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Accountability In The Public Sector: From Despair To Where?

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ACCOUNTABILITY IN THE PUBLIC SECTOR: FROM DESPAIR TO WHERE?

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Abstract

The article examines one of the most intriguing issues related to the public sector reforms; the changing accountability systems. In particular the paper deals with the relationship between accounting-based reforms, professional public sector ethos and forms of accountability.

The paper draws on accountability literature, and uses the framework of people processing/changing social services to discuss the evidence gathered in an in-depth case study conducted in a social service public organization between 2007 and 2009.

Accounting, in the field of social work, risks to be often, and erroneously, equated to accountability and control. In social services the use of accounting measure may over-simplify their inner complexity and ambiguity of the outcomes, calling for more comprehensive forms of accountability.

Introducing reforms in social care has to take into account, not just the problems arising in dealing with services but also the existing ethical standards that impact on the way services are delivered and call for other forms of accountability and control, rather than hierarchical and accounting based.

It is argued that accounting innovation may have a different impact in people processing and people changing mode of delivery social services, and accountability can consequently manifests and be perceived in alternative manner within the same entity.

In this article, through the use of the, the case for professional and public sector ethics, autonomy and responsibility in shaping the way accountability manifested and the role of accounting are analysed. It deals with a topic in the under-researched of social care.

Key words: accountability, accounting, ethics, social services

JEL Classification: M21

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Introduction

Starting from the considerations that cost, efficiency, economy and effectiveness have entered the reforming agenda of public sector organisations, and accounting still represents a potentially biased and active technology for social and political changes, it is of interest to understand the intended and unintended consequences of accounting (Hopwood, 1985). Accountability is far from being a mono-dimensional concept, rather it captures different facets from the formal, informal, internal, external, objective and subjective (Hall *et al.*, 2007; Shenkin and Coulson, 2007)). The responsibility and ethics in conducting public services lead to improved form of accountability where the accounting is mixed with narrative and other informal means. Informal accountability refers to internal mechanisms, such as code of ethics, moral values, professional norms (Frink and Klimonski, 1998). If we start from the conception that accounting representation is limited by its own scope and theory, then accountability may be reinforced and widened in representativeness. As put by Nelson (1993, p. 226) "*A post-modern accounting will in-form audiences with narratives, more than control them with representations. It will tell stories with many characters and plots*". This also may lead to increased transparency on the outcomes. Kamuf (2007) argues that "*accountability might very well be used to mean a narratability, that is, the possibility of accounting through narrative*" (p. 251).

In the literature, there is a call for research attempting to deal on the role of accounting and the changing accountability in public sector, along with the managerial reforms (Odgen, 1995, p. 195).

Indeed, accounting is limited and ambiguous in its capabilities to fully represent a complex reality. Roberts (1991, p. 367) emphasised the need "*to recover accountability from the exclusive and apparently mesmeric grip of accounting*". Management by accounting (McSweeney, 1988; Humphrey *et al*, 1993) meant the reliance on techniques such as budgeting, cost accounting, financial management which are criticized for their inability to tackle corporate inefficiency and the lack of relevance to the modern-time economic environment (Hopper, 1986; Hopwood, 1985; Miller and O'Leary, 1990). Accounting representation and calculation can not go beyond itself (McSweeney, 1997, p. 703), thus excluding the ambition to sketch the truth or real situation. Accounting, as any other form of representation, is not disinterested in the way in which reality is constructed. More arguably, as put by Hacking (1983, p. 31) "*we represent in order to intervene, and we intervene in the light of representations*". Accounting technologies, accountability means and market-driven reforms may be biased by neo-classical economic ideologies (Best, 2008), forgetting the social, interpretative and social implications (Ogden, 1995).

In social services, where the level of indeterminacy and uncertainty of the output and outcome of interventions is higher than other services, the professionals involved need to exert autonomy, responsibility in dealing with the services. Thus, the accountability means cannot be reduced only to the measurable accounting. There may be some conflicts, as a consequence, in social work between the degree of autonomy and responsibility, required by social workers and the call for formal accountability and control to conform to the policies of the organization in which they work (Fowles, 1993, p. 97).

Autonomy, responsibility and accountability reveal a tight relationship (Bracci, 2009; Lindkvist and Llewellyn, 2003). Responsibility and accountability, however, represent two different concepts. While responsibility is related to the action in the present, accountability can be equally referred to the results of past action or the objectives of future action (Olson *et al.*, 2001). However, accountability is a more subtle and wider concept than responsibility (Hoskin, 1996), in its operation and scope more total and insistent. It ranges over space and time and its presence is more extensive and continuous (Hoskin, 1996, p. 265). Responsibility has to do also with ethical, moral and professional standards which discriminate between what is a proper act or behaviour, and what is not (Trevino, 1986; Forte, 2005). The concept of autonomy recalls one of the basic characteristics of professions. The attainment of autonomy means "*the control over the content and terms of work*" (Friedsen, 1970, p. 136). In professional organization autonomy and responsibility may lead to the

developments of forms of self-supervision, alternative of direct supervisions and formal controls (Cummings, 1978; Mills and Posner, 1982).

The invasion of accounting into the realms of norms and ethic of professional judgments, arena for claims to strict professional status (Etzioni, 1969, p. xii), can create forms of resistance, organizational conflicts and counter-strategy by the professionals (Humphrey, 1994; Laughlin *et al.*, 1994). Ethic is intertwined with the concept of accountability. Indeed, Gray and Jenkins (1993, p. 55) defined a code of accountability as a systems of signals, meanings and customs that governs the "*establishment, execution and adjudication of the stewardship*". A code of accountability then defines the boundary between what is considered acceptable or inacceptable. Every type of codes of accountability involves and entails a set of values, principles, expected behaviour and conduct which are driven by some ethical standards.

Values and ethical norms form a foundation of both public sector organization. O'Toole, for instance, defines public sector ethos as the tendency to set aside the "*personal interests (…) working altruistically for the public good. Secondly (…) it is about working with others, collegially and anonymously, to produce public good. Thirdly, it is about integrity*" (1993: p. 3). The core values characterising the public ethos are considered in the following (Pratchett and Wingfield, 1994: p. 9): accountability, honesty and impartiality, serving the community, altruistic motivation, sense of loyalty to community, profession and organization. In the case of caring professions additional set of ethical standards and values intervene. Filley *et al.* (1976) states clearly that professional ethics means applying "*universalistic standards without being swayed by self interest and without becoming emotionally involved. Professionals also feel an obligation to society to maintain quality standards within the profession*" (p. 382). Today ethics is an integral part of social work also regarded as the lateral responsibility and accountability of every member of the professional community (Fowles, 1993).

The reforms put under questions such values introducing new ones focussed on economic rationality (Brereton and Temple, 1999; Kirkpatrick, 1999; Gorz, 1989). Concepts and techniques such as performance, pay-related schemes, costing, budgeting entered the public domain restructuring accountability, emphasizing consumerism and competition, reducing the scope of state intervention (Pratchett and Wingfield, 1994, p. 652-653). A different set of values have been introduced through new technologies, managerial and organizational structures, in order to alter the institutional setting, the network and power relations within the public domain. Professional public sector values like pursuing the public interest, quality of performance, trust, among other professional ethics and standard of conduct may subdue to efficiency reasons (Schmid and Hasenfeld, 1993).

Such "*contamination*" does not appear, in the literature, to have a clear positive or negative connotation regardless an evaluation of the intended or unintended consequences (Bowerman, 1999). Pollit (1993, p. 144) talked about the exercise of "ideological imperialism" that can lead to unimproved performance but with unintended consequences. Jacobs (1998, p. 333) criticizes the widespread use of PPP for the risk to dissipate competencies commonly associated with public sector like high public service standards. The application and sole adoption of the economic logic or reason in the caring profession may lead to negative consequences (Gorz, 1989). The contractual and economic logic inundated heavily the domain of social care (Broadbent *et al.*, 1996).

A less controversial view is that of Pratchett and Wingfield (1994) who talk about possible cross-fertilization between the public sector and private sector core-values. Similarly, Power (1992) mediated the open critique of economic reason as applied to the public sector. He argued that the economic calculation can represent a means that can provide some notion of equality and objectivity to enable the democratic process.

However, it is inappropriate to compare and make an analogy between the public and private sector, given the failure of accountability and lack ethical code in vast areas of the private sector (Bogdanor, 1994). Besides, the attempt to use the only accounting measure for complex goals is to limit the significance of the actions and surrogating reality. Professional accountability may

contrasts with financial based accountability (Gray and Jenkins, 1993, p.57). Professional relationships and accountability are normally external and implicit, and draw from a lateral rather than a hierarchical judgement. NPM reforms focused heavily on formal accounting-based technology as means for improving accountability in public services. Formal accountability then materialized as performance evaluation systems, accounting procedures, controlling and co-ordinating mechanisms. What it seems to be forgotten is that formal accountability systems may be perceived differently by individuals. Frink and Klimonski (1998), showed how the individual's, or group's, value and ethical system may lead to a different interpretation and reactions to the same context and formal accountability systems. The latter may have several un-intended consequences, like the discouragement towards creativity and flexibility, and the decreased risk-taking and ability to deal with cognitive complexity (Lerner and Tetlock, 1999). Besides, and most interestingly, formal accountability may pressure individuals to behave unethically (Hall *et al.*, 2007).

Aims and research questions of the study
This paper aims to tackle some of the issues related to changes that have occurred, and are on going, in the past years in the fields of social services. Social services have been rarely investigated in the literature (as notable exceptions see Jönsson and Solli, 1993; Fowles, 1993; Llewellyn, 1998; Llewellyn and Saunders, 1998), despite their key role in democratic welfare-society to grant disadvantaged people citizenship's rights. The delivery of social care is affected by a high degree of uncertainty, the fundamental role of the people in the process of co-production, and the role of accounting for accountability and control is not un-problematic (Llewellyn, 1998). Only recently (in Italy from 1998), social workers belong to a professional body, setting, as in other professions, ethical standards and codes of conduct. The role of ethics in public sector and/or professional services is not a new issue (Abbott, 1983; Glinow and Novelli, 1982; di Norcia, 1993; Suzuki, 1995; Pratchett and Wingfield, 1996). However, what is missing is to understand the link and the consequences for accountability within a NPM reform. On this respect, the literature is sparse or not directed to that aim. In order to interpret the evidences gather in the case study, we adopted the conceptual framework of people processing/changing type of service (Hasenfeld, 1972 and 2000; Schimd and Hasenfeld, 1993).

The research questions of the present analysis can be summarised as: what is the nexus between public sector professional ethos, responsibility and accountability in social services? What is the role of accounting in the delivery of accountability in social care?

The paper will be structured as follows. The first section sketches the main characteristics of social services. Then, the conceptual framework of people processing/changing type of organization is described. The third section presents the case study and the methodology adopted, before analysing the results in the following section. The paper concludes with some discussion and final reflection.

Resourcing and social services
Social workers achieved lately an institutionalised professional stance, making their domain of action more ambiguous in terms of financing levels and results achieved (Llewellyn, 1998). Meyer (1994) considers the process of professionalization as a societal response towards rationalization. Expert knowledge becomes then institutionalised, the input/output relations can be created and thus the financing formula. As put by Llewellyn (1998, p. 29) "*Without a definitive consensus on what is being produced, resourcing questions are indeterminate across a wide continuum*".

Moreover, social services seldom achieve successful outcomes, given that they deal with disadvantaged people that are marginalised in western countries and seen as losers (Eddings, 1992). They have not managed to reach a higher status of medical profession, given the difficulties in delivery and demonstrating to the public significant results. While medical profession structured its activity in protocols and procedures that standardize remedies irrespective of the patients (Whitley, 1995), social workers defines case sensitive interventions, creating an endeavour for subjectivity. The latter is then blamed and linked to their failure to deliver relevant and acclaimed results

(Jamous and Peloille, 1970). Social workers are considered professional whose activity is defined by the State, they become agents for the implementation of governmental decisions. Their power and status is not only the result of professional institutional and societal recognition but is tied to the policy of the government. The latter, thus, defines the "*needs*" or "*problems*" that are to be dealt with by social workers, which become "*agents of social control*" as Heraud (1973, p. 89) put it:

> "social casework is seen as serving the capitalist system admirably since its basic assumption is that there is nothing wrong with society and that problems of individuals who cannot 'adjust' in some way. Because of the power of this form of professionalism in determining how clients' problems are to be defined, one of the functions of social work is to act as an agent of social control"

One of the key features of social services is the co-production by the professional and the customer. This means that the effectiveness of the output is related also to the willingness and participation of the customers (Stewart, 1990). Such characteristic distinguishes social services from manufacturing and can be explicated in three moment of the co-production (Larsson and Bowen, 1989):

- initial information: the professionals requires to gather some initial information in order to define the quality and quantity of the service needed. In this moment, it is important to define the desired outcome in terms of expectation and specification;
- the customers' actions: during the production of the service, the way in which the customer takes part to the action can modify substantially the final results;
- the customers' state of mind and body: often the customers asking for social care are in a not collaborative state of mind, or physically unable to collaborate.

In summary, when there is lack of information, or/and some physical or mental inabilities that impede communication and collaboration, and/or the expectations and willingness of the customers to actively engage the outcomes of the social services may become highly ineffective. Such a situation may occur also when the professional and financial effort provided by the social service is relevant and consistent with the clients' needs. Besides, in the realm of caring, social workers claim to being able to bring about changes in the personalities, behaviour and attitudes of their clients. In liberal democracies, such "*invasion*" in individual freedom obliges social workers to ascertain that their intervention is not directive (Halmos, 1970).

Another economic trait of social services relates to the financing system, budget allocation and incentives' system. Indeed, as argued by Lipsky (1980) welfare agencies deal with heavy case loads of un-collaborative and unpredictable customers with limited or inadequate resources. This is not true in absolute terms, the overall cost of social care is huge[2] in welfare society, but the problem lies with the refractory link between the input (or the effort provided) and the outputs. Paradoxically, in social care success is measured in the increase in overall resources, which means an institutional recognition and wider possibility to intervene on more people and/or for longer period of time (Brunsson, 1994, p.326). Besides, a private operator has ample incentives to monitor the consumption of inputs, given its direct reward from surpluses eventually generated. In contrast, public providers are remunerated in ways which are divorced from their efficiency. In so doing, they may avoid implementing professional ether-produced monitoring and controlling activities (Parks *et. al.*, 1981, p. 1008).

Social care is characterised by a high level of ambiguity over the outcome of its activity and thus the intrinsic value of social work activities. Uncertainty and ambiguity are tied with the task complexity and work-flow uncertainty that affect the efficiency of the technical core of the service (Glocum and Sims, 1980). Work-flow uncertainty means the difficulties in predicting the client arrival, the delivery of the service and the exit pattern overtime. Task uncertainty, instead, is related to the lack of knowledge about how to achieve the desired service outcome.

The ambiguity and uncertainty in the delivery of social services reflect on the nature of goals. As suggested by Perrow (1962), goals can be unambiguous or ambiguous. In the first case, accounting-

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[2] In 2007, the overall social service expenditure peaked, in Italy, €5,7billions (€98 per capita) up 6,7% from 2006.

based technologies fulfil widely the needs for control and accountability. The outputs of an organization become the main object of analysis. In the latter case, instead, accounting alone is not enough and must be accompanied by more qualitative, informal means focussed on behaviour. Ouchi and Maguire (1975) point out that the two forms of control (e.g. Behavioural, Output) are independent given that they are functional for different purposes. This again calls for the need of mixing several forms and means of controlling and accountability, given the intrinsic limits of accounting per se. However, reforms and managers tend to introduce and adopt output-based forms of control when least appropriate in the face of complexity, ambiguity and interdependence (Ouchi and Maguire, 1975).

Besides, in the case of public sector organizations the official goals tend to be even more ambiguous or contradictory in respect to the operative goals. Official goals can be defined as the general purposes of the organization, those presented in the official documents, statements or report. They tend to be purposely vague and general and do not describe the major factors which influence the activity that are the decisions and how to achieve the goals among the different options and priority and the unofficial goals pursued by groups within the organization (Perrow, 1962). In such organization, politicians and most of all professionals may assume its control, becoming vulnerable for exploitation in terms of personal or group interests.

According to several authors (see for instance Mills and Moberg, 1982; Modell, 1996) the higher the degree of task and goal uncertainty in services the lower the effectiveness of formal accounting-based controls and accountability means. Ritualized or cultural has been suggested to be an appropriate co-ordination mechanism in situations of high intangibility and intensive interactions in services (Nesheim, 1990). Alvesson (1989) also found culture in a professional service to foster horizontal, aligning employees with broader value systems, which we will refer as professional ethic. Ethical codes, professional norms, values, beliefs are all example of informal and internal accountability systems. The latter may be overshadowed when pressure is made to introduce formal accountability means, like accounting rules, performance evaluation process. Besides, ethical values in public sector professionals can not find in the accounting logic the sole controlling and co-ordinating mechanism. Indeed, values like pursuing the public interest, working altruistically, working with others, collegially, integrity, serving the community, sense of loyalty to community and professions (O'Toole, 1993, p. 3; Pratchett and Wingfield, 1994, p. 9), calls for the adoption of a wider concept of accountability.

People-processing and people-changing framework in Social Services
Social services organization can be classified within the archetype of professional service (Silvestro et al., 1992). Broadly speaking, professional services are characterised by relatively few transactions, highly customised, with relatively long staff/client contact time, and where relevant autonomy and professional judgment are applied to cope with customers' needs.

However, this classification is too general to explain some of the feature and the ways social services can be delivered within a specific institutional context. Indeed, welfare services produce outputs through the mixing of different responses and way of delivery. The choices can be made between people processing and people changing, impacting on the overall costs, quantity and quality of the services (Hasenfeld, 1972; 2000; Schmid and Hasenfeld, 1993). As shown in the table below, the major product of people processing organizations is people with changed statutes and locations in various community systems. Compared to a people changing organization, it does not aim at modifying the behaviour (like avoiding that a released prisoner commits new crimes) but the social status (sending the released prisoner to a work community). The processing technology, so forth, changes and the related costs. Indeed, in a people/processing organization the main technology is the process of classification and disposal of clients to the most suitable services. The social-worker has the responsibility to allocate resources in terms of grant support, meals or social assistance. Hasenfeld (1972) identifies four tasks within the process technology, namely: client assessment of the existence of the condition that legitimate an action; clients evaluation to

determine the appropriate action alternatives; choice among the alternatives; clients relocation in a new social setting.

The most relevant consequence of a people processing organization is that the attempt to change the behaviour of the clients is carried out outside the boundary of the organization by the market unit to which client was located. Indeed, others organizations can act, sometimes in the behalf of the public administration, in trying to change the clients, like private for-profit and/or non-for-profit organizations. The presence of delivery options and thus come sort of competition does not have negative or positive recognition, given it provides increased value to the community at same cost. Outsourcing decisions can be, thus, pursued taking into consideration the inherent difficulties in defining unambiguous measure (Llewellyn, 1994).

Table 1 - People changing and people processing organizations compared

Variable	People processing	People changing
Type of product	Altered status	Behavioral change
Technology	Classification-disposition	Socialization-resocialization
Locus of technology	Organizational boundary	Intra-organizational
Relative duration of staff-client encounter	Short term	Long term
Risk of effectiveness reduction	High	Low

Source: adapted from Hasenfeld (1972 and 2000); Schmid and Hasenfeld (1993).

The social workers activity then gets more and more administrative, standardised and routinely, one in which the operator prepare a dossier of the claimant, negotiate with them the classification-disposition of status and exchange with external provider of the services (Hasenfield, 2000).

In people processing organization, thus, their claims of service effectiveness depend in large part on the quantity of people processed and the response of the receiving units to the clients' statutes. The quest for quality is then deployed in a vacuum where the public sector organization may not have the interest, neither the resources to tackle the issue. The relationship between the social workers in a people processing organization is limited in time, thus for the public sector means an increase in productivity and reduction of personnel costs.

The risk for the public sector, who takes most of the burden, in case of services, like home-care, is that of de-professionalization of workers. Private sector market unit may try to lower their costs by hiring low skilled workers, lower the overall incentive and motivation and so increasing the personnel turnover (Schmid and Hasenfeld, 1993). In the long term, the effectiveness of the services would lower, unless expensive quality control by public sector organization is introduced.

Research method

This paper portrays a story of an organizational transformation, within the context of welfare service reform, and how the changing boundaries mixed with change in the accountability and accounting means. The empirical study is set in the context of an Italian public sector social service organization – the Public Social Services Entity (thereafter ASP) – experimenting a reform process brought about by a national and regional law aimed at increasing the efficiency and effectiveness of social services.

The evidences are based on a longitudinal observation from prior the constitution of the ASP (2007) to date (2009) during which we had the opportunity to gather data, documents, notes from interviews to the Director, the administrative and professional personnel working in the organization (see table). Given that the primary task of the study is to untangle the events that characterised the constitution of the ASP and its changes, longitudinal case studies as being the most appropriate research method (see for instance Pettigrew, 1990; Dawson, 1994). Longitudinal

case studies are considered relevant approach as a means to tease out the cumulative characteristics and evidences involved in a process of institutional and organizational change (Dawson, 1994).

Table 2 - Distribution of interviews across the research process

Interviewee	2007	2008	2009	Total
General manager	1	2	1	4
Administrative officer:				
Controller	1	2	1	4
Financial manager	1	1	1	3
Procurement manager	1	1		2
Residential care manager 1	1	2	1	4
Residential care manager 2	1	1		2
Social care manager 1	1	1	1	3
Social care manager 2	1	1		2
Social care manager 3	1	1		2
Total	8	12	5	25

The first round of interviews, in 2007, aimed at probing into their experiences of organizational transformation, and in particular of the innovation in terms of accounting and accountability. During the 2008, after the formal constitution of the new organization, the round of interviews attempted to understand the way in which the different managers perceived the introduction and development of the accounting tools, and to examine the wider experiences of the innovations concerned at the operating level. The last round of interviews, in 2009, allowed sharpening our focus on issues of key interest and gaining a deeper understanding of emerging accounting and accountability practices.

The interviews typically lasted between one and two hours, and only some of them were taped, due to practical (i.e. avoid bias related to potentially controversial and sensitive issue) and privacy reasons (i.e. lack of authorisation to tape-record the conversation or the group discussion).

To validate the notes and transcript, the interviewees were asked systematically to confirm, modify or integrate the results. Such approach proved useful for stimulating additional discussion and confrontation in certain issue with the participant (Bloor, 1978).

Background: social services in Italy and the ASP

The Italian social services have been subject only recently to an increasing attention by reforms in terms of improving the level of efficiency and effectiveness through also the introduction of accounting-based innovation. Following a first reform of 2000 and the devolution process in public administration, the responsibility for the delivery of social services is tied at the Municipality level. Then the actual delivery can be executed by public or private organization alike.

The ASP was founded following the merge among two entities (The Centre for Social Care and an Orphanage) and the Municipality branch for social services. The Centre for Social Care dealt with the provision of elderly residential care, the Orphanage did not provide any service and brought its assets, while the Municipality branch was responsible for the delivery of social care towards elderly (except residential), adult and children. The ASP was formally founded from 1st January 2008 after a comprehensive reform of social services in the Emilia Romagna Region. The 2008 budget was about €18 million, employing about 144 people.

The ASP is owned by the Municipalities of the social district (Ferrara, which holds the majority, and other two minor municipalities). The ASP is in charge for the delivery of elderly residential care, and social services towards infants, adults and elderly, in an area of about 140.000 residents.

Besides, the relationship between ASP and the Municipality is set on a contractual basis, where quantity and quality of services are defined (like a Service Level Agreement), as it is the prices that the Municipality recognizes to the ASP on a period basis.

Table 3 - Accounting and accountability tool pre and post merger (Y= yes – N= no)

Tools	Pre-reform	Post-reform	Year of introduction
Cash-based budget	Y	N	
Accrual Budget	N	Y	2007
Responsibility centre accounting	N	Y	2008
Profit and loss statement	N	Y	2008
Balance sheet	N	Y	2008
Social reporting	N	Y	2009
Cost accounting	N	Y	2009
Performance reporting	Y Limited to the residential elderly service	Y	2008-2009
Management by objectives	N	Y	2009

In terms of accounting technologies, differently from before, it now has to (it is compulsory) adopt double-entry book-keeping, the accrual budget structured in responsibility centre, management accounting systems and cost accounting. In terms of accountability means, the ASP has now to report about financial position and performance, on an accrual base through a Profit and Loss statement and a Balance Sheet. Besides, a relevant innovation is the obligation to prepare every year, together with the presentation of the financial reporting, a Social Report. This represents a relevant exception, both in private and public organizations, nationally and internationally, the compulsory provision of an additional accountability means not focussed only on an accounting perspectives. If we compare the new accounting and accountability means introduced by the reform, with the previous situation the difference is clear-cut (See table 3). Previously, the only accountability document was represented by a cash-based budget and an end-of-the year report.

However, the latter were not structured according to the responsibility centres, but the expenditures were organized according to their nature. In terms of management accounting tools, only at the level of residential elderly care it was possible to find some report related to the quality and quantity of the activity carried out. No control reports whatsoever were present in the case of the other social services. The accounting and accountability technologies were set at a minimum level, not far from the situation that can be found in the Italian local government (see Panozzo 2000; Caccia and Steccolini, 2006).

The internal organization of the ASP is depicted in Figure 1. The most evident change from previously is the formal detection of line and staff manager to whom have been devolved more formalised responsibility over the efficiency and effectiveness of the services. They all are budget-holder and responsible for the achievement of detailed output levels.

The Board of Directors, composed by three members, is appointed by the three municipalities holding the property, with a large majority held by the Municipality of Ferrara. The General Manager is appointed by the Board of Directors even though it maintains a formal and informal link also with the municipalities. The formal link is represented by the Service level agreement (SAL) that is signed between the parties and in which it should be stated the quantity and quality of the services provided by the ASP and the financing. Internally, the ASP is structured in a functional manner with operations' manager (elderly, adult and infant) and administrative managers (quality and control, financial, purchasing, human resource).

Starting from 2007 the introduction process, from 1st January 2008 these technologies were introduced, to a different degree of gradualism, affecting the whole organization. The first social report of the ASP will be completed by the first semester of 2009.

Given the institutional role given by the regional law, it is evident that the accounting reforms are supportive of a contractual relationship. The SLA between the ASP and the Municipalities attempts to set a quasi-market condition in social services, fixing price for services, which should be based on costs. The attempt to create a "third-way" between market and hierarchy has been extensively debated, especially in the UK, but seems not to be tackled sufficiently in other countries.

Kirkpatrick (1999) argued that networks, as an alternative institutional and organizational setting, may not achieve the benefits that the advocates assume. Transaction and coordination costs may overcome benefits, especially in many professional services, like health-care and social care (see also Walsh *et al.*, 1997, p. 37). One of the risks is also related to the fact that contractual arrangements tend to stick with quantifiable short-term outputs, pushing towards the adoption of accounting-based forms of accountability and control over activities and contracts.

Figure 1 – The internal organization of ASP
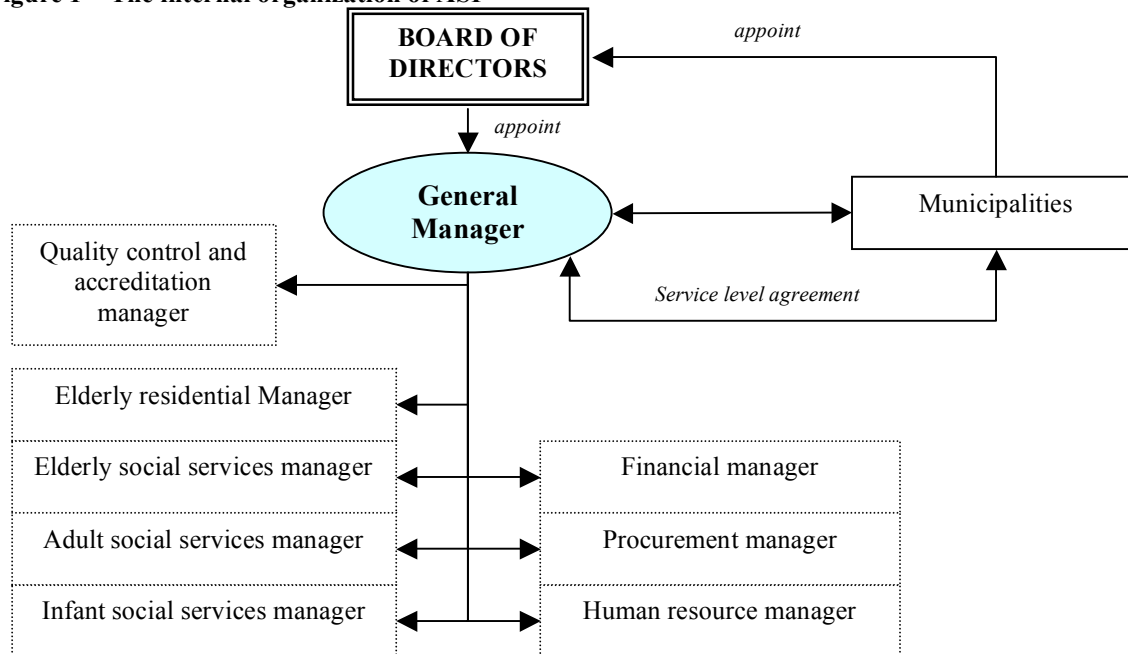
The profession of social worker
Before starting the description and analysis of the results, it is relevant to sketch briefly some of the characteristics of social-workers as a profession in the Italian context. A profession is usually considered when is able to possess a specific body of knowledge, some codes of ethics; a provision of formal training and some power to regulate the entrance into occupation (Glinow and Novelli, 1982, p. 417). Professionalization is then considered important to "institutionalize" expert knowledge as a means to rationalization of actions and, thus, reducing uncertainty and ambiguity.
In Italy, the social care profession has not a long story, since the first deontological code was produced in 1998. Only recently, then, this profession started to acquire an institutional recognition and role within the society. If we look at the code, it is possible to read the values and principles at the base of the professional ethic. In particular, the aim of the social-care is to help the cases in reach the capability of self-determination in expressing positive freedom, sense of responsibility for the decision and actions. The role and participation of the people is thus fundamental for any positive outcome of social care: task ambiguity and indeterminacy of the outcome are two of the main characteristics in the production process of social services. The social-worker is to be considered as a support towards the acquisition of autonomy, responsibility and behaviour of the people (Bianchi, 1995): most social care, thus, are also people changing through co-production, rather than people processing. The distinction between people processing, people changing and co-production is not irrelevant. Stewart (1990) argued that the way resources are consumed and allocated depends on the choices made in the production of social care. An organization of services directed toward a co-production and/or people changing requires more resources that a simple people processing organization. The latter, however, may lead to some ethical problems when professionals are asked to act coherently.

The relationship between responsibility, ethic and accountability
The organizational and accounting changes affected the ASP in different manner in relation to the area of activity. For the purposes of the analysis the section is separated into three. The first related to the initial perception of the reform process by the organisation, followed by an analysis of the different impact of accounting and accountability innovations in people processing type of services, and in people changing type of services. The last section will focus on the relationship between professional public sector ethos and accountability and some reflections on future development.

The initial change: between hope and despair
The public sector professional ethos was considered as the set of values, principles and standards that are considered the right way to perform a specific public service. The literature showed a contrasting view about the relationship between public sector ethos and accounting.
The ASP, according to the national regional laws, is characterised for a private-style set of principles and techniques. Indeed, the principles toward which the ASP should orientate its action are the "old-fashioned" three Es, namely efficiency, effectiveness and economy[3].
The organizational changes affected, and vice-versa, by the accounting and information systems innovations. Indeed, the ASP statutorily has to implement the following technologies: double entry book-keeping; budgeting; cost accounting; performance related pay; social reporting.
The reform represented for the opportunity to create a new institutional actor, the ASP, able to improve the way social services were provided. The ASP was meant to be more efficient, flexible where professionals could exert all their potential, thanks to a private orientate style of management. Accounting, thus, had been initially seen as a sort of "*hope*" by professionals and the other personnel. As Hopwood argued "*it is difficult to disagree with a concern with efficiency. Who wants to be inefficient?*" (Hopwood, 1985, p.6).
The personnel of the administrative offices were the most affected by the introduction of the accounting and information systems changes. The passage from a cash-based accounting system to an accrual accounting was the most cumbersome for the offices, especially the accounting and finance. Here, it was found a general acceptance of the new technologies, or even a vivid interest in going further in the development and the extent. As the controller put it:
> "*It is a very challenging but stimulating period, when I can see the application of things that I just studied at school*".

A strong role for the introduction of the new accounting was granted by the General Director:
> "*I need to put under control all the areas of activity of my organizations. It is not possible nowadays working without such knowledge. I always have to be accountable to different subjects, politicians, parents of customers, customers, associations*".

Accounting for administrative offices represented a sort of professional emancipation and development. NPM reforms, as happened in other areas of public sector, lead to the creation of new professionals at the administrative levels, mainly accountants, controller. The latter, as happening in our case study, found in the accounting innovations new breeds for professional advancement, personal motivation and organizational legitimation (Hopwood, 1992).
A feeling of hope was present also in the realm of social workers. Some of them hoped that the transformation could improve the quality and competence, being a more focussed, innovative and efficient organisation. This hope was expressed as: "*being part of the organization that expresses the higher role to deliver professional service to the community*", or the sense of "*becoming an institutional recognised actor, and probably the key one, in the social service network*", and of "*being freed by heavily bureaucratic public sector type of structure, and benefiting from a more flexible and efficient organization and management*".

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[3] The Italian correspondent for Economy, i.e. Economicità, means the capability for an entity to remunerate all production factors, as well as the equity in a reasonable manner, which in the public sector is referred to the creation of public value (Farneti, 1995).

However, this hope was also challenged by a contrasting set of experiences and emotions. Some employees, indeed, envisaged in the reform a downgrading in terms of ethical and professional status. The professionals, previously employed by the Municipality and the Local Health Organization, were left free to decide whether or not to join to the ASP. In 2007, some 20 employees decided not to join the ASP. The main reason was that some of the employees considered the new structure as an attempt to change the status of public administration:

> "*I fear that this is only the beginning towards a loss of public sector ethic and orientation, and I see many problems that may arise from that. I do not want to put myself in a situation where I am forced to come to terms with my professional values*" (Social worker).

This was significant more for people employed by the Municipality that for other. In this case, the "privatization" was seen correlated to the accounting innovations, as put by another:

> "*what I can see and hear is talks about cost containment and control, budget, but when are we going to discuss about services, interventions to solve heavy social problems that affect our community*" (Social worker).

Another reason is related to the loss of status. This is particularly true for people employed by the Local Health Authorities that was considered institutionally more relevant, bigger and with more career opportunities:

> "*The new ASP is not clear what is going to be. I belong to the LHA and I think that still means something, and I hope also for some career opportunities in the long run*".

Accounting and accountability in people processing services
The ASP involves four main administrative offices plus the Director, the accounting and finance, procurement, personnel and Quality assurance and control. Besides, it is possible to consider among the social services, those that are people processing type, namely: elderly residential care, grants and contribution, some of the home-care services to elderly and adults, some of the social services for children and adults.

The residential care to elderly is the traditional area of activity of the ASP. It is organized in five units, hosting almost 150 elderly at a different status of autonomy and health. Three of these units are out-sourced for the day-to-day activities, while two are directly managed by the ASP.

Residential elderly care before the reform had already set a series of output measures in terms of quantity and quality of services. Information like cost-per-day, cost-per-unit, and other more qualitative like, n° of baths and so on, were routinely reported. The manager of the unit affirmed in this sense:

> "*together with the professionals involved in the delivery of the case, we were able to define the standard of performance, especially, in terms of quality. And this even before the reform and the changes introduced*" (Elderly residential care manager 1).

The economic reasoning emerged as a taken for granted value and ethical behaviour of the unit. Accounting is not considered here as an intruder but as an important, even though not the sole, elements of the organization:

> "*resources are scarce and we are keen in maximizing them. I welcome more effective reporting on costs and overall performance, to better manage the unit. However, the economic result must always be interpreted and discussed to understand the complexity of the service*" (Elderly residential care manager 2).

In this case, thus, accounting appears to play an accepted and legitimated role, even though it does not fulfil alone the information and accountability needs.

Residential care for elderly is possibly considered the type of social service with a minor uncertainty in terms of work-flow and tasks. Indeed, the aim of the service is not to cure, or modify the behaviour of the persons assisted, but mainly to accompany the elderly, often lonely and ills, toward the conclusion of their lives in the most decent and human manner. People in such services are kind of processed into the system, through standardized forms of assistance.

This may be a reason why this service has historically used pricing mechanism, funded by public sector through service level agreement, and developed a quasi-market at regional level.

The economic reason and the accounting-based mechanism are historically used to control and compare performance. The General Manager and also the Manager in line agreed on the relevance of the economic discourse in important decision, like the outsourcing of some of the service to private sector provider:

> *"There is no escape at the moment, than trying to minimize the cost of the residential elderly care, given the rise on demand and costs."* (General Manager).
> *"we have no choice than control and reduce our costs if we want to keep delivering the services"* (Residential elderly care manager 2).

At the end of 2008 two sections of the elderly services were outsourced to a private organization for the daily provision of the service within the coordination and the structure of the ASP. The latter, maintained some tasks related to the admissions, receipts from the customers or/and public sector, control over performance. The standard of the services outsource and the price were set in contract.

> *"the elderly residential care is evidently more expensive if provided in-house by public sector organizations. Private sector organizations can benefit from lower wages, more flexible human resource management"* (Residential elderly care manager 1).

It is evident the diffused use of an economic vocabulary, supported by the adoption of more or less sophisticated methods of calculation. The latter enabled the managers to defend the out-sourcing choice that implied the reformulation and reorganization of activities through an economic rationale (Ogden, 1995, p. 197-198).

In other people-processing services, like home-care for elderly or adults, most of which delivered through an external market unit, it was possible to find a similar acceptance and positive reaction towards the accounting innovation:

> *"the accounting changes are quite supportive to me. I would also like some more advancement to better monitor the budget and the payment to the co-operative that deliver the service in our behalf"* (Social Service Manager 2).

In people changing services, thus, accounting and accountability changes did not contrasted with the needs and existing set of norms. On the contrary, they were considered necessary and welcomed. In this sense, the economic discourse and principles complemented the professional ethos (Pratchett and Wingfield, 1994).

Accounting and accountability in people changing services
The social services towards elderly, infant and adult represent the area of activity that was taken from the Municipality and the Local Health Authority. The type of services can be divided in mere economic assistance (poverty cheques, rent supports, meals and so on), and direct assistance in relation to the specific problem. The former, indeed, can be considered a standardized service where the access and the provision of the service is regulated by law and internal regulations. The latter instead require a professional intervention by social workers, nurses or/and psychologist. In this area the accounting innovations encounters the most of the difficulties and resistance to their introduction.

Innovations were also introduced in the information system. New software, called SOSIA, was implemented in order to record all the activities carried out by the social workers. Previously all records were kept in written form and filed in dusty offices. Ex-ante control was not possible, while ex-post one was lately and cumbersome. The responsible for the data-entry is the social worker and for this reasons, resistance and difficulties aroused:

> *"I and my colleagues do not have the time"*, *"either I work with customer, or I fill this forms, I prefer the former"*.

The innovation clashed into the ethic of professional activity that refuses changes that can undermine the overall aim and function of professionals. The latter, however, have become more and more accountable in case of failure in the filling of the forms.

However, the explanations for such behaviour are also rooted in other aspects. Firstly, the kind of services that are involved are characterised by high work-flow uncertainty and task ambiguity. As already described, in such cases traditional accounting based form of control and accountability risk

to over-simplify reality, trying to measure something that is unbearable by numbers. In talking about control, one social service manager stated:

> "*to evaluate the outcome of most of my services, I would need resources and time. I can not fit in a number the quality of the work done by my colleagues*" (Social service manager 2).

Evaluation then is carried out through other means, like direct supervisions for newly appointed professionals, or peer confrontations about specific problems and way to resolve it. The internal organization of the social services is a confirmation of the habit to work with case-responsible but within groups that shares the problems encountered and the means to intervene. Accountability in this sense, is exerted in a lateral way both formally and informally. Indeed, the periodic meeting among professionals are formal moments planned and organised. It is also a moment of professional training and consolidation of ethics and codes of conduct.

> "*Peer supervision is one of the most important moments for sharing common views on how to intervene in complex cases. Our profession, most of the time, does not have good-for-all receipts, every case is unique and the output is affected by several factors, not just the quality and quantity of intervention*" (Social Service Manager 3).

Autonomy, self-supervision, and closeness of supervision function concur, as this case demonstrate, in a consultative environment, as argued in the literature (Mills and Posner, 1982). This may be due to the evaluation and judgemental nature of complex activities, along with the need to provide the employees with clear task boundaries, would require frequent interaction between the subordinate and supervision. Llewellyn (1998) suggested that accounting must be maintained behind a boundary with respect to the core valued activity of social services. This strategy is aimed at avoiding conflicts and to engender "*resistances to the strategies of interventions which it seeks to further*" (Hopwood, 1987, p. 230).

Besides, several social service managers discussed about the relevance and importance of non-accounting means of accountability. Narrative forms, such as case histories, case report are the norms, also to evaluate the quality and as a form of sharing experiences and knowledge in dealing with heavy and unpredictable cases (Jönsson and Solli, 1993). That was considered a professional responsibility, even without a formal obligation to do so set by the ASP formal accountability process.

> "*case reports, case histories are the norm and the most important means to account for the professional activity*" (Social Service Manager 2)
> "*in my services, the first task a social worker has to learn is how to describe and share his/her experiences, successes, but also failures through case reports*" (Social Service Manager 1).

Accountability, thus, is meshed with narrative, becomes formal, but also informal, vertical but mainly lateral through peer-confrontation (Frink and Klimonsky, 1998). It allows to pursue the professional evaluation of quality and effectiveness of the intervention, whether or not problems were solved, and in which ways. Overall accounting can always be considered a form of narrative (Nelson, 1993), and accountability can not be reduced to just numbers forgetting the sense of responsibility and ability that it entails (Kamuf, 2007).

Accounting, PS ethos and Accountability in social services: to where?
Our case study showed how the accounting and accountability innovations in the ASP delivered a contrasting perception depending on the typology people processing/changing. On one extreme, in people processing services, accounting was considered supportive and coherent with the management needs to take decisions and control. No value clash emerged and formal accountability took most of the stage. The professionals were also active in proposing new economic and control report:

> "*I welcome more reports, and I would contribute to their development if it is necessary*" (Residential elderly care Manager 1).

On the other extreme, the evidence shows that the impact of the accounting and accountability changes on the perceived ethos is felt as risky for public sector. One reason is related to the fact that

the changes on going since some years, causing resistance and conflicts, even within the administrative offices:

> "*It is almost three years, we are continuously under pressure in introducing new tools and processes. I feel, I do not know where we are going towards. I understand that some of the changes were useful. Still, I want to affirm that we are not like a firm*" (Procurement manager).

Accounting has come to play an important role also in this ambiguous field, where uncertainty in the input-output relation is high. The cost of social services carried out by the ASP was put under pressure, as for residential elderly care. Some part of the service was out-sourced to private organizations, not for profit or for profit, with often some debatable results.

> "*We are under siege on just an economic perspective. Our costs may be higher, but what about the professionalism and the fact that we are public and we care about the person and not pursue just personal economic objectives*" (Social service manager 1)

In this sense, accounting appears to be instrumental for pursuing NPM-like reforms of reduction or reformulation of the role of the public sector. Accounting was thus seen as not relevant and exogenous elements trying to quantify something that was not quantifiable:

> "*We are budget-holder, but what happens if I receive a request and the budget is over? I do not even ask the permission to break the budget; I am accountable first to the customer and the society, rather than to some economic objective*" (Social service manager 1).

From this quote, it emerges clearly the existence of a strong public sector ethos of "serving the community" and "deliver the service" (O'Toole, 1993) that consider the economic discourse as intrusive also in an accountability context. Laughlin (1996), already suggested, how in particular context individuals and groups in an organization refer to a "*higher principal*", like a religious or a professional order. At an organizational level, but also political one, it thus becomes important to consider the multidimensional conformation of accountability and its perception on internal and external individuals (Roberts, 1991; Hall *et al.*, 2007; Frisk and Klimosky, 1998)

Where are accounting and accountability going is difficult to say on the light of the present research. However, it is possible to reflect on the prospect of both hope and despair. On one side, accountability may integrate with the public sector ethos and evolve towards more emancipated forms. Indeed, another relevant innovation brought about by the reform is the compulsory social reporting that the ASP has to publish. This represents the first case, in Italy, for an obligatory provision of social reporting practice. Within the social services this is considered an important means through which describe and present the activities and the outcome achieved that cannot be measured in plain numbers. The managers of infant, adult and elderly social service units and some of their collaborator took part to the process of writing up the first social report of the ASP. During the interview they confirmed the relevance of that document:

> "*for us (Ndr. Social worker) the social reporting is more important than to know whether the budget targets are achieved. It becomes possible for us to describe all the activities and results that we are responsible of, but that do not appear from the account*" (Social Service Manager 3)

While another stressed the need to legitimise their role, both internally and externally to the stakeholders and wider society:

> "*The Board of Directors, the Municipalities, the organized groups of parents or clients, the society often do not know what is going on, the workload and the responsibility that we bear. We are professionals, but sometimes without a legitimacy correspondent to our role to support the disadvantaged in society. The social report and other similar means may improve the accountability to the internal and external stakeholder, and so our legitimation*" (Social Service Manager 2).

However, the effectiveness of social reporting to improve the accountability processes is not automatic and immediate. Recently Cooper and Owen (2007) stressed that social, environmental or sustainability reports, per se, can not be viewed as exercised in accountability, indeed they stress that is erroneous to "*imagine that accountability to stakeholders can be established by reporting reform alone*" (p. 666). Despite the positive perception by social workers towards social reports, the

effects on accountability may be hindered by the way in which it is constructed and the degree of involvement and participation of stakeholders.

On the other hand, accountability may lead to despair in the sense of a downgrading of the set of public sector ethos, towards the complete transformation of the ASP into a people-processing organization. In such endeavour, as the case demonstrate, accounting come to play a central role in fulfilling accountability needs, delegating the professional and ethical issues to the market units delivering the actual service. This is a scenario whose long-term consequences can not be known, in terms both of effectiveness and costs for the society as a whole (Schmidt and Hasenfeld, 1993).

Discussion and conclusions

The ASP has since 2008 brought about several changes both in its organization, accounting and accountability. The way this impacted on the multifaceted activities has not been clear-cut. In some areas accounting fulfilled the needs for accountability and control. In other cases, accounting encountered resistance and formal acceptance. This was the case for direct social services towards the elderly, infants and adults. In such situations, accounting has already demonstrated its limits. Where uncertainty and ambiguity are involved in the production of social services, traditional accounting-based accountability and control means are inadequate (Modell, 1996). There come the needs to integrate with other form, or modes of accountability that takes into account also ethical or professional values and standards of behaviour and results. The paper has shown how the possibilities of alternative, non-hierarchical and narrative notions of accountability are possible (Kamuf, 2007; Roberts, 1991), and that can go hand by hand with the aim of maintaining the public services ethos. If accountability and control stop their analysis at the sole economic perspective, the risk to impoverish the richness of the public sector ethics, towards uncertain private contract is high, as it as been demonstrated in the case study.

The case study has also confirmed that accounting, although not a neutral technology, does not always impede the improvement of public services. On the contrary, accounting-based technology shaped the new organization making it possible to improve the transparency and controllability of the services. The administrative services found into the reforms new stimulus to legitimize their role, while the residential elderly care took advantage of the innovations to improve its own functioning in terms of efficiency and effectiveness.

Accounting appeared not to be in contrast with the professional or public sector ethical standards, on the contrary it was well accepted and considered useful. Where work-flow uncertainty and task ambiguity were limited accounting was seen as capable of fulfilling most of the accountability and control requirements both for general manager and line-managers. The accountability was then more formal and vertical, even though some form of professional confrontation and discussion was present.

On the other hand, the case of social services, where uncertainty and ambiguity are unavoidable elements of professional practice, put some lights on the risks in putting too much faith on accounting. Accountability and control can not be reduced in this case to just measurable elements, in hierarchical/vertical forms but needs to be integrated. However, as demonstrated by the evidence raised in the case studied, despite the knowledge about the limits of accounting, policies and organizational decisions are taken supported mainly by numbers (cost per service, productivity, ecc.). The risks in such cases is to lower the professional and ethical standards applied, in areas where the profession is not so institutionally powerful, like physician as an example for all. What is striking, is that despite also the management accounting literature declare the need to overcome the limits of the existing application in services, NPM reforms applied in the caring professional services seem to neglect such debate.

Welfare professionals deal with ambiguity in terms of consequences of their actions; they are victims of a lack of knowledge (Weick, 1976) about what is the appropriate response to a specific problem. Accounting, in its several forms, gives assurance on the controllability of the organization,

reduces the complexity and ignores such ambiguity of consequences. The unbearable consequence of ambiguity is transformed in the comfort of accounting figures (Cooper, 1990).

As recently argued by Lapsley (2009, p. 17) the "*technologies available within the NPM toolkit may thwart, rather than deliver, successful policy outcomes*". If financial short-termism becomes the hidden aims of policy makers, it is likely they will continue to use accounting as the main accountability and control means to support their decisions. On the other hand, managers may be forced to achieve efficiency and productivity results pushing towards the adoption of ready to use accounting tools. In the specific case of social services, the emerging strategy seems to be the move from a people changing type of organization, towards a people processing one.

The paper aimed at contributing to the existing literature by trying to add into the analysis the role of ethics, service responsibility in evaluating the reform and organizational change processes in a social care institution. The evidence suggests the possibility of an "*evaluatory trap*" (Olson *et al.*, 2001), through the diffuse use of notion of cost, profit and loss, revenues. The accounting technologies, in the case study, led the General Managers and politician to make production choices driven mainly by an efficiency reason, leaving quality and outcome evaluation as residual non-quantifiable elements of the background. This is especially true in social services, where the capacity of the profession to achieve a strong institutional role limits the resistance against NPM policies which may undermine the ethic and notion of service responsibility.

Introducing reforms in social care has to take into account, not just the problems arising in dealing with services (Modell, 1996; Llewellyn and Saunders, 1998), but also the existing ethical standards that impact on the way services are delivered and call for other forms of accountability and control, rather than hierarchical and accounting based.

The paper has also shown the utility in adopting the people-processing and people-changing conceptual framework. It showed the possibility of making more evident the changes affecting social services and the different role that accounting can play in transforming the organization and the accountability modes (Hopwood, 1990 and 1992).

Future research shall attempt to look closer on the impact of NPM on public sector and professional ethics, in order to evaluate the shift toward more private-sector one. In particular, despite the relevance for social policy, the impact of the reforms on social care has not been studied in depth in the accounting literature. Accountability in the caring professions can not be captured only by accounting means and other forms need to be taken into account. The role of social reporting may represent an important technology where the accounting is mixed with a discursive narrative to fully represent the uncertainties of social care. This study, attempted to stress the role of PS ethos in the way accountability may manifest in organizations, and further research may follow.

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