societal interest in accountability.

## 2.5:  FACTORS THAT HAVE SHAPED THE CONSTRUCTION OF PERFORMANCE REPORTING BY CWOs

Three broad influences on the construction of performance reports deployed by CWOs can be distilled from the literatures: (1) the nature of CWOs; (2) the nature of the work they do; and (3) the politically contested nature of the domain in which CWOs operate.

### 2.5.1: The Nature of CWOs

Four organisational characteristics have been identified as shaping the construction of performance reporting by CWOs: (1) the primacy of the mission; (2) the not-for-profit

focus; (3) the existence of multiple constituencies; and (4) the values of participants. In addition, these characteristics have together been shown to have influenced the nature of accountability in CWOs. The following discussion deals with each of the four above mentioned characteristics separately, and then explores the accountability literature.

The importance of the mission in CWOs has been noted by many writers. CWOs exist to perform a mission, which, generally expressed, is to make a difference to the lives of people and/or society. That is, the mission provides the raison d'être for the organisation (Kanter and Summers, 1987; Kramer, 1987; Drucker, 1990; Wise, 1995; Au, 1996). However, the centrality of mission is somewhat problematic with respect to the construction of performance reports. Mission statements are, by their nature, general propositions that are based on social values (Kanter and Summers, 1987; Drucker, 1990; Hodgkin, 1993), which must be translated into measurable objectives in order to be operationalised (Wise, 1995). However, social values are necessarily subjective and contestable (Kanter and Summers, 1987; Au, 1996; Llewellyn, 1996); and cause and effect relationships in charitable works are poorly understood (Paton and Foot, 1996). Furthermore, because CWOs focus on mission, they are impelled to provide specific services and consequently have less flexibility in decisions about the nature and quantity of the services they supply than, for example, for-profit organisations (Kanter and Summers, 1987; Au, 1996; Paton and Foot, 1996). The imperative to provide specific services also exposes CWOs to the influence of external constituencies in defining what performance means (Au, 1996).

Unlike for-profit organisations, CWOs have no overarching financial indicators by which to gauge success (Kanter and Summers, 1987; Wise, 1996; Au, 1996; Anheir, 2000; Stone and Cuthcer-Gershenfeld, 2001). There are no price signals that can provide a common unit of measurement with which to combine diverse activities (Paton and Foot, 1996; Sawhill and Williamson, 2001)[2]. Historically, CWOs have focused mainly on stewardship of resources, and consequently have developed accounting practices such as fund accounting (Ramanathan, 1985) and a reliance on input measures (Anthony and Young, 1988; Wise, 1996), which have militated against the measurement and reporting of performance (Sheehan, 1996).

McFarlane (1999) suggests that management decisions cannot be made on financial criteria alone, but must be made primarily with regard to their impact on the organisation's constituencies. CWOs typically have multiple constituencies who may interpret the mission statement in different ways, invoke different performance criteria, and, consequently, have different information needs. Different constituencies often have competing interests and preference different goals (Newman and Wallender, 1978; Kanter and Summers, 1987; Drucker, 1990; Hodgkin, 1993; Hall and Rimmer, 1994; Paton and Foot, 1996; McFarlane, 1999; Wise, 1995; McDonald, 1999; Stone and Cuther-Gershenfeld, 2001).

Performance assessment involves not only the question of how much has been achieved, but also the nature of what is being done, and how well it is done.

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[2] Notably, even for-profit organisations have looked beyond financial measures to include multi-dimensional modelling in order to assess performance (Neely et al., 1995; Kaplan and Norton, 1996: Paton, 1996). However, financial measures still can, and do, provide the fundamental bases of assessment (Ittner and Larker, 1998).

Consequently, performance assessment requires a consideration of policy issues, which are essentially assessments based on political criteria (Au, 1996; Llewellyn, 1996; Paton and Foot, 1996). As such, the development of performance reporting systems in the delivery of social welfare is also much more than a technical exercise: it is inherently value-laden and the views of participants are reflected in the definition, selection and interpretation of performance indicators (Kanter and Summers, 1987; Carter et al., 1992; Smith and Lipsky, 1993; Sofaer, 1995; Llewellyn, 1996); as well as in the disclosure of performance information (Carter et al., 1992; Paton and Foot, 1996). Some accounting practices in charities appear to be conditioned by the value judgments of those involved and the context in which charities operate (Wise, 1995; Newberry, 1995; Connolly and Hyndman, 2000). Parker (2003) observed that the social and economic values of the board members of a large CWO influenced their decisions about the allocation of resources and the acquittal of accountabilities.

The influence of participants' value judgments on accounting practices has also been noted in religious organisations (under whose auspice many CWOs operate) (Laughlin, 1988; Booth, 1993; Lightbody, 2000; Parker 2003). For instance, the influence of religious principles on the commercial activities of Islamic Banks has been evidenced (Karim, 1995). Even in a for-profit situation (albeit in a nationalised industry), culture and tradition were found to be equal to, if not more important than, economic imperatives in determining the nature of accountability (Berry et al., 1985).

Acknowledgement of the centrality of organisational participants' values has yielded significant insight into the nature of accountability and how it is acquitted by CWOs.

While traditional concepts of accountability have emphasised the legal, formal, ex post, requirements that a principal may impose on an agent in order to exercise control; accountability within and by CWOs has been shown to incorporate voluntary, multiple concerns arising from the personal commitment of individual actors. Fry (1995, p.183) posited the notion of accountability as a personal response, or a "felt responsibility", which has been shown to be a critical aspect of voluntarism that aligns the individual with the organisation, and organisational participants with external monitors. Building on this, and incorporating Avina's (1993) classification of accountability as either functional or strategic; Najam (1996) suggested that accountability in CWOs operates in three directions: (1) upward to funders and regulators; (2) downward to clients; and (3) laterally to internal and external stakeholders.

Further development of the concept occurred through the work of Kearns (1996) and Ebrahim (2003, p.199) who, posited an "integrated perspective on accountability" for CWOs, comprising three, related strands: legal, ethical and relational.  According to Ebrahim (2003), such a system of accountability relies on  CWOs having some say in development, of  external expectations, standards and monitoring regimes, and also through, "internal    organisational mechanisms such as self-evaluation, and performance assessment, self-regulation and participatory decision processes" (p.199).

In a single organisation case study that adopted Najam's (1996) tripartite concept of accountability,    Christensen and Ebrahim (2006) found that upward accountability requirements to funders did not necessarily impede lateral and downward

accountability, where performance evaluations and reporting were undertaken in a way that acknowledged the commitment of staff, supported them, and assisted them in problem-solving. As such, performance evaluation and reporting were undertaken not as additional requirements, but were integrated into operational processes in order to improve performance. Furthermore, the importance of this concept of accountability was highlighted through the acknowledgement that, without the voluntary, "downward" accountability, clients had few other opportunities for holding CWOs accountable. Importantly, the structured evaluation of client perceptions was held to be important, so that clients would not be merely reliant on the personal feelings of programme staff. Overall, lateral and downward accountability mechanisms were found to enhance mission focus, by providing information that was used to track an organisation's progress, in addition to permitting external scrutiny.

Ontological issues have also been considered. It has been suggested that the act of performance evaluation and reporting not only makes visible certain aspects of an organisation, but also actually defines the organisation (Osborne et al., 1995; Llewellyn, 1996b; Herman and Renz, 1999). Yet this is a subjective process, and the uncertainty it creates causes difficulties for performance assessment and reporting (Au, 1996); problems that are confounded by the presence of multiple and often conflicting constituencies (D'Aunno, 1992).

A further consequence of having multiple constituencies is that organisations typically have multiple accountabilities and may be accountable for different things to different

parties; thus the actual reporting of performance increases in volume and complexity (Kearns, 1994; Taylor, 1996, Paton and Foot, 1996). In particular, performance information has been shown to be interpreted differently by different stakeholders (Herman and Renz, 1997; Stone and Cutcher-Gershenfeld, 2001). Different constituencies also perceive the impact of the increased reliance on performance measurements on their relationships with other parties differently (Stone and Cutcher-Gershenfeld, 2001). CWOs consider that their relationships with government funders, which were once characterised as close partnerships, were now based more on business and economic principles, and that consequently the balance of power and trust between the parties has altered. Conversely, the large philanthropic trust, United Way of America, felt that its relationship with CWOs had become more one of partnership and less of a business relationship. Private philanthropists however, were found to be less concerned with output/outcome measures and instead based their evaluations on the nature of their relationship with the service provider and its reputation in the community (Stone and Cutcher-Gershenfeld, 2001).

### 2.5.2: The Nature of the Work Undertaken by CWOs

Two distinguishing features of the nature of the work undertaken by CWOs have been shown to influence the evaluation and reporting of performance: (1) the focus on ameliorating social problems; and (2) the service orientation. Historically, social work has been viewed as a practice that emphasised the outcome for the individual. It is only recently that significant attention has been given to the concept of organisational effectiveness in CWOs (Au, 1996). It has been argued that the discipline of social work has not developed a sufficiently rigorous and certain

technology and knowledge base against which assessments can be objectively made (Au, 1996; Llewellyn, 1996). There is also greater uncertainty about cause and effect relationships in the field of social work (Au, 1996; Paton and Foot, 1996). Many of the social problems that CWOs attempt to ameliorate are effectively insoluble, and there is no public expectation that they will be fixed completely (Au, 1996; Paton and Foot, 1996). However, many organisations now acknowledge that it is no longer sufficient to do "good"; it is also necessary to be able to prove that one is operating efficiently and effectively (cf. Kanter and Summers, 1987; Lindberg, 2001). Since it is difficult to evaluate performance in such complex areas as community development, there is often a tendency to report on activities that can be easily measured (Jolley, 1999). Outcome measurement in CWOs is problematic and often fails reasonable cost benefit analysis (Kanter and Summers, 1987; Llewellyn, 1996; Paton and Foot, 1996). It relies on input from both the professional service provider and the client, and is influenced by factors in the client's life that are outside the control of the service provider (Kanter and Summers, 1987; Lewellyn, 1996). As well, it may be difficult to single out the impact of one agency from others in the field (Llewellyn, 1996; Paton and Foot, 1996). Where performance reports are used as the bases for the contracting out of government services, there is a tendency to favour quantitative rather than qualitative data (Baum, 1998). Particular difficulties occur in the evaluation and reporting of performance in the field of social welfare, because, in order to measure something, it must first be standardised; and standardisation is only possible where the narrowest conceptions of social work are considered, and not broader social impacts (Llewellyn, 1996; Paton and Foot, 1996). The heterogeneity of the service output of different organisations also often precludes standardisation and makes comparisons

between organisations difficult (Paton and Foot, 1996). It is also necessary to distinguish between personal and population level measures of performance in the field of community welfare (Kanter and Summers, 1987) and community health (Jolley, 1999).

Difficulties in developing performance reports due to the nature of the work that CWOs undertake were observed in two studies. Brace et al. (1980) observed that the heterogeneity of services provided by CWOs makes it difficult to report simple, comparable performance measures. Their study noted the need to disclose multiple measures and to provide detailed reports, especially since many programs have more than one legitimate outcome. The AAA (1989) study noted that difficulties in measuring outcomes were attributed to difficulties in isolating the impact of any single service organisation on a client from other influences, isolating the influence of a single service where clients are subject to a number of services, and identifying the effect of one mode of service delivery as compared to another.

Furthermore, the difficulty in evaluating and reporting service provision by CWOs, because they are intangible, has been noted by Kanter and Summers (1987), Wise (1995) and Paton and Foot (1996). Similarly, the wider literature also acknowledges the problematic nature of performance evaluating and reporting because services are intangible, heterogeneous, are simultaneously produced and consumed, and cannot be stored (Fitzgerald et al., 1991).

### 2.5.3:  The Politically Contested Nature of the Domain in which CWOs Operate

A number of writers have  suggested  that performance reporting by CWOs is influenced by  the contested political domain in which CWOs operate (Kanter and Summers, 1987; Osborne et al., 1995; Au, 1996; Stone and Cutcher-Gershenfeld, 2001).  Osborne et al. (1995) include equity, in addition to economy, efficiency effectiveness and quality in their "Integrated Model of Performance Assessment". In this model, equity is defined as the degree to which the redistribution of services and resources that result from a program is in alignment with policies under which the program was developed.

Some political models acknowledge the primacy of a dominant coalition that attempts to maximize performance according to its criteria (Kanter and Summers; 1987; Meyer and Gupta, 1994; Stone and Cutcher-Gershenfeld, 2001); while others hold that organisations are composed of competing interests, such that each attempts to maximize some conception of social welfare, as opposed to the performance of the organisation. Consequently, various, and often contradictory performance measures, will be reported (Meyer and Gupta, 1994).

In a study of the process by which a CWO was evaluated by a government funding agency, Tassie et al. (1996) found that the politically contested nature of the domain in which the CWO operated significantly influenced the evaluation process.  The  study found that the agency undertook both a formal evaluation that focused on what each CWO achieved, as well as an informal evaluation that considered broader policy implications of the evaluation. Consequently the CWO not only engaged in the formal

evaluation process, but also was forced to embark on a course of political lobbying with other similar organisations to engage the broader policy debate.

In summary, due to the nature of CWOs, the nature of what they do, and the nature of the domain in which they operate, the construction of performance reports for use by CWOs is a complex task. It requires consideration of value propositions as well as technical propositions, which, because of the service nature of welfare work, are often not easy to define. In addition, the diversity of such organisations, the generalised nature of the mission focus and the lack of an overarching, readily summarised indicator of performance (such as the profit focus of commercial organisations) requires the reporting of multiple, diverse, disaggregated performance information. Furthermore, those who construct performance reports do so knowing that what they produce will be subject to a variety of interpretations because of the existence of multiple stakeholders and also because of the difficulties in isolating the impact of any one organisation's efforts in ameliorating complex social problems. The latter poses particular challenges for design of performance reports because of the expectation that CWOs will also influence politically contested domain in which CWOs operate.

## 2.6: CHAPTER SUMMARY

The literature shows that there has been a considerable increase in the use of performance reporting by CWOs over the past three decades, with larger, more progressive organisations having embraced the practice with vigour. Both financial and non-financial dimensions of performance are reported, with the latter being undertaken using both quantitative and qualitative means. The overall range of

performance information reported by CWOs is extensive, and, in more recent years, has begun to include contemporary best practices that are found in the private and public sectors. While some CWOs have initiated their own performance reporting frameworks, others have adapted those used first in other sectors. However, great variation in the use of performance reporting by CWOs has been widely observed.

Performance reports are used both internally and externally. They are used directly by organisational participants as inputs to planning, monitoring, management and governance. The result of such efforts is the emergence of performance reporting tools that are aimed at meeting the organisation specific requirements of CWOs, including the evaluation of efforts to improve equity in society. As well, they are perceived to yield indirect benefits that arise through the need for self-reflectivity and analysis that occurs during the processes of developing and deploying performance reports. Performance reports are used externally to acquit a range of accountabilities and to enhance legitimacy.

The imperatives for performance reporting by CWO were also found to be varied. External influences include the requirements of funders, accreditors and regulators, acquitting a broad accountability to the community; responding to micro-economic reform; and the pressures to be more businesslike. Internal influences include wanting to do the best for clients; and being value congruent.

Performance reporting by CWOs has been shaped by their nature, the nature of what they do, and the nature of the domain in which they operate. Consequently, the

development and deployment of performance reporting has been described as complex, requiring consideration of multiple factors, and multiple stakeholder interest, As such, both value as well as technical propositions must be considered. The lack of an overarching, readily summarised performance indicator, because of the mission focus and generally diverse nature of CWOs, requires the reporting of multiple, diverse, disaggregated performance information. Furthermore, those who construct performance reports do so knowing that what they produce will be subject to a variety of interpretations because of the existence of multiple stakeholders, and also because of the difficulties in isolating the impact of any one organisation's efforts in ameliorating complex social problems. The latter poses particular challenges for the design of performance reports because of the expectation that CWOs will also influence the politically contested domain in which CWOs operate. Difficulties in undertaking performance reporting in CWOs have also been noted. They include the nature of the work undertaken by CWOs, organisational size and resource availability.

In conclusion, the review of the literature has evidenced significantly higher level of attention paid to the subject of performance reporting by CWOs in recent years. However, the greater part of that work has been descriptive, rather than analytical, in that it has explored what organisations have done, as opposed to the processes they have undertaken. Consequently, scholars have called for research that analyses the processes through which performance reports are developed and deployed. In response to this lacuna, the present study addresses the research questions that are outlined in the following chapter.

# — 3 —

# RESEARCH STRATEGY

## 3.1: INTRODUCTION

This thesis resulted from a single organisation, interpretive, field-based case study, in which data collection, analysis and presentation were informed by Strategic Choice Theory (Child, 1972; 1997). It differentiates between methodology and method, where methodology refers to the researcher's fundamental approach to the discovery of knowledge; while method refers to the data collection techniques (Llewellyn, 1993; Parker and Roffey, 1997). Research design is defined as the framework within which both the theoretical and practical organisation of the research occurs (Burgess, 1984; King, Keohane and Verba, 1994). The term research strategy refers to the application of the methodology, method and research design to a research problem.

Chapter 3 proceeds, by explaining in Section 3.2, the methodology employed to generate and interpret the inductively derived findings. In Section 3.3, the general method that governed the collection of data is outlined; while in Section 3.4, the research design is explained. The chapter concludes with a summary in Section 3.5.

## 3.2: METHODOLOGY

### 3.2.1 Introduction

The explanation of the study's methodology begins with a brief introduction to interpretive research. It then highlights the defining characteristic of the methodology: the relationship between the researcher and what is researched (Llewellyn, 1993). In so doing, it locates the basic assumptions that underpinned the present study within

the conceptual framework of Laughlin (1995). Following this, the discussion outlines the methodological approach that informed the generation and interpretation of findings: Strategic Choice Theory (Child, 1972; 1997).

### 3.2.2: Interpretive Methodologies

The case study research underpinning this thesis was grounded in an interpretive research paradigm. Interpretive methodologies have been employed in accounting research to describe accounting practices, and to explain the roles played by accounting in organisations (Chua, 1996; Hopwood, 1983; Ahrens and Dent, 1998). The interpretive approach acknowledges that human behaviour is purposive; holding that, if human endeavour is to be explained, the account must consider the subject's intention and point of view (King et al., 1994; Schwandt, 1994; Child, 1997). However, interpretive research also acknowledges that social objects are intrinsically meaningful to the researcher, and so the researcher brings an understanding of the subject's world to the research situation that is informed by his/her experience (Llewellyn, 1993).

### 3.2.3: The Role of the Researcher in Interpretive Methodologies

It is necessary for those who read interpretive research to understand the fundamental assumptions on which the research process is based (Llewellyn, 1993; Laughlin, 1995). Since the foundations of any methodology lie in the epistemological and ontological assumptions of the researcher (Llewellyn, 1993; Denzin and Lincoln, 1994; Laughlin, 1995), articulation of those assumptions is required. In the present study, this is achieved by reference to Laughlin's (1995) framework. Laughlin's

(1995) conceptual framework models the degree to which three fundamental positions are applied in the research process: the level of prior theorising that the researcher brings to the research problem; the degree to which the role of the research is circumscribed by methodological rules in interpreting the subject; and the degree to which the research has the potential to critique the status quo. While there has been a critique of Laughlin's model offered by Lowe (2004), Laughlin's general position on middle range thinking has been supported and utilised widely across the accounting literature.

The present research adopts Laughlin's (1995) middle position on prior theorisation, and  methodological specification, and the low position with respect to change. The middle position on prior theorisation permits  the application of a "skeletal" (Laughlin, 1995, p.84) theory, that can be "fleshed out" (ibid) by situationally derived empirics, without unduly privileging them.  This was  considered to  be appropriate in the present study because, as noted in Chapter 2, while the literature on performance reporting by CWOs has developed in recent years, it was largely descriptive, providing only nascent theoretical understandings.  As such, it informed the present study and provided a platform on which the research problem was based. However, the present study sought to make a contribution to knowledge by developing theoretical understandings, which was achieved through  a single organisation case study (i.e. an empirically grounded study) that was informed by a prior literature underpinned by nascent theoretical understandings. The researcher's methodological position, as Laughlin (1995) suggests, generally parallels that of prior theorisation. Again, given the state of the prior literature, and the contextually bounded nature of a

single organisation field based case study, a middle position on methodological specificity was warranted. The position of the researcher with respect to change concerns his/her attitude to the purpose of research. In the present study, the researcher sough to contribute to the literature on the subject of performance reporting by CWOs in order to enhance the limited understanding of the subject reflected in the literature. As such, the researcher was motivated not by a desire for change, but for understanding.

### 3.2.4: Strategic Choice Theory

Strategic Choice Theory (Child 1972; 1997) holds that organisational behaviour can be explained by examining the strategic choices of those who hold power in an organisation, that is, "the dominant coalition". In his 1972 paper, Child defined strategic choice as,

> "the process whereby power-holders within organisations decide upon courses of strategic action [arguing that]strategic choice extends to the environment within which the organisation is operating, to the standards of performance against which the organisation is operating, and to the design of the organisation's structure itself" (p. 2).

Strategic Choice Theory conceives of organisations as "socio political systems" (Child, 1997). While it gives primacy to the agency of key organisational participants, such agency is not unfettered. That is, decision-makers operate within a kind of bounded autonomy, with their discretion limited through: (1) the nature of agency and of choice; (2) the impact of the environment; and (3) the nature of relationship between organisational agents and the environment (Child, 1997, p. 48).

The nature of agency and choice is held to limit discretion through the operation of three factors: (1) action determinism, (2) information deficiencies, and (3) intra-organisational political processes. Action determinism is that aspect of agency (purposefulness) that is due to the cognitive processing style of decision-makers, such that (to varying degrees) action is determined by entrenched patterns of thinking. Such processing can be either uncritical (automatic strategic issues diagnosis) or more active and reflective (active strategic issues diagnosis). Under conditions of automatic strategic issues diagnosis, agency is constrained, since key decisions are made through recourse to "ready made issue categories" (Child, 1997, p.50). In such situations an attempt is made to, "reduce complexity, rather than to absorb and internalise it…[which] amounts to the application of routinised past learning to conditions whose novelty may render such learning redundant" (p.50). Reliance placed on strategic recipes through which, "assumptions as to the priorities  and actions appropriate for performing  well in an industry,  can become embedded to the extent of inhibiting innovative response to changing competitive conditions" (p.50); and "group think" (Janis, 1982, cited in Child, 1997, p.50).

Under conditions of active strategic issues diagnosis, there is a much higher level of information search and analysis. Consequently, decision-making is more conscious and intentional, and may uncover, "multiple interpretations for the issue" (Dutton, 1993, p.342). According to Dutton (1993), a propensity towards automatic strategic issues diagnosis prevails under three sets of conditions:  (1)  decision-makers' connections  to  the  issues;   (2) issue context factors;  and  (3) organisational characteristics.  Dutton (1993) suggests that automatic strategic issue diagnosis is

associated with long-term strategic stability, and little change in the environment. Information deficiencies are held to limit choice in the ways previously emphasised, for instance, by research out of the Carnegie School. They comprise bounded rationality (March and Simon, 1958), the costs of and limits to information processing (Cyert and March, 1963) and the ambiguity in informational decision-making (March and Olsen, 1976).

Intra-organisational political processes limit choices because of the influence on decision-making of the dominant, and often shifting coalitions of organisational participants. As well, it is accepted that the involvement of key organisational participants is influenced by their, "prior ideology", which is shaped by class, gender, age, and occupational and national socialisation.

Strategic Choice Theory accords significant importance to the impact of the environment on the decisions of key personnel, since the parameters within which organisational participants exercise choice are established by the environment in which they operate. In particular, Strategic Choice Theory holds that organisations can be subjected to very powerful influences from institutions in the environment. Once operating, such influences tend to be viewed objectively by those within the organisation.

However, the concept of environment is one that is not wholly distinct from the organisation. Such porosity exists through the interplay of (1) the interpretations that

organisational participants make of the environment, and, (2) the operation of social networks. Consequently, Strategic Choice Theory posits a degree of dynamism such that the threats and opportunities to an organisation that are presented by an environment may be negotiated through the operation of networks involving organisational actors and external parties. Consequently, Child (1997, p.55) argues that organisational boundaries are not always fixed and clear, and that organisational participants,

> "do not necessarily, or even typically, deal with an environment at arm's length through the interpersonal transactions of classical market analysis. <u>This is particularly true of organisations in the personal social services</u>" [emphasis added].

Such interactivity is exemplified, according to Child (1997), in the concept of the "strategic group" (McGee and Thomas; 1986), whereby firms in the same industry make similar strategic decisions; and the "firm in sector" (Child and Smith 1987), which emphasises the interaction between environments and their constituent organisations, such that there is a high degree of institutionalised decision-making.

The porosity of organisational boundaries is further elaborated in Strategic Choice Analysis through the emphasis given to the nature of the relationship between individual organisational agents and the environment. In addition to organisational relationships, there are also networks to which key strategic decision-makers belong, such as professional associations, and long-standing personal relationships that are born of common concern for the industry or sector, and or political lobbying.

Such networking can inculcate norms of conduct; provide pressure on members to adhere to a common policy view and / or respond through the application of sector-specific strategic recipes (Spender, 1989; cited in Child, 1997); and generally promote more homogeneous approaches by decision-makers within the organisations that comprise the sector. Thus, in addition to enabling decision-makers, such relationships are held to give rise to important cultural determinants, which are, "likely to constrain organisational actors who seek to diverge from them" (Child, 1997, p. 56).

Thus, while Strategic Choice Analysis seeks to explain organisational behaviour through focussing on the choices of key organisational participants, it does so only by accepting that decisions are made within acknowledged frames of reference that both enable and constrain the choices of decision-makers. Environmental influences directly influence decision-makers, since they present them with required performance measures. However, organisational participants can exercise a degree of choice about the environment in which they operate. As well, decision-makers work within established cultural and relational parameters to which they have contributed, and by which they are influenced. Thus, organisational participants can engage in "re-framing" (Child, 1997, p. 57) environmental determinants.

The overall model of organisational behaviour posited by Strategic Choice Theory is depicted in Figure 3.1 (opposite) , which reproduces Child's (1972, 1997) exposition of the theory. The figure is included at this point for two reasons: (1) in order to provide a clear explanation of the theory; and (2) because the analysis in Chapter 10,

**Figure: 3.1: The Role of Strategic Choice in a Theory of Organisation (per Child, 1972; 1997)**

Note 1: **Evaluation of the organisation's position**
*Expectations of resource providers (e.g. shareholders)*
*Trend of relevant events in the environment*
*Organisation's recent performance*

Achievements expected by external resource providers

**Strategic Choice by Dominant Coalition**

Prior ideology

**1. Evaluation of the organisation's position [1]**

Variability
Complexity
Illiberality

**Environmental Conditions**

**2. Choice of goals / objectives**
(often in annual planning round)

**3. Strategy**

**Environmental Strategy**

**Organisational Strategy**

1) Scale of operations
2) Technology
3) Structure
4) Human resources

Operating effectiveness (efficiency)

Organisational Effectiveness (overall level of organisational performance)

**"Market Efficiency"**
(Move into and out of welfare fields to attain optimum impact)

Includes attempts to negotiate the terms of acceptable organisational performance with external parties

**"Environmental Receptivity"**
(Quality of services provided)

adapts the scheme, in order to explain the specific application of Strategic Choice Theory to the development and deployment of performance reporting in a CWO.

Figure 3.1 shows that in effecting a strategic choice, an organisation's dominant coalition undertakes a three-step process: (1) evaluation of the organisation's position, which is influenced by the variability, complexity and illiberality of environmental conditions; the expectations of external resource providers; and the prior ideology of decision-makers; (2) choice of goals/ objectives; and (3) strategy development, a process that is bifurcated between an organisational strategy, which considers the basic configuration of the organisation; and an environmental strategy, which considers the markets and industries in which the organisation should operate. In this way, the organisation is able to affect the environmental conditions that influence it.

Organisational performance is the result of the "goodness of fit" (Child, 1997, p.48) that is achieved between organisational and environmental strategies. Performance evaluation, in turn, becomes a factor that is considered when the organisation evaluates its position. Thus Strategic Theory posits a model of organisational behaviour that embraces learning and development.

## 3.3: METHOD

### 3.3.1: Field-Based Case Studies

Data collection was undertaken through a field based case study. The essential characteristics of the field study method are that it grounds the analysis of the subject in its organisational context; and that the primary data sources are direct contact with

organisational participants, although multiple sources of evidence are used (Yin, 1989; Ferreira and Merchant, 1992; Parker, 1994). Furthermore, while field studies are informed by prior theory, the use of a research design that is not completely structured permits the identification of new variables and the emergence of theoretical postulates during the research process (Ferreira and Merchant, 1992; Parker, 1994). Importantly, the theoretical propositions that result from case studies are detailed and contextualised, thus permitting those who read them to consider alternative explanations (Ferreira and Merchant, 1992; Parker, 1994).

The specific role that any given case study can play in a research project depends on the state of knowledge of the subject of the inquiry (Kaplan, 1986; Parker, 1994) and the epistemological basis of the research program (Kaplan, 1986; Scapens, 1990). Indeed, it has been emphasised that field studies are important where the state of knowledge of the subject is not well developed, and/or the subject is complex and contextually contingent (Yin, 1989; Ferreira and Merchant, 1992; Parker, 1994). Case studies can be used in both positive research programs and those informed by social theory, however the method serves a quite different purpose in each program (Scapens, 1990). In research programs that are informed by social theory, the purpose of the research is not to develop universal laws, which provide statistical generalisations that can be used to provide explanations at an aggregated level, but to understand the practice and to develop theoretical generalisations (Eisenhardt, 1989; Scapens, 1990).  The present study is one that, in Scapens' (1990) scheme, aims to

understand a practice, and to develop theoretical generalisations concerning performance reporting by CWOs. It is particularly appropriate, given the call by scholars for in-depth research on how CWOs develop and deploy performance reports.

**3.3.2: The Development of Theory from Case Studies**

The development of theory from case studies is an essentially inductive process in which the researcher undertakes an empirical study of specific phenomena in a real-life situation (Eisenhardt, 1989; Scapens, 1990; Parker, 1994; Snow and Thomas, 1994). Theory development occurs through the comparison of observations with the extant literature and through within case analysis (Eisenhardt, 1989). Case selection is therefore purposive, and a particular case is selected because it exemplifies the concepts of concern in the research program (Yin, 1989; Eisenhardt, 1989; Scapens, 1990). Consequently, the generalisations that can be made from case study research are analytical or theoretical as opposed to statistical in nature (Eisenhardt, 1989; Scapens, 1990; Chua, 1996). With respect to scope, Llewelyn (2003) offers a useful typology that ranges from relatively narrow theories (Level 1) that bridge the unfamiliar with the familiar through the application of metaphor, through to holistic theories (Level 5) that can explain universal truths. Since the present study seeks to conceptualise performance reporting in an organisation, its offers a scope of theorisation at Level 3 on Llewelyn's (2003) scale.

Llewellyn (2003) distinguishes five levels of theorising that have been applied in accounting studies: metaphor; differentiation; conceptualisation; context-bound theorising of settings; and context-free 'grand" theorising. Metaphor (level 1) aids

understanding of phenomena by linking the unfamiliar with the familiar. Differentiation (level 2) aids understanding by framing experience in terms of paired opposites, i.e. through contrasting. Conceptualisation (level 3) aids understanding through linking explanations of agency with those of structures. As such, level 3 theorisations permit the researcher to cast phenomena in terms of the dualism between subjectivity and objectivity. Context-bound theorising of settings (level 4) aid understanding by providing explanations of the relationships between phenomena. Grand theorising (level 5) aids understanding by explaining the structure of experiences.

In characterising the present study as one of level 3 theorising, it is noted that Llewellyn (2004) offered the examples of accountability, financial reporting, decision making, politics and human resource management, all of which were central concerns of the present study. As well, the concept of Strategic Choice (Child, 1972) was offered an example of such theorising. Furthermore, the manner in which the central themes of the present study have been dealt with clearly exemplifies level 3 theorisation. For example, at its broadest span of theorising, the thesis posits the use of performance reporting as a strategic response of a voluntary organisation (the subjective domain) to a highly regulated welfare system (the objective domain) (see Section 10.9). Within the organisation, a number of significant dualities are highlighted: choices made by actors are explained in terms of both moral and structural imperatives (see Section 9.4); and the parallel reporting of financial and non-financial performance are highlighted (see Section 9.5.3).

The present study adopted a literature-based strategy. That is, the extant literature provided the framework within which the present research questions were formed (Eisenhardt, 1989; Yin, 1989; Dyer and Wilkins, 1991; King et al., 1994; Ahrens and Dent, 1998). For example, the literature posited a broad range of reasons for the use of performance reports by CWOs, and suggested that these organisations faced particular challenges in the design of performance reporting systems because of specific organisational and environmental characteristics. Consequently, the set of questions

that were asked in interviews was sufficiently broad to cover such variation, but also sufficiently integrated to permit relationships between variables to be explored. The extant literature also provided a comparator for emergent theory, and, since only one case was used, a broad range of literature, from the fields of accounting, organisational studies and social work, was considered (Eisenhardt, 1989).

However, the prior theory that informed the research was not well developed. Consequently, the present study deployed within-case analysis for the development of emergent theory. Within-case analysis relies on the internal logic of a situation to provide the basis for explanations, with theories substantiated through the emergence of patterns. It involves more than just understanding the perspectives of participants; it requires that explanations be fitted together to form a coherent whole (Eisenhardt, 1989; Yin, 1989). Further analysis can occur through the comparison of patterns developed from one type of data source with those from another (Eisenhardt, 1989; Yin, 1989). Since emergent theory must account for all observations (that is, single observations cannot be disregarded in the way that quantitative analysis permits

outliers to be disregarded) emergent data patterns are complex, and the researcher is impelled to develop sound theories (Campbell, 1988). In the present study, the case organisation and data gathering methods were selected with such considerations in mind. This is elaborated in the following section, which outlines the research design.

## 3.4 RESEARCH DESIGN

### 3.4.1 Introduction

The research design adopted in the present study borrows from Yin (1989), King et al. (1994) and Janesick (1994). It comprises eight parts: (1) the quality of the research design; (2) the development of the research questions; (3) the operationalisation of the research questions; (4) the selection of the case; (5) the boundaries of the case; (6) data collection; (7) data presentation and analysis; and (8) the criteria for interpreting the findings.

### 3.4.2: The Quality of the Research Design

Since the research design represents a logical model of proof, the quality of the research can be assessed through the application of logical tests (Yin 1989). Four logical tests to assess the rigour of the research design have been identified: (1) construct validity, (2) internal validity, (3) external validity, and (4) reliability (Yin, 1989).

Construct validity is that quality which ensures that constructs of interest are properly specified and operationalised, that the selected indicators of the constructs are meaningful, and that neither is unduly influenced by the subjective judgment of the

researcher (Burgess, 1984; McKinnon, 1988; Yin, 1989). In the present study, three main tactics were employed to ensure construct validity.

First, the researcher sought triangulation of data sources (Burgess, 1984; McKinnon, 1988; Yin, 1989). Triangulation was achieved through constant cross-referencing between interview transcripts, observation notes and document analyses. The data collection log, which, in addition to recording the basic data that is displayed in Appendices 2, 3 and 4, was used for this purpose by including additional columns to record follow up action and other relevant data sources. An extract from this log, showing field titles, is displayed in Figure 3.2.

**Figure 3.2:  Information Fields in Data Collection Logs**

**INTERVIEWS**

| No. | Date | Name | Position | Purpose of Interview | Date Analysed | Follow Up | Triangulation |
|-----|------|------|----------|----------------------|---------------|-----------|---------------|
|     |      |      |          |                      |               |           |               |

**OBSERVATIONS**

| No | Date | Event | Purpose of the Event | Contact (Name) | Purpose Of Observation | Date Notes Analysed | Follow Up | Triangulation |
|----|------|-------|----------------------|----------------|------------------------|---------------------|-----------|---------------|
|    |      |       |                      |                |                        |                     |           |               |

**DOCUMENT ANALYSIS**

| No. | Date | Document Title | Nature of Document | Purpose of Analysis | Source (Name) | Follow Up | Triangulation |
|-----|------|----------------|--------------------|---------------------|---------------|-----------|---------------|
|     |      |                |                    |                     |               |           |               |

Second, the establishment of a chain of evidence that allowed the reader to link conclusions to data and to the original research questions (Yin, 1989). The data log also included a column in which the reasons for accessing each data source were recorded. This is also illustrated in Figure 3.2.

Third, the thesis was reviewed by a key informant in the case organisation (Denzin, 1978; McKinnon, 1988; Yin, 1989). A condition of access to the case organisation was that the Executive Manager Research and Development would review the thesis, and also any publications arising from it, to ensure that the organisation was not misrepresented and that no unduly sensitive information was disclosed. Such pending reviews served as a reminder that the thesis could include only information and analyses that were supported by evidence that was sufficient to withstand critical review by a knowledgeable party.

The internal validity of a case study is a measure of the soundness of explanations of cause and effect that the researcher posits (Eisenhardt, 1989; Yin, 1989). In the present study, the main test of internal validity was the pattern matching logic of within case analysis (Eisenhardt, 1989; Yin, 1989, Scapens, 1990), which was achieved, specifically, through a comparison between embedded units of analysis, for example, comparison of the views of board members with those of executives, and generally, through triangulation of data. Chronologies were also used to highlight the sequential nature of events and assist in the development of causal links by analysing changes in the nature and use of performance reports over recent years (Yin, 1989). For example, at the whole of organisation level, the development of programmes over

the past one hundred years, which is shown in Appendix 6, proved to be very helpful in understanding why there had been such an increased focus on performance reporting in recent years. Similarly, tracing the development of individual programmes helped explain why certain service managers used particular performance measures.

External validity is a measure of the extent to which the case study findings are generalisable beyond the immediate case (Burgess, 1984; McKinnon, 1988; Yin, 1989). The testing of emergent theory against the prior literature (Eisenhardt, 1989) is achieved primarily through the analysis in Chapter 11. The very comfortable application of a model adapted from Child (1972; 1997) to the case study data, suggests that the findings of the thesis are externally valid, and make a useful contribution to knowledge. In addition, the requirement that emergent theories be grounded in the case data and take into account all observations (Campbell, 1988), provided a rigorous test of explanations that are developed.

Reliability is the absence of bias and error in the conduct of the research (Kaplan, 1964; McKinnon, 1988; Yin, 1989). Bias can be distinguished from exercising judgement, which is admitted a legitimate role in interpretive research. Bias occurs where something, "… is believed or not according to whether our values would be better served if it were true than if it were fake" (Kaplan, 1964, p.373). Procedures used to ensure reliability were: the use of a case study protocol, the use of structured note-taking, the development of a case study data base, the articulation of a chain of evidence (Yin, 1989), triangulation of data sources (McKinnon, 1988; Yin, 1989),

multiple forms of observation (Emory and Cooper, 1991), and the review of the thesis by a key informant (McKinnon, 1988; Yin 1989).

### 3.4.3: The Development of the Research Questions

Research questions were considered at the design stage (Yin, 1989; King et al., 1994; Janesick, 1994). Questions were selected on the basis that their answers could enhance understanding of the world, and could make a specific contribution to the scholarly literature by providing verified explanations (King et al. (1994). They examine what, how and why performance reports were used in a CWO, and what factors shaped their construction. The questions were articulated in Section 1.3, which also provided the justification for their selection. Prior to that, in Section 1.2, it was demonstrated that the research questions were firmly grounded in the academic literature.

### 3.4.4: The Operationalisation of the Research Questions

Field research is operationalised through the development of a set of propositions that provide a focus for the research process, and identify relevant information. In many ways the propositions reflect the underlying prior theory that informs the research (Yin, 1989; King et al., 1994). However, consistent with the middle position on methodological specificity (Laughlin, 1995); the study's propositions were subject to further development as the research progressed. As suggested by Burgess (1984), a transparent, well-documented process was put in place (see Figure 3.3 and the discussion of data collection in Section 3.4.7).

An example from the present research illustrates how the initial operationalisation of the study's research questions and the initial focus of the research were enhanced. The literature review identified the nature of the work CWOs undertake, and the domain in which they operated, amongst the important influences on the design and use of performance reporting systems. As well, it had been argued that CWOs relied more on output indicators than outcome indicators, because the nature of the work undertaken by CWOs made development of outcome indicators problematic (Au, 1996; Llewellyn, 1996). In addition, it has been argued that the requirements of government funding agencies significantly influence the level of performance reporting in general (cf. McDonald, 1997; O'Neill and McGuire, 1998), and require the use of output, as opposed to input measures, in particular (cf. Lyons, 1997; McDonald, 1997). These propositions directed the focus of the research towards an examination of the performance reports that were used, the circumstances of their use, and on how and why indicators are developed. As such, they suggested that comparisons should be made between the use of performance indicators in programs that were delivered under contract to government funding agencies and those that originated independently (to test the suggestion that performance reporting in CWOs was primarily a reaction to regulation). During the first round of interviews, however, a number of significant themes began to emerge, for example, the moral imperative for undertaking performance evaluation (see Section 6.2.3); and the internal use of mandatory, externally-reported performance evaluations (see Section 8.6). Consideration of such issues guided the development of subsequent interview schedules.

### 3.4.5: Selection of the Case

The method of case selection was purposive. Following Eisenhardt (1989), Yin (1989), and Scapens (1990), a case that was expected to exemplify theoretical concepts of concern in the research program was selected. For the present study, these concepts have been well covered in the literature review (Chapter 2). In order to select an appropriate case it was therefore necessary to profile the Australian welfare sector and to identify an organisation whose activities embodied the concepts of interest in the present study. The profile was developed mainly from the report of the Industry Commission Inquiry into Charitable Organisations in Australia (1995) and the studies by Lyons (1997) and Healy (1998). Specific information that related to the South Australian welfare sector was gathered from the report of the Association of Major Charitable Organisations (1999), Robbins (1997), and from conversations with senior managers in a number of charities. Consequently it was felt that a large[3], multi service, independent charity could provide sufficient breadth and depth of empirical data to allow the research questions to be adequately addressed. Five potential organisations that operated in South Australia were identified. However, for practical purposes, two organisations that were integrated within national networks were excluded from consideration because of the difficulties and costs of conducting interstate observations and interviews. Of the three remaining organisations, one agreed to allow the present study to take place.

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[3] The Industry Commission (1995) provides the most comprehensive source of data on the Australian welfare sector. In order to make comparisons based on that data it is necessary to employ the same definitions. In that study 'size' was defined by operating revenue.

### 3.4.6: The Boundaries of the Case

It is necessary to define the spatial and temporal boundaries of the case, in order to establish the relevance of data (Yin, 1989). While the case organisation is comprehensively profiled in Chapter 4, sufficient detail is presented here in order to identify the spatial and temporal boundaries of the case study. The case organisation was a large, multi service charity that operated under the auspices of an established Australian church, and which had operated in South Australia for one hundred years. It delivered fifty-three separate welfare programs in eight broad service areas.

Because the research questions addressed what performance reports were used in the organisation and what factors influenced their construction and use; the scope of the inquiry necessarily encompassed the entire organisation, and also considered aspects of its environment. The primary focus of the study was on the organisation as a whole, but departments, programs, and committees were considered as discrete units, where it is shown that they either influenced, developed, or deployed performance reporting. Processes of the organisation were also considered as discrete units (Yin, 1989); for example, the budget process and the implementation of a whole of organisation quality management framework. Consequently, the study examines a single case, with embedded units of analysis (Yin, 1989).

The temporal focus of the research was also determined by the nature of the research questions (Yin, 1989). Since the questions were concerned with current practice, it was necessary to collect data over a whole planning and reporting cycle, which amounted to twelve months. However, because access to a committee that undertook

significant performance evaluation and reporting role was not gained till five months into the field work, a seventeen -month period (beginning in February, 2002) was chosen.

### 3.4.7:  Data Collection

The primary data sources were interviews with organisational participants; observation of meetings and workshops; and examination of documents. In using multiple data sources a comprehensive picture of the subject was developed, and, where data converged, triangulation was used to enhance the reliability of the evidence (Yin, 1989).  Since an holistic explanation was proposed, a small amount of data was collected outside the organisation.

Data collection proceeded on two fronts: a major front comprising the chronologically ordered elicitation of data that is depicted in Figure 3.3 (over), which shows the use of a 'snowballing' technique; and a minor front, comprising the thematically ordered accumulation of data on eight aspects of organisational performance reporting.   The major data capture effort that is depicted in Figure 3.3 shows that data elicitation developed as the study progressed, being the result of two types of interaction: (1) there was a chronological development, in that, at any point during the study, the process of data collection was influenced by evidence previously elicited; and (2) data collected from each of the three aforementioned sources was taken into consideration when eliciting data from any one source. Thus, data collection proceeded in a series of rounds.

**Figure 3.3: The Progressive Development of Data Collection**



| | DOCUMENT ANALYSIS<br>Policies, position papers, ad hoc reports, annual reports, publications | |
|---|---|---|

**Prior Literature**

**Round 1** EMRD Data Officer, Finance Manager and Senior Accountant

**Round 2** Executives

**Round 3** Managers and some Team Leaders

**Round 4** Board Members

**Round 5** Executives and some Team Leaders

Completion of data analysis -leading to inductively generated findings

Explanation of inductively derived findings through the application of Strategic Choice Theory

Conclusions and Future Research Questions

**OBSERVATIONS**
Routine fortnightly and monthly meetings, workshops, ad hoc committee meetings, working groups.

Time

**Legend** EMRD: Executive Manager Research and Development

The first round comprised interviews with key staff involved in the development of performance reports: the Executive Manager Research and Development, the Data Officer, the Finance Manager and the Senior Accountant. The semi-structured questionnaire used at that stage was informed by the prior literature, and an analysis of the organisational chart and policy manual. From the data available at the conclusion of this round a performance reporting map was developed, which indicated the sites of performance reporting within the organisation, the personnel responsible for performance reporting activities, and the nature and location of related documents. In addition, it also provided the basis for the development of the subsequent data collection programme, comprising scheduled rounds of interviews, requests to observe meetings, and requests to view documents.

The second round comprised interviews with members of the Executive Committee, during which the foci of data collection were threefold: (1) whole of organisation performance reporting, (2) functional area performance reporting and (3) understanding the activities of the organisation and the processes used for management, governance and acquitting external accountabilities. Around the completion of the second round of interviews, access was gained to one of the key organisational forums, the fortnightly Executive Committee meetings, and also to monthly Managers meetings, and Service Managers meetings.

The third round comprised interviews with the organisation's fourteen managers and some team leaders. It began with a pilot interview with one manager, during which the role of managers, and, in particular, their performance reporting responsibilities were

explored.  From this interview, the semi-structured questionnaire to be used for the remainder of the third round was finalised. Since it became clear that data collection would become significantly more detailed, a structured data coding tool was developed, to ensure that the coverage was comprehensive. The tool comprised a checklist of likely uses of performance information. At that stage, the data collection effort centred on four issues: (1) performance reporting at the management unit (service area, business unit or support department) and programme levels, (2) understanding activities at the management unit and programme levels, (3) understanding the views of managers and team leaders on whole of organisation performance reporting, and (4) understanding their views on the processes used for management, governance and the acquittal of external accountabilities.

At the completion of the third round the comprehensive analysis of data began. From this examination of the data, tentative answers to the research questions were framed, and consideration was given to the overall shape and structure of the thesis. Fieldwork continued with observations of meetings and analysis of the considerable body of documentary evidence that was collected.

Thus, at the commencement of the fourth round, which comprised interviews with board members, the researcher was beginning to frame higher order levels of questions concerning three matters: (1) the meaning of organisational performance in a CWO, (2) the roles of performance reports in the processes of management, governance and the acquittal of external accountabilities, and (3) how individual board members used performance reports.

The final, fifth round of interviews comprised follow-up interviews with the organisation's executives. This round of interviews was used to elicit new information from executives concerning the meaning of organisational performance in a CWO, the roles of performance reports in the processes of management, governance and the acquittal of external accountabilities, and the ways in which they each used performance reports. It was also used to confirm or disaffirm the tentative analysis that the researcher had developed to that date. For example, the researcher's conclusions concerning the very different performance evaluation roles played by the Board's two standing committees (see Section 9.3.3) and the organisation's approach to balancing financial and non-financial performance evaluation (see Section 9.4.4) were unequivocally confirmed by executives. None of the researcher's significant analyses were disaffirmed by organisational participants.

During the five interview rounds, both formal and informal interviews were utilised. However, the greater part of the data collected through this channel was from formal interviews, which were conducted with those members of staff identified as having specific knowledge that was pertinent to the study. Interviews were open ended, that is, they were conducted using a method that allowed the interviewer to raise pre-determined questions, but it also allowed questions to emerge during the interview and allowed the informant to raise issues (Yin, 1989). Interviews were taped, and a structured approach to note taking was also used (Schatzman and Straus, 1973). Informal interviews comprised spontaneous questioning of informants prior to and immediately after some observation sessions, and at organisational social functions,

such as monthly, Friday night drinks.  The interview method was therefore classified as active control (McKinnon, 1988).

During interviews, an effort was made to actively engage the interviewee, by posing stimulating questions and permitting interviewees to follow the logic and flow of their responses, rather than rigidly bringing them back to a set questionnaire. However, in every interview, the researcher ensured that all of the predetermined questions were asked. As well, all interviews concluded with the researcher inviting the interviewee to comment on any issue they considered to be relevant that had not been covered. There were no restrictions placed on the researcher in relation to either access to interviewees or the subjects discussed. At no time did an interviewee decline to answer a question. Overall, the researcher felt that the usefulness of data collected through interviews was of a very high quality.

Immediately following the interview, the researcher made field notes that recorded an overall reflection on the interview, any matters that were to be followed up, and any data cross referencing with previously collated evidence that came to mind. Interview tapes were checked (to ensure that there were no technical problems) duplicated and sent to a transcriber. On return of the transcription, it was checked against the tape, and any errors were rectified. Transcripts were then analysed using a manual coding system.

Observation of meetings and workshops occurred in tandem with interviews, with the researcher adopting the role of passive observer (McKinnon, 1988). During the

observation session, comprehensive field notes were made. Immediately after each session, the notes were reviewed to ensure that they were clear and to record the researcher's overall reflection of proceedings. Any follow up action was also noted, for example, requests for documents mentioned during proceedings and comparison with previously collated evidence. As soon as practical (but within twenty-four hours) observation notes were typed up and analysed thematically, using a manual coding system.

As with requests for interviews, all requests for access to meetings were granted, and, on only two occasions was the researcher asked to leave the meeting while sensitive issues were discussed. The first related to an unidentified issue concerning an individual within the organisation. The second concerned a sensitive policy issue. However, during subsequent interviews with individual board members, two respondents provided unsolicited, informative comments on the policy issue.

Documentary evidence in the form of policies, reports, minutes of meetings, charts and plans were used in a number of ways: to define systems, to provide background information, to provide comparisons with data from other sources, and to provide basic data for analysis. Each document analysed during the field study was numbered, its source (person or meeting) was identified, its purpose recorded, and its content was analysed. Document analysis proved to be particularly useful in the early stages of the field research. For example, the duty statements of executives and managers highlighted some important performance reporting functions undertaken by them; and the selection criteria for board members indicated some important aspects of the role of performance reporting in organisational governance. However, unlike the other two

data sources used, access to documents was not unrestricted; thus, the greatest benefit from document analysis was through triangulation with data from interviews and observations.

Contemporaneously with the chronologically ordered collection of data, the researcher undertook a thematic exploration. Based on the prior literature, eight aspects of organisational performance reporting were identified: (1) governance, (2) management, (3) functional, (4) financial, (5) external accountability, (6) resourcing, (7) context, and (8) overview performance evaluation. Thus, the researcher sought to organise data according to which aspect(s) it related. For example, with respect to aspect (4), the researcher ensured that he understood how financial performance was reported in the organisation; and, with respect to aspect (5), he sought to understand how external accountabilities were acquitted. The overview of performance reporting (aspect 8) developed into the comprehensive inventory of performance measures that is presented in Appendix 5. As data collection proceeded, each of the eight "organisational views" was developed, and provided the researcher with a checklist against which to ensure that the elicitation of data was comprehensive.

### 3.4.8: Data Presentation and Analysis

In case studies, data presentation and analysis occur in an essentially narrative format (Llewellyn, 1998). However, since the interpretive methodology does not conceive of data as being theory independent, description and analysis are intertwined, i.e. in data analysis and presentation occur simultaneously (Chua, 1996), and the sequence of the

chapters and sections reflects the logic of the underlying analysis (Yin, 1989). In contrast, positivist methodologies treat data presentation and analysis as two distinct steps (Yin, 1989).

As indicated in Chapter 1, in this thesis, data presentation and analysis are presented across seven chapters (4 to 10) in a way that extends the methodological principle of Chua (1996), that the early chapters of the thesis largely present empirical evidence through a lower level analysis; a balance that reverses as the thesis progresses, with later chapters largely providing a higher level analysis with little presentation of empirical evidence. Consequently, each chapter can be classified according to where on a continuum between data presentation and analysis it sits. Such a classification was illustrated in Figure 1.2, which is here reproduced (for ease of reading) as Figure 3.4 (over).

### 3.4.9: Criteria for Interpreting the Findings

Criteria for interpreting the findings of the study are required in order evaluate the research (Yin, 1989; Chua, 1996). Two criteria are suggested: the extent to which the research contributes to theory development, and the validity and reliability of the researcher's methods and findings (Chua, 1996). The discussion on theory building from case studies (in Section 3.3.3) concluded that both within case analysis (Campbell, 1988; Eisenhardt, 1989; Yin, 1989) and comparison with prior theory were required (Eisenhardt, 1989; Yin, 1989). Such an approach is consistent with the low position with respect to theoretical development in Laughlin's (1995) model. Because it is accepted that the values of the researcher are intertwined with notions of

**Figure 3.4: Data Presentation and Analysis: The Continuum Between Description and Analysis.**

**Chapter 11:** Conclusions, implications for existing knowledge and limitations.

**Chapter 10:** Explains, through the perspective of Strategic Choice Theory, why the case organisation used the performance reports that it did.

**Chapter 9**: Explains how the various performance reports were integrated

**Chapter 8:** Explains the nature and usage of, and imperatives for mandatory performance reports.

**Chapters 5, 6 and 7:** Explain the nature and usage of, and imperatives for, voluntary performance reports.

**Chapter 4:** Outlines the case organisation and its environment.

**Largely presentation of empirical evidence and lower level analysis.**

**Largely higher level analysis with little presentation of empirical evidence.**

truth (Archer, 1988; Yin, 1989; Denzin and Lincoln, 1994; Watson, 1994; Laughlin, 1995), and both the frames of reference of the researcher and the researched are considered (Llewellyn, 1993), the strength of within case analysis lies in the plausibility of the patterns that are developed. Comparison with prior theory requires comparison of the findings of the present study with the literature that informed the study, and also consideration of the extent to which the present analysis accords with the tenets of Strategic Choice Theory.


## 3.5: CHAPTER SUMMARY

This chapter has outlined the research strategy. It has shown that a single organisation, interpretive, field-based case study was conducted over the seventeen-month period from February 2002 to June 2003. It has suggested that the field-base case study permits an empirically-grounded study, which is particularly apposite, given the dearth of empirically-based literature on the subject of performance measurement in CWOs that was demonstrated in Chapter 2. In recognition of the importance of the role of the researcher in undertaking interpretive studies, the approach was located using Laughlin's (1995) model, where it was shown to have occupied the middle position on prior theorisation, the middle position on methodological specification, and the low position with respect to change.

Data collection, analysis and presentation were informed by Strategic Choice Theory (Child, 1972; 1997). Particular attention was directed to the issue of theory development from case studies, since it is through the development of theoretical generalisations that case studies contribute to knowledge (Eisenhardt, 1989; Chua,

1996). Theory building from case studies has been identified as an inductive, iterative process that emerges from the research process, and is based on a synthesis of the judgement of the researcher and the subjective views of the research subject. Theories developed from case studies are grounded in the case. Such a position is also consistent with the concept of the exemplar. The exemplar is an amalgam of fact and theory: it represents an instance of a theory, that is the theory and the empirical conditions are inextricably bound together. On Llewelyn's (2003) scale, the present study offers a scope of theorisation that sits at Level 3.

The research design for the present study was outlined, and attention was given to the issue of research design quality. Four logical tests of research design quality that acknowledge the central role of judgement in interpretive research (Yin, 1995) were discussed, and strategies to deal with threats to the validity and reliability of the research design (McKinnon, 1988) were canvassed. An eight-part research design has been adopted, which can provide a suitable practical and conceptual guide to the present research, and permit rigorous evaluation of the methods and findings by the research community.

This chapter, together with review of the literature in Chapter 2, have provided the foundations for the present thesis, which proceeds in the following chapter with an outline of the context in which the field study took place.

## — 4 —

## THE CASE ORGANISATION AND THE ENVIRONMENT
## IN WHICH IT OPERATED

### 4.1: INTRODUCTION

The case organisation was a large, multi-service CWO that had delivered services and engaged in public policy debate for more than a century. It was thus well established within the South Australian community. This chapter begins with a brief overview of the Australian welfare system, showing it to be a mixture of public, community and private sector endeavours. It then highlights the role of CWOs within that system. Following that, the case organisation is profiled: first its historical development is traced; and, second, its salient characteristics at the time of the study are presented. Such a comprehensive analysis is required because the nature and use of the performance reports, the factors that shaped their construction, and the imperatives for their use were found to have been profoundly influenced by the organisation's culture, size, diversity and structure; the values of those who governed and managed it; the organisation's strategic orientation; and the extensive requirements of the Australian welfare system.

### 4.2: THE SYSTEM OF WELFARE SERVICE PROVISION IN AUSTRALIA

Welfare services in Australia are delivered within a welfare state, with responsibility for providing the social infrastructure assigned to the state; and the delivery of services to government departments, private operators, and CWOs (Graycar and Jamrozic, 1989). In 1999/2000, welfare services in Australia were valued at

$13.7b [4] or 2.2% of GDP[5] (AIHW, 2001, p.27). As evidenced in Figure 4.1[6], there significant economic transfers, with CWOs being the largest service providers, whilst government was the largest funder.

**Figure 4.1: The Proportion of Welfare Services Provided and Funded by Each Sector**

NOTE:
This figure is included on page 84
of the print copy of the thesis held in
the University of Adelaide Library.

Source: Based on AIHW (2001, p.30).

Studies of expenditure by CWOs (ABS, 1998, 2001)[7], and employment in them (ABS, 2001), have also demonstrated their significance. Furthermore, ABS (2001) showed that the welfare system has grown recently, with a proportionately increased role for CWOs; i.e. in the two years to 2000, expenditure by not-for-profit organisations increased by 47%, private sector entities by 16% and government organisations by 6% (ABS, 2001).

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[4] The AIHW estimates the value of services provided, which includes an imputed value for those services not delivered through formal exchanges, i.e. most of those provided by the household sector. It also includes an estimation of the value of volunteer effort and input tax exemption enjoyed by the voluntary sector.

[5] By comparison, the contribution of Agriculture, Forestry and Fishing industries to GDP was 3% in that year (Australian Bureau of Statistics (ABS), 2002).

[6] The AIHW includes both for-profit and not-for-profit organisations as non-government service providers. From discussion with the AIHW statistician it was possible to estimate the proportions of services proved by each sector, but not the proportions of funding. Consequently, funding figures remain aggregated.

[7] There are differences in the scope of the AIHW and ABS surveys. For example, the AIHW classifies the provision of nursing home accommodation as a health activity, while the ABS classifies it as a welfare activity. Importantly however, in modelling the field of welfare activity in Australia, both surveys demonstrate the same relativities between sectors.

## 4.3: A PROFILE OF THE COMMUNITY WELFARE SECTOR

In 1999/2000, there were 5,938 employing CWOs in Australia (ABS, 2001, p.5). The sector was heterogeneous, with CWOs displaying variations in size, age, geographical focus, and service type. The most recent significant study of the size of the sector showed that, in 1993, the largest fifty organisations each had recurrent expenditure greater than $10m and had an aggregated expenditure of $1.6b, while more than 50% of organisations had expenditure less than $100,000 and employed fewer than five staff (IC, 1995).

Many CWOs are well established: in 1993, only four of the fifty largest CWOs were less than fifty years old, and sixteen were more than one hundred years old (IC, 1995). Most older CWOs operate under the auspices of established Christian Churches (Graycar and Jamrozic, 1989). However, the majority of CWOs are much younger (Milligan, Hardwick and Graycar, 1984; Community Service Victoria, 1992). The geographical focus of individual CWOs is relatively narrow, with few having a national focus (Milligan et al. 1984; Lyons, 2001). However, CWOs tend to operate in more than one service field (Milligan et al., 1984; IC, 1995; Lyons 2001).

Such is the significance of the role played by Australian CWOs that it has been acknowledged to be one of co-responsibility with government (Beilharz, Considine and Watts, 1993; Graycar and Jamrozic, 1993; IC, 1995; Robbins, 1997), which the Industry Commission  (1995, p. XX) noted, "has been established by convention and by law".  The development of this relationship is outlined in the following section.

**4.3.1: Co-Responsibility with Government: A Broad Strategic Orientation**

Australian CWOs originated in the early nineteenth century. Adopting the English charity model, they were independent, voluntary associations that raised money through public subscriptions to fund services (Kewley, 1973; Dickey, 1986). However, government always provided considerable additional funding (Kewley, 1973; Milligan et al., 1984). In South Australia, the establishment of significant independent charities began later (Dickey, 1986) during the movement of Central Methodist Missions of the early twentieth century, one of which was the case organisation (Bailey, 1987).

The welfare system has progressed with the voluntary and government sectors developing, at times independently, and, at times, together (Milligan et al. 1984); with large CWOs able to initiate programmes because of their significant resources. (IC, 1995; Lyons, 2001). However, during the 1960s and 1970s, service provision expanded, owing much to Commonwealth Government policies that preferenced a partnership with the CWOs; the development of the sector; and building on existing community resources (Kewley, 1973; Lyons, 2001). From the mid 1950s, Commonwealth Governments targeted CWOs as the preferred providers of service such as residential aged care (1955) and home nursing (1957) (Kewley, 1973). From 1965, the Commonwealth Government boosted the sector's development by funding peak bodies to undertake co-coordinating and research roles in the community; and by including their representatives on consultative committees (Kewley, 1973). Such support also assisted CWOs to pioneer models of service delivery that were later deployed by public and private sector providers (Kewley, 1973: Lyons, 2001). Commonwealth Government stimulation of the sector continued during the 1980s,

with further contributions from state governments (Lyons, 2001). Such developments evidence interdependency between CWOs and government.

From the late 1980s, calls for smaller government and less taxation caused the South Australian Government to lessen its commitment to direct service delivery (Healy and Regan, 1992). In 1987, the South Australian Department of Community Welfare (DCW, 1987) noted an increased demand for welfare services in the community, but questioned the ability of governments to continue providing them. DCW (1987) also observed a trend in the delivery of all human services from the state to the non-government sector. During the 1980s, the DCW rationalised its direct services provision, with the increased demand taken up by an expanding community welfare sector. Overall, the number of services available increased, but became more specialised (DCW, 1987).

Both DCW (1987) and Lyons (2001) distinguish between government funding of CWOs to provide services, because of their community bases; from the concept of contracting out. According to Lyons (2001), the expansion of the community welfare sector in Australia was not the result of privatisation, nor of contracting out, because the public sector had never been a major provider of services. While there have been instances of the privatisation of welfare services, in Australia, these can be matched by examples of governments nationalising services provided by CWOs Lyons (2001).

Thus, by the 1990s, a relationship of co-responsibility between the community welfare sector and government for the provision of welfare services was well established, and,

in South Australia, was particularly strong (Robbins, 1997). Furthermore, it coincided with an era when the sector experienced a significant increase in professionalisation, which was underpinned by courses in policy studies, social administration and social work (IC, 1995; Robbins, 1997).

A commensurate increase in the professionalisation of the governance and management of CWOs has also been observed. Lyons (2001), for example, notes that while CWOs are governed by voluntary boards, many board members have business or management qualifications. Furthermore, a survey by Lyons and Nyland (1995) dispelled the perception that CWOs are predominately managed by volunteers, finding that more than 80% of staff performing the roles of either chief executive officer or co-coordinator had prior experience in a senior management position.

**4.4: THE CASE ORGANISATION: ADELAIDE CENTRAL MISSION (ACM)**

**4.4.1: Organisational Development**

ACM was established in 1901 as part of the movement of Central Methodist Missions. Having started with evangelistic aims, its focus soon shifted, with the provision of welfare being seen as a Christian responsibility to the disadvantaged in the community, rather than as evangelising. Overall, ACM developed a progressive approach; targeting the most marginalised in the community, and adopting an approach of working with, rather than for clients (Bailey, 1987).

By the mid twentieth century, ACM had begun to evolve into a modern, professional organisation. In the 1950s, the charity model was replaced with a strategic approach to

service provision and advocacy (Bailey, 1987). Innovations included the early establishment (1944) of a residential aged care facility (which was to become a service model used nationally), leadership in the movement to de-institutionalise the care of orphans in the 1970s; and the establishment of Australia's first credit union (Bailey, 1987).

Innovation, however, was anchored in tradition. Current programmes, such as those providing family relationship counselling were built on service traditions that had evolved over decades. Furthermore, a telephone-based crisis-counselling service, and various programmes providing support for the homeless, had been provided continuously for forty years. However, many programmes delivered by ACM in 2002 were recent, a situation that was largely due to changes in the nature of government funding, which targetted specific, and consequently more numerous, issues. (The development of the organisation's programmes is outlined in Appendix 6.)

In the 1960s, ACM embraced professionalisation in social work, by employing its first trainee social workers. By the 1970s, social work practice included programme design and evaluation. Throughout the 1980s and 1990s, ACM continued to develop and embrace frameworks for evaluation, performance measurement and quality management (Bailey, 1987). In 2000, it initiated an organisation wide performance measurement system; while in 2001, it began to deploy a quality management framework.

Throughout its history, ACM effected a strong advocacy role, which was strengthened with the purchase of a radio station in 1943. While the radio station was sold in 1984, ACM continued a weekly broadcast, which was used to advocate on contemporary issues. Since 1961, it has published a quarterly pamphlet. In the 1980s, the organisation began advocating for social justice, not just welfare reform. In 1995, the organisation established what is now the Research and Development Unit, which, inter alia, has provided ongoing, targetted research and advocacy on important issues.

Governance and management structures also evolved. While for most of the organisation's history, management was vested in a superintendent, who was a minister of religion; the role was split in 1992, with the creation a CEO position, in whom responsibility for executive management was vested, and a Minister of the Mission position, whose incumbent performed a wide-ranging role that included executive responsibilities and the encouragement of a faith based approach to welfare work. In 1989, the Board structure changed from a large, twenty-two member committee on which sat representatives of the various elements within the church; to a smaller one, comprising mainly people with a professional background, who could provide expert advice to the organisation. In 1995, the affairs of the organisation were divided between two arms: a service arm and a funding arm, each of which was separately incorporated, but under the control of the one board (see Section 4.4.2.2). In 2001, the organisation embarked on a major strategic change of direction, when it entered a formal Missions Partnership with three other CWOs, to engage in joint planning, policy development, and some rationalisation of service effort.

Like other church-auspiced charities of its vintage, welfare services were first funded through public subscription, but even then, the organisation also resourced its activities by renting surplus property (Bailey, 1987). Throughout its history ACM attracted resources through appeals, fundraising events, and through undertaking commercial enterprises. For example, proceeds from the 1988 sale of its radio licence were invested in order to fund other activities.

### 4.4.2: A Profile of the Case Organisation in 2002

### 4.4.2.1: Organisational size

In 2002, ACM provided fifty-three programmes in eight service fields. As the largest CWO in South Australia, and one of the largest nationally[8], it employed six-hundred staff (four-hundred-and-three FTE positions), and enjoyed the support of more than six hundred volunteers. Expenditure in 2002 was $27.3m, with the largest proportion (79%) funding core services, with income generation consuming 17% of expenditure and management and administration 4%, as shown in Figure 4.2 (over). Revenue in 2002 was $27.2m, which was derived from four sources, as shown in Figure 4.3 (over). The organisation's net assets were $56m, including $34.4m in investments.

### 4.4.2.2: Organisational Governance

At law, the case organisation comprised two related entities, ACM Inc. and Forsyth Foundation (FF) Inc., each of which was incorporated under the Associations Incorporations Act SA 1987. The arrangement was effected by the Synod in 1995,

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[8] The Industry Commission of Inquiry into Charitable Organisations in Australia (IC, 1995) ranked the largest 50 charities on the basis of income. ACM ranked 27th nationally, and was the largest in South Australia. An examination of charity annual reports for 2000/2001 indicates that this relativity has been maintained.

**Figure 4.2: Organisational Expenditure**

Core activities :
services and advocacy: 79%

Income generation 17%

Corporate management &
administration (4%)
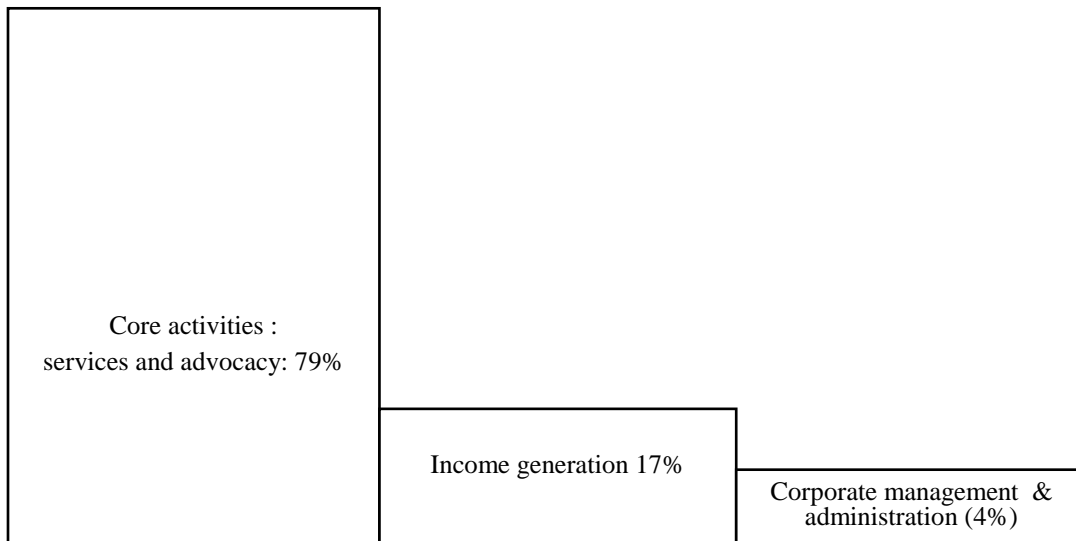
**Figure 4.3: Sources of Revenue**

Rents and fees: 22%

Sale of goods: 20%

Investments,
fundraising
& donations:

Government subsidies:
49%
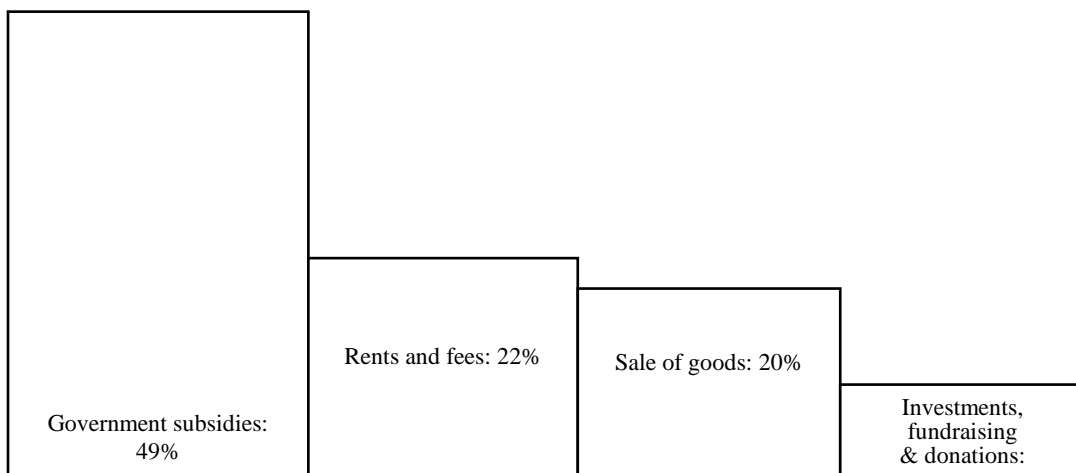
## Definitions of Terms Used in Figure 4.3

| Revenue Item | Definition |
|---|---|
| **Government Subsidies** | Income from government for the delivery of welfare programmes. |
| **Rents & Fees** | Fees paid by clients of the two residential aged care facilities, and fees charged to clients for personal support in the disability services area and for the supply of education and training services. |
| **Sale of Goods** | Income generated through a chain of (mainly) clothing recycling stores. |
| **Investments** | Income from assets held by the organisation. |
| **Fundraising & Donations** | Income generated by the Business Development Unit. |

whereby it endowed ACM Inc. with the purpose of undertaking welfare work and FF Inc. with holding assets. There was no category of general member for ACM Inc., with membership of ACM Inc. comprising its board members. Under the constitution of FF Inc., its membership and board comprised all members of the board of ACM Inc. FF Inc. had only one executive officer, the CEO of ACM Inc. (Unless otherwise indicated through use of the appellations ACM Inc. and FF Inc., this thesis treats the two entities as a single organisation, ACM.) The organisational structure is depicted in Figure 4.4 (over).

Organisational governance of ACM Inc. was principally determined through its constitution. However, two other factors were influential: (1) the ongoing relationship between the Minister of the Mission and the Church, (2) and participation by community members.

The constitution of ACM Inc. provided a singular purpose for the organisation's existence, with the objects clause stating,

"[t]he association is established for the purpose of enabling the Church in the State of South Australia to work with people in need, particularly those who are in some way disadvantaged, to improve their situation in ways that enhance their lives", and that, "the Association is committed to work for a just and caring society which respects the rights, values and dignity of all people" (ACM, 1995).

**Figure 4.4: Organisational Chart**

| | Board | | |
|---|---|---|---|
| Community Service Committee → | | | ← Stewardship Committee |

Executive Committee

Chief Executive Officer

Minister of the Mission

| General Manager Services | Corporate General Manager | Executive Manager Human Resources | Executive Manager Research and Development |
|---|---|---|---|

Service Managers (1-8)

Managers Business Development Unit/ Information Systems/ Finance Department

Manager Goodwill

Manager Education & Training

Manager Advocacy & Communications

Team Leaders in programmes (1-n)

Team Leaders Educati

Coordinators & Staff in programmes

Staff of Business Development Unit/ Information Systems/ Finance Department

Goodwill Store & Factory Managers

Human Resources & Payroll Staff

Research and Development Staff

Governance of ACM was vested in an eleven-member board, which met monthly (excluding January). The Board had two permanent sub committees: the Stewardship Committee, which had a financial orientation; and the Services Committee, which focused on service issues. Periodically, the Board formed ad hoc committees to deal with specific issues. All board committees reported to the Board. Nine board members (including the Chair) served voluntarily in non-executive capacities, whilst

the other two, the CEO and the Minister of the Mission, served in ex officio capacities. The standard period of appointment for Non-Executive Members was a term of three years, which could be extended for a further two terms. Non-executive members were appointed by the Synod. However, in practice, nominations were initiated and dealt with by the Board, and put to the Synod for ratification. Members were appointed on the basis of their commitment to the objectives of the organisation and their capacity to contribute to governance of the organisation by bringing to the Board a particular professional expertise and/or cultural or demographic perspective. Such selection criteria were codified in the Synod's, "Agency Board/Council Nomination Form", which was used for all its agencies. There was a further constitutional requirement that the Chair of the organisation be a confirmed member of the Uniting Church, and an active member of a congregation. By convention, at least half the membership was required to be members of the Uniting Church. Under the organisation's constitution, the Synod also had the power to remove board members, and sole authority for altering the rules of the organisation. As such, *control de jure* over the organisation was vested in the Church.

The association's accounts were open to board members at all times, with properly audited annual accounts, together with reports and statements of the Board and the auditor's report tabled at the annual general meeting (ACM, 1995). Although the organisation's constitution did not prescribe any form of performance reporting to the Church, the annual accounts were forwarded to the Synod's Services Committee.

The organisation also brought into its governance team, through the creation of community member positions on its two permanent sub committees, people whom it considered would advantage the organisation because of their specific expertise, and /or demographic perspective. For example, The Stewardship Committee had one Community Member who possessed expertise in fund management; whilst the Services Committee had four who had expertise in those human services fields in which the organisation was most active, but which were not otherwise covered by existing services committee members. The demographic criterion was applied to include "non church people" on the board, because the organisation sought to work with the whole South Australian Community; and also to ensure a gender balance.

Organisational governance was influenced, in a novel manner, as a consequence of the relationship between of Minister of the Mission and the Church. While the Minister of the Mission was employed by ACM in a full time Executive capacity, by dint of which he was an ex-officio member of the Board; the duty statement for the position required the Minister of the Mission (in his capacity as an ordained Minister) to fulfill a responsibility to the Church. As such, he was required to report to the Presbytery of Adelaide North West in matters of faith and discipline, and to the Synod of SA for the exercise of his ministry. Within ACM, he reported directly to the Board of ACM, but not to the CEO, as did other Executives.

**4.4.2.3: Organisational management**

Management authority was formally delegated by the Board to Executives through the policy, "B9: Delegations of Authority and Responsibilities for Staff Appointments and

Financial Commitments". This policy, provided principally for the delegation of management authority to the CEO, who, in turn, had a broad authority to make further delegations of authority. However the policy also included some specific delegations to executive managers for undertaking specified functions. The management structure at ACM, which is depicted in Figure 4.4, was relatively flat, having just four designations with management responsibilities: (1) The CEO, (2) Executive Managers, (3) Managers, and (4) Team Leaders (or equivalent).

The CEO was responsible for managing whole of organisation (corporate) issues; oversight of the four Executive Managers; chairing the Executive Committee; providing the primary acquittal of accountability for the management of the organisation to the Board; managing the organisation's strategic relationships; and contracting, on behalf of the organisation, with external parties.

Reporting to the CEO, were four Executive Managers, each of whom was responsible for one of four functional areas that marked the main division of activity within the organisation:  Service Delivery, Human Resource Management, the provision of Corporate Services, and Research and Development. Executive Managers undertook three broad roles in the organisation: (1) each had responsibility for a functional area, including the direct oversight of managers; oversight of budget preparation; ongoing financial management; planning; control; performance measurement; and the management of strategic relationships that related to their areas of functional responsibility. (2) Each contributed as an individual to the corporate infrastructure.

(3) As  members of the Executive Committee of the organisation, executive managers undertook a collective role in organisational management and contributed to governance.

Within each functional area, management authority was devolved to managers. There were fourteen managers in the organisation: eight Service Managers, two Support Department Managers, three Business Unit Managers and the Manager Advocacy and Communications. With the exception of the last mentioned, whose role was one of policy development and advocacy rather than line management, all had a responsibility for the work of others in their service area, department or unit; including the direct oversight of staff, and financial management, They were responsible for planning, implementing organisational policies, and performance reporting. Service Managers were also responsible for negotiating with funding bodies, and participating in the strategic management of their service area. For example, Service Managers undertook extensive consultation with government funding agencies, other welfare agencies with which there was an integrated service delivery, regulators, client groups, professional bodies, and peak councils.

Within each service area, and the Education and Training Unit, there was further devolution of management responsibility to Team Leaders, while in Goodwill Industries, there was further devolution of responsibilities to Store Managers; all of whom reported directly to a manager. Team Leaders were also (but to a lesser extent than managers) involved in the management of the strategic relationships that influenced their programmes. Team Leaders tended not to have financial management

responsibilities, but did undertake planning and performance reporting roles. The primary management forum in the organisation was the Executive Committee (the Executive), which comprised the CEO, Minister of the Mission and the four Executive Managers. The Executive met twice per month, with both meetings dealing with the general business of the organisation, which included planning, control, financial management, and policy development. However, the second meeting also dealt specifically with organisational performance measurement. Although wide powers of executive authority resided in the office of the CEO, through delegation from the Board; in practice, a consensus decision-making style obtained, which yielded a more decentralised decision-making process amongst Executives.

Within the overall administrative framework of the organisation, a number of other forums facilitated organisational management through providing information sharing and co-coordinating mechanisms. At a whole of organisation level, the CEO convened a monthly meeting of managers and executives, which served as a key mechanism for communication within the organisation. In each functional area, the responsible Executive Manager convened a monthly meeting to co-ordinate work within the area. The purview of these meetings varied between functional areas. For example, in the Services area, the General Manager Services convened a meeting of Service Managers. Since it was within this functional area that the greater part of the organisation's effort was focussed, and the majority of its managers were deployed, these meetings had a managerial emphasis: focussing on information sharing and peer support between Service Managers. Conversely, in the much smaller, and more homogeneous, Research and Development Unit, the Executive Manager Research and

Development convened a monthly staff meeting to co-ordinate the unit's specific programme of work, and deal with administrative issues. All front line services, support departments and business units held monthly staff meetings. Any decision-making role of these meetings was undertaken only through the express delegation of the CEO, within the policy "B9", which was referred to above.

**4.4.2.4: Cross-membership of key organisational forums**

A significant feature of organisational governance and management was the cross-membership of key organisational committees:  a practice that facilitated joint input into decision-making by both the board and management.  The practice, which is depicted in Table 4.1 (opposite),  permitted four of the organisation's six executives to participate in its governance committees. Two executives, the CEO and the Minister of the Mission were ex-officio members of the Board. The Minister of the Mission also sat on both permanent Board Committees, while the CEO sat on the Stewardship Board Meeting, and frequently made presentations on major issues. Furthermore, membership of the Service Committee included a Service Manager and a services staff member, both of whom were nominated by the General Manager Services. Two non-executive staff members, the Finance Manager and the Senior Accountant, also contributed to the Stewardship Committee. However, like the Corporate General Manager, their status on the committee was that of attendees, rather than as members, whose role was to provide information and expert assistance to the committee.

Non-executive board members' representation on the Board's standing committees were as follows: three non-executive board members, all of whom had financial

**Table 4.1:  Cross Representation on Key Organisational Forums [1]**

| EXECUTIVE COMMITTEE[2] | SERVICES COMMITTEE | STEWARDSHIP COMMITTEE | BOARD [3] |
|---|---|---|---|
| C E O | | C E O (eo) | C E O (eo) |
| M o M | M o M (eo) | M o M (eo) | M o M (eo) |
| C G M | | C G M (a) | |
| G M S | G M S (eo) | | |
| E M H R | | | |
| E M R & D | | | |
| | Chair of ACM | Chair of ACM | Chair of ACM |
| | | B M (A) **[4]** | B M (A): Chair of SS C'tee |
| | | B M (B) | B M (B) |
| | B M (C) | | B M (C) Chair of S C'ttee |
| | B M (D) | | B M (D) |
| | | | B M  (E-K) |
| | S M (A) | | |
| | Staff Representative | | |
| | Community Members (A-D) | | |
| | | Community Member | |
| | | Finance Manager (a) | |
| | | Senior Accountant (a) | |

**[1]** Table does not include Ad Hoc Committees, which can comprise any Executive, Manager or Board Member.

**[2]**As well, Managers can make presentation direct to the Executive Committee.

**[3]** As well, two Executive Managers report directly to at each Board Meeting and frequently make presentations.

**[4]** Upper case, alphabetical superscripts are used to denote particular individuals.

**LEGEND:**  a: attendee; ACM Adelaide Central Mission; BM: Board Member; CEO: Chief Executive Officer; CGM: Corporate General Manager; EMHR: Executive Manager Human Resources; EMR&D: Executive Manager Research and Development;  eo:  ex officio; GMS: General Manager Services, MoM: Minister of the Mission; SM: Service Manager.

expertise, were members of the Stewardship Committee; three non-executive board members, one of whom had expertise in human services, and two of whom had

financial expertise, were members of the Services Committee; and the Chair of the organisation was a member of both committees, but did not perform the role of chair on either. Committee. The General Manager Services sat on the Services Committee, and the Corporate General Manager attended Stewardship Committee meetings. In addition, on a rotating basis, two of the four Executive Managers reported directly to each board meeting.

Ad hoc Committees of the Board also comprised board members, executives and staff. For example, during the field study, the Board formed a committee to develop a plan for the organisation's fundraising efforts, with membership of this committee comprising one non-executive board member, one executive board member (the CEO), the Corporate General Manager and the Manager Business Development.

### 4.4.2.5: Vision Mission and Values

ACM's activities were guided by reference to its Vision, Mission and Values Statement; with all decision-making permeated by a highly developed and clearly articulated set of organisational values, and a sense of organisational tradition. The essential message of the Vision, Mission and Values Statement was to provide assistance to the most needy in the community, and to work towards a more caring society. The organisation's vision and mission were explicitly promulgated throughout the organisation. The Vision, Mission and Values Statement was visible in every office and work-space, was referred to in publications, and was constantly referenced by organisational leaders. The organisation's values were those of appreciating the individual dignity of all persons, treating each individual with respect, fairness and

equality, and acknowledging strength in each person. The organisation's traditions, which, as noted above, were well developed, comprised independence, questioning the status quo, and innovation in pursuit of its objectives. Values and traditions were explicitly inculcated throughout the organisation in induction sessions for new staff, performance appraisals, and more generally through the organisation's written and verbal communications.

The values of Christian faith, however, whilst providing the organisation's raison d'être, operated more as an unspoken imperative than a specifically articulated criterion. In discussing this issue, the Minister of the Mission stated,

> "…the fact that Adelaide Central Mission is a Uniting Church community service organisation doesn't mean necessarily that its values will be different say, from a Catholic or a non-church based human service agency…what the gospel requires of us is to be very sensitive to human suffering and marginalisation… we wouldn't be congruent with the faith system if we didn't express that concern in the programmes. So if you look at the programmes… [t]here's a locating ourselves with victims. All of that is an example of the consistency. We don't claim, and it would be improper to claim, any kind of exclusivity: that we're the only ones who do it that way."

### 4.4.2.6: Organisational activities

### 4.4.2.6.1: Introduction

ACM's activities comprised core welfare and advocacy work; and support functions and resourcing activities that were undertaken to facilitate that effort.

**4.4.2.6.2: Core activities of the organisation**

The organisation's core activities comprised three interrelated activities: (1) service provision, (2) policy development and advocacy, and (3) community strengthening. Together these activities absorbed 79% of expenditure, 75% of the effort of paid staff, as measured by the deployment of FTE positions, and most of the volunteer effort (some volunteers were deployed in the business units).

The organisation's fifty three programmes were delivered through eight front line service areas, the foci of which are shown in Table 4.2 (opposite). A description of each programme is provided in Appendix 7. The diversity of ACM's programme suite can be seen by reference to the typology of service functions developed by Milligan et al. (1984). ACM delivered two or more programmes in each of the twelve specific functional areas, and in twenty-eight of the forty-five specific functions identified by Milligan et al. (1984). Furthermore, reference to the classification of service types proposed by Fitzgerald et al. (1991) showed that the organisation delivered all three types of services, with the majority being of a specialist nature; however some domestic services, in residential aged care, for example, could be classified as routine, and some of the in-home support services conformed to the hybrid classification.

The analysis of core activities, which is illustrated in Figure 4.5 (over), shows that residential aged care was the largest service provided by the organisation, accounting for almost 30% of service effort. In total, approximately 40% of the organisation's resources were committed to some form of aged care. In-home client support services,

**Table 4.2: The Foci of Service Areas**

| Service Area | Focus |
|---|---|
| Adolescent Services | Seven programmes that supported young people. |
| Adult Services | Five programmes that assisted those in the community with drug and alcohol problems, and adults who experience homelessness. |
| Aldersgate | Residential aged care facility. Two programmes: high and low care. |
| Care Services For Older People | Residential aged care as well as support for elderly people who wish to remain domiciled in their own homes. |
| Community Services | Nine quite different programmes, including support for long term unemployed people, financial counselling, advice and counselling to those in small business who are experiencing a crisis, and community development work. |
| Disability Services | Five progammes, which offered a range of support services for people with physical and intellectual disabilities. |
| Family Services | Eight programmes that had an emphasis on supporting families, including counselling and in-home parenting support for young families. |
| Neighbourhood Support Services | Nine programmes that provided support for those who were long term carers of invalid relatives. |

which were provided by Neighbourhood Support Services, Disability Services and Care Services for Older People, accounted for just over 33% of service effort. Approximately 37% of service effort was directed towards the very diverse range of programmes that comprised the work of Community, Adult, Adolescent and Family Services, and those Disability Services programmes that did not involve in-home client support, many of which were relatively small programmes that targeted specific issues.

**Figure 4.5 Distribution of Service Effort**

Distribution Of Service Effort (By % FTE of Service Staff)
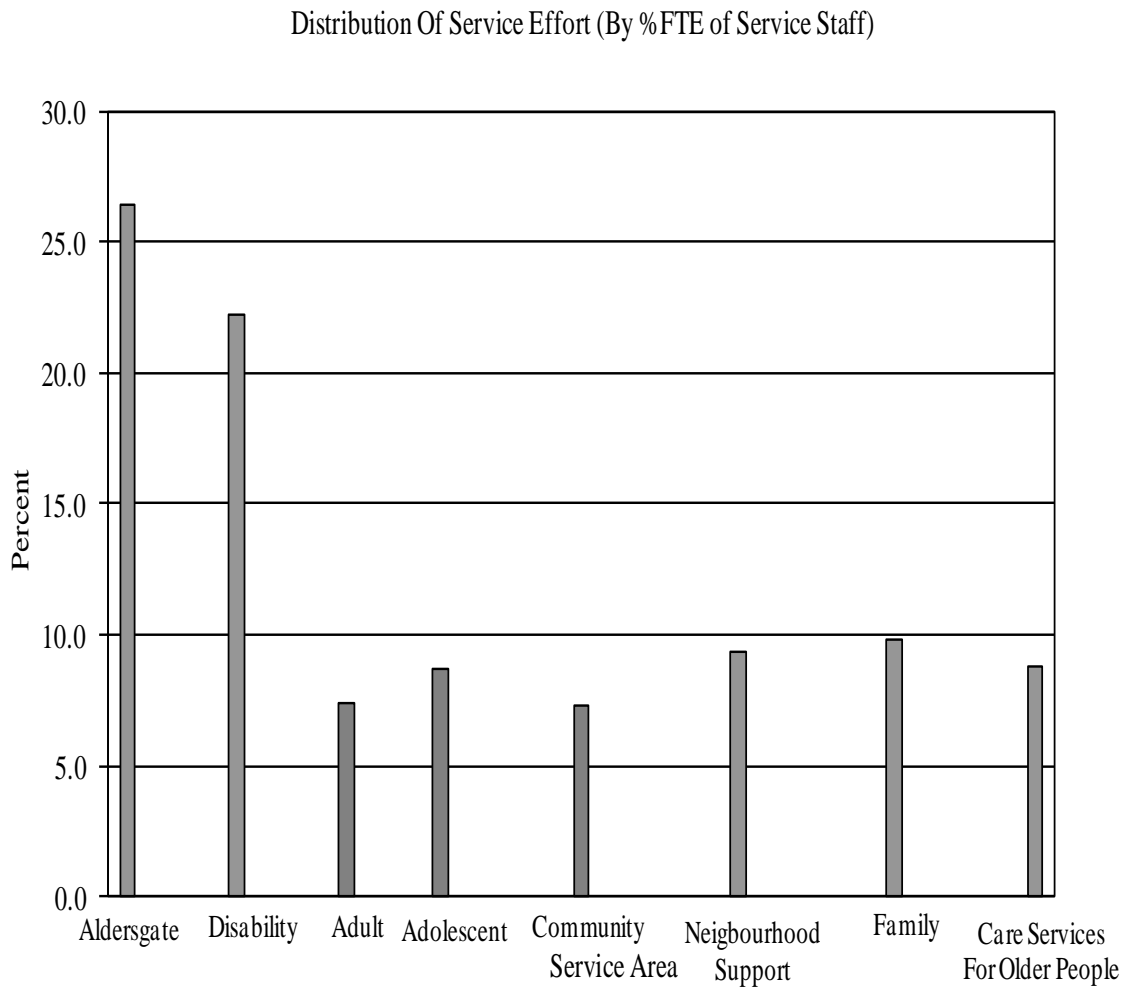


Policy development and advocacy work comprised: (1) the publication of research papers, based on the organisation's experience, which were intended to influence public policy; (2) the preparation of background papers to inform the development of the organisation's services in new areas; (3) direct lobbying; and (4) involvement in government and community sector committees and working groups. In recent years the organisation has sought to extend its influence on the policy debate through undertaking joint research with other welfare organisations, and with a local university.

Community strengthening involved resourcing community based responses to issues. The objective was  pursued directly through the provision of specific programmes, and, more recently, the promotion of social enterprises. At a fundamental level, the notion of community strengthening informed the organisation's work across all areas of service provision, through efforts to empower clients in their dealings with the organisation. Called, "the strengths perspective", its incorporation into the organisation's modus operandi was described by one executive in the following way,

> "What we look for is the strength that people have in their lives, even in the times that are very difficult for them.  And our role is to facilitate the expression of that personal strength that they have to cope with their life."

### 4.4.2.6.3: Support Functions

Core organisational activities were supported by the Minister of the Mission, a corporate infrastructure, two support departments, three business units, and the income generating activity conducted through FF Inc.

The Minister of the Mission played not only the governance and management roles noted above. In addition  he also provided a significant support role through his input into service evaluations and, more generally, in the inculcation of the organisation's culture. According to the duty statement for the position, the incumbent was required,

"[t]o fulfill a prophetic teaching and enabling role in the life of the Mission. To challenge and encourage staff to reflect, understand and apply the Mission's philosophy in the development and operation of all services" (ACM,1998).

The organisation's corporate infrastructure comprised corporate services and human resources management. Corporate services included financial services, contracts management, property management, information management and information technology services, and corporate compliance. Human resource management included employment services, payroll administration, the management of occupational health and safety, and compliance with equal opportunity legislation.

Two support departments, Finance and Information Systems, provided targetted support to executives, service managers and business unit managers. The Finance Department administered the financial resources of ACM and FF and provided direct support and advice to service and business unit managers; while the Information Systems Department provided policy and technical advice, and training throughout the organisation.

The organisation had three business units: Goodwill Industries, which comprised eleven second-hand clothing outlets and a central sorting and distribution facility; Business Development, which undertook fundraising appeals, and managed legacies and bequests, special events and marketing; and Education and Training, which provided fee for service training in a range of vocational subjects. While their

principal roles were the generation of resources to facilitate the organisation's core activities, all business units also performed a service role. For example, Education and Training provided basic literacy and numeracy courses, which were held at a day centre for homeless people.

The organisation invested funds to produce income to fund activities. While the investments were managed through two managed funds, the organisation actively monitored the performance of these funds through weekly financial management meetings, and monthly Stewardship Committee meetings.

### 4.4.2.7: The Boundaries of the organisation

In providing a basic outline of the case organisation a number of important relationships between ACM and other organisations have been identified. These are depicted in Figure 4.6 (opposite). For example, the discussion on corporate governance highlighted the relationship between the Uniting Church and the organisation. It was also seen that membership of the Board's sub committees included external parties (Community Members). Indeed non-executive board members had significant personal links with the Church and other organisations. Furthermore the Minister of the Mission was shown to have reported directly to the Church. Reference has been made also to the organisation's membership of a formal Partnership Agreement with three other Uniting Church welfare agencies, and to its membership of the United Missions Network. In addition, there were joint funding arrangements between the organisation and the Synod for the position of an advocate who worked for both organisations on justice and solidarity issues. The organisation

**Figure 4.6: The Boundaries of the Organisation**
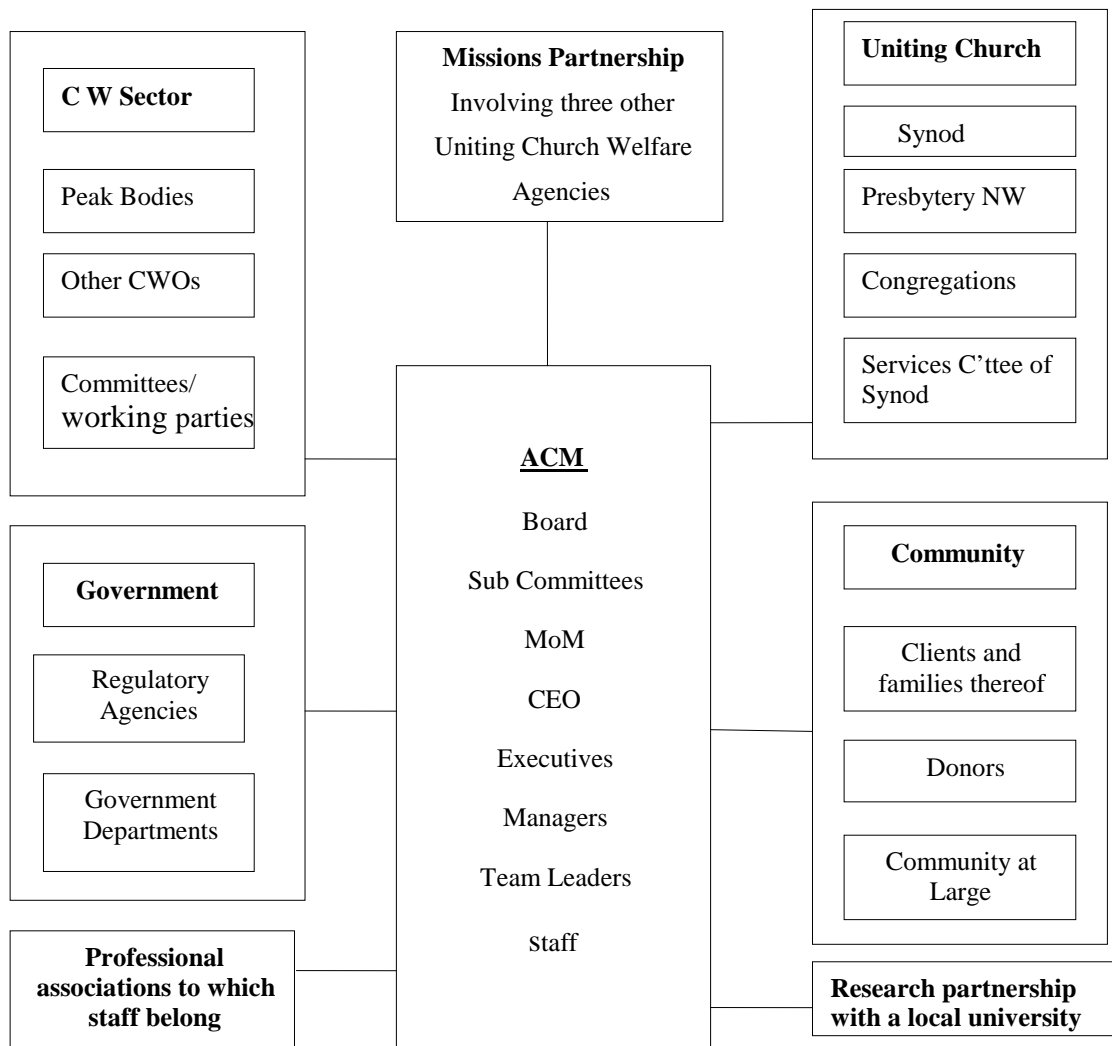


also had formal partnership agreement with the University of South Australia to fund

and undertake research on welfare issues. The organisation was also a member of

the lobby group, the Association of Major Charitable Organisations (AMCO).

Some programmes delivered by the organisation were formally linked to external

organisations; for example, Lifeline, which, in Adelaide, was fully funded by FF Inc.,

was part of the national network Lifeline Australia Inc., which accredited the forty

Lifeline services that operate around Australia. Some programmes of the Mission, for

example the Police Drug Diversion Programme, which was delivered by Adolescent Services, were jointly sponsored with other organisations. Individuals within the organisation also had direct relationships with other organisations in the welfare field; for example the CEO sat on the board of the South Australian Council of Social Services (SACOSS), the Executive Manager Research and Development sat on a reference group of the Department of Human Services that was developing a quality management framework for use by its grantees; and the Manager of Adolescent Services sat on an advisory committee, the Child Welfare Protection Board. The nature of the organisation's funding also created very strong and direct links with a range of government agencies, and the negotiations between the organisation and funders occurred at all levels the management from the CEO through to Team Leaders. Consequently, it can be said that while, from legal and administrative perspectives, the boundaries of the organisation were distinct, operationally and strategically they exhibited a degree of porosity.

## 4.5: CHAPTER SUMMARY

Chapter 4 introduced the case organisation and located it within the Australian welfare system and the community of South Australia.  While the state is responsible for providing the infrastructure and regulation of the welfare system, service delivery is undertaken by  government departments, private operators, and CWOs. Overall, CWOs are the largest providers of services, and government the largest funder. However, many CWOs fund service delivery themselves, with larger organisations, including the case organisation, commanding significant economic and human resources.

It is was shown that a significant interdependency exists between CWOs and Government at both a service delivery and a policy level. Importantly, that relationship was shown to have had deep historical roots that were grounded in the voluntary assumption of responsibility by those who chose to operate welfare organisations, and in government policies that sought to promote a viable non-government sector, operating within the wider economy. CWOs have helped shape the policy and fiscal environment in which they operated, through advocacy efforts, and through the ability of large, established CWOs to initiate services. In recent years, contraction of the welfare state has seen an even larger role for CWOs and further withdrawal by government from the direct provision of services. Consequently, the relationship between the community welfare sector and government has been labelled one of co-responsibility for the provision of welfare services.

Within such as system, ACM has pursued its objectives as an independent, voluntary organisation, and has achieved a significant level of financial independence through its management of resources. It is a large, diverse organisation: one which is primarily a service provider, but which also pursues significant advocacy and community development roles.

Importantly, Chapter 4 included an historical analysis, which was not only important for explaining how the status quo came to be; but also for explaining the continuing dynamics of the Australian welfare state. By demonstrating the parallels between the historical development of the case organisation and that of the sector, Chapter 4 enhanced the usefulness of the theoretical propositions that are offered in this thesis.

It has also outlined the organisation's culture and values which are major determinants of the organisation's performance reporting system.

Organisational governance and management encompassed characteristics of both a voluntary association and also a modern work organisation. Furthermore, the organisation maintained extensive links to its environment, with relationships between the organisation and other entities being effected at all levels within the governance and management structure.

In conclusion, Chapter 4 has provided the requisite background for understanding performance reporting by the case organisation. As noted in Chapter 1, this comprised a mix of voluntary and mandatory performance reporting, which was essentially a strategic response to the organisation's role as an independent, voluntary organisation providing direct welfare services in a twenty-first century, highly regulated welfare state. However, it is in the fine grained analysis of the development and use of performance reporting through the perspective of Strategic Choice Theory that this thesis makes its major contribution. To facilitate this, Chapter 4 has brought into calculation what is needed to consider such an analysis: organisational characteristics such as size, diversity, structure; management and governance arrangements; organisational culture and traditions; and environmental conditions. The substantive analysis of the research questions begins in the following chapter, by considering the organisation's financial performance reports.

# Figure 5.1: The Classification of Major Performance Reports Used by ACM (Per Figure 1.1 Highlighting Financial Reporting)

**DIRECT ACCOUNTABILITY**

To External Parties

## Financial

**Monthly Financial Overview:** Analysis of financial performance, position and cash flows. Covered all organisational activities.

**Monthly Financial Operating Reports:** Analysis of Transactions; Operating Statement; Variance analysis of Income and Expenditure; and Analysis of Unspent Government Subsidies.

**Weekly Financial Review:** Update on financial management projects; Update on management of strategic relationships that related to the financial affairs of the organisations; Weekly statement of cash flows for ACM Inc. and FF Inc.

**Ad Hoc Reports:** Financial analysis and review of various projects.

**Annual Accounts:** Statement Fin Performance, Position and Cash Flows, Notes to Accounts, Directors' Statement.

**Investment Reviews:** Monthly and six monthly performance evaluations of funds under management

**Legend:** ABEF: Australian Business Excellence Foundation; CEO: Chief Executive Officer; EM: Executive Manager; EO: Equal Opportunity; F: Financial; MoM: Minister of the Mission; MOR: Monthly Operations Report; NF: Non-Financial; OHS: Occupational Health and Safety; OPMS: Organisational Performance Measurement System; PIR: Performance Indicator Report.; UC: Uniting Church

| Report | Influence | Presentation |
|--------|-----------|--------------|

---

**Annual Report:** F and NF Performance

**Stewardship:** Monthly Financial Performance

**Board**

**Services:** Monthly report

**MoM:** Quarterly report

**Executive:** (Collective accountability to Board)

**CEO:** Monthly whole of organisation report

### Functional Area

**EM:** Fortnightly verbal report to CEO. Monthly Functional Area Report by each EM to CEO, Executive and Board. Covers financial and non financial performance of activities undertaken within function. Quarterly performance against plans.

**Manager:** Fortnightly verbal and standard monthly and quarterly written reports to GMS on financial and non financial performance of programmes/ support department/ business unit

**Team Leade**r: Fortnightly verbal and monthly written report on performance of programme.

**Coordinator / Supervisor:** Fortnightly verbal and monthly written report.

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## Non Financial

**OPMS Report**: Annual, whole of organisation strategic performance measurement tool. Includes 2 lower level reports.

**PIR:** Quarterly KPIs of output, outcome and client satisfaction

**MOR:** Monthly throughput and demographic statistics

**ABEF:** Whole of organisation quality management tool.

**Staff Development Report:** Indicates progress in meeting staff education and training targets.

**Staff & Volunteer Satisfaction Report:** Biennial and quarterly evaluations by staff and volunteer on 25 dimensions of organisational activity.

**Specific Area Reports:** Local performance measures developed and deployed in a programme or support department to evaluate performance on specific activity.

**Governance Review:** Self-Evaluation of Board's governance .

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## Mandatory

**Compliance:** Performance requirements of regulators

**Accreditation:** Performance required by accreditation agencies

**Contract:** Performance required under service contracts

**Auspices:** Report on organisational performance to UC

To External Parties

# FINANCIAL PERFORMANCE REPORTS

## 5.1: INTRODUCTION

The organisation's financial performance reporting framework comprised six elements: (1) a Monthly Financial Overview; (2) a set of Monthly Financial Operating Reports; (3) a Weekly Financial Review; (4) Ad Hoc Financial Performance Analyses; (5) Investment Reviews; and (6) the Annual Accounts. These are shown in Figure 5.1 (opposite), which highlights voluntary financial performance reporting within the four part classification scheme that was introduced in Section 1.6. Chapter 5 proceeds with an analysis of the nature and usage of, and imperatives for, each element of the financial management framework. The chapter concludes with a summary of the organisation's approach to financial performance reporting. The financial planning and performance reporting framework is illustrated in Figure 5.2 (over p. 120).

## 5.2: THE MONTHLY FINANCIAL OVERVIEW

The Monthly Financial Overview (MFO) was the key organisation wide management accounting tool, covering both 'arms' of the organisation: the operational, administrative and income generating activities of ACM Inc., and the investment activities of FF Inc. It reported each entity's financial performance separately, and on a combined basis[1]. The components of the MFO are outlined in Table 5.1 (over p.121).

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[1] The term "combined" best describes the presentation of the joint financial performance of both "arms" of the organisation. The figures were not consolidated in the sense understood by application of GAAP, i.e. as defined under AASB 127 Consolidated and Separate Financial Statements.

**Figure 5.2: The Financial Planning and Performance Measurement Framework**
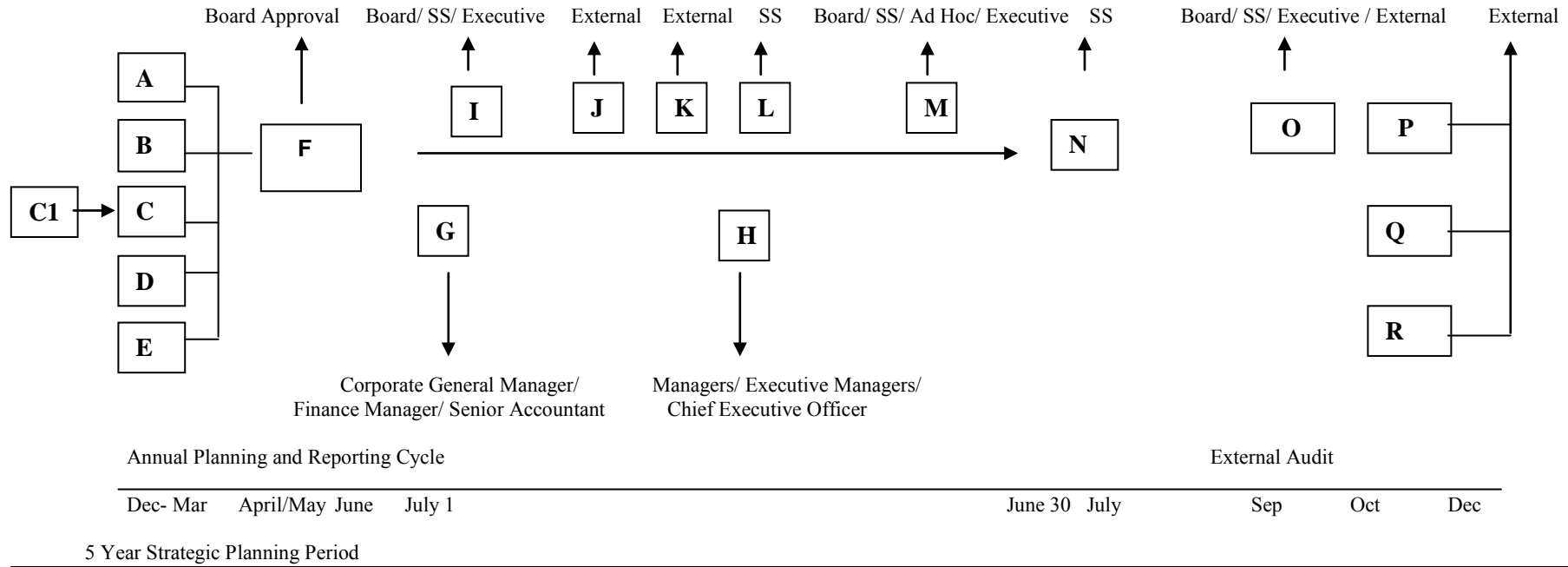


**LEGEND**

| | | |
|---|---|---|
| A ACM Capital Expenditure Budget | G Weekly Financial Summary | M Ad Hoc Reports |
| B ACM Infrastructure Budget | H Monthly Unit Operating Reports | N Annual Financial Review |
| C ACM Operations Budget | I Monthly Financial Overview | O Annual Financial Reports |
| C1 External Grant Conditions | J Quarterly/ Six Mthly Acquittals | P Grant Acquittals |
| D ACM Cash Flow Budget | K BAS Statement | Q Aged Care Prudential Reports |
| E FF Budgets | L Half Yearly Review of Funds Under Management | R Fundraising License |
| F Consolidated Master Budget | | SS Stewardship Committee |

**Table 5.1: Components of the MFO**

| Item | Nature of Performance Measure |
|---|---|
| **Overall Summary** | 1) Variance analysis (actual vs. budget) of consolidated operating result for the month and year-to-date.<br>2) Variance analysis (actual vs. budget) of consolidated cash flow.<br>3) Major variances by programme, business unit or infrastructure cost centre, each with an explanation from the responsible manager.<br>4) Set of solvency indictors: current ratio, income to expenditure, receipts to payments, and an aged analysis of debtors.<br>5) Attestation by the Finance Manager regarding the solvency of the organisation. |
| **Executive Summary of Income and Expenditure** | 1) Vertical analysis that isolated performance in each of four domains: (i) service activity, (ii) income generating activity, (iii) administration activity, and (iv) investment activity. Also provided a summary of consolidated financial performance.<br>2) Horizontal analysis of monthly and year to date variance (actual vs. budget) for each service area, business unit, support department and infrastructure cost centre. |
| **Detailed Analysis of Income and Expenditure** | 1) Vertical expansion, with unit of analysis becoming the individual programme, or other cost centre.<br>2) Horizontal expansion, showing the gross income and expenditure for each cost centre.<br>3) For externally funded programmes, the unspent subsidy; variance analysis (actual vs. budget) for y-t-d.<br>4) Each programme's surplus or deficit after removing the unspent subsidy, and comparison with budget. |
| **Unspent Subsidies Report** | Variance analysis highlighting the portion of government grants unspent at reporting date. |
| **Statement Of Financial Position** | Presented in the current/ non-current format, and was consistent with the format illustrated in Appendix 2 of AAS 36 (AASB, 1999). |
| **Statement of Cash Flows** | Total gross cash flows, the opening and closing balances of cash, and a reconciliation with the net movement in cash flows, for ACM Inc. and FF Inc. separately, and on a consolidated basis. |
| **Analysis of Investment Activities** | 1) Detailed analysis of the financial performance, position and cash flows of FF Inc.<br>2) Analysis of funds under investment, comprising an historical analysis of the performance of funds under investment since inception showing (i) the return on investment (ROI) generated by each of the organisation's two managed investments; and (ii) a comparative analysis of changes in value for each managed investment and a comparison of the percentage change of the organisation's two managed investments. |
| **Capital Expenditure Report** | Showed for expenditure for each programme, business unit or support department, for the month and year-to-date, a comparison with budget, and the source(s) of funds used to acquire each item. |

**5.2.1: Direct Usage of the Monthly Financial Overview**

The MFO was produced by the Finance Department, and was distributed to members of the Executive Committee[2], the Stewardship Committee[3] and the Board. While in each case, the importance attached to the MFO was evidenced by the often high degree of analysis applied to reported figures by committee members prior to meetings, clear differences in its usage by each committee were observed.

At the Executive Committee, members commented on, sought clarification about, or requested further information from the Corporate General Manager on, the range of matters covered in the MFO. However, the performance of income generating activities undertaken by ACM's three Business Units attracted the greatest attention, with the majority of questions relating to their lower than expected revenues. The reasons for this were two-fold. First, and more importantly, revenue from business units was inherently variable; being influenced by a range of external factors, including consumer and donor preferences, the behaviour of competitors and client demand. In contrast, the majority of service programmes had budgeted revenue bases, which, within each budget period, were secured, either from external funders or through the distribution from the FF Inc. Only in

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[2] The Monthly Financial Overview has been distributed to Executive Managers only since February 2003. Prior to that, Executive Managers did not receive reports on the affairs of FF Inc. The change in reporting was an initiative of the Corporate General Manager, who felt that it would be prudent for the Executive Committee to have a better appreciation of the combined financial performance of both arms of the organisation.

[3] As noted in Chapter 4, while the majority of members of the Stewardship Committee were Board members, the Committee also included one community member (and also had the potential to co-opt another), who had no other role in the organisation. As well, the Corporate General Manager and Senior Finance Department staff attended Stewardship Committee meetings. Consequently, the composition of the Stewardship Committee's distribution list must be considered separately to that of Board Members.

those programmes that operated on a fee-for-service basis, was revenue more unpredictable, and therefore monitoring was more time-critical. Indeed, where the MFO did prompt discussion of services, it was generally about such programmes. Second, a comprehensive evaluation of the financial performance of services was contained in the Functional Area Report of the General Manager Services (which is discussed in Section 7.2.6).

The overall performance of the organisation's financial resourcing effort, and the combined financial performance of the two 'arms' of the organisation were not discussed by the Executive Committee, because that committee was the Executive of only ACM Inc. and not FF Inc. (Of serving executives, only the CEO and the Minister of the Mission were officers of FF Inc.) Consequently, the evaluation of overall financial performance and long-term resourcing of the organisation was outside the purview of the Executive and squarely within the responsibility of the Board (and its Stewardship Sub-Committee), an issue that is explored further in Chapter 9.

The Stewardship Committee's discussion of the MFO (and other performance reports) displayed a pronounced focus on organisational resourcing. In the seven Stewardship Committee meetings observed during the field study, the attention of members was overwhelmingly directed to the investing activities and asset sales by FF Inc., and the income generating activities of the three ACM business units. Only on two occasions did the MFO prompt questions about service programmes, with both concerning unfavourable variances in programmes that operated on a fee-for-service basis.

Discussion of the MFO by the Stewardship Committee also evidenced that committee's role in both organisational governance and management (an issue that is dealt with extensively in Section 9.3). The Committee fulfilled a governance role, through members questioning finance staff on issues relating to the performance of cost, profit and investment centres, and obtaining assurances that action was being taken to address variances. On one occasion, for example, the Chair requested a full reconciliation of accounts relating to the sale of a major asset that was reported in the MFO. Pointedly, the Finance Department staff who prepared the MFO stated that they considered its primary audience to be the Stewardship Committee. As such, the MFO also served as a tool for acquittal of accountability by management.

Stewardship Committee members also fulfilled a broader role in the organisation's financial management by giving advice on issues such as assessments of the medium-term macro economic climate, the merits of alternative investment strategies, and the financial management of income generating activities. At one meeting, for example, discussion of the performance of the organisation's investments resulted in a review of the funds under management. Routine discussion of the MFO by the Stewardship Committee also precipitated longer-term, ad hoc analyses, an example of which is provided in Section 5.5. As well, towards the completion of the field study, the Committee commenced a review its investment strategy in light of expected lower returns from listed securities in the medium term. Overall, Stewardship Committee members were particularly active, to the point that, on occasions where members were unable to attend a meeting, their views were forwarded through the Chair.

At Board meetings, the MFO was presented by the CEO, who answered questions from non-executive members, thus acquitting accountability for the financial performance of service and business units. In addition, the Chair of the Stewardship Committee also acquitted accountability to the Board by reporting on those issues in the MFO that had attracted the Committee's attention. At the fourteen Board meetings observed during the field study, the MFO received relatively little comment, with the greater discussion of financial issues by Board members occurring in relation to specific reports concerning the approval of budgets, ad hoc analyses, and the receipt of the annual financial reports. There was however, some discussion of the routine financial performance of items reported in the MFO where those items were also reported by executive managers in their Functional Area Reports.

**5.2.2: The Imperatives for, and the Influences on the Construction of the Monthly Financial Overview**

The imperatives for the MFO were prudential and fiduciary. As a large organisation, with year 2002 expenditure of $27.3m and net assets of $56m, management acknowledged the general prudential requirements of financial management as a reason for comprehensive, timely financial performance reporting. Similarly, board members cited the need for such financial reporting in order to fulfill their fiduciary duties.

However, it was the diversity of organisational activities and sources of income that had the more pronounced impact on the construction of the MFO. As noted in Chapter 4, the organisation delivered fifty-three separate programmes; undertook advocacy and community development work; raised funds through three business units and managed

investments; and supported its effort through three infrastructure departments. Consequently, aggregation and summarisation of information was limited because of variability in activities undertaken across the organisation; and because of variations in revenue sources.

ACM drew income from a diverse range of sources, with both the form in which payments were received, and variation in the risks associated with different income sources influencing the volume of performance reports that were required, and also their interpretation. Within the Services Function, revenue was received through block grants, and on a fee-for-service basis. In 2001/2002, government subsidies for the provision of welfare services comprised 49% of the organisation's income. Generally, such funding was provided under strict agreed conditions over its use, with funding not expensed in the way stipulated in the funding agreement, subject to re-negotiatiation. Consequently, the financial performance of each programme in receipt of government funds had to be individually evaluated and reported; a circumstance which increased the level of detail reported at senior levels of the organisation. Furthermore, it was necessary to closely monitor the ongoing expenditure of government grants, since unexpended grants signalled that service output was below that planned.

In addition, a number of programmes were jointly funded by the organisation and the government. Consequently, the organisation found that, in order to optimise the use of its funds, it was important to isolate unspent government subsidies in determining the periodic operating performance of a programme.

For programmes that operated on a fee-for-service basis, there was further variability where funding was dependent on the quantum of services provided to clients. For example, some funders required that an invoice be raised after a service had been delivered, while others required invoicing in advance of service delivery. For programmes where the organisation provided a brokerage service, income could only be recognised by matching it with the associated expense incurred in providing the service. Furthermore, a significant degree of experience based knowledge was required by those who used information about financial performance as it was reported up through the organisation.

In some programmes, the estimation of periodic income was problematic because the funder paid the service provider (ACM) when a client had met a milestone event (as defined in the funding agreement), rather than when the organisation had used-up resources. In such cases, the timing of an event was often more dependent on a client's personal input into their management plan, than the effort expended by the programme staff. Consequently, the computation of meaningful monthly variance analyses was problematic.

Such revenue recognition criteria also provided the organisation with an ethical dilemma since the pace at which the service was delivered in order to best meet the needs of the client was not necessarily that which maximised organisational income. While the organisation made a clear decision to put the client's interests first, this nonetheless further contributed to uncertainty in budgeting and analysis of variances.

Variation in income source was also notable between business units, which generated income through sales of goods (recycled clothing), rendering of services (training) to external customers, and through dedicated fundraising activities. The clothing recycling unit faced business risks that were due to competition from other charities' clothing recycling operations, for-profit clothing recyclers, and imports of cheap new clothes from low-wage economies. Business risks faced by the Education and Training Business Unit, while nonetheless significant, were of a different nature to those affecting the clothing recycling unit, being related to the impact, generally, of government policy on the demand by clients (individuals and employers) for vocational training; and, specifically, to the policy of particular government agencies on referrals to the Education and Training Business Unit. Yet further variation in business risks was experienced the Business Development Unit (fundraising). Its income was influenced by competition from other CWOs for public donations; an increasing propensity for corporate donors to sponsor national (as opposed to state-based organisations as was ACM); and demographic changes that resulted in a dwindling membership (and therefore support base) of the Uniting Church. The consequences for performance reporting were twofold: (1) a very detailed level of activity specific data was required; and (2) in reporting such data to senior levels of the organisation, it was neither possible to summarise nor aggregate it.

FF Inc., which earned income through asset management (investments in financial securities), also faced significant business risks. During the period of the field study, such risks were dominated by the then impending invasion of Iraq by the US and other countries, which caused uncertainty in financial markets and poor performance for market weighted investment portfolios, such as those of the case organisation.

Consequently, during the period of the field study, the performance of the organisation's income investments was dominated by consideration of the world geo-political situation. Performance reporting in this domain was also highly detailed.

## 5.3: MONTHLY FINANCIAL OPERATING REPORTS (MFOR)

Each month, the management accounting system generated a standard set of performance reports for each budget area (Programme, Business Unit, Support Department, and Executive Function), which comprised the three elements shown in Table 5.2.

**Table 5.2: The Monthly Financial Operating Report (MFOR)**

| Item | Nature of Performance Measure | Report Distributed to |
|---|---|---|
| **Analysis of Transactions** | Record of transactions for the month. Not a performance measure. | Responsible Manager |
| **Operating Statement** | Detailed statement of income and expenditure, by item type, for each budget area (programme, business unit, support department or infrastructure area. Variance analyses against budget for month and year to date. | Responsible Manager; CEO and General Manager Services |
| **Analysis of Unspent Subsidies** | Variance analysis against budget for month and year to date for government grants. | Responsible Manager; CEO and General Manager Services |

MFORs were distributed six days after the end of the reporting period to the recipients noted in Table 5.2; and were reviewed at a series of meetings that were scheduled for that purpose. In the first instance, each Service Manager (with the exception of the Manager

of the Aldersgate aged care facility) met separately with the Finance Manager to review

his/her MFOR. Likewise, each business unit manager, and the Manager of Aldersgate,

met separately with the Senior Accountant. The Finance Manager and the Senior

Accountant then met with the General Manager Services (GMS). Following that, each

service manager reviewed his/ her MFOR with the GMS, while the managers of the

business units did so with their executive managers. These arrangements within the

Services Function are depicted in Figure 5.3.

**Figure 5.3: Usage of the Monthly Financial Operating Report (MFOR)**
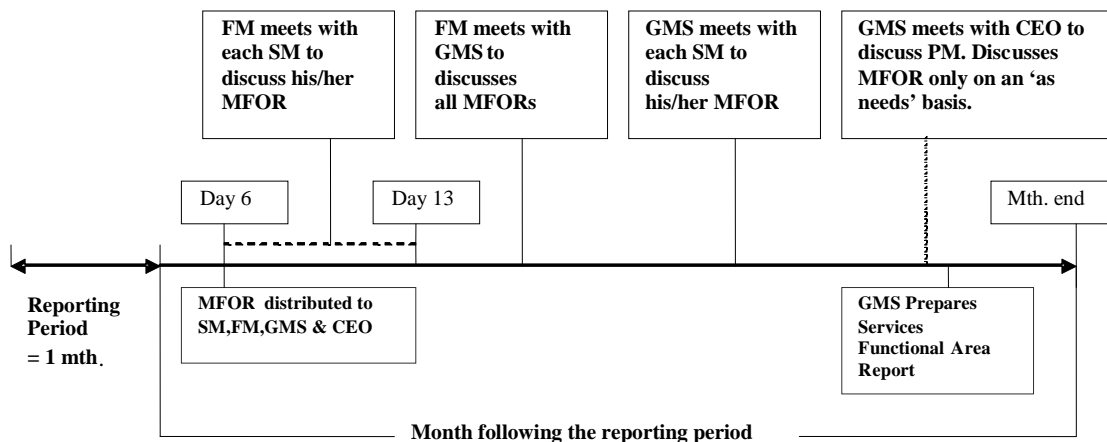


**Legend:** CEO: Chief Executive Officer**;** FM: Finance Manager; GMS: General Manager Services; MFOR: Monthly Financial Operating Report; SM: Service Manager.

**Note**:     Senior Accountant performs same role as FM with Managers of Aldersgate Residential Aged Care Facility and Business Managers.

The meetings between the Finance Manager and each service manager were intended to

ensure that transactions were correctly recorded; to analyse the financial performance of

each programme; and to manage government subsidies.

### 5.3.1: Usage of Monthly Financial Operating Reports

The purpose of routine meetings between the Finance Manager and the General Manager Services, and between the Senior Accountant and the General Manager Services, was to review the financial performance of each programme for the month and year to date, and to oversee the management of government subsidies. These meetings provided the General Manager Services with an assurance that the financial performance of each programme was either conforming to budget, or, where it was not, that any required action had been taken.

The MFOR was also used by the General Manager Services to effect overall management control within the Services Function. Twice each month, the General Manager Services met with each Service Manager, with the first meeting devoted to performance reports. With respect to financial performance, the General Manager Services required that variances of $5,000 or more, on a year to date basis, for each programme (which could represent less than 2% of total expenditure on a programme) be reported to her. The General Manager Services expressed a very detailed knowledge of the financial operations of each programme. In speaking of the tight control that she exercised, the General Manager Services stated,

> "So I do go through every cost centre every month and I check it, and if I'm concerned about anything I highlight that and I talk to the managers about it…I have to know that they're really aware of what's happening in their cost centre."

The use of the MFOR in effecting operational control of each programme, and hence the Services Function, evidenced the importance of the planning imperative at ACM. The General Manager Services, Service Managers, and Finance Officers suggested that such a practice extended beyond merely exercising prudent financial management, to ensuring the effective use of resources. In particular, financial variances in many programmes were generally favourable rather than unfavourable, being caused by resourcing deficiencies. For example, where a staff member resigned, it commonly took up to three months to replace them, because of the necessity to undertake police and other checks, with the result that the needs of clients would not be sufficiently met, and/ or undue strain would be placed on existing operational staff. As such, financial performance reports were indicators of the level of service provision.

Overall, such meetings constituted the primary site of financial control at the operational level, since the major focus of financial management at ACM was exercised at the programme, not the service, level.

A high level of operational financial control was also effected through the routine meetings between the Senior Accountant and each business unit manager. However, his meetings with the executive managers to whom the business managers reported, were scheduled on an, 'as needs' basis, which reflected a difference in management philosophies between executives. For the recycling business Goodwill, the composition of the MFOR, which is shown in Table 5.3A (over), reflected the profit making focus of that unit. A further level of operational control was effected through an additional,

weekly financial report, (Table 5.3B), which was produced for each store and reported to the Manager Goodwill.

**Table 5.3A: Monthly Financial Operating Report for Goodwill**

| Item | Nature of Performance Measure |
|---|---|
| **Operating Statement (Combined Operations)** | Detailed statement of income and expenditure, by item type, for each store and combined stores. |
| **Variance Analysis** | Variance analysis that compared monthly and year to date actual financial performance with the budget for each store, and for Goodwill as a whole. |
| **Efficiency Report** | Efficiency report on the sorting facility, which highlighted throughput and processing costs. |

**Table 5.3B: Weekly Financial Report for Goodwill**

| Item | Nature of Performance Measure |
|---|---|
| **Operating Statement** | Detailed statement of income and expenditure, by item type, for each store. |
| **Variance Analysis** | Comparison of income and expenditure, by item type, (actual vs. budget) for each store. |

The MFOR was also used by the Finance and Information Systems Managers to effect financial control of their Support Departments, and by the other executive managers, the Executive Manager Human Resources, the Executive Manager Research and Development, and the Corporate General Manager to effect financial control of their infrastructure functions. In addition, the CEO also used the MFOR, albeit in a somewhat more cursory manner, in her routine meetings with executive managers to ensure that any significant variances were being dealt with. Overall, it can be seen that the imperative for the MFOR was primarily one of organisational control.

**5.3.2: Influences on the Construction of the Monthly Financial Operating Report**

The construction of the MFORs was also significantly influenced by the organisation's size and diversity. With respect to the organisation's core activity of service provision, which, as noted in Chapter 4 comprised seventy nine percent of the organisation's effort, financial (and operational) management were necessarily effected at the level of the individual programme, with aggregation and summarisation at the Service Area level, providing little meaningful information. Consequently, reports were detailed and required close scrutiny at senior levels of the organisation.

In addition, the high level of detail in the MFORs was required because they were used by the Finance Manager to effect the provision of 'in house' training in financial management. It had been acknowledged that, while service managers had sound programme management skills, they had traditionally lacked financial management expertise. Consequently, the Finance Manager's duty statement was changed, in 2001, to include such a training role. As such, the Finance Manager estimated that training comprised approximately twenty five percent of his workload, while service managers and the GMS also estimated that financial management comprised a significant proportion of their workloads.

**5.4: THE WEEKLY FINANCIAL OVERVIEW**

The Weekly Financial Overview (WFO) was a rolling plan and performance report that was used by the Corporate General Manager, Finance Manager and Senior Accountant to implement the ongoing financial management, including liquidity management, of ACM

Inc. and FF Inc. The WFO indicated actions to be taken, the responsible officer(s) and dates for completion.   Its components are depicted in Table 5.4.

**Table 5.4: Weekly Financial Overview**

| Item | Nature of Performance Measure |
| --- | --- |
| **Project Monitor** | Update financial management projects being undertaken within the organisation. |
| **Financial Relationships Monitor** | Update on the management of strategic relationships that related to the financial affairs of the organisations. |
| **Cash Flow  Report** | Weekly statement of  cash flows for ACM Inc. and FF Inc. |

The WFO was a key mechanism for ongoing financial management of the organisation. However, the financial performance of service programmes per se, was not discussed at such meetings, with the only reference to services being in relation to such issues as the progress of lease negotiations (for premises). Discussion of the WFO was also used to fulfil a process improvement role, in that there was continuing consideration given to quality improvement initiatives by the Finance Department.

Construction of the WFO was also influenced by the organisation's size. It was however less influenced by programme diversity, but rather by the diversity of income source, particularly those parts of the organsiation that were subject to variability in the timing of cash receipts.  In general, there was an acknowledgement that financial performance was subject to greater temporal pressures than programme management.  In the words of one board member,

"you can go broke overnight… [but] a programme won't save you overnight".

## 5.5: AD HOC FINANCIAL PERFORMANCE ANALYSES

Ad hoc analyses were used to model the impact of a plan or a decision, and to evaluate performance of such. They incorporated a range of analytical tools, including profitability analysis, discounted cash flow analysis, variance analysis and external benchmarking of costs. The scope of ad hoc analyses undertaken during the field study ranged from the narrow examination of a programme's cost structure, to the broader analysis of the organisation's future role in residential aged care, and to reviews of the organisation's business units. Notably, finance staff indicated that greater use was made of ad hoc analyses within the organisation than in private sector entities.

Ad hoc analyses originated from either the CEO, an Executive Manager, the Executive Committee, the Board or the Stewardship Committee. All ad hoc financial analyses relating to ACM Inc. were reported back through the Executive Committee, in the first instance, before being forwarded to the Stewardship Committee and the Board. Given the cross-membership of these forums (as illustrated in Figure 4.2), there were a number of opportunities for those involved to work through issues together, in what was generally a consensus-based decision-making process. The following example illustrates this point.

In 2002, ACM undertook a review of its clothing recycling operation, the impetus for which arose from routine monitoring of the Monthly Financial Overview (MFO) by both the Executive Committee and the Stewardship Committee. In the first instance, the variance analysis contained in the MFO indicated that the Business Unit's financial performance was below that planned. The responsible Executive, the Corporate General Manager, was questioned at the Executive Committee concerning the reasons for the

unfavorable variances, with further information requested by the CEO. In response, the Corporate General Manager prepared an analysis of revenues and expenses, which was provided to the Executive Committee, and also to the Stewardship Committee (which had similarly commented on the unfavourable variances). That paper was discussed by the Executive Committee and then the Stewardship Committee, which broadened the scope of the analysis by requesting a comprehensive strategic review of the Business Unit's operations. That strategic analysis was prepared by the Corporate General Manager and was reported to the Executive Committee, the Stewardship Committee and, finally, with an advice from the Stewardship Committee, and input from the Executive Committee, to the Board. The final draft of the review paper took into account the major concerns expressed at each forum and proposed a number of significant changes to the operations of the business unit, including not proceeding with a planned new store, increasing the capital investment in the central sorting facility, and making a decision not to operate in the export market[4]. Thus what began as routine monitoring, developed into a comprehensive strategic analysis of the business unit. This example also illustrates the overlap in the roles undertaken by key organisational forums, with each playing a role in exercising financial management, evaluating performance and in monitoring conformity with the organisation's strategic directions, an issue that is addressed in Chapter 9.

All ad hoc financial analyses were considered within an explicit framework of strategic considerations, a point that can be illustrated through reference to the following example

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[4] During discussion of this issue, it was noted that Australian charities export considerable quantities of recycled clothing that cannot be sold in Australian shops, to developing countries.

that concerns the organisation's review of its role in providing residential aged care that began in November 2002. The review was precipitated by (then) impending changes in the Aged Care Act (1997), which required residential aged care providers to make substantial investments in order to meet revised building standards that were to be applied from 2008.

From the outset, it was generally agreed that, from a policy perspective, there were good reasons to continue providing the services. Four reasons were given: (1) there was a need to provide specialist services for those with particular problems, such as dementia; (2) the organisation had a tradition of demonstrating best practice in the field, which yielded a high degree of credibility in influencing the public debate on aged care; (3) to maintain a commitment to the disadvantaged elderly; and (4) to minimise the impact on current residents. However, the preliminary financial analysis indicated that the organisation might be marginally better off if it ceased providing the services and sold the existing facilities. Consequently, the working group that had prepared the discussion paper (comprising board members, executives and the managers of the two residential aged care facilities) requested that the Stewardship Committee review the financial analysis, to ensure that it was sound.

At both a working group meeting, comprising Stewardship Committee members and Finance Department staff, and at a full Stewardship Committee, which met to review the analysis, members made it clear that even if the net present value of maintaining the services was negative, the service and policy imperatives may prevail, and the

organisation might effectively subsidise its residential aged care services from income generated through its investments. The committee's role, it was argued, was to advise the organisation on the quantum of any such subsidy.

When the discussion paper subsequently went to the Board, the Chair made it clear that, although the review was precipitated by financial considerations, the final decision would be based on considerations in four spheres, an approach that was welcomed by all Board Members. These spheres were: (1) the social implications, i.e. the benefits to clients that the service could provide; (2) the policy implications, i.e. the impact of the decision on the organisation's capacity to advocate on the issue of aged care; (3) the impact of any change on the organisation, i.e. it was acknowledged that residential aged care accounted for twenty-five percent of the organisation's expenditure, and so any significant change in the level of services would have a large impact across the organisation through its effect on the allocation of the fixed organisational infrastructure costs; and (4) direct financial implications of the decision. One board member summarised the organisation's approach by stating that it was necessary to consider,

> "…organisational, social issues, political issues and financial issues… [and] that just because it may not make sense financially on balance of weight of all issues … in fact, if it didn't make sense financially it'd only be marginally not financial, but in the big scheme of things our position in community, the infrastructure we'd already put together and our awareness (politically) how we would be seen, may swing it the other way."

Making a similar point, at a more general level, another board member opined,

> "budgets are never just about finance. They're about priorities. They're about the way in which an organisation expresses its self-understanding."

In a similar vein, when the Stewardship Committee reviewed the Education and Training Business Unit, the Chair made it clear that while the committee would form a view on the financial performance of the unit; that view would need to be considered within the more comprehensive framework of the organisation's commitment to a particular style and quality of training services. Furthermore, it was made clear that the committee would leave it to management to evaluate issues of service quality, since it was management, and not the Stewardship Committee (nor the Board by implication) that possessed the expertise in that area.

### 5.5.1: Imperatives for the Use of Ad Hoc Performance Reports

The above analysis has  highlighted three  significant observations: (1) the use of ad hoc financial reports was considerable (more than experienced finance staff had previously seen in the private sector); (2)  decisions made through reference to them were invariably multi-faceted, requiring information for evaluating its service delivery effort, its advocacy role, its impact on the policy debate, its sustainability and the consideration of values; and (3) the system of ad hoc reporting  ensured comprehensive input into decision-making by both board members and executives. Overall, they played significant roles in effecting financial management of the organisation, evaluation, and shaping and monitoring the organisation's strategic directions.

**5.6: INVESTMENT REVIEWS**

In 2002, the organisation had investments of $34.4m, the income from which funded services, advocacy, and research and development. Investments comprised a mix of bonds and shares, which were managed by two separate external fund managers. Through the Stewardship Committee, the organisation undertook the following half-yearly investment reviews: (1) compliance with ethical investment guidelines, and (2) financial performance of funds under management. Monthly monitoring of investments was effected through the Monthly Financial Overview, as noted in Table 5.1. The dimensions of performance reported though investment reviews are shown in Table 5.5.

**Table 5.5: Investment Reviews**

| Item | Nature of Performance Measure |
|---|---|
| **Compliance with Socially Responsible Investment Policy (SRI)** | Discussion with fund managers on nature of activities undertaken by investee companies. Comparison of investment portfolio with criteria in SRI policy. |
| **Compliance with Organisation's Capital Maintenance Policy** | Maintain the real (consumer price index adjusted) value of the organisation's invested funds. |
| **Performance of Fund Managers** | 1) Six monthly meeting with fund managers: <br> (i) comparison with average returns of all quoted funds <br> (ii) comparison with target, long term ROI. <br> 2) Monthly reports from fund managers. <br> Also monitored investment performance through the Monthly Financial Overview (See Table 5.1). |
| **Asset Sales** | Reconciliation of sales price and book value. |

Compliance with ethical investment guidelines was maintained through discussion with fund managers using, as a benchmark, the Socially Responsible Investment guidelines (SRI) that has been promulgated by the Uniting Church of Australia. These guidelines proscribed certain types of investments.

The evaluation of the financial performance of the funds under management was undertaken through direct reporting by fund managers to the Stewardship Committee, and answering questions put by committee members. The criteria used to evaluate financial performance were: (1) comparison with average returns of quoted funds; and (2) a target, long term rate of return. To this end, the organisation aimed to earn a return that permitted it to fund a certain level of services while maintaining the real value of the capital that it has invested in marketable securities.

As noted above, it was usual for the majority of members who served on the Stewardship Committee to possess high levels of financial expertise, and, in 2001, following a self-initiated review of its investment strategies; the committee enhanced its capacity to undertake investment reviews by gaining the services of a community member with specific expertise in the fund management industry.

The imperatives for undertaking investment reviews were grounded in the organisation's strategic plan, which included a focus on financial independence and sustainability, with reference to a specific capital maintenance requirement and organisational values. The focus on financial independence was seen as a necessary precondition for policy and

programme independence that the organisation required to meet its mission  by delivering services and advocating, in a way that reflected its values and traditions. Consequently, it required performance information in order to manage its economic resources.

From an advocacy perspective, informants were unanimous in their belief in the importance of maintaining an independent voice in the public policy debate. Indeed, as noted in Chapter 4, the organisation devoted substantial resources to research development and advocacy.

From a service perspective, informants made it made clear that the organisation did not bid for tenders simply because the were available. At one point during the field work, concern was expressed over government initiatives that had the potential to leave the organisation (and CWOs in general) in a position of merely implementing government policy. In the words of one board member, a key strategic objective was,

> "To be a kind of organisation that is not so excessively dependent upon government that it doesn't have the independence.  So that's about sustainability and stewardship of our resources, fundraising, and all that kind of thing..."

The significance of such an objective was exemplified during the field study  through negotiations between the case organisation and  a government funder over changes it had proposed to a programme delivered by the organisation.   Executives reported that, because of the organisation's financial position, which in that case allowed it to

independently fund a programme that offered an existing, allied service; they were able to negotiate from a strong position, knowing that they were not entirely dependent on government funding. Consequently, they were able to convince the department not to proceed with the change as planned. Overall, the importance of financial independence and sustainability was summed up by one board member, who stated,

> ".. it's about our obligation to make sure that this organisation is as strong when
>
> we exit it, and that nothing that we do weakens it. The reason why the
>
> organisation needs to be strong is that it provides essential human services …
>
> people access it in very dire human need."

Further discussion of the influence of the organisational policy of sustainability on performance reporting occurs in Section 6.2.4, which examines whole of organisation performance reporting.


## 5.7: THE ANNUAL FINANCIAL REPORTS

Each year, separate financial reports were produced for both ACM Inc. and FF Inc., the components of which are shown in Table 5.6. Since neither entity was deemed to be a reporting entity, the financial statements were cast in a way that 'reported fairly' (as required under the incorporating legislation), not in a way that satisfied the requirements of all applicable Australian accounting standards.

**5.7.1: The Use of the Annual Financial Reports**

The annual financial reports were used for three purposes: (1) to effect the Board's governance function; (2) to communicate with the broader community; and (3) to fulfill mandatory obligations to external parties. In this section, their role in the governance function and communicating with the broader community are discussed, while their role in acquitting mandatory accountabilities is discussed in Chapter 8.

**Table 5.6: The Annual Financial Reports**

| Item | Nature of Performance Measure |
|---|---|
| **Financial Statements** | 1)  Statement of financial performance; <br> 2)  Statement of Financial Position; and <br> 3)  Statement of Cash Flows. |
| **Directors' Statement** | 1)  Names of board members; <br> 2)  Statement of the activities of the organisation; <br> 3)  Statement of significant changes that had occurred during the period <br> 4)  Statement of matters subsequent to balance date; <br> 5)  Statement that no benefits, other than the salaries and wages of employees, had been paid to officers of the organisation, or related parties; <br> 6)  Statement by board members that the accounts fairly represented the results of the organisation for the period; <br> 7)  Statement that the organisation was solvent; and <br> 8)  Statement of the overall financial result. |
| **Audit Report** | Independent audit report by a registered company auditor. |

**5.7.1.1: The governance function**

In facilitating the governance function, the annual accounts were provided to board Members, as required under each entity's constitution. However, the primary review of the annual accounts was undertaken by the Stewardship Committee. In performing that

review, Committee Members questioned Finance Department Staff, the Corporate General Manager and the external auditors with respect to three main issues: (1) the evaluation of the organisation's financial performance, (2) the accountability of management to the Board, and (3) matters affecting the legal liabilities of Board Members.

The review of financial performance was effected through a variance analyses of actual against budgeted figures. For the accounts of ACM Inc., the review focussed mainly on income generating areas that had performed below expectations; while for the accounts of FF Inc., it was focused on the return on investment (ROI) and changes in asset values, as a result of book-to-market revaluations of its equity investments. As such, the review largely revolved around the organisation's choice of fund managers and the determination of the optimum number of separate funds, in order to meet its target ROI.

The accountability of management to the Board was effected through the questioning by board members of Finance staff, the Corporate General Manager and the external auditors. Finance Department staff were questioned about the appropriateness and financial impact of accounting policy choices. In particular, their attention was devoted to the consequences of the wider adoption of Australian Accounting Standards that the Corporate General Manager and Finance staff had initiated during the year, because, from a professional perspective, they considered it to be appropriate (see following section for further discussion of this).

In seeking assurance in respect of their legal liabilities, board members questioned the external auditors in regard to three issues: (1) their overall audit opinion; (2) the appropriateness of the choice of accounting policies; and (3) the response by management to the auditor's requests for information and comment on the organisation's management accounting system. With respect to this matter, non-executive board members explicitly requested that the external auditors provide written confirmation that they were satisfied with management's responses. Assurances were also sought by the Board from the Corporate General Manager regarding compliance by board members and executives with personal disclosures required under the insurance policy covering directors' and officers' liability.

The review of the annual accounts by the Stewardship Committee evidenced a major aspect of organisational governance, in that board members individually took a responsibility for providing input on matters relating to their particular field of expertise. For example, during discussions on the merits of adopting Australian Accounting Standards, further information was requested by a non-executive board member because he felt that other board members, who, unlike him, did not have a financial background, might need it in order to make appropriately informed judgments. Similarly, when requesting the letter from the auditors regarding management systems, it was suggested that all board members would want this form of assurance. Furthermore, at the Board meeting that subsequently approved the annual accounts, one Stewardship Committee member, who had been unable to attend the formal review of the accounts by that committee, reported to the meeting that he had separately gone through the accounts,

"with a fine toothcomb", and was satisfied with them. He reported that he had felt a responsibility to undertake that task because of his professional expertise in the field of financial reporting.

The annual accounts of neither entity were reported directly to executive managers, nor were they fully discussed by the Executive Committee, rather, as was the case with all papers tabled at Board meetings, the annual accounts were only provided to executive managers for information after they were dealt with by the Board. However, in the period leading to the finalisation of the 2003 accounts, two specific financial reporting issues were brought to the attention of the Executive Committee at the behest of the CEO, the ramifications of which are examined in the following section.

### 5.7.1.2: Communicating with the broader community

The case organisation's financial statements entered the public domain through two channels: (1) through its annual report; and (2) though the public access provisions of the legislation under which it was incorporated, the Associations Incorporations Act (SA) 1985. However, the annual financial statements were subject to a form of image management through its determination (with the acquiescence of the external auditors) that it was not a reporting entity and therefore did not have to comply fully with all applicable Australian accounting standards, in particular, the standard on consolidation, which would require consolidation of both "arms" of the organisation, ACM Inc. and FF Inc. Such image management was of concern to the organisation because it wanted to appear sufficiently well managed in order to attract support and resources, but not so

wealthy that potential donors may switch their support to apparently less well-off charities. Reported net income of ACM Inc. was managed through regulating the contribution from FF Inc. so that a modest annual surplus was reported. (As noted above, ACM Inc. was the service arm of the organisation. It always incurred a substantial deficit in providing services to clients, which was funded by FF Inc. from income earned on investments.) In the past, the organisation's statement of financial performance, after the contribution from FF Inc., had sometimes showed a small deficit and sometimes a small surplus. However, in recent years, the Board decided that it would be good image management if the organisation always reported a small surplus, thus indicating publicly that its financial management practices were sound. In speaking of this, one senior officer stated,

> "I don't think it's to our advantage at all to appear to be wealthy. I think we need to be seen to be professional and competent, and people would support us for that."

The form of the organisation's financial statements was also strongly influenced by the professional imperatives of senior finance staff, all of whom were members of one of the professional accounting bodies, participated in the professional development programme of that organisation, with one officer holding a committee position, and articulated a desire to implement best practice in management accounting and external financial reporting. Although neither ACM Inc. nor FF Inc. was required to comply with Australian Accounting Standards, since neither was a reporting entity, as defined under SAC 1 (AARF, 1990), and as associations incorporated under the Associations

Incorporation Act (1985), they were only required to "report fairly". However, during the period of the field study, Finance Department staff, under the leadership of the Corporate General Manager, initiated a discussion within the organisation concerning whether it might voluntarily, and comprehensively, apply Australian Accounting Standards, with the justification for such a change based on their perceived responsibility as members of a professional accounting association to promote the application of Australian Accounting Standards.


**5.8: CHAPTER SUMMARY**

Chapter 5 has shown that financial performance was evaluated using six different performance reports: (1) the Monthly Financial Overview; (2) Monthly Financial Operating Reports; (3) the Weekly Financial Review; (4) Ad Hoc Financial Performance Analyses; (5) Investment Reviews; and (6) the Annual Accounts. While routine financial performance reporting was comprehensive, ad hoc analyses were used extensively. Furthermore, financial performance was reported for all domains of organisational activity: service delivery and advocacy, the provision of infrastructure, the production of income through the business units, and the generation of investment income.

Some variation in the site of financial performance reporting across the organisation was observed. It was noted that the financial control of programmes was exercised very tightly at the manager level, with detailed monitoring conducted at the executive manager level, in particular by the General Manager Services, in respect of the fifty-three programmes that comprised the organisation's service effort. In contrast, while

operational control of the organisation's business units was also effected at the manager level, oversight and a degree of management control was effectively exercised at the Board level, primarily through the Stewardship Committee. Responsibility for the management of the organisation's investing operations was entirely effected at Board level. Of particular note, was the clear role that the Stewardship Committee played in not only monitoring financial performance, but in effecting a degree of financial management. Consequently, there was considerable overlap between the processes of organisational control, strategic management and governance.

The analysis also showed that, in effecting financial management, the organisation deployed a form of parallel reporting, where there is contemporaneous discussion of financial issues at three forums: the Executive Committee, the Stewardship Committee and the Board. In addition, it was noted that there is considerable cross representation by executives and board members on these committees, and that the organisation utilised a consensus style of decision-making.

The imperatives for financial performance reporting were shown to have been both structural and strategic. The structural imperatives of organisational size and diversity influenced financial performance reporting such that, as a large diverse organisation, sound information was required in order to facilitate organisational control and governance. Organisational diversity, in particular, the range and structure of the fifty three separate programmes that were delivered, further influenced financial performance reporting since information could not be summarised and aggregated. Rather, a high level

of detail was necessarily reported at senior levels of the organisation. Furthermore, the structural imperative of the professionalism of non-executive members of the Stewardship Committee members, and also senior finance staff were also shown to have influenced the form and content of financial performance reporting.

Organisational values were also found to have influenced financial performance reporting.  In general, the evaluation of financial performance was addressed within a broad policy framework.   Although it was, in many respects, seen as more time critical than non-financial performance, it was considered as one element to be addressed along with the impact on clients, policy considerations and the impact on the organisation. In particular, the performance of the organisation's managed investments was made through recourse to ethical, as well as financial considerations.

The strategic orientation toward financial independence and sustainability, and communicating with the broader community, were found to be important influences of financial performance reporting by the organisation.  As an old, established voluntary organisation, ACM had its own mission, and had accumulated resources to attain it. Financial independence was shown to have been important to organisational participants with respect to its role the wider debate over public policy, and the specific ways in which programmes were delivered. Senior officers of the organisation were acutely aware of their responsibilities in stewarding the organisation's resources, thus requiring sound financial performance reporting.

While financial prudence was valued, that alone did not provide sufficient justification for decision-making. Rather, the organisation's financial performance was addressed by reference to the planning imperative, whereby financial variances and unspent subsidies were also seen as indicators of a level of service output, which could be compared with that budgeted for at the start of the planning period.

Finally, the analysis of the use of the annual financial reports demonstrated that image management was important to the organisation. That is, the organisation sought a balance between appearing well managed, in order to attract financial support, but not so well off that potential donors might prefer to support less well endowed organisations.

The themes developed in Chapter 5 are advanced further in Chapter 9, which examines the ways in which the four elements of the organisation's performance reporting framework (as classified in Figures 1.1 and 5.1) were integrated, thus addressing the nature of performance reporting by a CWO in a comprehensive fashion. Furthermore, the broad identification of the influences on performance reporting as structural and strategic, the importance of organisational values, the differential siting of performance reporting amongst the organisation's senior ranks, and the practice of contemporaneous (parallel) performance reporting constitute some of the key elements of the analysis that is comprehensively developed in Chapter 10, through the application of Strategic Choice Theory to the research problem. In the following chapter, however, the discussion turns to the second element of the voluntary organisational performance reporting framework, that which deals with non-financial information.

# Figure 6.1: The Classification of Major Performance Reports Used by ACM (Per Figure 1.1 Highlighting Non-Financial Reporting)

**DIRECT ACCOUNTABILITY**

To External Parties

**Annual Report:** F and NF Performance

**Services:** Monthly report

**Stewardship:** Monthly Financial Performance

**Board**

**MoM:** Quarterly report

**Executive:** (Collective accountability to Board)

**CEO:** Monthly whole of organisation report

## Financial

**Monthly Financial Overview:** Analysis of financial performance, position and cash flows. Covered all organisational activities.

**Monthly Financial Operating Reports:** Analysis of Transactions; Operating Statement; Variance analysis of Income and Expenditure; and Analysis of Unspent Government Subsidies.

**Weekly Financial Review:** Update on financial management projects; Update on management of strategic relationships that related to the financial affairs of the organisations; Weekly statement of cash flows for ACM Inc. and FF Inc.

**Ad Hoc Reports:** Financial analysis and review of various projects.

**Annual Accounts:** Statement Fin Performance , Position and Cash Flows, Notes to Accounts, Directors' Statement.

**Investment Reviews:** Monthly and six monthly performance evaluations of funds under management

## Functional Area

**EM:** Fortnightly verbal report to CEO. Monthly Functional Area Report by each EM to CEO, Executive and Board. Covers financial and non financial performance of activities undertaken within function. Quarterly performance against plans.

**Manager:** Fortnightly verbal and standard monthly and quarterly written reports to GMS on financial and non financial performance of programmes/ support department/ business unit

**Team Leade**r: Fortnightly verbal and monthly written report on performance of programme.

**Coordinator / Supervisor:** Fortnightly verbal and monthly written report.

## Non Financial

**OPMS Report**: Annual, whole of organisation strategic performance measurement tool. Includes 2 lower level reports.

**PIR:** Quarterly KPIs of output, outcome and client satisfaction

**MOR:** Monthly throughput and demographic statistics

**ABEF:** Whole of organisation quality management tool.

**Staff Development Report:** Indicates progress in meeting staff education and training targets.

**Staff & Volunteer Satisfaction Report:** Biennial and quarterly evaluations by staff and volunteer on 25 dimensions of organisational activity.

**Specific Area Reports:** Local performance measures developed and deployed in a programme or support department to evaluate performance on specific activity.

**Governance Review:** Self-Evaluation of Board's governance .

**Legend:** ABEF: Australian Business Excellence Foundation; CEO: Chief Executive Officer; EM: Executive Manager; EO: Equal Opportunity; F: Financial; MoM: Minister of the Mission; MOR: Monthly Operations Report; NF: Non-Financial; OHS: Occupational Health and Safety; OPMS: Organisational Performance Measurement System; PIR: Performance Indicator Report.; UC: Uniting Church

Report

Influence

Presentation

## Mandatory

**Compliance:** Performance requirements of regulators

**Accreditation:** Performance required by accreditation agencies

**Contract:** Performance required under service contracts

**Auspices:** Report on organisational performance to UC

To External Parties

# NON - FINANCIAL PERFORMANCE REPORTS

## 6.1: INTRODUCTION

ACM voluntarily deployed an extensive range of non-financial performance reports to evaluate its substantive effort, and management and governance processes. Some were applied at the whole of organisation level, while others were specific to programmes, services or departments. Voluntary non-financial performance reports comprised the following: (1) the three reports of the Organisational Performance Measurement System, the Monthly Operating Report, the Quarterly Performance Indicator Report and the annual Organisational Performance Measurement System Report; (2) The Australian Business Excellence Framework; (3) the Staff Development Report; (4) Staff and Volunteer Satisfaction Surveys; (5) Specific Area Reports; and (6) the Governance Review. The place of voluntary non-financial performance reports within the four part classification scheme that was introduced in Section 1.6 is highlighted in Figure 6.1 (opposite).

Chapter 6 proceeds as follows: each of the six major non-financial reports is analysed separately, explaining its nature, usage, and the imperatives for its deployment. Following this, the chapter summary draws together the salient characteristics of non-financial performance reporting.

**6.2: THE ORGANISATIONAL PERFORMANCE MEASUREMENT SYSTEM**

**6.2.1: Introduction**

The Organisational Performance Measurement System (OPMS)[1] was a multi-dimensional strategic performance measurement tool, comprising three individual reports: the

Monthly Operations Report (MOR), and the quarterly Performance Indicator Report (PIR)[2], both of which focused on the operational performance of individual programmes; and an annual OPMS Report, which focused on organisational strategy[3]. The OPMS was a new tool, with development beginning in November 2000, and the first performance measures collated in July 2001. The discussion of the OPMS begins with an examination of the most narrow scope report, the MOR. This is followed by an analysis of the PIR, and then the whole of organisation, OPMS Report. The OPMS and its component reports are summarised in Table 6.1 (opposite).

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[1] The OPMS was developed as a generic, multi-dimensional performance measurement tool by the Statistical Division of the Commonwealth Scientific Industrial Research Organisation (CSIRO). It was promoted a tool that was highly compatible with the deployment of the Australian Business Excellence Framework. For further discussion of the OPMS see Dransfield et al. (2001).

[2] As noted above, the deployment of an organisation wide performance measurement system was relatively recent. Although the PIRs had been collated since July 2001, some parts were still under development. At the time the present field study was completed, three programmes had output measures that were still under development, thirteen had yet to fully develop stakeholder satisfaction measures; and thirty-six had outcome measures still under development. While a decision had been made to expand the scope of the PIR to cover Business Units and Support Departments within the Corporate Services Function, their performance had yet to be reported.

[3] A fourth report, which was intended to focus on key management issues in each Functional Area, named the Corporate Area Report, had yet to be developed as an integrated component of the system at the close of the present field study.

**Table 6.1: The Organisational Performance Measurement System and its Component Reports**

| Report | | Nature of Performance Measures Reported |
|---|---|---|
| **OPMS** | **Monthly Operations Report** | • Operational metrics: non-financial inputs, client numbers and outputs.<br>• Efficiency ratios, e.g. contact hours per full-time equivalent position.<br>• Variance analyses (actual vs. planned) for month and year-to-date.<br>• Historical trend analysis. |
| | **Performance Indicator Report** | • KPIs of output, outcome and stakeholder satisfaction.<br>• Monthly target.<br>• Percent of target met for quarter and year-to-date.<br>• Explanation provided where variance >10% for quarter. |
| | **OPMS Report** | • Six critical success areas (CSAs), two of which related to the success of organisational effort, and four to the sustainability of organisational effort.<br><br>• These CSAs represented six strategic concerns that the organisation held that it should address in order to add value for its stakeholders.<br><br>• The two success related CSAs, which were used by ACM, were:<br>　● "Making a Difference" and,<br>　● "Enabling Others to Make a Difference".<br><br>• The four CSAs that related to sustainability were:<br>　● "Relationships with External Stakeholders"<br>　● "Relationships with Internal Stakeholders",<br>　● "Resource Generation" and<br>　● "Stewardship".<br>• For each CSA, the organisation had identified a number of Key Success Factors (KSFs), which were those things that the organisation was required to do within each CSA to ensure that it did indeed add value for the stakeholders.<br><br>• The organisational objectives that were identified as KSFs were met through undertaking the core activities and processes of the organisation, performance in which was measured using key performance indicators (KPIs), which were lower level metrics comprising input, throughput, output, outcome and satisfaction measures. |

### 6.2.2: The Monthly Operating Report (MOR)

The MOR contained operational metrics for each programme. Responsibility for collating data lay with the Team Leader who was in charge of a programme. Figure 6.2 illustrates the report for a telephone counselling programme.

**Figure 6.2: Illustrative Extract from the Monthly Operations Report**

|  | Jul 2002 | ... [1] | Jun 2003 | Achieved Last Qtr. | Qtr. Target | YTD Achieved | YTD Target | Mth. Ave 01/02 | ... | Mth. Ave 95/96 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Metric** | | | | | | | | | | |
| No. contacts | | | | | | | | | | |
| Contacts per FTE | | | | | | | | | | |
| Calls received | | | | | | | | | | |
| Info. & referrals | | | | | | | | | | |
| FTE paid workers | | | | | | | | | | |
| Program expenses | | | | | | | | | | |
| Cost per contact | | | | | | | | | | |

**Legend:** FTE: Full-time equivalent position; YTD: Year to date.

**Note [1]:**     The symbol "…."  signifies  a continuing series.

At the programme level, the MOR was used in planning and in effecting task control, through monitoring overall programme output, throughput, staff workload management, and trend analysis. However, because of differences in client throughput and the standardisation of service delivery, there was considerable variation in the use of quantitative data between programmes.  For example, in the crisis telephone counselling service, "Lifeline", service delivery was relatively homogeneous, and throughput was high: in 2002, it dealt with an average of 220 calls per week. Consequently, quantitative data, which included demographic indicators, reasons for calling, and capacity utilisation, was valuable. Conversely, in the residential facility, "Ruby's", service provision,

comprising medium term accommodation for approximately 50 clients per year, was heterogeneous. Consequently there was a greater reliance on qualitative than quantitative data to evaluate programme performance. At the whole of organisation level, data captured by the MOR was used to pursue the strategic objective of evidence based planning, policy development and advocacy.

### 6.2.3: The Performance Indicator Report

The Performance Indicator Report (PIR) provided a quarterly evaluation of the performance of each programme delivered within the Services Function, and by the Education and Training Unit, against three measures: (1) output; (2) outcomes; and (3) client satisfaction. Because of the diversity of the activities undertaken by ACM, the nature of the specific metrics used to indicate performance varied considerably between programmes. However, a degree of standardisation was accomplished by expressing performance as 'percentage of target met'. Figure 6.3 illustrates the reporting of output measures for one programme.

**Figure 6.3: Illustrative Extract from the Performance Indicator Report**

| | OUTPUT | | OUTPUT AS % OF TARGET | | MANAGER'S COMMENT |
|---|---|---|---|---|---|
| | Key Measure | Monthly Target | Current Qtr | Year To Date | |
| **SERVICE (1-9)** | | | | | |
| **Programme (1-n)** | No. of Cases | 30 | **150%** | **113%** | Government assistance in promoting service. |

The PIR was generated centrally, by the Data Officer, using data from the MOR (for output measures) and from input by service managers (for outcome and satisfaction measures, and explanations of variances). The PIR was distributed, as a stand-alone report, to executives and board members; and was part of the standard set of performance reports that were tabled at meetings of the Executive Committee and the Board. It was also provided to members of the Community Services Committee for information; and was uploaded to a shared hard drive to which all managers had access.

As a report to the Board, the PIR provided members with a timely and succinct overview of effective effort in each programme. In discussing the use of the PIR, all informants acknowledged that the diversity of services delivered by the organisation added a degree of complexity to the Board's task of providing oversight.  In particular, summarisation and aggregation of data were problematic, since many different performance evaluations were reported.   Furthermore, the majority of programmes had separate, often diverse, sources of funding (which is discussed in the following section), and were required to use (at least some) performance evaluations stipulated by outside parties.   With few exceptions, the performance of each programme was required to be managed and reported separately. This resulted in very high information needs for those charged with exercising oversight, and, consequently, performance reports were quite detailed. Consequently, the utility attached to the PIR by individual board members varied, with the majority suggesting that its primary value was as an attention directing mechanism that prompted further questions. Also, because of the nature of human services, it was felt

there was a degree of subjectivity in defining and reporting quantitative indicators. One board member summarised this view in the following way,

> "In our five-year plan we do have Key Performance Indicators and I wanted to make sure they're all being addressed…the actual ranking they're given is only secondary to the fact that they were being addressed, because I still feel some subjectivity…"

As a report to the Services Committee, the PIR was seen as an information source that facilitated a broader understanding of the organisation's activities. Such an approach was commensurate with the general focus of that committee, which was one of providing support and advice, rather than evaluating performance.

As a report to the Executive Committee, the PIR also provided a mechanism for monitoring the core activities of the organisation, since it indicated achievement against the planned level of outputs and outcomes for each programme. However, as a stand-alone report, it was seen by executives as providing greater benefit to the Board than to the Executive Committee, because it presented highly summarised data, and because those executives who oversaw programmes that were covered by the PIR were appraised of programme activities through ongoing contact with managers, and through the routine Direct Accountability Reports (which are discussed in Section 7.2.2).

Executives (and board members) were unanimous in stating that the PIR was not used to compare programmes. Differences in the nature of the programmes, their target clientele and resource bases meant that resource allocation was essentially a strategic decision, which was based on the organisation's assessment of need in the community, the organisation's Strategic Directions Statement, and the availability of resources. In speaking of the difficulties of using performance information in such circumstances, one executive stated,

> "We range from programmes where our clients live with us, to programmes where we see a family three times, you know, for an hour each time. So it's enormously different. You've got incredibly different information available to you in those programmes."

While another executive illustrated the difficulties in comparing performance information from different programmmes, stating,

> "…we are faced with multiple needs and multiple possibilities and multiple client groups, issues and needs which can never be decided ultimately on some kind of rational basis. How do you judge between [allocating resources to] unemployed kids who are never going to get a job if we don't provide them with some basic literacy and numeracy… [and]… sexually abused kid on the streets that we're trying to work with and get them into some decent accommodation? If we've only got enough money to do one or the other I'm not sure there's a rational basis - our

commitment is for helping those most in need  - even there it's a matter of debate."

The PIR was also used by service managers to effect management control. However, as noted above, the level of use varied due to programme differences. Overall, KPIs were seen as contributing, along with other reports, to the overall evaluation of service achievement. One specific role the PIR played was in providing justification to senior management to increase staffing levels, i.e. evidence based planning. (The ways in which multiple performance measures were integrated are addressed in Chapter 9.)

In addition to monitoring service effort, the PIRs benefitted the organisation by providing a further opportunity for operational staff to focus on the performance of their programme, through the consultative process undertaken to define indicators. That process required a team leader, operational staff, the Service Manager, and staff from the Research and Development Unit to analyse what each programme aimed to achieve, what constituted good performance, and how achievement could be measured. Consequently, the process of defining KPIs was held to provide insights that could be easily overlooked in day-to-day service delivery. Those involved in developing the report indicated that by working through the issues of performance measurement in a systematic and comprehensive way, the organisation had been able to better define what performance actually meant. For example, it is a basic tenet that human services were delivered in order to improve clients' lives, however, isolating the effect of a specific programme amongst a client's myriad life experiences was often problematic. Furthermore, in some

programmes (e.g. residential aged care) informants indicated that a "good" outcome might not have actually produced an improvement in a client's condition, but may simply have provided an acceptable level of comfort. Some service managers expressed the view that the mere requirement to report a KPI provided those responsible for delivering services with a motivation to ensure that the broader aims of the organisation were addressed in a structured manner. As one service manager stated about the organisation's performance reporting requirements,

"…it's a way of keeping our finger on the pulse. What the issues are within the homeless community. What are the issues around sexual abuse? So that when a child protection review comes up once every few years, we're not on the back foot saying: what do we know about this? Part of accountability and reporting is: this is what we know about who we are and what we're doing, and what are the issues for people using our services."

Underpinning the development and use of the PIR (and, performance reporting generally) was a concern for organisational values, which crystallised in two contrasting, but nonetheless complementary imperatives. First, the organisation's values base was predicated on the notion of community service, and, furthermore, one of the organisation's acknowledged values was "continually striving for improvement". There was also an acute awareness within the organisation that, although there was significant need in the community for its services, resources were limited. Consequently, one reason for developing performance reports was to enable the organisation to effectively and

efficiently pursue its mission.  In speaking of this imperative, one executive manager stated,

> "We have a responsibility to provide the best quality we can for people in South Australia. It is primarily a moral issue." [emphasis added]

Somewhat paradoxically, the pre-eminence of such a client-centric value system had, in the past, spawned a tradition amongst many front line staff that eschewed any role for formal performance reporting, and, furthermore, saw some staff elevate the interests of clients at the expense of their own welfare and also the organisation's fiscal management. Consequently, a number of executives and managers suggested that the development of formalised performance reporting had provided a useful counterbalance to such tendencies, thus contributing to optimum effectiveness in service delivery, including organisational sustainability.

The general professionalisation of the social work profession, which, as noted in Chapter 4, was thoroughly embraced by ACM, was widely acknowledged by informants as a major driver of performance reporting.  It was accepted by management and staff of the organisation that there was now an expectation within the organisation (and across society) that welfare services should be delivered with of a greater level of professionalism. Consequently, there was an elevated sense of importance attached to accountability; and recognition of the need for performance reporting.  In commenting on this, one executive manager stated,

"I think there's more reporting now because we're more sophisticated about what can be measured, because there's a worldwide trend to performance, and there's much more of a worldwide trend to accountability. Frankly, you know, before the 90s, we all thought we were doing good things, and we were convinced we were doing good things. We told everybody we were doing good things. We were doing good things, but there was absolutely no measurement of it. I just think it's a whole different world, different expectations."

**6.2.4: The Organisational Performance Measurement System Report**

The Organisational Performance Measurement System Report (OPMS Report) was a strategic performance reporting tool that defined performance in terms of the value that the organisation provided to stakeholders.  The model held that, in order to achieve its objectives, an organisation was required to identify to whom it must provide value, and, from the perspective of each stakeholder group, what constituted value. Furthermore, in meeting its objectives, the organisation was required to consider both success and sustainability. Application of the model required the articulation of a mapping plan, which operationalised the organisation's *Vision, Mission and Values Statement* within the context of the stakeholder analysis, since it was through the *Vision, Mission and Values Statement* that the organisation defined its objectives and its boundaries, and (by implication) its key stakeholders.

The mapping plan for ACM's OPMS Report cascaded the *Vision, Mission and Values Statement* down through six critical success areas (CSAs), two of which related to the

success of organisational effort, and four to the sustainability of organisational effort. These CSAs represented six strategic concerns that the organisation held that it should address in order to add value for its stakeholders. For each CSA, the organisation identified a number of Key Success Factors (KSFs), which were those things that the organisation was required to do within each CSA to ensure that it did indeed add value for the stakeholders. The organisational objectives that were identified as KSFs were met through undertaking the core activities and processes of the organisation, performance in which was measured using key performance indicators (KPIs), which were lower level metrics comprising input, throughput, output, outcome and satisfaction measures. Figure 6. 4 illustrates these relationships.

**Figure 6.4: Illustrative Extract from OPMS Plan**

| Mission Stateement | Critical Success Factor (1 of 6) | Key Success Area(s) for each CSF | Key Performance Indicators for each KSA |
|---|---|---|---|
| | (2) Enabling others to make a difference | Providing support for community groups | (1) Training delivered  (2) Partnership agreements |
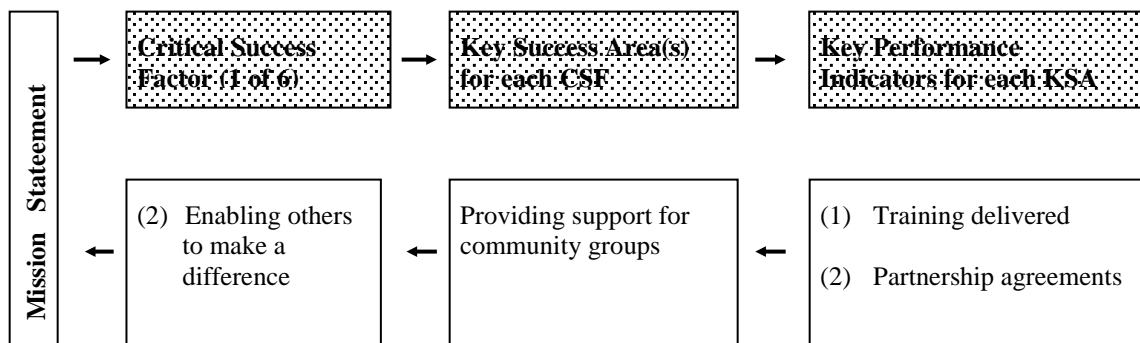
The linkages that are illustrated in Figure 6.4 can be explained in the following way. The organisation's Mission Statement was: "To make as big a difference as possible in the lives of families and people who are most in need of community assistance". One of the two CSAs that the organisation had identified that it must do to successfully achieve this

objective was to undertake community development work, through which it "enables others to make a difference". This goal was met by providing "support for community groups"; and success in providing such support was measured using two KPIs. The first, "Training Delivered", was defined as the number of training events delivered to other community organisations during the reporting period. The second, "Partnership Agreements", was defined as the number of partnership agreement the organisation had entered into to provide support to community groups during the period.

### 6.2.5: The Intended Use of the OPMS Report

By capturing organisational performance in such a comprehensive fashion, the OPMS was intended to play four roles at ACM: (1) to provide a means of monitoring strategic performance; (2) to provide the organisation with an analytical tool to better understand the complexities of organisational performance; (3) to promote organisational learning; and (4) to provide a means of acquitting external accountabilities.

The monitoring of strategic performance through use of the OPMS Report was intended to take place at three levels. Reports to the Board were to provide a mechanism for undertaking organisational governance through monitoring key dimensions of performance across the complete range of organisational effort. They were held to be particularly useful because, as noted above, they could permit an holistic evaluation of performance. The reports were also designed to provide management with feedback on organisational performance, and so permit monitoring of the organisation's conformance with its Strategic Directions Statement.

In addition, it was intended that the OPMS would permit a longitudinal analysis of organisational performance that could be used to evaluate whether the organisation was actually improving its strategic performance as a result of implementing a total quality management framework, the Australian Business Excellence Framework (ABEF) (which is discussed in Section 6.2.3), thus facilitating organisational learning.

The concept of organisational performance at ACM was widely acknowledged within the organisation to be complex, due to the nature of the human services, the diversity of the organisation's output, and differing, and sometimes competing, definitions of what performance actually meant to the organisation's stakeholders. By adopting a multi-dimensional view of performance, the annual report of the OPMS was designed not only to provide an holistic view of performance, but a structured analysis that was grounded in the organisation's *Strategic Directions Statement*. In developing the OPMS Report, the responsible executive found that the process provided those involved with a heightened understanding of the organisation's information needs. Furthermore, in undertaking the development of the mapping plan, it was necessary to undertake an analysis of stakeholders' interests, which also clarified the organisation's requirements in providing information to external parties. At the time the present field study concluded, the OPMS Report was yet to have been reported internally (the first internal report was planned for the 2003/2004 financial year). However, during the period of the field study, it was reported externally, in the organisation's 2002 Annual Report, in order to enhance the quality of the organisation's broad acquittal of external accountabilities.

**6.2.6: The Imperatives for the OPMS Report**

Like most of the performance reporting tools developed by the organisation, the OPMS Report, together with the Performance Indicator Report and the Monthly Operations Report, were initiated at the level of the Executive (by the previous CEO and the Executive Manager Research and Development). However, the Chair also provided significant encouragement for the development of a reporting system based on KPIs, as a consequence of his professional experience of such an approach. Prior to the development of the OPMS, the organisation had considered a Balanced Scorecard (Kaplan and Norton, 1992) model, which was embraced as a logical progression in the use of performance reporting that had commenced in the mid-1980s, and had included programme evaluations and statistical analyses of throughput.

The increased use of organisational performance reporting by ACM arose for a number of reasons. Within the social work profession there was an increasing recognition of their value since the mid-1980s, which, informants indicated, has been embraced by staff of the organisation. Historically, ACM had established a tradition of innovation in service delivery and management practices, and had always attempted to position itself in the vanguard of human services. At ACM, there was an explicit policy of evidence based policy development, whereby both programme design and advocacy were based on sound empirical evidence. This approach had been extended to include the demonstration of sound management practices. Executive managers also reported a sense of responsibility to the non-government sector (particularly to smaller, less well resourced organisations) to develop and share best practice models. At a general level, institutional pressures have

raised the consciousness within the organisation of the importance of sound performance reporting. As one executive manager stated,

"…we've actually recognised…that we're a business...and…we have to be accountable to our customers, and our customers are many and varied. And that's why we find that now we have to go out to AQC , we have to have PIRs, we have to have financial reports and we have to do analysis, we have to have Board reports" .

There were, however, a number of specific reasons given by the Executive Manager Research and Development for developing a strategic performance measurement tool such as the OPMS: (1) the problem of managing fifty-three discrete programmes; (2) as a counterbalance to external accountabilities; (3) considering the interests of multiple stakeholders; and (4) the need to measure the effect of the quality management process that the organisation has introduced.

The OPMS was considered to be particularly important in maintaining a common focus on the organisation's achievements. It delivered fifty-three separate programmes (in addition it operated three business units, generated income from investments, and maintained a substantial corporate infrastructure). Because of differences in the nature of the services delivered by individual programmes, with each targeting a specific client base, and, in many cases, being separately (and externally) funded, there were strong pressures on those who managed programmes to focus on only on their particular field of

endeavour. The OPMS Report provides a counter to such a fragmented conception of performance within the organisation, by facilitating the adoption of a whole of organisation perspective on performance.

Informants also stated that the OPMS Report helped maintain a balanced view about how performance was defined in the face of the considerable, externally determined performance measures that the organisation is required to comply with. (As outlined in Chapter 8, the organisation acquitted a range of external accountabilities, which arose under regulation, compliance, accreditation, and service contracts.) Consequently, there was a tendency for managers to focus on the information needs required to meet external requirements, rather than on the needs of the organisation. The OPMS was held to provide a counterbalance to this, by requiring the organisation to define performance in its own terms, which, as noted above, included giving consideration to the needs of funders, but only as one, of a number of stakeholders.

The importance of maintaining an independent approach to welfare work, including what constituted good performance, was articulated by board members and executives many times during the field study, for example, expressing concern over government initiatives that had the potential to leave the organisation (and CWOs in general) in positions of merely implementing government policy. Informants made it made clear that the organisation's Strategic Directions Statement provided the basis for the development of new programmes, and that the organisation did not bid for tenders simply because they were available. Furthermore, the Board had, in recent years, taken a decision to plan for

sustainability and financial independence, which included not becoming too reliant on government subsidies.

ACM had a number of significant stakeholders, and the OPMS Report also provided a mechanism for balancing their views on performance. In developing the Report, the organisation identified thirty six categories of stakeholders, which were grouped into six main categories: clients, the Uniting Church, staff, donors, strategic partners, and government agencies. These stakeholders had different interests in the organisation, including the receipt of direct benefits, the acquittal of a religious or moral duty, influencing public policy, meeting professional responsibilities and ensuring compliance with external standards. The OPMS Report, as noted above, was grounded in an analysis of stakeholder interests, and has for example, included KPIs that separately measure staff, clients and funder satisfaction levels, and the extent of stakeholder involvement in the organisation's planning activities.

The OPMS Report was also designed to meet the organisation's need for a 'scorecard' that could track performance across a wide range of organisational activities, in order to evaluate the results of improving the organisation's management processes, through application of the quality management framework, the Australian Business Excellence Framework (ABEF). The OPMS was considered particularly suitable since it was specifically designed to be compatible with that quality management framework. (The implementation of the ABEF is discussed in detail in the following section.)

**6.3: THE AUSTRALIAN BUSINESS EXCELLENCE FRAMEWORK**

In June 2001, the organisation began the implementation of a quality management framework that has been developed by Standards Australia, the "Australian Business Excellence Framework" (ABEF).  The ABEF was a continuous improvement framework for organisational excellence that was systems based. It was aspirational, in that it engendered a quality management approach, rather than the attainment of specific standards. Implementation took a minimum of three years, beginning with a self-evaluation after twelve months.

During the present field study, the organisation undertook the first self-evaluation, from which it produced a report that was extensively discussed in staff forums at all levels within the organisation. This triggered a plan to implement change in response to three specifically identified issues. At the time the present field study was completed, the organisation had begun preparation for the second self-evaluation. Part of that preparation included customisation of the basic ABEF model to better analyse the processes of a CWO. Consequently, the implementation process itself engendered a refinement of what performance meant within the organisation, and how it might be achieved. Responsibility for implementing the process lay with the Executive Manager Research and Development, with overall sponsorship of the project provided by the Executive Committee.

**6.3.1: The (Expected) Roles of the ABEF and the Reasons for Implementing it**

ACM expected that the successful implementation of the ABEF would improve the quality of the organisation's management processes, and thereby yield improvements in service delivery. Thus it would achieve its mission more effectively. Such an approach was explained by one executive, who stated rhetorically,

"How does an organisation like this, set in South Australia, recognise the changing needs in the community and shift itself to meet those needs? Now there are a whole lot of subsets of what you need to do in order to do that, which are about improving quality, improving organisational learning, improving acquisition of resources, improving the way the culture in the organisation and the satisfaction of our staff, improving the satisfaction of clients**".**

In addition to such expected improvements in the organisation's strategic planning processes; it was expected that it would improve the operationalisation of value congruence within the organisation, effecting management and task control, and acquitting external accountabilities.

The aspirational concept of quality improvement that the framework posited was expected to provide an input control through which management and task control could be effected. The organisation expected that adoption of the framework would promote a more planned and systematic approach to organisational and sub-unit management. In particular, it had identified a propensity for management to be too reactive (due to the

day-to-day pressures of service delivery), which it expected application of the framework would help overcome.

The ABEF also promoted a participatory approach to planning and process improvement, and, consequently, required a high degree of input, and ongoing application of quality management principles from staff at the programme level. It thus facilitated task management by providing a significant level of input control. The organisation was found to have embraced this philosophy, with the practical implementation of the framework having been undertaken by a quality team that was drawn from across the organisation, with most members working at the team leader level. Members of this team, together with all managers and executives had undergone the training required by Standards Australia, and consequently, the process had received a high degree of attention within the organisation. Importantly, a number of informants reported an immediate impact from the input of staff members (forty in number) who had undertaken that formal training, whereby they had developed insight into the meaning of quality management.

The organistion's capacity to acquit external accountabilities were expected to be enhanced in two ways: (1) by being perceived as a 'quality' organisation; and (2) by reducing the duplication in effort currently required in respect of specific external accreditation requirements.  It was also hoped that meeting the quality standards of the ABEF would also play a role in acquitting some of the specific accountabilities with which the organisation was required to comply under external accreditation requirements. (As discussed in Chapter 8, the organisation was currently required to comply with seven

different but, with respect to organisational management processes, convergent external quality standards.) Consequently, the organisation was concerned about the duplication of effort required to separately comply with each standard. It therefore intended to argue that, where accreditation under the ABEF provided proof of compliance with part of an external standard, it should be accepted as meeting the requirements of the standard.

**6.4: THE STAFF DEVELOPMENT REPORT**

In order to improve management expertise, the organisation provided encouragement and financial assistance to staff to undertake management education, and other courses. Accordingly, the Executive Manager Human Resources prepared an annual report on the scope and progress of staff development, which was included in her routine management reports to the CEO, Executive Committee and the Board.

Such performance reporting reflected the organisations strategy, with one key Outcome Area in the Strategic Directions Statement committing the organisation to,

"…organisational systems and management processes are based on best practice models…"

Overall, such reporting was a response to the general professionalisation of the welfare sector. The Staff Development Report assisted executives and board members to monitor the stewardship of (human) resources within the organisation and, in so doing, ensure compliance with the Strategic Directions Statement. The application of training courses

per se also constituted a broad input control, which was held to be particularly important given the diversity of the case organisation. Staff development reporting was also influenced by the professional experiences of board members, with some members justifying their support for funding employees undertaking management courses on the basis of the practices in their own work-places (emphasis added).

## 6.5: THE STAFF AND VOLUNTEER SATISFACTION REPORT

A comprehensive satisfaction survey of all staff and volunteers was conducted every two years. In addition, one quarter of staff and volunteers were surveyed quarterly. Results of all Staff and Volunteer Surveys were included in the routine reports by the Executive Manager Human Resources to the CEO, Executive Committee and the Board, who used them to monitor staff satisfaction. As well, they were communicated directly back to respondents at staff meetings. Results of the quarterly survey were also reported as the KPI of "Internal Stakeholder Satisfaction" in the annual OPMS Report (which was discussed in Section 6.2.4). The report was also used by executives for human resource planning and organisational development; and to monitor the organisation's strategic directions. Furthermore, the organisation formally evaluated its performance in respect of adhering to its espoused values, through Staff Satisfaction Surveys; since it sought an evaluation from staff of the way the organisation had gone about ensuring that its processes were congruent with its stated value system. The results of this evaluation of organisational performance were reported to the Board and the Executive Committee. Thus the imperatives for reporting staff satisfaction arose from the organisation's overall strategic orientation, which was based on a stakeholder analysis that considered staff as a

key stakeholder; that held the promulgation of organisational values to be important; and also the need to maintain control in a large organisation.

## 6.6: SPECIFIC AREA REPORTS

### 6.6.1:Introduction

A number of performance reporting tools were deployed within specific programmes and infrastructure departments.  These tools were primarily used to effect task control at a local level by comparing actual with planned performance.  Where such measures were reported through the management structure, they were also taken into account in effecting a management control function.

### 6.6.2: Specific Reports Generated in Programmes

Within Disability Services, one programme deployed a process-auditing tool,  the Periodic Service Review (PSR) that had been developed by the Service Manager. The audit involved checking records of service provision for compliance with a range of organisational wide,  and programme specific,  policies and procedures. Implementation of this tool reflected not only the values and commitment of service staff, but also a wider interest in quality improvement. In outlining the current approach to performance reporting in Disability Services, the manager commented that because, when that field of service delivery began, in the 1970s, it was staffed by people trained in nursing, a medical model of care predominated. However, as people trained in other disciplines began working in the field, developments occurred. According to the manager,

"… these things evolved from that over time, you know, to become much more appropriate and sophisticated, and of course the medical model got dropped because it was inappropriate and all of those things. So this is not new. It's developed over a long period of time."

A similar tool, called a Process Score, was used within the Service Areas, Care Services for Older People, and Neigbourhood Support Services. The tool provided a form of behavioural monitoring in effecting task control. Those who advocated the use of the tool acknowledged the importance of evaluating process quality in the delivery of services, thus explicitly integrating value congruence into evaluations of service output through reference to requirements in organisational policy manuals that clients be treated with respect and dignity.

Programmes within Neighbourhood Support Services also evaluated core service delivery, using a tool called a Programme Profile, which involved a six monthly assessment of performance against KPIs for outcomes, outputs and procedures. Programme Profiles were designed to ensure that the key objectives of each programme were related to the organisation's Strategic Directions Statement. The performance information provided by the application of the tool was reported to the Service Manager, with some scores also reported in the Performance Indicator Report. This tool also provided a mechanism (an output control) for effecting task control at the programme level. It was considered to be useful because it focused on the organisation's core activities.

A set of programme specific KPIs had also been developed by staff to monitor operational performance in the programme, "North East Networks", These comprised eight output and outcome indicators, which together permitted a quantitative analysis of effective effort, and also directed attention to issues that could be further explored through qualitative analyses. Performance reports were developed quarterly, and were used within the programme where they were used to effect quality improvement through and task control. Some KPIs from this report were also included in the PIR and were reported to the Manager Disability Services, where they formed part of the overall database that was used to effect management control.

A number of service managers stated that they had a standing agenda item at monthly staff meetings that raised the issue of continuous improvement at the programme level. That process required staff to identify successes (and failures) they had experienced in service delivery, particularly in relation to significant issues that could arise on a day-to-day basis. The approach was strongly tied to ongoing management issues such as optimising the use of staff time and managing waiting lists. Such an approach illustrated the value orientation that permeated all levels the organisation, which was to strive to provide the best service possible for clients. At the time of the field study, the results were reported only within the service area.

However, within the two residential aged care facilities, the issue of continuous improvement was more formally developed and reported. Both facilities had quality improvement committees, which comprised management, staff and resident

representatives. Committees met monthly and their evaluations were included in the monthly Services Report. While a significant imperative for this work was the ongoing integration of the quality standards that were required to be adopted under the Aged Care Act 1997 (which is discussed in Section 8.3), these were nonetheless voluntary committees.

There was also evidence of voluntary compliance with specific standards, for example staff in the Financial Counselling Service complied with the voluntary code developed by the South Australian Financial Counsellors Association, which comprised seven principles of service excellence and ethical conduct. Such voluntary compliance was undertaken because staff believed it to be good professional practice. This too illustrated the importance attached to providing the best service for clients.

Specific area reporting thus highlights an important feature of performance reporting in the organisation, which is that the collation and reporting of performance information was initiated by those whose performance was the subject of the report. Such a pro-active approach indicated a strong personal commitment to clients, and, more generally, to the objectives of the organisation; evidencing a quality improvement imperative for performance reporting.

The organisation also evaluated new programmes within the first twelve months of operation. That evaluation was undertaken by the Executive Manager Research and Development in consultation with service delivery staff. The purpose of these evaluations

was to ascertain whether or not the programme was meeting its objectives in an efficient way, and conforming to the organisation's Strategic Directions Statement. While the specific methodology varied according to the nature of the service, the evaluations were broad, relying on quantitative measures, such as throughput figures and client satisfaction surveys, and qualitative measures such as interviews with staff and stakeholders. In addition, as noted in Section 7.2.2.3, Service Managers reported monthly to the General Manager Services on the progress of new programmes.

**6.6.3: Specific Reports Generated  in Infrastructure Departments**

Within the organisation's infrastructure departments, there existed an explicit value chain approach to service provision, whereby front line services were seen as 'customers',  and service departments could contribute to organisational effort by efficiently and effectively supporting them. In 2002, the Finance and Human Resources Departments undertook a survey of managers' and executives' views on the success and usefulness of the budget development processes. Results of this survey were reported to service staff, and were used to help develop a more streamlined approach to budget development in 2003. As well, towards the end of the field study, the Finance Department undertook a comprehensive survey of managers and executives regarding the overall level and quality of services it provided, in order to improve processes. However, at the time the field study concluded results had yet to be analysed. Prior to this, the Executive Manager Human Resources had surveyed team leaders and managers to elicit feedback on the performance of the Human Resources Function. It was envisaged that such surveys would be conducted every eighteen months.

Those who initiated such means of evaluating and reporting the performance of accounting and human resource functions did so largely in consideration of their roles as professionals whose responsibilities included ensuring that organisational processes were based on acknowledged professional values and paradigms in order to implement what they considered to be best practice. In doing so, they explicitly included references to their (prior) private sector experiences, and principles espoused by the professional associations of which they were members. Such an approach also demonstrated a personal commitment to quality improvement.

## 6.7: THE GOVERNANCE REVIEW

In November 2001, the Board undertook a governance review, comprising facilitated workshops and a self-evaluation. The evaluation process involved a gap analysis, in which members were asked to rate the importance of a set of indicators, and then rate the performance of the Board in addressing them. This gap analysis highlighted a number of issues, which were addressed progressively during 2002. Changes that resulted from the review were an increase in the frequency of board meetings; implementation of the system of cyclical presentations by executive managers and service managers; a streamlining of the board committee structure; an analysis of stakeholder relationships; and the allocation of professional development funds for board members. A further review was planned for late 2003.

Three reasons were given by informants for implementing the review of governance: (1) a responsibility to ensure organisational sustainability, as articulated in the Strategic Directions Statement; (2) a heightened awareness of the increasingly onerous legal responsibilities that board members, with more than one specifically mentioning the impact of a recent Federal Court decision, which established that the level of duty of care required of board members of not-for profit entities was the same as that of directors of for-profit entities; and (3) the broader professional expertise and experiences of board members. In outlining the reasons for the review, one board member stated,

> "[Name of Board Member] who is a lawyer on the Board, [corporate governance] is…one of her areas of work and she agrees that we should pay attention to governance issues. I think what had happened is that there were one or two, like a Company Director on the Board, and something might have happened in his company. They may have gone into a governance awareness mode and it made sense that, you know, the [Adelaide Central] Mission would do that. So there were things happening from a number of angles so we contemporaneously thought, oh well, you know, it does make sense for us to do these things."

## 6.8: CHAPTER SUMMARY

Chapter 6 outlined the nature and use of, and imperatives for, performance reports that the organisation voluntarily deployed to evaluate its substantive effort, and management and governance processes. It showed such performance reporting to be extensive;

covering all functions of the organisation, including core activities, support functions, business units, and management and governance processes; and undertaken at all levels of the organisation, from front line services to the Board.

Performance reports were shown to have ranged from those narrow in scope that captured throughput and efficiency of single work unit (programme or support function); through those that reported common activities at the whole of organisation level, such as the Performance Indicator Report, and the Staff and Volunteer Satisfaction Reports; to those that captured the strategic performance of the whole organisation, such as the Organisational Performance Measurement System.

Reporting the performance of substantive effort was shown to be complex, owing to the nature of human services, the importance of the organisation's value set, and the diversity of the activities undertaken. The organisation found it necessary to report both quantitative and qualitative measures that comprised output (output, outcome and satisfaction measures) and input (quality processes) measures. Importantly, the analysis also showed that performance was multidimensional, requiring consideration of a range of measures, and meeting the information needs of stakeholders with different ideas about what constituted good performance. Informants were unequivocal in stating that performance information was not used to compare programmes.

Non-financial performance reports were used by team leaders and service managers to effect programme management, quality improvement, resource usage, and in operational

planning. In some instances, programme specific performance reporting tools were implemented locally to improve service delivery. However, it was shown that there was significant variation in the use of throughput measures at the programme level due to the nature of the issue being addressed by a programme, and/ or the degree of heterogeneity of the service. Service managers used non-financial measures in combination with financial measures within the routine management support and supervision functions that they effected.

Where non-financial performance information was used by executive managers within the Functional areas, it was as additional (confirmatory), rather than primary performance information. However, reports such as the Staff Development and Staff, Volunteer Satisfaction Reports and the reports on the implementation of the Australian Business Excellence Framework were used a primary sources on information for effecting quality improvement and organisational control.

Non-financial information on core organisational activities was used by the board members to monitor organisational effort. However, as a report to the Services Committee, the Performance Indicator Report, and other non-financial indicators were used as input to the problem solving and support giving functions of that committee. Non-financial performance information gained by the Board from its governance review was however used to improve process quality.

Non-financial measures of output, outcome satisfaction, and service quality, like many of the financial measures that were discussed in Chapter 5, were necessarily not aggregated beyond the programme level (in the Services Function) due to the diversity of issues addressed by programmes and the heterogeneity of service delivery. Consequently, performance information that was reported to higher levels of the organisation was, in many cases, necessarily detailed, sometimes leading to information overload. The evaluation of management processes, however, as captured by the ABEF, was reported to the Executive Committee in a more summary form.

The analysis of the organisation's use of non-financial performance measures, like its use of financial performance measures, also showed that there was contemporaneous reporting of the information to the Executive Committee, the Board and the Services Committee. Consequently, input into the control and governance functions occurred at both the level of the executive and the board. (This issue is dealt with in detail in Chapter 9.)

While voluntarily collated non-financial performance information was used internally, a considerable amount was also reported externally. The annual report contained throughput data, and the summarised evaluation of the organisation's strategic performance that was captured in the OPMS report (the annual report is discussed fully in Chapter 7, which deals with direct accountability reporting). There was also an expectation that the organisational performance captured in the ABEF would provide a

more efficient way of meeting a number of mandatory accreditation requirements, and also be reported publically.

In addition to directly evaluating performance, non-financial performance measures were held to have provided four other benefits that improved performance. First, the process of analysis required to develop them was held to facilitate a better understanding of what good performance actually meant, and what was required to achieve it. Second, such activity contributed more generally to the process of organisational learning. Third, throughput measures in particular, and to a lesser extent, outcome and satisfaction measures were used in annual planning and lobbying government. Fourth, they provided a point of reference for programme staff to refocus on organisational priorities, and hence act as a counterbalance to the continuous pressures on programme staff to meet day-to-day client needs and to meet external accountability requirements.

Six broad influences on performance reporting were identified in Chapter 6: (1) personal beliefs of decision-makers; (2) professional experiences board members; (3) professional affiliations of executives and managers (4) organisational size and diversity; (5) organisational strategy; and (6) external imperatives.

The personal beliefs and or experiences of key staff, management and board members constituted, in the first instance, a fundamental driver of performance reporting, in that there was a strong commitment to quality improvement in order to directly benefit

clients. Thus, the values base from which organisational participants operated was influential.

Board members were shown to have brought to the organisation ideas about performance reporting that were based on their day-to-day professional experiences outside the organisation. Examples included the governance review, the use of KPIs and the importance of staff development.

The voluntary deployment of non-financial performance reporting was also influenced by managers' and executives' consideration of professional paradigms. Examples included the implementation of internal satisfaction surveys and process quality improvement approaches.

Organisational size and diversity also influenced performance reporting. The organisation's size was such that formalised, routine information about the core activities of the organisation, which were non-financial, was necessary for organisational control. Organisational diversity influenced performance reporting in the following ways: (1) it necessitated a broad range of different types of performance information; (2) it limited the aggregation and summarisation of information, thus requiring high levels of detail to be reported at senior levels of the organisation; and (3) it constituted a strong reason to develop whole of organisation reporting in order to provide focus for staff whose day-to-day attention was directed towards their (often very different) programme responsibilities.

Strategic imperatives were doing the best for clients, evidence based programme development, advocacy, resource attraction, satisfying a range of stakeholders, taking a leadership position in the community welfare sector; organisational learning and ensuring organisational sustainability. Non-financial performance information was thus used for both strategic as well as operational planning.

An important external driver of voluntary non-financial performance reporting was that one of the reasons for implementing the Australian Business Excellence Framework was an attempt to rationalise the considerable reporting load faced by the organisation under seven different accreditation standards. (This is discussed further in Section 8.3.)

Thus, like Chapter 5, Chapter 6 has provided a thorough, grounded empirical analysis of one aspect of the organisation's voluntary system of performance reporting. Non-financial performance reporting is considered further in Chapter 9, which explores the ways in which the various facets of performance reporting were integrated. Furthermore, by highlighting the four broad influences on performance, Chapter 6 has also brought into focus some of the key themes that are explored through the perspective of Strategic Choice Theory in Chapter 10. However, in the following Chapter, the discussion turns to the third element of the organistion's voluntary performance reporting framework, the system of direct accountability reporting.

# Figure 7.1: The Classification of Major Performance Reports Used by ACM (Per Figure 1.1 Highlighting Direct Accountability Reporting)

## DIRECT ACCOUNTABILITY

**Annual Report:** F and NF Performance

To External Parties

**Services:** Monthly report

**Stewardship:** Monthly Financial Performance

**Board**

**MoM:** Quarterly report

**Executive:** (Collective accountability to Board)

**CEO:** Monthly whole of organisation report

### Functional Area

**EM:** Fortnightly verbal report to CEO. Monthly Functional Area Report by each EM to CEO, Executive and Board. Covers financial and non financial performance of activities undertaken within function. Quarterly performance against plans.

**Manager:** Fortnightly verbal and standard monthly and quarterly written reports to GMS on financial and non financial performance of programmes/ support department/ business unit

**Team Leader:** Fortnightly verbal and monthly written report on performance of programme.

**Coordinator / Supervisor:** Fortnightly verbal and monthly written report.

## Financial

**Monthly Financial Overview:** Analysis of financial performance, position and cash flows. Covered all organisational activities.

**Monthly Financial Operating Reports:** Analysis of Transactions; Operating Statement; Variance analysis of Income and Expenditure; and Analysis of Unspent Government Subsidies.

**Weekly Financial Review:** Update on financial management projects; Update on management of strategic relationships that related to the financial affairs of the organisations; Weekly statement of cash flows for ACM Inc. and FF Inc.

**Ad Hoc Reports:** Financial analysis and review of various projects.

**Annual Accounts:** Statement Fin Performance , Position and Cash Flows, Notes to Accounts, Directors' Statement.

**Investment Reviews:** Monthly and six monthly performance evaluations of funds under management

**Legend:** ABEF: Australian Business Excellence Foundation; CEO: Chief Executive Officer; EM: Executive Manager; EO: Equal Opportunity; F: Financial; MoM: Minister of the Mission; MOR: Monthly Operations Report; NF: Non-Financial; OHS: Occupational Health and Safety; OPMS: Organisational Performance Measurement System; PIR: Performance Indicator Report.; UC: Uniting Church

Report     Influence     Presentation

## Non Financial

**OPMS Report**: Annual, whole of organisation strategic performance measurement tool. Includes 2 lower level reports.

**PIR:** Quarterly KPIs of output, outcome and client satisfaction

**MOR:** Monthly throughput and demographic statistics

**ABEF:** Whole of organisation quality management tool.

**Staff Development Report:** Indicates progress in meeting staff education and training targets.

**Staff & Volunteer Satisfaction Report:** Biennial and quarterly evaluations by staff and volunteer on 25 dimensions of organisational activity.

**Specific Area Reports:** Local performance measures developed and deployed in a programme or support department to evaluate performance on specific activity.

**Governance Review:** Self-Evaluation of Board's governance .

## Mandatory

**Compliance:** Performance requirements of regulators

**Accreditation:** Performance required by accreditation agencies

**Contract:** Performance required under service contracts

**Auspices:** Report on organisational performance to UC

To External Parties

# — 7 —

## DIRECT ACCOUNTABILITY REPORTING

### 7.1 INTRODUCTION

Direct accountability reporting was extensive. Its place within the classification scheme that was introduced in Section 1.6 is represented in Figure 7.1 (opposite). Notably, direct accountability reports often included information that was reported in the stand alone reports that were outlined in Chapters 5 and 6. This is depicted by the arrows joining elements of the reporting framework. Direct accountability reporting within ACM comprised a tripartite system that mirrored the organisational structure. In addition, ACM voluntary reported its performance publicly through its annual report. This scheme is illustrated in Figure 7.2 (over), where each part is represented in a separate panel.

Panel A depicts routine performance reporting that sustained line and staff relationships, showing that accountabilities were acquitted through a management reporting system that culminated in the preparation of Functional Area Reports by each executive manager, which were then submitted to the CEO. Panel B depicts routine performance reporting to the Executive Committee, showing that Functional Area Reports were also submitted directly to that committee, along with presentations by managers. Panel C depicts routine performance reporting to the Board and the Community Services Committee, showing that Functional Area Reports were also submitted directly to the Board, along with reports from the CEO and the Minister of the Mission, and presentations by executive

**Figure 7.2: Direct Accountability Reporting**

**Panel A: Line and Staff Reporting**
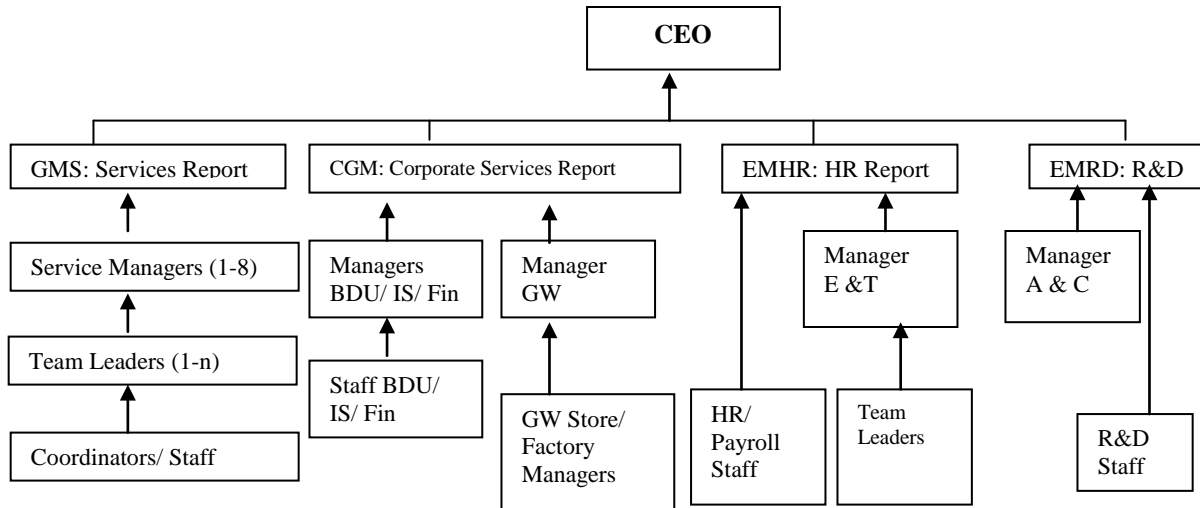


**Panel B: Reports to the Executive Committee**
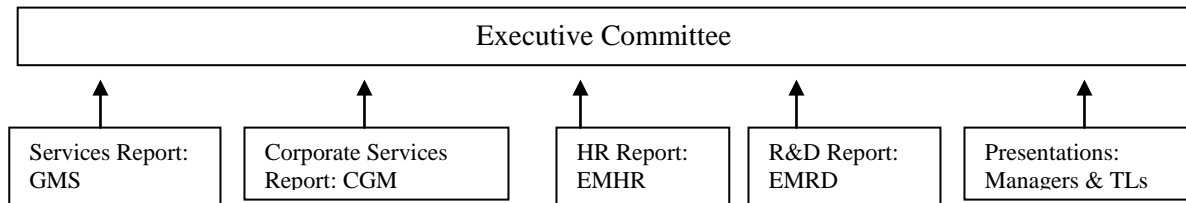


**Panel C: Reports to the Board**
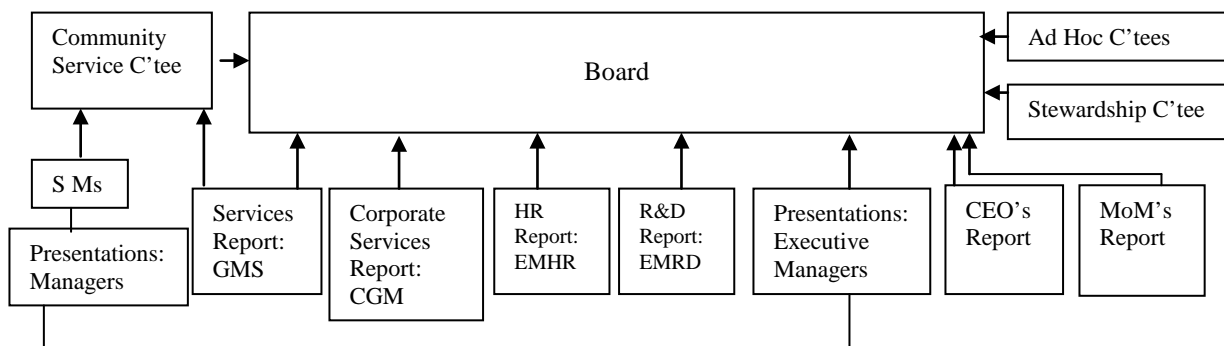
## Panel D: The Annual Report

**Various Parties**: Synod, Congregations, Donors, Congregations, Funders, Academics, Other CWOs

Overall Editorial Control Exercised by Interested Board Members and Executives

Editor: Manager Advocacy and Communications

| Chair's Report | | OPMS | | Throughput Statistics (Services) |
| MoM's Report | | Summary Financial Report | | Narrative Report (Services) |
| CEO'S Report | | | | Highlights (Services) |

Legend

A&C: Advocacy and Communications; BDU: Business Development Unit; Fin: Finance Department;
HR: Human Resources; IS: Information Systems Department; CEO: Chief Executive Officer; CGM:
Corporate General Manager; E&T: Education and Training Unit; EMHR: Executive Manager Human
Resources; EMRD: Executive Manager Research and Development; GMS: General Manager

managers. It also shows that the Services Report was submitted to the Services Committee, along with presentations from service managers; and that the two Board Sub-Committees reported to the Board.

Chapter 7 is structured in a way that each of the four elements of Figure 7.2 is explained in a separate section. Following this, the imperatives for undertaking such a comprehensive system of direct accountability reporting are explained. The chapter concludes with a summary.

**7.2: LINE AND STAFF PERFORMANCE REPORTING (Figure 7.2: Panel A)**

**7.2:1: Introduction**

Direct accountability reporting was undertaken at each management node. While reports were similarly structured, the exact make-up of each individual's report depended on the level of management responsibility held, the functional area concerned, and the focus of the management unit. The content, frequency and authorship of direct accountability reports are shown in Table 7.1A (over). Information included in those reports is defined in Table 7.1B (over).

The following analysis of line and staff reporting examines its practice in each of the four functional areas separately (in Sections 7.2.2 to 7.2.5), and then direct accountability reporting by executive managers to the CEO (in Section 7.2.6). Such treatment was considered necessary because differences in the focus, size, and scope of functional areas resulted in significant variations in the nature and usage of performance reports. However, direct accountability reporting by the four executive managers to the CEO was sufficiently homogeneous to permit an undifferentiated analysis.

**7.2.2: Routine Management Reporting in the Services Function**

**7.2.2.1: Introduction**

Direct accountability reporting within the Services Function was uniform and closely monitored. Dyadic relationships occurred at three levels: (1) at the programme level, coordinators reported to team leaders; (2) within each of the eight service areas, team

leaders reported to a service manager; and (3) across the function, the eight service managers reported to the General Manager Services. Performance reporting was

cumulative, whereby reports to a manager not only provided the means for acquitting accountability by the person reporting, but also provided the recipient with essential input into his/ her subsequent report to a superior. Consequently, the Monthly Services Report of the General Manager Services, which was submitted to the CEO, the Executive Committee and the Board, was progressively built from data that was reported up through the function. However, team leaders and service managers (in addition to the General Manager Services) unequivocally acknowledged a direct accountability to the Board, as well as to their managers, by referring to their reports as, "my Board Report" (emphasis added), even though their reports were only forwarded up one level in the management structure, and it was the General Manager Services who compiled the report that actually went to the Board.

**7.2.2.2: Direct accountability reporting at the programme and service levels**

At the programme level, coordinators' reports to team leaders reflected their narrow management spans, and task oriented responsibilities; focusing primarily on measures of throughput, effectiveness of service effort, and progress against annual plans. Performance reporting was often only verbal, taking place during fortnightly meetings (Table 7.1A: Items 1, 2, 6, 7 and 11).

**Table 7.1A: Content, Frequency and Authorship of Routine Direct Accountability Reports**

| No. | Item | Services Reported By GMS | SM | TLS | C/S | Research & Development Reported By EMRD | SRD | Human Resources [1] Reported By EMHR | MET | TLE | SHR | Corporate Services Reported By CGM | MF | SF | MBD | SBD | MIS | SIS | MG | SMG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Significant Issues | M | M | M | M | M | M | M | M | M | M | M | M | | M | I | N | | M | M |
| 2 | New Programmes | M | M | M | M | M | | M | M | M | | | | | | | | | | |
| 3 | Progress on T & S | M | M | | | M | M | M | M | | | M | | | | | | | | |
| 4 | Key Financial Variances | M | M | | | M | | M | M | | | M | M | | M/Q | | | | M | W |
| 5 | Unspent Subsidies | M | M | | | | | | | | | | | | | | | | | |
| 6 | Variances in Effective Effort | Q | Q | Q | Q | | | Q | Q | Q | | | | | | | | | | |
| 7 | Progress Against A P | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q | Q |
| 8 | Progress Against Personal A P | Q | Q | | | Q | Q | Q | Q | Q | Q | Q | | | | | | | | |
| 9 | Progress Against CAP | Q | | | | Q | | Q | | | | Q | | | | | | | | |
| 10 | Operating Statement | | | | | | | | | | | | | | | | | | W | W |
| 11 | Verbal Report | F | F | F | F | F | M | F | F | F | F | F | N | F | N | N | N | N | W | W |

**Legend:**

AP: Annual Plan
C: Coordinator
CAP: Corporate Annual Plan
CGM: Corporate General Manager
EMHR: Executive Manager Human Resources
EMRD: Executive Manager research and Development
F: Fortnightly
Fr: Frequency
G: Goodwill
GMS: General Manager Services
 I: Informal
M: Monthly
MBD: Manager Business Development
MET: Manager Education and Training
MF: Manager Finance

MG: Manager Goodwill
MIS: Manager Information Systems
N: "As  Needs" Basis
Q: Quarterly
S: Staff
SBD: Staff Business Development
SG: Staff Goodwill
SHR: Staff human Resources
SIS: Staff Information Systems
SRD: Staff Research and Development
SM:    Service Manager
SMG: Store Manager Goodwill
TL:    Team Leader Services
T&S: Tenders and Submissions
W: Weekly

**Footnote [1]** Reports by the EMHR also contain whole of organisation reports that are prepared in that Functional Area, e.g. OH&S.

**Table 7.1B: Definitions of Items Included in Routine Direct Accountability Reports**

| No. | Item | Definition |
|---|---|---|
| 1 | Significant Issues | Issues thatt had influenced (or had the potential to influence) organisational effort. |
| 2 | New Programmes | Operation of new programmes for the first year of operation. |
| 3 | Progress on Tenders and Submissions | Managers' efforts in acquiring government subsidies to fund programmes and submissions to external parties on policy matters. |
| 4 | Key Financial Variances | Variance analysis of the financial performance of each unit, showing month and year-to-date variances from budget. Included written explanation of variances greater than or equal to $10,000. |
| 5 | Unspent Subsidies | Analysis of unspent portion of government grants. Indicated the size of each unspent subsidy, the reason the subsidy had not been spent, and the action that had been proposed to deal with it. |
| 6 | Variances in Effective Effort | The summary variance analysis of effective effort in service provision measured using the Key Performance Indicators for outputs, outcomes, and stakeholder satisfaction that were included in the Performance indicator Report. |
| 7 | Progress Against Annual Plan | Progress made against the annual plan. It indicated which milestones had been achieved, and, for those that had not been met, the reasons for underperformance. |
| 8 | Progress Against Personal Annual Plan | Staff with management responsibilities also developed a personal work plan for the year, and each quarter reported their progress against the plan to their immediate superior. |
| 9 | Progress Against Corporate Annual Plan | Progress made by each executive in meeting their responsibilities under the strategic plan. |
| 10 | Operating Statement | Used only by the clothing recycling business, Goodwill. It comprised an operating statement and variance analysis for each store, and for the business unit as a whole, and an efficiency report on the central sorting facility. |
| 11 | Verbal Report | The Verbal Report (Item 10) covered the range of items contained in written reports, but generally at more frequent intervals. |

At the service level, reports by team leaders to service managers generally comprised a monthly written report and a fortnightly verbal report. Since team leaders had few financial responsibilities, their reports related to non-financial operational matters such as new programmes, significant issues, programme evaluations, and communications with funders, regulators, and other external stakeholders. However, when requested, team leaders provided input to the analyses of financial variances and effective service effort on which service managers reported to the General Manager Services. On a quarterly basis, team leaders reported on progress against the part of their Service Annual Plan for which they were responsible (Table 7.1A: Items 1,2,6,7 and 11).

Overall, there was a high degree of communication and collaboration at both levels, which resulted in service managers keeping abreast of significant developments within each programme for which they were accountable. Furthermore, team leaders commented that they would not necessarily wait till a scheduled meeting with their service manager to discuss important issues, but communicated with them as issues arose.

**7.2.2.3: Direct accountability reporting at the functional area level**

Performance reporting by service managers to the General Manager Services was formalised, uniform, and comprehensive; comprising monthly written reports of both non-financial (Table 7.1A: Items 1 to 3) and financial performance (Items 4 and 5). These were augmented each quarter by summary evaluations of performance against KPIs for each programme, and progress against annual plans (Items 6 to 8). Service managers also

met with the General Manager Services fortnightly to discuss performance issues that had been identified in their written reports, and to discuss ongoing management issues (Item 11).

Routine management reports by service managers to the General Manager Services also provided an important mechanism for monitoring the management of stakeholder relationships, since service managers had significant related responsibilities, including:

- managing relationships with clients (and their families), funders, regulators, local communities, other CWOs, peak bodies and professional associations;

- developing tenders and submissions[4], and negotiating with funders, during both the tender process and the contract period;

- signing-off routine financial acquittals, negotiating the terms under which any unspent subsidies were treated, and for general negotiations with government funders (the importance of which was considerable, since government funding accounted for 49% of the organisation's income in 2001/2002); and

- preparing programmes for external accreditation and evaluation, and guiding them through such processes.

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[4] The tendering process was, however, highly centralised. Each tender or submission was signed off by the appropriate executive, with the GMS monitoring service issues, the CGM monitoring legal and financial issues, and the CEO or the Minister of the Mission executing the contract under seal. Prior to, and after these formal requirements had been fulfilled, service managers played a significant role in the process.

Direct accountability reporting by service managers to the General Manager Services thus constituted the major site of performance evaluation for the organisation's service effort; with the General Manager Services actively monitoring both financial and non-financial performance of each individual programme. However, there was a notable difference in the role played by formal, ex post performance reporting with respect to financial and non-financial information. As demonstrated in Section 5.3.1, financial performance measures were used by the General Manager Services to directly evaluate performance and effect control. In contrast, the General Manager Services indicated that, since she gained a thorough understanding of non-financial programme issues from fortnightly meetings with service managers, and from working through issues on an ongoing basis, the variance analyses of effective effort that was summarised in service managers' reports to the General Manager Services (Table 7.1A, item 7) played more of an attention directing role.

Routine meetings between the General Manager Services and each service manager also constituted the primary mechanism through which supervision was effected and formal support provided. In discussing the integration of performance reporting within the management process, one service manager typified the importance of context by stating,

> "…we have a meeting every fortnight and so at that stage we discuss any issues that have come out of the board report or any concerns we might have…I want to share either highlights or areas of concern…I view them mostly as being time for me in a support type function…if I'm reporting well during the course of the

month there shouldn't be any surprises…because [name of General Manager Services ] is my direct supervisor, so she needs to know what's going on before that…"

Direct accountability reporting within the Services Function was also found to improve communication, by providing a common point of focus for staff, and promoting a sense of organisational identity. As such it countered tendencies in day-to-day service delivery for staff to focus mainly on their specific programmes, rather than broader organisational concerns. This was important because the organisation delivered so many different programmes, each serving a different client group, and often subject to programme specific external performance reporting requirements. Consequently, there were considerable influences on programme managers and staff to consider performance in ways that were defined more by funders and regulators, than by the organisation. One service manager explained the situation thus,

"We have different people writing different reports… there isn't any integration or overlap because the programmes are distinct and separate programmes. So you pull those reports together for the board reports (or information from those reports) so that's the only time when the whole thing becomes an integrated whole. The funding bodies don't care that the programme they fund belongs to a programme group that has eight other programmes, they just want data on their programme."

Another service manager further emphasised the importance of linking participants at all levels of the organisation and funders through performance reporting, stating,

> "I think things like accountability and reporting is one way you actually establish connectedness, and partly because it's very easy for people doing service delivery to say, 'I'm not interested in the organisation or what it's doing', when meanwhile the organisation's doing things like putting in funding submissions or arguing for continuation of funding of programmes and things that actually affect whether or not clients get a service and workers get a job".

Routine management reporting was further held to enhance communication across the Services Function through the practice of reporting back down through the organisation's chain of command. For example, the General Manager Services uploaded her Services Report to a shared hard drive, which could be accessed by all managers.

Similarly, board members also acknowledged that performance reporting was not only useful in capturing the results of organisational effort, but also in inculcating a sense of connectedness throughout the organisation, with one member stating,

> "I just wanted everyone to have an annual plan because it's a good insight into the direction which the Mission's heading…It, too, can give them a sense of ownership."

**7.2:3: Direct Accountability Reporting in the Research and Development Function**

Routine accountability reporting within the Research and Development Function was less formal than that in the Services Function, reflecting its much smaller (5.9FTE positions) staff and the project oriented, largely whole of organisation focus of its work. As shown in Table 7.1A, each staff member met directly with the Executive Manager Research and Development, reporting on significant issues (Item 1), such as the progress of individual projects, and the management of stakeholder relationships. On a quarterly basis, staff reported on their progress against their part of the unit's annual plan (Item 8). Although quantitative measures of research and advocacy outputs were reported, it was acknowledged that because of the nature of that work such measures played only a small, ancillary role in evaluating performance, with the primary means being qualitative evaluations of effort and reporting on progress against the annual plan.

Given the size of the department, the directness of reporting within the function, and the very direct involvement of all staff, including the Executive Manager Research and Development, in operational matters; management control was effected in a less formal manner than in the Services Function. Like elsewhere in the organisation, routine performance reporting occurred within the context of ongoing support and supervision. Financial control of the department was exercised exclusively by the Executive Manager Research and Development through a monthly variance analysis of actual versus planned expenditure.

**7.2.4: Routine Management Reporting in the Human Services Function**

As noted in Chapter 4, the Human Resources Function encompassed two distinct activities: the infrastructure function relating to human resource management; and the provision of training programmes through the Education and Training Unit. Few staff were deployed in the infrastructure function (5.8 FTE positions), and, because the Executive Manager Human Resources had ongoing involvement with staff on operational matters, management and control was also undertaken in a less formal way than in the Services Function. Financial control of the infrastructure function was effected directly by the Executive Manager Human Resources through a monthly and year-to-date comparison of actual and planned expenditure. Thus, performance evaluation of the infrastructure function, like the Research and Development Function, took place within the context of ongoing support and supervision.

The work of the Education and Training Unit comprised the provision of a number of separate programmes (with each one delivering a different course). Consequently, routine performance reporting was similar to that in the Services Function; i.e. the Manager Education and Training reported to the Executive Manager Human Resources using the same format that service managers used when reporting to the General Manager Services. Also, within the Unit, team leaders provided verbal fortnightly reports and monthly written reports to the Manager Education and Training. Each quarter, monthly reports were augmented with evaluations of progress against annual plans and effective effort (as measured through the use of KPIs of output, outcome and stakeholder satisfaction).

For the Education and Training Unit, routine performance reporting played similar roles to those found within the Services Function: reports by team leaders were used to effect task control; while management and financial control, and monitoring relationships with stakeholders were effected through the report of the Manager to the Executive Manager Human Resources. However, since the Education and Training Unit was a business unit, its financial performance was also closely monitored, through the Monthly Financial Overview (which was outlined in section 5.3.1) by the Stewardship Committee.

**7.2.5: Routine management reporting in the Corporate Services Function**

Within the Corporate Services Function, routine performance reporting also took place within the context of ongoing management support and supervision, with management control similarly effected through the application of both output and behavioural controls. With the exception of financial performance and progress against annual plan, evaluation and reporting were less structured than in other functional areas, reflecting the management philosophy of the Corporate General Manager, who held that the accountability was better acquitted in the course of ongoing collaboration with managers rather than in meetings that were designated for that purpose. However, within each of the four units that comprised the Corporate Services Function, performance reporting varied due to differences in the nature of the work undertaken.

Within the Finance Department, senior staff met monthly with the Finance Manager, and submitted written operational reports to him. In contrast, reporting within the Information Systems Department was less structured, taking place at fortnightly staff meetings. In

both departments, financial control was effected by the manager, using variance analysis (monthly and year-to-date comparison of actual operating performance with budget). Each month, both managers provided the Corporate General Manager with financial variance analyses of the operating budgets for their departments. In addition, the Finance Manager also provided a written report on significant issues. In contrast, the Manager Information Systems reported only as the need arose. Both managers reported quarterly on progress against their department's annual plan, and, where appropriate, provided input into the Corporate General Manager's Functional Area Reports.

For the two business units, routine reports emphasised financial performance, which reflected their basic commercial orientation. Within Goodwill, management control was effected through reports from store managers to the Manager Goodwill, which comprised a weekly operating statement and variance analysis of actual compared with budgeted financial performance, and a monthly report on significant issues.  As well, store managers met together with the Manager Goodwill once each month. However, the manager also used the quarterly reports against annual plan and monthly meetings with store managers to effect a broader, qualitative evaluation of performance.

Reporting by the Manager Goodwill to the Corporate General Manager was undertaken verbally at a weekly meeting, and monthly in writing. The monthly report followed a standard format comprising a comment on significant issues; an operating statement for combined Goodwill operations; a variance analysis that compared monthly and year-to-date actual financial performance with that budgeted for each store, and for Goodwill as a

whole; and an efficiency report on the central sorting facility, which highlighted throughput and the costs of processing donated goods. Each quarter, the monthly report was augmented with a report on progress against annual plan for combined Goodwill operations.

Within the Business Development Unit, reporting by staff to the manager was less formalised and was generally conducted through face to face ongoing collaboration between the manager and staff because of the small size and relatively homogeneous nature of the unit. Consequently, task control was effected in a somewhat informal manner. Each month, the Manager of the Business Development Unit provided a report to the Corporate General Manager. While the primary focus of this report comprised a variance analysis of actual financial performance compared to that budgeted for the month and year-to-date, it also included a comment on significant issues. Each quarter, the monthly figures that were reported in the preceding three months were aggregated to provide a quarterly analysis, and progress against annual plan was also reported.

### 7.2.6: The Nature of Functional Area Reports

Each executive manager prepared a monthly Functional Area Report. Together the four Functional Area Reports constituted one of the key means through which whole of organisation performance was evaluated. Functional Area Reports covered (where applicable) items 1 to 5 of Table 7.1. Each quarter they were augmented (where applicable) with summary exception reports on the effective effort for programmes (Table 7.1, item 6); a report on progress against the Annual Plan (Item 7); and also a

report on progress made against the Corporate Annual Plan (Item 9). While Functional Area Reports were uniform, their content varied according to the nature of the function.

The Services Report focused on the performance of individual programmes, and, consequently, included detailed information about lower level organisational activities. Ad hoc reports for which the General Manager Services was responsible, were sometimes attached to the Services Report.

The Research and Development Report had a marked project focus, with performance evaluations covering the progress on specific submissions, the progress on research undertaken during a period, management of particular stakeholder relationships, and progress on major organisational projects, such as the implementation of the total quality management framework. Consequently, the Research and Development Report also provided the reader with quite detailed performance information.

The Human Resources Report covered performance evaluations of major activities for which the Executive Manager Human Resources was responsible. As such, the report focused on the  pan-organisational matters of Occupational Health and Safety, and Staff Development; and the Education and Training Unit.

The Corporate Services Report reflected the heterogeneous nature of the Corporate Services Function, and included progress reports on the development of projects undertaken within the function, significant issues that impacted on corporate functions,

updates on changes to infrastructure processes, and reports on the financial and non financial performance of the business units.

While, Functional Area Reports were written primarily as reports to the Board by executive managers (with all using such appellations as, "my Board report"), they were first forwarded to the CEO, then to the Executive Committee and the Board. In addition, the Services Report was also provided to the Services Committee.

### 7.2.7: The Usage of Functional Area Reports by the CEO

By submitting their Functional Area Reports directly to the CEO each month, executive managers acquitted line management accountabilities, and the CEO thus effected oversight of organisational functions. In addition, executive managers reported verbally to the CEO each fortnight to discuss significant issues, with particular attention being given to items that could put the organisation at risk.

### 7.3: REPORTS TO THE EXECUTIVE COMMITTEE (Figure 7.1: Panel B)

### 7.3.1: Introduction

As the organisation's paramount management forum, the Executive Committee met twice each month, with the second meeting discussing performance reports. Executive managers acquitted a direct accountability to the committee through their Functional Area Reports. In addition, managers also presented to the committee on significant issues that were highlighted in the Functional Area Reports.

**7.3.2: Functional Area Reports**

Functional Area Reports were presented in writing and also verbally, whereby executive managers provided an overview and or update on important issues, and fielded questions from other executives. While good performance was acknowledged (particularly by the CEO) at Executive Committee meetings, discussions tended to focus on issues that were problematic and therefore requiring management intervention. Considerable attention was given to monitoring the financial performance of service programmes, including the management of unspent subsidies, and, in some programmes in which subsidies were paid according to the level of service output, the reporting of income. Furthermore, where performance reporting indicated that the level of service effort was shown to be below that planned for a programme, the attention of executives was directed towards the reasons for the variance. For example, the financial performance of one of the residential aged care facilities was closely monitored through the Services Report to the Executive Committee, since it had highlighted large unfavourable variances. In contrast, (as noted in section 5.2) the Stewardship Committee, which closely monitored the financial performance of the organisation's business units, spent little time on the financial performance of service programmes. While the Executive Committee also monitored the financial performance of the business units, it did this more through the discussion of ad hoc reports (which, as noted in section 5.5, were reported also to the Stewardship Committee and the Board) than through the Corporate Services Report.

The Executive Committee also discussed the use and effectiveness of performance reporting tools, including, for example, a significant critical evaluation of the

effectiveness of the Performance Indicator Report (PIR) (which was discussed in section 6.2.3) the development of this tool, the timing of reporting, and the method of incorporating changes to definitions and targets. Such discussions reflected the greater role in developing performance reports that was played by the Executive, in comparison to that of the Board, which, despite constituting the primary audience for the PIR, did not express a similar level of critical evaluation of the tool.

In receiving the Functional Area Reports of executive managers, the Executive Committee jointly exercised a whole of organisation management responsibility through monitoring performance in each of the four functional areas, through a process described by one executive manager as, "peer review", and another as, "collegiate". Furthermore, this process was held by executives to extend beyond mere coordination and information exchange, to presenting proposals and reports for scrutiny: a process that comprised questioning, seeking clarification and requesting further information. It was summed-up by the CEO in the following way,

> "… The individual members of the Executive have accountability to me, and we exercise our accountability to the Board in a collaborative manner… fundamentally, I've got the accountability, but we work as a team. That takes a couple of forms. I have regular meetings with the execs (sic), where they keep me informed and follow up on issues that I raise with them in individual meetings, but then there's a formal reporting mechanism once a month…Those reports go to

the Executive meeting. <u>So each individual Exec. is accountable to the Executive meeting in a sense.</u> And they then go, with my Overview Report, to the Board. So they form part of my report, in a sense… But there is a sort of vetting process first, where, if there's anything in there that I think needs further work or the Executive as a group has not supported or I have not supported then <u>we negotiate about how information will or won't go forward</u>" [emphasis added].

Such an approach by the Executive Committee was acknowledged by board members and executives alike as an important component of the practice of both organisational control and governance. In effecting control at the organisational level, the review of Functional Area Reports by the Executive Committee provided a mechanism for comparing performance against plans for the period; monitoring financial performance; monitoring the progress of projects; management of stakeholder relationships; risk analysis; monitoring conformity with organisational policies and conventions; and monitoring conformity with the organisation's basic value propositions, in particular its Strategic Directions Statement; and, on a quarterly basis, the progress made by executive managers in implementing that part of the Corporate Annual Plan for which they were responsible. The consequences of such performance reporting for organisational governance were twofold. First, the organisation had adopted a convention whereby proposals from executive managers to the Board were required to have the support of the Executive Committee, which effectively put the Executive Committee in an advisory capacity to the Board, thereby imposing a responsibility on each executive for matters that were beyond immediate purview of their functional area. As such, board members were provided with

a high level assurance regarding the merits of proposals and any risks to the organisation. Overall, the review of Functional Area Reports by the Executive Committee was held to provide a strong system of checks and balances. Second, the process of contemporaneous reporting, whereby the same performance information was considered at a number of different forums (including the Executive Committee), coupled with the consensus style of decision-making that obtained in the organisation, permitted a broad based input into decision-making by all senior officers of the organisation.

### 7.3.3: Presentations by Managers

Managers, accompanied by team leader(s), also made ad hoc presentations to the Executive Committee when there was a particular issue that required its attention. In one case, for example, a service manager provided the Executive with a detailed analysis of the funding arrangements for a new programme and the way these were being monitored by her, since there had been concern expressed that it had become financially disadvantageous to the organisation. In another case, the Service Manager of a large programme that had experienced significant changes in client demand provided a thorough analysis of client throughput. In both cases, the presentations permitted executives to directly question service managers, and collectively deal with the issue.

### 7.4: REPORTS TO THE BOARD (Figure 7.1: Panel C)

### 7.4.1:Introduction

The Board received five types of routine reports through which direct accountabilities were acquitted: (1) Functional Area Reports by executive managers; (2) Presentations by

executive managers; (3) the CEO's Monthly Report; (4) the Minister of the Mission's Quarterly Report; and (5) Board Committee Reports. As well, the General Manager Services provided a Services Report to the Services Committee and service managers also made presentations to it. However, these were provided for the purpose of information giving, rather than for the acquittal of accountability.

**7.4.2: Functional Area reports by Executive Managers**

Functional Area Reports were  tabled by executive managers, where they were in attendance to make a presentation (which is discussed in the following section), otherwise, they were presented by the CEO, who sat on the Board in an ex-officio capacity. The reports were clearly viewed by board members as both a mechanism for evaluating the performance of executive managers as well as organisational performance. One board member  emphasised the role played by Functional Area Reports in monitoring whole of organisation performance, stating,

> "If you look at the package of reports… there are four key reports... I need to hear from [name of executive], who is Services. I need to know from [name of executive] about how we're going financially. I need to know from [name of executive] about Human Resources, and what [name of executive] is reporting on in our quality control and strategic directions."

However, individual board members' use of the Functional Area Reports varied. While some indicated that, together with the overview contained in the CEO's Report and the

Monthly Financial Overview, Functional Area Reports provided them with sufficient information to evaluate the organisation's entire performance; others downplayed their importance as tools for evaluating organisational performance, instead, viewing them as having good information value, which contributed more generally to organisational governance.

The majority of questions and comments from board members in relation to Functional Area Reports were concerned with monitoring financial performance, particularly in relation to the management of unspent subsidies; the costs of providing a residential aged care facility; the financial performance of business units; gaining assurance that the appropriate systems, policies and procedures were in place; and ensuring that the organisation's approach was congruent with the basic value propositions of the organisation. On a few occasions, board members sought assurance that the level of resources committed to a programme were adequate. Thus, Functional Area Reports were used by the Board to effect organisational governance through monitoring the direct accountability of executive managers, financial control, risk management, and ensuring the stewardship of resources.

The  tabling of Functional Area Reports also presented board members with an opportunity to support and encourage executives through the provision of direct comment and advice based on their individual professional expertise and experience. In general, comments and questions from board members reflected a high degree of 'ownership' of organisational issues. Furthermore, it was  notable  that  in  most  cases  where  board

members asked a question or made a comment, they did so from the standpoint of their particular field of expertise, thus exemplifying the approach to board membership (which was outlined in Chapter 4) that included the Board providing specialist, technical advice. However, in some cases where board members asked for clarification, they did so specifically because their backgrounds did not provide them with sufficient knowledge to immediately understand an issue.

The General Manager Services also provided the Services Committee with a comprehensive report on the Services Function, which comprised three parts: (1) a compilation of the written monthly and quarterly reports provided to her by service managers; (2) the quarterly PIR; and (3) a verbal report on significant issues affecting the Services Function. This report was a more detailed version of the Services Functional Area Report that was provided to the Executive Committee and the Board. It focused more on programme delivery issues than whole of organisational governance issues because the Services Committee performed an advisory role rather than a monitoring role.

### 7.4.3: Presentations by Executive Managers

On a cyclical basis, two executive managers made in-depth presentations to the Board on significant issues relating to their functions, and to present their Functional Area Reports[5]. For example, one presentation by the Executive Manager Human Resources dealt with the performance of the organisation's Occupational Health and Safety effort,

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[5] During the period of the field study, each executive manager attended, on average, 40% of Board meetings.

while one presentation by the Executive Manager Research and Development dealt with the joint research work that the organisation undertook with a local university. Services presentations provided board members with a deeper insight into the issues faced by front line services. The Corporate Services presentations that were observed during the field study all happened to take place within the context of (separate) strategic reviews of the three business units, with the presentations focusing on the rationale for the unit, and what it was doing to overcome poor financial performance. In all cases, the content of such presentations was highly influenced by the information needs of the Board.

Overall, such presentations were seen by board members as a valuable tool for enhancing organisational governance since they provided an opportunity to gain a better understanding of the breadth and depth of the organisation's activities and management processes. However, it was also clear from interviews with board members and from observation of board members' questioning of presenting executive managers, that such presentations also provided a further opportunity for board members to monitor organisational performance. For example, during a service presentation, it was suggested that, in future, it would be useful to have the Service's Annual Plan included in the board papers so that members could refer to it. On another occasion, a presentation by the Executive Manager Research and Development on the research undertaken through an industry/university partnership agreement that the organisation had with a local university, comprised a progress report (after one year) on the research output. The performance focus was further evidenced by the nature of the questions put by board members, since they concerned the attainment of planned milestones, the quantity of

output, and the impact of the work on the organisation's standing within the welfare sector.

In receiving executive managers' presentations, board members also provided expert comment and support and encouragement to, and shared experiences with, those presenting. Such an approach was shown to be welcome within the organisation, with a number of service managers commenting on the usefulness of having direct communication from the Board because it allowed them to fully explain the nature of the issues facing front line staff, and for staff to have their efforts acknowledged by the Board.

The practice of direct performance reporting to the Board by executive managers was implemented as a result of the Board's governance review in 2001. Prior to that review, routine performance reporting to the Board comprised only a report from the CEO and a financial report, a state that the Board considered to be too narrow

**7.4.4: Presentations by Managers**

Direct presentations to the Board were also made by managers within the context of their executive managers' presentations. Thus board members heard directly from those responsible for managing service delivery and business units. Furthermore, the Board attempted to enhance the value of such presentations by holding their meetings on premises from which presenting staff delivered their programme. Such presentations were held by board members to be particularly useful for gaining an appreciation of day-to-day

issues, given the diversity of the organisation; and to directly acknowledge the efforts of staff.

**7.4.5: The CEO's Report to the Board**

The CEO provided the board with a monthly overview of the significant issues facing the organisation. In particular, the report canvassed the achievements of, and risks facing, the organisation. When presenting her report, the CEO also answered direct questions from non-executive board members on a wide range of matters, including organisational performance. The report was brief, rarely longer than two pages, and was intended to be read in conjunction with the Functional Area Reports. In highlighting the achievements of, and threats to, the organisation, its construction reflected the heightened emphasis on organisational governance that had been acknowledged as important by senior officers of the organisation since the Board reviewed its governance processes in 2001/2002. In addition, the CEO tabled that part of the Monthly Financial Overview (which was discussed in section 5.2) that covered the affairs of ACM Inc. The CEO also met formally with the Chair of the Board in the week before each board meeting to jointly manage board business. The CEO did not report against an annual plan, however each quarter, she reported to the Board on the progress made by the Executive Committee in implementing the Annual Corporate Plan. In addition, the Board reviewed the performance of the CEO annually.

The report by the CEO, and the annual review, were viewed by board members as critical organisational governance practices, since it was through the delegation of authority,

from the Board to the CEO, that management accountability within the organisation was established. Furthermore, all board members indicated that they placed great emphasis on the CEO's report for monitoring ongoing organisational performance.   As well, they acknowledged the  important contribution  to organisational governance  of her  quarterly report on progress against the Corporate Annual Plan since it was a report on what the Executive Committee was undertaking in the short term, in order to implement the organisation's long term strategic plan. The importance of this report as a performance evaluation mechanism was underscored by comments from board members during the approval process that was undertaken by the Board. During that process, each item in the plan was scrutinised and, in a number of instances, board members requested that Key Outcomes be phrased in more precise language so that progress in achieving the plan could be more accurately assessed.

### 7.4.6: The Minister of the Mission's Report to the Board

Each quarter, the Minister of the Mission reported directly to the Board on what he had achieved in relation to his Annual Plan and the items in the Corporate Annual Plan for which he was responsible. The report adopted the standard format used within ACM; however the items covered reflected the unique duty statement for the position.   In particular, the report focussed on the Minister of the Mission's efforts to ensure that the operations of ACM were congruent with the core values of the organisation, and, more widely, the Christian Gospel, as well as the relatedness of ACM to the Uniting Church and other organisations that operated under its auspices.  Since the report provided the only routine mechanism for the direct acquittal of Minister of the Minister of Mission's accountability to the Board, it formed part of the organisation's governance practices.

In addition to his formal report, the Minister of the Mission contributed to the Board's broader evaluation of organisational performance through his ongoing commentary on the congruence between the organisation's activities and its core values, which he provided during the tabling of reports from the Board's two subcommittees, of which he was a member.

### 7.4.7: Board Committee Reports to the Board

Chairs of board committees reported on the significant issues with which they had dealt at the board meeting immediately following a committee meeting. Generally, reports by the Chairs of the two Standing Committees were made extempore, while reports by the Chairs of Ad Hoc Committees sometimes included a written paper.

The Stewardship Committee, in particular, was found to perform an identifiable role in advising the Board on financial issues, with deliberations of that committee often acknowledging such a responsibility. Consequently, the Chair of the Board would explicitly ask the Chair of the Stewardship Committee what the view of the committee was on particular financial matters. In contrast, reports to the Board by the Chair of the Community Services Committee were more in the nature of information sharing, highlighting the main points raised by Committee Members on the issues discussed. The observed differences in the reports by Committee Chairs reflected the different roles played by the two standing committees, (which are comprehensively discussed in Section 9.3.4). Ad hoc committees were formed to undertake specific tasks, and reports back to the Board comprised progress reports, evaluations and recommendations.

**7.4.8: Presentations by Service Managers to the Services Committee**

Service presentations to the Services Committee were similar to those made to the full Board. They outlined the activities undertaken in programmes and highlighted significant issues and/or problems faced by managers and front-line staff. The Services Committee also held some meetings on the sites from which programmes were delivered, so that Members could better understand the issues. Because almost all members of the Services Committee had expertise in the delivery of welfare services, the discussion of presentations tended to be very practical, providing support and encouragement to ACM staff, and contributing to the development of an overarching analysis of programme related issues.

**7.5: ACQUITING A BROAD PUBLIC ACCOUNTABILITY THROUGH THE ANNUAL REPORT (Figure 7.1: Panel D)**

The organisation produced an Annual Report, which provided an overview of the organisation's activities, and the approach it took to service delivery. The report was mainly narrative, with approximately 25% of the space (in the 2002 report) devoted to quantitative reports. The data types reported are shown in Table 7.2 (over).

Organisational participants reported that the Annual Report had traditionally been considered as primarily an information and public relations document; not a means of acquitting accountability. While such a view was still current during the period of the field study, there was some evidence to show that it was being challenged in favour of more accountability oriented approach.

**Table 7.2: Annual Report Disclosures**

| Annual Report | Qualitative Data |
|---|---|
| | **Qualitative Data**<br><br>• Reports from the Chair, the CEO, and the Minister of the Mission;<br><br>• Programme description;<br><br>• Highlights in the delivery of services by each programme during the year;<br><br>• Major developments that occurred during the year in meeting the organisation's objectives; and for each of the organisation's four areas of focus; and<br><br>• Brief 'case study' that exemplified the organisation's work in each of the organisation's four areas of focus.<br><br>**Quantitative Data**:<br><br>• OPMS Report, including performance against each KPI;<br><br>• Throughput statistics for each programme, including a five year trend;<br><br>• One page summary of income (by source) and expenditure (by category) for ACM Inc.; and<br><br>• Consolidated balance sheet for ACM Inc. and FF Inc. |

Evidence of the traditional view was observed during discussion of the production of the 2002 Annual Report by executives and managers, when emphasis was given to the importance of publishing, "good news stories", which reflected well on the organisation.

Commensurate with that view, an analysis of the distribution list for the Annual Report showed that it was sent to individual donors (who comprised the major class of recipients), funders, the Uniting Church, other CWOs, a Municipal Council with whom the organisation worked closely, academics and major media organisations. Furthermore, interviews with board members and executives overwhelmingly indicated that the primary use made of the Annual Report by senior officers of the organisation was as an information tool, for use by officers speaking on behalf of the organisation, principally the Chair, CEO and the Minister of the Mission, each of whom distributed copies of the Annual Report to interested parties who attend their speaking engagements. In addition, the Annual Report was routinely attached to tenders and submissions that the organisation made to funders.

For many in the organisation, acquitting accountability to the public was seen as problematic, since the organisation lacked a direct constituency, being wholly under the auspices of a religious organisation. However, there was a strong view amongst the organisation's senior officers that a broad accountability was acquitted through the external reporting obligations that arose through compliance, accreditation, contractual arrangements and church auspices. (These are discussed in detail in Chapter 8, which explores the mandatory reporting framework under which the organisation reports.) In speaking of acquitting a broad accountability, the CEO stated,

"…it's a hugely difficult one to implement… I think the key reason for that is the complexity and size of the organisation, and the fact that we don't have any

particular community we relate to… there's an accountability to clients of most services… [in residential aged care] there are lots of meetings that residents and relatives can come to…It's about accountability structures by consulting, having relatives on committees that develop procedures…We've got practices like that throughout the organisation that relate to the people who use the service. Certainly some…performance measurement has been about saying [to funders], 'How satisfied are you with us?'…but, apart from publishing an Annual Report… we don't really have any mechanisms for being accountable to the general public…I think it's absolutely desirable."

However, evidence of the changing role of the Annual report can be adduced from the analysis of the 2002 Annual report, in which more than half of the Chair's Report was devoted to the importance of performance reporting (with specific reference to the utility of the OPMS Report), and the role of Annual Report in acquitting a broad accountability. The Chair stated:

" In this report we have attempted to take our accountability reporting a further step. The Board is clear that we cannot meet our vision and mission if we are not diligent in our accountability to people who seek our services, our supporters and the public of South Australia."

While the disclosure of non-financial performance information had been approached in a systematic manner in recent years, particularly where it was reported using a formal performance evaluation tool, i.e. the OPMS Report; the organisation's financial

performance and position had been subject to a degree of disclosure management, as noted in Section 5.7.2.2.

## 7.6: THE IMPERATIVES FOR DIRECT ACCOUNTABILITY REPORTING

### 7.6.1: Introduction

Direct accountability reporting was found to have been primarily determined by (1) the voluntary nature of the organisation, with an attendant focus on mission that was underpinned by organisational values; (2) the approach to board composition, and the consequent influence that board members brought to bear, based on their professional experiences; (3) the professionalisation of the welfare sector, including the influence that management exercised based on their professional ideals; (4) changes in the ways in which welfare services were funded by the state, which influenced the structure of the organisation; (5) and organisational size and diversity.

### 7.6.2: Voluntarism

In voluntarily assuming a responsibility to deliver welfare services, ACM placed at stage centre, the primacy of organisational mission. In order to meet its mission, the organisation undertook extensive planning. Following from the Strategic Directions Statement, which was the organisation's formal, medium term planning document (having a planning horizon of five years), the organisation required annual plans for individual managers and executives, and a Corporate Annual Plan for the Executive Committee. As noted above, the subsequent, quarterly reporting against such plans was a

major focus of the system of direct accountability reporting. In discussing the reasons for performance reporting within the organisation, one executive underlined the link between mission, planning and performance reporting by stating,

> "The performance [reporting] system itself, from my point of view… starts with our *Vision, Mission and Values Statement*, and our five year *Strategic Direction Statement*…performance comes after issues of values and your reason for existence."

Further elucidation of the relationship between performance reporting and planning was provided by another Executive, who stated,

> "There are internal imperatives. Continually trying to raise the quality of planning and management, is particularly important to us, certainly for planning purposes… just knowing that we're actually not only addressing needs, but given the limited resources knowing that we're focusing as far as is possible our resources on areas that we regard as a high priority."

Pursuit of mission was also underpinned by a clearly articulated set of organisational values, which informed all consideration of performance reports at ACM. As noted in the in Section 6.2.3, the fundamental reason for performance reporting was primarily a moral one. Furthermore, organisational participants emphasised the importance of evaluating

performance with reference to the organisation's values, as articulated in its *Vision, Mission and Values Statement.* At orientation sessions for new staff, value congruence was strongly emphasised and was explicitly recognised as one criterion that managers invoked in effecting supervision and appraisal of staff. Typically, the importance of organisational values in the evaluation of performance in day-to-day service provision was communicated to new staff through such comments as,

> "These are the values we've got. These are the values that we expect you to demonstrate in this organisation when you're working on our behalf…it's part of your <u>performance</u> to work from these values" [emphasis added].

On a continuing basis, the assessment of staff performance in working in a manner that was congruent with the organisation's values was formally recognised within day-to-day staff supervision processes and periodic direct accountability reporting. One service manager described the process of performance evaluation in the following way,

> "We've actually structured it into the system, so, for example, if…a coordinator is working with a support worker, they'll actually go in and sit in on the goal setting interview… So there are those kinds of structural things that are in place because one of the things about culture is that it is very hard to change. So you need to pay attention to maintaining a good culture and a positive culture once you've got it because it's difficult to achieve it in the first place."

The voluntary nature of the organisation also provided a particular imperative for executive managers to ensure that board members were provided with good quality performance information. In Chapter 4, it was shown that, in establishing ACM, the Church placed its welfare effort in the hands of a board, whose members had volunteered to oversee it, and to steward the resources of the Church that had been committed to the effort. Furthermore it was also shown in Chapter 4, that a major criterion for selection as a board member was the possession of skills and expertise in areas that largely complemented the welfare management expertise of executives and service managers. Consequently, it was acknowledged that board members were responsible for some matters outside their direct fields of expertise, and were thus highly reliant on the information provided by management. Conversely, while executives had expertise in managing a human services organisation, they also displayed very strong personal commitments to the organisation's mission (which included sustainability), and implicitly assumed a particularly high level of responsibility for organisational success, without the formal authority to make strategic decisions. Consequently, there operated an imperative for executives to provide the board with sound information about the organisation's and, by extension, their performance, which was a mutually compatible with the board members' need for performance information. The interdependence between the Board and the Executive in the use of performance information was summarised by one executive manager who stated,

> "In…agencies of this kind, it is enormously difficult for boards to be the engine room because they meet, you know, once a month…They're drawn from a diverse group of people who don't necessarily have the expertise or knowledge of human

services…in summary, the Executive makes most of the decisions. The Executive wouldn't, except in an emergency case perhaps, make a really big decision without going to the Board…really, <u>the heart of the issue is the quality of the dialogue and the level of information given</u>: good quality information to the Board from an executive's point of view" [emphasis added].

One consequence of such an approach was that it was those whose performance was being evaluated that were initiating many of the performance reports. For example, it was shown in Chapters 5 and 6 that the majority of organisational performance evaluation tools originated at the level of Executive Management, particularly the whole of organisation systems, the Organisational Performance Measurement System. Similarly, as noted in Section 6.6.2, staff at lower levels of the organisation also initiated performance reports that, inter alia, were used by their superiors to evaluate programmes for which they were responsible. Such an imperative was largely born of a personal commitment to, and "ownership" of, the programmes.

Where the Board most decisively initiated performance reporting, was in respect of those areas that impacted most on their duty of care, in particular, their stewardship of the assets invested by the Church, which arose from the Governance Review.  With respect to the system of direct accountability reporting, this imperative resulted in the  increased emphasis on the Stewardship Committee reports to the Board; holding board meetings "on site"; and direct, cyclical reporting of executive managers to the Board (which was

discussed in Section 7.4.3). This last example also evidences another important influence on direct accountability reporting, which was the professional experiences of board members.

### 7.6.3: The Professional Experiences of Board Members

The practice of direct performance reporting to the Board by executive managers was implemented as a result of the Board's governance review. Prior to that review, routine performance reporting to the Board comprised only a report from the CEO and a financial report, a state that the Board considered to be too narrow.  In outlining the genesis of the new practice, the Chair stated,

> "Well, in the company that I'm CEO of, every manager puts his [sic] board paper in there.  So I transported my experiences to the Board of the ACM…There's always, in a for-profit…the situation of the CEO giving his overview, which is absolutely correct … You know, gives an overview of the Executive Summary (for want of a better word). But whether it's included as an appendix or as an up-front paper, I believe that each manager, he gets paid as an executive, we want to know that he's articulate, we want to know what he's doing and we'd like to hear from himself what his accomplishments and what his frustrations are."

Similarly, in discussing  direct accountability reporting by Board Committees to the Board,  one member of the Stewardship Committee emphasised the importance of

professional background by offering the following poignant insight into his approach to reporting performance, by stating,

> "…my background is finance, I'm particularly interested in the finance numbers and I think that's the value that I add to the Mission. And as a result, when I look at these things I know that people are probably looking at me, saying, 'Well, you're the finance guy – you need to understand the finance'. As a result a lot of my time spent analysing numbers is about finance rather than me necessarily looking at the social justice program trying to add value to the social justice program or whatever it might be…<u>I do think that my role is to participate to my field of expertise</u>" [emphasis added].

The overall consequences of such mutuality are demonstrated in Section 9.3, which highlighted the differential in performance evaluation within the organisation's senior ranks.

### 7.6.4: Professionalisation of the Welfare Sector

The overall professionalisation of the Australian welfare sector was established in Chapter 4, where it was also shown that the case organisation had sought to embrace the concept at an early stage. One consequence of that process was the organisation's encouragement of managers to undertake formal management training, in order to enhance the organisation's fundamental management processes, of which direct accountability reporting was seen, by informants, to be an important part.

### 7.6.5: Accreditation Requirements

The organisation's deployment of the Australian Business Excellence Framework (ABEF, which was discussed in Section 6.3), together with the external accreditation requirements it was required to meet (which are discussed in Section 8.3) required it to have in place a sound system of management reporting and accountability. For example, one of the seven categories of activity under the ABEF is "data information and knowledge", which requires focuses on how a community organisation obtains and uses data, information and knowledge to support decision-making throughout the organisation. Similarly, one of the external accreditation requirements, that for aged care providers, focuses on the management information system.

### 7.6.6: Changes in the Funding of Welfare Services

Informants acknowledged that there had been a significant increase in the size of, community welfare services in Australia in recent years (which is borne out by the ABS data quoted in Section 4.2), with the major changes initiated by the state being the specialisation of welfare programmes, and, related to this, the move from block grants to programme specific funding. For the case organisation, the effect of these changes was stunning: an analysis of programme development that was undertaken as part of the present study showed that, of the fifty three programmes that were delivered by ACM in mid-2002, nineteen had commenced within the five years prior to the study, and thirty-six within the ten years prior to the study.  (For an analysis of programme development see Appendix 6.)  Furthermore, during this decade, government funding for programmes delivered by the organisation had increased from 35% of revenue to 49%.

Such change had a significant impact on the organisation's structure, and the attendant internal accountability reporting. The role of the Service Manager had become that of a specialist manager (rather than a mainly operational manager), who was responsible for a portfolio of between five and nine programmes, each of which was overseen by a team leader or co-coordinator. Consequently, not only did the need for performance information about each programme increase because of the distancing of service managers from operations, but the additional layer of management required a greater level of Direct Accountability Reporting. One executive, who had worked in the organisation since the mid 1980s, spoke of the impact on performance reporting of these changes in the following way,

> "Well, it means, in terms of performance, you have to take a lot more [reports]… When I first started here, every time you started new programme you had somebody that ran it, so there were totally separate entities, and they only had one thing to do. And then we went to having portfolios…and that's when the complexity of roles really grew, because you had more than one thing to watch. You could monitor something that you were intimately involved in so easily. But when you don't even see some of the things that happen because you're not there with it all the time it requires reporting to be different…your reporting starts to grow…"

Importantly, while the informant clearly outlined a considerable increase in performance reporting requirements, there was, nonetheless, an explicit assumption of responsibility

by the case organisation for the quality of services delivered: one which provided an imperative for the development of voluntary performance reports that operated in tandem with mandatory ones. In concluding her comments on the issue, the Executive emphasised the organisation's desire to ultimately determine programme quality, stating,

> "There's a heavier workload… but I believe it's entirely possible to sustain the level of scrutiny, or the level of monitoring, I should say, of a range of services at the standard of monitoring that <u>you</u> want. And that's why it's helpful to have a proper framework, within which to do it…" [emphasis in the original].

### 7.6.7: Organisational Size, Diversity and Structure

The system of direct accountability reporting was required also because of the organisation's size and diversity, as well as its structure. As a large organisation, i.e. one that employed more than 600 staff and enjoyed the support of more than 600 volunteers, ACM required a system through which it could monitor the performance of that effort in order to maintain organisational control and fulfill its responsibilities to staff and volunteers. Organisational diversity, which was the result of historical development and a broad mission also increased the performance reporting burden, since summarisation and aggregation of performance information was problematic due to the intrinsic heterogeneity of welfare programmes. Such diversity influenced the construction of direct accountability performance reporting in three main ways: (1) reporting was highly uniform, (2) reporting was frequent, and (3) reporting to senior ranks of the organisation was very detailed.

**7.7: CHAPTER SUMMARY**

This chapter has outlined the reporting framework that ACM developed in order to facilitate the acquittal of fundamental organisational accountabilities. That framework was shown to comprise four parts, as depicted in Figure 7.2.

Line and staff relationships were shown to have been sustained by a system of standardised, detailed reporting that culminated in the compilation of a monthly Functional Area Report by each of the organisation's four executive managers, which were subsequently submitted directly to the CEO.  However, it was shown that there were some variations in the form and content of direct accountability reporting within the functional areas, which were due largely to variations in the scope, size and complexity of the tasks undertaken by the different functions.

Within the Services Function, which was diverse and covered 75% of the organisation's effort, reporting was shown to have been particularly prescriptive and uniform. Furthermore, because of the differences in the nature of the programmes that were delivered by the organisation, and also in the way in which they were resourced, routine management reporting by those involved in the delivery of services focused the attention of senior management on each individual programme. Consequently, a high level of detail was reported.

While routine management reports were found to have contained some key performance indicators of non-financial performance; they were shown to be mainly qualitative, but

nonetheless largely output oriented, and closely tied to annual and long term planning. Routine management reports were also shown to maintain a very sharp focus on financial performance, which was also closely related to the planning imperative of annual budgets. Conformity with the organisation's core values, in particular its Strategic Directions Statement, was also shown to be a very important criterion in considering management reports. The analysis also highlighted the strategic nature of much that was reported at middle management levels, i.e. in the routine reports by service managers to the General Manager Services, and also (albeit to a lesser extent) by team leaders to service managers, that reported on a their dealings with a range of external parties.

Across the organisation, routine management reporting was shown to take place within a highly structured system of management supervision and support, and against a background of ongoing collaboration between managers and their subordinates. Such reporting embraced both explicit and implicit dimensions of performance, and permitted organisational control to be effected through a combination of output and behavioural controls. Consequently, those receiving reports generally did so with a high degree of foreknowledge of significant issues.

Functional Area Reports were also shown to play key roles in effecting management control at the organisational level, and in contributing to organisational governance. In effecting management control at the organisational level, the review of Functional Area Reports by the Executive Committee provided a mechanism for comparing performance against plans for the period; monitoring financial performance; monitoring the progress

of projects; monitoring stakeholder relationships; risk analysis; monitoring conformity with organisational policies and conventions; and monitoring conformity with the organisation's basic value propositions, in particular its *Strategic Directions Statement*.

The analysis of executive managers' reports to the Executive Committee highlighted the role of this committee in undertaking peer review of each of the four functions of the organisation, and in the provision of advice and assurance to the Board. Reports by Executive Managers were shown to have held a special importance because of the nature of the organisation, governed as it was by a voluntary board, most of whose members were selected, inter alia, because of their professional experience outside the welfare sector.

The analysis of the receipt of Functional Area Reports by the Executive also highlighted a difference in the way the performance of service and income generating activities were dealt with. The financial performance of programmes was monitored, in the first instance, by the General Manager Services and then also by the Executive Committee when receiving the Services Report. However, while the Executive Committee also monitored the financial performance of the organisation's business units, the greater part of oversight of income generating activities occurred at the Stewardship Committee. Furthermore, as noted in Chapter 5, relatively little attention was paid to the financial performance of services by the Stewardship Committee. That the site of programme related financial management is located at a different level within the organisation's

management and governance structure to that of income generating activities, constitutes a significant finding of the thesis: one which is explored in detail in Chapter 9.

The analysis also showed that routine reports were used by the Board to effect organisational governance through monitoring the direct accountability of executive managers; monitoring risk management; monitoring the conformity of organisational activities with annual plans and with the organisation's basic value set, in particular its *Strategic Directions Statement*; undertaking financial control; and ensuring the stewardship of resources.

In addition to reporting on the organisation's performance, the tabling of Functional Area Reports also presented the opportunity for board members to support and encourage executives, through the provision of direct comments and advice based on their individual professional expertise and experience. In general, the comments and questions from board members were shown to reflect a high degree of 'ownership' of organisational issues. Overall, routine organisational reports were also shown to play a role in maintaining a sense of connectedness within the organisation: horizontally between programme staff and the organisation as whole; and also vertically by creating a link that extended up through the organisational structure from team leaders to the Board.

The process of parallel reporting, whereby the same report was considered by the Executive Committee and the Board, coupled with the consensus style of decision-making that obtained in the organisation, showed that a high degree of overlap exists

between management and governance practices: an observation that was also made in respect of the financial reporting (Chapter 5), and the reporting on service effort (Chapter 6). This, and other key aspects of the ways in which performance reporting was effected, are explored in detail in Chapter 9.

Chapter 7 has also continued to build a body of grounded empirical evidence that is further analysed from a Strategic Choice perspective in Chapter 10. That is, the present Chapter has highlighted the importance of key organisational influences on performance reporting: (1) the voluntary nature of the organisation, with an attendant focus on mission that was underpinned by organisational values; (2) the approach to board composition, and the consequent influence that board members brought to bear, based on their professional experiences; (3) communication and decision-making styles; (4) the professionalisation of the welfare sector, including the influence that management exercised based on their professional ideals; (5) changes in the ways in which welfare services were funded by the State, which influenced the structure of the organisation; and (6) organisational size, diversity, structure.

The argument presented in this chapter completes the analysis of the reporting framework that the organisation has voluntarily developed in order to pursue its objectives. The following chapter examines performance reporting that the organisation was required to undertake by external parties.

# Figure 8.1: The Classification of Major Performance Reports Used by ACM (Per Figure 1.1 Highlighting Mandatory Reporting)

**DIRECT ACCOUNTABILITY**

To External Parties

## Financial

**Monthly Financial Overview:** Analysis of financial performance, position and cash flows. Covered all organisational activities.

**Monthly Financial Operating Reports:** Analysis of Transactions; Operating Statement; Variance analysis of Income and Expenditure; and Analysis of Unspent Government Subsidies.

**Weekly Financial Review:** Update on financial management projects; Update on management of strategic relationships that related to the financial affairs of the organisations; Weekly statement of cash flows for ACM Inc. and FF Inc.

**Ad Hoc Reports:** Financial analysis and review of various projects.

**Annual Accounts:** Statement Fin Performance, Position and Cash Flows, Notes to Accounts, Directors' Statement.

**Investment Reviews:** Monthly and six monthly performance evaluations of funds under management

**Legend:** ABEF: Australian Business Excellence Foundation; CEO: Chief Executive Officer; EM: Executive Manager; EO: Equal Opportunity; F: Financial; MoM: Minister of the Mission; MOR: Monthly Operations Report; NF: Non-Financial; OHS: Occupational Health and Safety; OPMS: Organisational Performance Measurement System; PIR: Performance Indicator Report.; UC: Uniting Church

Report      Influence      Presentation

**Annual Report:** F and NF Performance

**Stewardship:** Monthly Financial Performance

**Board**

**Services:** Monthly report

**MoM:** Quarterly report

**Executive:** (Collective accountability to Board)

**CEO:** Monthly whole of organisation report

### Functional Area

**EM:** Fortnightly verbal report to CEO. Monthly Functional Area Report by each EM to CEO, Executive and Board. Covers financial and non financial performance of activities undertaken within function. Quarterly performance against plans.

**Manager:** Fortnightly verbal and standard monthly and quarterly written reports to GMS on financial and non financial performance of programmes/ support department/ business unit

**Team Leader:** Fortnightly verbal and monthly written report on performance of programme.

**Coordinator / Supervisor:** Fortnightly verbal and monthly written report.

### Mandatory

**Compliance:** Performance requirements of regulators

**Accreditation:** Performance required by accreditation agencies

**Contract:** Performance required under service contracts

**Auspices:** Report on organisational performance to UC

To External Parties

## Non Financial

**OPMS Report:** Annual, whole of organisation strategic performance measurement tool. Includes 2 lower level reports.

**PIR:** Quarterly KPIs of output, outcome and client satisfaction

**MOR:** Monthly throughput and demographic statistics

**ABEF:** Whole of organisation quality management tool.

**Staff Development Report:** Indicates progress in meeting staff education and training targets.

**Staff & Volunteer Satisfaction Report:** Biennial and quarterly evaluations by staff and volunteer on 25 dimensions of organisational activity.

**Specific Area Reports:** Local performance measures developed and deployed in a programme or support department to evaluate performance on specific activity.

**Governance Review:** Self-Evaluation of Board's governance .

## MANDATORY PERFORMANCE REPORTS

### 8.1: INTRODUCTION

Chapter 8 completes the analysis of the four-part performance reporting framework that was identified in Chapter 1 by explaining the requirements imposed on the organisation by external parties. It shows that such reporting was extensive, being applied across the entire organisation in order to evaluate service effort, financial probity, and management and governance processes. While some mandatory performance reports covered whole of organisation activities, the majority related to individual programmes or services.

Mandatory performance reports were found to have arisen under four heads: compliance, accreditation, service contract and church auspices. While each constituted a distinct domain of authority, in practice, their requirements sometimes overlapped. For example, the requirement that the organisation be externally accredited arose under legislation in some programmes; and under service contracts in others. Conversely, a service contract could require compliance with specified legislation. The place of mandatory performance reporting within the classification scheme introduced in Chapter 1 is highlighted in Figure 8.1 (opposite); while a more detailed representation of the mandatory reporting measurement framework is represented in Figure 8.2 (over).

Figure 8.2: The Mandatory Reporting Framework

**Compliance**

- Associations Inc. Act
- Collections For Charitable Purposes Act
- Tax Legislation
- Various Acts: State Taxes and Charges
- OH&S Act
- Equal Opportunity Legislation
- Aged Care Act
- Disability Services Act
- Legal Practitioners Act
- Various Specified Acts

**Auspices**

- Financial Statements
- Visits from CSC
- Report to Synod
- MoM

**ACM**

**Accreditation**

- Aged Care Standards
- Disability Standards
- FAMQIS
- HACC
- LASP
- AQTF
- CLSS

**Contract**

- Financial Accountability
- Compliance
- Throughput Data Demographic Data
- Narrative Reports
- KPIs
- Progress Against Plans
- External Evaluation

Legend: **ACM: Adelaide Central Mission; AQTF: Australian Quality Training Foundation:**

CLSS: Community Legal Services Standards; CSC: Community Services Commission; FAMQIS: Family and Community Services Quality Management information Service; HACC: Home and Community Care; LASP: Lifeline Accreditation Programme; MoM: Minister of the Mission

Chapter 8 also shows that while mandatory performance reporting requirements were largely determined by external parties, in some instances the case organisation was able to influence their make-up. Furthermore, it demonstrates that a number of reports which were, in the first instance, prepared because they were mandatory, were also used within the organisation.

Chapter 8 proceeds by examining performance reporting under each of the four separate heads that were identified above, outlining the nature of each report; the use(s) to which the reported information was put by external parties; the reasons that external parties had for requiring the information; and any influence that the organisation exerted over the construction of the reports. Following this, it examines the use of mandated performance reports within the case organisation. The chapter concludes with a summary in which the significant characteristics of the mandatory performance reporting regime are highlighted.

## 8.2: COMPLIANCE

Compliance requirements arose under legislation that regulated six fields: (1) incorporation; (2) fundraising; (3) Commonwealth Government taxation; (4) State Government taxation and the levy of duties; (4) human resources management (in particular occupational health and safety and equal opportunity policies); (5) aged care; and (6) disability services. Table 8.1 (over) highlights the organisation's compliance requirements by showing for each field, the relevant legislation, the reason for which

## Table 8.1: Compliance Requirements

| Legislation | Performance Measures Specified in the Legislation | Reason Compliance Required | Party Exercising Oversight | Other parties to whom information is available |
|---|---|---|---|---|
| Associations Incorporation Act 1985 | (1) Satisfactory record keeping;<br><br>(2) Statement of income and expenditure and balance sheet that "report fairly" the organisation's financial affairs;<br><br>(3) Annual return including financial statements, related party disclosures and attestation of organisation's solvency; and<br><br>(4) Annual return to be audited by registered company auditor. | Incorporation confers separate legal identity | South Australian Corporate Affairs Commission | (1) Members ;(2) Public can access annual return via Corporate Affairs Commission. |
| Collections for Charitable Purposes Act 1939 | (1) Annual Return showing:<br>  (a) Purposes for which funds sought;<br>  (b) Type of fundraising event;<br>  (c) Income, variable costs and net surplus for each type of fundraising event; and<br>  (d) Fixed costs of all fundraising activities.<br>(2) code of practice, which includes:<br>  (a) requirements and or guidelines concerning conduct of fundraisers;<br>  (b) accounting: (i) financial statements prepared using "accepted accounting standards",<br>      (ii) financial statements to include gross income, total expenditure and net operating surplus from each<br>        type of fundraising activity, and<br>      (iii) financial statements to show how any surplus was applied direct services, administration, and other<br>        application (including transfers to reserves).<br>  (c) disclosure: financial statements to be made available to the public. | Licensed as fundraiser | Office of Liquor and Gaming Commission (Department of Treasury and Finance (SA) | Licencee to make Financial statements to be made available to the public on request. |
| Aged Care Act 1997 | The Aged Care Act 1997 imposed on the organisation's two residential aged care services, reporting requirements in relation to five matters: (1) the prudential management of accommodation bonds; (2) the classification of residents' care needs; (3) the certification of building standards; (4) the application of specific care standards; and (5) compliance with a range of state legislation and local government requirements.<br><br>The provisions relating to the prudential management of accommodation bonds required that the organisation provide the regulator with an audited, annual compliance statement that comprised an assurance that the organisation was correctly managing bonds paid by residents.<br><br>The requirement to correctly classify residents' care needs placed an ongoing responsibility on the organisation to document the level of care provided to each resident and to classify each resident's care needs on an eight point scale, according to the level of care provided. Such classification provided the basis on which government subsidies for the provision of residential aged care were provided, with a greater level of care attracting a higher subsidy.<br><br>The Aged Care Act 1997 also imposed requirements on the standard of buildings in residential aged care facilities, requiring compliance in respect of such matters as minimum floor areas, fenestration and access to ablutions. | Licensed as residential aged care provider | Department of Families and Community Services | Results of accreditation audits made public by accreditation agency |

**Table 8.1: Compliance Requirements (continued)**

| Legislation | Performance Measures Specified in the Legislation | Reason Compliance Required | Party Exercising Oversight | Other parties to whom information is available |
|---|---|---|---|---|
| | Furthermore, that act also embodied quality of care principles, whereby providers of residential aged care were required to meet forty four quality standards. Compliance with the Aged Care Standards (as they are titled) constituted a significant measure of performance, and is explained below in section 8.4, which discusses accreditation. It was through the accreditation process that compliance with specified state legislation and local government by-laws was evaluated. | | | |
| Retirement Villages Act 1987 | Financial reporting, auditor's qualifications, management disclosures<br><br>Organisational policies and practices, quality care standards<br><br>The organisation also provided a number of independent living units (resident funded units) for the aged, which were regulated by the State Government, under the Retirement Villages Act 1987. That act imposed on the organisation a requirement to provide, directly to residents, an audited statement of income and expenditure at least once per year, and to hold an annual general meeting at which residents could put questions relating to the administration of the units. | Prudential management of residents' bonds | South Australian Corporate Affairs Commission | Residents of the retirement village at the Annual General Meeting. |
| Disability Services Act 1986 | Code of conduct<br><br>Disability services were also regulated, though not quite to the extent of residential aged care, under complementary state and national legislation. The national legislation, the Disability Services Act 1986, contained objectives, principles and quality standards relating to service delivery, which state governments were required to match in order to receive funding (which, in turn, was made available to complying CWOs). In South Australia, the matching legislation was provided under the Disability Services Act 1993, and regulation of disability services was effected by controlling the funding of services, and through the power to specify how a programme should be provided. | | Department of Human Services | |
| Legal Practitioners Act 1981 | Specific aspects of some programmes were also regulated, For example, the provision of advice to clients by lawyers working in the Central Community Legal Service, was subject to the professional conduct provisions of the Legal Practitioners Act 1981. | | Attorney General | |
| Occupational Health and Safety Act 1986 | Under the Occupational Health and Safety Welfare Act (1986), employers were required to ensure the health, safety and welfare of persons in the workplace. To this end, the organisation had a set of policies that were implemented through five safety committees, which were overseen by the Executive Manager Human Resources (EMHR). Organisational Performance on occupational health and safety (OH&S) was evaluated through the following means: (1) quarterly and annual OH&S reports to the CEO, Executive Committee and Board by the EMHR, which reported performance against KPIs, such as the number of claims, the cost of claims, and time lost; with further analysis of such variables as the mechanism by which the injury was sustained, and the location within the organisation where claims originated. A risk assessment and the actions taken were also reported. (2) Comment on significant OH&S issues in the monthly reports to the CEO, Executive Committee and Board by the EMHR. (3) Checking minutes of safety committee meetings to ensure compliance with organisational policies. (4) Benchmarking against external OH&S indicators, e.g. the main insurer in the field of workers compensation in South Australia had developed a best practice model for services that provided in-home, personal care to clients, which ACM did. (5) Trend analysis of KPIs. | | | |

## Table 8.1: Compliance Requirements (continued)

| Legislation | Performance Measures Specified in the Legislation | Reason Compliance Required | Party Exercising Oversight | Other parties to whom information is available |
|---|---|---|---|---|
| Equal Opportunity for Women in the Workforce Act 1999 | The Equal Opportunity for Women in the Workplace Act (1999) required the organisation to develop a workplace programme that promoted gender equality on employment matters, and to report annually to the agency administering the Act, on the effectiveness of the programme. Reporting organisations were required to analyse their performance in respect of seven employment matters: (1) recruitment and selection; (2) promotion transfer and termination; (3) training development; (4) work organisation; (5) conditions of service; (6) arrangements for dealing with sex-based harassment; and (7) arrangements for dealing with pregnancy, potential pregnancy and breastfeeding. | Implementation of government policy | Department of Employment and Workplace relations | |
| Taxation Legislation (Various Acts) | Objects of the organisation<br><br>The organisation was also required to comply in respect of a range of tax matters. In such cases, compliance reporting focused on the nature, as opposed to the level, of the organisation's performance. First, the organisation was registered under the Income Tax Assessment Act 1997, as an Income Tax Exempt Charity, which removed any requirement to pay income and capital gains tax on revenue earned from investments, sales and fees. Second, it was registered as a Deductible Gift Recipient, which permitted those who made donations to the organisation, to receive a tax deduction for the value of the donation. Endorsement in each case required meeting criteria relating to the purposes of the organisation, and standards of record keeping. Once endorsed, the compliance requirements comprised merely a self-monitoring of the organisation's purposes, to ensure that they continue to meet the requirements of the act. Following from these endorsements, the organisation was eligible for a refund of excess imputation credits, which was effected through an annual return. The organisation was also registered for GST Purposes (Goods and Services Tax) under A New Tax System (Goods and Services Tax) 1999, and reported a Business Activity Statement (GST and Pay As You Go Withholding and Installments) on a monthly basis. | Relief for Charities. | Australian Taxation Office | |
| Various State Acts **(Note 1)** | Objects of the organisation<br><br>The nature of the organisation's performance also made it eligible for exemption from a range of taxes, duties and levies, which were regulated under various State Acts. Compliance in each case was met by providing the body that administered the exemption with proof of the organisation's charitable objectives and an undertaking to notify the regulator if the organisation's purposes change. | Relief for Charities | Various State Government departments | |

**Note 1** The South Australian legislation under which a full exemption is granted in respect of payroll, tax, land tax, stamp duty, water rates, sewerage rates and the emergency services levy, and a partial exemption is granted in respect of council rates are: the Pay-roll Tax Act 1971; the Land Tax Act 1936; the Stamp Duties Act 1923; the Waterworks Act 1932; the Sewerage Act 1929; the Emergency Services Funding Act 1998; and the Local Government Act 1999 respectively.

compliance was required, the performance information reported, the name of the party exercising oversight, and other parties to whom performance information was available. All compliance requirements were tightly specified, with the majority met through formal ex post performance reports. However, compliance with Commonwealth and State Government taxation and duty levies was met by certifying that the organisation's objectives met the criteria of the legislation.

Regulators required performance information to ensure compliance with legislation they were responsible for enforcing. The development of performance reports required for compliance requirements, was undertaken entirely by regulatory agencies, with no input from the case organisation

## 8.3: ACCREDITATION

The application of quality standards was widespread within human services, where they were applied to operational, management, financial, and governance processes. Organisations wishing to operate in a field to which quality standards applied were required to undergo an accreditation exercise to prove that their organisational processes met specified standards. By focusing on the ways in which processes were undertaken, accreditation established behavioural controls over organisational performance.

ACM was required to be accredited under seven different quality standards, each of which applied to a specific field of operation, and together covered twenty two of the organisation's fifty-three  programmes, and 75% of the service effort (as measured by the

deployment of FTE staff numbers). The seven standards were: (1) the Aged Care Standards; (2) Disability Standards; (3) the Family Services Quality Strategy Information System (FAMQIS); (4) Home and Community Care (HACC) Standards[6]; (5) the Lifeline Accreditation and Standards Programme (LASP); (6) the Australian Quality Training Framework (AQTF); and (7) the Community Legal Service Standards (CLSS). Codes of conduct were also required for staff in Disability Services, Family Relationship Counselling, and the Community Legal Service; while staff in the Reconnect programme were required to follow a set of programme specific good practice principles.

Generally, the underlying principles of each standard were aspirational, i.e. they were designed to engender the achievement of quality consciousness, as opposed to the mere attainment of a minimum standard. Quality standards were clearly specified, and their application by the organisation was subject to rigorous external audits. Often such audits were preceded by compulsory self-evaluations, the results of which were incorporated into improvement plans that were then evaluated during external audits.

Accreditation agencies required performance information to ensure that those who operated in a particular field maintained an appropriate standard. According to organisational participants, there were three reasons for the  considerable emphasis on

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[6] Compliance with the HACC National Service Standards was but one of four elements that comprised the HACC quality assurance framework, within which all service providers were required to operate. The four elements consisted of: (1) the promotion of consumer rights; (2) the promotion of service quality through the application of National Service Standards (and additional State and Territory standards where applicable); (3) service agreements that defined specific financial and non-financial performance measures; and (4) the reporting of throughput and client demographic data on minimum data sets.  Such requirements exemplify the not uncommon situation faced by the organisation, in which organisational performance was influenced by a number of interrelated requirements.

effecting oversight through undertaking quality audits in human services: (1) service delivery is as much about the process as it is about the outcome achieved; (2) outcome evaluation is often problematic because of the difficulty in isolating the impact of a given service on a client from other life impacts; and (3) the nature of the work undertaken by welfare providers required high levels of professional judgement and care in fields where outputs were difficult to measure. The main features of the quality standards under which the organisation was required to be accredited, and the additional uses to which performance information that resulted from accreditation audits was put by the organisation are displayed in Table 8.2 (over).

Because these quality standards covered financial, management and governance processes, as well as service delivery, there was considerable overlap in their application. This resulted in significant duplication of effort and costs, which had to be met by the organisation. Consequently, ACM implemented the quality management system, the Australian Business Excellence Framework (ABEF), which was discussed in Section 6.3, with the objective of gaining external accreditation for the organisation's management, financial and governance processes, in the hope that it might be accepted by each of the seven accreditation agencies in lieu of their individual requirements for such processes; thus leaving only the individual accreditation requirements in respect of programme delivery processes to be met separately by the organisation. Since the ABEF required high standards of management reporting and governance practices, its deployment also influenced the overall level and quality of performance reports used internally by the organisation.

**Table 8.2: Characteristics of Accreditation Requirements**

| Quality Standard | Field of Service | Accreditation Requirements | Nature of Standards Audit | Development of Standards | Enforcement Mechanism | Additional Roles Played by Meeting Standards |
|---|---|---|---|---|---|---|
| Aged Care | Residential Aged Care | • 4 standards (comprising 44 items) relating to: direct service delivery; physical environment; management systems; and organisational development. | • External audit every 3 years.<br>• Internal audit over the 12 months prior to external audit using standard audit tool.<br>• Audit report publicly available. | | •License depends on accreditation. | •Promote continuous improvement.<br>• Effect Internal control<br>•Acquittal of wider accountability to the community |
| Disability Standards | Disability Services | • 8 standards.<br>• Uphold principles and objectives of Disability Services Act.<br>• Care Workers to adhere to Code of Conduct.<br>• Demonstrate financial and legal capacity to provide services.<br>• Comply with range of specified legislation that regulated activities of service provision in various fields. | •External audit every 2 years. | •Wide consultation with service providers. | •Only registered (accredited) service providers are legally permitted to operate. | •Promote continuous improvement.<br>• Effect Internal control.<br>•Acquittal of wider accountability to the community. |
| FAMQUIS | Family Counselling | • Based on ABEF.<br>• 14 standards in 7 categories.<br>• 2 tiered framework. Foundational tier is mandatory. Aspirational tier is voluntary. | • Internal verification of quality required after 6 months and thereafter annually.<br>• External verification once within the period of a service contract.<br>• Remedial action required where a standard is not met.<br>• CWOs also required to join one of 3 . industry bodies. | •Wide consultation with CWOs.<br>•Ongoing consultation with sector on development of standards. | •Government only funds accredited service providers. | •Promoted continuous improvement.<br>• Effect Internal control.<br>•Acquittal of wider accountability to the community. |

**Legend:** ABEF: Australian Business Excellence Framework; AG: Attorney General; ANTA: Australian National Training Authority; CWO: Community Welfare Organisation; LASP: Lifeline Accreditation Standards Programme.

## Table 8.2: Characteristics of Accreditation Requirements

| Quality Standard | Field of Service | Accreditation Requirements | Nature of Standards Audit | Development of Standards | Enforcement Mechanism | Additional Roles Played by Meeting Standards |
|---|---|---|---|---|---|---|
| HACC | In Home Care | • 7 standards (comprising 27 items) relating to:<br><br>direct service delivery,<br>management and<br>organisational processes | • 3-step process - over a two year period:<br>(1) self audit by service provider<br>(2) external verification of self audit<br>(3) full external audit,<br>• Evaluation includes client satisfaction survey.<br>• Where a standard is not met, an improvement plan must be implemented. | | | •Promote continuous improvement.<br>• Effect Internal control<br>•Acquittal of wider accountability to the community |
| LASP | Telephone Crisis Counselling | | •External audit every four years by national coordinating body.<br>•Annual internal audit , which form basis of continuous improvement programme.<br>•Results reported to coordinating body | •Participatory. Service providers involved.<br>Annual review by all service providers. | •Membership of network permits use of name , and participation development . | •Promoted continuous improvement.<br>• Effect Internal control<br>•Acquittal of wider accountability to the community |
| AQTF | Education and Training | •12 standards relating to:<br>delivery of training course; and<br>organisational, management, and financial processes. | •External audit within first year.<br>•Thereafter within 5 year period.<br>• Subject to random audits within accreditation period.<br>• Internal audit required annually using standard audit tool and methodology.<br>•Must focus on quality improvements<br>•Results reported to ANTA | •Established by ANTA with some VET sector involvement (for profit and not-for-profit). | •Registration as a RTO depends on accreditation and market forces, since only courses offered by RTOs are in demand. | •Promote continuous improvement.<br>• Effect Internal control<br>•Acquittal of wider accountability to the community |
| CLSS | Community Legal Service | • 9 standards relating to service delivery.<br>• 2 tiered framework:<br>compliance with foundational confers capacity to operate.<br>Aspirational tier reflects best practice | •External audit every 3 years.<br>•Annual self audit with results reported to funder (AG)<br>• If standard not met, an improvement plan must be implemented. | •Some sector involvement. | •Government only funds accredited services | •Promote continuous improvement.<br>• Effect Internal control<br>•Acquittal of wider public accountability |

In (albeit small) ways, the organisation was able to influence the construction of external accreditation standards. At a general level, national programme accreditation standards such as FAMQIS (for family counselling services) were developed in consultation with representatives from programme providers such as ACM. Also, the standards under which the organisation's telephone crisis counselling service operated were reviewed at biannual workshops in which the organisation participated. An even more direct input from the organisation was observed in relation to a quality framework that the South Australian Department of Human Services was developing for use by organisations that provided government funded disability services programmes. In that example, the organisation's Executive Manager Research and Development had been invited to participate in the steering committee that was charged with developing the standards.

External accreditation requirements also influenced the organisation's system of direct accountability reporting, though their focus on management information reporting and use, as discussed in Section 7.2.2.

## 8.4: CONTRACT (SERVICE AGREEMENTS)

Government subsidies constituted 49% of the organisation's income in 2001/2002, with 39 of the 53 programmes delivered in that year being funded (at least in part) through service agreements. Service agreements outlined the contractual obligations of the funder and the service provider, including the nature and quantum of the services that were to be provided, the quantum and timing of the funding, and the performance measures to be reported by the service provider. While the overall level of performance reporting by the organisation under service contracts was high, there was considerable variation between

programmes, with some subject to very rigorous reporting regimes, while others were required to report little more than financial performance.

Contractually specified performance reporting requirements were of eight types, any combination of which could be required under a single service agreement[7]. The eight types together with examples are shown in Table 8.3 (over).

All contracts specified how funds were to be acquitted. Typically, quarterly acquittals comprising an operating statement and a variance analysis were also required. In some cases, monthly reports were required. All required an annual, external financial audit. While non-financial reporting requirements varied between contracts, it was not uncommon for a contract to require the external audit of compliance with non-financial performance indicators.

External evaluations of programmes were carried out at least once during a funding period, and, in some cases, annually. Where external evaluations were not carried out annually, the organisation was commonly required to undertake an annual self-evaluation, the results of which would be considered during the external evaluation. Periodic external evaluations were comprehensive and typically comprised interviews with management, staff and clients; audits of document processing, and policy manuals;

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[7] An example of the requirement to report against multiple performance measures is given in Section 8.5.4, which discusses the 'Reconnect' programme.

**Table 8.3: Contractually Specified Performance Evaluations**

| Type of Performance Evaluation | Example of Performance Evaluation |
| --- | --- |
| Financial | • Operating statement  (Quarterly, annual and final report)<br>• Variance analysis (Quarterly, annual and final report)<br>• Audited by registered company auditor<br>• Value for money measures<br>    • Funding dollars per client served<br>    • Funding dollar per service hour<br>    • Service hours per client. |
| Compliance specified legislation | • Comply with Disability Services Act 1993. |
| Meet quality standard | • Meet Disability Standards. |
| Throughput and demographic data | • Quarterly report indicating number, age, gender and living arrangements of clients, and type of service provided. |
| Narrative Report | • Comment on significant issues<br>• New initiatives<br>• Problems and challenges encountered<br>• Results of action research. |
| Specific KPIs of outputs, outcomes, and client satisfaction | • Number of participants in programme<br>• Length of time each participate<br> • Number of  successful completions<br> • Client satisfaction (by survey). |
| Progress against plans | • Annual work plan.<br>•Performance plan showing objectives, strategy and KPIs. |
| External evaluations | • Interviews with management, staff and clients<br>• Audit of processes and policy manuals<br>• Analysis of expenditure. |

and an analysis of expenditure. One particular programme, "Collaborative Action", was subject to constant evaluation by the funder through a requirement to update an electronic database that collated information on the nature and level of services provided, and information about the client. In addition, the funder interviewed clients in order to maintain an up-to-date evaluation of the programme's performance.

A significant number of service agreements entered into by ACM required it to report against specified KPIs of outputs, outcomes, and client satisfaction. While the extent of such performance reporting varied between programmes, an indication of the nature and extent of external performance reporting against KPIs is provided by the example of the Personal Support Programme (PSP). The PSP aimed to provide intensive support to the long term unemployed by reducing barriers to employment. It was funded by the Department of Family and Community Services, with the quantum of funding tied to performance, which was evaluated using KPIs of the effectiveness and efficiency of service delivery, and specific client outcomes. The effectiveness of the service delivery was evaluated using fifteen KPIs, and its efficiency using five KPIs. These are shown in Table 8.4 (over).

Performance in delivering client outcomes for the Personal Support Programme was evaluated using both economic and social measures. The service agreement specified ten possible economic outcomes, all of which were a measure of the change in the employment status of the client, for example, "…employment…of at least fifteen hours per week or which is sufficient to reduce the person's basic rate of income support by an average of at least seventy percent over a twenty six week period". Social outcomes were measures of a client's ability to function socially. The service agreements contained only an indicative list of social outcomes, which included, for example, increased socialisation, improved health, and improved money management skills[8].

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[8] This particular programme was subjected to other reporting requirements: narrative reports on progress, difficulties encountered, application of a code of conduct, and a set of programme specific service standards, site visits and a financial audit.

**Table 8.4: KPIs Reported in the Service Agreement for the Personal Support Programme**

| KPIs of Programme Effectiveness |
|---|
| (1) Length of time participants stay with the service provider. |
| (2) Number of participants who are indigenous, and the number who are from diverse cultural and linguistic backgrounds. |
| (3) Number of participants who exited early. |
| (4) Number of participants suspended. |
| (5) Number of participants for whom action plans were developed & time taken to agree the plan. |
| (6) Number of referrals to other service providers under the programme, and the number of accepted referrals from other programme providers. |
| (7) Number of participants who achieve a durable economic outcome. |
| (8) Number of each type of social outcome achieved. |
| (9) Number of individuals completing two years of the programme who achieve social outcomes. |
| (10) Number of each type of social outcome achieved. |
| (11) Diversity of services provided to participants as part of the services. |
| (12) Range of interventions in the action plans of participants. |
| (13) Results of periodic qualitative survey findings concerning the diversity of services provided. |
| (14) Results of periodic surveys of client satisfaction. |
| (15) Number of complaints about the funding recipient made by participants. |
| KPIs of Programme Efficiency |
| (1) Number of progress reports and exit reports submitted by the funding recipient, including according to the number of progress reports submitted after eight months and sixteen months. |
| (2) Time taken to complete reports. |
| (3) Number of participants suspended or referred back to Centrelink. |
| (4) Time between referral and the initial meeting. |
| (5) Time between the start date and the submission of the action plan. |

**8.4.1: The Use of Contractually Specified Performance Reports by Funding Agencies**

Funding agencies used the information reported by the organisation (and other service providers) for three (or some combination of) reasons: (1) to monitor the delivery of individual progammes; (2) to manage and develop broad scale government policy implementation; and (3) to trigger the release of funds.

With respect to programme delivery, contractually specified performance reporting was included to ensure that, when the organisation was funded by government to provide services, it did so in the manner agreed. Informants were unequivocal in pointing to the increased use of service contacts in recent years (as opposed to block grants that had been popular in earlier times) as the preferred mechanism by which government ensured the accountability of service providers. By specifying what services were to be provided, and to whom, as well as how the organisation's performance in providing welfare services would be measured; service agreements permitted government funders to target services with increased specificity.

Some of ACM's programmes were delivered within the ambit of a broad scale government policy initiative. In such cases, ACM was one of a number of organisations that delivered the same programme, but in a different locale. In order to plan and evaluate its policy initiatives, government departments used performance information reported by service providers. For example, the Commonwealth Government's Family Relationship Services Programme (FRSP) was part of its broad policy response to meet the needs of families. Under this programme, the Government funded ACM to deliver counselling

through the programme, "Family Relationship Counselling". Performance information reported by this programme included a Monthly Minimum Data Set that captured throughput and demographic data relating to clients; and also the results of annual appraisals, the guidelines for completion of which stated that the information provided would be used inter alia to:

"…understand better the operations of the FRSP across the sector during the year; advise ministers, as necessary, about the programme and services provided through the sector; put into context performance information; understand the locational and other issues that bear on the delivery of services in certain areas or to particular groups of clients: and inform us of emerging trends in family relationships and services delivery" (FaCS, 2003).

Similarly, one service manager stated that the government agency that sponsored one of her programmes required continuous reporting of performance information, which was used for ongoing programme development. Yet another reported that, for one of her programmes, the performance reports of all service providers were displayed on a website to which each had access; so that programme development could be based on sharing knowledge and experiences.

Performance information was also used, in some programmes, as the trigger for the release of funds, a mechanism, which, according to one service manager, was becoming increasingly more common in her service area. For example, within the "Personal Support Programme", which was discussed above, funding was released to the organisation in response to KPIs that were used to evaluate the status change of the

clients. Similarly, in the programme 'Take 5', which provided personal support to people with disabilities, the organisation was paid on the basis of the number of 'support hours' provided to clients.

**8.4.2: The Case Organisation's Influence on Contractually Specified Performance Reporting**

The majority of contractually specified performance evaluations were determined by external funding agencies to meet their information needs, as discussed above. However, in some cases, service providers exercised a degree of influence on the specification of contractually required evaluations through sector wide consultations between funders and providers, and through the tendering process.

One example of the input into the development of performance reporting by the case organisation was the "Reconnect" programme. That programme, which was delivered through Adolescent Services, was one of approximately one hundred 'Reconnect' programmes that operated under a broad Commonwealth Government policy that aimed to reduce youth homelessness through community based early intervention strategies. At the time of the present study, the organisation's performance in delivering that programme was evaluated through reference to five aspects of service delivery: (1) the application of seven principles of good practice that have been developed specifically for the programme; (2) the outcome of action research that each service provider is required to undertake in order to meet the requirement for flexible and reflective service delivery; (3) performance in meeting key objectives, which were agreed, at the start of the year, in an annual work plan; (4) stakeholders' evaluation of the programme's success in building

relationships with external parties; and (5) the overall performance of the programme. Input into the development of these performance reports had occurred through participation by ACM and other CWOs in funder-sponsored workshops of service providers that had taken place approximately every three years. Furthermore, the programme hosted a database through which service providers could access the results of ongoing programme evaluations that other service providers had reported, thus facilitating further input from the sector into the development of evaluation methodologies.

Negotiations between the organisation and the funder concerning the specification of performance evaluations in service agreements were not uncommon. The tendering processes in which the organisation was involved varied considerably. In some cases, the process was completely open, where the organisation bid a set price to provide an agreed level of output. For example, in the high volume, uniform output programme, 'Take 5', which provided in home support to clients with disabilities, the funder unilaterally specified the performance requirements. In other cases, the tendering was competitive, but flexible. As such, the funder would specify a total funding allocation, the target clientele, and programme guidelines, and ask CWOs to submit proposals as to what services they could provide, and how they would provide them, within the funding allocation. A number of service managers reported that in such cases there was room for negotiation with the funder over the specification of performance reports.

Similarly, where the organisation had initiated a programme that was, after an initial period, continued under government funding, as it had, for example, with the 'Bfriend'

programme that provided support for newly identifying homosexual young people and their families; the organisation had some influence over the performance requirements that were specified in the service agreement.


## 8.5: AUSPICES

As an agency of the Uniting Church in South Australia, ACM also fulfilled an accountability to the Synod. However, unlike the external accountabilities acquitted as a consequence of compliance, accreditation and contractual requirements, which were explicit, and based on formally specified performance reports and /or certified statements of purpose; the organisation's accountability to the Church was acquitted largely informally through the application of shared faith, values and commitment. In explaining the nature of the accountability of ACM to the Uniting Church, the Minister of the Mission stated,


> "when an institution of the Synod engages in a ministry, it is the Church engaging in that ministry…The consequence of understanding ourselves in the above light is that the first level of accountability is to maintain fidelity to our own articulation of our own participation in the church's vocation in the world…The Mission is the Church engaged in that ministry" [9].

Thus, the mainstay of the organisation's accountability to the Church lay in an informal, ex ante understanding. Furthermore, although the organisation did provide formal, ex

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[9] The term 'ministry' as it appears in the quotation from Scott (1996) has the meaning of 'the act of ministering a service' The term 'the Mission', with a capital 'M', is the abbreviated appellation for the case organisation, Adelaide Central Mission that is used by those close to the organisation.

post reports to the Church, senior officers of the organisation indicated that these were 'minimal', and that the greater part of the accountability was acquitted informally. Consequently, the full extent of the organisation's accountability to the Church can be represented by the matrix depicted as Figure 8.3 (opposite), which comprises formal, ex post performance reports, informal ex post reporting mechanisms, and formal and informal ex ante arrangements.

Formal, ex post performance reporting was undertaken through the four means shown in the top left quadrant of Figure 8.2. While items (1), (2) and (3) comprised the direct rendering of account by the organisation to the Church; item (4), comprising reports by the Minister of the Mission, were different. The Minister of the Mission was an employee of the organisation, by dint of which he was also an ex officio member of the Board. However, the duty statement for the position stated that the Minister was responsible to the Church, being required,

> "…to report to the Presbytery North West in matters of faith and discipline, and to the Synod of SA for the exercise of his / her ministry".

Given the extent of his role, as explained in Section 4.4.2.2, which included ensuring an overall congruence between the organisation's service effort and the values of the Uniting Church, and also his involvement in programme evaluation, any such report by the Minister of the Mission necessarily covered organisational performance. In commenting

**Figure 8.3: The Accountability of ACM to the Uniting Church**

|  | **Ex Post** | **Ex Ante** |
|---|---|---|
| **Formal**<br><br><br><br><br><br>**Informal** | (1) Annual Accounts reported to Synod.<br>(2) Visits to ACM by Synod Staff.<br>(3) Report to Synod by Board Member who was also a member of the Synod.<br>(4) Accountability of Minister of Mission to Church, in his capacity as an ordained Minister. | (1) Approval of Board Members by Synod.<br>(2) Chair must be an active member of a congregation.<br>(3) Synod's placement of Minister of the Mission in ACM. |
|  | (1) Collaboration between Senior Officers of the Organisation and Synod Staff on projects. | (1) Congruence of faith/ values and commitment between organisation's Senior Officers and the Church.<br>(2) On going communication between some of the organisation's Senior Officers and Church leaders in various forums of the Church.<br>(3) Trust. |

on the accountability of the organisation to the Church, one senior officer described the Minister of the Mission's role as,

"…a very pivotal… important channel".

Informal, ex post reporting of organisational performance is shown in the bottom left quadrant of Figure 8.3. Through collaboration between Officers of the Synod and Senior Officers of the organisation on various projects, it was suggested by informants that Synod Officers would be kept up-to-date with significant organisational developments on

a monthly basis.  For example, the Corporate General Manager worked with the Secretary of the Synod, and others, on a committee that had been established to develop joint purchasing arrangements.

However, the organisation was independently incorporated by the Church in a way that deliberately granted it a high degree of autonomy. Consequently, ACM's senior officers suggested that a significant part of the organisation's accountability to the Church was acquitted through the "connectedness" to the Church of those who served on the Board (including the Minister of the Mission). The ways in which this "connectedness" influenced the accountability of the organisation to the Church is depicted in the right hand quadrants of Figure 8.3.

The formal arrangements on which ACM's accountability to the Church was established are shown in the top right quadrant of Figure 8.3. Together, these mechanisms (as explained in Chapter 4) were designed to provide the Church with the requisite certainty concerning the organisation's overall performance. In explaining the Church's requirement for accountability, one senior officer colloquially referred to it as,

"OK, you're our people, you run it."

By maintaining control over the  appointment  of  board members (and, in particular, the Chair), and by placing a senior minister of the Church in a senior role within the organisation,  the Church ensured  that the organisation was 'run' in a way it considered

appropriate. That is, it established a formal, ex ante condition comprising commitment to the continuance of the Church's welfare work, religious faith and / or moral values, and particular professional expertise. The success of such a modus operandi was also held to rely on the strong commitment to a consensus mode of decision-making, which, informants suggested, was characteristic of the Uniting Church.

The final element of the organisation's accountability to the Church is depicted in the bottom right quadrant of Figure 8.3. It comprised the shared understanding between those who 'run' the organisation (the Board) and those on whose behalf it is 'run' (the Church). Senior officers of the organisation reported that, for the majority of board members, service on the Board of the organisation was simply an extension of their role in the broader life of the Church. Even those board members who were not of the Church expressed a commitment to community service, and a responsibility to steward the organisation's resources for the purpose of conducting the Church's welfare effort. Importantly, board members reported a strong personal commitment to the objectives of the organisation, with some indicating that sitting on the board provided them with the opportunity to, "give something back to society". On a number of occasions, it was acknowledged that service as a board member was but one form of volunteering. On a more practical level, board members indicated that the sense of shared purpose was further enhanced through their membership of the Church and ongoing participation in its various forums. Overall, board members indicated that a high degree of trust existed between individual board members and the Church.

The Uniting Church's use of performance information was commensurate with the above mentioned relational character of performance reporting, in that it sought to oversee the conduct of its welfare effort, which it had given over to the case organisation. In particular, it monitored the organisation's broad strategic directions, its value congruence, and its stewardship of resources. In outlining this role, one board member stated,

> "They want to know that we're congruent with the Gospel, they want to know that we're financially viable, and they want us to be available for really emergency things that the Church identifies that's not generally arising out of, you know, the structures that we've got."

The relational character of performance reporting also presented the organisation with the opportunity for considerable input into the process, with one of the main formal means of ex post performance reporting, visits to the organisation by Synod staff, exemplifying the input. One board member described the approach as follows,

> "…they have people who come and meet with our Board and it's done in a conversational style… and it's generally intended to produce a reconciliation between the agency and the Synod so that it can properly function as an agency of the Church."

Two reasons were given by informants for such an approach: (1) a desire by the auspicing church to have its agencies operate at, 'arms length', in order to reduce the potential for any liability by the church for debts of its agencies; and (2) it generally reflected the

approach to management style of the church, which was one of consensus and participation. With respect to the latter point, senior officers pointed out that, unlike some other traditional Australian Christian churches, the auspicing church was not particularly well positioned within the country's echelons of power; nor were its board members drawn largely from well connected business and professional elites. Rather, those who sat on the Board did so largely because of their personal commitment to the work of the organisation, and the life of the church. The consequences of such an approach were that performance reporting to the auspicing church was constructed to accommodate the open, consensus oriented management style (which is explained in Section 9.2).

In addition, the constitutions of both associations required them to produce a set of annual financial statements that provided a, 'true and fair', view of their financial affairs. These were to be audited by a registered company auditor, and, together with the auditor's report, and Reports and Statements of the Board, were to be provided to members of the association, which, as noted in Chapter 4, were the Members of the Board of ACM Inc.

In summary, it can be seen that, while the organisation acquitted its accountability to the Church directly, through two written reports (the audited annual accounts and the biennial report to Synod) and one verbal report (to the Community Services Commission of the Synod), it did so within a broad, informal set of arrangements, which relied more on a shared sense of faith, purpose, trust, and collaboration. The particular form in which accountability to the Church was acquitted was, in part, attributable to the constitutional requirements that were established by the Uniting Church, but also to the faith base of the Church, its consensus mode of operation, and its pro-active approach to welfare work. In

many respects, the form of the reports (one of which was described by a key informant as "a conversation") was negotiated between the parties, rather than being tightly specified, as were the accountability requirements that arose under compliance, accreditation and service contract.

## 8.6: THE USE OF MANDATORY PERFORMANCE REPORTS WITHIN THE ORGANISATION

### 8.6:1: Introduction

While mandatory performance reports were used extensively by external parties, some were found to have been used internally, for (some combination of) four purposes: (1) task control; (2) management control; (3) governance; and (4) the acquittal of a broadly perceived accountability to the community. These are highlighted in Table 8.5 (opposite), which, for the sake of comparison, also shows the external roles that were discussed above. The analysis of the mandatory use of performance measures by organisational participants proceeds by examining their uses at the programme and services levels (i.e. by team leaders and service managers). It then examines their use at the whole of organisation level (i.e. by executives and board members): first, with respect to internal functions, and, second, with respect to the acquittal of a broad public accountability.

### 8.6.2: Meeting the Needs of the Organisation: The Programme and Service Levels

At the programme and service levels, team leaders and service managers used information from mandatory performance reports in planning, workload management, trend analysis, programme evaluation and quality improvement. The use of mandatory

**Table 8.5: The Use of Mandatory Performance Measures Within the Organisation**

| Head of Authority | External Role | Use Within The Organisation | | | |
| --- | --- | --- | --- | --- | --- |
| | | Board | Executive | Service Manager | Team Leader |
| **Compliance** | Protect interests of members, other parties, and public.<br><br>Effect taxation policy.<br><br>Resource allocation.<br><br>Promote the welfare of employees and clients. | Considered as form of assurance by the Board.<br><br>Used to effect internal control.<br><br>Considered to be an indicator of organisational performance.<br><br>Considered as a form of accountability to the public. | Reports to Board on Compliance issues.<br><br>Considered as a means of acquitting a wider (public) external accountability by undertaking compliance procedures.<br><br>Considered to be an indicator of organisational performance.<br><br>Considered as a form of accountability to the public. | Reports to Service Manager on compliance issues.<br><br>Undertakes some compliance procedures. | Reports to Service Manager on compliance issues.<br><br>Undertakes some compliance procedures. |
| **Accreditation** | Effect public policy.<br><br>Promote welfare of clients. | Considered as form of assurance by the Board.<br>Used to effect internal control.<br>Considered to be an indicator of organisational performance.<br>Considered as a form of accountability to the public. | Reports to Board on accreditation. Ensure organisational policies and procedures in place. To meet accreditation<br>Used to effect internal control.<br><br>Considered to be an indicator of organisational performance.<br>Considered as a form of accountability to the public. | Reports to Executive Manager on accreditation.<br><br>Acquits External accountability and oversees accreditation process.<br><br>Monitor Programme Performance.<br><br>Continuous Improvement. | Reports to Service Manager on accreditation issues.<br><br>Monitor Programme Performance.<br><br>Continuous Improvement. |
| **Contract** | Ensure financial accountability.<br><br>Monitor performance of service provide.<br><br>Programme management and policy development. | Used to effect internal control.<br><br>Considered to be an indicator of organisational performance.<br><br>Considered as a form of accountability to the public. | Reports to Board on Tenders & Submissions, Unspent Subsidies.<br><br>Oversight of contracts, signs off on Contracts.<br><br>Considered as form of accountability to the public. | Reports to Executive Manager on contract issues, Tenders & Submissions, Unspent Subsidies.<br><br>Acquits External Accountability: negotiates with and reports to Funder<br>Monitor Programme Performance.<br>Planning.<br>Workload Management.<br>Continuous Improvement. | Reports to Service Manager on contract performance issues.<br><br>Monitor Programme Performance.<br><br>Planning.<br><br>Workload management.<br><br>Continuous Improvement. |
| **Auspices** | Acquit accountability to the Uniting Church. | Considered when monitoring the strategic direction of the organisation. | Considered when monitoring the strategic direction of the organisation. | Values based service delivery. | Values based service delivery. |

reports was thoroughly integrated into organisational processes through the joint consideration given to contractually specified performance measures, accreditation requirements, and internally generated measures during the development of each programme's Annual Plan. In speaking of this, one service manager, who had formalised the practice by developing a local policy on planning, stated that mandatory performance reporting requirements were considered,

> "[a]t the outset…Bear in mind that we'll be doing this in the context of the strategic directions of the organisation for five years. It pulls in the strategic planning six-monthly process, and it pulls in funder's requirements, funder contexts, you know, such as: What are our accreditation requirements? What are our requirements for the funder? So, in other words, what are all the kind of contextual or environmental factors or responsibilities we need to take into account when we start the planning, the data collection, [and] the data reviewing process for the next year?"

At the Service level, the mandatory application of quality standards also provided Managers with a means of effecting behavioural controls, which were considered to be particularly useful in the field of human services due to the often problematic nature of measuring outcomes. Furthermore, the methodology applied in the processes facilitated a structured approach to the encouragement of appropriate values and approaches to service delivery, which were considered to be paramount in ensuring high standards of care. In Disability Services, for example, meeting quality standards was considered to be

particularly important because it established a consistent level of quality, and also permitted sufficient flexibility in the delivery of services to accommodate the specific needs of individual clients.

The integration of mandatory performance measures into the organisation's ongoing management was further exemplified in the ways in which residential aged care programmes used quality data collated to meet accreditation requirements.  In those programmes, continuous quality improvement was a standing item on the agenda for annual planning meetings, with both residential aged care facilities having on-site quality improvement committees that monitored compliance with the Aged Care Standards on a monthly basis. Furthermore, these committees ensured that regular planning documents, such as the annual plan, the occupational health and safety plan, and the risk management plan, conformed to the requirements of the external standards as well as to the organisation's requirements. At one facility, the quarterly output indicator that the organisation used for internal performance measurement (in the Performance Indicator Report, which was discussed in Section 6.2.3) was also aligned with the standards.

At the programme level, team leaders and service managers were found to have used mandatory performance information to effect task control, with one Service Manager responding to questions on such usage by stating,

> "I think that, well that happens quite a lot… a lot of the reports that we do are fairly sort of number based and contain demographics and so forth and that

information we use within our programs to talk about who we're servicing and how many more people we need to service and so forth and I would say that there is a fairly high usage that would come from the reports…"

In commenting on the quality of such data, the Service Manager went on to state,

"if I did not have to provide the data to external parties, I would <u>want</u> to be collecting it in order to use it" [emphasis added].

Where such performance data was available to the organisation, it was also used to undertake trend analyses, which were seen as a useful counterpoint to the pressing imperatives of day-to-day management. However, in a number of smaller programmes, service managers stated that, because of the intensive interaction between team leaders and staff, any problems that arose were likely to have been comprehended prior to the collation of performance data. In such cases, KPIs were considered to play a more useful role in prompting further analysis, and in providing confirmation of observed variation, than in evaluating actual performance.

Mandatory performance measures were also used to evaluate the ways in which services were provided. For example, in the "Reconnect" programme, through which the organisation provided counselling, family support and short term residential care to at risk youth, the funder required a comprehensive evaluation of service performance through the use of an action research methodology. In speaking of that approach, the Service Manager commented that although simple metrics such as output and

demographic measures were considered to have a use in planning, the essential evaluation of performance concerned the,

> "…<u>way</u> of working with young people and engaging with young people" [emphasis in the original].

In that programme, the performance information so collected was then considered formally at the service's staff meetings, and also input into a continuous improvement process that was undertaken across that service.

In contrast, some service managers reported that they did not get sufficient feedback from funders on performance data reported under some service agreements, and, furthermore, in some cases where they are required to enter data electronically into minimum data sets for transmission to the funder, the design of the databases did not permit them to generate queries that could be used to evaluate performance at the programme level. This was seen as a lost opportunity, with service managers expressing the view that, if they were required to provide information to funders, they should, at a minimum, have the opportunity to use it at the programme level. Furthermore, some managers questioned the usefulness of performance measures they were required to report, because they comprised purely quantitative throughput metrics, and did not permit qualitative process evaluations.

**8.6.3: Meeting the Information Needs of the Organisation: the Organisational Level**

At the organisational level, mandatory performance measures collated to meet compliance, accreditation and contractual requirements were found to have been used by executives and board members in fulfilling their duties, as the following examples show.

Knowledge that the organisation's financial management had passed the rigorous examination applied by regulators, such as GST compliance inspections, provided board members with a level of assurance that enhanced its governance function, with one board member, for example, comparing it to that provided by the external auditors in respect of the organisation's annual accounts, stating,

> "[t] hese are external evaluations of some dimension that the Board needs to know about, and can give the Board some confidence."

With respect to the compliance requirements in the legislation under which both 'arms' of the organisation were incorporated, considerable attention was given to the report by the auditors on their discussions with management and overall risk assessment. The overall influence of the legislation on the preparation of financial statements, however, that they, "…present fairly the results of the operations of the association…" (Associations Incorporations Act 1987 Ss 35 (1), did not surpass the standard of financial reporting that the organisation voluntarily required in order to effect management and governance of a large organisation.

Non-financial performance measures were also used. One specific example concerned the impact of accreditation on the organisation's governance processes. In early 2003, the organisation received an accreditation report on one of its programmes, in which two important breaches of a standard were identified. While the first reaction to the report was one of concern because of the potential harm that such breaches could have caused to clients, this was superseded by a more sanguine reflection, whereby the value of having an external audit that could identify problems and improve service quality was lauded. When the issue was discussed by the executive, it was acknowledged that accreditation audits provided a valuable means of organisational control. When the issue was discussed by the Board, it was acknowledged that accreditation audits provided a valuable means of internal control for the organisation. (In this example, offices of the organisation also acknowledged their awareness that the breach of standards would be publicly disclosed on the accreditation agency's website.)

Similarly, the requirements of the Occupational Health and Safety Welfare Act provided an imperative to formalise performance reporting in an area in which the organisation had been underperforming. According to one executive, in the recent past, programme staff had emphasised client welfare at the expense of their occupational welfare (a practice that, in her experience, was widespread in CWOs). However, best practice management and governance held the welfare and safety of both staff and clients to be important. Consequently, the considerable level of internal performance reporting required under this legislation resulted in routine reporting by the Executive Manager Human Resources to the CEO, Executive Committee and the Board, as part of the     Functional Area

Reporting that was discussed in Chapter 7. In addition, the KPI, "Workforce Injuries" was reported publicly in the OPMS report, which was discussed in Chapter 6. While the Equal Opportunity for Women in the Workplace Act 1999 also required formal reporting, to the Executive and Board, of the organisation's performance in ensuring equal opportunity for female staff, it did not add to the already high level of importance voluntarily attached to achieving performance in that field by the organisation.

The importance of reporting the results of external accreditation audits to the Board was further highlighted by one executive manager who commented that, since its governance review, the Board had requested that reports from executive managers focus on those issues that had the potential to place the organisation at risk, amongst which, accreditation ranked highly. In explaining the composition of her report to the Board, she stated,

> "a significant issue for the Board would be that we're about to be audited…
> accreditation…of some kind, or that there's a risk to the organisation of some
> kind."

**8.6.4: Meeting the Information Needs of the Organisation: Acquitting a Broad Public Accountability**

Performance against mandatory performance criteria was also viewed by many senior officers of the organisation as a means by which the public could maintain confidence in the organisation's effectiveness and probity. This was seen to be particularly important since the organisation lacked a broad, natural constituency, being, at law, only

accountable to its members, all of whom held positions on the board, yet voluntarily assuming a responsibility to the community at large. Consequently, organisational participants generally saw the acquittal of a broad accountability to the public as important, however there were variations in their views about how well the organisation effected it, and which means were the most effective.

In highlighting the importance of mandatory performance requirements, one board member stated,

> "The major accountabilities now are through your accreditation processes. We have a formal accountability to the Synod and the Uniting Church in its broadest sense, but our major accountability now is through, say, aged care accreditation…or as a registered training organisation…, all the various compliances that you have…Equal Opportunity people come too. I mean there are <u>so many</u> accountabilities. I reckon they're the major levels of accountability, although you've got some of these other things are important. Legal regulation's a very powerful one. Taxation is another very powerful one, particularly with respect to GST…they come round the country in full flight. Incredibly tough" [emphasis in the original].

While another emphasised the organisation's accountability to the community being effected through reports to the government (as its representative) however, such a mechanism was held to be one that coexisted with the organisation's more direct efforts. He stated,

"… there are a number of things that are to be kept in mind about our relationship to the public at large. One is the at large public makes contributions to Adelaide Central Mission via a number of channels. One, of course, is by the processes of the State, like the Government Departments and things like that. Now, there is a sense in which there are strong and formal accountabilities - there are reports about programs and money, and that kind of thing. But there are also things like the way in which we communicate with a whole range of, you know, the wider community, like our publications, particularly "Transmission"[10],  the work that our [name of Manager] does in that … the Annual Report that goes to a whole host of people, not just people in Government Departments, but to business leaders, people who we have contact with, any sponsors, donors. So that there's a process of feeding back to them the information."

In contrast, others, while no less cognisant of the organisation's accountability to the public, were less confident in its capacity to implement it, with one senior officer focusing not on reporting back as a means of acquitting accountability, but on an ongoing engagement with various parties.

Overall, there was a general acknowledgement at the Board, Executive and Manager levels that performance reporting by the organisation in meeting its obligations to government funders  and regulators  provided mechanisms whereby the organisation

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[10]  "Transmission" was a quarterly newsletter published by the organisation, which served two purposes: (1) it provided news of activities undertaken by the organisation; and (2) it provided a medium through which the organisation could advocate on policy issues. The newsletter was distributed through the organisation's various  services; by direct mail to interested parties; and through Uniting Church offices.

could acquit a more general accountability to the community it attempted to serve, in that continued performance could be taken as a public endorsement of the services it provided. In particular, it was suggested that such external approval indicated to the community that services were effectively targeting need, and to staff, that their efforts were considered to be worthwhile.

## 8.7: SUMMARY: THE NATURE AND USES OF MANDATORY PERFORMANCE REPORTS

This chapter has shown that the organisation was required to report its performance under four separate heads: compliance, accreditation, contract and auspices. By definition, the organisation undertook such performance reporting, in the first instance, to meet the information needs of external parties, which were either to effect a broad oversight of the organisation's activities, for self-evaluation, and programme development; or to trigger the release of funds. However, it has been shown that the performance information collated for external parties was also used by the organisation to effect task control, organisational control, governance, and to acquit a broad accountability to the public.

In seeking to explain the nature and use of mandatory performance requirements, the study found significant differences in the form, content, specificity and focus of performance information reported under the different heads. The evaluation of organisational performance under the heads of compliance, accreditation and contract were entirely formal. It was shown that they focussed extensively on outputs (most of the compliance contractual requirements) and behavioural controls (accreditation and some contractual requirements). Some requirements were also classified as input controls, i.e.

those compliance requirements that relied on the organisation's constitution meeting certain criteria, and those programmes where specific staff qualifications are mandated.

The manner in which ACM used performance information to acquit its accountability to Uniting Church displayed novel characteristics. It was shown to rely less on meeting specified performance standards, and more on the shared faith and commitment of individual board members and the Church at large. In essence, the greater part of the organisation's accountability to the Church was acquitted in an informal ex ante way, rather than through the formal ex post means that characterised the way the organisation acquitted its accountabilities to external parties under the other three heads. Monitoring by the Uniting Church was considerably less specific than that under the other heads, being confined to consideration of the organisation's broad strategic orientation. The focus of accountability of mandatory reporting requirements is depicted in Table 8.6 (opposite).

Chapter 8 also comprehensively explained how the organisation used performance information collated under mandatory requirements. Consequently it explained, not only the role of mandatory reports apropos the external party, but it also explained the use of that information within the organisation. This analysis, which is summarised in Table 8.5, indicates that externally required performance information had an impact across all levels of the organisation. In particular, the analysis indicates that the organisation's accountability to the Uniting Church impacted mainly at the level of the Board, while the compliance requirements impacted mainly on the Executive and the Board. Furthermore, the impact of accreditation and contractual obligations, although considered by the Board

and the Executive to contribute to the overall assessment of organisational performance, and in acquitting a general accountability to the public, impacted most at the programme level, where they were dealt with by service managers and team leaders. At the operational level, mandatory performance measures were shown to have been considered during annual planning, and, in some cases were included in routine organisational performance reports. Importantly, it was also found that, in some programmes and infrastructure areas, the mandatory measure became the main measure by which the organisation evaluated its performance.

In conclusion, Chapter 8 provided further grounded, empirical evidence concerning key themes that are developed in Chapter 10, which summarises the analysis of the research problem through the perspective of Strategic Choice Theory. That is, Chapter 8 has provided the empirical evidence of three key tenets of Strategic Choice Theory. First, the powerful influences of environmental pressures on the organisation's key decision-makers, both directly through the specific requirements of external parties, and indirectly, through the ways in which organisational participants at all levels of the organisation used performance information that was, in the first instance, required by others. Second, Chapter 8 has provided evidence of the ways in which key organisational personnel may influence external conditions. Third, the importance to performance reporting of the participation of key organisational personnel in networks that linked the organisation with institutions in its environment has been evidenced.

**Table 8.6: The Focus of Accountability of Mandatory Reporting Requirements**

| Head of Authority | Focus of Accountability | | |
|---|---|---|---|
| | **Ex Post** | **Ex Ante** | |
| | **Output** | **Input** | **Behavioural** |
| **Compliance** | | | |
|    **Incorporation** | Annual Return. | | |
|    **Fundraising** | Annual Return. | | Code of Practice. |
|    **Tax exemption** | Continuous self monitor re DGR GST Audits. | Registration as DGR (organisation's constitution). | |
|    **Concessions on duties and levies** | Continuous self monitor re compliance. | Registration (organisation's constitution). | |
|    **OH&S** | Safety Audits. | | Organisational policies. Safety Committees. |
|    **EOWWP** | Annual Report | | Organisational policies. |
|    **Aged Care** | Prudential returns re accommodation bonds. Documenting residents' needs. Audit of buildings. Compliance with State legislation. | Qualifications of Staff. | Aged Care Standards (process quality). |
|    **Disability** | | | Disability Services Standards |
|    **Registration (Legal Services)** | Professional Conduct Provisions. | Qualifications of Staff. | |
|    **Various Specified** | Compliance Audited. | | |
| | | | |
| **Accreditation** | | | |
|    **Aged Care** | | | Process quality. |
|    **Disability** | | | Process quality. |
|    **FAMQIS** | | | Process quality. |
|    **HACC** | | | Process quality. |
|    **LASP** | | Faith and or ethos. | Process quality. |
|    **AQTF** | | | Process quality. |
|    **CLSS** | | | Process quality. |
| | | | |
| **Contract** | | | |
|    **Financial Accountability** | Audited Financial Acquittals. | | |
|    **Compliance** | | | Quality Standards. |
|    **Throughput & Demographic Data** | Client numbers, gender, location, age. | | |
|    **Narrative** | Reports on operational issues. | | |
|    **KPIs** | Key Performance Indicators. | | |
|    **Progress on Plans** | Progress on Plans. | | Planning. |
|    **Evaluation** | Evaluation. | | |
| | | | |
| **Auspice** | Financial Accounts. Visit from Synod. Report to Synod. Informal Reports. | Shared faith and or ethos. | Selection Criteria for Board Members. Selection criteria for Chair. Appointment of MoM. |
| | | | |

**Legend:**
ATO: Australian Taxation Office; AQTF: Australian Quality Training Foundation: CAC: Corporate Affairs Commissioner; CLSS: Community Legal Services Standards; CSC: Community Services Commission; DGR: Deductible Gift Recipient; EOWWP: Equal Opportunity for Women in the Workplace; FAMQIS: Family and Community Services Quality Management information Service; GST: Goods and Services Tax; HACC: Home & Community Care; LASP: Lifeline Accreditation Programme; MoM: Minister of the Mission.

The discussion presented in Chapter 8 thus completes the primary analysis of the four-element performance reporting framework within which the organisation operated. By explaining the nature and use of mandatory performance reports, it complements the analysis of the three elements of the organisation's voluntary performance reporting system, that were presented in Chapter 5 (reporting financial performance); Chapter 6 (reporting non-financial performance); and Chapter 7 (direct accountability reporting). The analysis put forward in these chapters is further developed in the following chapter, which examines how the four elements of the performance measurement framework were integrated.

# — 9 —

## THE NATURE AND THE USE OF PERFORMANCE PEPORTS: INTEGRATION AND PLURALISM

**9.1: INTRODUCTION**

To this point, the analysis has focussed on individual performance reports i.e. each report was outlined, and an explanation was provided for the ways in which it was used by decision-makers, and the imperatives for its development. Some significant interrelationships in the uses of performance reports have been noted. For example, it was shown in Chapter 5 that financial performance was evaluated with reference to non-financial considerations. Furthermore, in Chapter 8, it was shown that some mandatory performance reports were also used internally to monitor performance, since they were viewed by organisational participants as, "evaluations of some dimension". This chapter advances the thesis by further exploring the interrelationships in the uses of performance reports at ACM. Three main avenues for discussion are pursued. The first, in Section 9.2, explains the organisation's communication and decision-making processes, which underpinned the use of performance reporting. It shows them to be highly consultative and participatory, yielding contemporaneous reporting of performance information within different forums of the organisation, thus facilitating the sharing of information amongst the organisation's senior ranks. The second, in Sections 9.3 and 9.4, explains the use of performance reports within the organisation's senior ranks. It shows there to be a differential in the siting of the evaluation of service and resourcing efforts; with the former being primarily a board responsibility, and the latter primarily an Executive responsibility. As such, it explains how the organisation's approach to organisational governance and control was a defining influence on performance reporting. The third, in

Section 9.5, explains how the extensive array of organisational performance reports was integrated by decision-makers to effect a truly multidimensional evaluation of organisational performance. Chapter 9 proceeds with each of the three above mentioned themes analysed in a separate section. The chapter concludes with a summary in Section 9.5.

## 9.2: THE NATURE AND STYLE OF COMMUNICATION AND DECISION-MAKING

### 9.2.1: Introduction

Within ACM, there obtained a well defined style of communication and decision-making that facilitated the sharing of information. Such processes, which informants acknowledged was a legacy of the auspicing church, the Uniting Church in Australia, were achieved through six means: (1) a consultative, participatory approach; (2) a supportive management style; (3) cross-representation of membership of key organisational forums; (4) contemporaneous reporting of performance information; (5) the use of multifaceted performance reports; and (6) a multiplicity of performance reports.

### 9.2.2: A Consultative, Participatory Approach

The consultative, participatory style of organisational decision-making was effected through twelve specific organisational practices. Four such practices directly encouraged participation in decision-making up through the organisation, and information sharing downwards from management. Each month, executives and managers met at "Managers Meetings", where all present reported on significant issues of the past month; Managers

were able to give input on policy issues; and the CEO and executive managers shared information with managers on key issues. Also on a monthly basis, the General Manager Services met with service managers, in a forum for providing peer support and sharing ideas. Similarly, team leaders, managers, executive managers, The Minister of the Mission and the CEO met each quarter, for 'Leadership Days', where management and policy issues were discussed. Furthermore, once each year, staff from each programme had direct input into the development of the annual plan. Such structural means of promoting consultation and participation were complimented by the decision-making style that is outlined below.

Within key organisational forums, the general approach to decision-making was one where proposals that were agreed when first discussed were immediately actioned; with what could not be agreed in the first instance, taken for further discussion by the disagreeing parties, worked through, and then brought back to the meeting for decision at a future date. Quite strikingly, during the entire period of the field study, a formal vote was taken only once, at the Annual General Meeting, in order to accept the organisation's annual financial report. Furthermore, at all meetings, Chairs adopted a very inclusive approach, by ensuring that all present were given the opportunity to contribute to the discussion, and specifically inviting those with acknowledged expertise in a subject under discussion to contribute. Overall, the importance attached to a participatory, consensus oriented style of decision-making, was neatly summed up by one executive manager who stated,

"…we consult to death around here…there are no surprises".

The consensus approach to board decision-making was also facilitated by the organisation's policy on board membership, which was adopted to ensure that the combined membership possessed a complementary set of expertise and skills that could be called on as an organisational resource. (The full influence on performance reporting of the organisation's policy on board membership is elaborated below, in Section 9.4.6.) Participation was further encouraged, through Board and Services Committee meetings sometimes being held on premises from which services were delivered, with programme staff invited to make presentations and discuss any concerns.

Consensus between senior officers of the organisation was promoted through a range of organisational practices. Board business was jointly managed by the Chair and the CEO. As well, the Executive Committee operated in a 'collegiate style' whereby members felt a responsibility to provide a further layer of oversight within the organisation by critically appraising proposals brought by individual executives. As such, it was acknowledged that individual executive managers, as well as having accountability to the CEO and to the Board, had accountability to the Executive Committee, thus providing the organisation with a strong system of checks and balances. One executive manager explained the practice by stating,

"in a way it's a bit like peer review for me, and I find that very useful".

The organisation also adopted a convention, whereby proposals from executives were only forwarded to the Board if they had the unanimous approval of the Executive

Committee. This was held to be important by board members, particularly where a proposal related to service matters, because it provided assurance to the Board in that field where the majority of members lacked expertise. Consequently, this convention was acknowledged as placing the Executive Committee, on many matters, in the role of an expert consultant to the Board.

The consultative approach was further exemplified in the deployment of the Australian Business Excellence Foundation quality management model. It was organised in a way that promoted wide participation by staff, since most members of the facilitation team were chosen from amongst team leaders because it was felt that they were in a position to directly discuss implementation issues with service delivery staff on an ongoing basis, and could provide feedback to the responsible executive manager and the facilitation team.

### 9.2.3: A Supportive Management Style

The supportive management style that obtained in the organisation was noted in Chapters 5, 6, and 7, which showed that routine performance reporting within each Functional Area occurred within a highly collaborative process of management supervision and support. The following analysis explains how performance reports, which comprised a mix of input, output and behavioural measures, were interpreted within an agreed context.

Within the Services Function, routine performance reporting was shown to be highly formalised and uniform at each management node. For example, twice a month, each

service manager reported performance information to the General Manager Services. However, such meetings also constituted the primary mechanism through which supervision was effected and formal support provided, as demonstrated in Section 7.2.2.3. Team leaders also emphasised the highly collaborative management style of service managers, which included ongoing communication and support on issues. Furthermore, both team leaders and service managers commented that they would not necessarily wait till a scheduled meeting with their superior manager to discuss important issues, but communicate with their managers as issues arose. Consequently, some informants held the view that, formal reporting could, at times, be redundant as far as providing new information, but nonetheless played a useful role through providing confirmation.

Within the other functional areas, a similar integration of performance reporting within routine management processes was also evident, albeit for different reasons. In Chapter 6, it was noted that, due to the management philosophy of the Executive Manager, the collaborative approach adopted within the Corporate Services Function was institutionalised to the extent that formal ex-post performance reporting was minimised and, where possible, the transition between management and evaluation of performance was seamless. Furthermore, within the Human Resources and Research and Development Functions, it was shown that because of the small number of staff deployed in each of these Functional Areas and the nature of the highly specialised work undertaken within each function, those required to evaluate performance did so with a good working knowledge of the operational issues.

The importance of locating performance evaluation within the broader context of management support and supervision was further illustrated through reference to the practice of maintaining ongoing contact with front line care services, and gaining first hand knowledge and understanding of issues. Such an approach was emphasised by the CEO, who stated,

> "One of the things that I do is talk to clients and staff myself. So I do lots of going out to sites. So a lot of it is direct observation" … "I think it's critical that we have a really good supervisory structure. So part of it is not about reports and so forth, but ensuring that we've got really good structures…So it's partly the people, the supervisory structures. It's partly the policies we have…some of it is…observations… some of it is reports."

Consequently, it is suggested that ex post performance evaluation, at ACM, was considered within a framework comprising ex ante mechanisms that were used to effect organisational control. Such an approach was succinctly summed up by one service manager, who stated,

> "…I think it's a mix…I'd want to build on [the output stuff], and, to some extent, things like the questionnaire do that…and the individual agreements we have in place have goals set in them and so on …we collect information in various ways…the PIRs do demonstrate activity over periods of time…the crunch is what happens between the worker and the client when they come together to do the

activity. So we can have these principles and objectives in the Act, and we can have sets of standards…but if the people who actually deliver the service don't believe all of that, the values and philosophies that underpin the legislation and the standards and so on, then it really is a lot of hot air and words on paper. And so that's the challenge for anyone who manages these services, is to communicate all of that in such a way that people take it on board."

Such an approach was holistic, and showed that in reporting performance, a balance was struck between ex post performance evaluation (the PIR in the above quote), with input measures (values and principles) and behavioural measures (management communication and standards). Schematically, this approach is depicted in Figure 9.1

**Figure 9.1: The Balance Between Ex Post and Ex Ante Performance Measures**

**OUTPUT MEASURES:**
KPIs, targets and milestones in annual plans, and key financial variances.

**Denotes increased performance**

**BEHAVIOURAL**

**MEASURES:**
Policies, procedures, standards and

**INPUT MEASURES**:
Values, motivation, skills and abilities of staff.
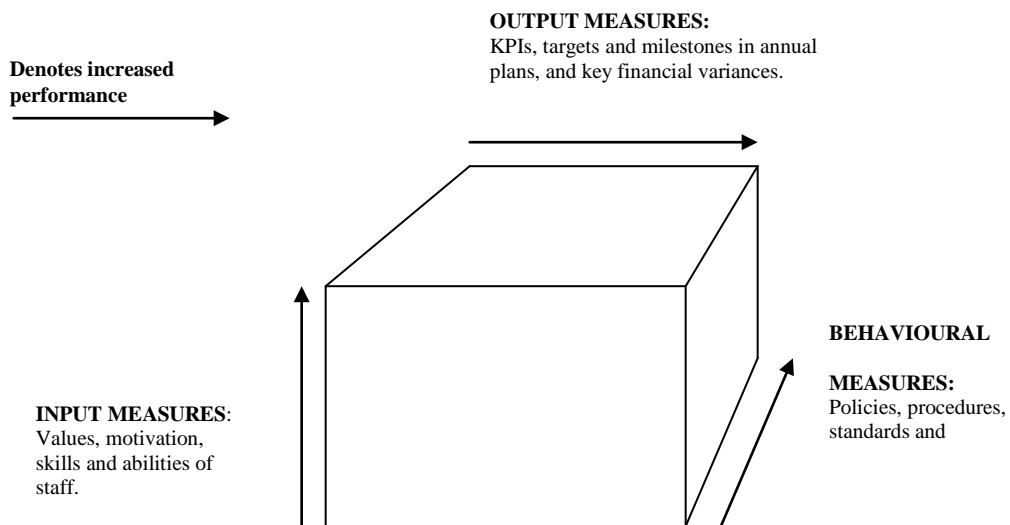
The output measures used by the organisation were varied, with most comprising some form of variance analysis, such as performance against targets for KPIs of outputs, outcomes and stakeholder satisfaction; progress against milestones and targets that were established in annual plans; monthly comparisons of financial operating performance with budget; and an analysis of unspent government subsidies.

Input measures included conformity with organisational values, and planning processes. Furthermore, it was found that many staff, and almost all those working at the level of team leader and above, were motivated by a personal conviction which accorded with the organisation's stated Vision and Mission Statement. With respect to the Board, it was institutionalised through the policy on Board Composition. With respect to staff, value congruence was institutionalised through orientation processes, ongoing support and supervision, an appraisal process that focuses on staff development, the application of a total quality framework and staff satisfaction surveys, and through sponsoring management training (and evaluating completion rates for courses).

Behavioural measures included the system of management supervision and support, (within which, it has been shown, organisational performance reporting was also located), and the application of policies, procedures and standards.

### 9.2.4: Cross Membership of Key Organisational Forums

The cross representation of membership of key organisational forums was outlined in Section 4.4.2.4, and was summarised in Table 4.1, which, for convenience, is reproduced

here as Table 9.1. Such an arrangement facilitated the sharing of information; permitted

all senior officers of the organisation to have some input, either directly, or indirectly,


**Table 9.1: Cross Membership of Key Organisational Forums**

| EXECUTIVE COMMITTEE* | SERVICES COMMITTEE | STEWARDSHIP COMMITTEE | BOARD ** |
|---|---|---|---|
| C E O | | C E O | C E O (eo) |
| M o M | M o M (eo) | M o M | M o M (eo) |
| C G M | | C G M (a) | |
| G M S | G M S (eo) | | |
| E M H R | | | |
| E M R & D | | | |
| | Chair of ACM | Chair of ACM | Chair of ACM |
| | | B M (A): Chair of S/s C'tee | B M (A)**** |
| | | B M (B) | B M (B) |
| | B M (C) Chair of Services Committee | | B M (C) |
| | B M (D) | | B M (D) |
| | | | B M (E-K) |
| | S M (A) | | |
| | Staff Representative | | |
| | Community Members (A-D) | | |
| | | Community Member | |
| | | Finance Manager (a) | |
| | | Senior Accountant (a) | |

\* Does not include Ad Hoc Committees which can comprise any executive, manager or board member.

\*\* Managers can also make presentation direct to the Executive Committee

\* \*\* Two Executive Managers also make presentations at each Board Meeting

\*\*\*\* Individual board members are distinguished by a letter of the alphabet

**LEGEND:** a: attendee; ACM Adelaide Central Mission; BM: Board Member; CEO: Chief Executive Officer; CGM: Corporate General Manager; EMHR: Executive Manager Human Resources; EMR&D: Executive Manager Research and Development; e o: ex officio; GMS: General manager Services, MoM: Minister of the Mission; S C'tee: Services Committee; S/s C'tee: Stewardship Committee; SM: Service Manager.

into both governance and management processes; and provided a mechanism for consensus to develop. Such cross representation of executives and board members on key organisational forums was shown to have facilitated a highly open dialogue between senior officers. In speaking this, one board member stated,

"I don't think anyone feels a restraint as to where initiatives need to come from … If say, for example, a financial matter came up and there wasn't a Stewardship Committee, it would be dealt with by the Board. But I see a lot of the information being dealt with in the first instance by the Stewardship committee – this is my frame of reference – or by the Executive and Management. And I think sometimes the Executive and Management bring those to the surface and make it fairly evident that the Stewardship Committee needs to address it and discuss it, and it goes back down and around that circle."

**9.2.5: Contemporaneous (Parallel) Performance Reporting**

The practice of parallel reporting, whereby the same performance information was contemporaneously reported at different levels within the organisation's structure, further facilitated collaboration between executives and board members. The extent of this practice, which was noted in Chapters 5, 6 and 7, is summarised in Table 9.2 (over).

**Table 9.2: Parallel Reporting**

| ROUTINE PERFORMANCE REPORT | DESTINATION OF PERFORMANCE REPORT | | | | | |
|---|---|---|---|---|---|---|
| | CEO | EXECUTIVE COMMITTEE | SERVICES COMMITTEE | STEWARDSHIP COMMITTEE | BOARD | AD HOC COMMITTEES |
| CEO's Report | | | | | X | |
| MoM's Report | | | | | X | |
| Monthly Financial Overview | X | X | | X | X | |
| Functional Area Reports | X | X | X  (Services) | | X | |
| Performance Indicator Report | X | X | X | | X | |
| Stand Alone Reports by Executive Managers | X | X | | | X | |
| Ad Hoc Reports | X | X | | X | X | X |
| Annual Accounts | X | X | | X | X | |

**LEGEND:** CEO: Chief Executive Officer; MoM: Minister of the Mission.

Such a performance reporting regime was found to have had major consequences for organisational governance and control, in that both functions were effected within a common, negotiated organisational space. When coupled with the consensus oriented, participatory decision-making processes that have been described above; the arrangements that obtained in the organisation provided considerable opportunity for joint input from executives and board members as decisions crystallised, i.e. they permitted the Executive Committee to have significant input on issues of organisational governance, and also board members to comment on issues that were before management. In commenting on this arrangement, one board member stated,

"I have a sense of security about that because what it seems like to me in the meetings is that you get (or we get) comments on the same issue from at least two quarters…and I get a sense that these issues have been well and carefully

canvassed – and what we're getting is the considered view. So, that might not be neat, but I find it quite reassuring".

### 9.2.6: The Use of Multifaceted Performance Reports

Many of the routine reports that ACM relied on were multifaceted, i.e. they comprised a range of performance evaluations, as shown, for example, in Table 7.1, which summarised Direct Accountability Reporting. Reports typically included both financial and non-financial performance evaluations, and included clearly defined quantitative evaluations as well as open-ended qualitative evaluations, and a range of variance analyses that compared monthly and quarterly performance with levels established in annual plans. This approach to performance reporting was held by informants to be particularly valuable for two reasons: (1) the nature of human services work was said to have made it impossible to use one-dimensional evaluations of performance; and (2) it facilitated an holistic understanding of underlying performance, thereby reducing the potential for managers to focus exclusively on the results rather than causes of performance.

### 9.2.7: A Multiplicity of Performance Reports

It was common for key organisational decision-making forums to routinely receive a number of reports, which together portrayed performance across a range of different organisational activities. For example, each month, board members received the CEO's Report; a Functional Area Report from each of the four Executive Managers; Presentations from two executive managers; and the Monthly Financial Overview. In

addition, it was usual for there to be a report from the Chair of at least one board standing committee; and an Ad Hoc Report. Once per quarter, these reports were augmented with a report by the CEO on progress against the Corporate Annual Plan; a report from the Minister of the Mission; and the Performance Indicator Report. From time to time, as noted in Chapter 6, Board meetings also received presentations by service managers on specific programme related issues, which provided valuable input into the overall evaluation of organisational performance that the Board undertook. The interrelationships between performance evaluations are depicted in Figure 9.2 (opposite).

Figure 9.2 depicts the performance reporting that sustained management, governance, and external accountability. The central element depicts the system of Direct Accountability Reporting, showing the major management accountability relationships, i.e. within each Functional Area there was a chain of accountability extending from coordinators to the executive manager. From there, executive managers reported to the CEO, the Executive, the Board, and, in the case of the General Manager Services to the Services Committee. It also shows that managers made direct presentations to the Executive Committee. Governance accountabilities depicted in the central element are those of the CEO, the Minister of the Mission, the Executive Committee and Board Committees to the Board. Direct Accountability Reporting to external parties is also shown.

Figure 9.2 also highlights where evaluations of financial and non-financial performance were reported within the chains of management and governance

**Figure 9.2: The Interrelationships Between Major Performance Reports at ACM**

**DIRECT ACCOUNTABILITY**

To External Parties ◀—— Annual Report

Board

Stewardship

Services

M o M

Executive

CEO

**Functional Area**

Executive Manager

Manager

Team Leader

Coordinator / Supervisor

**Financial**

Monthly Financial Overview

Monthly Financial Operating Reports

Weekly Financial Review

Ad Hoc Reports

Annual Accounts

Investment Reviews

**Mandatory**

Auspices

Accreditation

Compliance

Contract

To External Parties ◀——

**Non-Financial**

OPMS

PIR    MOR

ABEF

Staff Development Report

Staff and Volunteer Satisfaction Report

Specific Area Reports

Governance Review

accountability. For example, it shows that the Monthly Financial Operating Reports were provided to the relevant manager, executive manager and the CEO.

As well, Figure 9.2 shows that performance information collated for use in Mandatory Performance Reports was used within the organisation (by the solid arrow from the element marked, "Mandatory", to that marked, "Direct Accountability"). For, example the results of accreditation and compliance audits were used by both the Executive Committee and the Board in the evaluation of performance.

### 9.2.8: Section Summary

This section has explained <u>how</u> performance reporting was thoroughly grounded within fundamental organisational processes. It has explored the nature and style of the organisation's communication and decision-making processes, highlighting six means through which performance reporting was achieved: (1) a consultative, participatory approach; (2) a supportive management style; (3) the cross representation of membership of key organisational forums; (4) parallel performance reporting; (5) the use of multifaceted performance reports; and (6) a multiplicity of performance reports. The nature and style of the organisation's communication and decision-making processes thus constituted a defining characteristic of the case organisation; the analysis of which is developed further in Chapter 10, which explains performance reporting by the organisation through the application of Strategic Choice Theory. In particular, the nature and style of the organisation's communication and decision-making processes is shown to have exemplified the prior ideology of key decision-makers, and organisational values;

underpinned important intra-organisational political processes; and facilitated an active approach to strategic issues diagnosis; all of which are identified as key drivers of performance reporting by the case organisation. Importantly, Section 9.2 has also shown that performance reporting took place in a way that permitted input from all levels of the organisation, and, particularly with respect to the senior forums of the organisation, performance information was able to be considered within a domain shared by board members and executives, an issue that is explored fully in the following section.

## 9.3: THE APPROACH TO PERFORMANCE REPORTING AMONGST SENIOR OFFICERS OF THE ORGANISATION: THE EMPIRICAL EVIDENCE

### 9.3.1: Introduction

The following discussion highlights a key finding of this thesis - that performance reporting was significantly shaped by the needs of the organisation's senior officers in effecting a particular mode of organisational governance: one in which there was significant sharing of the governance and control functions between the Board and the Executive, and therefore a significant differential in the site of performance evaluation within the organisation. As such, the organisation's resourcing effort was evaluated primarily at the level of the Board; while its service effort was evaluated primarily at level of the Executive. The analysis of the use of performance reports within the organisation's senior ranks begins with a comparison the roles of the Board and the Executive. Following that, the roles of the Board's two standing committees are compared.

**9.3.2: A Comparison of the Use of Performance Reports by the Board and the Executive**

The uses to which each of the organisation's financial and non-financial performance reports were put by the Board and the Executive were detailed in Chapters 5 and 6 respectively. The following discussion summarises those findings, thus demonstrating a significant differential in the siting of organisational performance evaluation in the senior ranks of the organisation.  In Chapter 5, it was shown that the overwhelming majority of discussion by the Stewardship Committee, and of financial issues by the Board, concerned organisational resourcing; with comparatively little attention directed to the financial performance of services. Furthermore, while the financial performance of services, and the performance of business units, was discussed by the Executive Committee, the greater part of the oversight of the financial performance of services was effected by the responsible executive manager, the General Manager Services. In Chapter 5, for example, it was shown that the General Manager Services effected control through a very detailed, routine analysis of the financial and non-financial performance measures of services. In particular, it was shown that financial performance was controlled through the use of the Monthly Financial Operating Report (MFOR), and was effected in close consultation with the Finance Manager and each service manager, while non-financial performance was closely monitored through the routine management reports of service managers, and through consultations with them.

In Chapter 6, it was shown that, while non-financial performance was reported to both the Board and the Executive, by far the more decisive evaluation was undertaken at the level of the Executive, primarily through the office of the General Manager Services.

Furthermore, it was shown that evaluations at that level were highly detailed, largely because the diversity of the organisation's welfare effort prevented the aggregation and summarisation of lower level reports. Thus, a very detailed level of organisational control was effected through non-financial evaluations of programmes and organisational processes. In contrast, the Board's use of non-financial performance measures was largely confined to monitoring congruence with to the organisation's overall strategic directions.

The analysis of Direct Accountability Reporting in Chapter 7 also showed that, within each functional area, executive managers exercised a high level of organisational control, particularly in the Services area, where it was integrated with management support and supervision. The focus of the board's attention was shown to have been largely on risk management, and the provision of support and encouragement to executives and other staff. However, since the vast majority of performance information was contemporaneously reported at all senior organisational forums, there was a degree of common input into discussion and overlap of role.

The evaluation of the organisation's business units also exhibited a differential. The substantive performance of the business unit that was service oriented (Education and Training) was also evaluated primarily at the level of the Executive, while its financial performance was evaluated by both the Executive and the Stewardship Committee (qua Board). In contrast, the substantive performance and the financial performance of the two business units that were more commercially oriented (Goodwill and the Business

Development Unit) were also evaluated by both the Executive and the Stewardship Committee (qua Board).

The use of performance evaluations at each level of the organisation is summarised in Table 9.3 (opposite), which shows that, with respect to the organisation's senior ranks, four roles were effected through the use of performance information  exclusively by the Board; four mainly by the Executive, and five substantially by both.  The functions effected exclusively by the Board were: (1) the evaluation of standards of organisational governance; (2) the evaluation of the performance of the CEO; (3) the evaluation of the performance of the organisation's invested assets; and (4) the evaluation of the combined financial performance of ACM Inc. and FF Inc. Functions effected primarily at the level of the Executive were: (1) oversight of service performance, both substantive effort and financial; (2) quality management; (3) planning; and (4) the evaluation of the performance of managers.  The five functions that were effected substantially by both the Board and the Executive were:  (1) oversight of senior management; (2) external accountability; (3) monitoring strategic directions; (4) monitoring value congruence; and (5) monitoring business units.

In summary, the above analysis has demonstrated that there was a clear differential in the site of performance evaluation within the organisation; with the performance of service programmes evaluated primarily at the level of the Executive, and the evaluation of the organisation's resourcing effort effected primarily at the level of the Board. In particular, it was shown that most of the organisation's financial resourcing effort, i.e. that

**Table 9.3: The Usage of Performance Reports at Each Level of the Organisation**

| Usage of Performance Reports | ORGANISATIONAL LEVEL (1) | | | | | |
|---|---|---|---|---|---|---|
| | Board (or Board C'ttee) | CEO | Executive C'ttee | Responsible Executive | Managers | Team Leaders |
| Maintain standards of governance | X | | | | | |
| Oversight of CEO | X | | | | | |
| Oversight of Senior Management | X | X | | | | |
| Monitor Organisational Sustainability | X | X | X | X | | |
| Monitor Financial Performance (whole of organisation) | X | X | | | | |
| Monitor Financial Performance (Investing) | X | | | | | |
| Monitor Strategic Directions | X | X | X | X | | |
| Monitor Service Performance | X | X | X | X (major) | X | X |
| Monitor Financial Performance (Services Function) | X | X | X | X (major) | | |
| Monitor Non Service Performance | X | X | X | X (major) | | |
| Monitor Financial Performance (Business Units) | X (major) | X | X | X | X | |
| Organisational Control | | X | X | | | |
| Quality Control | X | X | X (major) | X (major) | X | X |
| Planning | X | X | X (major) | X | X | X |
| Management Control | | | | X | X | |
| Operational Control (Fin) | | | | X | X | |
| Operational Control (Non Fin) | | | | | | X |
| Organisational Learning | | | X | X | X | X |
| Attention Directing | X | X | X | X | X | X |
| Communication | X | X | X | X | X | X |
| Monitor Stakeholder Relationships (2) | X | X | X (major) | X | X | |
| External Accountability | X | X | X | X | X | X |

(1) The level at which performance measures were used to demonstrably effect a designated role is marked with an X. Where a role is effected at more than one level, but predominately at a particular level, the descriptor (major) is used.

(2) There were notable differences in the particular stakeholder relationships monitored various levels, as noted in Chapter 8.

conducted through the management of its financial investments, was effected exclusively by the Stewardship Committee (qua Board). Such a differential in the siting of performance evaluations within the organisation was further evidenced  through a comparison in the use of performance information by the Board's two standing committees, which is presented in the following section.

### 9.3.3: A Comparison of the Uses of Performance reports by the Stewardship and Services Committees

The following comparison of the uses of performance information by the Board's two standing committees, the Stewardship Committee and the Services Committee, is conducted in two parts: (1) through a comparison of practice, and (2) through analysis of the terms of reference of each committee.

Observation of the Stewardship Committee showed that it effected a very 'hands on' role in evaluating the organisation's financial performance, particularly with respect to its financial resourcing effort, through discussion of the Monthly Financial Overview and Investment Reviews, initiating Ad Hoc Reports, scrutinising the Annual Accounts, and in questioning the organisation's external auditors. Thus, the Stewardship Committee was the only forum at which, (1) the performance of the organisation's investing activities was evaluated and, (2) a whole of organisation "combined" perspective on financial performance was applied.

In contrast, the Services Committee did not discuss the performance of service effort per se. During the period of the field study, it discussed the performance of only one programme, which resulted from an invitation from the General Manager Services and a service manager to contribute to a broader, policy based understanding of why the reported throughput was below that planned. Most of the discussion at Services Committee meetings involved an exchange of views on service related matters between staff and community members and non-executive board members. In particular, it focussed on broader policy questions and their import.

In commenting on the siting of performance measurement within the organisation, one executive stated,

> "Now I do think it does put the financial management at a different position to the rest. The organisation is very skilled at running community services, but we're thin on our skill around financial management…I think the Stewardship Committee plays more of a management role in the organisation than any other structure".

While a board member who served on the Services Committee commented,

> "I think though, that the Community (sic) Services Committee is much less of a decision-making … I mean, I regard the Finance (sic) Committee as a decision-making body even though it makes recommendations to the Board. The recommendations are well developed; the proposals…start from scratch, whereas ours are much more general…"

In reflecting on the loci of organisational performance reporting, one board member commented, by way of example, on a specific issue that had been debated in all senior forums of the organisation during the period of the field study, stating,

> "…the Stewardship committee actually overruled that. It would be rare that you would ever see a service committee that would overrule a program".

The differential siting of performance evaluation within the organisation was also evidenced through a comparison of the terms of reference of the Board's two standing committees; with those of the Stewardship Committee denoting a clear performance evaluation role, and those of the Services Committee denoting a support function. Analysis of the language used in these terms of reference for the Stewardship Committee and the Services Committee indicated a significant difference in the roles envisaged for each committee. The terms of reference of the Stewardship Committee described a prescriptive and pro-active role, which included the evaluation of financial performance, and the ongoing input into the management of the organisation's financial affairs. In contrast, the terms of reference of the Services Committee related little to performance evaluation. Rather, the language used to express the terms of reference of the Services Committee showed that its role was to provide support and advice; to contribute to discussion on service issues; and to provide a conduit between the Board and service staff. No reference was made to performance measurement, nor to management.

The difference in the roles played by each committee was further highlighted, during the present field study, when the terms of reference of the Services Committee were revised. During Board discussions, it was argued by the Service Committee's Chair that its focus should be on providing expert input, thinking about new ideas, opportunities for advocacy and support for staff, rather than monitoring services, because,

"…there are very good systems in place to monitor services <u>by management</u>" [emphasis added].

Having outlined the nature of such a major differential in the siting of performance evaluations, the following section provides reasons for its existence.

## 9.4: THE APPROACH TO PERFORMANCE REPORTING AMONGST SENIOR OFFICERS OF THE ORGANISATION: AN EXPLANATION

### 9.4.1: Introduction

The explanation for the differential that was outlined above takes as its starting point the scheme that is depicted in Figure 9.3 (over)**.** This figure posits the Board and the Executive as performing differentiated, yet interrelated roles within an agreed framework. The discussion begins with a brief introduction to Figure 9.3. Following that, a detailed exposition is provided.

The Board and the Executive Committee are depicted by the discrete pictorial elements on the upper right and upper left of the figure respectively, which show the Board having

# Figure 9.3: The Relationship Between the Board and the Executive

**PERFORMANCE REPORTS**

| EXECUTIVE COMMITTEE | | BOARD and SUB COMMITTEES [c] |
|---|---|---|
| | MoM's Report | |
| | Monthly Financial Overview | |
| | Performance Indicator Report | |
| | Stand Alone Reports eg OH&S/ Staff Dev. | |
| | CEO's Report [a] | |
| | Functional Area Reports of Executive Managers | |
| | Presentations by Executive Managers [b] | |
| | Ad Hoc Reports | |

[a] CEO informs Executive of main issues in her Board Report

[b] Presentation only to Board, but content included in report to Executive

[c] All Board papers are provided to Executives after each Board Meeting for their information.

**(1)** (Largely) the same information is contemporaneously reported to board members and executives.

**(2)** Two Executives, the CEO and the MOM are Ex Officio Board Members cross representation of membership on other organisational forums.

**(3)** Personal Commitment of Board Members and Executives. 'Ownership' of issues by individuals. and mutual respect between senior officers.

**(4)** Practices of the Executive Committee: (1) Collegiate approach; (2) Convention requiring that proposals from executive managers to the Board have the unanimous support of the Executive Committee

**(5)** Policy on Board Composition: expertise of Board Members complements that of Executives. ∴ few with Human Services Expertise and ∴Board is highly reliant on management.

**(6)** Whole of organisation financial performance, and financial performance of investing activities and Business Units evaluated by Stewardship Committee.

**Legend:** CEO: Chief Executive Officer; MoM: Minister of the Mission

**ACCEPTED FRAMEWORK WITHIN WHICH EXECUTIVE AND BOARD OPERATE**
Constitution, Policy on Delegation of Management Authority, Contractual and Accreditation Requirements

a formal focus on organisational governance, and the Executive having a formal focus on organisational control. By governance, it is meant the development of strategic planning and overall responsibility for ensuring that the organisation acted with probity and in accordance with its mission. Organisational control is execution of the organisation's strategic plan, including annual plans and budgets, by a CEO and other Executives who are accountable to the Board. Sitting between these two elements, in Figure 9.3, are the central series of pictorial elements, which represent the performance information used by senior officers. Arrows emanating from these elements indicate at which forum(s) the performance information contained in a report was considered.

The ways in which the interrelationship between the Board and the Executive was maintained are depicted in the bottom half of Figure 9.3. Six reasons are posited for the dynamic interaction between the two committees. These are classified as one of two types: (1) those that explained why the committees exhibited shared characteristics, (denoted through the use of bi-directional arrows); and (2) those that explained the infiltration of the primary domain of one committee by the other (denoted by unidirectional arrows).

The perimeter line represents the formal arrangements within which both committees were established and operated. The detailed exposition of the interrelationship between the Board and the Executive begins, in the following section, with an analysis of that framework.

The framework within which the Board and the Executive operated was defined by the organisation's constitution, the organisational policy on the delegation of management authority and compliance and accreditation requirements. The organisation's constitution established the governance powers of the Board. The organisational policy "B9" provided a mechanism by which the Board delegated certain fundamental powers (management authority) to the CEO, and limits of authority to executive managers. In addition, a range of accreditation and contractual criteria required the organisation to adopt certain governance and management processes in order to operate in the welfare field and/or to receive funding. The formal lines of accountability from the Executive to the Board were explained in Chapter 7, which outlined the organisation's system of direct accountability reporting. However, within that framework, the practices of governance and management were influenced by less prescriptive factors. In commenting on the interface between the Executive and the Board, one Executive Manager commented,

> "I think it's mostly clear… I'm really quite clear in my mind what I do and don't need to negotiate with the Board, what my delegated responsibilities are, and what I'm able to do within that, what the managers' delegated responsibilities are, and what they can do within that. But… there are some different issues that will arise that don't necessarily fit comfortably within the structure, and I think that's where the negotiational stuff comes in. So it's not without a structure to work within. … We're 'people people', it's the way … the kind of work we do, but we will always do everything by negotiations and relationships. But if it came down to

the crunch that we didn't agree, then I know that we're pretty sure about how we would go about sorting that out."

Just how, "the negotiational stuff", underpinned the ways in which senior officers evaluated organisational effort can be seen through the analysis of six factors which are represented in the bottom part of Figure 9.3: (1) shared performance information, (2) the cross representation of membership of key organisational forums, (3) the personal commitment of board members, executives and managers, (4) the collegiate approach of the Executive Committee, in particular, the convention that required proposals from executive managers to the Board to have the unanimous support of the Executive Committee, (5) the approach to board membership, and (6) the role played by the Stewardship Committee.

### 9.4.2: Shared Performance Reports

Both the Board and the Executive Committee relied on substantially the same performance information when making decisions. That information, which is depicted in the upper centre of Figure 9.3, comprised the centrally generated, 'stand alone', performance reports, such as the Monthly Financial Overview, the Performance Indicator Report and the OH&S Report, as well as those performance reports that were generated through the organisation's system of Direct Accountability Reporting, such as the Functional Area reports of executive managers.  As Figure 9.3 shows, only the CEO's Report, the Minister of the Mission's Report, and that part of the Monthly Financial Overview that dealt with the performance of the organisation's investments were not reported directly to the Executive Committee. However, by way of a longstanding

convention, all board papers and minutes of board meetings were circulated to executive managers after each board meeting. Furthermore, the CEO routinely reported back to the Executive Committee on the major decisions of the Board. Also, the business agenda of board meetings was jointly managed by the Chair and the CEO. In discussing the use of performance information, board members and executives alike emphasised its importance in laying the foundations of a good relationship between the Board and the Executive Committee.

### 9.4.3: Cross Representation of Membership of Key Organisational Forums

Not only did each committee receive substantially the same performance information, but also, as noted in Section 9.2.4, there was a significant level of cross representation of membership of key organisational forums. Consequently, there were considerable opportunities for some whose primary function was one of organisational control to participate in forums where the primary focus was on organisational governance.

### 9.4.4: The Personal Commitment of Board Members and Executives (and Managers and Team Leaders)

In addition to sharing formal roles within the organisation, board members, executives, managers, and team leaders, in general, displayed shared values and a demonstrable commitment to the organisation's primary objective of assisting those in the community who were most in need. Furthermore, it was widely acknowledged by informants that most service delivery staff were personally committed to client welfare. The importance, for the present analysis, of board members and executives displaying such strong personal commitments, was that because they undertook their tasks with a very high

degree of 'ownership' of organisational issues and a shared sense of responsibility for pursuing the organisation's mission, they approached their work with a common focus, trust and inter-reliance.

In explaining how she saw the role of the Board, one executive manager, who had professional experience with other major CWOs, differentiated board service at ACM from that in many other large charities by emphasising that members came not from, "the big end of town", but saw their service on the Board as, "an extension of their life in the Church". Board members were not remunerated for their services, and, as noted above, one board member included service on the board as just one of the many ways in which volunteers supported the organisation, with another board member stating,

"I personally feel that I've been quite successful in life and quite privileged, and I think there's just a point in time…where you say, 'I'm really quite lucky. I need now to give back'. And that doesn't always mean reaching for a chequebook because in many ways giving of your time has actually a higher cost than writing a cheque" [emphasis added].

Such a personal commitment to the organisation resonated through the comments of all board members, with one exemplifying this sensibility in stating,

"It's work, yes you're quite right…But the thing which gives me the energy to do it, because it is work, is that underlying commitment" [emphasis added].

Similarly, the majority of executives and managers also expressed a strong personal commitment to the provision of services and advocacy, with one Executive stating,

"In this organisation…there is a clear ethos of assisting people at the bottom end of society and improving people's lives…I think that's what drives this organisation…"

The pro-active approach of the Executive was evidenced by two examples that occurred during the field study. The first concerned its response to the 2003 Iraq war. In the wider political sphere, the organisation was one of many that publicly opposed the 2003 intervention in Iraq, and contributed to the cost of a public notice to that effect, which was published in a major newspaper. The second concerned its commitment to sustainable energy, whereby the Executive began to factor into its decisions about its (considerable) vehicle fleet, consideration of environmental impact. Overall, executives and board members expressed mutual respect for the expertise and commitment that was brought the organisation. With one board member commenting,

"I think there's a high desire to support each other in carrying out the objects of the organisation and a lot of mutual respect and trust".

### 9.4.5: The Collegiate Approach of the Executive Committee

The organisation had adopted two practices that, in addition to facilitating the acquittal of direct internal accountabilities, further contributed to organisational governance: (1) the

adoption of a 'collegiate' approach; and (2) the convention that any proposal from an individual executive manager to the board must have the unanimous support of the Executive Committee. The 'collegiate' approach, as one executive manager described the working of the Executive Committee, was outlined in Section 7.3.2, where it was shown that the Executive Committee jointly exercised a whole of organisation management responsibility through monitoring performance in each of the four Functional Areas. Furthermore, the practice of only forwarding proposals that were unanimous established the Executive Committee not only as a key site for maintaining organisational control, but also as a contributor to organisational governance since it effectively acted as an advisory committee to the Board.

### 9.4.6: The Policy on Board Composition

The organisation's policy on board composition, which, as noted in Chapter 4, was one that was applied within all agencies of the Uniting Church, also impacted the way in which performance was reported. Application of the policy yielded a board, that, although comprising two ministers of religion, and one academic from the field of health policy, possessed expertise that largely complemented that of the Executive, that is, it yielded a board with significant expertise in the fields of accountancy, finance, law and business, and, conversely, relatively little expertise in human services management. Consequently, there was a notable default to management on the evaluation of service performance, whilst there was a notable confidence in evaluating organisational performance in relation to financial and other resourcing issues. In describing the approach, one executive stated,

"The Board of the organisation are brought in because of their expertise in other areas that we don't have. One of the things that we don't need a lot of on the Board is human services [expertise], for instance, because we've got masses of it within the organisation. So we look for legal experience, accounting experience, those sorts of things. We actually target people to come to the Board who we believe have the expertise that we need for governance of the organisation".

The effect of such a policy was further highlighted by a board member (with an accounting background) who commented that,

"I do think that my role is to participate to my field of expertise. I think, if I roll up my sleeves I maybe could add something to the social program but some of it's beyond my field of expertise, so …"

The interdependence between the Board and the Executive in the use of performance information was summarised by one executive manager who stated,

"In…agencies of this kind, it is enormously difficult for boards to be the engine room because they meet, you know, once a month…They're drawn from a diverse group of people who don't necessarily have the expertise or knowledge of human services…in summary, the Executive makes most of the decisions. The Executive wouldn't, except in an emergency case perhaps, make a really big decision without going to the Board…really, the heart of the issue is the quality of the

dialogue and the level of information given: good quality information to the Board from an Executive's point of view" [emphasis added].

Similarly, a board member put forward a complementary view by stating,

> "I'd say … the bulk of the strategic direction originates up through the Executive…Now, the Board itself is not bereft of independent thought…But in tandem with the Executive we know…what is (more or less) achievable...  So, it's a bit of checks and balances, but the bulk of…it comes out of the Executive, presented to the Board for its review, comment and (at times) enlargement or tailoring to what's possible" (emphasis added).

### 9.4.7: The Role of the Stewardship Committee

The sixth factor that explains the organisation's approach to governance and management is the role of the Stewardship Committee in not only providing oversight of the organisation's resourcing effort, but also direct involvement in its management.  The evidence of such an approach was presented first in Chapter 5, with further elucidation in Section 9.3.3, which showed that the Board clearly intended such a role by constructing the Committee's terms of reference in the way that it did, and through the consistently pro-active practices of the Committee.  Furthermore, it was shown that the CEO specifically encouraged such a role. Overall, the Stewardship Committee's infiltration of the organisation's financial management practices significantly bridged the domains of organisational governance and organisational management.

**9.4.8: Summary: the Relationship Between the Board and the Executive**

This section has examined the relationship between the Board and the Executive. The analysis has provided strong evidence that the two key organisational committees worked closely together within a well-defined organisational space, in a structured relationship that was grounded in the organisation's constitution and policies, and accepted mandatory performance standards. However, the relationship was dynamic. Members of both committees shared a similar focus, which was born of a strong personal commitment to the aims of the organisation. Furthermore, it has also been shown that, while there was a high level of mutual respect and trust within the organisation's senior ranks; the two committees were structured so that they complemented each other in terms of the professional expertise of members. That is, the Board possessing a high level of financial and business expertise, and the Executive a high level of expertise in human services management and policy analysis. One consequence of such a mix was that the Stewardship Committee (qua Board) took a very direct involvement in the evaluation and management of organisational resourcing; but the evaluation of service effort was largely effected by the Executive. The overall relationship between the Board and the Executive was schematically represented in Figure 9.3.The model presented in Figure 9.3 suggests that there is a continuum between organisational control (the fundamental domain of an executive) and organisational governance (the fundamental domain of a board). However, within that shared organisational space, there was also evidence of a differential in the use of performance information by the Board and the Executive. Performance reporting, as such, was thus shown to have been shaped by the mode of organisational governance. Thus the analysis of the use of performance reporting within the organisation's senior

ranks has built on the material in the section preceding it, which outlined the communication and decision-making style that provided a firm foundation for collaboration between the organisation's senior officers.

The analysis of use of performance reports within the organisation's senior ranks is further developed in Chapter 10, where it is reframed in terms of one of the key Tenets of Strategic Choice: the operation of intra-organisational political processes within the organisation's "dominant coalition" (Child, 1997). While the above analysis of the approach to performance reporting amongst the organisation's senior officers is shown to have been structurally integrated, the present study also found it to be conceptually integrated. This is demonstrated in the following analysis of the dimensions of performance that were considered to be important by organisational participants.

## 9.5: MULTIDIMENSIONAL PERFORMANCE REPORTING

### 9.5.1: Introduction

Analysis of the nature and use of performance reports showed that organisational performance was evaluated along a number of dimensions, which are shown in Table 9.4 (over). Each dimension represents an aspect of organisational endeavour that was considered important. Also shown in Table 9.4 are the criteria used to evaluate performance (which are discussed in Section 9.5.2) and examples of the performance measures deployed in respect of each dimension of effort. The following discussion of the multi-dimensional nature of performance evaluation begins by explaining the

application of multiple criteria in the evaluation of organisational performance. This is followed with an analysis of the ways in which the two broadest dimensions of organisational performance, those of financial and non-financial performance, were considered; thus explaining how financial and non-financial performance were considered in parallel.

### 9.5.2: The Application of Multiple Criteria

Faced with such diverse organisational activity, multiplicity of organisational objectives, and the need to take into account the interests of a wide range of stakeholders; the evaluation of organisational performance was found to invariably involve the consideration of a range of criteria. In summing up this situation, one senior officer stated,

> "In these types of organisations in particular, I don't think there is a definitive way of looking at performance. You know, there are always alternative methods. There are always considerations. You're balancing and juggling a whole host of goals, competing demands: political, religious, sociological and other views about what the organisation is about. And people's differing views about what the organisation is about or should be about, influence what they regard as success, which influences how you measure your success".

Such a perspective, that those charged with the responsibility of determining organisational performance held different views and had different approaches, and, that

**Table 9.4: The Dimensions of Reported Performance (Indicative)**

| Dimension of Performance | Criteria | Evaluation |
|---|---|---|
| **Effectiveness of  service delivery** | Client attains goals/ Status of client changed | Meet target measures for client outcome (KPI ) |
| | Satisfied clients | Meet target for survey responses (KPI) |
| **Efficiency of service delivery** | Volume of services delivered/ Costs per service | Meet target for output levels (KPI); External benchmark |
| **Quality of service delivery** | Comply with organisational policies and procedures & values | Meet targets  for process measures (e.g. file audit); Qualitative evaluation |
| | Comply with quality standards | Meet internal standard/ meet external accreditation |
| **Quantum of service delivery** | Throughput | Meet targets established during annual planning |
| **Effectiveness of support provided to other groups** | Output of community development  work | Training delivered (community development); Partnership agreements/ Feedback from external reference groups |
| **Effectiveness of  policy development and advocacy** | Progress against plans/ Volume of output | Meet plans by target date/ Output levels |
| | Influence public policy | Qualitative evaluation |
| | Progress against annual plan | Meet plans by target date |
| **Quality of governance** | Sound contemporary practice | Gap analysis; meet improvement plans |
| **Quality of  management** | Progress against annual plan | Meet plans by target date |
| | Improve processes/  Comply with quality standards | ABEF assessment;  Meet external accreditation |
| **Quality of infrastructure support** | Satisfaction of staff | Results of staff satisfaction survey |
| | Satisfaction of  'internal customers' with financial, HR, & IT processes | Improvement in survey responses |
| | Improved results/ meet benchmarks for OH&S processes | No. claims/ cost of claims & others |
| **Sustainability (non-financial)** | Maintain service levels. /Stewardship of resources/ Attract resources | Meet targets/ Management training/ Satisfaction surveys; Progress on tenders and submissions |
| **Operating Performance (Programmes & Business Units)** | Meet budget/ Expend subsidy (where externally funded) | Variance analysis |
| **Operating Performance (Investments)** | Meet external benchmark/ make ethical decisions | ROI/ Conform to Socially Responsible Investment Policy |
| **Solvency** | Meet internal benchmarks | Cash Flow analysis/ Current ratio & other fin. ratios |
| **Sustainability (financial)** | Maintain capital | $K_t = K_{t-1}(1+cpi)$; Rolling medium term analyses |
| **Congruence with organisational values** | Conform to organisational values | Staff survey results;  Qualitative performance evaluation |
| | Activities congruent with Gospel | MoM's qualitative evaluation;  Board Members' qualitative evaluation |
| **Strategy implementation** | Conformance with Strategic Directions Statement | Meet Corporate Annual Plan;  Half term review/ qualitative evaluation |

**Legend**: ABEF: Australian Business Excellence Framework; cpi: Consumer Price Index; CF: Cash Flow; KPI: Key Performance Indicator; Kt: Capital at time t; MoM: Minister of the Mission; ROI: Return on Investment.

no single measure was sufficient for the purpose of determining organisational effectiveness, was widespread within the organisation. Unequivocally, informants stated that performance evaluation relied on exercising a considerable amount of judgement. Familiarity with the organisation's core services was considered to be very important for the task. However, some variation was observed in the placement of emphasis, and the degree of structure applied, by informants in balancing the various measures. For example, some emphasised a structured approach to performance evaluation that was derived from a consideration of the "package of reports" comprising the routine Functional Area Reports of the four Executive Managers, the reports of the CEO and the Minister of the Mission, the Monthly Financial Overview, and the Performance Indicator Report. Others adopted a more eclectic approach, but nonetheless emphasised the importance of using multiple measures. One board member stated,

"I think you really have to offer this- KPIs for outcomes, outputs and stakeholder satisfaction, together with the Annual Plans, together with the financials reports, together with the goals and objectives…So it's just more information into the melting pot to help people see more facets than just one issue".

Significantly, as noted above, the consideration of performance reports by board members was influenced by their professional backgrounds, with comments at meetings generally directed to those dimensions of performance of which they had the most knowledge. For example (apart from the Chair, who deliberately cast a wide net) those with finance backgrounds tended to comment more on financial performance; those with

expertise in policy development commented more on service issues; while those more familiar with ethical matters commented more on the organisation's congruence with its core values. Such an approach was broadly commensurate with the organisation's approach to board composition, whereby members were selected because of the specific expertise they were able to bring to the governance processes. In commenting on this approach, one board member stated,

> "It is not exclusive. People with a particular expertise will think of questions that the non specialist would not, but it does not stop everyone from contributing".

In practice, board members acknowledged the importance of the inter-reliance between members with different skills and expertise in order to develop a consensus view on organisational performance. Furthermore, because of the highly participatory and consensus oriented style of decision-making, whereby the Chair of the Board ensured that each member had the opportunity to speak on important issues, and, where an issue related directly to a particular member's field of expertise, asked that member to express his or her view on the matter; the collective view of the Board was generally developed through consideration of multiple dimensions of organisational performance.

However, board members and executives emphasised the limits to such an approach of inter-reliance in the face of contemporary standards of organisational governance, and acknowledged the duty that each individual has in evaluating organisational performance. Thus the importance of having formalised, routine quantitative performance evaluations

was also acknowledged in order to have a good balance. Speaking of the PIRs, one senior officer stated,

> "…it's when you know you've got those sorts of mechanisms that you can also rely on trust quite substantially. So, it's that balance…"

The need to consider both quantitative and qualitative evaluations when considering organisational performance was acknowledged by informants at all levels of the organisation. Some dimensions of performance, such as value congruence, could only be defined in qualitative terms, while for other dimensions, such as the effectiveness of service delivery, there were acknowledged difficulties in developing objective quantitative performance evaluations, some of which were canvassed in Chapter 6. Also, in that Chapter, it was noted that programmes differed in their suitability for the deployment of quantitative evaluations. Furthermore, the diversity of the organisation's suite of programmes made it impossible to use only quantitative measures to compare performance.

Nonetheless, quantitative measures were considered to be important. As noted above, KPIs were used throughout the organisation: for throughput and workload  management; to effect organisational control; and to provide the Board with a succinct overview of performance. However, as noted in Chapter 6, in addition to providing a mechanism for directly capturing the effects of organisational effort, quantitative indicators also served as attention directing devices, which permitted more formalised and structured monitoring.  Quantitative measurement of the organisation's outcomes were also held to

be important because it provided a useful complement to traditional process oriented measures. Process measures, such as file audits that provided an indication of how comprehensively a process had been applied by front line staff were easier to define and measure than those that attempted to capture the actual change (improvement) in a client's well being, such as goal attainment scaling. Importantly, however, both types of measures were held to be useful, because, as noted above, the organisation wanted to know that it was efficient and effective, and also delivering services in a way that was of high quality and congruent with its values.

While the above analysis demonstrates the organisation's overall propensity to apply multiple criteria in evaluating its performance; of particular note was the way in which financial and non-financial evaluations were balanced. This is discussed in the following section.

### 9.5.3: Balancing Financial and Non-Financial Information

This section shows that financial and non-financial performance evaluations were used together in a way that was determined by the organisation's mission focus, which, according to informants, was different to that found in the private sector. For example, the organisation's budget was seen as an enabling, or facilitating, mechanism. In commenting on this, one senior officer stated,

> "Budgets are never just about finance. They're about priorities. They're about
> the way in which an organisation expresses its self-understanding...examples
> would be, for instance, whether there would be 'New Initiative' money. Are we

going to be, or try to be, an agency that's developing new programs? Are we cutting edge? You know? And that's about the Mission's self-understanding and commitment to being an innovative organisation. It's not just about budget, but also about the character of the Mission…"

Further evidence of this link was given in Chapter 5, where it was noted that the monthly financial variance analysis, and the analysis of unspent subsidies, were seen as general, but nonetheless important, indicators of the level of service delivery.  Such a linkage was justified on the grounds that the organisation's mission was, inter alia, to provide specific services, and so planned operating expenditure was expected to be fully drawn because it was viewed as enabling mechanism.

While the development of financial and non-financial targets were grounded in the organisation's planning processes, the subsequent evaluation of financial and non-financial performance exhibited a significant duality, with a range of informants suggesting that the evaluation of financial and non-financial performance were considered to be related, but not tightly meshed, as they are in for-profit entities. In elaborating on the duality of the relationship between financial and non-financial performance measures at ACM, one Senior Officer stated,

"I think you can't link one with the other… I think that what you've got to do is you've got to look at the indicators, and you've got to look at them side by side because what you're doing on the one hand is saying: alright, are we living within our means? The answer is yes or no; and that means that, you know, you take

appropriate management action if you're not…The second question… [is] how well are we delivering those services? And those indicators, or whatever it is, are going to measure that…[If] the short answer is, not very well, OK, that means we need to take, not financial management action, but we take management action in terms of delivery of the service."

The terminology used by other informants in commenting on the relationship between financial and non financial organisational performance reporting  was also instructive. Finance Department staff used such terms as "parallel" and "side by side", while one executive manager suggested that they provided "different cuts" on organisational performance, and another, that they comprised "two parts of a whole". One service manager considered financial and non-financial performance to be integrated merely, "to the extent that they are reported together". Such a duality, where financial performance is considered within the parameters of the organisation's policy framework, and non-financial performance considered within parameters of resource constraints is schematically depicted in Figure 9.4.

**Figure 9.4: The Duality of Financial and Non Financial Performance Reporting and Evaluation**
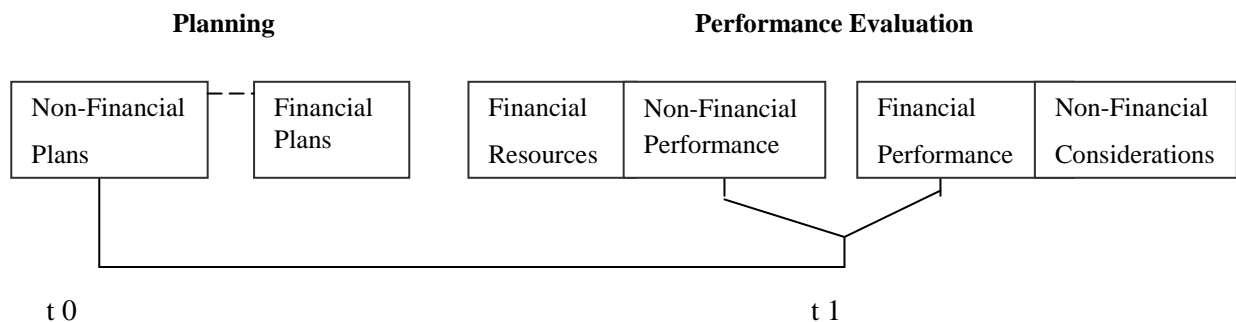
Such dualism was exemplified most at higher-level organisational evaluations where, when financial performance was evaluated, non-financial performance was considered, in tandem, but within a different frame of reference. For example, in evaluating the financial performance of the Education and Training Business Unit, consideration was also given to the question of non-financial performance, e.g. to the application of the organisation's core values, and the way in which course delivery accommodated the broader interests of clients. However, in this example, financial and non-financial performance were not only considered in parallel, but also at different levels of the organisation, with financial performance evaluated at the level of the Board, and non-financial performance evaluated at the level of the Executive. Similarly, during the Board's discussion of the organisation's performance in the provision of residential aged care facilities, it was made clear that financial performance would be considered along with the impact of the service on clients, the organisation's ability to influence public policy, and the impact on the organisation's infrastructure. Even the performance of the organisation's financial investments was evaluated by reference to its core values, as expressed in the organisational policy that requires conformance with the criteria of Socially Responsible Investment, as well as meeting a target ROI.

At the programme level, where informants suggested the linkages between financial and non financial performance could be more easily traced, it was suggested by Finance Department Staff, that, overall, the linkages were much less close than in for-profit organisations, where for example, non financial measures were used as leading indicators

of financial performance.  One service manager described the situation in   the following words,

> I think you're looking at your different packets of measures and making sense out of the individual ones…. you can do a summary and if all of these are OK then that's great, but I think you've got to look at them in their individual grouping…you're looking at your financial measures, you're looking at your PIRs as a measure, your process scores, and you're looking at how you are performing against your annual plans. I mean, you might think, oh hell, we haven't done that on our annual plan because there hasn't been the resources available to do that, so you make your links that way."

However, given the diversity in the organisation's suite of welfare programmes, there were some variations within the general observation that financial and non-financial measures of performance were not tightly integrated.  In residential aged care, for example, it was suggested that, because of the scale and complexity of the service, the organisation had a degree of discretion about how resources were allocated within the programme, and, consequently there was greater scope for non-financial measures to impact on financial performance. For example, staff to client ratios, the mix of staff designations and the amenity of buildings, could quite directly impact on the quality of service provision and also impact on financial operating performance.

Similarly, in a number of programmes delivered by Disability Services, income was earned on a fee-per-defined-service or on an hourly rate. While efforts were made to

ensure that service delivery staff understood how their output levels affected income generation, services were designed within the extant financial parameters on the basis of maximising   the service output to clients within the funding parameters, not maximising fee income.

Even where government funding was received by the organisation when a client had met an agreed milestone, as in the Personal Support Programme, which provided a wide range of support services to the long term unemployed; the client's interests and the organisation's financial performance were considered separately. For example, where a client departed the programmme prior to attaining a milestone, no payment could be claimed by the organisation, even if the organisation had devoted resources to the client. While it was in the financial interests of the service provider to try and keep the client 'active' until an agreed milestone had been achieved, it was made clear that if the client's interests were best served by an early departure from the programme, then that should be the course of action taken.

In block funded programmes, financial and non-financial performance were considered in parallel, both by the organisation and the external funder. Financial performance was largely a matter of complying with the funder's guidelines for the use of financial resources, while non-financial performance was measured using the range of criteria such as complying with legislation; meeting quality standards relating to service delivery and organisational processes; meeting agreed plans; and producing outcomes, outputs and stakeholder satisfaction level that were commensurate with agreed KPIs. Informants also

suggested further reasons for the parallel consideration of financial and non-financial performance. Overall, fiduciary responsibilities relating to financial management, at law, were seen as more onerous than those relating to non-financial performance; and financial performance was seen to be, "more time critical".

### 9.5.4: Summary: Multi-Dimensional Performance Reporting

This section has established that the organisation reported performance against a wide range of dimensions, which were summarised in Table 9.4. Consequently, multiple criteria were used to evaluate performance. The section demonstrated the importance of such an approach because of the diverse nature of the organisation's core activities and the variation in emphasis placed upon performance evaluation by different stakeholders. Consequently, key decision-makers felt that it was necessary to consider various dimensions of performance in parallel, rather than as criteria that could be somehow graded according to relative importance. In particular, Section 9.5 highlighted the parallel reporting and consideration of financial and non-financial performance information. While both financial and non-financial performance were considered to be crucial, and were explicitly linked during planning, their evaluations were considered in parallel, rather than being tightly meshed as they are in for-profit entities, where non-financial performance is addressed to the extent that it is considered to be a leading indicator of financial performance. In the case organisation, financial performance was evaluated using specific financial criteria, but within an overall framework of value congruence; while non-financial performance was addressed using non-financial evaluations, within an overall framework of financial sustainability. Section 9.5 also feeds the analysis of

organisational performance reporting through the perspective of Strategic Choice Theory that is offered in Chapter 10 since that analysis requires consideration of the complete range of influences on organisational behaviour; that is, the diversity of the organisation, the importance of values, and the overall not-for-profit focus of the organisation, and the wide range of stakeholders.

## 9.6: CHAPTER SUMMARY

This chapter has shown how the large number of performance reports that the organisation deployed were integrated by organisational participants to yield an holistic evaluation of organisational effectiveness. In so doing, Chapter 9 provides an explanation of performance reporting per se, as undertaken by a CWO. The analysis in Chapter 9 first demonstrated how the organisation's communication processes and decision-making style influenced the use of performance reports. In particular, it highlighted the transparent and participatory style of communication and decision- making; the cross representation of membership of key organisational forums; and the arrangement whereby the same reports were contemporaneously submitted to a number of forums, the membership of which spanned those with essentially management responsibilities and those with essentially governance responsibilities. The consequence of such an approach was that a large part of the evaluation of organisational performance was undertaken by officers at a number of levels within the organisation, in what one informant aptly described as a, "cross hatched way of working".

Chapter 9 then explained how performance reporting was shaped by the mode of organisational governance. It was shown that board members approached their roles in a manner that was fundamentally supportive of executives. As well, it was noted that the requirement that proposals from executives to the Board have the unanimous support of the Executive Committee ensured that the Executive operated as an advisor to the Board, providing it with a high level of assurance about strategic initiatives. Conversely, it has been shown that the organisation's approach to board composition meant that members operated as "in house" technical advisors, as well as the final arbiters of organisational governance. The consequence of such an approach was that the evaluation of performance at senior levels of the organisation was conducted in a highly supportive and transparent way. As such, although there was a highly structured, uniform process of performance reporting up through the organisation's senior ranks, there was also a high degree of mutual reliance between board members and executives. Put another way, the evaluation of organisational effectiveness was bifurcated within a shared organisational space in which both board members and executives collaborated. However, while the relationship between organisational governance and control displayed the characteristics of a continuum rather than as a distinct division of roles; there was nonetheless a differential in the siting of the evaluation of resourcing effort and service effort, with the former largely undertaken at the level of the Board, and the latter at the level of the Executive. As such, performance reporting was shown to have been shaped by the needs of senior officers in effecting such a mode of organisational governance.

The last part of the analysis highlighted the salient dimensions that were considered when reporting the performance of a large multi-service CWO, the criteria applied, and how, in practice, such a wide range of performance measures could be integrated to produce meaningful assessments. In particular, that analysis explained how the two major dimensions of performance, financial and non financial were taken into account, i.e. by considering them in parallel, rather than as tightly meshed. Thus, by analysing the dimensions of performance reporting, it has again been shown that performance reporting was shaped by the organisational needs: in this case, the needs of an independent, not-for-profit organisation to the pursue twin objectives of service and financial sustainability.

Like Chapters 5 to 8, Chapter 9 has highlighted a number of significant themes that provide basic building blocks for the analysis in Chapter 10 of the development and use of performance reporting through the application of Strategic Choice Theory. For example, the differential in the use of performance reports within the organisation's senior ranks is cast in terms of intra-organisational political processes, which is one of the main tenets of Strategic Choice Theory.

## A STRATEGIC CHOICE ANALYSIS OF THE RESEARCH PROBLEM

### 10.1: INTRODUCTION

Chapter 10 completes the exploration of the central research problem by examining the organisation's reasons for using the performance reports that it did, and the factors that shaped their construction, through the perspective of Strategic Choice Theory (Child, 1972; 1997). In so doing, it adapts the framework posited by Child (1997) (reproduced in this thesis as Figure 3.1) to understand the role of strategic choice in explaining organisational behaviour to the particular organisational acts that are the focus of the present inquiry: the development and use performance reports. This framework is depicted in Figure 10.1 (over). In terms of the model of data presentation and analysis that was introduced in Chapter 1 (see Figure 1.1); the material in Chapter 10 is positioned on the right of the continuum between description and analysis, being wholly analytical in nature.

While Figure 10.1 depicts the development and use of performance reports at ACM to be an iterative process (indicated by the italicised label, "review of performance reports"), it shows the fulcrum to be the evaluation of the organisation's situation, which gives rise to the choice of organisational goals that, in turn, leads to the development of a strategy that is articulated through the development of the five-year strategic plan,  and, for each twelve month period covered by that plan, an annual plan. These are represented by the central, mauve-coloured elements marked (1), (2) and (3) respectively.

**Figure: 10. 1: A Strategic Choice Analysis of the Development and Use of Performance Reports**



| | |
|---|---|
| **E: Relationships between key participants and environment** | |

**A: Prior ideology, experience, expertise, and commitment of Board Members, Executives, Managers and Staff**

| **D: Achievements expected by external parties** | **Mandatory performance measures:** 1: Compliance 2: Accreditation 3: Contract 4: Auspices |
|---|---|

**1. Evaluation of the situation**

| **B: The nature of agency and choice** | 1. Organisational values/ traditions 2. Intra-organisational political processes 3. Strategic issue diagnosis |
|---|---|

**C: Environmental conditions**
(i) Mixed economy of welfare; (ii) Co responsibility;
(iii) Changes in the welfare profession; (iv) Higher levels of accountability ; (v) Common law duties of Board Members

**2. Choice of Goals**

**(ES2)Sector Leadership**

**(ES3) Evidence based advocacy and programme development**

**(ES4) Independence & Sustainability**

**(ES1) Quality Service Delivery and Community Strengthening**
(Move into and out of welfare fields to attain optimum impact
Includes attempts to negotiate the terms of acceptable
organisational performance with auspicing church, regulators.

Environmental

Strategy

**3. VMV Statement and 5 Yr. Strategic Plan**

**3. Annual Planning (yrs 1-5)**

Organisational

Strategy

| **OS1: Size and Diversity of operations** |
|---|
| **OS2: Structure** |
| **OS3: Management Philosophy** |
| **OS4: Human Resources** |

*Review of*
*Performance Reports*

**Use of Performance Reports**
   **Management Context**
   **Mandatory/ Voluntary Overlap**
   **Parallel Reporting**
   **Financial/ Non Financial Duality**
   **Loci of performance measurement**
   **Governance Control Continuum**
   **Boundary Maintenance**

**Nature of Performance Reports**
- **Voluntary**
    **Financial**
    **Non-Financial**
    **DAR**
- **Mandatory**
- **Multiple Dimensions**
- **Ex ante and Ex post**

**Legend** :DAR: Direct Accountability Reporting : UCA: Uniting Church in Australia (South Australian Synod).

The evaluation of the organisation's situation (Step1) is subject to five broad influences, each of which is represented as a green coloured element: (A) the prior ideologies of the key decision-makers; (B) the nature of agency and choice at ACM; (C) the environment in which the organisation operated; (D) the achievements expected by external resource providers[11]; and (E) the relationships between organisational agents and the environment.

The choice of organisational goals (Step 2) is taken to follow from the evaluation of the situation, and leads to strategy formulation. Strategy formulation (Step 3) is bifurcated between organisational strategy and environmental strategy. Organisational strategy (OS), which is shown as the light blue element, is concerned with the internal configuration of the organisation in a way that permits the organisation to achieve its objectives. Four facets of the internal configuration were found to be significant: the scale and diversity of operations (OS1); organisational structure (OS2); management philosophy (OS3); and the style of communication and decision-making (OS4). Their influence on the nature and use of organisational performance measures is depicted, in Figure 10.1, by the arrow leading to the two violet-coloured, linked elements in the lower right of the figure.

Environmental strategy (ES), which is shown as the dark-blue element, is concerned with how the organisation impacts on its environment. Four factors were found to have

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[11] Child's original model concerned a for-profit organisation. Consequently, it posited "Rewards Expected by Resource Providers" as major influence on organisational behaviour. However, it limited a firm's influence on the expectations of resource providers to the selection of markets in which a firm might operate. Given the nature of the Australian welfare system, in which a system of co-responsibility has developed historically, and in which currently, the case organisation, and other CWOs, have been shown to have influenced the performance reports required by external parties, the term "Achievements Expected by External Parties" is favoured here.

directly influenced the nature and use of organisational performance reporting: the provision of quality services and community strengthening (ES1); ensuring organisational sustainability (ES2); the practice of evidence based advocacy and programme development (ES3); and holding a leadership position within the community welfare sector (ES4). The influence of environmental strategy on the nature and use of organisational performance measures is depicted by the arrow leading from the four dark-blue elements to the two violet-coloured, linked elements in the lower right of the figure.

The iterative, organisational learning based approach to the use of performance information is illustrated by the dotted arrow (which is labelled, "review of performance reports") leading from the linked elements in the lower right of the figure back to mauve element 1, "Evaluation of the Situation".

Strategic Choice Theory also holds that organisations influence their environment. This is represented in Figure 10.1 by the arrows leading from the four above mentioned aspects of the organisation's environmental strategy to the green-coloured elements labelled, "C: Environmental Conditions", "D: Achievements expected by External Parties", and "E: Relationships Between Key Participants and the Environment".

Having provided a brief overview of the framework depicted in Figure 10.1 to explain the development and use of performance reports through the application of Strategic Choice Theory; a comprehensive analysis, which draws together the many empirical findings of the thesis, will now be presented. This discussion moves systematically through the

cycle posited in Figure 10.1. In so doing, each fundamental proposition of Strategic Choice Theory is identified; the corresponding case study data is matched to the proposition, thus 'fleshing out' the model of Strategic Choice Theory with grounded empirics; and its influence on the development and use of performance reporting by the case organisation is explained.

## 10.2: PRIOR IDEOLOGIES OF KEY DECISION-MAKERS (FIGURE 10.1: GREEN ELEMENT A)

Prior ideology, as conceptualised in Strategic Choice Theory, is the amalgam of a person's basic belief system, tempered by educational attainment, socio-economic status, and national socialisation. The ideological approaches of board members and executives to their organisational work, as outlined in Chapters 4 and 9, covered a spectrum between Christian faith and egalitarianism, thus providing the motivation for them to work towards improving the lives of those in need. It was noted in Section 9.4.4, that many board members came to the organisation as, "an extension of their life in the Church". Furthermore, the influence of Christian beliefs on the organisation was maintained through the constitutional requirement that the Chair of the Board be an active member of a Uniting Church congregation; and also the board selection criterion that at least half the members belong to the Uniting Church. A further structural imperative that ensured that strategic decisions were informed by a Uniting Church perspective was the role of the Minister of the Mission, who, as a senior Minister of the Uniting Church, sitting on both the Executive Committee and the Board, was responsible for facilitating

congruence between the activities of the organisation and the, "faith belief systems of the Uniting Church".

However, some board members expressed a more secular commitment to those in need. As well, the organisation also sought to broaden the bases on which decisions were made by inviting into its governance ranks, "Community Members", who brought, in addition to technical expertise, the perspectives of the wider community that the organisation sought to serve. Indeed, it was suggested by some informants that such a broadening of scope was the result of an ideology that defined a Christian perspective as one of situating oneself amongst those the organisation sought to serve. For all board members, ideology was, however, tempered with a pragmatism born of educational attainment, discipline specific knowledge, and contemporary professional practice; since professional expertise (often in accounting, management and law) was included as a key selection criterion for board membership, with members operating, inter alia, as de facto organisational advisors. Organisational strategic choices were also influenced by the policy of maintaining an approximately equal gender balance between board members.

While the selection criteria for executives did not specify adherence to the Christian faith, it did, however, require a willingness and ability to work within the overall parameters of a Christian organisation, and to further the objectives of the organisation. Commensurate with this, most executives also expressed a more secular commitment to those in need, to a wider sense of community, social justice and egalitarianism. The selection criteria for

executives, too, ensured that only those with a high level of education, and, for the majority, significant experience within the welfare sector, were involved in making strategic choices.

Prior ideology/ belief influenced the development and deployment of performance reporting in four ways: (1) it provided a fundamental imperative for undertaking performance reporting; (2) it helped to define what constituted good performance; (3) it influenced the ways in which performance was reported internally; and (4) it influenced the mode of acquittal of accountability to the auspicing church and to the wider community.

The fundamental imperative arose from senior officers' personal commitments to be sensitive to human suffering and to assist those in need. However, informants were unequivocal that Christian faith per se did not necessarily make the organisation different to a secular CWO. It was as a fundamental imperative for undertaking welfare work, and, consequently, deploying performance reports to further that work, that the tenets of Christian faith were influential. In particular, such a prior ideology yielded a highly proactive approach, which, inter alia, resulted in development and uses of an extensive array of voluntary performance reports, and the full use mandatory (external) performance reports within the organisation. Consequently, key decision-makers required, and deployed, a much more comprehensive set of performance reports than was required by just external parties.

The Christian/ social justice ethos was influential in defining what constituted good performance, in that key decision-makers emphasised the importance of considering the ways in which services were delivered, as well as the effectiveness and efficiency of service provision. They held that it was not sufficient to merely duplicate a service that might otherwise be delivered by a government agency. Rather, services were to be delivered in a values expressive way that could make a difference to clients' lives ("locating" oneself with the client). Consequently, performance reports had to be multifaceted, include qualitative as well as quantitative information, and be communicated to all senior officers of the organisation. However, while anchored in strong Christian and / or humanitarian values, strategic decision-making was also infused with notions of contemporary best practice, which board members were shown to have introduced through their professional exposure, and executives through their education and through sector wide networking. Examples included the governance review (Section 6.7) and direct accountability reporting by executives to the Board (Section 7.4.2).

The prior ideology of key decision-makers was also shown, in Section 9.2.3, to have influenced the ways in which performance was reported. For example, the consensus orientated, participatory decision-making, facilitated in part, by cross membership of key organisational decision-making forums, which yielded significant sharing of responsibilities between board members and executives, was demonstrated to be a hallmark of the Uniting Church approach. Furthermore, the spirit of egalitarianism that infused decision-making resulted in performance reporting, particularly direct

accountability reporting, being undertaken in a manner that was supportive to paid staff, rather than as merely an exercise in (nonetheless acknowledged as important) organisational control, as demonstrated in Section 7.2.

The prior ideology of board members was also shown to have profoundly influenced the ways in which the organisation acquitted its accountabilities to its auspicing church. As shown in Section 8.5, by far the greater part of accountability acquittal to the church relied on informal, ex ante means born largely of shared faith (qua ideology) between the Church, and those it considered to be "our people" who "ran" the organisation, rather than on formal, ex post performance reporting.

The prior ideology of key decision-makers also influenced the reporting of organisational performance to the wider community. As noted in Section 7.5, there was a deliberate inclusion, in the annual report, of non-financial indicators of service effort, including a holistic analysis provided by the Organisational Performance Measurement System. However, the prior ideology of key decision-makers was also responsible for a degree of image management, through the reporting of, "good news stories"; and the practice of disclosure management (Section 5.7.1.2). The prior ideology of key decision-makers was found to further influence the development and deployment of performance reporting by the organisation, indirectly, through its contribution to the inculcation of an overall organisational culture, which is discussed in the following section.

**10.3: THE NATURE OF AGENCY AND CHOICE (FIGURE 10.1: GREEN ELEMENT B)**

**10.3.1: Introduction**

Strategic Choice Theory holds that, irrespective of environmental constraints, the discretion exercised by an organisation's key decision-makers is limited by the very nature of agency and choice. In particular, Strategic Choice Theory draws attention to four aspects of decision-making: (1) the paradox of choice and the influence of organisational culture; (2) intra-organisational political processes; (3) the mode of strategic issue diagnosis, and (4) information deficiencies. In the following analysis, the evidence relating to each of these four factors is outlined separately, thus establishing the significance of each to the explanation of the development and use of performance reporting by the case organisation.

**10.3.2: The Paradox of Choice: Organisational Culture**

Strategic Choice Theory acknowledges a general paradox: by exercising one choice, a decision-maker precludes at least one possible alternative path. Consequently, the set of future available options is diminished (Child, 1997). According to Child (1997), the consequences of past decisions are manifested within the consciousness of organisational participants in the form of organisational culture, which is defined by Schein (1985, p. 6) as, "the deeper level of basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously, and that define in a basic 'taken-for-granted' fashion an organisation's view of itself and its environment". The organisational culture at ACM was linked to the prior ideologies of key decision-makers, since, in the first

instance, senior officers were attracted to the organisation, in part, because of its culture, and also because, as key decision-makers, they played a significant role in maintaining that culture. Thus, the following analysis of organisational culture builds on that of prior ideology in the preceding section.

The organisational culture of ACM was well-defined and strong. Organisational values were shown, in Section 4.4.2.5, to comprise the appreciation of the individual dignity of all persons, treating each individual with respect, fairness and equity, acknowledging a strength in each person, and questioning the status quo. Organisational participants described ACM as, "a values driven organisation". Furthermore, the structural imperatives, and management style and processes of the case organisation were also shown to have been well defined, and to be highly mission focussed.

Thus organisational culture at ACM exemplified Steene's (1999) concept of "expressive", as opposed to merely "instrumental" values. Expressive values are those with an ontological dimension that concern issues of humanity. Conversely, the dimensions of instrumental values are limited to concerns about rationality, such as the promotion of effectiveness and efficiency.

Organisational values profoundly influenced the development and use of performance reporting at ACM. At the most fundamental level, the development and use of performance reporting was seen as, "primarily a moral issue." Not only did organisational values provide an imperative for performance reporting (Section 6.2.3), but, as shown in

Section 6.5, value congruence comprised a dimension of overall performance. Value congruence was inculcated at induction sessions for new staff and was evaluated as part of staff members' ongoing supervision and support.

Such a clearly articulated organisational culture also influenced organisational performance reporting in that it was an important influence on the choice of services that were actually provided by the organisation, and the evaluation of service effort. This was achieved through the range of performance reporting practices that were outlined in Chapter 6, such as process reviews, the quality management system, the staff and volunteer satisfaction surveys. Furthermore, as shown in Section 6.3, the organisation deliberately filled the majority of positions on its quality implementation team with staff who were involved in front line service delivery to ensure that quality of process was embraced rather than merely accepted throughout the organisation. That is, there was an attempt to weave quality consciousness into the fabric of organisational culture.

Value congruence was so entrenched that the organisation acknowledged its preparedness to bear additional financial costs to maintain it, as demonstrated in Section 5.5. Furthermore, as noted in Section 5.6, values were considered when evaluating the performance of the organisation's investments, through the application of the Socially Responsible Investment policy. In addition, the well defined organisational culture that permeated the organisation provided a platform for organisational participants to work through the intra-organisational political processes that are discussed in the following section.

### 10.3.3: Intra-Organisational Political Processes

In conceiving of organisations as, "socio political systems", (Child, 1997), Strategic Choice Theory requires that any explanation of organisational behaviour must include an assessment of the prevailing socio political forces. Such analysis brings into consideration the concept of the "dominant coalition" (Child, 1972), which denotes that, in practice, organisational decision-making does not necessarily occur through the formal channels demarcated by an organisation's constitution and policy manual; rather, it is the product of negotiations between key organisational participants.

The "dominant coalition" at ACM comprised members of the Board, and the Executive, the relationship between whom, as evidenced in Section 9.3, was grounded in structural, policy and moral imperatives that produced a high degree of interdependency. As such, it was shown that the political outworking between members of each forum provided a significant influence on organisational performance reporting. In particular, performance reporting was shown to have been shaped by the needs of senior officers to effect a differential in the siting of the evaluation of resourcing effort and service effort, with the former largely undertaken at the level of the Board, and the latter at the level of the Executive. As such, performance reporting facilitated a mode of organisational governance whereby the Board and the Executive operated within a shared organisational space such that organisational governance and control were better characterised as occupying regions along a continuum rather than as discrete domains. In particular, key features of the performance reporting practice, such as cross representation of membership of key organisational forums (Section 9.2.4); the system of parallel reporting (Section 9.2.5); the use of multi-faceted performance reports ( Section 9.2.6); and the

multiplicity of performance reports (Section 9.2.7) were necessary for members of the "dominant coalition" to work through intra-organisational political processes.

### 10.3.4:Strategic Issues Diagnosis

The diagnosis of strategic issues requires information as an input to the decision- making process. As noted in Chapter 3, Strategic Choice Theory posits a distinction between automatic and active strategic issues diagnosis, with the latter characterised by significantly greater information searching, retrieval and analysis by organisational participants. Overall, the present study found little evidence of automatic strategic issues diagnosis. Rather, it found considerable evidence of active strategic issues diagnosis. Consequently, this thesis posits that the organisation's approach to strategic issues diagnosis was a key driver of performance reporting.

Active strategic issues diagnosis arose from the highly purposeful, values expressive and personally committed approach of organisational participants; who sought to meet their information needs through the extensive range of voluntary performance reports; and also the internal use of information collated under the mandatory performance requirements. Such an approach was further influenced by the need to deal with variability in the organisation's environment.

The foundations of key organisational participants' active approach to strategic issues diagnosis lay in their basic reasons for getting involved in the organisation. Most were drawn to the organisation because of a personal commitment to make a difference, i.e. to achieve specific organisational objectives. In particular, as demonstrated in Chapter 9,

key organisational participants actively strived to ensure that the organisation operated with the creativity and responsiveness that only an independent, not-for-profit agency could. Consequently, key organisational participants needed good quality performance reports as inputs to decision-making and to monitor organisational effort.

The degree of variability in the organisation and its environment also provided an imperative for active strategic issue diagnosis. The longitudinal analysis of the organisation's activities that was undertaken for the present study showed that both the organisation and its environment have changed considerably in the past fifteen to twenty years. As noted in Chapter 4, the constitutional basis of the organisation was restructured in 1995, while prior to that, in the early 1990s there had been significant changes in the management structure. In particular, a significant number of the organisation's programmes that operated in 2002 were relatively new. (The direct influence of such external changes on performance reporting is considered below in Section 10.4.2). At a broad policy level, the organisation responded to a cyclical change in government in 2002 by attempting to actively engaging in a dialogue with the incoming administration. Similarly, at the fundraising level, it was also demonstrated that the significant changes in the market for recycled clothing prompted a major review of the organisation's place in that market.

Overall, the organisation's active approach to strategic issues significantly influenced the development and use of performance reports. Despite being required to deploy a wide range of mandatory performance reports (many of which organisational participants

considered to be valuable), ACM voluntarily deployed further performance reports in order  to evaluate performance from its _own_ perspective. The active approach to strategic issues diagnosis raised many questions about performance, which the organisation sought to answer. For example, the development of the Organisational Performance Measurement System Report, which included the Monthly Operations Report and the Performance Indicator Report stemmed from the organisation's very active analysis of _its_ situation and how best _it_ could move forward.  In particular, the above analysis has highlighted the organisation's needs in responding to its environment as well pursuing its mission (emphasis added).

**10.3.5: Information Deficiencies**

Strategic Choice Theory also holds that choice making can be limited by information deficiencies in the ways previously emphasised by the Carnegie School: bounded rationality (March and Simon, 1958); the costs of and limits to information processing (Cyert and March, 1963); and the ambiguity in informational decision-making (March and Olsen, 1976). Evidence from the field study showed that information quality and adequacy were important issues with which organisational participants were grappling. Informants noted that sometimes pressures to meet deadlines could lead to sub-optimal decision-making; and, conversely, unforeseen opportunities could arise, leading to the circumvention of agreed plans. Conversely, the active approach to strategic issues diagnosis, and the consensus oriented, participatory style of decision- making, mitigated such potentially limiting influences on decision-making. Overall, however, little evidence on the issue of information deficiencies was collated in the present study.

**10.3.6: Summary: the Consequences for Performance Reporting of the Nature of Agency and Choice**

The examination of the nature of agency and choice has highlighted the influence on performance reporting of three facets of organisational life: culture and traditions; intra-organisational political processes; and strategic issues diagnosis. It has thus extended the analysis presented in Section 10.2, which demonstrated the potent influence on decision-making, and the subsequent requirements for performance information, of the prior values of key organisational participants, by explaining the ways in which the agency of key decision-makers operated in practice. In particular, the analysis demonstrated that such agency was highly purposeful, with key decision- makers seeking to chart a course for the organisation with the aid of performance reports.

The strong organisational culture that incorporated both expressive and instrumental values that emphasised "doing good" and "doing well", yielded a proactive approach to performance reporting that reflected of a sense of responsibility to the community that went beyond mere acquittal of accountabilities required by external parties, to the extent that performance was defined and reported in ways determined by the organisation.

The analysis of the role of performance reporting within the organisation's senior ranks highlighted the importance of intra-organisational political processes in strategic decision-making. It showed that performance reporting had been adapted to permit a sharing of responsibilities between the Board and the Executive, and a mutual interdependency between the two bodies within a clear, established framework.

Finally, the analysis of strategic issues diagnosis showed the approach to be (largely) active, relying on the development and deployment of good quality performance reports. However, while acknowledging the importance of the choices made by key personnel within an organisation, Strategic Choice Theory does not privilege such choice. Rather, it is holds that such choices are constrained by environmental factors. In the following section, the influences of environmental factors are analysed.

## 10.4: THE ORGANISATION AND ITS ENVIRONMENT (FIGURE 10.1: GREYED ELEMENTS C, D and E)

### 10.4.1: Introduction

The present study found much evidence that the development and use of performance measures by the organisation were impacted by powerful environmental factors, and that, in some areas, the organisation was able to negotiate those influences, either directly, or through important networks in which the organisation and/ or individual key decision-makers participated. Following Child (1997), the framework for understanding the development and use of performance measures, which is represented in Figure 10.1, thus includes three interrelated elements relating to environmental matters. The first, labelled, "C Environmental Conditions", refers to the "objective" environmental conditions within which the organisation operated. It is discussed in Section 10.4.2. The second, labelled, "D Achievements Expected by External Parties", refers to the ways in which specific achievements expected by external parties influenced performance measurement. It is discussed in Section 10.4.3. The third, labelled, "E Relationships Between Key Participants and the Environment" refers to the relationships between key organisational participants and the environment. It is discussed in Section 10.4.4.

**10.4.2: Environmental Conditions (Figure 10.1: Greyed Element C)**

Six environmental factors were found to have directly influenced the development and use of performance measures at ACM: (1) the mixed economy of welfare; (2) co-responsibility; (3) changes in funding patterns; (4) the professionalisation of welfare work; (5) higher levels of accountability; and (6) more onerous common law duties of directors.

The mixed economy of welfare operated as a precondition to the remaining five external factors listed above. It was because of the mixed nature of the economy of welfare (comprising government, the private enterprise and the community welfare sector) that the organisation was required to report against so many mandatory performance requirements; and also that the organisation voluntarily developed performance reports to facilitate its environmental strategy (which is discussed below, in Section 10.6).

Furthermore, within the mixed economy of welfare, the system of co-responsibility for the delivery of welfare services, which was outlined in Chapter 4, further influenced the development and deployment of performance reporting by the case organisation, since the state had actively sought to involve the community welfare sector in policy development, and to share with it, the direct delivery of services. Conversely, the community welfare sector has been shown to have been a willing, independent-minded participant in these matters. In particular, the case organisation with its tradition of independence, and its strategic orientations of sectoral leadership and sustainability

(which are discussed below, in Section 10.7), was found to have been (where possible) an active negotiator of externally required performance reports.

The significant changes in the pattern of government funding of welfare programmes, which, as explained in Section 7.6.6, had become more targeted, meant that the case organisation now delivered a larger number of smaller programmes than it previously did, with the effect that an extra layer of management was required, with managers having less direct knowledge of each programme, and, commensurately, being more reliant than in the past on performance reports.

Informants also noted an increase in the importance attached to performance reporting, in particular, and professionalism in general. As noted in Chapter 4, the organisation had been in the vanguard of such change by being one of the first charities in South Australia to recognise the importance of formal training for social workers; and, in the mid 1990s, to fund a research and development function that, inter alia, developed performance reports for the organisation. During the 2002/2003 financial year, the organisation allocated more than $500,000 to fund Research and Development.

The development and deployment of organisational performance measures was also influenced, indirectly, by the general elevation of the importance of accountability in society. As noted in this thesis, informants were acutely aware that it was no longer sufficient to merely assert that the organisation's welfare work was valid. At a general level, such a view was evidenced by the elevated importance of the use of performance reporting that was provided by the Chair's comments in the 2002 Annual Report, which

were discussed in Section 7.5. Furthermore, in Section 8.6, it was shown that the organisation attached significant importance to the use of mandatory performance reporting requirements in not only acquitting a direct accountability to a funder or regulator, but also as a way of also acquitting a general accountability to the public. Such a use for performance reporting was held to be important because of the "difficulty" in defining a broad accountability to the general community, which was held to arise because the organisation lacked a "natural" constituency, being an organisation whose members voluntarily assumed a responsibility to deliver services.

Board members were also acutely aware of the onerous legal responsibilities they had, with more than one specifically mentioning the impact of the Federal Court decision that established the principle that the duties of board members of not-for profit entities were of the same order as those of the directors of for-profit entities. This was given as one of the major reasons that the Board had undertaken a governance review, which had, inter alia, prompted an increased level of performance reporting by executives to the Board.

**10.4.3: Achievements Required by External Parties (Figure 10.1: Green Element D)**

The achievements required by external parties were extensive, having arisen under the four mandatory heads of authority that were outlined in Chapter 8: compliance, accreditation, contract and church auspices. In meeting those achievements, the case organisation was subject to extensive performance reporting requirements. While such reporting was, in the first instance, required by external parties in order to regulate welfare provision, monitor welfare providers, and evaluate broad scale government

sponsored programmes; it was, as demonstrated in Chapter 8, also used by the organisation to effect programme delivery, service management, organisational control and governance, including risk management, and to acquit a broad public accountability. Thus there were two distinct avenues through which performance reporting by the organisation was influenced by the requirements of external parties: one as a consequence of fulfilling mandatory requirements; the other though the integration of mandatory requirements into the organisation's system of voluntary performance reporting. However, there were considerable differences in the degrees to which the various mandatory performance reporting requirements influenced performance reporting by the case organisation.

Compliance requirements, while strict, nonetheless did not impose on the organisation any more than it voluntarily reported. In contrast to the generally benign influence of compliance requirements, accreditation requirements and contractual requirements significantly influenced organisational performance reporting.

Under the seven different accreditation standards that applied to the organisation's work, it was required to undertake ongoing, comprehensive evaluations of its governance, management and service delivery processes. Furthermore, since accreditation requirements were generally aspirational, they impelled a degree of organisational learning and development. In addition to such direct influences, accreditation requirements also indirectly influenced the organisation's deployment of performance reporting, since it was in response to being subjected to the multiple (overlapping)

requirements of the different external accreditation agencies that it voluntarily implemented the quality management system, the, Australian Business Excellence Framework (ABEF), in the hope that, where ABEF reports dealt with issues covered by a number of external standards, the ABEF report may be accepted in respect of the common requirements. Furthermore, the development of the whole of organisation performance measurement system, the OPMS (which was outlined in Section 6.2), was largely due to the need for a tool to track organisational performance under the ABEF.

Contractual requirements, too, were extensive (affecting 39 out of 53 programmes), Generally, they were programme-specific, with the externally reported performance information also used internally, particularly at the programme level to monitor performance and resource usage, and also by service managers in effecting control.

The requirements of the Uniting Church, under whose auspices the organisation operated, provided yet further contrast to those of the other three heads. It was shown in Chapter 4 that ACM was one of a number of organisations that had been established by the Church as a valid and practical expression of the Church's commitment to the Gospel. In Chapter 8, it was shown that, while there were no ongoing formal requirements for the organisation to report its performance to the Church, there nonetheless existed a clear framework through which the organisation acquitted its accountability to the Church, largely through the reporting of performance information through mainly informal means, based on an ex ante shared commitment, and effected through networking. The influences of such an orientation on the development and deployment of organisational performance

measurement were nonetheless profound and operated in two ways: (1) it defined a fundamental organisational orientation, and thus a reason to evaluate and report performance; and (2) it presented board members with significant responsibilities for sustaining organisational effort, thus placing them in a position where they required significant levels of performance reporting by executives. Consequently, board members tended to focus on organisational resourcing, even to the extent of (sometimes) effecting management of financial performance.

In addition to the above mentioned influences, the development and deployment of performance measures was also influenced by ideas brought into the organisation by those who governed, managed, or otherwise staffed the organisation. These are discussed in the following section.

### 10.4.4: Relationships Between Key Organisational Participants and the Environment (Figure 10.1: Greyed Element E)

Strategic Choice Theory posits the importance of relationships between key organisational participants and other organisations, holding that, through networking, organisations are subject to significant external influences, and also influence the environment. This thesis has evidenced an extensive array of networked relationships involving organisational participants at all levels and organisations and external parties, which influenced performance reporting by the case organisation. Performance reporting was influenced by board members bringing into the organisation practices such as the governance review (section 6.7) and direct reporting by executives (section 7.4.3), which they had experienced through their professional lives. In support areas, executives and

managers developed performance   reports such as internal customer satisfaction surveys (section 6.6.3) and the enhanced application of Australian accounting standards (section 5.7.2.2) largely through consideration of professional affiliations and paradigms. In the services area, the involvement of executives, managers and team leaders  in a broad range of  relationships  with  funders,  regulators  and  accreditation  agencies,  influenced performance  reporting  practices.   Examples  included  participation  in  standards development workshops for programmes such as "Lifeline" and "Reconnect" (section 8.4.2); and the work of the Executive Manager Research and Development in Department of  Health  sponsored  standards  for  disability  service  providers  (section  8.3).  Having outlined the five influences on the organisation's evaluation of its situation (Step 1), the following section discusses the importance of Step 2, "Choice of Goals.

**10.5: CHOICE OF GOALS**

The choice of organisational goals (step 2) follows from the analysis of the situation by key organisational decision-makers.  For the case organisation, the choice of goals has developed over time. As demonstrated in Chapter 4, for the first half of its existence the organisation had adopted a traditional charity model, such that goals were expressed in general terms such as assisting those in need; however,  since the 1950s, it has instituted a more progressive approach. Since the 1990s, the organisation has embraced a strategic planning process that provides for a review of organisational goals over the five year period of the organisation's strategic plan. In developing a strategic plan, the organisation has been shown to have considered its values, traditions, and expectations of external parties. The choice of goals thus establishes the fundamental criteria against which

performance is evaluated. Once an organisation chooses its goals, it then formulates a strategy to reach those goals. The influence of strategy formulation on the development and use of performance measures is discussed in the following section.

## 10.6: ORGANISATIONAL STRATEGY

### 10.6.1: Introduction

Strategic Choice Theory conceives of strategy as bifurcated between an organisational strategy, which results in the way an organisation is configured in order to achieve its objectives; and an environmental strategy, which comprises the initiatives taken by organisational participants to influence the environment. In this section, the impact of organisational strategy on the development and use of performance reporting is discussed, while the impact of environmental strategy is considered in Section 10.7. Four (interrelated) aspects of the organisation's basic configuration influenced the development and deployment of performance reporting: size and diversity of operations; structure; management philosophy; and the style of communication and decision-making.

### 10.6.2: Size and Diversity of Operations

ACM was a large, diverse organisation that employed more than 600 staff and utilised the effort of more than 600 volunteers. It had revenue of $27.2 million in 2002 and commanded net assets of $56m. The organisation operated fifty-three different programmes across eight service areas, engaged in advocacy, and generated considerable income, all of which was supported by a sophisticated infrastructure.  As such, it displayed the general characteristics of a modern work organisation. In order to exercise organisational control, management required a routine, formalised, comprehensive

system of performance reporting. Similarly, the exercise of governance also required a sound performance reporting system. The extensive range of performance reports developed and deployed by the organisation were outlined in Chapters 5, 6 and 7. Furthermore, as shown in Chapter 8, the organisation used performance information that was collated, in the first instance because it was mandatory, in its monitoring processes.

The sheer diversity of organisational activity meant that many different types of performance information were required by key decision-makers. Furthermore, the heterogeneous nature of the organisation's activities also limited the degree to which such information could be aggregated and summarised, which resulted in a high level of detail being reported at senior levels of the organisation. For example, process and output KPIs for residential aged care, had to be reported separately from those for crisis counselling. One way that the organisation sought to ameliorate the problem of diversity was to was to report against, "percent of target met", for output and outcome measures.

Diversity influenced the development and deployment of performance reports in another way too. In addition to providing distinctly different services to specific clienteles; the majority of programmes had separate (and often diverse) sources of funding. With few exceptions, the performance of each programme was required to be managed and reported separately. This also resulted in very high information needs for those charged with exercising oversight and financial management. Consequently, the level of detail reported at senior levels of the organisation was high. Furthermore, as noted in Section 6.2.6 such diversity presented a  hurdle to the attainment of organisational congruence,

since programme staff faced separate, programme specific pressures, particularly where external performance reporting requirements were high. One response to such a situation was the deployment of the uniform internal management reporting system that was outlined in Chapter 7, which was held to assist in easing the assimilation of information and to ameliorate the disparate foci of staff whose day to day activities impelled a degree of insularity in their focus outward through providing a means of organisational congruence and a greater internal focus. As well, the OPMS Report (Section 6.2.6) provided a counter to such a fragmented conception of performance within the organisation, by facilitating the adoption of a whole of organisation perspective on performance.

### 10.6.3: Organisational Structure

The organisation's structure, which was outlined in Section 4.4.2.2, reflected the size and diversity of organisational activity. While the management structure was relatively flat (comprising four management nodes: CEO, Executive Manager, Manager and Team Leader), there was significant variation in the span of control within the four functional areas; and also in the number of forms of departmentalisation: functional, service (product), customer and cross-functional (Robbins et al., 2000).

The widest span occurred in the Services function, where the General Manager Services had oversight of eight service managers, while in both the Human Resources and Research and Development areas, the executive managers each directly oversaw only one manager and one functional unit. Between the front line services there was also variation in the number of team leaders who were overseen by service managers. Such a structure

necessitated a sound performance reporting system in order to effect management control. The organisation's response to such a need was evidenced in Chapter 7, where it was shown to have relied on a formalised, routine system of direct accountability reporting, whereby a person who was responsible for undertaking a duty reported their performance, and that of their work unit, to the person who was ultimately accountable for that subordinate's performance. Chapters 7 and 9 also evidenced the performance reporting that underpinned organisational governance practices. In particular, it was shown that the organisation deployed a formal regime of performance reporting from executives to the Board; and also from board committees to the Board.

### 10.6.4: Management Philosophy

The importance of the organisation's management style was outlined in Section 9.2.3, where it was shown that performance reporting was effected within a system of ongoing supervision and support. Consequently, while performance reporting was formalised, information transmission was highly contextually grounded, with those using the performance information having ongoing involvement with reporters. Consequently, they required less reliance on bare quantitative reports, which ameliorated some of the difficulties acknowledged by many informants to surround performance evaluation of social services.

### 10.6.5: The Style of Communication and Decision-Making

The style of organisational communication and decision-making also impelled contextually grounded information transmission, and considerable sharing of performance information. As outlined in Section 9.2, such practices included a

consultative, participatory approach; cross-representation of membership of key organisational forums; contemporaneous (parallel) reporting of information; the use of multifaceted performance report; and a multiplicity of performance reports. Such an approach permitted input into the development and use of performance reports by board members and executives (with further input from managers and other staff). Such practices were said, by informants, to typify the Uniting Church approach, and, as noted in Section 9.3, facilitated a mode of organisational governance that relied on considerable sharing of responsibilities between board members and executives.

**10.6.6: Summary: The Influence of Organisational Strategy on the Development and Use of Performance Reports**

It has been shown that performance reporting was influenced by four (interrelated) organisational characteristics: size and diversity of operations; structure; management philosophy; and the style of communication and decision-making. While the organisation's size was a significant determinant of performance reporting, its diversity limited the scope for summarisation and aggregation of performance information, which resulted in a high volume of information being reported, especially at higher levels of the organisation. Diversity also provided a reason to develop whole of organisation performance reporting, in order to provide a common focus for personnel. Furthermore, the multiple ways in which performance information was reported were shown to have been influenced by the organisation's management philosophy and communication and decision-making styles.

## 10.7: ENVIRONMENTAL STRATEGY

### 10.7.1: Introduction

In pursuing an environmental strategy, the case organisation was found to have required high levels of performance information. Four specific aspects of the strategy provided imperatives for, and influenced the development and deployment of, performance reports. These were: (1) quality service delivery and community strengthening; (2) evidence based programme development and advocacy; (3) sector leadership; and (4) organisational independence and sustainability.

### 10.7.2: Quality Service Delivery and Community Strengthening

Service delivery and community strengthening represented two of ACM's three core activities (the third, advocacy, is discussed in the following section). In undertaking these activities, the organisation sought to maintain high standards of quality. The concept of quality adopted by the organisation was multi-faceted, being defined in terms of the ways in which programmes were delivered: not only were services to be provided in a professional manner, they were also to be delivered in ways that were identified in the organisation's *Mission, Vision and Values* statement. That is, in ways that treated clients with respect, preserved their dignity; offered empowerment; and were appropriate to the targeted clientele. Such an approach was found to have provided a significant imperative for, and influence on the construction of, performance reports, as the following examples highlight.

At the whole of organisation level, the implementation of the quality management framework developed by the Australian Business Excellence Foundation (ABEF), which

was considered in Section 6.3, was implemented in order to promote, and <u>monitor,</u> quality of processes throughout the organisation.   In addition, the Organisational Performance Measurement System Report, which was discussed in Section 6.2.4, was developed, in part, to provide comprehensive performance reporting on the impact of implementing the ABEF.   The Performance Indicator Report, which was outlined in Section 6.2.3, also provided information about the quality (as defined above) of service provision though client satisfaction, output and outcome measures. In addition, the organisation asked staff to evaluate the organisation's congruence with its stated values, which was included in Staff Satisfaction Surveys.

At the other end of the (organisational) scale, staff congruence with organisational values was reported though direct accountability reporting (Section 7.2.2.2). Also, process oriented reports such as the Periodic Service Review and the Programme Profile (which were outlined in Section 6.6.2)  were used to report on the ways in which specific programmes were delivered, in particular, with respect to quality of delivery. Within the Aldersgate aged care facility a quality committee met monthly to consider (and report on) quality initiatives (Section 6.6.2). Even some information collated for use in mandatory performance reports was used by the organisation to improve quality if it was deemed appropriate (Section 8.6.2).

**10.7.3: Evidence-Based Advocacy and Programme Development**
The organisation's advocacy and programme development efforts  were also subject to evaluation, with key informants unequivocal in stating that it was no longer acceptable to

base a policy proposal, or a programming initiative, on mere moral suasion; rather, it was necessary to provide sound empirical evidence.

The organisation's advocacy activities relied, in part, on information collated through the organisation's performance reporting system. In particular, throughput and outcome data that was collated in respect of each programme in the Performance Indicator Report, and some programme specific reports, provided input into needs analyses. In addition, significant use was made of information from ad hoc reports in developing policy. Evaluation of policy development was undertaken using qualitative analysis, with the prevailing view that, in general, quantitative indicators alone were unreliable. However, two quantitative inputs  into the evaluation of policy development (which were accepted a being reliable) were  the internal and external stakeholder satisfaction surveys that were undertaken as part of the OPMS Report.  Policy development was also evaluated by the Board, through its consideration of the Functional Area Report of the direct accountability reporting of the Executive Manager Research and Development, which included updates on joint research activity undertaken by the organisation and a local university.

Programme development was also undertaken with reference to empirical data collated through the performance reporting framework. On a routine basis, the Monthly Operating Reports (Section 6.2.2) were used to collate, and report on programme development and implementation. Overall, empirical performance data was considered alongside qualitative analyses to ensure that programmes remained relevant to clients' needs and

congruent with the organisation's philosophy on service provision. Furthermore, new programmes, which were developed under the organisation's New Initiatives Programme, whereby the organisation funded innovative services in response to perceived need, were subject to monthly monitoring using quantitative and also qualitative evaluations, which were reported to managers and executives through the system of Direct Accountability reporting that was outlined in Section 7.2.2.3. Such an approach was considered to be essential for a progressive CWO, superseding past practices of more subjective evaluation of need and reliance on moral suasion about the efficacy of programmes and policies.

### 10.7.4: Sector Leadership

The organisation's strategic orientation as a leader in the welfare sector was also found to have significantly influenced its approach to performance reporting. As a large, established CWO that had considerable economic and human resources, ACM assumed a responsibility to assist smaller, less well resourced organisations through allowing them to participate in training programmes, sharing ideas and demonstrating innovative practices. ACM thus saw itself as a leader in the welfare sector locally and nationally. In some cases, government funding agencies gave further impetus to this strategic direction by asking the organisation to demonstrate its models of service provision to other organisations. Examples of such work included the organisation's innovations in the provision of residential aged care; and in-home support for people who, for a range of reasons, were housebound. Organisational participants were thus adamant that, if they were to effect a leadership role, initiatives had to be based on the sound empirical

evidence that was collated through the range of performance reports that provided information about programme delivery and organisational processes.

**10.7.5: Organisational Independence and Sustainability**

The case organisation espoused a clear philosophy to deliver services and advocate in ways that reflected its values and traditions. Consequently, it emphasised the strategic orientation of independence and sustainability that has been established in this thesis. In Section 4.4.2, it was shown that, from its beginnings, the organisation attempted to maintain financial independence through undertaking commercial activities. The evidence presented in Section 5.6 demonstrated that the organisation's senior officers felt a significant responsibility to ensure the organisation's ability to maintain services to the community. In Section 6.2.6, the leverage obtained from financial independence was shown to have allowed the organisation to withstand pressure from a government funder to change a jointly funded programme. This strategic direction of maintaining organisational independence and sustainability influenced the development and deployment of performance reporting in many ways.

With respect to financial independence, the organisation deployed the range of performance reports that were outlined in Chapter 5. It closely monitored its cash position on a weekly basis; on a monthly basis, it produced detailed reports on its long term investments; and twice per year it sought performance reports on those investments from its fund managers. Also on a monthly basis, it reported a variance analysis for each programme, and other cost centres. In particular, it highlighted unspent government

subsidies, in part, to provide greater focus on the use of its self-funded resources. While monthly reports on year-to-date programme variances of $10,000 or more were required to be followed up, the General Manager Services undertook a less formal analysis when variances reached the $5,000 level. Overall, as noted in Chapter 9, the Board (mainly through the Stewardship Committee) placed a very strong emphasis on organisational resourcing. Indeed, of the nine non-executive directors, four had high levels of financial expertise. Furthermore, the organisation co-opted onto its Stewardship Committee a community member with expertise in funds management. As well, it had a high usage of ad hoc financial reports. Since the organisation used its investments to fund programmes, advocacy, and research and development, it pursued a strategy of sustainability by implementing a capital maintenance policy that preserved the real value of its funds.

At the whole of organisation level, four of the six critical success areas reported against in the Organisational Performance Measurement System Report (Section 6.2) two were concerned with organisational sustainability, while two were concerned with implementation of objectives. Those concerned with sustainability were: relationships with internal stakeholders (for which the KPI of staff satisfaction was one of the metrics deployed); relationships with external stakeholders (for which the KPI of stakeholder satisfaction was one of the metrics deployed); resource generations (which, apart from financial KPIs such as ROI, included volunteer targets); and stewardship (managers' performance plans and OH&S audits). In summary, the strategic intent of independence and sustainability contributed significantly to the need for detailed financial and non-financial performance reporting at senior levels of the organisation.

### 10.8: Review of Performance Measurement

Figure 10.1 depicts the development and use of performance measures to be an iterative process, such that, the evaluation of the organisation's current position by the dominant coalition included the review of performance measurement. In the case organisation, such meta analysis was undertaken systematically, through the deployment of the ABEF quality management process, and on an ad hoc basis with respect to other major performance measurement initiatives.

### 10.9: CHAPTER SUMMARY: THE DEVELOPMENT AND USE OF PERFORMANCE REPORTING BY THE CASE ORGANISATION

This chapter has explained why the case organisation used the performance measures that it did, and in the ways that it did, through the perspective of Strategic Choice Theory (Child, 1972; 1997). It posited a framework based on that of Child (which sought to explain organisational behaviour, in general); but adapted to the specific organisational activities of developing and using performance measures. The analysis in Chapter 10 was organised around Figure 10.1, such that the basic elements of that figure, and their interrelationships, were illustrated using examples that had emerged from the empirical data hitherto presented in the thesis. Five major areas of influence were identified: (A) the prior ideology of key decision-makers; (B) the nature of agency and choice; (C) the environment; (D) the achievements expected by external stakeholders; and (E) the relationships between key decision-makers and the environment. The explanation of these influences showed that the nature of the organisation's performance reports, and their development and use, resulted from    the constrained agency of the organisation's key decision-makers, thus exemplifying the fundamental propositions of Strategic Choice

Theory. That is, the analysis in Chapter 10 showed that while performance reporting was the result of purposeful choices by the organisation's key decision-makers, such choices were made within the a priori constraints of decision-makers' prior ideologies; the explanation of which elucidated the social, ideological, structural, and practical imperatives that define the parameters within which decision-makers consider any choice to be feasible. In keeping with Strategic Choice Theory, it was also demonstrated that choices concerning performance reporting were further influenced by a powerful organisational culture; a dynamic interdependent relationship between the Board and the Executive; and an active approach to issues diagnosis. Environmental factors were also shown to have significantly influenced the overall suite of performance reports used by the organisation. In particular, accreditation regimes and contract requirements imposed significant levels of ex post formal performance reporting. By comparison, strict compliance requirements imposed little more than the organisation required for sound management and governance. The acquittal of accountability to the auspicing church was, however, novel, relying more on shared faith than on ex post formal reporting. The analysis also evidenced a key tenet of Strategic Choice Theory, which is that the relationship between an organisations and its environment is dynamic. That is, organisations are not only influenced by their environments, they can also exert influence on the environment, particularly through networking, particularly within the field of community welfare. It was shown that, to pursue its mission the organisation adopted an internally oriented "organisational strategy", and an externally oriented "environmental strategy". The former was characterised by its size, diversity, structure, management philosophy, and communication and decision-making style; while the latter by a focus

on quality service delivery and community strengthening; evidence based advocacy and programme development; sector leadership and organisational independence and sustainability.

By presenting such an holistic analysis, Chapter 10 has shown that the development and deployment of performance reports was the response of an independent, voluntary organisation, with strong traditions and roots in the community, in navigating its way within a highly regulated welfare state. Chapter 10 has also roundly demonstrated the applicability of Strategic Choice Theory to organisational behaviour in a personal social service organisation, a proposition suggested by Child (1997).

## — 11 —
## CONCLUSIONS

**11. 1: INTRODUCTION**

This thesis investigated the structure and process of, and rationale for, performance reporting in a Community Welfare Organisation (CWO). Such a study was justified on the grounds that CWOs perform an important role in society and, in so doing, command significant resources. However, as the review in Chapter 2 evidenced, a number of scholars have noted a significant gap in the literature on performance reporting by CWOs. The prior literature is patchy, with the greater part being descriptive rather than analytical. The recent literature includes broad scale surveys that have served to delineate the boundaries of the subject, as well as some more detailed case studies that have highlighted particular aspects of the subject. The older literature also includes a number of normative works. Analysis of the literature has made it possible to distil a number of factors that have influenced the construction of performance reports used by CWOs. These were broadly classified, in Chapter 2, as the nature of CWOs, the nature of what they do, and the politically contested nature of the domain in which they operate. Furthermore, it has been acknowledged in the literature that performance reporting can transcend the merely rational, to take on meanings bestowed by those who use it. However, a gap remains; with scholars such as Cairns et al. (2005) noting a dearth of knowledge about the processes involved in implementing performance reporting; and Zimmerman and Stevens (2006) having called for more in-depth research. Thus, at a time, when scholars have reported an increasing use of performance reporting by CWOs, no thorough theoretical explanation of performance reporting by CWOs has been offered.

It is in response to this lacuna that the present, single organisation, field-based case study was undertaken. In order to address the research problem in a manageable way, four interrelated research questions were posed:

1) What was the nature of the performance measures that were reported by the organisation?

2) How were those performance reports used?

3) What were the imperatives for their use by the organisation?

4) What factors shaped the construction of the performance reports used by the organisation?

As noted in Chapter 1, while questions (1) and (2) are concerned with the nature of performance reporting by CWOs, and the processes undertaken in using them (the 'what'); questions (3) and (4) are concerned with the reasons for their development and the ways in which they are developed (the 'why').

It was also noted in Chapter 1, that, for qualitative studies, data presentation and analysis are intertwined. In the present thesis, such an approach has been pursued by ordering the chapters along a continuum such that, from a largely empirical beginning, the level of analysis increased as the thesis progressed. Data presentation and analysis was also influenced by evidence that emerged from the field work; in particular, it was found that performance reporting was extensive, and, at the most fundamental level, was essentially a strategic response of an independent, voluntary organisation providing services in a highly regulated welfare system. Consequently, the thesis posited an overall performance

reporting system that comprised two distinct but related frameworks: a voluntary performance reporting framework, and a mandatory performance reporting framework. The voluntary framework comprised three elements: a system of financial performance reporting, a system of non-financial performance reporting, and a system of direct accountability reporting. The mandatory performance reporting framework comprised performance reports that arose under four distinct heads of authority: compliance, accreditation, service contract and church auspices.

This performance reporting system was introduced in Chapter 1, where it was summarised as Figure 1.1. The four elements of the system, voluntary financial and non-financial performance reporting, voluntary direct accountability reporting, and mandatory performance reporting were explained in Chapters 5, 6, 7 and 8 respectively. The nature of each individual performance report deployed by the case organisation was outlined, and it was shown to whom it was reported, and the imperatives for its use. Chapter 9 built on this work by eliciting common themes that emerged in prior chapters, thus elucidating the concept of performance reporting in a CWO per se, explaining how performance reporting processes were undertaken by organisational participants, and identifying a number of key influences on performance reporting. Analysis of the research problem was completed in Chapter 10, which used the framework of Strategic Choice Theory to explain the development and deployment of performance reporting. Thus, the findings of this thesis necessarily include both empirical evidence concerning the nature and uses of performance reporting by a large, multi-service CWO; and a comprehensive analysis of the reasons for the development and deployment of

performance reporting by the organisation. As such, the thesis contributes to our knowledge of the subject of performance reporting by CWOs in four main ways:

1. Many   empirical observations confirm prior research. Such a contribution warrants mention because, as noted in  Chapter 2, study of performance reporting by CWOs is relatively recent. As such the present study bolsters an embryonic literature. As well, the present study yields a number of observations that have not previously been reported. In a few cases, empirical observations disconfirm prior findings.  Furthermore, as an Australian study, it also confirms the international status of the literature, which was noted in Chapter 1.

2. As the  first comprehensive  Australian research on the subject, the thesis outlines extant practice.

3. The theoretical analysis developed in the present thesis answers the call  by scholars for in-depth explanations of the processes through which performance reporting is developed and deployed.

4. By successfully applying Strategic Choice Theory to the subject of performance reporting by a CWO, the thesis responds to Child's (1997) suggestion that Strategic Choice Theory may be particularly apposite for the study of organisational behavior in such organisations.

Chapter 11 is structured as follows. It proceeds in Sections 11.2, with a reflection on the findings of the present study concerning the nature of performance reporting by CWOs against the prior literature. Section 11.3 provides a reflection concerning the use of performance reports; Section 11.4 the imperatives for performance reporting; and Section 11.5, the factors that shaped their construction. In particular, those findings that are new, or contradict prior observations, are highlighted. As such, the material in these sections provides the foundation for Section 11.6, which summarises the contributions to knowledge offered in this thesis. In Section 11.7, the limitations of the present study are acknowledged; while in Section 11.8, suggestions for further research on the subject of performance reporting in CWOs are presented. The thesis is completed in Section 11.9 with some concluding comments.

## 11.2: THE NATURE OF PERFORMANCE REPORTING BY A CWO

In finding that performance reporting was extensive, comprising quantitative and qualitative, financial and non-financial, short term and long-term reports; and that non-financial performance reports included a wide range of outcome, output, throughput and input measures; the present study confirmed the types of performance reports variously observed by Hall et al. (2003), Fischer (2004); Zimmerman and Stevens (2006) and Ostrower and Stone (2007). The extensive use of ad hoc reports, which the present study found, has, however, not been reported previously. The present study also confirmed the findings of a range of single issue studies that evidenced the use by CWOs of best practice performance reporting tools that were developed in the private sector, such as TQM (Boettcher, 2008) and Balanced Scorecard type tools (Paton, 2002 and 2003;

Kaplan, 2001). With respect to quality management reports, the present study also confirmed the observation by Cairns et al. (2005) of the use of both generic TQM models and sector specific models. Furthermore, it noted, as did Cairns et al. (2005) that CWOs were often subject to a number of TQM frameworks under different accreditation regimes, which resulted in duplication of effort and inefficiency. However, the present study also found that, in response to the problem of duplication, the case organisation voluntarily deployed the Australian Business Excellence Foundation framework in an attempt to have this replace the number of different ones imposed on it. No similar findings have been reported in the prior literature.

The present study also confirmed the observation from the broad scale survey of Fine et al. (2000) that comprehensive performance reporting by CWOs was relatively recent; that there was increased use of qualitative as well as quantitative performance reports by CWOs (Zimmerman and Stevens; 2006); and, that in some organisations, it was at a significant level (cf. Fischer, 2004; Ostrower and Stone, 2007).

The present study also confirmed the use of organisation level performance reporting similar to those observed by Murray and Cutt (2000) and Kaplan (2001). However, the literature is silent on the reporting of organisational efforts to develop the expertise and skills of staff, as was undertaken by the case organisation through its Staff Development Report. Nor is there any mention in the literature of specific area reports, both programme and infrastructure department, being developed by managers and staff. Furthermore, the case organisation did not exemplify the conclusion reached by the

Productivity Commission (1996) that performance reporting by Australian CWOs was of a level too low to support micro-economic reform. Overall, the extent of performance reporting observed in the present study was greater than that suggested in the literature. Furthermore, while the literature has acknowledged that CWOs use both voluntary and mandatory performance reports (Cairns et al., 2005); no such comprehensive classification of performance reporting, as has been posited in this thesis, has been reported.

While the literature has noted the voluntary use of financial performance reports, it has not, with the exception of budget variance reporting and external financial reporting, thoroughly identified the other types of voluntary financial reports deployed by CWO, as was evidenced in the present study, such as reporting the performance of funds under management; ad hoc financial reports; and weekly financial management reporting. Nor has the literature noted that financial performance reported at senior levels of the organisation was highly detailed (a finding that this study attributed largely to the diversity of the organisation).

There is little mention in the literature of direct accountability reporting, which the present study found to be extensive. In particular, the present study contradicts the findings of McDonald (1996) who noted a lack of performance monitoring by CWOs. The factors identified in that study as contributing to a lack of reporting, i.e. poor management skills and resources, did not obtain in the present study. On the contrary, the

case organisation displayed quality management practices and possessed significant financial and human resources.

The present study also confirmed the multi-dimensional nature of performance reporting by CWOs. It has been reported, for example, that different stakeholders have different needs (Kanter and Summers, 1987; D'Uno, 1992). Also, the literature has acknowledged (Paton, 2002; Wise, 2000) that because the objectives of CWOs are non-financial, performance cannot be distilled to one metric as it can where profit is the single organisational objective. Consequently, not-for-profit entities require multiple dimensions of performance to be reported (Paton, 2002; Wise, 2000).    The present study has, however, provided  a more thorough exposition of the concept of multi-dimensional performance by presenting empirical evidence of its use, analysing the key facets of performance that were reported, and also by explaining the considerations given to multiple dimensions of performance by key    organisational participants (these are explained in Section 11.3).

## 11.3: THE USE OF PERFORMANCE REPORTING BY A CWO

The following discussion considers two aspect of the use of performance reports: what the reports were used for; and also how they were used. With respect to the purposes for which performance reports were used, the present study confirmed a broad range of internal and external uses of performance reports from the literature. Internal uses  were to improve programmes and services (Paton and Payne, 1998; Sawhill and Wiliamson, 2001; Hall et al., 2002; Zimmerman and Stevens, 2006); for financial management

(Parker, 2003); to motivate staff (Sawhill and Wiliamson, 2001); to improve management practices (Cairns et al., 2005; Zimmerman and Stevens, 2006); to enhance accountability within the organisation (Sawhill and Wiliamson, 2001); strategic planning (Buckmaster, 1999a; Hall et al. 2002); organisational learning (Paton and Payne, 1998; Buckmaster, 1999a and 1999b; Paton 1999b Cairns et al., 2005); to promote goal congruency within the organisation (Sawhill and Wiliamson, 2001); training (Cairns et al., 2005; Zimmerman and Stevens; 2006); to develop  relationships with other not-for-profit organisations through data sharing (Buckmaster, 1999a); and staff evaluation (Paton and Payne, 1998; Sawhill and Williamson, 2001). External uses of performance reports that have been noted in the literature were to increase the awareness of the organisation (Hall et al., 2002); to influence public policy (Sawhill and Williamson, 2001); to report to funders (Hall et al., 2002); to prove continuous improvement to funders (Fischer, 2004; Manville, 2007); for accountability (Sawhill and Williamson, 2001; Fischer, 2004; Zimmerman and Stevens, 2006); and to gain funding (Zimmerman and Stevens, 2006). However, the findings of this thesis in relation to the strategies of evidence based progamme development and advocacy are considerably stronger than those suggested in the literature. For the case organisation, using information from performance reports as an input to needs analysis; to justify programme development; to closely monitor new programmes; and to develop policies and engage in advocacy were clear strategic directions to which the organisation committed considerable resources.

The finding that, when undertaking  budget variance analyses of programme income and expenditure, government subsidies were isolated in order to ensure that such subsidies

were used in the most efficient way possible, and that the organisation best managed the funds that it contributed to programmes from its own resources, has also not been previously reported in the literature.

In observing the practice of image management, the present study accords with that of Parker (2003), who identified a relationship between financial accountability and disclosure management that arose through an ex ante strategy (rather than an ex post decision). The present study advances our understanding of the importance of this issue by articulating the reason for the practice, which was to optimise donor support. In the present study, the case organisation was wary of complete disclosure of financial performance and position because it did not wish to appear so well-off that potential donors may not understand their true situation and give instead to other organisations. However, it ensured that it appeared to be sufficiently well off to indicate that its financial management was sound, and therefore worthy of donor support.

The present study did not find evidence of performance reporting producing goal displacement, such that there was greater concern for formal rationalities rather than substantive rationalities as suggested may occur by Kanter and Summers (1986), and Stone and Cutcher-Gershenfeld (2001). While the present study noted significant usage of performance reports within the organisation, this was explained by the diversity of the programme suite, and the inability to summarise and aggregate information about the performance of such a heterogeneous mix of fifty-three programmes; programme specific external funding; and a generally active approach to strategic issues diagnosis.

Furthermore, the relationship between the Board and the Executive was such that the Board was ultimately responsible for activities in a field (social welfare) in which, on balance, it was not well versed. Conversely, the Executive, who had major expertise in that field, felt a responsibility for something over which they did not have the ultimate authority (governance). Consequently, there were significant flows of information from the Executive to the Board.  In finding that, in general, the Board did not concern itself greatly with operational matters, the present study accords with Parker (2003), and also distinguishes itself from Leatherwood and O'Neal (1996). Overall, the present study found that performance reporting was undertaken within a broad management, accountability and governance framework, in which substantive rationalities predominated. Furthermore, the active approach to strategic issues diagnosis, and the strategies of evidence based programme development and advocacy clearly reflected a concern for substantive rationalities.

The present study also disaffirmed the finding reported by Fine at al. (2000) that performance information was reported in order to make resource allocation decisions. Informants in the present study were unequivocal in maintaining that resource allocation decisions were made primarily on policy considerations, and, that because of the heterogeneous nature of the organisation's programme suite, comparisons of performance were untenable. At a more general level, the analysis of the parallel reporting of financial and non-financial performance that was discussed in Section 9.5.3 clearly demonstrated that resource allocation decisions were made on the basis of policy effectiveness, rather technical efficiency.

An important finding of the present study, that performance information that was initially collated because of mandatory, external performance reporting requirements was also employed internally where it was thought to be useful, confirmed a survey result of Hall et al. (2002). However, the present study contributes further to the literature by explaining at which levels in the organisation such performance reports were used, and the (high) level of significance attached to them by decision-makers.

With respect to where in the organisation performance was reported, the present study demonstrated that, within the organisational structure, there was a degree of use of performance reporting at all levels from programme co-ordinators upwards, with high levels of performance reporting at the level of manager and above. The literature has not explored this question, indicating only that performance reporting is used by executives and board members.

The findings on the differential locus of performance reporting confirmed the finding by Parker (2003), that the Board held a predominantly financial focus, while the Executive focussed predominantly on service effort. However, the present study makes a further, significant, contribution to the literature by providing a comprehensive explanation of how such a differential shaped the construction of performance reports.

With respect to who reported performance information externally, the present study found that, while it was reported by officers at most levels; there were significant

differences in who reported what. Reporting to the Uniting Church was almost entirely the responsibility of the Board, compliance was mainly the responsibility of the Executive, but, with respect to some financial reporting matters, the Board took responsibility. Accreditation was the responsibility of executives, while performance against contractual requirements was largely reported by managers, and, in some instances, team leaders. The literature is silent on this issue.

The present study also highlighted the balance between financial and non-financial performance reports in a way that has hitherto not been done. While the literature has acknowledged that financial resources can be viewed as either an enabler or a constraint (Kaplan, 2001), the present study showed that, with the parallel reporting of both financial and non-financial performance information, both views could be held simultaneously. However, the present study also noted a further aspect of such performance reporting that has hitherto not been noted in the literature, which is that, in a general, but nonetheless meaningful way, financial variance analysis of service expenditure was taken as an indicator of non-financial performance, since the aim of the organisation was to maximise service provision within a given budget. On the contrary, with respect to for-profit organisations, it is well established that financial indicators can be interpreted as leading indicators of financial performance (cf. Kaplan and Norton, 1996). The approach to budgeting observed in the present study was also not previously reported. It was shown that budgets were never considered to be just about finance; rather they were seen as an expression of organisational priorities, i.e. non-financial objectives.

The finding of the present study concerning the ways in which performance reports were used to acquit an accountability to the auspicing church; i.e. that ex post formal reporting was secondary to ex ante informal means; also provide a significant contribution to the literature.  Despite the broad acknowledgement in the literature that many CWOs have such affiliations (cf. IC 1995), the literature is silent on reporting the performance of CWOs to their auspicing churches.

## 11.4: THE IMPERATIVES FOR PERFORMANCE REPORTING BY A CWO

In finding that performance reporting was undertaken in response to both internal as well as external imperatives, the present study confirmed the work of Cairns et al. (2005). However, the prior literature is ambivalent on the question of whether mandatory or voluntary imperatives were stronger. For example, the Canadian study by Hall et al. (2002) found that voluntary imperatives for performance reporting were strong; while the British study by Cairns et al (2005) of the deployment of TQM systems in UK charities found only that only powerful mandatory imperatives operated.  In contrast to such work, the present study found both voluntary and mandatory imperatives to be highly significant. Furthermore, the present study also established powerful linkages between internal and external imperatives, resulting in the overall finding that, at a fundamental level, performance reporting in the case organisation was largely the strategic response of a voluntary organisation that operated in a highly regulated field. No such finding has been reported in the literature.

With respect to internal imperatives the present study confirmed that performance reporting was deployed to ensure the organisation was faithful to its mission (Lindberg, 2001; Zimmerman and Stevens, 2006); to ascertain whether the organisation was making a difference (Zimmerman and Stevens, 2006; Fine, Thayer and Coghlan: 2000); Zimmerman and Stevens, 2006); to enhance strategic planning (Cutt et al., 1996; Fine, Thayer and Coghlan, 2000); to be able to demonstrate, rather than assert, effective performance and accountability (Kanter and Summers, 1987; Edwards and Hulme, 1996a; Najam, 1996; Lindberg, 2001); to improve decision- making and improve services (Talbot and Sharp, 1994; Paton and Payne, 1998; Stone and Cuther-Gershenfeld, 2001); to provide the best service to clients (Fine, Thayer and Coghlan, 2000; Cairns et al., 2005); and to promote organisational learning (Paton and Payne, 1998; Buckmaster, 1999a). However, by highlighting that performance reporting was viewed by organisational participants as a 'moral' issue, the present study adds to our understanding of the importance of organisational culture in CWOs. In finding that performance reporting was essentially a strategic response, the present study was consistent the survey finding by Cairns et al. (2005) that performance reporting was a response to a turbulent environment and could be used to guide organisational development.

By examining the imperatives for the deployment of a whole of organisation performance measurement system (the OPMS Report), the present study also confirmed Manville's (2007) finding that a Balanced Scorecard was introduced, inter alia, to deal more efficiently with information that was collated in an ad hoc manner, in particular because the organisation had recently experienced considerable growth. However, the

present study contributes to the literature in finding that one significant imperative for deploying whole of organisation performance reporting was as a counter to the myriad external influences on management and staff to focus only on a specific programme, and its clients, funder and or regulators.

The present research also exemplified the findings of studies such as those by Taylor and Summiwarilla (1996), Hall et al. (2002), and Harris et al (2005) that it was larger, better resourced CWOs that were more likely to deploy more, and better, performance reporting tools. As such, it provided a single case example of the findings of IC (1995); Paton and Payne (1998); Jolley (1999); and AIHW (2000a and 2000b) that organisational size and financial position were drivers of performance reporting in charities.

With respect to external imperatives, the present study confirmed the findings of the prior literature that performance reporting was deployed in order to acquit accountability in general (AAA, 1989; Talbot and Sharp, 1994; Paton and Payne, 1998; Stone and Cutcher-Gershenfeld, 2001); to acquit accountability to funders (Brace et al., 1980; Fine, Thayer and Coghlan , 2000; Stone and Cutcher-Gershenfeld, 2001); to meet the requirements of regulators (Brace et al., 1980; AAA, 1989; Jolley, 1999; and AIHW, 2000a and 2000b), in response to pressures from regulators to demonstrate continuous improvement (Manville, 2007); to report performance to funders to enhance legitimacy (Paton and Payne, 1998); to allow comparisons between charities (Paton and Payne, 1998); in response to the influence of professional bodies (Brace et al., 1980; Au, 1996); the increased professionalisation of social work (Au, 1996); increasing responsibilities of

directors of not-for-profit entities members (Hubbard, 2003); and a general increase in the importance of accountability across society (Fine et al., 2000). It confirmed also the finding of Cairns et al., (2005) that performance reporting was introduced, inter alia, in anticipation of future pressure.

The present study also confirmed findings of Cutt and Murray (2000), Murray (2005), and Cairns et al., (2005) that, in recent years, there have been increased demands for accountability from government funders, other external stakeholders and CWOs, and across society as a whole. In particular, its findings are consistent with the general shift towards the use of output and outcome measures, particularly because of their use in service contracts that has been cited as an imperative for performance reporting by Stone and Cutcher-Gershenfeld (2001). The literature has also evidenced the importance of resource dependency as an imperative for performance reporting (cf. Jeavons (2005). While the present study has confirmed the powerful influences of government funders in setting performance reporting requirements, it also demonstrated the importance of organisational independence and sustainability in countering any undue effects of such influences.

The present study also exemplifies the literature that has shown that, during the 1990s, CWOs turned to traditional business models to improve efficiency and effectiveness (Sawhill and Williamson, 2001; Lindberg, 2001; Cairns et al., 2005); and to incorporate the formal rationalities of accountancy in board deliberations (Parker, 2003). Structural changes in the funding of welfare services, which have led to competition between

CWOs for scarce donor resources have also been noted as drivers for welfare agencies to demonstrate greater accountability and programme impact (Lindberg 2001).

## 11.5: FACTORS THAT SHAPED THE CONSTRUCTION OF THE PERFORMANCE REPORTS OF A CWO

By finding that performance reporting was shaped by the prior ideologies of key decision-makers and organisational culture and values, the present study confirmed the literature that deals with broader issues of management of faith-based organisations. Jeavons (1993), for example, notes the fundamental importance of the ideology brought by those who hold a faith in that it fundamentally alters the processes of management because involvement in the organisation is a matter of profound ontological importance. That is, what is done is undertaken not just in response to social need, but as an expression of what it means to be human. Organisational performance is thus not merely about what one does, but (critically) also about the way one does it. In particular, Jeavons (1993) notes that effectiveness can be undermined by a focus on mere efficiency.

In finding that, at a fundamental level, organisational values and culture were significant drivers of performance reporting, the present study confirmed the work of writers who have noted the importance of personal values as a driver of performance reporting, which has been embedded in the concept of "felt responsibility" (Najam, 1996; Edwards and Hulme, 1996; Ebrahim, 2003): a broad concept of accountability, not only upward to funders and regulators, but laterally to internal and external stakeholders; and downward to clients. The concept of "felt responsibility" was exemplified in the range of voluntary,

internal performance reports developed by the organisation, including the specific area reports that were developed by managers and team leaders and the acquittal of accountability to the auspicing church.

The analysis of organisational culture, in Section 10.3.2, confirmed the observation by Steane (1999, p.196) who noted the propensity of values to "sanction or preclude policy action". Certainly, the present study offers a significant body of evidence (Chapter 9) of the operation of an expressive organisational culture that had subsumed the calculable rationality of contemporary best practice performance reporting practices. The importance of culture and values in effecting strategic management has been widely established (cf. Johnson and Scholes, 1993; Mintzberg, 1994; Wheelan and Hunger, 2000). However, their role is held to be far more significant in not-for-profit organisations (cf. Jeavons, 1993; Nygren et al., 1994; Mason, 1996; Steane, 1999). Indeed, it has been argued that it is the prevalence of (expressive) values that distinguish CWOs from entities in other sectors (Jeavons, 1994; Steane, 1999). The Industry Commission (1995) acknowledged the importance to CWOs of organisational culture and values, noting that CWOs, in general, espoused such notions as citizens taking responsibility for their communities, a concept that has been noted, in the present study, to underpin the case organisation's proactive approach to developing the range of voluntary performance reporting tools and processes that it did.

The finding of the present study, that  use of performance reports, can, in part, be attributed to the case organisation's progressive character confirms  the observation of

Sawhill and Williams (2001) who noted that the sort of KPIs used by the American Red Cross could be attributed to its character as a well managed, "cutting edge" organisation.

The present study also identified the ways in which senior officers of the organisation worked through intra-organisational political processes as an important influence on the construction of performance reports. This analysis was undertaken first in Section 9.3, and further developed in Section 10.3.3. While aspects of this analysis confirmed the prior literature, the overall explanation of the ways in which performance reporting was shaped by the sharing of governance and control roles by board members and executives makes a sound contribution to the literature. The strategic management literature offers a wide range of models of Board/ Executive interaction. Wheelan and Hunger (2000), for example, note a continuum of board involvement, ranging from the 'phantom', which has almost no involvement in the organisation, to 'catalyst', which has very high involvement. A similar variation has been noted in relation to not-for-profit organisations (Cornforth and Edwards, 1999). Furthermore, it has been noted that the greater complexity of not-for-profit organisational forms has yielded a commensurately more intricate pattern of interrelationships between board members and executives than found in the private sector (cf. Cornforth and Edwards, 1999; IOG, 2000). Within the literature on not-for-profit governance, various approaches have been taken. Compare for example, the study by Cornforth and Edwards (1999), which employed Dulewicz, McMilan and Herbert's (1995) framework that did not consider commitment and values of board members, with Miller's (2002) study that acknowledged a general congruence of interests between board members and executives not-for-profit organisations, largely

due to the operation of a shared commitment to the organisation. Not surprisingly, the former countenanced the application of agency theory (Jensen and Meckling, 1976) in not-for-profit governance studies; while the latter roundly demonstrated its inapplicability. Harrow and Palmer's (2003) study of financial decision-making also noted the heterogeneity of the charity sector, and thus difficulties in determining "standardised" board practices. However, that study accommodates agency theory. While it noted the importance of trust (and hence the application of stewardship theory) between board members and senior managers; it also emphasised the importance of regulation in shaping board practices, consequently highlighting its role as an "agent" of the broad community (as "principal"). Notably, Harrow and Palmer (2003) consider the situation in England and Wales, where charities are subject to significantly more regulation through the Charities Commission of England and Wales, than Australian CWOs. The present study, in establishing the importance of a shared commitment to organisational success (Section 9.3) eschews the usefulness of agency theory in understanding performance reporting by CWOs. Rather, it accords with a stewardship view by demonstrating that the purposefulness of the organisation's senior officers, and the trust between them was paramount in explaining the development and use of performance reports. Such findings are also consistent with those of Edwards and Cornforth (2003) who concluded that the strategic contributions of boards are shaped not only by the regulatory environment, but also by the particular history of governance and the orientation and competencies of board members. As such, this thesis contributes to the literature by providing a comprehensive explanation of this important factor that shaped the construction of performance reports.

The present study also found that the active approach to strategic issues diagnosis significantly influenced the shape of performance reporting since good quality performance information was heavily sought by organisational participants as an input to decision-making and to evaluate past decisions. The literature dealing with performance reporting in CWOs is silent on this issue.

The findings of the present study with respect to the organisation's approach to the implementation of the Australian Business Excellence Foundation model of quality management, which emphasised a 'bottom up' approach, was in accordance with the finding by Cairns et al. (2005), who reported that respondents in their study of quality management in CWOs emphasised the importance of linking management policies and processes with direct service delivery. Furthermore, the finding of the present study that informants identified the ability of quality management systems to promote self reflection and organisational learning as a key benefit of implementation confirmed the finding of Cairns et al. (2005).

The present study found that the ideas and practices brought into the organisation by non-executive board members were important influences on performance reporting. While such practices have been noted in the literature with respect to not-for-profit professional service organisations (cf. Parker, 2007); it has been suggested that, little is known about the process of adoption of performance reporting practices developed in the private sector to CWOs (Cairns et al., 2005). However, one writer who does offer an analysis of the adoption of private (and public) sector performance evaluation and reporting tools in a

CWO is Lindberg (2001). His analysis highlights the adaptability of strategic management tools to organisations in which not only is efficiency important, but also of importance are the ways (i.e. values expressive) in which processes are undertaken. Merely attempting to "do good" is considered insufficient: CWOs must also "do well" (Kanter and Summers, 1987). However, the importance of personal sponsorship (championing) to the spread of total quality management systems through the private sector has been noted (Cairns et al., 2005). In the present study, there was strong evidence of the importance of championing, particularly by the Chair of the Board with respect to direct accountability reporting of executives to the Board, the use of KPIs in monitoring service effort, and also the deployment of a whole of organisation performance reporting tool, the OPMS report. non-executive board members also influenced the shape of performance reporting by emphasising the importance of defining performance, inter alia, with respect to organisational values; direct accountability reporting of executive managers to the Board. Not only were such influences noted in the present study, but the research ventured into hitherto unexplored territory by offering an explanation of <u>how</u> the influences of non-executive board members were exerted. A further important contribution to the literature is that, in contrast to Cairns et al., 2005), who suggested that the voluntary uptake of private sector performance reporting practices were largely responses to institutional pressures (i.e. legitimacy seeking behaviours, and/or anticipating future external pressures), the present study found that the uptake of such practices was a heart-felt response to do the best possible for clients, and to adopt a professional approach to ensuring that this was achieved efficiently and effectively.

Within the    more general strategic management literature, the importance of understanding the role of the personal values of key decision-makers has been well recognised  (cf. Andrews, 1971; Hambrick and Finkelstein, 1987; Bluedorn, Cartwright, Johnson and Barringer, 1994). Furthermore, writers such as Barnard (1938), Deal and Kennedy (1982) and Peters and Waterman (1987) all point out the importance of Senior Officers' personal values in shaping organisational culture. Evidence from the present study affirmed such observations, since the prior ideology of key decision- makers was found to  further influence the development and deployment of performance reporting by the organisation, indirectly, through its contribution to the inculcation of an overall organisational culture.

In finding that performance reporting was significantly shaped by  direct external influences, the present study  is consistent with  scholars such as Cutt et al. (1996); Fine et al. (2000) and Cairns et al. (2005) who have noted  the significant influences exerted by funding agencies, accreditation agencies and regulators. In the present study, some external factors were separately identified, such as those under the four heads of authority: compliance, accreditation, contract and auspices. However, some operated at a more general level, such as the professionalisation of the welfare profession, increasing standards of accountability in society, and higher expectations on the duties of directors. Furthermore, there is nothing in the literature on CWOs about them actively influencing the reporting requirements that are imposed on them, as was (albeit in a modest, but nonetheless important way) found in the present study.  Furthermore, the indirect external influences on performance reporting noted in the present study, such as the recent

changes in the ways welfare services were funded, were shown to have led to a higher number of more highly specified programmes that consequently required another level of management oversight within the organisation, and hence the use of more, and narrowly focussed performance reports, has not hitherto been reported. Nor have the complexities of the relationship between CWOs and the state been explored in the literature, as it has in the present study, which identified the system of co-responsibility as a foundational influence on performance reporting by CWOs. Overall, the present study provides robust, and extensive evidence of the suggestion by Cairns et al. (2005, p. 140), that performance reporting is influenced by "a complex mixture of mandatory and voluntary, internal and external factors".

## 11.6: CONTRIBUTIONS TO KNOWLEDGE

### 11.6.1: The Empirical Findings

This thesis provides an important contribution to knowledge concerning a relatively under-researched practice. It confirms some findings of a wide range of mainly survey based observations concerning the nature and usage, and reasons for deployment, of performance reports by CWOs with evidence from a single organisation case study. In doing so, it provides a deeper understanding of the processes of performance reporting by CWOs. The study also contradicts some previously observed aspects of performance reporting. In addition, it explains some aspects of performance reporting by CWOs that have not previously been reported.

**11.6.2: Outlining Extant Practice**

As the first comprehensive Australian research on the subject, the thesis makes a contribution to knowledge by outlining extant practice in that it provides sound empirical evidence of the salient features of performance reporting by a CWO. These are:

a. Performance reporting was extensive (a full inventory of performance reports used by the case organisation is presented in Appendix 5).

b. Performance reporting at senior levels of the organisation was highly detailed.

c. Performance reports were often multi-faceted, capturing multiple dimensions of performance.

d. There was a significant level of contemporaneous reporting, such that board members and executives received largely the same performance reports.

e. Performance reporting was both voluntary and mandatory.

f. Considerable internal use made of information that was, in the first instance, captured for inclusion in mandatory performance reports.

g. In (albeit modest) ways, organisational participants exerted influence on some mandatory performance reporting requirements.

h. Financial variance analysis of monthly operating reports included the highlighting unspent government subsidies in order to maximise the utility of the organisation's privately generated funds.

i. Financial and non-financial performance were considered in parallel, with both as necessary, but neither as individually sufficient, objectives.

j.  In one respect, however, financial performance reports provided indicators of non-financial performance. Related to this, budgets were considered not merely financial management tools, but as expressions of strategic priority.

k.  Image management was undertaken in order to optimise financial support for the organisation.

l.  In the acquittal of accountability to the auspicing church, formal ex post reporting was subsumed within informal ex ante process.

**11.6.3: Providing an In-Depth Explanation of the Process of Performance Reporting**

The analysis and interpretation undertaken in the present study yielded a comprehensive analysis of the research problem.  In particular, the following explanations emerged from the data:

a.  Performance reporting was an essentially strategic response of an independent organisation voluntarily operating in a highly regulated field**.**

b.  As such, six broad imperatives for performance reporting were identified:

(1) As a well resourced, one-hundred-year old organisation that voluntarily assumed a responsibility to serve the community, the organisation pursued a clear strategic plan for which it required performance reports in order to know how effectively it was targeting its resources and responding to need; and to pursue strategies of evidence based programme development and advocacy, sector leadership, and independence and sustainability.

(2) Performance reports were required to effect organisational governance and control in what was a large, diverse organisation. As such, one key reason for undertaking whole of organisation performance reporting was as a means of combating the insularity of perspective that sometimes developed amongst programme staff, due to programme heterogeneity and funder specialisation.

(3) To meet its obligations in the highly regulated Australian welfare state, the organisation was required to report its performance in ways that were imposed on it by a range of external parties. Four heads of authority were identified: compliance, accreditation contract and church auspices. Of particular note, was the organisation's uptake of the Australian Business Excellence Framework, (and the Organisational Performance Measurement System as a means of monitoring improvement) in response to the multitude of overlapping, externally imposed accreditation requirements.

(4) Increasingly higher community expectations concerning accountability, and more onerous common law duties of directors, required the greater performance reporting.

c. Performance reports were shaped by a range of interrelated factors:

(1) The prior ideologies of the key decision-makers was such that they required information not only about the level of service output, but, equally importantly, about the ways in which programmes were delivered. Thus

performance was considered to be multi-dimensional, and reporting was multi-faceted.

(2) Prior ideology also impelled the consensus oriented, participatory communication style that resulted in cross membership of key decision-making forums and contemporaneous (parallel) reporting performance information.

(3) In particular, the influence of prior ideology was very strong in shaping the ways in which the organisation acquitted its accountability to the Uniting Church. That is, informal, ex ante mechanisms far outweighed the importance of formal, ex post reports.

(4) Church auspices was a significant influence on the organisation's governance practices. In particular, the approach to board composition, and the shared commitment to the organisation of board members and executives, led to a sharing of roles between the Board and the Executive. The working through of intra-organisational political processes generated considerable performance reporting requirements, which were met through parallel reporting of multi-faceted performance reporting. A major consequence of such sharing of governance and control functions was the  differential in the siting of performance evaluation and thus was a marked differential in the locus of performance reporting, whereby the organisation's resourcing effort was

largely a matter for the Board, while service performance was largely a matter for the Executive.

(5) Organisational culture, (which was influenced by the prior ideology of key decision-makers), also influenced the construction of performance reporting in that it elevated in importance, the processes by which programmes were delivered and decisions made. Furthermore, value congruence, as such, was reported as an indicator of performance.

(6) Throughout the organisation, the operation of an active approach to strategic issue diagnosis required high levels of information as an input into decision-making, thus significantly influencing the range and frequency of routine performance reporting; and also the volume and depth of ad hoc performance reporting.

(7) The management philosophy, which encouraged participation, support for staff, and consensus decision- making influenced performance reporting by promoting contextualised reports that included a high level of narrative, and also, as mentioned above, parallel reporting of performance.

(8) The salient organisational characteristics of size, scale and diversity of operations, organisational structure, and management philosophy had

profound influences on performance reporting. The size of the organisation and the scale of operations, and attendant organisational structure, required the deployment of formal, routine performance reports.

(9) Furthermore, the diversity of operations limited the prospect for summarisation and aggregation of performance information with the consequence that quite detailed performance reports to senior officers of the organisation were necessarily detailed.

(10) The organisation's environmental strategy, which included the provision of quality services and community strengthening, ensuring organisational sustainability, the practice of evidence based advocacy and programme development, and holding a leadership position within the community welfare sector significantly influenced the construction of performance reports in that it required the adoption of contemporary bets practice.

(11) The relationships between organisational agents and the environment, both direct and networked, were also shown to have shaped the construction of performance reports. For example, board members introduced practices such as direct accountability reporting by executives to the Board.

(12) Recent changes in the ways welfare services were funded were shown to have led to a higher number of more highly specified programmes.

Consequently, this required another level of management oversight within the organisation, and hence the use of more, and narrowly focussed performance reports.

(13)   The requirements of external parties: regulators, funders and the auspicing church were shown, in Chapter 8, to have influenced external performance reporting and also internal performance reporting, since some performance information that was required to be reported by external parties, was also used internally.

Thus this thesis posited an overall performance reporting system that comprised two distinct but related frameworks: a voluntary performance reporting framework, and a mandatory performance reporting framework. The voluntary framework comprised three elements: a system of financial performance reporting, a system of non-financial performance reporting, and a system of direct accountability reporting. The mandatory performance reporting framework comprised performance reports that arose under four distinct heads of authority: compliance, accreditation, service contract and church auspices

## 11.6.4: The Application of Strategic Choice Theory to the Study of CWOs

By successfully applying Strategic Choice Theory to the subject of performance reporting by a CWO, the thesis validates Child's (1997) suggestion that Strategic Choice Theory may be particularly apposite for the study of organisational behavior in such

organisations. The success of the application of Strategic Choice Theory in the present study is evidenced by the very neat fit of the (comprehensive) empirical findings to the model posited by Child (1972; 1997)[12]. That is, all the empirical findings on the case organisation and the context within which it operated, which were presented in Chapter 4; together with the findings on nature, use of, and imperatives for each of the case organisation's performance reports, which were presented in Chapters 5 to 8; and the further analysis presented in Chapter 9; were integrated within the explanation of the development and deployment of performance reports that was presented in Chapter 10. Conversely, with the one exception noted in Section 10.3.5, the basic tenets of Strategic Choice Theory, as modeled by Child (1997), were fulsomely exemplified by the data. Furthermore, the analysis in Chapter 10, explained the inter-relationships between key tenets of Strategic Choice Theory, such as prior ideology of key decision-makers, organisational culture, inter organisational political processes and key strategic initiatives such as independence and sustainability. As such, this thesis makes a sound contribution to knowledge by  bringing together, in a coherent explanation, the major influences on performance reporting in a CWO.

## 11.7: LIMITATIONS OF THE PRESENT STUDY

As a study grounded in the extant literature, the research sights for the present study were calibrated against a relatively undeveloped body of work. That is, while, as noted in Chapter 2, the literature on the subject of performance reporting by CWOs is growing,

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[12] While Child's (1997) model was adapted in the present study to deal with a specific aspect of organisational behaviour, the model so used incorporated all of Child's basic concepts in the way first posited as a comparison of Figures 3.1 and Figure 10.1 demonstrate.

and includes some useful empirical surveys together with a number of small case studies that concern the deployment of specific performance reporting tools; it lacks explanation and analysis. Furthermore, there were no comprehensive Australian academic studies of the subject. Thus, in conducting the present study, the research net was cast necessarily wide, such that a fairly broad set of basic questions were addressed. Given the extensive range of performance reports encountered, and the integrated deployment of such, further studies may begin from a higher level of understanding and seek to explore more specific questions. In particular, since the focus of the present study was on the systems of accountability that were in use (what performance reports were used, why they were used, the reasons for such usage, and the factors that shaped their construction) it did not address the processes of negotiation that were inherent in their development. The analysis of such negotiations could be undertaken in future research.

## 11.8: SUGGESTIONS FOR FURTHER RESEARCH

Specific issues that arise from the findings of this thesis, which could lead to the development of useful research questions, are listed below.

1) The mainly informal ex ante means of acquitting accountability to the auspicing church can be characterised as a system based on shared culture. It would be useful to explore the extent to which this modus operandi was a product of Uniting Church agencies, or, indeed, was applied in church auspiced CWOs of other denominations. Furthermore, such an approach can be contrasted with the presumption of enlightened self interest that underpins approaches to

organisational governance that are based on agency theory. While the appropriateness of agency theory to the study of organisational governance in CWOs has been challenged (cf. Miller, 2003); others (cf. Palmer and Harrow, 2003) continue to apply it.

2) While the present study sought to explain the development and deployment of performance reporting from the perspective of a CWO, the existence of a system of co-responsibility for welfare provision and the considerable inter-relationships between the organisation and entities in the environment suggest a number of useful research questions. For example, (1) What is the extent, across the sector, of the use of mandatory performance reports within CWOs? And (2) how much influence do CWOs exert on the accountability requirements developed by funders and regulators of CWOs?

3) Following from those two specific questions, a more general study of the importance of organisational independence on accountability warrants further attention, given the pervasive (but generally implicit) emphasis in the literature on accountability by CWOs for what they receive from government funders. In particular, the question of how organisations such as the case organisation in this study, which have no broad membership (constituency), acquit a broad public accountability warrants attention.

4) This thesis found that image management was practised in order to optimise financial support for the organisation. Given the increasing interest in accountability by not-for-profit organisations, research on the nature and extent of this practice is warranted.

5) This thesis has concluded that the values and organisational culture due to Uniting Church auspices contributed to a particular style of communication and decision-making. However, given the prevalence of women in senior roles in the case organisation, and CWOs generally, an investigation of the influence of gender on accountability and governance may be useful.

6) The study found significant evidence that key decision-makers considered performance reports within parallel frames of reference: those grounded in faith, values, and organisational traditions; and those grounded in contemporary best practice. As such, the organisation displayed the characteristics of both a voluntary association and a professional bureaucracy (Kramer, 1979; Billis, 1993). Further research on how individuals combine such frames of reference in using performance reports would be useful.

7) As noted above, future research may also usefully include the analysis of the processes of negotiation that are undertaken in developing and deploying performance reports.

**11.9: CONCLUSIONS**

In conclusion, five issues are addressed: (1) the degree to which major findings of the thesis have addressed the research problem; (2) the adequacy with which the thesis has addressed the lacuna in the literature; (3) policy implications of the present study; (4) the applicability of Strategic Choice Theory for the study of CWOs; and (5) insights into the key tenets of Strategic Choice Theory.

This study set out to explain the development and deployment of performance reporting in a single organisation. In doing so, it used a methodology that could contribute to a more general understanding of performance reporting by CWOs. Four specific research questions were addressed, the findings on which showed performance reporting to be extensive, comprising both voluntary and mandatory reporting of financial and non-financial information that captured information about all aspects of the organisation's performance. The dominant theme that emerged from the data, and around which this thesis is built, is the dialectic between the purposive approach of key decision-makers in a voluntary organisation and the requirements of a highly regulated, mixed economy for welfare. Through a rigorous approach to research design, the present study has comprehensively addressed the research problem. In doing so, it adds to the sum of knowledge concerning performance reporting in CWOs by elucidating extant practice and explaining the complex interaction of major influences on the development and deployment of performance reporting by CWOs.

The lacuna in the literature that this study attempted to address concerned the processes by which CWOs undertook performance reporting; i.e. how they use performance reports, why they use them, and what factors shape their construction. This was considered to be particularly important because while scholars noted a growing body of (mainly) survey work on the question of performance reporting by CWOs, they also noted that there was little explanation of how and why performance reports were developed and deployed by CWOs. It is suggested that the present thesis makes a sound contribution to our understanding of these issues by drawing together,

within the framework offered by Strategic Choice Theory, comprehensive empirical data. In particular, it has explained the importance of a wide range of factors, each of which, in its own right, influenced the development and deployment of performance reporting, but, when integrated, the thesis provides a comprehensive analysis of this issue.

The policy implications of the performance reporting regime found in the case organisation were threefold: (1) performance reporting is inevitably very detailed; (2) there is a need to minimize duplication of mandatory performance requirements; and (3) the use of performance reports requires considerable interpretation and balance. That performance reports to senior officers will be necessarily detailed, with summarisation and aggregation of data difficult to achieve, stems from the nature of CWOs and what they do. Three specific reasons for more detailed performance reporting are noted: (a) as noted in Chapter 4, CWOs generally operate in a number of fields and provide a range of services, with the case organisation providing fifty-three services across eight fields; (b)

government policy has induced specialisation of services and an overall increase in the number of programmes offered; and (c) organisational strategies of evidence based advocacy and programme development, organisational independence and sustainability and more onerous responsibilities in organisational governance.

While the organisation, and others in the welfare sector, are putting considerable effort into developing performance reports, and attempting to establish meaningful quantitative indicators, the nature of the work undertaken by CWOs, the values based

approaches of those who govern and manage such organisations, the wide range of stakeholder needs, and the contested domain in which CWOs operate, mean that that performance reporting will inevitably be a necessary, but not sufficient, input for decision-making, since there is a need to balance policy, practical, and financial interests. Furthermore, the system of co-responsibility, the extensive networking within the welfare sector, and the recent emphasis on performance reporting, suggests that further research in this field will facilitate meaningful development of policy in this important domain of social activity.

The findings of the present study also provide insight into understandings of the key elements of Strategic Choice Theory. As noted in Chapter 10, Strategic Choice Theory rests on three major propositions concerning organisational behavior. These are that to understand organisational behavior, we need to consider the strategic choices of key decision-makers, environmental influences, and the relationships between key decision-

makers and the environment. In the present thesis, the applicability of these major propositions was clearly evidenced. However, Strategic Choice Theory also rests on what might be termed a set of minor propositions. For example, the major proposition that the purposeful choices of key decision-makers is a key factor in explaining organisational behaviour, requires consideration of the minor propositions concerning organisational values and culture, intra-organisational political processes, strategic issues diagnosis, and information deficiencies. (These factors are shown as points 1 to 4 in Box B "The Nature of Agency and Choice" in Figure 10.1.) The analysis in Chapter 10 provided further insight into the application of Strategic Choice Theory by demonstrating significant inter-relationships between a number of minor propositions. It was shown that there was a significant link between the prior ideologies of key decision-makers and organisational culture and values, since, in the first place, key decision-makers were (largely) attracted to the organisation because of its values and traditions. Once there, they assumed responsibilities in maintaining that culture and working from a base built on those traditions. Furthermore, the shared personal values and commitment to the organisation's objectives of key decision-makers were shown to have been major influences on the working through of intra-organisational political processes. Importantly, the active approach to strategic issues diagnosis, which was also demonstrated to be a significant influence on performance reporting, was a consequence of the structural, practical and cultural influences of the organisation's Uniting Church auspices. This, in turn, is related to the Christian faith (qua ideology) of board members. It was also shown that the organisation's environmental strategy was grounded in organisational values and traditions.

Overall, this thesis has presented a comprehensive analysis of how a progressive CWO determines how effectively it achieves its mission. The analysis commenced by outlining the case organisation within its historical and social context. In doing so, it demonstrated a marked parallel between the development of the organisation and the development of the Australian welfare sector. Consequently, the generalisability of explanations is enhanced. The analysis then developed though four further stages: (1) the presentation of well grounded empirics; (2) the establishment of a sound framework for classification; (3) eliciting common threads; and (4) an holistic explanation through the perspective of Strategic Choice Theory. As such, the thesis roundly addresses the lacuna identified in Chapter 1, which was to explain the processes by which CWOs develop and use performance reports. However, CWOs are complex organisations, that operate in complex environments. And so it is, that while the thesis confirms some prior observations and offers new ones; it is in bringing together a wide range of detailed empirical findings within a clear framework of analysis to provide a comprehensive explanation of the performance reporting in a CWO that the thesis makes a useful contribution to knowledge.

**APPENDIX 1: DEFINITION OF A COMMUNITY WELFARE ORGANISATION**

In thi s the sis, the t erm Community W elfare O rganisation i s d efined according t o t he definition given by the Industry Commission of Inquiry into Charitable Organisations in Australia ( 1995) t o the term C ommunity S ocial Welfare O rganisation. Both terms a re used s ynonymously w ith t he t erms c harity and c haritable o rganisation. The t erm Community W elfare Organisation is preferred to the term Community W elfare Service Organisation since the latter term was used only by the Industry Commission, whereas the te rm C ommunity Welfare O rganisation is us ed more w idely. According t o t he Industry C ommission ( 1995, p. x iii), C ommunity Social W elfare Organisations w ere defined as:

a. Non-government e stablishments, or ganisations, associations or tr usts th at a re primarily established ot herwise t han f or t he p urpose of or be nefit t o t he individual members of the organisations, and the principal objects or purposes of which are charitable or benevolent, and which provide any of the following:

    i. welfare services, including income support and the provision of clothing, goods and food;

    ii. community services, such as care in people's homes or community centres provided to frail older people, younger people with a disability, and those requiring post acute or palliative care;

    iii. accommodation services, such as em ergency s helters and hostels, and homes for children, frail older people, or people with disabilities;

    iv. nursing or convalescent homes, drug referral and rehabilitation, and blood transfusion s ervices; ( v) e mployment a nd t raining s ervices for t he unemployed and people with disabilities;

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v.   advocacy, referral, counselling and legal services; and

vi.   emergency and development assistance overseas;

b.   any business owned by those organisations covered in paragraph 2 (a) above;

c.   peak bodies which represent organisations covered in paragraph 2 (a) above; and

d.   any establishments or companies which provide fund raising services for welfare or charitable purposes.

## APPENDIX 2 LOG OF INTERVIEWS

| No. | Interviewee | Date | Purpose of Interview |
|---|---|---|---|
| 1 | EMR&D | 1/03/2002 | To understand PR at ACM. To get EMR&D's views on this |
| 2 | Data Officer | 8/03/2002 | To understand the TQM framework and the whole of org. PR |
| 3 | Fin. Man/ Sen.Acc | 11/03/2002 | To understand nature, role and purpose of budgets, and process |
| 4 | MoM | 13/03/2002 | Understand role of MoM and get his views on PR at ACM |
| 5 | CEO | 18/03/2002 | To get CEO's views on PR at ACM |
| 6 | EMHR | 22/03/2002 | To understand HR function and get EMHR's views on PR at ACM |
| 7 | CGM | 22/03/2002 | To understand C S function and to get GMCS's views on PR at ACM |
| 8 | GMS | 25&27/03/20002 | To understand the Services Function andt GMS's views on PR |
| 9 | EMR&D | 8/04/2002 | Follow up on PR issues at ACM |
| 10 | Manager CS | 24/06;1&19/07/02 | To understand CS and PR issues |
| 11 | Manager CSFOP | 25/06&03/07/2002 | To understand CSFOP and PR issues |
| 12 | Manager DS | 28/06&04/07/2002 | To understand DS and PR issues |
| 13 | Man'r Aldersgate | 01&05/07/2002 | To understand Aldersgate and PR issues |
| 14 | Manager Adult S | 02&09/07/2002 | To understand Adult Services and PR issues |
| 15 | Manager Adol. S | 25/07&29/072002 | To understand Adolescent Services and PR issues |
| 16 | Manager E&T | 2/08 &13/08/2002 | To understand Education and Training and PR issues |
| 17 | Manager NSS | 6/08 & 13/082002 | To understand Neighbourhood Support Services and PR issues |
| 18 | Manager FS | 17/10&15/10/2002 | To understand Family Services and PR issues |
| 19 | Finance Manager | 22/10/25/10/2002 | To understand Fin. Dept and PR issues/ To understand fin. man'ment |
| 20 | Manager A&C | 23/10/2002 | To understand Annual Report & broader A&C function |
| 21 | Board Member | 22/10&14/11/2002 | To understand role of Board and BM's approach to PR and Org. Gov. |
| 22 | Senior Accountant | 26&28/11/2002 | To understand financial management at ACM |
| 23 | Manager BD | 6&10/12/2002 | To understand Business Development Unit at ACM and PR issues |
| 24 | EMR&D | 6/12/2002 | Detail of the OPM system and devlopment of this |
| 25 | Manager Goodwill | 11/12/2002 | To understand Goodwill and PM issues |
| 26 | CGM | 10&17/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 27 | MoM | 12&20/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 28 | EMHR | 13&21&25/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 29 | CEO | 14&21&28/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 30 | GMS | 12&17&21/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 31 | EMR&D | 17/02/2003 | To discuss PR issues, particularly a whole of organisation approach |
| 32 | Manager SE | 3/03/2002 | To understand Social Enterprise and PR issues |
| 33 | Manager IS | 4/03/2002 | To understand Information Systems and PR issues |
| 34 | Board Member | 10/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 35 | Board Member | 14/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 36 | Board Member | 14/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 37 | Board Member | 19/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 38 | Board Member | 21/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 39 | Board Member | 25/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 40 | Chair of Board | 27/03/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| 41 | Board Member | 1/04/2003 | To understand role of Board and BM"s approach to PR and Org. Gov. |
| | | | |

**LEGEND FOR APPENDICES 2, 3 and 4**
ABEF: Australian Business Excellence Foundation; A & C: Advocacy and Communications; ACM: Adelaide Central Mission; Adol S: Aolescent Services; Adult S: Adult Services; AQC: Australian Quality Council; AQTF: Australian Quality Training Foundation; BD: Business Development; BM: Board Member; CEO: Chief Executive Officer; CGM: Corporate General Manager; CS: Community Services; CSFOP: Care Services for Older People; DHS: Department of Human Services;DS: Disability Services; E & T: Education and Training; EMHR: Executive Manager Human Resources; EMR&D: Executive Manager Research and Development; FF: Forsyth Foundation; Fin. Man: Finance Manager; FMS: Financial Management System; FS: Family Services; GMS: General Manager Services; GW: Goodwill; HACC: Home and Community Care; HR: Human resources; IS: Information Services; KPI: Key Performance Indicator; LISP: Low Income Supoport Programme; MoM: Minister of the Mission; NIDS: National Illicit Drig Strategy; NPV: Net Present Value; NSS: Neighbourhood Support Services; OH&S: Occupational Health and Safety; Org. Gov: Organisational Governance; OPM: Organisational Performance Measurement; PACM: Port Adelaide Central Mission; PIR: Perfromance Indicator Report; PR: Performance Reporting; RAC: Residential Aged Care; RTO: Registered Training Organisation; SBES: Small Busienss Emergency Service;SE: Social Enterprise; Sen. Acc: Senior Accountant; SM: Service Manager; UC: Uniting Church; WELL: Workplace English language and Literacy.

## APPENDIX 3 LOG OF OBSERVATIONS

| No | Meeting/ Event | Date | Purpose of Meeting/ Event |
|---|---|---|---|
| 1 | AQC: Data Collection | 02/26/02 | Facilitated session - Stage 1 data collection from team leaders: Deployment |
| 2 | Staff Meeting R&D | 03/04/02 | Monthly staff meeting |
| 3 | Lecture by EMR&D to Social Work Students | 04/08/02 | Outline of planning process at ACM |
| 4 | Staff Meeting R&D | 03/08/02 | Monthly staff meeting |
| 5 | Executive Meeting | 04/11/02 | Routine management |
| 6 | Managers Meeting | 04/15/02 | Routine information sharing and discussion |
| 7 | Executive Meeting | 04/24/02 | Routine management |
| 8 | Service Managers Meeting | 05/02/02 | Routine information sharing and and discussion |
| 9 | Board Meeting | 05/02/02 | Routine governance |
| 10 | Staff Meeting R&D | 05/06/02 | Monthly staff meeting |
| 11 | AQC- Facilitators meeting | 05/07/02 | Plan summary report of stage 1 and presentation of report to Executive |
| 12 | Managers Meeting | 05/15/02 | Routine information sharing and discussion |
| 13 | AQC- Presentation to | 05/17/02 | Presentation of summary of stage 1 to Executive |
| 14 | PIR: Discussion of Issues | 05/21/02 | To discuss issues of concern with service managers |
| 15 | Executive Meeting | 05/23/02 | Routine management |
| 16 | Board Meeting | 05/30/02 | Routine governance |
| 17 | Leadership Day | 05/31/02 | Develop leadership skills/ Discuss New Initiatives |
| 18 | Service Managers Meeting | 06/06/02 | Routine information sharing and and discussion |
| 19 | Executive Meeting | 06/13/02 | Routine management |
| 20 | Managers Meeting | 06/19/02 | Routine information sharing and discussion |
| 21 | Working Party AQC | 06/19/02 | Plan next stage of AQC implementation (EMR&D and Data Officer) |
| 22 | Executive Meeting | 06/27/02 | Routine management |
| 23 | Board Meeting | 06/27/02 | Routine governance |
| 24 | Staff Meeting R&D | 07/01/02 | Monthly staff meeting |
| 25 | Service Managers Meeting | 07/04/02 | Routine information sharing and and discussion |
| 26 | Managers Meeting | 07/16/02 | Routine information sharing and discussion |
| 27 | Working Party Financial Management | 07/17/02 | Sort out revenue recognition rules and reporting undpent subsidies |
| 28 | AQC Implementation Executive & Quality Team | 07/17/02 | Ratification of summary and action plan for next phase of AQC implementation |
| 29 | AQC Quality Team meeting | 07/17/02 | Planning meeting for Quality Team - discussion of next phase of implementation |
| 30 | Working Party Financial Reporting | 07/23/02 | Discussion between Finance staff, MP and auitors of disclosure requirements |
| 31 | Executive Meeting | 07/25/02 | Routine management |
| 32 | Board Meeting | 07/25/02 | Routine governance |
| 33 | Working Party PIRs | 07/31/02 | Discussion on changing, developing and fine tuning KPIs for PIR |
| 34 | Community Services | 07/31/02 | Routine Governance |
| 35 | Service Managers Meeting | 08/01/02 | Routine information sharing and and discussion |
| 36 | Working Party PIRs | 08/07/02 | Discussion on changing, developing and fine tuning KPIs for PIR |
| 37 | Executive Meeting | 08/08/02 | Routine management |

| 38 | Ruby's Action Research | 08/07/02 | Action Research with parents of residents at Ruby's |
|---|---|---|---|
| 39 | Managers Meeting | 08/21/02 | Routine information sharing and discussion |
| 40 | Executive Meeting | 08/22/02 | Routine management |
| 41 | Board Meeting | 08/22/02 | Routine governance |
| 42 | Working Party NIDS Survey | 08/27/02 | Development of Client survey for evaluatiuon of NIDS programme |
| 43 | Leadership Day | 08/30/02 | GC by GS; Leadership;Progress from planning day, Achievments; Comm. Mapping |
| 44 | R and D Staff Meeting | 09/02/02 | Monthly staff meeting |
| 45 | Working Party Adol. Serv Evaluations | 09/02/02 | Planning session for work on evaluation osf some programmes. |
| 46 | Service Managers Meeting | 09/05/02 | Routine information sharing and and discussion |
| 47 | Finance Management Meeting | 09/10/02 | Weekly meeting on Financial Management |
| 48 | Executive Meeting | 09/12/02 | Routine management |
| 49 | Managers Meeting | 09/18/02 | Routine information sharing and discussion |
| 50 | Community Services | 09/25/02 | Routine Governance |
| 51 | Executive Meeting | 09/26/02 | Routine management |
| 52 | Board Meeting | 09/26/02 | Routine governance |
| 53 | Finance Management Meeting | 10/01/02 | Weekly meeting on Financial Management |
| 54 | Service Managers Meeting | 10/03/02 | Routine information sharing and and discussion |
| 55 | Working Party AQC | 10/08/02 | Discuss Plans for Implementation of AQC |
| 56 | Executive Meeting | 10/10/02 | Routine management |
| 57 | R and D Staff Meeting | 10/14/02 | Monthly staff meeting |
| 58 | Working Party - Annual | 10/15/02 | Go through Annual Accounts |
| 59 | Managers Meeting | 10/16/02 | Routine information sharing and discussion |
| 60 | Stewardship Meeting | 10/17/02 | |
| 61 | Executive Meeting | 10/24/02 | Routine management |
| 62 | Board Meeting | 10/24/02 | Routine governance |
| 63 | Finance Management Meeting | 10/29/02 | Weekly meeting on Financial Management |
| 64 | R & D Strategic planning | 11/05/02 | Preliminary Scanning Exercise for annual planning |
| 65 | Service Managers Meeting | 11/07/02 | Routine information sharing and and discussion |
| 66 | Working Party AQC | 11/18/02 | Planning for cycle 2 |
| 67 | Finance Management Meeting | 11/19/02 | Weekly meeting on Financial Management |
| 68 | Working Party PIRs | 08/07/02 | Discussion on changing, developing and fine tuning KPIs for PIR |
| 69 | Executive Meeting | 08/08/02 | Routine management |
| 70 | Ruby's Action Research | 08/07/02 | Action Research with parents of residents at Ruby's |
| 71 | Stewardship Commiteee | 11/25/02 | Bi-monthly meeting |
| 72 | AQC E&T Facilitated Sessions | 11/27/02 | Facilitated session on stage 1 summary |
| 73 | Executive Meeting | 11/28/02 | Routine management |
| 74 | Board Meeting | 11/28/02 | Routine governance |
| 75 | R and D Staff Meeting | 12/02/02 | Monthly staff meeting |
| 76 | Service Managers Meeting | 12/05/02 | Routine information sharing and and discussion |
| 77 | R and D Planning Meeting | 12/10/02 | Follow up from 5/11/2002 |
| 78 | Financial Management System Review | 12/11/02 | Meet with consultant re new financial management system (Meeting No.2) |
| 79 | Financial Management System Review | 11/01/02 | Meet with consultant re new financial management system (Meeting No.1) |
| 80 | Managers Meeting | 12/18/02 | Routine information sharing and discussion |

| 81 | Financial Management System Review | 12/18/02 | Meet with consultant re new financial management system (Meeting No.3) |
|---|---|---|---|
| 82 | Board Meeting | 12/19/02 | Routine governance |
| 83 | Managers Meeting | 01/15/03 | Routine information sharing and discussion |
| 84 | Financial Management System Review | 01/15/03 | Meet with consultant re new financial management system (Meeting No.4) |
| 85 | Finance Management Meeting | 01/21/03 | Weekly meeting on Financial Management |
| 86 | Executive Meeting | 01/23/03 | Routine management |
| 87 | Stewardship Commiteee | 01/28/03 | Bi-monthly meeting |
| 88 | Community Services | 01/29/03 | Routine Governance |
| 89 | Service Managers Meeting | 02/06/03 | Routine information sharing and and discussion |
| 90 | Executive Meeting | 02/13/03 | Routine management |
| 91 | Disability Services Planning | 02/18/03 | Planning Day for D S |
| 92 | Managers Meeting | 02/19/03 | Routine information sharing and discussion |
| 93 | Executive Meeting (Special) | 02/19/03 | Discuss proposals for Goodwill, Business dvelopment and Social Enterprise |
| 94 | LISP Planning Day | 02/24/03 | Planning day for LISP |
| 95 | Stewardship Commiteee | 02/24/03 | Bi-monthly meeting |
| 96 | AQC Team Meeting | 02/25/03 | Steering meeting for quality team |
| 97 | Outcome Measurement | 11/08/02 | Workshop by CT on outcome measurement |
| 98 | Executive Meeting | 02/27/03 | Routine management |
| 99 | Board Meeting | 02/27/03 | Routine governance |
| 100 | R&D Planning Day | 02/28/03 | Complete Annual Plan |
| 101 | Service Managers Meeting | 03/06/03 | Routine information sharing and and discussion |
| 102 | Executive Meeting | 03/13/03 | Routine management |
| 103 | Working Party RAC NPV | 03/17/03 | Discussion of NPV analysi for RAC Finance staff, CGM and Stewardship Committee Member |
| 104 | Managers Meeting | 03/19/03 | Routine information sharing and discussion |
| 105 | AQC Team Meeting | 03/21/03 | Steering meeting for quality team |
| 106 | Stewardship Commiteee | 03/24/03 | Bi-monthly meeting |
| 107 | Community Services | 03/25/03 | Routine Governance |
| 109 | Service Managers Meeting | 04/03/03 | Routine information sharing and and discussion |
| 109 | Service Managers Meeting | 04/03/03 | Routine information sharing and and discussion |
| 110 | R and D Staff Meeting | 04/04/03 | Monthly staff meeting |
| 111 | Executive Meeting | 04/09/03 | Routine management |
| 112 | Managers Meeting | 04/16/03 | Routine information sharing and discussion |
| 113 | Service Managers Meeting | 05/01/03 | Routine information sharing and and discussion |
| 114 | Board Meeting | 05/01/03 | Routine governance |
| 115 | R and D Staff Meeting | 05/02/03 | Monthly staff meeting |
| 116 | Executive Meeting | 05/08/03 | Routine management |
| 117 | Stewardship Commiteee | 05/12/03 | Bi-monthly meeting |
| 118 | AQC Team Meeting | 05/16/03 | Steering meeting for quality team |
| 119 | Orientation | 16/5/2003 | Periodic Orientation Seession for new staff |
| 120 | Managers Meeting | 21/5/2003 | Routine information sharing and discussion |
| 121 | Community Services | 27/5/2003 | Routine Governance |
| 122 | Executive Meeting | 29/5/2003 | Routine management |
| 123 | Board Meeting | 29/5/2003 | Routine governance |
| 124 | Special Managers Meeting | 05/06/03 | Discussion of Budget 2003/2004 |

| 125 | Service Managers Meeting | 05/06/03 | Routine information sharing and and discussion |
|-----|--------------------------|----------|-----------------------------------------------|
| 126 | Executive Meeting | 12/06/03 | Routine management |
| 127 | Stewardship Commiteee | 19/6/2003 | Bi-monthly meeting |
| 128 | Executive Meeting | 26/6/2003 | Routine management |
| 129 | Board Meeting | 26/6/2003 | Routine governance |

| APPENDIX 4 LOG OF DOCUMENTS ANALYSED | | | |
|---|---|---|---|
| No | Document Title | Nature of Document | Accessed |
| 1 | Annual Reports (1974 - 2001) | Accountability mechanism/ information | Jan. 2002 |
| 2 | Reports to Synod (1974 -2001) | Accountability mechanism | Jan. 2002 |
| 3 | Thesis by N Hicks (University of Adelaide) | Honours thesis on history of ACM | Jan. 2002 |
| 4 | Mission Storey | Book on the history of ACM by Ivor Bailey | Jan. 2002 |
| 5 | TransMission (1995-2002) | ACM newsletter | Jan. 2002 |
| 6 | Service Fact Sheets | Description of ACM's Services | 21/02/2002 |
| 8 | Vision Mission Values Statement | Statement of organisation's vision, mission and values | 21/02/2002 |
| 9 | ACM's Strategic Directions 2001-2004 | Five year strategic plan | 21/02/2002 |
| 10 | ACM Policy A:3 Policy Manual | Purpose of policy manual | 21/02/2002 |
| 11 | ACM Policy A:4 Outcomes | Broad statement of objectives | 21/02/2002 |
| 12 | ACM Policy A:5 Beliefs | Broad statement of the application of Christian principles to welfare work | 21/02/2002 |
| 13 | ACM Policy A:6Values / Services | Broad affirmation of Christian values | 21/02/2002 |
| 14 | ACM Policy A:7 Best practice | Broad statement of on best practice | 21/02/2002 |
| 15 | ACM Policy A:7 Personal and Community... | Broad statement of principles to be applied in welfare work | 21/02/2002 |
| 16 | ACM Policy: Values and the Workplace | Policy on safe and respectful workplace | 21/02/2002 |
| 17 | ACM Policy L:0 Finance Policy | Values and principles of financial management to be applied to Finance. | 21/02/2002 |
| 18 | ACM Policy L:4Accounting Policy | Policy on accounting for leave | 21/02/2002 |
| 19 | ACM Policy B:1 Development and Consultation | Policies on development of policies | 21/02/2002 |
| 20 | ACM Policy B:2.6 Organisational Communication... | Policies on communication | 21/02/2002 |
| 21 | ACM Policy B:3 Guidelines for New Services... | Principles underlying selection of new services and changes to existing | 21/02/2002 |
| 22 | ACM Policy B3:1 New Service Proposals | Guidelines for development of new services | 21/02/2002 |
| 23 | ACM Policy B:9 Delegations of Authority | Delegations of authority and resp'bilities for staff appointments and fin. commitments | 21/02/2002 |
| 24 | ACM Policy B:10 Service Quality Policy | Broad approach to ensuring service quality | 21/02/2002 |
| 25 | ACM Policies F:1.3 to F:1.35 HR Policies | Policies on HR issues | 21/02/2002 |
| 26 | ACM Policy F:1.38.9 Performance Appraisals | Policies on performance appraisals (includes pro formas) | 21/02/2002 |
| 27 | ACM Policy F:3.4.1 Uniting Church in Australia | Statement of key principles of UC on sexual misconduct | 21/02/2002 |
| 28 | ACM Policy F:7 Volunteers | Policy on deployment of volunteers | 21/02/2002 |
| 29 | ACM Policy K:1 Corporate objectives | Statement of Corporate objectives | 21/02/2002 |
| 30 | ACM Policy Statement 120 Social Inclusion | Broad affirmation of social justice principles | 21/02/2002 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 31 | ACM Policies: Section D OH&S Policies and... | Set of policies on OH&S | 21/02/2002 |
| 32 | OPM Mapping Plan | Schematic view of OPM system | 22/02/2002 |
| 33 | Performance Indicator Report | Pro forma quarterly report to board | 22/02/2002 |
| 34 | AQC: Various Documents | AQC: Stage 1 pro forma survey instruments and outline of framework | 25/02/2002 |
| 35 | Organisational Chart | Chart of departments/ management | 1/03/2002 |
| 36 | Board and Sub-Committee Chart | Chart of governing committee structure | 1/03/2002 |
| 37 | Constitution ACM | Constitution: legal status/ accountability requirements | 1/03/2002 |
| 38 | Constitution FF | Constitution: legal status/ accountability requirements | 1/03/2002 |
| 39 | Duty Statements (Executive Positions) | Duty statements | 1/02/2002 |
| 40 | Duty Statements (Finance Positions) | Duty statements | 1/02/2002 |
| 41 | Budget Process | Flow chart showing budget development | 11/03/2002 |
| 42 | ACM Annual Plan 2002/2003 Division: Research | R&D annual plan | 8/04/2002 |
| 43 | Adolescent Services presentation to Board (May-02) | Hard copy of Power Point slides from Presentation to Board | 2/05/2002 |
| 44 | Duty Statements (Manager Positions) | Duty statements | 1/05/2002 |
| 45 | Risk Assessment Session Draft... | Consultants draft report | 15/05/2002 |
| 46 | Performance Reporting and Quality Systems | Handout from EMR&D to managers at monthly meeting - part of his update to managers | 15/05/2002 |
| 47 | Point Summary of Stage 1 AQC | Summary comments by facilitators of stage 1 of AQC implementation | 17/05/2002 |
| 48 | Recommendations for priorities & Action W'kshop... | Notes from Executive workshop on stage 1 AQC facilitators' presentations | 20/05/2002 |
| 49 | Compendium of presentations by AQC... | Hard copies of stage 1 facilitators' presentations to Executive | 30/05/2002 |
| 50 | AQC Survey Summaries | Summary of comments made in stage 1 facilitated sessions. Written by facilitators | 31/05/2002 |
| 51 | Reframing Leadership | Article circulated at Leadership Day | 31/05/2002 |
| 52 | Introduction to the Staff Satisfaction Survey | Pilot survey form - to improve staff satisfaction surveys | 12/06/2002 |
| 53 | Summary of Budget 2002-2003 | Summary (1 page) | 13/06/2002 |
| 54 | Email on Social Enterprises | Thoughts of BM on the issue | 13/06/2002 |
| 55 | Cultural Awareness Training | Proposal from GT to executive on this | 13/06/2002 |
| 56 | Volunteers Guide | Information pamphlet for prospective volunteers | 18/06/2002 |
| 57 | What are the big (quality) things we want to achieve by... | Draft work schedule for next stage of AQC implementation | 19/06/2002 |
| 58 | Matching External... | Spreadsheet of FTEs | 26/06/2002 |
| 59 | | Draft of policy framework paper | 27/06/2002 |
| 60 | External Funders of ACM Programs and the Funding... | List of extrenal funders of ACM programs as at 21/06/2002 | 28/06/2002 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 61 | Research and Development Annual Plan | Annual paln for R&D - detailed and overview | 1/07/2002 |
| 62 | ACM Services and the Privacy Act | PowerPoint slides of presentation to R&D staff on privacy issues | 1/07/2002 |
| 63 | Quality Management Project News (June and July) | Internal newsletters to inform staff and volunteers about progress on the AQC deployment | 8/07/2002 |
| 64 | ACM Standards and Indicators of Service perfromance | Format for audits previously undertaken (ceased 1999) | 8/07/2002 |
| 65 | Contract Holders Satisfaction Survey - Form | Survey of stakeholders (funders) for OPM | 8/07/2002 |
| 66 | Staff Satisfaction Survey - Form | Survey of stakeholders (staff) for OPM | 8/07/2002 |
| 67 | Quality Management Project News (November 2001) | Internal newsletter to inform staff and volunteers about progress on the AQC deployment | 8/07/2002 |
| 68 | Annual Report Framework | Plan of content for 2001-2002 Annual Report | 18/07/2002 |
| 69 | ACM: Self Assessment, 2001/2002 Organisational... | Draft summary report on AQC implimentation. Approved by Executive for discussion with Quality Team. | 18/07/2002 |
| 69a | AQC Framework Presentations | Action Plan for next stage of AQC Deployment | 18/07/2002 |
| 70 | Analysis - Accounting Information | Treatment of Income | 18/07/2002 |
| 71 | Income and Expenditure Summary | June 2002 Monthly Summary to Board | 18/07/2002 |
| 72 | Inter Office Memorandum: Unspent Subsidies | Reporting of Unspent Subsidies | 18/07/2002 |
| 73 | Quality Development Project Implementation of 200... | Recommendation to Executive fre next phase of AQC implementation | 27/06/2002 |
| 74 | Annual Accounts - YEJ2002 -Notes from Audit... | Summary of proposed accounting policies for ACM and assoc. entities YEJ2002 | 22/07/2002 |
| 75a | Email: Benchmarking Project @ ACM | Letter soliciting benchmarking partners | 24/07/2002 |
| 75b | ACM Aged Care Viability Survey | Data collection instrument for benchmarking survey in Aged Care | 24/07/2002 |
| 75c | Name of Org. KPIs for the 9 months to 31st March 2002 | Results of benchmarking survey in Aged Care | 24/07/2002 |
| 76a | Code of Coduct for Financial Counsellors | Voluntary professional code applied at ACM | 1/08/2002 |
| 76b | Personal Support programme -Initial Site Visit | Letters about site visits and monitoring | 1/08/2002 |
| 76c | Dept of FaCS Funding Agreement....and ACM | Contract for provision of Personal Support program | 1/08/2002 |
| 76d | Research into Small Business Emergency Service | Pilot study of evaluation of SBES | 1/08/2002 |
| 76e | Final report on Research into Small Bus Emerg Serv | Evaluation report on SBES | 1/08/2002 |
| 77 | AQTF Standards for RTOs | Accreditation Standards for RTOs | 1/08/2002 |

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| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 78 | The Church, The State And Kuitpo Colony | History of Kuitpo | 1/08/2002 |
| 79 | Global Reporting Initiative Draft 2002 Sustainability... | Draft for comment on GRI guidelines | 1/08/2002 |
| 80 | ACM/FF Annual Acc-YEJ 2002- Notes from Audit Discussion | Summary of meeting with CGN, Finance Staff, Board Member and Auditors on 23/07/2002 (Executive Paper) | 8/08/2002 |
| 81 | ACM/Goodwill Review of Dry Creek Store | Analysis of business unit (Executive Paper) | 8/08/2002 |
| 82 | Partnerships in Mission Information Systems Group... | In principle strategic plan for IS in the Missions Parnership (Exec paper) | 8/08/2002 |
| 83 | ACM Housing Policy | Executive discussion paper onm housing policy (Exec paper) | 8/08/2002 |
| 84 | Workplace English Language and Literacy 3 Mth Report | 3 monthly report required by WELL funder | 8/08/2002 |
| 84a | WELL Prog. - Comm'n - Resthaven Malv Evaluation Form | Client Evaluation Form | 8/08/2002 |
| 85 | Language Literacy and Num. Prog. Client File Checklist | Programme Specifications | 21/08/2002 |
| 86 | Internal Audit ANTA Literacy Programme | Audit Manual | 21/08/2002 |
| 87 | Client Satisfaction Survey Training Services | Previous Client Satisfaction Survey Training Services | 21/08/2002 |
| 87a | Client Satisfaction Survey Training Services | Client Satisfaction Survey Training Services | 21/08/2002 |
| 88 | Review of Budget Process 2002/2003 Survey Form | Survey instrument | 21/08/2002 |
| 88a | Review of Budget Proc. 2002/2003 Sum'y of Responses | Survey report | 21/08/2002 |
| 88b | Review of Budget Process Responses to Survey | Survey report | 21/08/2002 |
| 88c | Review of Budget Process Responses to Survey | Actual Survey Responses - sighted and noted but returned | 21/08/2002 |
| 89a | NIDS Non Government Organisation Grants Reports | Copy of last report to funder to be used as background for current evaluation of NIDS | 27/08/2002 |
| 89b | Evaluation of the Effectiveness of Adolescent Drug... | Journal article used as background for current evaluation of NIDS | 27/08/2002 |
| 89c | Draft Client Questionnaire | First draft of client survey form for NIDS evaluation | 27/08/2002 |
| 89d | National Illicit Drug Strategy: Evaluation Strategy | First draft of NIDS evaluation sytrategy | 27/08/2002 |
| 89e | National Illicit Drug Strategy: Evaluation Strategy | Final draft of NIDS evaluation sytrategy | 2/09/2002 |
| 89f | NIDS Draft Client Questionnaire | Second draft of client survey form for NIDS evaluation | 2/09/2002 |
| 89g | HIPP feedback Sheet | Client Feedback Sheet used in Hepatitis C Programme | 2/09/2002 |
| 89h | Safe Injecting feedback Sheet | Client Feedback Sheet used in Hepatitis C Programme | 2/09/2002 |
| 90 | Finance Management Meeting 03/09/02 | Notes from last Finance Management Meeting | 10/09/2002 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 91 | Discussion Paper Common Badging of Missions | Discussion paper for UMN on creating a single national identity for Missions of UC | 10/09/2002 |
| 92 | Proposes Action for Quality project 2002/2003 | Plan for next phse of deployment of AQC framework | 11/09/2002 |
| 93 | ACM InterOff Mem "Compliance with Aust Acc Standards" | Details of major changes required to comply with Accounting standards | 12/09/2002 |
| 94 | ACM Social Enterprise Unit "Refine Youth Workshops..." | Recommendation on expression of interest on recycling (as socal enterprise) project | 12/09/2002 |
| 95a | Leadership Day Presentation | Presentation by GS at Leadership Day, August 2002 on gospel congruence | 17/09/2002 |
| 95b | A Community Service Agency of the Church | Discussion paper on gospel congruence | 17/09/2002 |
| 95c | Gospel Congruence and Adelaide Central Mission | Discussion paper on gospel congruence | 17/09/2002 |
| 96a-k | Communications Mapping | Communication channels of services, bus units and exec, for AQC - from L'ship Day 8/02 | 17/09/2002 |
| 97 | ACM Executive Performance Review | Format of executive Performance review | 1/10/2002 |
| 98 | Risk Management 2002/2003 | | 26/09/2002 |
| 99 | Income and Expenditure Discussions | Presentation by Fin. Manager at September Managers Meeting | 27/09/2002 |
| 100a-I | Various documentsc- A & R requirements for D.S. | Various documentsc- A & R requirements for D.S. | 4/07/2002 |
| 101 | ACM Monthly Operations Report | Pro forma performance report | 9/07/2002 |
| 102 | ACM Quarterly Operations Report | Pro forma performance report | 9/07/2002 |
| 103 | ACM Annual Plan Family Services | 2002-2003 Annual Plan for Family Services | 17/10/2002 |
| 104 | ACM Family Services Annual Planning Process Nov 2001 | Policy on annual planning | 17/10/2002 |
| 105 | ACM Cost Centre Listing | List of cost centres and responsible accountant | 25/10/2002 |
| 106 | ACM/FF -Finance Dept Key Areas of Responsibility | Chart of Key Areas of Responsibility | 25/10/2002 |
| 107 | ACM review of Operating Statements for Month of | Pro Forma for reviw of monthly O S by Finance Manager and Service Manager | 25/10/2002 |
| 108 | ACM Operating Statements 30/09/2002 "Respite Care" | Example of Monthly Operating Statement for Programme | 25/10/2002 |
| 109 | ACM & FF Financial Overview Sept 2002 | Pro Forma Package that goes to Stewardship/ Board | 25/10/2002 |
| 110 | Finance Management Meeting 01/10/2002 | Working list for weekly Finance Management Meeeting | 29/10/2002 |
| 111 | Strategic Planning Meeting Held Nov. 23 2001 | Notes from two yearr review of organisational strategic plan (leadership group: Executives, Managers and Board) | 5/11/2006 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 112 | Memorandum "Planning Meeting Tuesday 5/11/2002" | Agenda and notes for R & D planning sesssion 5/11/2002 | 5/11/2002 |
| 113 | Finance Management Meeting 29/10/2002 | Working list for weekly Finance Management Meeeting updated action list 29/10/2002 | 29/10/2002 |
| 114 | DHS Service Excellence Framework | Outline of DHS framework | 7/11/2002 |
| 115 | DHS Service Excellence Framework and other standards | Comparison of other Community Service Standards with DHS framework | 7/11/2002 |
| 116 | What Goes Around | Pamphlet for the 100 Hours project of Business South Australia | 7/11/2002 |
| 117 | Annual report Mailing List 2002 | List of A R recipients | 14/11/2002 |
| 118 | Finance Customer Survey | Survey of Executives, Managers and Team Leaders by Fin Department | 15/11/2002 |
| 119 | Financial Report 30 June 2002 ACM Inc | Draft finanacial reports | 1/10/2002 |
| 120 | Financial Report 30 June 2002 FF Inc | Draft finanacial reports | 1/10/2002 |
| 121 | Interpretive Guidelines for Community Organisations | Outline of the AQC Framework as applied to community organisations | 1/03/2002 |
| 122 | AQC The Complete Structure | Outline of the AQC Framework | 1/03/2002 |
| 123 | ACM Corporate Plan - Revised October 2002 | Joint Board/ Executive Corporate plan | 18/11/2002 |
| 124 | ACM Corporate Budget priorities First Draft | Handout at Exec planning day - Nov 13 - | 18/11/2002 |
| 125 | Executive Planning Day November 13 2002 | Agenda | 18/11/2002 |
| 126 | Business Excellence Framework | Overview by CT for Executive Planninmg Day November 13 2002 | 18/11/2002 |
| 127 (a- ) | ACM Self Assessment - Organisational Summary Report | Summary for organisation , and areas, of AQC stage 1 | Sept-02 |
| 128 | The Internally Directed Self Assessment Process | Diagram of Cycle 1 of AQC implementation | 18/11/2002 |
| 129a-b | Summary of oppoertunities for improvement | Draft and final summaries of AQC stage 1 | 7&17/05/02 |
| 130 | Action Plan Quality Management Project Report 2002 | Plan to address implementation issues re AQC. | 1/09/2002 |
| 131 | Fianace Management Meeting 05/11/2002 | Minutes of Finance Management Meeting 18/11/02 | 18/11/2002 |
| 132 | Organisational Excellence Team Meeting 21/10/2002 | Minutes of QT Meeting 21/10/2002 | 3/12/2002 |
| 133 | Recommendations for Priorities & Action Workshop... | Recommendations from Stage 1 self assessement | 3/12/2002 |
| 134 | Matrix of Staff Involvement in and Comunication of... | Shows "state of play" with respect to implementation of recommended actions re stage 1 | 3/12/2002 |
| 135 a/b | Consultation Process: Focussing on Staff Involvement ... | Outline of process of consultation by EMR&D and Data Officer re item 1 of AQC Action Plan | 18/11/2002 |
| 135 | UMN Progress on Common Badging of Missions | Progress report on issue of common badging of missions- Nov 2002 | 20/11/2002 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 136 | Organisational Performance Mapping Plan | Scheme of OPM | 1/03/2002 |
| 137 | Community Services PIR | Monthly Data report | 2/12/2002 |
| 138 | ACM Quarterly PIR | Quarterly whole of organisation PIR | 2/12/2002 |
| 139 | Service Manages' Meeting Agenda 5/12/2002 | Agenda for meeting and minutes of last meeting | 5/12/2002 |
| 140 | Programme Starts and OPM Material | programmes and starting dates/OPM stats/ Servicesand Units/ managers & execs | 1/10/2002 |
| 141 | ACM Board Meeting Nov 28 2002 For Decision Name... | Proposal for name change | 9/12/2002 |
| 142 | Diagram R and D work/ MH's, OH's on gambling | Overheads for R and D presentation to Board November 28 | 9/12/2002 |
| 143 | Status of OPM reports | Reprt of working party (CT and MB) on OPM | 9/12/2002 |
| 144 a-c | Annual report Framework 2001-2002 | Framework for A R - follows OPM | 6/12/2002 |
| 145 a-b | OPM - Definitions | Definitions of the KPIs in the OPM | 9/12/2002 |
| 146 | Best Practice | Theortitical Scheme of best practice and PM | 9/12/2002 |
| 147 | OPM Model Development for ACM | Ananlyis of the OPM Model | 9/12/2002 |
| 148 | R&D Unit Preliminary Planning Meeting | Minutes of preliminary planning meeting and proposals for second meeting | 10/12/2002 |
| 149 | Financial Management System | Notes for planning meeting re Fin Management Systems with KPMG 11/12/2002 | 11/12/2002 |
| 150 | Agenda for ACM - Project kick-off meeting | Key issuesfor discussion identified by consultants re F M S 11/12/2002 | 11/12/2002 |
| 152 | Senate Inquirey into poverty | Discussion Points hand out at Managers meeting | 12/12/2002 |
| 153 | Feedback on proposal to hold Cultural Diversity... | Proposal- for Managers meeting | 12/12/2002 |
| 154 | Programmes Mark Byrne Historical | Programmes and dates - historical | 9/01/2003 |
| 155 | OPM Annual Report | Final version of performance data for A R | 9/01/2003 |
| 156 | Agenda for ACM Status Meeting | Agenda and Status report for Dec 18 meeting of FMS Review | 24/01/2003 |
| 157 | Finanace Management Meeting 21/01/2003 | Minutes of Finance Management Meeting 21/01/03 | 31/01/2003 |
| 158 | Uniting Church in Australia - NSW Synod Ethical Invest... | Basis for  FF SRI policy | 7/02/2003 |
| 159 | Quarterly Services Report by GMS | Quarterly Functional Area Report by GMS | 29/01/2003 |
| 160a-h | Staff Satisfaction Survey July 2002 | Staff Satisfaction Survey | 1/10/2002 |
| 161 | Self Assessment Plan outline for Exec Meet. 13/02/03 | Proposal for change to implementation of Stage 2 of AQC. | 17/02/2003 |
| 162 | Future Directions for ACM residential Aged Care | Draft proposal re future of RAC at ACM (Includes NPV analysis) | 17/02/2003 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 163 | ACM Organisational Self Assessment Plan for 2003 | Final Draft of proposed plan for Implementation of Stage 2 of AQC | 21/03/2003 |
| 164 | Understanding our Workplace Systems | Proposal for Cert 3 AQC | 23/03/2003 |
| 165 | Memo Privacy and MIR Audit | memo to Managers re their input into audit of privacy and MIR data collection | 23/03/2003 |
| 166 | ACM Planning Process | Whiteboard printout from session | 24/03/2003 |
| 167 | ACM Monthly Operations Report | 7 Service reports for February 2003 | 25/03/2003 |
| 168 a/b | Schedule 2 Low Income Support/ F&CD Prog LISP | Requirements - Service delivery and accountability for LISP/tly data report | 2/04/2003 |
| 169 | Deed of Agreement …Relating to Comm Fin Couns Prog | Funding agreement for FaCS | 2/04/2003 |
| 170 | Comm Fin Coun Prog…Guidelines fof CFCP | Guidelines, including A and R requirements for FCS | 2/04/2003 |
| 171 | Funding Agreement between Minister… and ACM | Funding Agreement for SBES | 2/04/2003 |
| 172 | Service Standards Manual for the Comm Legal Serv Prog | Service Standards fro Community Legal Services | 2/04/2003 |
| 173 | Welcome to ACM Orientation | Orientation pack for new staff 18/3/03 | 4/04/2003 |
| 174 | August 2002 Report on PACM Corporate Plan | Report against 3 year corporate (strategic) plan | 3/04/2003 |
| 175 | PACM Board of Directors Matrix of Skills of Board Members in 1997 | Matrix of skills held by Directors | 3/04/2003 |
| 176 | HACC Standards | HACC Standards, Instruments and Dexcriptive Material | 4/04/2003 |
| 177 | Aldersgate A C Integrated Risk Management Plan 03/04 | Risk assessment undertaken by JG | 7/04/2003 |
| 178 | Aldersgate A C Integrated Risk management Plan 03/04 | Action plan for dealing with risk assessment - relates to Strategic Plan | 7/04/2003 |
| 179 | Aldersgate AC Strategic Plan 2003/04 | Annual Plan for Aldersgate for 2003/2004. | 7/04/2003 |
| 180 | Aldersgate Safety& Quality Plan 2003/04 | Annual safety and quality action plan | 7/04/2003 |
| 181 | Aldersgate/MM RAC …Staff Incidents March 2003 | Incident report | 7/04/2003 |
| 182 | Standards and Guidleines for RAC Services Manual | Accreditaion standards (44) | 4/07/2002 |
| 183 | Aldersgate Audit Schedule October 2001 2002 | Plan for self audit of accreditation standards | 4/07/2002 |
| 184 | Terms of Reference Site Quality Improvement Committee | Terms of reference | 4/07/2002 |
| 185 | Aldersgate OH&S and Welfare C'tee Terms of Reference | Terms of reference | 4/07/2002 |
| 186 | RAC Aldersgate Confidential Resident Care Survey | Survey Instrument | 4/07/2002 |
| 187 | 5.8.1 Weightings | Guildines for Resident Classification Scale | 4/07/2002 |
| 188 | Aldersgate Aged Care Complex Adelaide Central Mission | SWOT Analysis | 4/07/2002 |

| No | Document Title | Nature of Document | Accessed |
|---|---|---|---|
| 189 | ACM Annual Plans 2003/2004 Corporate Plan | Corporate Plan | 9/04/2003 |
| 190 | ACM Annual Plans 2003/2004 Community Services | Community Services annual plan | 14/04/2003 |
| 191 | ACM Annual Plans 2003/2004 Disability Services | Disability Services annual plan | 14/04/2003 |
| 192 | 2003 Self Assessment Information for Managers | Outline of phase 2 self assessment under BEF. (Follows Draft Document No. 163) | 16/04/2003 |
| 193 | Documentary Evidence Collection Sessions | Schedule for work programme of document collection/analysis for ABEF stage 2 | 16/04/2003 |
| 194 | Policies for ratification Managers meeting 16th April 2003 | Policies that went to Managers Meeting | 16/04/2003 |
| 195 | Perfromance Plan for 2003-2004 Respite for Carers of... | Performance Plan for Carer Respite Centre | 16/04/2003 |
| 196 | ACM NSS Programmes Rural nad Remote Services | Programme Profiles | 16/04/2003 |
| 197 | PIR Status Neigbourhood Support Service | Record of status of PIR measures- shows definitions of PIs and stage of development. | 16/04/2003 |
| 198 | Neigbourhood Support Service PIR | Basic data collection sheet for PIRs | 16/04/2003 |
| 199 | NSS PIRs-Metro | October 2002 changes to all PIRs in NSS | 17/04/2003 |
| 200 | PIR Status Care Services For Older People | Record of status of PIR measures- shows definitions of PIs and stage of development. | 16/04/2003 |
| 201a-d | Reconnect Guidelines for Applicants (&other docs) | Guideliens for service providers who are tendering | 29/04/2003 |
| 202 | ACM Quarterly Operations Report on January 2003and first Quarter of 2003 | Reportt to Board by EMHR | 1/05/2003 |
| 203 | OH&S Board Report First Quarter 2002-2003 | OH&S report to Board | 1/05/2003 |
| 204 | ACM Report to Board - December Industrial Relations ... | Briefing paper to Boaer from EMHR on IR | 1/05/2003 |
| 205 | Linkages between Aged care Standards and the ABEF | Article circulation of RAC and ABEF standards (1 page from meeting April30) | 2/05/2003 |
| 206 | Inequality and Social Exclusion ACM & Social Policy... | Paper on the research undertaken through the ACM/UniSA res. Agree'nt (H'out at Board) | 1/05/2003 |
| 207 | DTC Day Therapy Centres 2002 Census | Guidelines and forms for health and Ageing census of DTC | 7/05/2003 |
| 208 | Client Report | Fortnightly report - operational PM | 7/05/2003 |
| 209a-d | Health Access- Physio & Podiatry Process Score+ others | Process Score forms for Claerview Programmes | 7/05/2003 |
| 210 | Neighbourhood Support Client Review | Client Satisfaction Survey form Clearview | 7/05/2003 |
| 211 | ACM Programme Profile - Clearview Programmes | Programme Profile | 7/05/2003 |

| No | Document Title | Nature of Document | Accessed |
|----|----------------|--------------------|----------|
| 212 | ACM Annual Plans 2003/2004CSFOP - Clearview Progs. | Annual Plan 2003/2004Clearview Programmes | 7/05/2003 |
| 213a-c | Murray Mudge Confidential Resident Care Survey+ others | Satisfaction surveys used at Murray Mudge | 2/05/2003 |
| 214 | Terms of Reference for Quality Committee | ToR for QIC at Murray Mudge | 2/05/2003 |
| 215 | A Guide to Internal Auditing - helpful hints for Internal... | Internal Audit tool for RAC Standards at MM | 2/05/2003 |
| 216 | ACM Board Committees - Terms of Reference Services... | ToR for services committee ratified February 2002 | 1/03/2002 |
| 217 | ACM Board Committees - DRAFT - ToR Services... | Draft ToR for services committee ratified May 2003 | 27/05/2003 |
| 218 | Lifeline presentation CSC 27/5/2003 | Handout- analysis of Lifleine issues | 27/05/2005 |
| 219 | ACM and FF Financial Overview April 2003 | Finance Pack for April 2003 | 5/12/2003 |
| 220 | Acm GW net profit review | Analysis as part of GW Review | 5/12/2003 |
| 221 | ACM Consolid. Operating Results, Budget and Forecast | Analysis 1999-2007 | 5/12/2003 |
| 222 | Summary of Recommendations for Staff Involvement .. | Results/analysis of consultation following stage 1 of AQC | 16/05/2003 |
| 223 | Appendix 3 Detailed Time Frame and Milestoes for... | Timetable for second self assessment in 2003 | 16/05/2003 |
| 224 | ABEF 2002 ACM Documentary Evidence Gathering | Template for document search for stage 2 of ABEF | 16/05/2003 |
| 225 | ACM Risk Management 2002/2003 | Risk Management Plan - Discussed at Executive 26/6/2003 | 26/06/2003 |

# APPENDIX 5 INVENTORY OF PERFROMANCE REPORTS

| PERFORMANCE REPORTED | Focus | Time | By | To | I/E | F/N | Qn/Qt |
|---|---|---|---|---|---|---|---|
| **SERVICES FUNCTION** | | | | | | | |
| **Programme (Regular)** | | | | | | | |
| Programme Report (1) | P | M | TL | SM | I | F/N | Qn/Qt |
| TL Report | P | F | TL | SM | I | F/N | Qn/Qt |
| Output (2) | P | M | TL | SM | I | N | Qn |
| Outcome (2) | P | M | TL | SM | I | N | Qn |
| Stakeholder Satisfaction Surveys (2) | P | Q | TL | SM | I | N | Qn |
| Throughput (various measures) (3) | P | M | TL | TL | I | N | Qn |
| Process (e.g. Periodic Service Review) | P | Q | TL | SM | I | N | Qn |
| Quality Improvement | P | M/Q | TL | SM | I | N | Qn/Qt |
| Action Research (Adolescent Services) | P | M | TL | SM | I/E | N | Qt |
| New Program Evaluation | P | 6mth | TL | SM | I | F/N | Qn/Qt |
| Program Audits (under re-development) | P | n/a | EMRD | Exec | I | N | Qn/Qt |
| Financial Variance Against Budget (M/YTD) | P | M | SM | GMS | I | F | Qn |
| Unspent Subsidy Report | P | M | SM | GMS | I | F | Qn |
| Progress Against Annual Plan (Programme) | P | Q | TL | SM | I | N | Qt |
| Presentation to Board (4) | P | C | TL | SM | I | N (5) | Qn/Qt |
| Performance Appraisal of Staff | Staff | A | TL | TL | I | N | Qt |
| Performance Appraisal of Volunteers | V | A | TL | TL | I | N | Qt |
| Accreditation Standards (External Audit) | P/S/ACM | C | SM | E (e.g. HACC) | E | N | Qn/Qt |
| Accreditation Standards (Self Audit) | P | C | TL | SM | E | N | Qn/Qt |
| Regulatory Compliance | P | Ongoing | TL/SM | E | E | N | Qt |
| Contract Requirements - Financial Acquittals | P | Q/A | TL/SM | E | E | F | Qn |
| Contract Requirements - KPIs (6) | P | A | TL/SM | E | E | N | Qn/Qt |
| **Programme (Ad Hoc)** | | | | | | | |
| Benchmarking (Aldersgate) | P | Ad hoc | SM | Exec/CEO/B | I | F/N | Qn |
| Programme Review (7) | P | Ad hoc | TL/SM | SM/Exec/CEO/ B | I | F/N | Qn/Qt |
| Surveys | | | | | | | |
| **Service (Regular)** | | | | | | | |
| Service Report (8) (9) | S | M/Q | SM | GMS/CEO/Exec /B | I | F/N | Qn/Qt |
| Service Manager Report | S | F | SM | GMS | I | F/N | Qn/Qt |
| Service Presentation | P/S | C | SM/TL | B | I | F/N | Qn/Qt |
| Progress Against Annual Plan (Service) | S | Q | SM | GMS | I | N | Qn/Qt |
| Service Manager's Work Plan | S | Q | SM | GMS | I | N | Qn/Qt |
| Financial Variance Against Budget (M/YTD) | S | M | SM | GMS | I | F | Qn/Qt |
| Performance Appraisal of TLs | TL | A | SM | SM | I | N | Qt |
| **General Manager Services** | | | | | | | |
| Services Report (9) | F | M/Q | GMS | CEO/Exec/B | I | F/N | Qn/Qt |
| Executive Presentation | F | C | GMS | B | I | F/N | Qn/Qt |
| Progress Against Annual Plan | F | Q | GMS | CEO/Exec/B | I | N | Qn/Qt |
| GMS' Work Plan | EM | Q | GMS | CEO | I | N | Qt |

| PERFORMANCE REPORTED | Focus | Time | By | To | I/E | F/N | Qn/Ql |
|---|---|---|---|---|---|---|---|
| **General Manager Services (continued)** | | | | | | | |
| Financial Variance Against Budget (M/YTD) | All S | M | GMS | CEO/Exec/B | I | F | Qn/Ql |
| Performance Appraisal of Service Managers | SM | A | GMS | GMS | I | N | Ql |
| **Performance Indicator Report**(10) | All P | Q | EDRD | Ceo/Exec/B | I | N | Qn |
| | | | | | | | |
| | | | | | | | |
| **HUMAN RESOURCES FUNCTION** | | | | | | | |
| Human Services Report (11) | F | M/Q | EMHR | CEO/Exec/B | I | F/N | Qn/Ql |
| Executive Presentation | F | C | EMHR | CEO/Exec/B | I | F/N | Qn/Ql |
| Progress Against Annual Plan | F | Q | EMHR | CEO/Exec/B | I | N | Qn/Ql |
| EMHR's Work Plan | EMHR | Q | EMHR | CEO | I | N | Ql |
| Financial Variance Against Budget (M/YTD) | F | M | EMHR | CEO/Exec/B | I | F | Qn/Ql |
| Performance Appraisal of MET and HR staff | MET/Staff | A | EMHR | EMHR | I | N | Ql |
| Staff Reports (12) | F(f) | M | HR Staff | EMHR | I | N | Ql |
| OH&S Report | F(f) | Q/A | EMHR | CEO/Exec/B | I | F/N | Qn/Ql |
| OH&S (Benchmarking) | F(f) | Per | EMHR | CEO/Exec/B | I | F/N | Qn/Ql |
| OH&S (Monitor Safety C'ties' Compliance) | F(f) | A | EMHR | CEO/Exec/B | I | F/N | Qn/Ql |
| OH&S (Monitor Statutory Compliance) | F(f) | A | EMHR | CEO/Exec/B | E | F/N | Qn/Ql |
| Induction (Monitoring) | F(f) | A | EMHR | CEO/Exec/B | I | N | Qn |
| Annual leave (Monitoring) | F(f) | A | EMHR | CEO/Exec/B | I | F | Qn |
| Employment Contracts (Monitoring). | F(f) | Ongoing | EMHR | CEO/Exec/B | I | F | Qn |
| Performance Appraisals (Monitor Compliance) | F(f) | A | EMHR | CEO/Exec/B | I | N | Qn |
| Staff Development Plan (Monitor) | F(f) | Q | EMHR | CEO/Exec/B | I | N | Qn/Ql |
| Staff Surveys | F(f) | Q (13) | EMHR | CEO/Exec/B | I | N | Qn |
| Volunteer Surveys | F(f) | A | EMHR | CEO/Exec/B | I | N | Qn |
| Training Costs (Monitor) | F(f) | Q | EMHR | CEO/Exec/B | I | F | Qn |
| Administration/clerical processes (Audit) | F(f) | A | EMHR | CEO/Exec/B | I | N | Qn/Ql |
| ABEF (Stage 1 follow up) | F(f) | Per | EMHR | CEO/Exec/B | I | N | Ql |
| | | | | | | | |
| **Business Unit** | | | | | | | |
| Education and Training Report (14) | BU/P | M/Q | M | EMHR/CEO/Exec/B | I | F/N | Qn/Ql |
| Education and Training Manager's Report | BU/P | M | M | EMHR | I | F/N | Qn/Ql |
| Education and Training Presentation | BU/P | C | M | Board | I | F/N | Qn/Ql |
| Progress Against Annual Plan | BU | Q | M | EMHR | I | NF | Ql |
| Financial Variance Against Budget (M/YTD) | BU/P | M | M | EMHR | I | F | Qn |
| Unspent Subsidy Report | P | M | SM | EMHR | I | F | Qn |
| Programme Report (1) | P | M | TL | MET | I | F/N | Qn/Ql |
| TL Report | P | F | TL | MET | I | F/N | Qn/Ql |
| Output (2) | P | M | TL | MET | I | N | Qn |
| Outcome (2) | P | M | TL | MET | I | N | Qn |
| Stakeholder Satisfaction Surveys (2) | P | Q | TL | MET | I | N | Qn |
| Throughput (various measures) (3) | P | M | TL | TL | I | N | Qn |
| Accreditation | BU/ACM | C | M | E (AQTF) | E | F/N | Q/Ql |
| Regulatory Compliance | BU/P | Ongoing | TL/MET | E | E | N | Ql |

| PERFORMANCE REPORTED | Focus | Time | By | To | I/E | F/N | Qn/Ql |
|---|---|---|---|---|---|---|---|
| Contract Requirements - Financial Acquittals | BU/P | Q/Con | TL/MET | E | E | F | Qn |
| Contract Requirements - KPIs (6) | BU/P | Con | TL/MET | E | E | N | Qn/Ql |
| **RESEARCH AND DEVELOPMENT FUNCTION** | | | | | | | |
| Research and Development Report (x) | F | M/Q | EMRD | CEO/Exec/B | I | F/N | Qn/Ql |
| Executive Presentation | F | C | EMRD | B | I | F/N | Qn/Ql |
| Progress Against Annual Plan | F | Q | EMRD | CEO/Exec/B | I | N | Qn/Ql |
| EDRD's Work Plan | EM | Q | EMRD | CEO | I | N | Ql |
| Financial Variance Against Budget (M/YTD) | F | M | EMRD | CEO/Exec/B | I | F | Qn |
| Performance Appraisal of Manager and R&D staff | M/Staff | A | EMRD | EMRD | I | N | Ql |
| Staff Reports (y) | F(f) | M | M/Staff | EMRD | I | N | Ql |
| | | | | | | | |
| | | | | | | | |
| **CORPORATE SERVICES FUNCTION** | | | | | | | |
| Corporate Services Report (z) | F | M/Q | CGM | CEO/Exec/B | I | F/N | Qn/Ql |
| Executive Presentation | F | C | CGM | B | I | F/N | Qn/Ql |
| Progress Against Annual Plan | F | Q | CGM | CEO/Exec/B | I | N | Qn/Ql |
| CGM's Work Plan | Exec | Q | CGM | CEO | I | N | Ql |
| Financial Variance Against Budget (M/YTD) | F | M | CGM | CEO/Exec/B | I | F | Qnl |
| Performance Appraisal of Managers | M | A | CGM | CGM | I | N | Ql |
| Financial Report (see detail below) | ACM/FF | M | CGM | CEO/Exec/B | I | F | QN/Ql |
| Ad Hoc Reports | | | | | | | |
| | | | | | | | |
| **Support Departments** | | | | | | | |
| | | | | | | | |
| Support Department Reports | SD | M | M | CGM | I | F/NF | Qn/Ql |
| Financial Variance Against Budget (M/YTD) | SD | M | CGM | CEO/Exec/B | I | F | Qnl |
| | | | | | | | |
| Progress Against Annual Plan | SD | Q | M | CGM | I | F/NF | Ql |
| | | | | | | | |
| Customer Satisfaction Surv: Budget Process | SD | Ad hoc | M | M/Execs | I | NF | Qn/Ql |
| | | | | | | | |
| **Business Units** | | | | | | | |
| **Business Development** | | | | | | | |
| | | | | | | | |
| Business Development Report | BU | M | M | CGM (?) | I | F/NF | Qn/Ql |
| Financial Variance Against Budget (M/YTD) | BU | M | CGM | CEO/Exec/B | I | F | Qnl |
| | | | | | | | |
| Progress Against Annual Plan | BU | Q | M | CGM | I | F/NF | Ql |
| | | | | | | | |
| **Goodwill** | | | | | | | |
| | | | | | | | |
| Goodwill Report | BU | M | M | CGM (?) | I | F/NF | Qn/Ql |
| Financial Variance Against Budget (M/YTD) | BU | M | CGM | CEO/Exec/B | I | F | Qnl |
| | | | | | | | |
| Progress Against Annual Plan | BU | Q | M | CGM | I | F/NF | Ql |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| PERFORMANCE REPORTED | Focus | Time | By | To | I/E | F/N | Qn/Ql |
|---|---|---|---|---|---|---|---|
| **FINANCIAL REPORTS** | | | | | | | |
| **Financial Report (Routine Monthly)** | ACM/FF | M | CGM | CEO/Exec/B | I | F | Qn |
| *Overview (Key Var/ Fin KPIs/Cash Pos'n/ ROI - funds invested/ Attestation of Solvency by Finance Manager | ACM/FF | M | CGM | CEO/Exec/B | I | F | Qn |
| *Statement of Fin Performance (ACM/FF/Cons) | ACM/FF/ Cons | M | | CEO/SS/B | I | F/NF | Qn/Ql |
| *Statement of Fin Position (ACM/ FF) | ACM/FF | M | CGM | CEO/SS/B | I | F/NF | Qn/Ql |
| *Financial Variance Against Budget (M/YTD) | P/S/BU/S D/F(f)/F | M | CGM | CEO/SS/B/E | I | F/NF | Qn/Ql |
| *Unspent Subsidy Report (M/YTD) | P | | CGM | CEO/SS/B/E | I | F/NF | Qn/Ql |
| | | | | | | | |
| **Financial Report (Routine Annual)** | | | | | | | |
| *Statement of Fin Performance | ACM/FF | A | CGM | CEO/Exec/B/E | E | F | Qn |
| *Statement of Fin Position | ACM/FF | A | CGM | CEO/Exec/B/E | E | F | Qn |
| *Financial Variance Against Budget (M/YTD) | ACM/FF | A | CGM | CEO/Exec/B | I | F | Qn |
| | | | | | | | |
| **Financial Reports (Other)** | | | | | | | |
| Review of Fund Managers' Performance | FF | M6 | CGM | CEO/SS/B | I | F/NF | Qn/Ql |
| SRI Policy (Monitor Compliance) | FF | Per | CGM | CEO/SS/B | I | F/NF | Ql |
| Relationship of administration costs to all costs (b) | ACM | Ad Hoc | CGM | CEO/SS/B/E | I | F | Qn |
| | | | | | | | |
| **MINISTER OF THE MISSION FUNCTION** | | | | | | | |
| Minister of The Mission's Report | F | M | MoM | B | I | NF | Ql |
| Progress Against Annual Plan | F | Q | MoM | B | I | NF | Ql |
| Report to Uniting Church | F | A | MoM | U C | E | NF | Ql |
| | | | | | | | |
| **CEO FUNCTION** | | | | | | | |
| CEO Report | F | M | CEO | B | I | NF | Ql |
| Progress Against Corporate Annual Plan | F | M | CEO | B | I | NF | Ql |
| Progress Against Annual Plan | F | Q | CEO | B | I | NF | Ql |
| Performance Appraisal of Executive Managers | EM | A | CEO | CEO | I | NF | Ql |
| | | | | | | | |
| **MANAGEMENT PROCESSES** | | | | | | | |
| ABEF stage 1 self evaluation (a) | ACM | A | EDRD | Exec/ Standards A | I | NF | Ql |
| Privacy Legislation - compliance (b) | ACM | A | EDRD | CEO/Exec | I | NF | Ql |
| | | | | | | | |
| **STRATEGIC MANAGEMENT** | | | | | | | |
| Mid Term Review of Strategic Plan | ACM | A2.5 | TL/M/EM/ CEO | CEO/Exec | I | NF | Ql |
| Progress Against Corporate Plan | Exec | Q | CEO/Ems | CEO/Exec | I | NF | Ql |
| Survey of Stakeholders | S'hold's | A | EDRD | CEO/Exec | I | NF | Qn |
| New Initiative Presentations | P | A | TL/M/EM/ CEO | CEO/Exec | I | NF | Ql |
| Recognition Survey | ACM | A | MBDU | CEO/Exec | I | NF | Qn |

| PERFORMANCE REPORTED | Focus | Time | By | To | I/E | F/N | Qn/Ql |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Ad Hoc** | | | | | | | |
| Evaluation of RAC (8) | P | Ad hoc | M/EM/CEO/B | Exec/BC/B | I | F/NF | Qn/Ql |
| | | | | | | | |
| **OPM System (f)** | ACM/FF | A | EDRD | B | I | F/NF | Qn/Ql |
| | | | | | | | |
| | | | | | | | |
| **BOARD** | | | | | | | |
| Sub-Committee Reports | BC | M2 | BC Chair | B | I | F/NF | Qn/Ql |
| CEO's Performance Appraisal | CEO | A | BC | B | I | NF | Ql |
| Report to Synod | ACM/FF | A | Exec/B | Synod | E | F/NF | Qn/Ql |
| Governance Review - Major Review | B | Ad hoc | B | B | I | NF | Ql |
| Governance Review - Ongoing (c) | B | M | B | B | I | NF | Ql |

## NOTES TO APPENDIX 5

**1** Program reports are written by the team leader or coordinator. The information is incorparted into service managers' reports to the General Manager Services.

**2** These items are currently reported in the PIR.

**3** Thoughput indicators comprise items such as calls receiverd, and clients councessled. They are also reported in the PIR.

**4** Presentations are not necessarily performance reports, but are information providing. However some are used by the Board to helpcomplete a full picture of perfromance. For example, at one Board meeting, it was suggested that when presentations are made,the Annual Plan for the Programme also be made avcailable.

**5** Presentations by services staff predominately deal with non-financial issues, but can include financial information.

**6** For example clients serviced and hours of counselling.

**7** For example, in 2003 one prgramme was subject to a twelve month review.

**8** Service Managers report each month on the following: (1) Significant Issues; (2) Progress on Tenders and Submissions;(3) New programmes; (4) Unspent subsidy; (5) Key Financial Variances (>=$10,000). Each quarter, this report is augmented with a report against wo more criteria: (1) Progress Against Annual Plans; (2) Key Variances in Effective Effort (which is essentially what is reported in the PIRs.

**9** Service Reports are written by Service Managers, and, in the first instance are forwarded to the G M S, with whom executive accountability for the Services Function resides. These reports provide the bases for the report by the GMS which is forwarded to the CEO and the Board. The report by the GMS is an edited collation of the Service Managers' reports (and it may also be edited further in consultation between the GMS and the CEO), however a substantial part the primary material that originates from the Service Managers' Reports is included in the final monthly report of the GMS . Furthermore, all Service Managers refer to their reports to the GMS as their "Board Reports" and clearly view them as such.

**10** The Performance Indicator Report (PIR) is a separate report that provides an overview of service effort. Three KPIs are reported for each programme: (1) output; (2) outcome; (3) Stakeholder Satisfaction. Variance against targets that are >=10% are explained by Service Managers.

**11** The monthly and quarterly reports by EMHR are based on a similar format to those provided in the Services Function, e.g. the EMHR reports quarterly on the following: (1) Significant Issues, (2) New Programmes; (3) Progress on Tenders and Submissions; (4) Progres Against Annual Plan; (5) Key Financial variances; (6) Key variances in Effective Effort.

**12** Reports by staff on achievements

**13** Each quarter, one quarter of the staff are surveyed.

**14** Material from report by Manager Education and Training is included in report by EMHR that goes to CEO/Executive/Board

# APPENDIX 6 ACM PRGRAMMES (Starting Date of current programmes): Inception to 2002

| YEAR | to 1950 | 1951 - 1975 | 1976 - 1980 | 1981-1985 | 1986-1990 | 1991-1995 | 1996-2000 | 2001-2002 |
|---|---|---|---|---|---|---|---|---|
| **ADOLESCENT SERVICES** | | | | | Streetlink ('89) | YPS-AMFT ('93) YPS-SAAP ('93) YPS-Ruby's ('93) | Streetlink IDS('98) Reconect('00) | Streelink PDD ('01) Brokerage('01) Streetlinklink Hep C ('02) |
| **ADULT SERVICES** | Kuitpo ('30) | BPCC ('65) | | KCGP ('78s) | | | Break Even (1996) KCFP (1996) | |
| **ALDERSGATE AGED CARE** | | | LowCare(80) | H Care ('85) | | | | |
| **CARE SERVICES FOR OLDER PEOPLE** | | MM ('68) | | | | HSS ('91) HA ('92) MCHS ('95) Private S ('95) | | |
| **COMMUNITY SERVICES** | | | | FCS ('84) | | SRW ('91) CCLS ('92) | LISP('96) SBES('97) C S (98) PSP('98) | M E ('02) O D ('02) |
| **DISABILITY SERVICES** | | | | | T 5 ('90) | | PSO('97) NEN('98) | Aged Carer F ('01) |
| **EDUCATION and TRAINING** | | | | | | ANTA L/N ('96) | ACE-L&LS(96) Youth Lit P('98) | |
| **FAMMILY SERVICES** | | LL ('63) FRC ('71s) | Counselling SAV ('76) | | | DVHelp ('95) | Bfriend('97) G Begin('97) | SideStreet ('01) SpecDVS ('02) |
| **NEIGBOURHOOD SUPPORT SERVICES** | | | | | DoCareTL('86) | | Carer Respite Centre ('97) CollaborativeAction ('97) IYS ('98) R and Rest ('99) Respite To Go ('01) | VioletsVisitors ('01) Comm CL ('01) |
| **No. Programmes** | 1 | 2 | 1 | 2 | 2 | 7 | 17 | 19 |

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**APPENDIX 7: PROGRAMME DESCRIPTIONS**

ACM delivered fifty-three programmes through eight front line service areas. The work of each of the main service areas and the nature of the programmes delivered by them is outlined below.

**SERVICE AREA: ADOLESCENT SERVICES**

Adolescent Services provided seven programmes to support young people. It had an emphasis on the prevention of homelessness, and provided crisis accommodation, family reconciliation services, street level medical assistance, counselling and support. The following programmes were provided:

**Hospital Links**

Hospital Links was a joint project between ACM and the Women's and Children's Hospital. It assisted homeless and at risk young people to get medical attention at Adelaide Women's and Children's Hospital; and to ensure that they were managed after leaving hospital. Hospital Links aimed to increase young persons' adherence to a medical regime, improve their health and consequently reduce the draw on in-patient services.

**Reconnect**

Reconnect was an early intervention program that worked with young people twelve to eighteen years of age who were homeless, or at risk of being homeless, and who wished to improve their level of engagement with family, work, training and community.

**Streetlink**

Streetlink provided health services to homeless and at risk young people who frequented the inner city of Adelaide. It provided outreach services to youth shelters and young people in the community. Streetlink offered counselling and advocacy, health checks, medical treatment, immunisation and well-baby checks.

**Streetlink: Hepatitis C Project**

The Streetlink Hepatitis C Project started in 2001 as a New Initiative. The programme offered education and counselling about, and also clinical treatment of Hepatitis C.

**Streetlink: Illicit Drug Strategy**

The Streetlink Illicit Drug Strategy was a joint ACM/Mission Australia program. It was a community based program that helped young people who wished to manage their drug problem or give it up. It was developed in response to problems faced by young people in accessing mainstream adult drug services in South Australia.

**Streetlink: Police Drug Diversion**

The Streetlink Police Drug Diversion Programme offered an intervention strategy for young people who were found by the police to be in possession of drugs.  It sought to establish a relationship with such young people and to assist them to deal with problems that can lead to drug use. There were two parts of the programme: Detour and SASSY (acronym for Substance Abuse Support Service for Youth). Both were in the pilot (phase1) stage at ACM.  They were funded by Commonwealth and State Governments.

## SERVICE AREA: ADULT SERVICES

Adult Services Provided five programmes that assisted those in the community with drug and alcohol problems; and adults who experience homelessness. Services ranged in specialisation and complexity from four-week residential therapy courses, to more simple services such as the storage of luggage and collection of mail for homeless people. The following programmes were provided:

### Break Even Gambling Services

Break Even Gambling Services offered personal and financial counselling to assist people overcome gambling problems. It worked with the gambler as well as significant others. It delivered community education/ information services in the southern metropolitan area of Adelaide.

### Byron Place Community Centre

Byron Place Community Centre offered a chance for disadvantaged and homeless adults (over twenty-one years of age) people in Adelaide to change their lives with dignity. It provided amenities of immediate relevance to homeless people to achieve independence, such as luggage storage, shower and laundry facilities, and medical assistance. Counselling services, group and recreational activities are also available. Short term accommodation was provided at two houses.

### Kuitpo Community

Kuitpo Community provided therapeutic residential support that assisted adults (over twenty one years of age) to develop skills to cope with alcohol and other drug abuse issues. It provided facilities for up to twenty residents who participated in a

program of up to five months duration, which included counselling and a wide range of individual and group programs and recreational activities.

**Kuitpo Community Family Programme**

The Kuitpo Community Family Programme was a residential programme that allowed for adults with dependent children (primary school age or younger) to have access to the programs at Kuitpo.

**Kuitpo Community Graduates' Programme**

The Kuitpo Community Graduates' Programme provided men and women who had successfully completed the program at Kuitpo with the opportunity to get together and offer mutual support. Accommodation was offered for those who required it.

**SERVICE AREA: ALDERSGATE**

Aldersgate was a residential aged care facility in which both high care and low care accommodation are provided. The following programmes were provided:

**High Care**

Aldersgate High Care comprised nursing home accommodation.

**Low Care**

Aldersgate Low Care units provided services to people over sixty years of age who had approval for low care eligibility. It offered individual living with support provided as necessary. Aldersgate worked to maintain and improve the quality of life for people requiring low care accommodation, who, due to a physical or cognitive impairment, were unable to maintain their own lifestyles.

## SERVICE AREA: CARE SERVICES FOR OLDER PEOPLE

Care Services for Older People also provided residential aged care, either as independent living or as low care support. As well, it provided four community based services that offered a range of supports for elderly people who wished to remain domiciled in their own homes. The following programmes were provided:

### Health Access

Health Access assisted older people get necessary therapy and support services, such as podiatry and physiotherapy, to increase their quality of life. It assisted clients to maintain their independence and activity in the community.

### Home Support Service

Home Support Services assisted elderly people to remain in their own homes. It offered Community Aged Care Packages (CACP) to people over sixty five years of age who had long-term needs who lived in the northern suburbs.

### Multicultural Home Support

Multicultural Home Support was a partnership between ACM and many smaller ethnic organisations to ensure that care provided was culturally appropriate. A wide range of services were provided through CACPs to people over sixty five  years of age from minority, non-English-speaking-backgrounds who had long term needs.

### Murray Mudge

Murray Mudge was a care facility that offered accommodation for the aged (over sixty years of age). It provided low dependency care and independent living facilities.

**Private Services**

Private Services was a programme that provided non-medical support services, such as shopping and social visits to individual aged people in the community.

**SERVICE AREA: COMMUNITY SERVICES**

Community Services provided nine quite different programmes; including support for long-term unemployed people, financial counselling, advice and counselling to those in small business who were experiencing a crisis, and community development work. The following programmes were provided:

**Central Community Legal Service**

The Central Community Legal Services was a joint programme between ACM and the Inner Northern Community Legal Service. It provided free legal information, advice and community education to people who do not qualify for legal aid and who could not afford a private lawyer.

**Community Strengthening**

Community Strengthening provided support to community groups in the southern suburbs of Adelaide.

**Community Support Programme**

The Community Support Programme assisted people who had severe barriers to employment by providing individual support and case management tailored to the individual

**Financial Counselling Service**

The Financial Counselling Services aimed to empower people (particularly those who were disadvantaged) to effectively manage their financial affairs. In addition to providing counselling, the service worked to redress the imbalance of power between people and systems by lobbying for change to government regulations, financial institutions policy and community attitudes.

**Low Income Support Program:**

The Low Income Support Programme offered two services: Community Education and Financial Counselling. It was a joint project between ACM and Southern Family Counselling Centre, which worked with people to identify what could be done to lessen impact of poverty in community. It assisted the community to understand the impact and consequences of poverty and to formulate strategies and identify resources that could help manage or alleviate the effects of poverty on individuals and families. It also provided assistance to individuals, including financial counselling.

**Mission Earth**

Mission Earth sought to develop and sell environmentally friendly cleaning products. The programme served both a training and social enterprise function. The programme targeted young people.

**Open Door Service**

The Open Door Service offered direct advice and/ or assistance to people who contacted the organisation without any referral. It sought to direct such people to an appropriate service.

**Senior Resource Worker**

The Senior Resource Worker provided case work support and training for financial counselors and others in the field.

**Small Business Emergency Service**

The Small Business Emergency Service was a telephone support service for people in small businesses, who were experiencing a crisis. It offered emotional support and referrals to specialists who could provide appropriate assistance.

## SERVICE AREA: DISABILITY SERVICES

Disability Services provided five progammes, which offered a range of support services for people with physical and intellectual disabilities, including life skills training; long term, home based supported accommodation; and social support. The following programmes were provided:

**Aged Carer Funding**

Aged Carer Funding provided assistance to aged carers of people with disabilities.

**Homelink SA (formerly Host Carer for Adults Program)**

Homelink SA was a home based accommodation option for adults who have an intellectual disability, and who wish to live independently of birth family.

**North East Networks**

North East Networks assisted people who have acquired brain injury to re-establish social networks, or establish new ones, after accident.

**Post School Options**

Posy School Options supported young people with disabilities to make the transition from secondary school to adult life. Both individual and group support programs were offered.

**Take 5**

Take 5 assisted people with disabilities to participate in recreation and social activities of their choice. The programme also allows carers to have respite (this aspect is funded by HACC).

**SERVICE AREA: FAMILY SERVICES**

Family Services comprised eight programmes that had an emphasis on supporting families, including personal, family and relationship counselling, telephone crisis counselling, and in-home parenting support for young families. The following programmes were provided:

**Bfriend**

Bfriend provided support for newly identifying gays, lesbians and their families through trained volunteers. Social events and information nights were also offered. In 1999 the service were offered in some rural areas of SA and a youth suicide prevention strategy was provided.

**Side Street Counselling Consultancy, Youth Sexual Assault**

This programme provided individual or group counselling for people who had suffered abuse.

**Domestic Violence Helpline**.

The Domestic Violence Helpline was a state-wide, 24-hour telephone service for men and women who wished to speak to someone about domestic violence. The programme operated in conjunction with Lifeline. The help-line was used by men and women, relatives, friends of those involved in violent situations and also workers in agencies.

**Specialised Domestic Violence Service**

This programme provided a range of support services for victims of domestic violence.

**Family and Relationship Counselling**

Family and Relationship Counselling helped men women and children with family relationship difficulties and in times of crisis, particularly those who had experienced domestic violence. There was significant interaction with other agencies and systems. Groups were conducted when requested. Gatherings (residential therapeutic counselling camps) were also offered regularly.

**Good Beginnings**

Good Beginnings was a volunteer home visiting service that provided support to families with young children in the Southern suburbs of Adelaide. The volunteers reinforced the strengths of the families they visited and provided personal support linkages to the local community. The Home Visiting Project provided support to parents in their homes to increase their confidence, skills and to enable them to provide a safe environment for their children.

**Good Beginnings Salisbury North**

Good Beginnings Salisbury North provided mentor-mentee relationships and guidance services young families. It had a community capacity building focus.

## Lifeline

Lifeline was a 24-hour, 7-day crisis counselling and information service for people living in the Adelaide area. The service operated with volunteers who assisted in all aspects of Lifeline's functioning. Intensive training was provided to volunteers.

## Counselling, Sexual Abuse and Violence

Counselling, Sexual Abuse and Violence was a specialist counselling service for children, young people and adults who had experienced sexual abuse or violence. Counselling usually occurred on an individual basis. Groups were conducted when requested.

## SERVICE AREA: NEIGHBOURHOOD SERVICES

Neighbourhood Support Services comprised nine programmes that provided support for those who were long term carers of relatives, including the provision of respite; support which enabled frail elderly people to remain in their own homes; and the provision of information on such services. The following programmes were provided:

**Carer Respite Centre**

Carer Respite Centre provided respite information and brokerage for carers in Northern and Western Country areas of SA. Respite was arranged and brokerage funds were made available as necessary for residential and community respite.

Clients were people who had taken on an unpaid caring role and who were seeking respite assistance in order to maintain their capacity to continue in the role.

**Collaborative Action**

Collaborative Action ensured the provision of whatever services are necessary in order to maintain people who were (usually) over sixty-five years of age, had a mental illness or dementia and complex challenging behaviours, in their own community. Services offered included respite, referral, counselling, groups, therapy and medical services.

**Commonwealth Carelink**

Commonwealth Carelink was based in Port Augusta. The Commonwealth Carelink Program was a national program aimed at providing information and support to carers, GPs, allied health professionals and the general public in relation to accessing services in the community.

**Do Care / Telelink**

Do Care/Telelink p provided a formal support by trained volunteers to frail older people and younger people with a disability in order to enable opportunities for members of the community to reclaim their citizenship. The programme provided in- home visiting, and telephone link-ups.

**In Your Street**

In Your Street facilitated informal supportive links between older people, carers or younger people with a disability and their neighbours. It sought to assist in the development of informal local community support networks.

**Leave No Footprints**

Leave No Footprints was a programme that worked with indigenous elders in the metropolitan area who were socially isolated. The programme provided clients with an opportunity to share stories.

**Renewal and Rest**

Renewal and Rest provided respite for carers in country areas who did not have access to other services. Clients were people who had taken on an unpaid caring role for people with dementia as well as significant behavioural difficulties. Renewal and Rest assisted those carers seeking help to maintain their capacity as carers and gain access to respite designed specifically for their needs.

**Respite to Go**

Respite to Go provided home respite for carers of people with dementia where that person exhibits extremely difficult behaviours. The service usually provided planned in-home respite but also offered group activities. The service only operated in the remote areas of the North and Western Country Region.

**Violet's Visitors**

Violet's Visitors was a new initiative, this programme developed out of Do Care, which matched older people with volunteers who could provide social support. Violet's Visitors matches older people with volunteers who had pets, and who could visit the person with the pet to enable them to continue to experience pets.

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