Chapter 8
Collective Governance: An Alternative Model of Third Sector Governance

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The prevailing picture of good governance in the third sector in Asia is similar to that of the West. Its organisations are formally constituted, complete with constitution and bylaws, and registered with the government agency designated to perform that function. They have a policymaking board and an implementing team including volunteer and paid staff. They conduct annual general meetings and strategic planning and submit themselves to regular audit. This project found this 'corporate governance' model as exemplifying 'good governance' according to most of the knowledgeable people we interviewed in China, India, Indonesia, the Philippines, Thailand and Vietnam.

Yet, many of our expert-respondents (referred to in Chap. 1 and elsewhere as 'key informants') conveyed to us a certain misgiving about this picture not being 'the whole of it'. They would then cite organisations that seemed to be departures from the model. They often were unregistered and lacked formal elements, like boards and constitutions. Some had members but not formal officers, with leadership neither elected nor inherited. Some were flash-in-the-pan organisations, active for a short period and then never to be heard from again. Yet many endure for many years, even across generations, and are well-known, if not to the society at large, then at least to their little 'neck of the woods'.

This chapter is an attempt at giving name, form and characteristics to these third sector organisations. It is based on the interviews and focus group discussions done by our research teams and the country report they submitted, supplemented by the literature in English on the third sector in these countries. This Chapter draws more from India, the Philippines and Indonesia than from the other countries in the Asian Third Sector Governance (ATSG) Project. The reliance on India stems from the Indian team's special study of 19 unincorporated organisations (Dongre and Gopalan, 2006). The findings of this study give insights on the functioning of organisations that depart from the corporate governance model. These lead us to go beyond structures and forms in the quest for the essence of good governance.

I have also drawn from studies of specific organisations from India, Indonesia and the Philippines. The Indian and Indonesian organisations are described in their respective country report for the ATSG Project. Meanwhile, the Philippine cases were originally written for the study of the impacts of the third sector on the state

and the society. Whenever possible I have supplemented these main sources with information and insights from the reports of the other teams in the TSG project and other relevant publications.

I will start by describing the principal elements of the corporate governance model. Then, I will present examples of emerging elements of an alternative model that can be compared and contrasted with the more established corporate governance model by discussing a few third sector organisations presumed to be well-performing, but clearly not following corporate governance model. I end by presenting 'collective governance' that can be distinguished from the prevailing corporate governance model. Before moving into the main discussion, I would like to offer a caveat for the discussion.

Limitations and Resulting Strategy of the Study

The principal limitation of this study is that the TSG teams did not explicitly set out to study these 'different' kinds of organisations. Thus, despite the presumably large number of such organisations, we actually have very few well-researched examples. It was not that the project started with a pre-ordained idea of well-performing organisations as those practicing corporate governance. Its queries on structure and functions were open-ended enough to allow for other possibilities. However, it is indeed the case that the most prominent among the well-governed organisations clearly fell within that model. Moreover, our research strategy of asking our respondents to describe what they know to be well-performing organisations might have made them converge on those prominent examples. Perhaps also, the use of the term 'governance' suggested formal structures and functions that we did not intend.

Elements of the Corporate Governance Model

As this purports to be a description of Asian third sector organisations, the impression might be given that I am simply posing elements of Western organisations against their 'non-Western' counterparts. That is not my intention. Indeed, it is possible that some organisations in the West may fall under some of the types emerging from this study. To anticipate some of the examples to be more fully explained below, I am sure that many American and European organisations also have 'sleeping boards', just as some of these informal Asian organisations choose experts and not kin to be their leaders. In order to appreciate the 'alternative' model fairly easily, I endeavour to highlight below the major elements of the corporate governance model.

The elements of the corporate governance model are the following:

- Registration and state recognition
- Separation of policy from administration
- Collective leadership through a board

- Voluntary service in the board
- Implementation primarily by paid staff
- Formal accountability

Registration and State Recognition

Corporate governance organisations are created by private citizens and are institutionally separate from government. (In some cases, some of their organisers may be government officials, but they are involved in these groups in their personal capacity, not in official positions.) However, they have voluntarily agreed to be bound by government regulations through the act of registration with a government agency, or through getting permits or licenses for their operation. The limitation on autonomy that registration entails is something these organisations have consciously taken upon themselves because most Asian states do not require all organisations to register. In other words, an organisation can operate without need of telling the state of its existence. However, registration means state recognition, and that facilitates many organisational transactions—for instance, receiving grants, loans and contracts from government, the private sector, and international organisations, most of which will not provide funding to unregistered associations. Also, registration connotes seriousness of purpose, since most governments require a fee that is usually small, but is big enough to prevent those without any plans and programmes in mind to go through the process. Registration also assumes that an organisation intends to be in existence for some time, since anyone that registers must bear in mind that it has to provide annual reports and must usually inform the agency of its dissolution.

Separation of Policy from Administration

Corporate governance organisations are governed by a board, a group of people chosen by the organisation to set its vision, formulate its strategies, and lay out the policies that will guide its programmes and activities. The board is the policymaking body of an organisation and leaves to an executive director or president and the staff the tasks of carrying out its mission. This division of duties suggests a complex organisation where the board, as overseer and trustee, watches over the organisation proper to ensure that it is faithful to the mission and policies that this higher body imposes upon it.

Collective Leadership Through a Board

With a board, an organisation is guided by the ideas and judgement of a group of people, not of a single individual. Board members may be chosen from among the members of the organisation and from its principal supporters. Boards are usually

composed of people bringing different views to the table. In some cases, an organisation may consciously get board members to represent various perspectives important to it. Thus, an organisation may want to make sure that it has an adequate mix of persons of different genders, geographic origins, professions or other factors it considers important for its decision-making. Kinship with other board members or with the executive, however, is usually a negative qualification rather than a factor for selection. Some may ask one or two from the beneficiary community to have seats in the board. An organisation may also ensure both continuity and fresh views by staggering the terms of members.

Voluntary Service in the Board

The board members are expected to be the guardian of an organisation's mission and to take its purposes to heart. This is because, unlike a private corporation's board, a third sector organisation board is supposed to be powered by volunteerism and passion. Members are at most reimbursed for their expenses in attending meetings, but do not receive payment as board members.

Implementation Primarily by Paid Staff

Corporate governance organisations usually have paid staffs who undertake their day-to-day operations. Many of these, as in Weber's bureaucracy, regard their employment as a career, which they enter as relatively young people, and in which they progress up the ladder to greater positions of responsibility. Unlike other bureaucracies but in the tradition of Weber's idea of an office as a vocation, these staff members do not regard their employment as merely a job. Rather, they imbue their work with commitment to the cause to which the organisation is dedicated. The work of paid staff may be augmented by volunteers. Volunteers may come in regularly or they may assist the organisation occasionally, particularly when there are special events (such as anniversary programmes) or crises (such as disaster responses).

Formal Accountability

Corporate governance organisations, if only by virtue of their having registered, are accountable to the state and are supposed to provide it regular reports of its activities. This usually means annual textual and financial reports, in a form required by the registering agency. Audits by a certified public accountant usually accompany the financial report. With these requirements, corporate governance organisations enter the formal realm of programme reporting, accounting and audit. Many go one

step further by making these reports available to their funders, beneficiaries, partners and the public at large.

Alternative Governance Model: Traditional Organisations

In the participating countries, there are thousands of small and informal third sector organisations. For example, in India the total number of third sector organisations is estimated to be 1.2 million, almost half of which are small and unincorporated. It would thus be a grave omission to ignore the governance of these organisations. In fact, the findings from the country studies, especially the Indian, show some elements of governance different from those of the corporate governance model. These can provide us clues as to their functional equivalents as means to build up alternative models. Here, we are highlighting three different types of organisations: traditional guilds, multipurpose complex structure and project organisations.

Traditional Guilds

India has had organisations of persons in the same occupation for hundreds of years. The APPIN (Asia Pacific Philanthropy Information Network) study notes that guilds of pre-industrialised India have been mentioned in the Vedic literature, dating back to 2500–1500 B.C. Like the guilds of the Middle Ages in the West, these were organisations responsible for setting rules regarding work, wages, standards and prices for commodities. It was headed by a chief (called a *jesthaka*), who was assisted by a council of older members. Members paid dues and, with fines imposed on violations of rules, guilds were not only self-supporting but had enough resources to contribute to religious causes, and to lend money to merchants in need of funds. They had banners and emblems and might even have had armies to serve (or fight) the king when necessary.[1] Vietnam has similar guilds called *phuong* which may have existed in Hanoi as early as the eleventh century. They produced and traded goods of high quality and were most developed during the fifteenth to the seventeenth century.[2] However, they may not have been as powerful as their Indian counterparts.

The organisation of small silk weavers presented by Dongre and Gopalan (2006) is part of this guild tradition in bringing together persons in the same occupation,

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[1] Information cited here is available in India: History of philanthropy in Philanthropy and the third sector in Asia and the Pacific APPC website Retrieved September 11, 2006. http://www.asianphilanthropy.org/countries/vietnam/history_third. html.

[2] Vietnam: History of the third sector in Philanthropy and the third sector in Asia and the Pacific APPC website: Retrieved September 11, 2006. http://www.asianphilanthropy.org/countries/vietnam/history_third. html.

and in pursuing the function of protecting and strengthening those who are in the same craft. It departs from it in that it is a reaction to a situation of weakness, that of being oppressed by the 'putting out' system in India. Instead of being in a position to set rules and standards, the present-day guild finds that it must fight the conditions of their employment which have been set by those outside the guild. These weavers have found that being out-contractors, they are not paid proper wages by the big master weavers in the formal sector.

Instead of a *jesthaka* (the head of the elders) and a council of elders, the silk weavers have organised themselves into a formal organisation with officers and members, although still without a board and paid staff. Finding the state and the market leaders as their antagonists, they have not registered their organisation. And as a means of reporting and accountability, they have harked back to the ancient modes that probably go back to Vedic times. To support themselves and to organise other small weavers, they have adopted the *jan sunwai* (listen and know), an oral means of telling the public what they have done during the year. It includes what they have fought for and achieved during the period, including how funds have been generated and spent. Similar to street theatre, they perform in community fairs and listen to the people's reactions to their report. The viewers then raise questions about what they have seen. In some cases, when the members of the audience are not weavers but have some experience in business, they give tips on market strategies and advise the guild on how to proceed. The *jan sunwai* gives wide publicity to the silk weavers' plight and has attracted community support.

Dongre and Gopalan (2006) report that of the 19 traditional/informal third sector organisations they have studied, all but one have used the *jan sunwai* method. In addition, ten have used it not only as a traditional public accounting mode but also as an awareness-building method, as the silk weavers have done.

Multipurpose Complex Structure

The Indian team studied 19 unincorporated organisations that have also been deemed well-performing by their key informants. All these organisations are unregistered and have no formal relationship with the state. In addition to the survey instrument, the team tried to capture the dynamics of their governance through mini-cases of some of the organisations.

Fourteen organisations have no boards, but follow a group approach to decision-making where all members may participate. The remaining five either have a committee or a formal board. Two have been formed by the founder or the head of the religious organisation, and the rest have been formed by the organisation's members. The boards are localised, small and participatory, with members aware of their responsibility to the organisation. Those without boards are either membership- or community-based and have a collective decision-making and execution system. Meetings of the total membership are frequent

(sometimes weekly). Inactive ('sleeping') members are dropped after three years of non-participation.[3]

Decision-making in unincorporated organisations tends to be by consensus, which is arrived at after long discussions. Voting by majority rule is generally avoided, this being regarded as divisive and with clear winners and losers. Instead, the discussions are regarded as a binding factor for the group where individual views are expressed and expected to be respected.

The term 'Chief Executive Officer (CEO)' is hardly used, and leaders are not usually construed as having offices or posts. Instead, they convene the groups, moderate meetings and are the spokespersons in dealing with other entities. Whether with boards or not, unincorporated organisations in the sample have been found to have trained second-line leaders, for the inevitable time when present leaders may have to depart. This is in keeping with the idea of these organisations as maintaining a collective identity, not a leader-centred group.[4] This is confirmed in other studies where formal Indian TSOs have been found to be individual-centred, with some leaders holding the same position for years on end (for more detail, see Chap. 13).

Accountability is maintained in these unincorporated organisations with the use of oral modes, including all the members singing or performing a community theatre to inform the community about their activities. These are also means of passing on knowledge in the organisation. Without written records, institutional memory is preserved in the minds of community and organisation members through methods to which they have been exposed to since birth.

Project Organisations

The Arisan of Indonesia

The Indonesian *arisan* has a very simple structure befitting the simplicity of its project. An *arisan* is a rotating savings organisation. The members may be workers in the same firm or agency, old friends or relatives, or a mixture of these. The idea is that all will contribute a specific amount of money to a pool which will be given to one of the members in every meeting. For instance, a group may have 15 members

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[3] By comparison, all the incorporated organisations have boards (not out of need, but for legality). The leadership of the founder seems more marked here, with the Board members, especially the original ones, being his or her close associates. As much as two-thirds of the incorporated organisations have Board members who may be called 'sleeping partners', lending their name to the board but not actively participating in it. Some of these may be eminent persons invited to grace the board's list. Since these boards meet only once a year, and only for a few hours, the day-to-day work is left to the founder or the CEO (often the same person). For more information, see Chap. 13.

[4] This is a higher percentage than in incorporated organisations where 75 out of 121 organisations do not develop future leaders.

who decide to save Rp1,000 (US$.10) every week for 15 weeks. This means that at any given week, Rp15,000 will be in the pool, and this will be given to a member according to the schedule the group draws up by lottery.[5] In each *arisan*, the members decide by consensus on a number of issues: how much to give, how often the sum will be distributed and what is the schedule of distribution among them[6] (Radyati, 2006).

Each member must take the responsibility of promptly paying the weekly contribution, usually at a short meeting where the 'lucky one' is awarded the full sum of money for that week. Trust and responsibility thus play very important roles in keeping this little group together.[7]

A form of *arisan* exists in other countries in Asia as well as in Africa, in Latin America and even in some communities in the United States (Putnam, 1993). Each country's style varies, but the organisations have basically the same purpose, structure and rules. In the Philippines, the organisation is called '*paluwagan*' literally meaning 'a means to broaden', that is to give one a wider berth in his or her own financial resources. Strictly speaking, the *paluwagan* or *arisan* does not provide that, since it does not add anything to a person's own savings.[8] However, the discipline and camaraderie of a group, not to mention, the shame to befall the person (and family) that skips payment, are compelling factors that strengthen one's ability to save.[9]

In Vietnam, *arisan* is known as *ho*, and is also a means of allowing members to accumulate a large sum for special events. The variation is that contributions to a *ho* may be in the form of rice, rather than money. Also, a member may get an earlier turn by contributing more rice to the person being overtaken. Members, 10 or 12, of a *ho* are usually close friends or relatives.[10]

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[5] The structure of the organisation is very simple. A group of people may express the need to save money for some personal need, and they then decide that they can do so through an *arisan*. One member takes charge of the lottery and takes note of the order of distribution. This convenor or another person may then act as the treasurer who will collect the funds and give it out to the member supposed to get the pool at a given meeting. After the first round, the treasurer is in charge, and the convenor (if a different person) has very little to do, because the members remember when their money is due.

[6] At the end of the round, the members may decide to disband, continue the group, allow some members to drop out or accept new members. They may also decide to keep the contribution at the same level, or to increase or decrease it. The number of rounds is always dependent on the size of the membership.

[7] Although the business at hand is just to pay their share and see to it that the appropriate person gets to bring home the cash, the meetings are also means to cement the friendship of the members, and may be the starting point of joint projects, which would usually require the creation of an organisation different from the *arisan*.

[8] Arguably, if a person can contribute Rp1,000 a week and sustain it for 15 weeks, he can save Rp15,000 by himself.

[9] Paluwagan members usually specify a goal for the funds they will get, say, a kitchen appliance, a child's tuition fee or even a time deposit in a bank. They view it as 'fresh money', or a "windfall" rather than the practical result of a weekly saving.

[10] A *ho* is limited to ten to twelve persons so that one does not wait too long for one's turn. For details, see the "Third Sector: Overview" section under Vietnam in www.asianphilanthropy.org.

Robert Putnam has cited 'rotating credit[11] associations' with *arisan* as the prime example of organisations that exemplify investments in social capital—the dense network of trust, reciprocity and other mechanisms that cement social solidarity. They defy the logic of collective action, especially since the state is not present to punish defection. Clearly, it is to a person's economic interest to drop out once she or he has gotten the share, but the organisation would not function if the risk of such default is high. The members draw on each other's honesty, reputation and their pre-existing connections which would militate against the *arisan's* failure. With no risk of prison, defaulting members face social ostracism—a sanction so strong that offenders have been known to sell their daughters to prostitution or to commit suicide (Putnam, 1993, pp. 167–68).

The *arisan* differs from the corporate governance model in practically all its elements and shows instead the characteristics found in the earlier Indian examples. The state is out of the picture. Policy and administration are merged; any distinction between leader and member is hardly discernible. The whole organisation, not just leaders (since they are no different from ordinary members) makes collective decisions. All members have entered into their respective responsibilities voluntarily and are accountable to each other. This mutual accountability keeps the organisation going until the goal of each member is reached. Like modern projects, it has a single purpose, and has a clear beginning and end.

Philippine Fiesta Organisations (Gaffud et al., 2007)[12]

The Philippine fiesta organisation from one perspective is also just a project organisation, whose sole job is to mount the grand community project that year. From another view, it is an institution, active since Spanish colonial times, with clear succession procedures.[13] Year after year, the fiesta is celebrated—but who organises it?

A fiesta organisation exists in every village or municipality,[14] but they are not all alike. Local governments have taken over some fiestas, following a memorandum

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[11] As my discussion shows, these are not credit associations, but savings associations. People do not borrow from the pool since it is their own money they are withdrawing, albeit earlier than their full contribution. Perhaps they have been called credit associations because they have been the nucleus of cooperatives in many countries where a variation of the *arisan* exists.

[12] Facts and figures related to the Philippine fiesta organisation follows Gaffud et al. (2007).

[13] The fiesta organisation can be like an heirloom passed from one generation to another by the households of the community. However, the succession and annual organisation are traditional points of consensus of which there are many participants.

[14] Each Filipino village has a fiesta, a religious holiday to commemorate the day of a patron saint. Each family participates by decorating their house and preparing a feast for everyone who drops by, friend or stranger. There are also community-wide activities: a religious procession with saints in full regalia in their own carriages, bands and candle-lighters. There may also be an agricultural fair, a circus and rides for the children, the crowning of a beauty queen by a national politician, and other events.

from the Department of Tourism to form a tourist council or office for such community activities as fiestas. In most villages, however, it is still the third sector that is in charge, but it is not run by the Roman Catholic Church, as may be expected, given that it is supposed to be a religious event.

The Philippine Non-profit Sector Project (PNSP)[15] studied *fiestas* in Bulacan, which is the premier province of the country in terms of income. In San Juan, one of the *barangays* (villages) of the capital city of Malolos, the fiesta organisation is headed by an *hermano mayor* and an *hermana mayor*.[16] These are the traditional names for the leaders of fiestas in the Philippines. They are chosen on June 27 of every year, three days after the current year's fiesta. The meeting is presided over by the outgoing *hermano mayor*. All married male residents may participate in the selection of the next *hermano mayor* and indeed any of them may vie for the position.[17] Unlike in other villages, San Juan opens the position to non-Catholics, and, with its financial rules, to members of all social classes. The hermano mayor also becomes automatically the president of the council of elders of the *barangay*.[18]

The chosen *hermano* discusses the features of the programme and appoints members of the *komite de festejos* (committee of the feast): the usual vice president, secretary, treasurer and auditor plus the heads of sub-committees. These heads are responsible for collecting fees from the households of their geographic area.[19] The share of each household is decided in a *barangay* assembly called later by the *barangay* captain (the local government head).[20] Because after religion, the main feature of a fiesta is music, the convention is to allot these contributions for the bands' fees.[21] The funds received through the *resibaryo* are audited and are reported to the community before a new *hermano* is named.[22]

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[15] The PNSP is part of the Comparative Non-profit Sector Project based in Johns Hopkins University and composed of almost 40 countries. In the Philippines, the Third Sector Governance Project is a successor-project to PNSP.

[16] These are the Spanish terms for 'big or principal brother' and 'sister'. Most Philippine towns use the terms to refer to the person(s) in charge of the fiesta and other religious festivities.

[17] To give everyone an equal chance, the decision is made through an elaborate lottery. First, all willing to be considered must signify their interest, and then lots (called *pritilya*) are drawn to determine who will draw first. In the second round, lots three times the number of applicants are made, with a single piece marked *suerte* (lucky). All draw lots, following the order ordained by the first round, until that special piece is drawn. The next step is for all the lots to be inspected to make sure that only one actually has the lucky sign.

[18] Marriage, rather than age, is the principal qualification for membership in this council.

[19] The first duty of the *hermano mayor* (once elected, he is also called the *pangulo* or president) is to make repairs and enhancements to the parish church. He may shoulder all the fiesta expenses personally but his funds are usually augmented by the fees that his subcommittee heads collect and by other contributions.

[20] Everyone who gives a share gets a small piece of paper called the *resibaryo* (the receipt of the barrio). Some cash comes in white envelopes (not given a *resibaryo* because unsolicited) while some families may opt to pay for candles, fireworks, flowers and food of the bands and dancers.

[21] If the fees are higher than the bands' costs, the *hermano* informs the village what he will do with it. The *hermano* may solicit other funds, but this is usually not necessary because donations pour in.

[22] Personal expenses and donations, however, do not have to be made public.

The *fiesta* is a total community event, involving not only the religious groups but also other organisations and the local government of the area.[23] Given community cooperation and contributions, the financial status of the *hermano* is not a major concern.[24] Further, where certain actions and expenses are not a concern of the community as a whole, there is no community audit of that income or expense. Thus, the *hermana* mayor who is responsible for the religious aspects of the fiesta is not asked to report to anyone for her actions and expenses.[25]

In Barangay Bulihan, the fiesta organisation is similarly run by the council of elders[26] (called here *Kapisanan Kilos Katandaan*, Organisation for the Activities of the Elderly or KKK).Where the husband is abroad or the wife is the more active parishioner, women may join the men in the KKK. Officers are elected every three years in a meeting held after the seven o'clock morning mass, the best attended mass in the village (about 20–40% of the residents). People are nominated for the posts of president, vice president, secretary, treasurer and auditor, and vote by the raising of hands.[27]

The first task of the president is to call a community meeting (again, after a mass) where the first order of business is to decide whether to celebrate the *fiesta* or not.[28] If the decision is in favour of a fiesta, they then decide how much to contribute per household. Financial statements are posted in the chapel after the *fiesta*.[29] Aside from the KKK, youth organisations are also active, and they decorate the streets and the church, organise games, talent shows and contests, and arrange the carriages of the patron saints (recall that the last was done by the *hermana mayor* in San Juan). Bulihan has a unique organisation called *Samahan ng Mananayaw* (dancers' organisation). Dancers not only perform all kinds of folk dances during the fiesta; they are also the security force guarding the patron saints.[30]

Meanwhile, in Baliwag, a town not far from Malolos, heading the fiesta organisation is closed to all but the elite of the village. For that matter, they are practically the

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[23] The *Lakas ng Kabataan* (Youth Power), the organisation of young people in the village, takes charge of decorating all the streets. The *tanods* (peace officers) take charge of the traffic changes and the *barangay* captain is on call 24 hours a day during the two weeks of fiesta programmes.

[24] He usually incurs about P20,000 to P50,000 (US$400–1,000) in expenses, a minimal amount which is affordable by anyone with a regular income. The system has been designed to make the fiesta not a showcase of the rich, but a total community effort.

[25] She is in charge of cleaning the church for the whole year. She is the sponsor of the Virgin Mary whose image stays at her house for the year, and who is brought out appropriately bedecked, on Holy Days and the fiesta itself. She is left to herself, because she is not expected to have committees and assistants. In practice, her relatives and friends help, and she may also organise fund-raising activities like bingo raffles and solicitations.

[26] As in San Juan, a person is considered "elderly" once married.

[27] The sentiment in the village is to elect from the most active rather than the highly educated, since the latter usually have less time for community affairs. This opens the door for farmers and others in manual occupations.

[28] In some years, people had opted for other projects like painting the chapel.

[29] Any balance goes to the organisation's fund for other projects. In 2004, revenues ran as high as Php65,000 (US$700) of which 83% went to the band.

[30] SNM is headed by a *banderada* (the person holding the flag) who covers the musicians' and dancers' food and drinks, with the aid of her fellow dancers.

only ones who can be selected since the new *hermana mayor* is chosen by lot from among the active parishioners who live in *barangay poblacion* (the village centre) where the rich residents live.[31] Generally, too, the person selected is a woman (since women constitute a higher proportion of the most active parishioners).[32]

The *fiesta* organisations differ, but all are unregistered. The state is not the most visible player, except when it takes over the fiesta for tourism purposes. There is some separation of policy from administration, although not in the same way as in corporate governance organisations. Here, policy is handed down by tradition rather than by a board, and implementation is made by a designated set of organisations. There is some semblance of collective leadership, although individual leaders are given specific tasks. Everyone is a volunteer; indeed, one contributes his or her own funds instead of drawing a salary or an honorarium.

Each community has its own method of accountability, with almost modern financial statements and auditing. However, some leaders seem exempt from these methods if only because they raise their own funds, and whatever contributions they garner are visible to the community in terms of the grandness of the year's fiesta. Accountability may also be noted in the elaborate means of choosing the leader; whether by lot or by voting, the selection process guards against self-selection and introduces a sense of responsibility to the community.[33] Also, despite its being steeped in tradition, a fiesta organisation can also depart from tradition—in using marriage instead of age as qualification for leadership; in opening leadership positions to the non-elite; in giving leadership to women, in allowing for an extended term and in giving the people a say on whether to have a fiesta or a community project, as Bulihan has instituted.

Fiesta organisations are clearly not following the corporate governance model, but it also varies from the traditional alternative. Although not registered, fiesta organisations are supported by the village government. There is no structure called a board, but principal policies are not handled by the chosen leader. Instead, they are derived from the specific community's tradition (on leadership selection and scope of his or her functions) and current decisions on major activities and funding are made by the community (although it may be a peculiar segment of that community, e.g. only those attending mass at a given time, or only those living at the central and richer enclave of the town). The chosen leader implements their decisions and makes his own decisions within the framework of the community's approved scheme. All work is voluntary and unpaid.

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[31] The *hermana mayor* is expected to pay for all the activities of the fiesta. Solicitations may be made, and contributions are not difficult to generate, but there are no community fees, and no audit. Her actual expenses would not be less than Php100,000 (US$2,000) and usually border on something like Php700,000 (US$14,000).

[32] Interestingly enough, if a man is chosen, he is called *pangulo* (president) and not *hermano* mayor.

[33] Despite the religious origin and theme of the fiesta, it is interesting that one community is open to non-Catholics.

Interestingly, the mode of accountability delineates what is public and what is private: community contributions are public and must be publicly reported, while personal contributions are private and are not subject to public questioning. As stated above, each term is a project, but the fiesta organisation itself, steeped in local traditions and rules, is a permanent organisation, even institution.

Summary

The traditional organisations discussed here depict departures from the corporate governance model.

The silk weavers association can be classified as informal and traditional in that it is not registered. Neither does it have a board for policymaking nor staff for implementation. Leadership is diffused, not being centred on a single individual or group (board) but is more a community ownership. Those who perform the *jan sunwai* (listen and know) are its volunteers/members. But having existed since 1979, it is almost an institution. While using traditional modes for recruitment and accountability, it does not tackle 'traditional' issues like the fiesta organisation and the *arisan* do. Rather it is a part of the long arm of the global economy through the out-contracting system, as well as in the global political system through its struggle for labour and human rights.

In any event, the important features of these traditional organisations are: First, state recognition is not sought, although incorporation into community life is maintained through the use of traditional modes of community reporting and decision-making. Second, a board is not necessarily the central structure, but collective decision-making is maintained through greater participation by the members and decisions by consensus. Third, leadership is more diffused. The CEO as driving force is rare and a conscious effort at having the next generation of leaders is made. Fourth, everyone seems to be a volunteer from the board (if there is one) to the CEO and the staff. Fifth, accountability is not seen as a separate process, but permeates production and management of knowledge as well as the reporting of activities. Further, the weaning out of non-performing members may be regarded also as an accountability measure.

These elements of unincorporated third sector organisations are not restricted to these types of organisations, nor are they necessarily confined only to traditional organisations. Some of these features are evident in modern Asian associations also. The following section portrays some of the examples.

Elements of Alternative Model: Modern Organisations

In this section, I will present some examples of organisations that exemplify some of the departures from corporate governance found in non-traditional organisations. At the same time, this section also introduces new features of the alternate governance model, not identified so far.

Modern Cooperatives

Many modern cooperatives in Indonesia have developed from the traditional *arisan*. In Java, these cooperatives are called *tanggung-renteng* (TR; 'sharing the burden') and are usually micro-credit cooperatives of women. No one can become a member of a TR unless she has first shown her mettle in an *arisan*. Thus, the trust engendered in earlier *arisans* is an important factor in organising and running the cooperative. Loans are given only to people deemed capable of repaying the loans after discussing each loan application in monthly meetings. The membership's approval is necessary because they take the responsibility of paying for the loan in case one of them defaults.[34]

Some of these cooperatives started as small, traditional organisations but have expanded and become more complex over time. For instance, a TR credit union in East Java has 3,500 members, divided into 250 groups, each with at most 15 members. This TR credit union is no longer a simple organisation. As a cooperative, it has to register with government. It also has two layers of boards—the first at the group level and the second at the central office. Each board consists of a chair and a treasurer. They hire two sets of administrators—one to manage the business and the other to train and recruit new members into the cooperative. Decisions are still made collectively and as in the *arisan*, the leaders—now officially designated—preside over the meetings, keep a record of the payments and savings, and remind the others of their responsibilities for the next meeting. The TR has not strayed from its original meaning of sharing the burden. The chair of the TR in East Java avers that the organisation makes the members feel like one big family and teach them accountability, transparency and other governance principles (cited in Indonesian team report).

The TR cooperative embraces characteristics of both the traditional organisations discussed earlier and the corporate governance model. It is now required to register, has a board at two levels and reports using formal accounting and auditing processes. With the federation of several groups, the organisation can grow to be very large, as the East Java example shows. Nevertheless, the board remains simple, performing primarily the administrative tasks. Policy and other important decisions are still the province of the members who maintain a strong stake in the organisation by virtue of their joint liability for each other's loans.

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[34] In the ensuing month, the defaulting member must pay twice the monthly amortisation in order to pay back those who had covered the loan in the previous month. This joint liability has been ingrained in the *arisan* rounds.

Modern Non-Governmental Organisations

The Refugee Organisation of Kolkata, India (Dongre and Gopalan, 2006)

Unlike the organisations described earlier, the refugee organisation is not a member-serving organisation. Instead, it is a non-governmental organisation (NGO), an intermediary group to represent the target beneficiaries (in this case the refugees) to the state and the local community in which they live. This organisation is not incorporated, does not have a board or a president and does not seek funds from other organisations (at home or abroad). Its purpose is to address the needs of the residents of a refugee camp who have been oppressed and degraded by the larger community. Confronting continuous abuse of the refugees' rights, the mode of decision-making by consensus was sorely tested by the fact that the organisation had members from a wide swath of the political spectrum. 'Left-leaning' members espoused redress and violence, while the more moderate members wanted to seek justice through non-violence. The espousal of different approaches to the problem forced a revisiting of the philosophy and mission of the organisation and showed that the membership held different values. In the course of the discussion, prominent outsiders were invited as resource persons and clarified some of the issues involved. Discussion was sometimes heated, but the group decided to uphold its practice of consensual decision-making instead of dividing the house. In the end, the organisation found that all but one of them preferred non-violence and he agreed to the approach with the satisfaction that his ideological moorings were respected. This is an instance where consensus seeking is both participatory and transparent, an aid to both decision-making and accountability.

This case shows that NGOs, being a modern creation, can also be constituted like a traditional non-formal organisation. Its collective decision-making encompasses the total membership and is not confined to a board. Its leadership is diffused, being shared not only by officers but also by all the members.

The Southern Tagalog Exposure of Laguna, the Philippines (Silarde, 2007)

This organisation is another NGO, this time organised in Laguna, a province in the Southern Tagalog (ST) region of the Philippines. It is a communications and theatre group that aims to expose rural and urban communities to problems of poverty and inequality. ST Exposure was created by eight young people who were close friends (gangmates) in college at the University of the Philippines in Los Baños. Continuing their joint projects and friendship after graduation, they presented community theatre, semi-underground films and drama in the ST to raise the people's consciousness and to transform them into participative, self-reliant communities.[35] They ploughed

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[35] Their work did not only move people; they also won theatre awards. Other NGOs commissioned them to create plays or short films depicting other instances of injustice or other victories active citizens in some towns achieved.

their earnings back into the organisation and the causes it espoused. Unlike the other case-organisations, after a few years, ST Exposure saw the need to register and they picked seven people to serve in their board. These are well-known people in arts and theatre who sympathised with their causes and admired their work but were not members of the organisation. They helped to open doors and to make the organisation less suspect as subversives.

Except for its registration, ST Exposure fits the description of the Refugee Organisation of Kolkata. Leadership is shared by the eight members, none of whom is in the board they created to achieve their formalisation as an organisation. All of them serve on a voluntary basis and hold day jobs to keep their families' body and soul together. They maintain formal accountability through their reports to the Securities and Exchange Commission, and the board but give greater weight to their credibility in the communities of ST to which they feel the greatest responsibility.

Umbrella Organisation/Coalition

The Congress for a People's Agrarian Reform, Philippines (Putzel, 1998).

The Congress for a People's Agrarian Reform (CPAR) was a coalition of 200 people representing 70 people's organisations of national farmers and fisherfolks, and NGOs, including church and business groups. Coming out of a church-based Rural Congress, CPAR was not dominated by NGOs and POs (people's organisations) influenced by the Communist Party, but managed to attract and keep organisations and leaders who were their sympathisers. Decision-making was based on a consensus of a national consultative council of 13 peasant federations, supported by a working committee of NGOs, academic institutions and the social action units of the Roman Catholic and Protestant churches. CPAR prepared 'The People's Declaration of Agrarian Reform', which was meant to be a draft of the law to transform agrarian reform in the Philippines.

CPAR had a full-time secretariat contributed by its component NGOs to provide support for the Council, prepare for its mass actions in the streets and activities towards maintaining unity of the disparate groups within the coalition, and make the technical work for Congress itself. This made unity-building an important aspect of CPAR's work, and it established an informal political caucus that regularly met to keep the diverse forces together (Putzel, 1998, p. 95). When the legislature failed to pass the bill they wanted, CPAR tried to push for a people's initiative, but it lost steam and the organisation, by mutual consent, soon disbanded.

CPAR shared many qualities with traditional organisations. It was a very prominent public organisation in its lifetime, but it never registered, although many of its component organisations followed the corporate governance model. Instead of a board, it had a consultative council, all of whose members served on a voluntary basis. However, they may have received salary from their parent organisations like

the secretariat. With its size, a delineation of policy and administration had to be effected, although it maintained decision-making by consensus. CPAR was accountable to its parent organisations as well as to the poor farmers, whether members of these organisations or not.

CPAR was not successful in getting its preferred bill enacted, but it was effective in forging and running a difficult coalition and maintaining its accountability to the peasants it purported to represent. Its organisational and decision-making structure was followed by other disadvantaged groups when they set out to get their own bills through the Philippine Congress. These other coalitions may be termed more successful than CPAR in that they won laws they could live with, having learned from CPAR to be more realistic about what they could get from an elite-dominated institution. Like CPAR, they also tended to disband after the passage of the law.[36]

Towards an Alternative Model of Good Governance

The organisations described above constitute a very small sample of well-performing organisations that deviate from the corporate governance model. Nevertheless, they show the wide range these groups cover. It is perhaps expected that organisations tackling traditional concerns like the *arisan* and the *fiesta* will not embrace corporate governance. In addition to them, however, are a cooperative with thousands of members, a guild battling globalisation, and even intermediary NGOs (organised by people outside the target communities). They suggest that these models can be used to govern organisations facing today's complex issues and need not be relegated to the status of traditional, non-modern associations. With their emphasis on collective decision-making and participation by, and accountability to, the community and society, these groups follow what may be called the collective governance model. Before a discussion of their contrasts, it may be instructive to first talk about the characteristics this model shares with corporate governance.

The recognition of an alternative to corporate governance brings me to some basic elements that these differing types of organisations share. In each, nevertheless, they have important distinctions that I bring out in the discussion.

First, whether corporate or collective in governance, they are all largely citizen initiatives, and members of the organisation have been brought together by the need

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[36] Among these organisations are the National Coalition of Fisherfolks for Aquatic Reform (NACFAR), the Coalition for Indigenous Peoples' Rights and Ancestral Domains (CIPRAD), the Urban Land Reform Task Force (ULR-TF) and the *Sama-Samang Inisyatiba ng mga Kababaihan para sa Pagbabago ng Batas ng Lipunan* (SIBOL, or United Initiative of Women for the Improvement of the Laws of Society), which worked for the Fisheries Code, the Indigenous Peoples Rights Act, the Urban Development and Housing Act and the Anti-Rape Law of 1997, respectively. All their proposals, like CPAR's, also suffered drastic amendments that ate into their supposed 'non-negotiables', but they did not give up on their bills. For a discussion of the role of these organisations in making these laws, see Cariño (2006).

to tackle supra-individual problems. In doing this, as Bozeman suggests, all organisations are public. This is true of the *arisan* where an individual seeks group support to a personal desire to increase resources, and is even clearer where the organisation tackles issues of community or society-wide importance.

While both are public in the sense of being situated in community and societal life, the level of 'publicness' differs between the corporate and the collective governance organisations. For the former, their 'publicness' extends beyond purpose and activity because they have sought formal public recognition through registration and incorporation.

Second, all the organisations are self-governing and are distinct entities. The corporate governance organisations are identified as separate groups by their registration, constitutions and by-laws. Moreover, policy and administration are dichotomised into the board and the CEO/staff. Meanwhile, the collective governance organisations have names and core activities, and the membership is involved in both policy and administration. However, their boundaries can be diffused and permeable by the outsiders or by the community at large. Every fiesta organisation, for instance, is first the council of elders, but it is always more than that, as the youth groups, women's groups and even local government officials join in leading part of the celebrations. Similarly, the silk weavers allow the participants at the *jan sunwai* to advise them on their next moves. ST Exposure underscores this quality in its having brought in outsiders as its board, even as its core organisation retained its original collective nature.

Third, like all civil society organisations, volunteerism is an important element of their associational life. Involvement in an organisation is not required of leaders or members, although it may arguably flow from the basic human need to belong and to make a difference. They provide the organisation free service without expecting any monetary or other gains. Because their boards are often contrasted to those of private sector firms, the volunteerism of third sector boards of the corporate governance type is much emphasised. Nevertheless, their officers and members may render voluntary work also. However, it is rare to find such an organisation without any paid staff who are in the career service of the third sector. In collectively governed organisations, volunteers participate in decision-making and implementation alike. Paid career staff would be very few if at all, especially since, without registration, these organisations are not likely to generate funding beyond their own contributions and fees.

Fourth, leadership is necessary for an organisation to set its vision and attain its mission. Leadership tends to be specialised in corporately governed organisations. Board members set policy and the CEO implements. Other officials would also have set functions. Meanwhile, leadership tends to be diffused in collectively governed groups, with the whole membership joining in efforts of setting and achieving goals. Where leaders are specified, the membership — and sometimes the whole community—sets complex rules for their selection (as in the fiesta organisations), as if to underscore the idea that any one of them can be so elevated. The diffusion is also evident in following tradition in important decisions like leader selection. When decisions have to be made on current issues where precedents are

no guide, consensus is sought. Consensual decision-making highlights the role of a leader not as supreme but as a moderator and facilitator, a participant in the process similar to the other members.

Fifth, accountability is an important element for the continued functioning of organisations. Formal accountability to the state is required by the rules of registration, and the methods used in corporate governance are modern accounting, auditing and reporting tools. Clear lines of accountability are drawn to the state and the sources of funds, with downward accountability to the members and the public being less emphasised. By contrast, accountability in collective governance is less formal, with oral the preferred mode in many Indian organisations. However, accountability to each other and to the constituency community seems to take up more time and be given higher precedence.

As we have seen, the organisations I have identified as falling into the collective governance model are not all alike. The qualities that differentiate them are ripe for further research and closer analysis. I have already pointed out differences between project organisations and permanent organisations or institutions. The collectively governed project types are significant for their successful fulfilment of purpose. While an organisation like the *arisan* is simple in structure, its ability to achieve its objective and to use and generate social capital can teach volumes to more complex organisations. In addition, it serves as a training ground for future involvement in other groups, and by that token must be able to promote values that ensure the effectiveness of organisations.

I do not expect the cell of project organisations to be filled only by *arisans*. Behold, after all, the Congress for People's Agrarian Reform, where unity and consensus were essential to keeping a group bound by so controversial a policy issue. In addition, there are many groups created for single, short-term projects, like a sports fest, disaster response or alumni jubilees. In what ways would organisations for these purposes behave and succeed like the *arisan*?

Collective governance organisations differ from the corporate governance model largely, as may be expected, in certain governance characteristics, as well as in their boundary-maintaining qualities. Table 8.1 shows the differences in governance characteristics of these two models.

Another element of differentiation is the closure of boundaries of the organisation. The *arisan* beyond being a project organisation tends to have clear and closed boundaries. So does the refugee organisation, which, with its varied membership, could not wish away the strong differences of opinion and ideology that the members brought to the table. But other collectively organised groups are permeable, so much so that the organisation itself is not sharply identifiable. The fiesta organisations come to mind as easy examples, where groups established for other purposes join in, without diminishing the leadership and accountability of the main organisation itself. This would be difficult to have in a formally incorporated organisation. By this token, perhaps fiestas are bound to be collectives forever. Nevertheless, it is not unimaginable to have other organisations with flexible boundary lines, such as the coalition of CPAR.

Table 8.1 Collective Governance and Corporate Governance Models: A Comparison of the Features

Characteristics	Corporate governance	Collective governance
Publicness	Registration and state recognition	Not registered, but tackling public issues also
Source of policy	Board	Tradition, membership
Distinctiveness as an entity	Self-governing with registration, constitution and by-laws	Self-governing, but with more permeable boundaries
Policy-administration relationship	Dichotomised: policy in board, administration to CEO* and staff	No break (integrated): membership involved in both
Mode of reaching decisions	Majority vote	Consensus
Collective leadership	Through a board	Through participation of all concerned
Volunteerism	Voluntary service in board, some implementers may be volunteers	Throughout organisation
Implementation	By paid staff, augmented usually by volunteers	By members and community
Accountability	Formal: to state, funders and members	Non-formal and mutual, to community served

*CEO, chief executive officer

Finally, it may be noted that the distinctions between corporate and collective governance organisations are not clear-cut. Some collective organisations have boards and a few have paid staff, although volunteerism and collective decision-making are more marked there than in corporate governance groups. Some of them would also exhibit formal accountability modes as the San Juan fiesta organisation did, with its clear delineation of what should be made public and what in an *hermano's* job is his private concern alone. This suggests that the models are not types but are probably points in a continuum. It would then be instructive to find out when an organisation chooses to incorporate an element that is more identified with corporate governance, and when it moves towards another kind. This analysis has tried to identify the defining characteristics of the corporate and collective governance models. The next step is to fill in the continuum, and to explain why and how certain elements are chosen over the others. That would be a major contribution to understanding the governance of third sector organisations.