An Ethnographic Study of Annual General Meetings

in Not-for-profit Organisations

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Abstract

Research Paper.

Purpose:

Accountability has been described as an institutional social practice to encourage stewardship reflection and as such it is a process that can be observed and reported upon. This paper describes observations of an accountability event, the Annual General Meeting (AGM), which has been largely absent from the literature. The method and results of empirical research as to how accountability was discharged in not-for-profit AGMs is provided.

Methodology/Approach

The research utilised a critical ethnographic methodology to explore community-specific accountability.

Findings

Sensemaking was identified as an important function of the meeting and accountability processes. Further, accountability was enhanced when not-for-profit entities adhered to foundational rules, provided opportunities for sensemaking, and was seen to be characterised by organisational transparency.

Research limitations

This was a pilot study undertaken to develop the observation and coding model. Future research would include expanding this tool into AGMs of other organisational types.

Originality

AGMs are required of many organisations, but they have seldom been researched. This paper provides an insight into the characteristics of sensemaking within meeting behaviours, and insights into the role of governors and organisational members in the discharge of accountability.

Keywords: Accountability; Annual General Meetings; Sensemaking.

The Discharge of Accountability in Annual General Meetings: the Not-for-profit Case

Introduction

Accountability is a multifaceted concept related to co-operative relationships; it socially constructs an organisation, acknowledges and confirms it; and enables entities to appreciate the difference they make (Roberts, 1991). In requiring reflection and a giving of account, Roberts notes: "it is the *process of accountability*[i] that is all important. Accountability involves no more than the institutionalised social practices through which we reflect upon the conditions and consequences of our actions and relationships" (1996, p.55). Such social practices in entities are historically and culturally distinctive. These include formal accountability systems, annual financial reports, democratic election procedures and programme reviews. The Annual General Meeting (AGM) is one of these institutionalised social practice. AGMs involve formal and informal accounting, written, and oral reports.

It is the objective of this investigation to establish a methodology to observe the process of accountability in AGMs in a particular setting: that of churches, as a subset of the not-for-profit sector. Achieving the objective of this research meant building specifically tailored research instruments to enable an assessment of the process of accountability in AGMs. Then, with this methodology, a secondary objective was to undertake a pilot study with a sample of church AGMs and draw some conclusions on how these entities discharged their accountability obligations, and how well this research instrument reflected these processes.

The driver to these objectives was that, whilst the theory of accountability has been discussed at length (e.g. Laughlin, 1990; McKernan & MacLullich, 2004; Munro & Hatherly, 1993), there have been few empirical studies into accountability processes. Hodges, MacNiven and Mellett (2004) studied the accountability delivered through AGMs of National Health Services Trusts in the United Kingdom. Yet, for other entities in the not-for-profit sector, there is a paucity of empirical research in this or related areas. Despite the importance of accountability in the Judeo-Christian doctrine, only Laughlin (1988; 1990), Parker (2001) and Quattrone (2004) have researched the accountability process in the social context of a Christian church and none of these focused on AGMs in the discharge of accountability.

With the above objectives in mind, an analysis of accountability relationships from a review of both accountability and meeting literature was undertaken. This review of governance and accountability literature informed the observation base and assisted the development of the research instruments. As AGM research is context-dependent and the boundaries between the context and the phenomenon of accountability at the research sites are not clearly evident, an observation-based ethnographic method was chosen. Ethnography, an empirical approach, allows *in situ* endogenous behaviour to be studied (Baszangar & Dodier, 2004). As this methodology is within critical ethnography, we have included as a footnote, information in order to make as explicit as possible, the disciplinary traditions that have influenced our observations and interpretations.[ii]

Analysis of these ethnographic observations suggested the process of accountability was most effective in entities which adhere to foundational rules, provided members with sensemaking opportunities, and practised organisational transparency. In order to justify and explain such findings, the paper is organised as follows: firstly, we offer a definition and review of accountability mechanisms and process, before outlining meeting-specific accountability and the manner in which meetings assist organisational construction. The research site and development of the research method are described, key analytical issues are identified, and the empirical results of this study are presented before discussion and the conclusion.

Accountability

Accountability demands, perpetual and ever-increasing (Zadek, 2003), originate in the relationship between an actor and the delegators, where the actor is obliged to explain and justify his conduct (Bovens, 2005). Therefore, accountability is directly related to the actors' stewardship and reporting in respect of delegated resources and task performance (Drucker, 1990; Torres & Pina, 2003), with the result that accounting and financial reporting fulfill basic functions in making delegated performance visible. Although an individual actor can be called upon to provide many different types of account (for example Sinclair, 1995), this research takes the entity point of view and considers accountability of organisations, rather than accountability arising from individual actors. The actors' explanation and justification of their conduct, or the process of accountability in an AGM is one of the foci of this research.

The delegators are the parties that call this organisational actor to account. There are numerous delegators interested in organisational performance, but Hodges, MacNiven and Mellett note that the AGM is an "established and common mechanism to enable members to receive accounts of the performance of an entity" (2004, p.377). Therefore, this research considers the members, who call an organisational actor to account when they attend, participate, and vote at an AGM. Members will seek explanations in relation to financial accountability and the policies an organisation has followed (Stewart, 1984). In addition, the specific context underlying the interaction between accountability partners affects accountability reports and assessments. Endemic to this is the role of sensemaking in social groups. Consequently a methodology was developed to observe the accountability process. Given that AGMs have a long history as a component of the process of accountability, firstly a brief review of the literature pertaining to AGMS is provided, before this methodology is explained.

The Annual General Meeting
The AGM appears to have emerged as an accountability mechanism in early English local government and joint stock companies (Cordery, 2005) and, although prevalent in Western Society, there is a paucity of research on its effectiveness, if this is the primary rationale for the existence of perpetuation of AGMs. Extant research has considered shareholder activism in AGMs (e.g. Marens, 2002; Marinetto, 1998) and whether this activism is empirically successful (Karpoff, Malatesta, & Walkling, 1996). From another aspect, Strätling (2003) investigated the United Kingdom Department of Trade and Industry 1999 proposals for AGM reform to which respondents reacted negatively. An overwhelming majority of respondents supported continuance of mandatory AGMs in companies, arguing that AGMs provide a forum for directors to discharge democratic accountability to shareholders. In the not-for-profit environment, research regarding the accountability aspect of AGMs by Hodges MacNiven and Mellett, found AGMs to be weak mechanisms of accountability in National Health Service Trusts based in the United Kingdom. The weaknesses related to the inability of the Trusts to engender a feeling of community combined with the use of the AGM as a ritualistic symbol. One goal of the current research was to have been assessing whether the Hodges et al. (2004) findings were part of the experience of other not-for-profit organisations, but the

unexpected heterogeneity and diversity during observations underlined the cultural specificity of each observation site.

The apparent dearth of research on AGMs is surprising. Despite AGMs being seen as an imperfect vehicle for democratic accountability (Strätling, 2003), the continued insistence for AGMs suggests that the perpetuation of customs to require AGMs is worthy of further investigation. Framing this investigation within a functional perspective (the process of accountability), excluded other frameworks such as 'theatre', even though we were using the descriptor 'actor' for the controlling body which was required to report. Any such framing is part of limiting the research scope to an achievable outcome.

Typically an AGM includes: the members (re-)electing the controlling committee, that committee presenting financial accounts and reflecting on the organisation's successes. The controlling actors may report achievement against key performance indicators in both financial and non-financial terms (Pitchforth, 1994), thus fulfilling accountability demands. Roberts and Scapens suggested accountability "will be open to further negotiation and refinement in the actual course of interaction" (1985, p.450), and acknowledged that the place and manner in which the information is provided also impacts on accountability. As the AGM is an occasion for face-to-face accountability, members can question and challenge the controlling actors' reports, providing refinement and insight within the accountability process. Accordingly, this research assesses the potential for AGMs for effective scrutiny and the discharge of accountability, through a qualitative method employing observation and analysis of the process of accountability between members and actors at AGMs.

Establishing a methodology

As it involves a relationship, the accountability process is not one-sided and includes four duties or rights (Mulgan, 1997; Stewart, 1984). As will be further described, the first duty is incumbent on the actor (or entity's governors), whilst a further three core obligations fall on the members who have made the initial delegation. In the development of this research, the reification of "sense-making" and the significance of conflict are also addressed as it became evident in the study, that these were components of the accountability process. Each of these will aspects be dealt with separately in the sub-sections following.

Accountability Actors: The Governors' Duty to Report

To be accountable, governors must produce an account, including financial and non-financial organisational information (Stewart, 1984). An organisation's charter or legislation is likely to mandate the minimum information required at an AGM. Transparent information will meet key accounting concepts of relevance, understandability, reliability and comparability. This proposed research methodology included an assessment of the organisational reports against these concepts, as developed below.

Information is relevant when it has feedback value, predictive value and is timely (Institute of Chartered Accountants of New Zealand, 1993). To meet this, AGM reports will summarise the past through *ex post* financial reports (feedback value), as well as provide prospective information (through *ex ante* budgets of projected expenditure with predictive value). Financial reports may also be compared to the prior years' budget for further relevance. Timely information will be provided before the meeting so that complex information can be assimilated.

Understandability emphasises the need for more than one accountability language through which the members are advised of the outcome of delegation. Verbal and visual communication at an AGM affords a variety which may meet this requirement. Information will be reliable when it has representational faithfulness to the underlying transactions and events. Inter-period and inter-entity comparability enhances members' analysis. Members role in the process of accountability at AGMs is summarised in the next section.

The Roles of Shareholders or Members

The remaining dimensions of accountability relate to AGM participants as organisational members underpinned by the premise that accountability actors as governors operate best when they are held to account (Bavly, 1999). These three stages in the accountability process are: information-seeking or investigation; assessment or verification; and direction, control or imposition of penalty (Mulgan, 1997; 2003). The lines between stages may be blurred, reflecting complex and subtle accountability relationships, as members may separately undertake different components of the accountability process. For instance, members seek information, assess and verify actors'/governors' stewardship of entrusted resources (Bavly, 1999). As well, members may further delegate these rights, relying on an independent audit of financial

information to aid assessment and verification. When actor/governors neglect their duty, members may impose sanctions or obtain remedies through structured courts of appeal.

a) Members' Duty to Seek Information

As members must fulfil the obligation to call for account, the AGM affords an opportunity to observe these actions. One empirical measure is to count AGM attendance. Attendance by listed companies' shareholders has been historically very low[iii] although Buffoni (2005) recounts recent surges in AGM attendance. Reliable figures are not held for many organisations, making a judgment on 'high' or 'low' attendance subjective. Hodges et al. (2004) suggested that financial crises or service reductions should lead to increased AGM attendance as members seek to voice their concerns. However, their research could not confirm this as attendance seemed to bear no relationship to organisational performance. Assessing attendance against organisational financial health in another research site would further increase our understanding of this behaviour.

Another measure is to observe how many members question directors. The manner in which AGM participants negotiate and refine the process of accountability by such questioning leads to an iterative process which highlight inter-dependence (Roberts & Scapens, 1985) and offer further verification of the account. To date, no empirics for AGMs have previously been reported which would provide guidance on the quality or level of questioning and the process of accountability.

b) Members' Duty to Verify Information

Audit of AGM information was a prominent feature of verification in early AGMs, and this audit or review continues to be a function members appear to demand from actor/governors as part of the accountability process. An organisation's founding Act or charter will prescribe the type of independent review of the financial information required before presentation to members. Members should also seek to assess and verify other information provided through questioning or external validation.

c) Members' Duty to Control

The final duty, control, is provided when members impose penalties or remedies upon governors who have not discharged accountability adequately. Such penalties may include: members taking court actions against governors; the Stock Exchange

suspending trading of a listed company; or government agents, such as the Serious Fraud Office or Charities Commission, undertaking an enquiry.

These actions are most likely to be a last resort and members are more likely to threaten action in the first instance. In an AGM, it is more likely that directors will be requested to provide increased explanations or to resign when members perceive there is not an adequate account. Elections occur irrespective of the adequacy of performance, but the most accessible rectification to improve governor accountability is for members to seek new (and hopefully more accountable) governors.

Election of new governors may evidence increased control, but members may also impose tighter controls on incumbent governors. Broadbent et al. (1996) asserted that high levels of trust are evidenced by loose control systems and low value conflict. When members increase control over governors, it may indicate a decrease of trust. It is imperative to incorporate in this genre of research some observations of control by members.

Having identified the roles of the actor/governors and the delegating members in the process of accountability, this article now turns to sensemaking at AGMs, a component which strengthened this methodology.

Meetings, Sensemaking and Conflict

Through sensemaking, members construct reality; they reduce information overload through clue selection and complexity is moderated (Weick, 1995). Sensemaking decodes organisational achievements making it an integral function of accountability demands, especially in times of ambiguity. AGM narratives offer structured accounts of what has happened, what the organisation is doing, and what it plans for the future. But such retrospective sensemaking requires a common language to facilitate interpretation, as actors/governors provide the multifaceted accounts of performance necessary to sustain co-operative interdependent organisations (Boje, 1991; Maitlis, 2005; Weick, 1995).

Members use sensemaking in their social interaction to negotiate order in dynamic organisational structures and to establish accountability norms to control actors' delegated authority (Dubnick, 2002). Sensemaking activities (such as occur in meetings) help participants learn about the type of organisation in which they are involved, whether it is a formal organisation or not (Schwartzman, 1989), and leads to the elaboration of processes such as the establishment of mission statements, goals and

objectives. Members can use meetings to ascribe glory or blame, to challenge or reaffirm trust relationships, antagonisms, power, status and friendship relationships as social relationships are negotiated and validated (March & Olsen, 1976). These interactions, combined with the mutability of individual power and status, may create conflict with the potential to lead to organisational deconstruction.

Schwartzman (1989) suggests meetings permit conflict to be expressed and allow for conflict resolution when consensual decision-making occurs. Alternatively, Roberts (1996) recognised that governing actors may suppress conflict by taking control. This research methodology is based on the premise that the accountability demanded by members will reduce abuse of power, and examines two major conflict framings, as conflict and its resolution further inform views on accountability.

Firstly, conflict may occur because governors failed to perform to members' expectations. When significant resources are at stake, or the organisation offers unique services, then the members may be prepared to call actor/governors to account through whatever methods they can muster, making conflict at the AGM likely. Alternatively, members in conflict may choose simply to exit the organisation in favour of one which more closely meets their objectives and demands.

Secondly, conflict may arise when members seek organisational change. For example, members may challenge prior decisions, or seek to elect radical members for the governing body to move the organisation into a new field. They are said to have 'voice'[iv] (Dyck & Starke, 1999). The use of 'voice' is axiomatic to constructive accountability as it calls to account, rather than using the destructive 'exit' option (Mulgan, 2003). As the organisation moves through change and reconciles the past with the future direction (Olsen, 1976), bargaining and compromise continually construct and reconstruct the organisation.

Having described the underlying factors taken into account for observing the process of accountability, the next section will report on the pilot study applying this methodology.

The Ethnographic Lens and Research Site
A further assumption necessary to advance a pilot study of this methodology was that the research was ethnographic in nature, meaning (literally) that we were to be writing about a culture; not only a culture, but one organisational culture.

A common set of values and goals is essential to the understanding of accountability. The culture chosen was that of the Anglican Church in New Zealand because this national organisation has a well-developed, shared belief and value system and a number of diverse geographic and ethnic congregations, termed 'parishes'. Churches must pay particular attention to members, as Booth (1993) noted, churches must justify their internal operations and practices to members, in order to be assured of continued support. In addition, typically churches are required to have AGMs, suggesting that a pilot study to apply this research methodology of the process of accountability could be undertaken in church parishes with these combined characteristics.

In New Zealand Anglican Church parishes are governed by Diocesan Parishes Acts (Diocese of Wellington, 1992), which provide the one culture set of similar accountability 'rules' for analysis. The Windsor Report (The Lambeth Commission on Communion, 2004) encouraged all Anglican entities to manage in a federal style, using subsidiarity principles to engender mutual trust, responsibility and interdependence. Therefore, although this mainstream church[v] evidences Episcopal (hierarchical) governance at National and Diocesan level, at parish level a Presbyterian style is expected, where lay and ordained direct and manage the Church via lateral governance (Rudge, 1968).

Two analytical tools were developed from the literature review, including a checklist which analysed AGM documents as well as observations, to assess accountability[vi]. This mixed-method, employing numerical coding, assisted in providing a comprehensive classification of observations through relevant categories to allow data to be viewed holistically (Patton, 2002). AGM observations were analysed for the process of accountability and supplementary document analysis increased the consistency of evidence. Documents were not surrogates for other data, but provided an alternative view of the manner in which organisations constitute reality (Atkinson & Coffey, 2004). Having checklists for coding meeting observations and paperwork enabled us to focus reporting against the concepts derived from the accountability and meeting literature. Structured lists identified relevant activity and allowed us to draw comparisons (Judd, Smith, & Kidder, 1991).

The researchers negotiated access to seven AGMs[vii] to provide opportunities to observe the cultural sites. Because the observers were also members of two parishes, the boundaries between the emic and etic perspectives during the analysis were

somewhat arbitrary. However, being known to at least one member of all seven of the cultural sites provided an introduction and assisted access negotiations.[viii] A further benefit of our membership was a prior knowledge base from which to detect innuendos, the unspoken history behind apparently simple processes, and other contextual understandings of the setting (Patton, 2002). Although other researchers may seek a higher level of ideological independence, the objectives of this research were strengthened rather than undermined, by our sensitivity to the instability and diversity within the superficially homogeneous membership groups.

The Parishes Act (1991) 'controlling rules' require an AGM to be held within three months of the financial year-end. AGMs must also include the following:

i. the fixing of the number of members of the controlling body, the Vestry to be elected at the meeting, if the number is to exceed ten;

ii. the receipt and consideration of the Vicar's annual report;

iii. the receipt and adoption of the annual accounts;

iv. the appointment of the Vicar's Churchwarden;

v. the election of the People's Churchwarden, the members of Vestry, and the Auditor (Diocese of Wellington, 1992).

At the AGMs, voting systems for vestry varied. In three parishes people who were nominated provided brief biographical details. These prospective governors' written statements identified with the organisation's mission, vision and objectives. Their previous experience was described, including the manner in which they had used their skills and qualifications for parish welfare. They defined themselves in terms of their membership, which has a high utility in communal organisations where the accountability framework is underpinned by a stewardship ethos (Davis, Schoorman, & Donaldson, 2004). Although the Diocesan Act did not require this identification, in larger parishes, these biographical details accelerated familiarisation.

The requirement for an AGM and the rules requiring the annual accounts (iii) were most relevant for the accountability observations checklist. All parishes met the Diocesan rules except one parish, where the AGM was held a few days later than March 31st (being three months from the 31st December year end). No sanction in respect of this lapse was imposed by the Church.

Observation and Analysis

The methodology for observing the process of accountability was analysed using the following three main categories as shown in Table 1:

- the actors/governors' (vestry) duties to report;
- the members' role to investigate and verify information as well as to control vestry (split into three sub-categories); and
- sensemaking, conflict and its resolution.

Take in Table I

The results from the analysis of the parish AGMs is provided following the explanation of Table I.

AGM Observations – governors' duties

As noted the Diocesan Act (1992) requires parishes to prepare financial accounts and the sub-categories are shown in A of Table I. The researchers assessed the financial information provided at AGMs for the manner in which it met the conceptual guidelines for reporting. Timeliness was an issue in one parish where fully audited information was provided[ix] only after the meeting was underway. With numerous papers presented at each meeting, including financial statements, it is reasonable to expect that reports should have been available to members prior to the AGM. Despite this, the governors generally met their accountability duty to report.

AGM Observations – members' duties

Mulgan's (1997) framework requires members to call to account. We assessed the manner in which members investigated, verified and controlled governors' information. Parish average weekly attendance statistics[x] were compared to AGM attendance, showing an average of 29% of regular church attenders was present at the AGMs[xi]. The larger attendances on a percentage basis were at the AGMs of smaller parishes, yet attendance at the parish AGM appeared unrelated to financial 'profits' or 'losses' reported, confirming the findings of Hodges et al. (2004) that attendance at AGMs in the United Kingdom was unrelated to an organisation's financial situation.

Members were constrained in their ability to verify reports when there was no statement of audit or independent review. Parishes which did not table such a statement each reported that a volunteer was still reviewing the accounts, but arguably, the

usefulness of independently reviewed financial statements is questionable when a reviewer's opinion is not presented at the AGM. Rather than leaving verification to an reviewer, members also need to ask questions of clarification and verification. However, questions regarding financial accountability were few. Between ten and fifteen minutes of these two-hour meetings were spent on the financial presentations with an average of 2.1 questions to the Treasurer.

The least well-performed member obligation in this sample of AGMs concerned the members' duty to control. The literature had suggested that members would question governors and/or tighten control on governors. Despite members raising numerous issues in the meetings, these were seldom of a governance nature. Typically, members informed, or sought actors/governors' clarification, but they did not seek policy change. Stewart (1984) suggested that major resource providers will require policy accountability from governors. As the AGM represents an event in which actor/governors discharge accountability obligations, it was anticipated that calls for policy accountability would occur contemporaneously with financial accountability discharge. However, the generalisability of Stewart's (1984) accountability levels has been called into question by Laughlin (1990) and consequently, given the lack of calling to account for policy we observed in this pilot study, this is an area that would clearly merit further research.

There are three possible reasons members may not have called governors to account. One is a desire to leave governance to the governors. As AGMs elect the governors for the coming year, perhaps members believed that direct access to these governors, would be more effective than complaints at an AGM. Further, an interregnum[xii] or a new vicar may have created uncertainty about the parish strategic direction. Three observation sets out of the seven were in this category. Thirdly, AGM participants may have been satisfied with parish governance and were not inclined to seek change. Deficient interest in governance is significant in these research findings, raising an important issue as to accountability processes in communal organisations' AGMs. Further research in terms of in-depth interviews would be informative in assessing the most likely reason for members' tardiness in calling to account.

This research also addressed whether members imposed tighter governance controls. This would indicate a lowering of trust and a move away from the Anglican ethos of a federalist structure which builds on the interdependence of church members (The Lambeth Commission on Communion, 2004). In the observation set, parishes

generally displayed an integrated identity, comprising sub-units with their own priorities, especially when each group provided a report. Trust was high, as evidenced by low governor control and a lack of member action to change governors' roles. Whilst the researchers analysed the value of members' donations in each parish, we were unable to establish whether AGM participants had made significant financial commitments to the parish or not. Therefore, making further meaningful links between members' control of governors at AGMs, levels of trust, and resources risked was not possible at this ethnographic site. In churches and not-for-profit entities this is further complicated by assumptions of donor altruism, shared values, and goals[xiii], and because of anti-distribution constraints in these organisations.

Sensemaking

An addition to accountability in this study's AGM observations was the manner in which members used these meetings to make sense of their organisation. The analysis focused on formal and informal methods used by individuals and groups to negotiate order and change, framed within the parish's existing goals and objectives.

Parish AGMs were organisational events where formal procedures were followed; mission statements and prioritised objectives reduced ambiguity and sensemaking was further facilitated by set behaviours (such as prayers to begin and end the meeting). At one meeting a bell was rung to begin and end the meeting and the presence of a quorum assessed, signalling formality.

Formal procedures can, however, limit sensemaking. In one meeting, the Chair passed a motion to set the agenda and then proceeded to praise the members for the speed with which the meeting business was dealt with, effectively signalling that member questioning or discussion would 'waste meeting time'. This is similar to the behaviour observed in historical data by Maltby (2004) in the UK-based Hadfields, and more recently by Hodges et al. (2004) in the National Health Service Trusts in the United Kingdom.

However, such formal procedures did not inhibit some participants spontaneously raising issues of concern that appeared only indirectly related to agenda items. Mansbridge (1980) found that whilst relaxing rules and encouraging a familial atmosphere encourages 'intermittent disorder', these lapses also work to spread responsibility and, counter-intuitively, accelerate the resolution of debate. Therefore, despite most vicars stating they did not want to be 'surprised' by remits not previously

advised, members were able to divert AGM discussion to 'pet' issues, generating discussion and interjection at all sites observed. Schwartzman (1989) noted that meetings link individuals to the organisation and in turn, members are linked to outside groups with greater spheres of control. An example of this was when AGM participants raised concerns about ethical investments and parish support of external organisations. Members' skills, knowledge-bases and a variety of viewpoints provided informative discussion on "life outside the parish", adding richness to the meetings and continuing to construct and reconstruct these parishes. These sensemaking actions essentially meant governors could not avoid the imperative to respond to questions on all areas of parish life during AGMs.

Socialising has been identified as an important part of sensemaking (Schwartzman, 1989). In one AGM a 'pot luck' light meal was consumed at an appropriate break in the meeting. Whilst refreshment breaks enabled the votes for prospective governors to be counted, they also provided time to reaffirm relationships and exchange tactical information. During one break, I noticed the treasurer being asked questions by participants, the secretary double checking the Parishes Act regarding a rule question, and the vicar interacting with members. Mansbridge (1980) found a similar beneficial effect of a refreshment break in her study of unitary democracy in Vermont town meetings. It appeared to facilitate conflict resolution, as well as social relationship building.

In respect of the study of organisational conflict, all AGMs observed were perceived as positive events overall leading to organisational construction and reconstruction. The minimal conflict evidenced was through change agents who sought that change whilst citing their own organisational loyalty. In three AGMs where the vicar had changed in the previous year, individual members questioned why strategic plans or actions previously agreed at an AGM had not been accomplished. Their loyalty to the organisation was displayed, but the new governors were kept on notice to respond to members' desires for their organisation's future. Such exhibition of 'voice' (Dyck & Starke, 1999) is part of members' calling to account (Mulgan, 2003). The researchers were unfortunately denied access to two parishes where organisational conflict was expected (and occurred) at the AGM. Had this access been obtained, our understanding of the role of conflict may have been strengthened.

Figure I shows the 'scoring' attached to the observations of accountability by each parish against the different determinants from Table I. As noted, the governors'

obligations in respect of accountability were generally well delivered. Conversely, the members were less likely to undertake their duties to investigate. Typically they sought minor verification and exercised a modicum of control of governors.

Take in Figure I

Figure II shows the total of each of the scores from Table I by each parish. From this pilot study, it was seen that parishes were likely to comply with their obligations to be accountable through the AGM, although some functions could have been better managed.

Take in Figure II

Discussion

This paper has described the way in which a pilot ethnographic study of seven church AGMs was undertaken. A strength of ethnography is the way AGMS could be observed without undue influence of the event (Baszangar & Dodier, 2004). The generalisability of the results from these Anglican parish AGMs to other entities with other cultures may not be appropriate, but further refinement may enable the instrument to be applied to diverse entities or jurisdictions, thus extending understanding of the process of accountability.

This exploratory research shows that despite the calls by proponents of not-for-profit legislation in both the United Kingdom and New Zealand to encourage more accountability and transparency in not-for-profit entities, extant mechanisms already offer an effective accountability process. Observation analysis confirmed that, despite the ritual expressions of loathing that accompany an AGM's announcement, these meetings are moderately effective as a scrutinising mechanism for the discharge of accountability. It was also observed that AGMs afford socialising opportunities which sustain interdependent, cooperative ventures and enhance trust. In so doing, these church AGMs assisted in organisational construction, and with other formal and informal mechanisms, offer organisational accountability.

Laughlin (1990) understood English parishes were not attentive to accountability in the AGM context. From the sample of New Zealand parishes studied,

this analysis signalled the opposite. Accountability as an overriding concept was talked about at AGMs more than initially anticipated. One priest firmly acknowledged the place of accountability in the AGM, noting that the opportunity to present and respond to members' questions was "an important part of our church's pattern of accountability and forward planning" (K1). This supports Booth's (1993) assertion that churches must pay particular attention to member relationships, including managing the AGM event.

The pilot study of the methodology for examining the process of accountability in AGMs highlighted the significance of three different activities: adherence to rules; sensemaking; and organisational transparency. Firstly, most of the rules provided as a baseline for AGM conduct by the Anglican Diocese of Wellington Parishes Act (Diocese of Wellington, 1992) were followed. The exceptions were minor, although it was notable that some parishes had omitted to ensure the required independent review of financial accounts was completed in time for the AGM.

Their rules impacted the second way accountability occurred, through sensemaking. Formal procedures enabled participants to gauge the type of organisation with which they were involved. Sensemaking is a reflective process (Theus, 2004) and the cyclical nature of AGMs is suited to such reflection. Conflict management provided further opportunities for sensemaking. Tolerance of the exhibition of 'voice' clarified accountability and enhanced the calling to account this entails. Actor/governors may be unwise to be unduly wary of members' attempts to participate in sensemaking activities, as these further strengthen accountability processes.

Thirdly, accountability was enhanced by organisational transparency; both when the actors encouraged members to participate in the governance process, and when the actors issued prospective and comparable historical financial information. Although one vicar was unequivocal that "acceptance of the budget by the meeting shows trust in the elected governors" (T1), in most other parishes an openness of process allowed fulfilment of Mulgan's (1997; 2003) accountability model: the actors' duty to report and the members' duty to investigate, verify and control actor/governors. The interdependent nature of parish life was emphasised when non-financial reports were provided from all relevant groups. Focused dialogue occurred, enhancing organisational construction (Theus, 2004) and ensuring the process of accountability was an integral part of not-for-profit AGMs. These meetings reflected the positive aspects of such interdependencies which enrich our society.

Conclusion

Along with the nature of calling to account and the shared understandings which define that account, the fundamental accountability act of reflection and discourse constructs the entity, and in turn is socially constructing. "To be held to account by others has the effect of sharpening and clarifying our sense of self, convincing us that our actions make a difference, and providing focus within the stream of day to day experiencing" (Roberts, 1996, p.44). Therefore, the community's shared understanding of moral obligations is intrinsically linked to the accounts which an entity in that community renders of itself.

The accountability process is iterative since members call for accountability while governors provide accountability. Members and governors involved in dialogue are more likely to establish and sustain the process of accountability. This research confirms Mulgan's (1997) view that this process highlights the interdependence of the accountability construct and improvement in accountability itself .

The context-dependent characteristic of accountability means norms and expectations frame the explanations provided, affecting information salience. The AGM offered an empirical site which allowed us to apply the analytical tools, confirming the contextual characteristics of accountability. Further, it provided an ideal opportunity to explore specific meeting characteristics, especially actor and member interaction with regards to accountability.

As well as analysis, we provided feedback to the parishes and Diocese as to accountability issues illustrating areas of diversity and convergence in this pilot group. In spite of an extended period of access negotiation and attendance at the meetings, reactions to the summary results which were sent to each participating parish were muted. Most noted that they had gained insights from this analysis and some sought to improve their reporting and feedback mechanisms in future AGMs. No doubt a longer period of involvement with the research sites by the researchers would have increased the feedback. Accountability insights derived may also increase understanding for academic researchers of the impact of the organisational context on accountability. As the objectives of the pilot study were met, future research opportunities will include expanding this methodology to AGMs in other sectors and jurisdictions.

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[i] Emphasis in original.
[ii] One of the authors has a background of managing a stockbroking business and teaching at a polytechnic and she seeks always to undertake research that has practical utility. Her graduate studies were multi-paradigmatic, taught by both academics and senior members of the profession. The research traditions of the other author are wholly

within a Marxist anthropological foundation and she uses both ethnography and oral history as a preferred approach to understanding the nexus of accounting and human behaviour in social situation such as AGMS. Both authors are active members of their respective churches which were included in the sample of this study. Each author recognised this link and the lengthy, deep relationships within their church communities had informed their interpretation during the observations.

[iii] Strätling (2003) suggests that in the UK typically less than 1% of shareholders attend AGMs.

[iv] The Hirschman (1980) EVLN framework was explained and expanded by Dyck and Starke. It focuses on behaviour showing exit, voice, loyalty, and neglect as independent responses to dissatisfaction. Exit and neglect are destructive to the organisation and, whilst they are useful to consider in organisational life cycles, are not pertinent to this particular study.

[v] The 2001 Census shows it as the largest New Zealand Church with more than 580,000 adherents (approx 15% of the population).

[vi] The second is a chart derived from the meeting literature enabling AGM analysis to discover the organisation's governance context. It utilises a Likert scale to ascertain whether the parish is modelling communal or contractual accountability and is the subject of a further paper on this reserach.

[vii] These parishes had a total average weekly attendance of 1,900 people and $1.3 million in annual parishioner donations.

[viii] However the strength of these associations were not sufficient to allow us to gain access to two other sites where the governing bodies were in crisis and required the safety of closed doors.

[ix] An audit is at a higher level than the independent review required by the relevant Parishes Act.

[x] Weekly attendance statistics are available from the Diocese in Synod information. These are updated on an annual basis.

[xi] The range was from 23% to 45%.

[xii] An interregnum is a period in parish life when there is no vicar. Typically temporary priests will be appointed until the selection process is completed and a new vicar installed. In the parish with the interregnum, the temporary priest chaired the AGM.

[xiii] One of which, in a church situation, is a commitment to the statement in Psalm 24:1 "The earth is the Lord's and everything in it", acknowledging that humans are stewards of creation.

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Table I: Accountability Demands at Parish AGMs

	Observations	Score if Present (P) or Not Present (NP)	
A	**Obligation to report (12)**	**P**	**NP**
	The Diocesan Act (1992) requires the meeting to provide:		
	- a statement of general accounts	1	0
	- a statement of trust accounts	1	0
	- financial accounts independently reviewed by a Chartered Accountant (reliability) (this also meets member's duties to verify)	1	0
	- a listing of monetary assets and liabilities	1	0
	- for the AGM to be held before 31st March	1	0
	Does agenda allow for 'general business?	1	0
	Are reports of all parish activities given?	1	0
	Does information provide feedback value? (relevance)	1	0
	Is prospective information provided to enable decisions about resource provision? (relevance)	1	0
	Is information provided at least 1 week in advance? (timeliness)	1	0
	Is information explained so that meeting participants can understand it? (e.g. Weick, 1995) (understandability)	1	0
	Is information comparable for past years or to other parishes? (comparability)	1	0
B1	**Members' duty to investigate (6)** (see Hodges et al., 2004)		
	Percentage of members attending (P = 100%; NP = 0)	2	0
	Financial performance (P = improved financials; NP = worse financial situation	+ 1	-1
	What percentage of people asked questions? (P = 100%; NP = 0)	2	0
	Members question performance previously promised, which has not yet been delivered	1	0
B2	**Members' duty to verify (2)**		
	Questions were asked, seeking verification	1	0
	External sources were used for verification (in addition to review of financial accounts)	1	0
B3	**Members' duty to control (4)**		
	Members increase control of governors by remits to limit their powers (e.g. Broadbent et al., 1996)	1	0
	A wide range of members participate in governance positions	1	0
	Voting is by participants (as opposed to allowing proxies which favour governors)	1	0
	Ballot voting is used, where appropriate (allowing for increased voter control)	1	0

C	**Making sense and conflict (6)**		
	Meeting procedures show this to be a formal organisation (e.g. Schwartzman, 1989)	1	0
	Ambiguity is dealt with by clear signals of what the organisation is about (mission statement, etc)	1	0
	Is conflict evident in meeting?	1	0
	Conflict is not dealt with satisfactorily at meeting	1	0
	Criticism/conflict shows voice wanting to set new goals for the organisation (Dyck & Starke, 1999)	1	0
	'Radical' members sought for governance	1	0

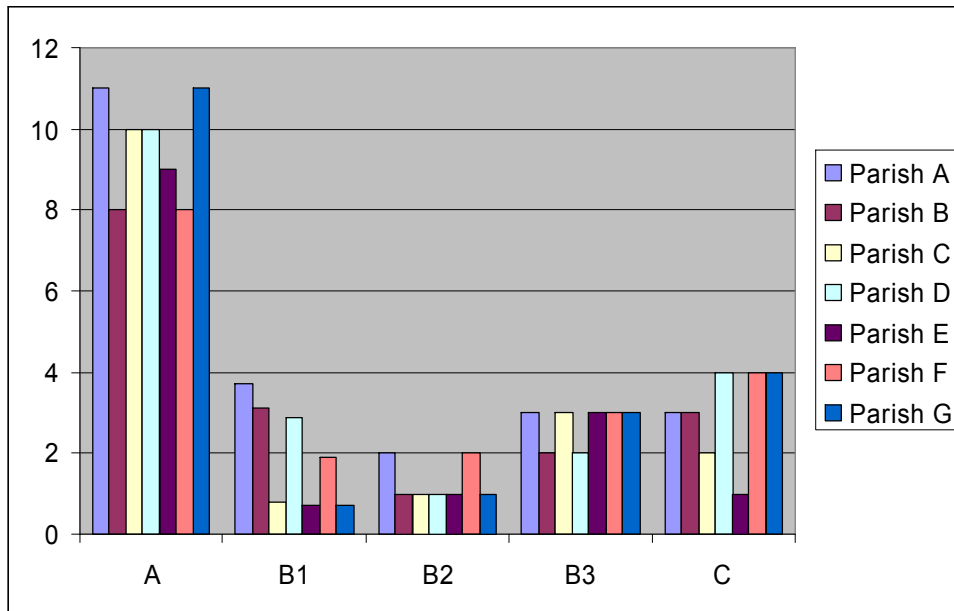**Accountability (30)**

Figure I: Graph of Accountability by parish AGM

Figure II: Accountability totals for parish AGMs