

***'Has anything changed when it comes to accountability?'***

In a speech at the RSA this time last year I called for charities to be submitted to more scrutiny and to become more accountable.

Since last November the world is a different place. Markets have fallen, and we are in or on the brink of a recession. But has anything changed when it comes to accountability? And do I need to change my tune when calling for charities to be more accountable?

I'd argue no, and in this speech I'm going to explain why.

Firstly let me set up a straw man and consider why one might think that the failure of the markets has impacted charities' accountability.

An ideological market view argues that free markets encourage choice, and this results in providers needing to raise their game to meet competition, which in turn increases their need to be accountable to stakeholders. You could therefore think that accountability is intrinsically linked to markets. When you see markets failing around you it might seem natural to presume that the idea of accountability and measurement has been dented, and that all organisations, including charities will be affected.

But this view is wrong.

You don't need free markets to be accountable, and accountability is not dented because of market failure. If you look around you'll see accountability in all sorts of regulated settings outside the markets. (eg, The Police are held accountable by the Police Authorities and the Inspectorate of Constabulary. The Health Service has the Healthcare Commission, soon to be replaced by the Care Quality Commission.) Evidence from these organisations shows that independent assessment and regulation is good for organisations and works to increase their accountability.

The reason that the accountability of these organisations is not tied to the importance of markets, is because accountability is about being accountable primarily to oneself, and only secondly to stakeholders. This is an important point. If you don't know yourself, then how can you be accountable to outside stakeholders?

It is too frequently assumed that charities need only be accountable to their funders, and to a small extent, to the Charity Commission—in other words to external bodies. I'm often astounded by how many charities I come across which don't know the impact of their work. I was recently sitting at a dinner next to a trustee from a large children's charity who said to me. 'it's terribly hard demonstrating and measuring impact, isn't it?' In the case of that charity their internal team was just four strong for an organisation spending tens of millions of pounds.

I'm not denying it can be hard to be accountable. But in this environment where organizations have fewer resources but need more than ever to demonstrate their results and impact, charities and those that support them need to think long and carefully about how to rationally allocate resources.



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It seems to me that organisations and people become more accountable when there is an increase in information. Look at Theyworkforyou.com, which allows members of the public to easily contact their MPs. MP's have said it has made them better at responding to constituents letters and faxes, which has therefore made them more accountable. This doesn't have any link to the markets. Its about information.

So do I think that accountability and the need for it has changed because of market failure? No. When you start from the standpoint that accountability is primarily to oneself and only secondly to others, then my call for more accountability can still stand.

***Martin Brookes was speaking at the Sayer Vincent 25th anniversary event.  
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