

10 March 2007

The Accountability Agreement

Taking an account of corporate accountability...

Key Learnings

- Understanding the essence of corporate accountability
- Identifying the principles of accountability

Accountability has always threatened people. People perceive it as a concept where the buck is passed from one person to another to avoid blame and punishment. The negativity associated with accountability compels executives, managers and employees to avoid the responsibility of the outcome, in turn losing the essence of the very concept.

The real essence and purpose of accountability can only be achieved when both the employer and the employee engage in a fair and win-win deal. The relation between the employer and the employee demands certain sacrifices to fulfill the promises made at the time of employment. Most often the deal remains skewed as one of the parties shies away from shouldering the responsibility of failure. This foils all accountability measures. Thus to establish credibility between the employer and the employee and make their relationship fair and accountable experts suggest framing an accountability agreement. An accountability agreement contains a complete account of responsibilities of the entire organization, irrespective of a person's position in the hierarchy. It also contains the possible repercussions of a failed attempt.

In addition to the accountability agreement, experts in the field of corporate governance and accountability have listed six basic principles. These principles help executives, managers and employees view their duties in the right perspective and stay accountable for all their successes and failures.

Accountability in principle

A gentleman's promise

Accountability is a gentleman's promise where violation is a complete no-no. On a promise to deliver certain pre-determined objectives and figures, the employer and employee stay accountable to each other. Accountability works best when applied individually; it cannot be applied to an organization as a whole. At a macro level, organizations are accountable to the society while from an employee's perspective micro-level accountability holds greater significance. Accountability is thus a personal commitment between two individuals to produce mutually agreeable results.

Accountability is results-oriented

Accountability is gauged by a person's success in delivering promised results. An employee's duties and functions are only a means to deliver the desired results. Hence, claiming accountability for duties and functions that one has to perform by virtue of his position is superfluous. It is the least one would expect. For instance, a hiring that a



TenStep Supplemental Paper

manger has zero accountability for; he is carrying out the hiring process as per the corporate standards. It is his job and he is expected to do it. However, he would be accountable for containing employee turnover by improvising the hiring process in a way that minimizes misfits. Thus, before framing an accountability agreement, leaders and employees should clarify their perception of accountability and areas that would come under its purview.

Decision-making is critical for accountability

A person is accountable for a particular outcome only if he has the decision-making power to affect the outcome. Merely carrying out duties as per a supervisor's orders has no scope for accountability. For instance, a supervisor asks his subordinate to shortlist candidates purely on the basis of the candidate's number of years of experience. However on hiring a few of these "experienced" candidates the hiring manager realizes that their project experience is irrelevant to what they need. In such a case the supervisor has to be accountable. The decision to shortlist candidates on their experience was his! Holding his subordinate responsible would be unethical.

Accountability is unconditional and personal

Accountability agreements have to be clear in terms of the accountabilities and responsibilities they allot to every individual. Managers should ensure that no two people working at the same level have overlapping accountabilities. Accountability therefore is best justified when it is unique and personal.

Macro-level accountability

Individual and personal responsibilities stem from the overall accountability of the organization. The organization's commitment to consistently deliver a certain set of figures in pre-determined areas of work dictates personal accountabilities of business units, departments, supervisors and employees. For instance, if a company holds customer service as its sole business driver then all business objectives, starting from the business unit through the departments down to the work teams, will have customer service as the basis for their specific departmental objectives.

Consequences at the helm of accountability

Translating business or departmental accountabilities into comprehensible and attractive personal gains is critical for employee performance. Simply stating the deliverables without giving employees an insight to the personal gains and benefits that they would register would dampen the spirit of corporate accountability. In business, people organize and associate for mutual gains; hence corporations should not shy away from spelling out the gains they expect through personal accountabilities of employees. They also need to state the gains that employees would register through the accountability agreement.

Corporate accountability is a mutually beneficial proposition, wherein both the employee and the employer engage in an informed and mutually agreeable set of objectives that can be validated through a standardized construct of deliverables. The blame-and-punishment



TenStep Supplemental Paper

perception of accountability is completely unjustified since the essence of corporate accountability lies in simply doing what is expected of you in the best possible manner.