Governance and Management Interaction in a Child Care Setting

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ABSTRACT

This study explores the management and governance interaction in a child care setting. The scarcity of governance and management research in the not-for-profit sector, together the absence of any management and governance research in the child care area motivates the study. It is exploratory in nature and presents the findings of a one-year long ethnographic study of relationships between the management committee members and director of a child care setting. The findings indicate that the struggles and tensions between the management, governance and leadership roles drive the individuals towards process and procedures. So despite the simple organisational form and the social family like structures that exist within the child care setting, comfort was found in the application of these formal systems.

Keywords: corporate governance; management; child care

INTRODUCTION

The offerings of child care impact every sector of our modern life affecting work, social and family functioning. The ABC Child Care collapse, in the midst of the global financial crisis, saw hundreds of families scurrying to secure alternate child care and a fear that some of the work force would be ground to a halt. There was also the plight of ABC child care workers and whether they would be left without work and entitlements. So significant was the fear that the government intervened to support the sector and called for a senate enquiry. No other sector demanded such attention.

This attention is warranted given the emotional labour of child care work. Mums and dads hand over their children to be cared for by pseudo-family who help shape the confidence and direction of the young child. Yet these child care workers sit outside the traditional definition of family. This periphery of family life reveals a constant partnership and even conflict between the intimate bonds between child and childcare worker and that of employee and professional. This in turn can be significantly influenced by its management and governance. Yet, there is no systematic examination of governance, its interaction with management and its subsequent impact on the children, parents, staff or social fabric and community of a child care centre. The lack of research of the governance and management of entities within the child care industry has resulted in little understanding of their costs and benefits to the community. The general public, government and parents must have confidence in the integrity of those charged with the governance and management of our early childhood education centres.

This study, using a participant-observer approach, explores the governance and management interaction in a child care setting. It describes the basic meaning of governance and management and explores the dynamics of governance and management between a director and a management committee of a regional not-for-profit child care centre. Findings generally show that the ambiguity in

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1 This is the author’s version of Byrne, Suzanne (2009) Governance and management interaction in a child care setting. Refereed paper presented in: 23rd Annual Australian and New Zealand Academy of Management: (ANZAM) Conference, 1-4 Dec, 2009, Melbourne, Australia.
governance and management roles provide mild tension and an ultimate reliance and comfort in the use of formal systems and processes.

**WHAT IS CORPORATE GOVERNANCE?**

Farrar (2005) refers to corporate governance as the “control of corporations and to systems of accountability by those in control” (p.3). His structure of corporate governance recognises that legal regulation is at the heart of corporate governance, with the listing rules, codes of conduct, corporate governance guidelines and best practices informing that control and accountability system. Walsh and Lowry (2005) also distinguish the narrow legal view from the broadly used corporate responsibility view. They state that the OECD and many national codes, guidelines, best practice statements and academic work focus on a corporate responsibility to stakeholders whilst the legal view tends to adopt the narrower focus, by virtue of the Corporations Act 2001, of the interests of shareholders.

The above highlights the two distinctive areas of law and guidance. Firstly, legislation sets out the rules and when breached is legally punishable. Secondly, the guidance statements (national codes, guidelines, best practice statements, etc) inform participants about what is expected and reasonable but have no legal standing. However, the courts may have regard to these guidelines to determine what a reasonable position may be under the circumstances. Indeed the duties of directors under the Corporations Act 2001 remain unchanged over many decades, but the determination of both the subjective and objective elements of director care and diligence has changed over time with the widespread use of codes, guidelines and best practice statements. For example, in the wake of the global financial crisis the expectations of independent directors have increased greatly. Linked to the understanding of corporate governance is the concept of the corporation. Farrar (2005) states that a “Corporation is a legal concept which, through the conferment of separate legal personality, provides legal recognition to bodies of persons, associated together, as distinctive holders of rights under a collective name, with distinct legal consequences” (p.20).

The creation of an artificial entity that has no physical existence, thought or will requires a system of rules and process for decision making. The decisions and actions of the corporation are those made by the humans that represent it. This element has spawned various philosophies and research over time including the rights of shareholders versus stakeholders, the separation of ownership and control, issues as to the purpose of corporations and their accountability, aspects of control and liability. Generally, it is accepted that the overarching responsibility of corporations rest with the board of directors (Farrar 2005).

So what are the duties of the board of directors? The Australian Corporations Act 2001 sets out the duties of directors to have the necessary skill and ability (S180 – care and diligence) and to act in good faith with necessary integrity (S181-183). Of paramount importance is that directors make decisions in the best interests of the corporation. So in law, a director represents, has a responsibility to, and is accountable to the corporation, not individual shareholders. Given that the corporation is an artificial entity, controlled by the board of directors, how is that accountability exercised? A corporation is unlikely to sue a director/s for breach of duty, given that the director/s controls it. So the system of accountability referred to by Farrar (2005) above, includes the corporations own rules as well as the Corporations Act 2001.

Apart from the specific duties listed in the Corporations Act 2001 a number of reports have been published highlighting the role of the board. For instance Professor Hilmer in the *Strictly Boardroom* report (1993) promoted the board role as to ensure ‘management continuously and effectively strived
for above-average performance’ (p.14). The Cadbury Committee Report (1992), agreed that directors need the freedom to drive their company’s performance, while at the same time having due regard to their accountability arrangements. The Bosch Committee Report (1995) identified specific board functions such as adopt a strategic plan, develop and monitor a budget, agree to performance indicators with management, determine that the company has adequate reporting systems, select a CEO, determine that accounts conform to accounting standards, to select and recommend auditors and to have some assurance that the corporation complies with the law. The report also recommended that the board establish sub-committees such as an audit committee, compensation committee and nomination committee that have a majority of independent non-executive directors. The Higgs report (2003) highlighted the role of the non-executive director as being “custodians of the governance process”. The elevation of the role of the independent director has been a consequence of the corporate collapses and shenanigans over the last decade.

Added to the above discussion in the corporate governance area is the issue of stakeholders. The criticism that normative corporate governance views privilege the shareholders is widespread (see Sikka 2008 for a summary), with some commentators advocating a stakeholder theory. Freeman (1984) defines a stakeholder as “any group or individual who can affect or is affected by the achievement of an organisation’s purpose” (p.53). The stakeholder–agency model, according to Hill and Jones (1992), provides a linkage between stakeholders and governance in the form of a nexus of contracts in which power differentials are evident. Atkinson, Waterhouse and Wells (1997) argue that stakeholders generally fall into five prominent groups: customers, employees, suppliers, owners and the community. Hill and Jones (1992) argue that managers, who are policed by governance systems, are the only group of stakeholders who can enter into contractual relationships with all other stakeholders.

WHAT IS MANAGEMENT?

A read through most management text books suggests that the management function is to plan, organise, direct and control. Early approaches to management were concerned with the technical and structural forms of the organisation. The early nineteenth century classical management approaches such as Taylor’s scientific management movement (Norton 1967), Fayol’s administrative principles (Brodie 1949) and Weber’s bureaucratic organisation (Henderson and Parsons 1947) all had some type of notion of planning, organising, directing and controlling. In so doing they assumed people were rational and generally advocated the need to have clear rules and standardisation, proper training, good incentives and a focus on improving efficiency and productivity.

However, it was then discovered that the human and social factors play a large part in the success of an organisation’s efficiency and effectiveness of reaching goals. (For example, Maslow 1970; McGregor1960; and Argyris 1957). More modern day approaches emphasise the contingent relationship among an organisation’s various parts and its external environment and tries to match management practices with the various situational demands. The systems approach also highlights the complex nature of the organisation’s networks both within and external to the organisation. This approach depicts the organisation as an open system that interacts with the external environment through the acquisition of inputs from suppliers and the selling of outputs to customers (Scott 1998).

Further to these approaches, it is recognised that strategy, quality and global awareness all have some relationship or interaction with the management function. For instance a plethora of research has examined strategy at different levels of the organisation and its effect on structure, leadership, behaviour and performance. Quality tends to be accepted as a minimum requirement and is generally
examined in relation to the value chain approach. Global awareness is prominent due to the heightened global competition, an understanding that different cultures manage differently and a rise in networked and virtual organisations. One of the newer themes of management is the concept of the learning organisation. This organisation is continuously learning, regenerating and improving based on past experiences.

The above discussion highlights that the management process has some structure but is affected by the interrelationships of contingent demands, human and social factors, learning and the external environment. The goal of which is to improve productivity while striving to meet organisational objectives. So whose job is it to manage the organisation? What management functions should be carried out by the board and by the top executive of the organisation?

THE CORPORATE GOVERNANCE AND MANAGEMENT INTERACTION

The previous discussion, in simple terms, highlighted that management’s role is to plan, organise, control and direct, while the role of corporate governance is to control and account. The management literature uses the term organisation, whereas the corporate governance literature uses the term corporation. Farrar (2005) is clear that a corporation is a legal concept that brings about a group of associated persons under a separate legal entity. The management literature simple suggests that an organisation is a collection of people working together for a common goal (Schermerhorn, Campling, Poole and Wiesner 2004). The former is limited to the shareholders under a separate legal entity whereas the latter could include shareholders, employees, suppliers, customers, etc.

Are the corporate governance and management functions discreet? Certainly the corporate governance literature emphasizes the need to separate the oversight and accountability functions with that of the management of the enterprise. The elevation of the independent non-executive director is highlighted in the requirement that all boards have a minimum number and that the chair of the board and CEO roles are separated. The Higgs report, concentrating on the role of independent non-executive directors alludes to a distinction between management and the board:

However, in the management literature the distinction between the management and governance functions is unclear. Mintzberg (1975) defines a manager as a CEO, bishop, prime minister, coach or foreman (p.54). This suggests that the management functions are not limited to the top executive of the organisation but could extend to the governance body. He argues that the classic plan, organise, control and direct tasks are not readily seen in managers at work. They are not the scientific, reflective, informed and rational workers that theory would suggest. Instead Mintzberg (1975) suggests that managers have roles of authority and status and undertake the complex entwined roles of interpersonal, informational and decisional. Mintzberg’s (1975) roles are depicted in figure 1.

The roles outlined by Mintzberg (1975) could be a function of directors of a board or members of management. It is in the overlap of the corporate governance role with the management role that has the potential for political, management and governance strife. That is, individual board members could interfere with management undertaking their job, management could rely too heavily on a few board members, or board members could rely too heavily on the reports and assertions of management without proper probing. There could also be misunderstandings by employees and the business community if the leadership or figurehead role is strongly contested by both management and board members, or if there is no clear spokesman or negotiator. Monitoring duties also need to be clarified. Obviously, the board responsibility to monitor the management is clearly understood
however who monitors, for example, the external environment, the threats or opportunities. What research allocation decisions are made by each group? Surely the board is concerned with the strategic rather than the operational, but if there is interference through board micromanagement what are the consequences? Even the entrepreneurial roles need to be evaluated. The very reason why entities incorporate is to promote entrepreneurial behaviour that promote risk-taking in the pursuit of greater returns (Byrne 1994). This encourages wealth, productivity and efficiency and helps build nations where all stakeholders can benefit. So there needs to be clarity of the interpersonal, informational and decisional roles between the board and management.

Mintzberg (1975) argues that two or three people cannot share a single managerial position unless they can act as one entity. This prevents the division of the ten roles unless there is great communication. This division needs to take account of both the governance and management roles. Carver (2008) argues that boards need to govern, not manage by suggesting that the board is accountable for making sure the organisation’s work is done and not accountable for doing the work. Yet Bowen (1994), and Heching (2005) see the board’s role as far more than ticking the boxes and includes providing strategic leadership, contacts and driving performance. Porter (1986) suggests that strategic leadership can be provided by either the managing director or the CEO.

Despite this complex dilemma of roles, it seems certain that directors are legally in control and therefore accountable, while managers are responsible for more of the ‘doing’. The stakeholder perspective further complicates arrangements by threading in the boards accountability to all stakeholders and thus further blurring the management and governance boundaries.

THE CHILD CARE ENVIRONMENT

There has been a heightened focus on childcare education and care in Australia in recent years. This comes from both government and private developments. The collapse of ABC child care centres in 2008, in the wake of the global financial crisis, and subsequent senate inquiry in 2009 has been the most public development. In fact, the use of tax payer’s money to fund the corporation for a short period of time is testament to the industry’s substance in the Australian economy. As well as this very public development, the Rudd government flagged early childhood education and care as a key area in his economic and social agenda. The government interest into this area follows the acceptance in research of the importance of the quality of child care on a child’s development (Leach, Barnes, Malmberg, Sylva and Stein 2006). In fact quality of child care has been linked to social competence (Howes 1990), cooperativeness (Howes and Olenick 1986); peer relations (Phillips et al., 2001), aggressive behaviour (Rosenthal, 1990) and children’s cortisol measures (Dettling, Gunnar and Donzella 1999).

Up to the 1990s most child care in Australia was provided by not-for-profit community based centres. However, the changeover from paying operational subsidies to the community based centres to paying benefits directly to parents led to the rise of private for-profit child care centres. The underlying philosophy driving the change was to give parents choice regarding the type of care preferred and the belief that through normal market mechanisms child care centres would spring up where needed.

The government funds child care by assisting parents with the cost through the child care benefit (CCB) and the child care rebate (CCTR) and also funds the National Childcare Accreditation Council (NCACA) which administers the quality accreditation scheme. The state and territory governments are responsible for the licensing of the child care centres and can provide some direct funding both through their community service and education departments.
Since the 1990s private for-profit child care delivers about 70% of all child care across Australia. The once dominate ABC centres claimed to have 30% of the Australian market. This is in contrast to the UK where ABC as the largest provider held 2% of the market and in the US where ABC as the second largest provider held 3% of the market. Concerns about the dominance of one provider were not heeded until taxpayers funded its operations while the supply of child care places stabilised. In fact the dominance of one provider seemed to go against the original philosophy of providing funds directly to families to encourage diversity and choice in the child care market. The resulting collapse has lead to pressure on the remaining sector, including the not-for-profit community based child care providers.

**THE CHILD CARE SETTING**

Data for this paper was collected via a one-year-long ethnographic (Glesne and Peshkin, 1992) case study of the director and management committee relationship in a child care setting. A participant-observation approach was employed where the author was a member of the management committee. Data was collected via committee meetings, interactions with staff and parents of the centre, and by discussions with the management of the Crèche & Kindergarten Association of Queensland and members of a number of management committees in the region.

The primary field site was a small not-for-profit child care centre in a large regional city in Queensland. It was a typical not-for-profit child care centre. It has as their corporate structure an incorporated association and is governed by a management committee. In Queensland the Associations Incorporations Act 1981 is administered by the Office of Fair Trading. The act, together with an individual association’s rules, sets out the authority, responsibility and procedures to which the association has to comply. The child care setting is highly regulated and Figure 2 depicts the regulation of the child care centre in this study.

[Insert Figure 2 here]

The centre currently employs approximately 22 staff, have enrolled 110 children utilising 64 child care places covering the 3 month to 5 year age group. There are six members on the management committee, all of whom are elected at the annual general meeting. The rules of their association require that only members of the association can stand for election of the management committee and that the members of the association are the parents of children at the centre. Their rules of association were updated in 2008 to reflect the model rules set out in the Associations Incorporations Act.

The issues discussed previously under corporate governance apply equally to incorporated associations as they do to corporations. The authority and duties of the management committee are contained in the rules of the association. In some states (SA, WA, NSW, ACT, NT) the legislation governing incorporated associations mirror the duties of those in the Corporations Act 2001. Despite the absence of explicit recognition in the legislation of these duties in the other states (Qld, Tas, Vic), common law and equitable principles apply (Halsbury’s Laws of Australia). Therefore the duties of management committee members are analogous to those of company directors.

The CEO function of a not-for-profit child care centre is undertaken by the director of that centre. The term ‘director’ is explicitly referred to in the state child care licensing regulations in which the duties of the director are outlined in relation to the centre, children and staff. These are operational in nature and include issues such as hygiene requirements, staff to children ratios, training and education requirements of staff in certain positions and documentation requirements. However, in the not-for-profit child care centre the director was expected to take on a greater management function including
budgeting, strategic management, IT requirements, debt collection, etc. This was partly due to the absence of any top management structure, and partly due to the transitory and voluntary nature of the management committee members.

**CORPORATE GOVERNANCE, MANAGEMENT and CHILD CARE**

**Plan, Direct and Control**

Due to the voluntary nature of the management committee, their high turnover and lack of succession planning, the control of the child care centre tended to rest with the director, subject to loose constraints and reporting requirements by the management committee. This does not align with the duties of accountability and control required. At the child care centre, this approach resulted in the management committee’s time being taken up with issues of an operational nature with scant attention being given to strategic or long term planning. Like boards in the corporate sector, the management committee fell victim to issues important to the director. This resulted in a lack of control and a lack of time devoted to how the committee themselves were intending to contribute to the objectives of the association.

Chait warns that, “boards should suggest what the CEO should ponder, not just ponder what the CEO suggests (in Peterson 2009, p.50)”. The management committee did attempt to overcome this in a number of ways. One such way was simply asking the director to change the format of her report to the committee to include information needed. However, although some extra information was included, the focus of the report remained that of the director chatting to parents about the wonderful children and staff, rather than reporting information to satisfy the obligations of the committee. Another example was the preparation, approval and formal delegation of the management of the budget to the director. The director’s lack of formal understanding of the essence of this process resulted in operational budget issues still surfacing at management committee meetings.

Discussions with management committee members from other centres and with the management at the C&K suggest that these examples would be typical in the industry. The understanding of the interaction of the governance and management roles between the management committee and the director are not clearly articulated in any document or forum. This is not to say that the responsibilities of the director or of the management committee are not expressed. However, when they are expressed they are as reflected in the legislation. That is the responsibility of a director as outlined in the Child Care Award 2002 and the Child Care Regulations 2003 and the responsibility of the management committee as per the Associations Incorporated Act 1981. Very rarely are the management functions discussed across the two roles. Certainly a reliance on legislation prohibits a wider reflection of the responsibilities and accountabilities.

The management committee is made up of members of the association. These management committee members were also parents of children at the centre. This placed them in a unique position of being both employer of centre staff and a customer of the centre. The closeness of the management committee members to the environment in which their children are cared, including staff, resulted in a type of entrapment of the day to day occurrences and sometimes petty politics of both parents and staff. Their underlying duty to the association as a whole could be temporarily forgotten as powerful individuals or fractions were appeased. However, over time the governing body learnt to deal procedurally with these issues. The benefit of the necessary closeness to the community gave the members of the governing body an immediate visceral feel for the centre and its objectives thus making the not-for-profit centre arrangement successful. However, the disturbance handler and
monitoring roles, together with accountability need to be transparent to quash inappropriate expectations by members and staff of the power of the management committee.

Accountability
Another key governance duty of concern is that of accountability. The role of independent non-executive directors has been established as a key accountability measure. In the child care centre, like most not-for-profit child care centres, only members of the association can be elected to the management committee. Members of the association are analogous to shareholders of a corporation. Just like a corporation is held to account for short termism, or for acting in the interest of key shareholders, a management committee must be held to account for making decisions in the interest of the association as a whole. Decisions that focus on the members of today at the expense of the members of tomorrow, or that favour one group over the other need to be questioned. An independent management committee member would help undertake that watchdog function.

Like their corporate counterparts, the management committee is responsible for good financial management. The Associations Incorporations Act 1981 specifically requires a treasurer to be on the management committee and in recent years has increased their duties. This is an area where not-for-profits generally lack high level knowledge and skills (Bowen 1994). Discussions with the management of C&K and management committee members from other centres suggest that most not-for-profit child care centres rely on part time administration help to undertake the basic accounting tasks necessary to meet statutory (tax and audit) requirements, or outsource these services. At best, most not-for-profit child care centres can observe the workings of this financial function and assure themselves that the statutory obligations are met. At worst, the part time financial administrators with their knowledge of the finances guard their documentation and records as if it is nobody else’s business. It seems that there is an acceptance that as long as these regulatory requirements are meet and the financial reports are available to present at the annual general meeting the management committee have meet their duties of accountability.

In the child care centre that is the focus of this study, the finances were controlled by a part time contractor (a past treasurer) who although provided the monthly accounts printed from the MYOB software, was reluctant to let the committee or director have access to source documents. In the absence of the source documents there was no ability of the management committee to fully appreciate whether their obligations to employees, creditors or government were being meet and accounted for appropriately. The director also had to deal with bill enquiries or employee pay enquiries without any real control or access to records. This is one area where the ambiguity of the management and governance interaction led to an absence of command over the finances.

Further, there was no strategic financial management of resources. This is probably a key area of concern for most not-for-profit centres, and would impact on the efficiency and effectiveness of the not-for-profit child care sector as a whole. (Their for-profit counterparts may not undertake strategic financial management either or do so ineffectively, however at a minimum there would be some effort applied in this regard given their profit focus.) This again is linked to the skills and competence of management committee members, their busyness and their short term of governance. At the very least it would be wise for management committee members to take advantage of government training offered to establish a defence for their duty of care and diligence to the association.

Another risk to accountability is the volunteer nature of the role. Bowen (1994) argues that courts are “reluctant to hold volunteers accountable to a high standard” (p.41) thus resulting in a risk free governance role. This risk free feeling could then mean that the necessary attention is not given to the
implementation and safeguarding of the association’s mission and necessary controls and accountability. Due to the background of the individuals on the management committee they were very aware of their obligations, however, their busyness resulted in an overreliance on the director to ensure proper systems were in place. Jiraporn, et al. (2009) argued that board member busyness can impede a member’s contribution. However, over time the committee did step over the management line to formulate processes with regard to staffing, debtor management and child room movements because of the increasing number of issues in these areas. So there was an assessment of the trade off of time in terms of the development of systems and of dealing with daily issues.

The above example of the management committee stepping in to undertake operational work, rather than keeping to governance and strategy work, is a function of the training of the director and the time a director has to do the job. Light (2004) emphasises that non-profit organisations are under resourced and that “the nation wants more of virtually everything that non-profits deliver, but with no administration” (p.1). The Child Care Act (2002) and Child Care Regulations (2003) require a centre director to have appropriate child care qualifications and sets out their specific duties in relation to the care of the children. However, the duties of the director within a not-for-profit child care centre go well beyond that required by the Act. They are, under the delegation from the management committee, responsible for preparing the budget, HR issues, assessing IT requirements, public relations, coordinating the volunteer group and providing strategic direction and leadership. There even seemed to be some expectation that the director would ‘manage the management committee’. However, there is very little recognition of this extra work performed and certainly the Child Care Industry Award – State 2003 does not reflect the duties of management expected. Again, the lack of explicit recognition of this promoted the ambiguity of the management and governance functions.

On the issue of director training, directors are employed due to their training and experience in the child care industry. This is by virtue of the Child Care Act 2001. They do not necessarily have management or business training and experience. This is of concern given that the “director sets the tone of the centre, creates the environment of concern, and influences the work environment of the teachers who, in turn, provide the crucial link to children” (p. 546, Mullis, Cornille, Mullis and Taliano 2003). Studies have shown that directors who do not own their child care centre found ‘general responsibilities’ of concern compared to those that did own their centre (Austin and Morrow, 1986) and that emotional exhaustion were highest among directors and lowest among assistant teachers (Stremmel, Benson and Powell 1993). Given that the childcare program quality is linked to the background, experience and training of the director (Bloom 1992; Bloom and Sheerer 1992; Ghazvini and Mullis 2002) it is of concern that there is a lack of training available (Bloom and Sheerer, 1992). Mullis, et al (2003) argue that directors often experience high levels of stress due to their lack of administration training and their juggling of multiple roles.

Despite the concerns raised above and through ad hoc governance and management interactions the management committee and director achieved quite significant outcomes simply due to their commitment to the ideals of the centre. Steane (2001) outlines the difficulty in expecting homogeneity of governance practices and targets not-for-profit groups as one where divergent practices are evident. They argue that this in part is due to their unique characteristics and their value or ideological foundations rather than their focus on efficiency and wealth maximisation. Collier (2008), discussing quasi-public sector entities, criticises the expected standardisation of governance practices and suggests that this has lead to a focus of accountability upward to funders rather than downward to the beneficiary of services. It is firstly necessary for the management committee and director to satisfy their legal duties. This was certainly the modus operandi of the management committee and director, however, as the management committee took over some management roles and changed systems their
role and interaction with the director changed to one of shared leadership. Ebrahim (2009) also contends that one of the issues concerning non-profit organisations is that the regulators and funders of non-profit organisations focus on external accountability required for disclosure, accreditation and registration. This is turn leads to a neglect of internal accountability, “issues that are internal to organisation and individuals, such as integrity and mission” (p. 890). This was obvious in the child care setting.

The social capital developed through the community participation on the management committee was not recognised at the government level. Bryce (2005) classes the cognitive social capital as a special class of non-profit organisations and as such should be considered in policy decisions. During the year the NCAC conducted a major three year audit and the department of communities undertook their normal checks. Not once during the year did the government bodies require a meeting with the management committee or seek to view their mission, or strategic or business plan. There are seven quality areas of concern to the NCAC. Only the seventh mission deals with management and that is limited to written communication being available to staff and families about the centre management. Given the importance and influence of management and governance on any organisation it would seem a failing not to consider basic management issues. Even banks require a business plan prior to lending money and intuitively assess the character of the loan applications.

It seems that there is a lost opportunity on behalf of the government to truly assess the contributions of the centre to the community. The use of the volunteer management committee member’s knowledge, perspectives and experience is a precious resource (Roy, Jacko and Eadie 2008). Given the research support for the importance of the not-for-profit sector and society growth (Anheirer 2009) and the need to account for such social capital (Quarter and Richmond 2001), it seems remiss of the government given the significant public money invested in the child care sector through government benefits not to account for, and acknowledge the resources contributed and benefits gained. However, the NCAC approach probably has as its roots in the quality of the child care setting within the background of market competitive forces determining parent choice and ultimately survivors in the child care landscape.

CONCLUSION

The main task of this paper has been a microscopic analysis of the interaction between the management committee and the director of a child care centre. As such, the focus has been to explore the roles of governance and management as ascribed to each function and to highlight the synergies and the difficulties that such a governance and management framework cause. Discussed were the concepts of management and governance and the changing environment of the child care industry. Whitehead (2002) in a speech suggested that not-for-profits were an underdeveloped asset:

Despite the blurring of boundaries between non-for-profit organisations and government and business, it is clear to me that not-for-profit management is distinctive in a variety of ways, ....the nature of their service mission, the scope of their funding sources, their mix of paid and volunteer labour, their governance by volunteer boards, and their role in advocacy for social change are key factors that call for separate attention in academic programming (p.82).”

The provision of early childhood education and care under the not-for-profit style association adds to the diversity of choice in the child care sector. However, its distinctive management and governance arrangements need to be acknowledged and supported to ensure direction, control and accountability
in the delivery of the association’s objectives and in ensuring the efficiency and effectiveness of the sector at a macro level.

Given the exploratory nature of this enquiry only one child care centre was used. This limits the generalisability of the findings. However, despite this limitation there are key recommendations and areas of further research identified. Firstly, recommendations to the government include the need to properly account to the public, not just of the dollars spent in the child care sector, but for the social capital accrued and the benefits and costs of each centre; the need to provide support and resources to the development of leadership, management and governance skills within the child care sector; the need to provide a framework upon which child care communities can themselves assess their government and management obligations and to support further research in the management and governance of child care centres to help our understanding of the strategic nature of this industry and ensure that the limited resources are being used wisely.

Secondly, recommendations to management committees and directors include the need to ensure an understanding of the duties to the association; the advantage of recruiting independent members to the management committee that can bring business knowledge, skills, leadership, competence, contacts and the possible appearance of accountability to the management committee; and the need to manage wisely the governance and management interaction.

Further research could include the use of varied research methods, such as focus groups and surveys to capture more fully the variable of interest. Also, understanding the management and governance interaction from different theoretical frameworks, such as a stakeholder or managerialist approaches, could enlighten our understanding of the dynamics of the management and governance interaction and clarify the responsibilities for the management and governance functions within the child care environment.
References


Associations Incorporation Act 1981 - Queensland


Child Care Act 2002 – Queensland

Child Care Industry Award – State 2003

Child Care Regulations 2003 - Queensland

Corporations Act 2001 – Australian


Figure 1: Mintzberg’s (1975) management roles (source: Mintzberg, 1975, p.55)

**Formal authority and status**

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<th>Decisional roles</th>
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<td>Monitor</td>
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<td>Leader</td>
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**Figure 2: Regulation in Queensland of Child Care Centres**

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<tbody>
<tr>
<td>National Childcare</td>
<td>Department of Community</td>
<td>C&amp;K Association</td>
</tr>
<tr>
<td>Accreditation Council</td>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Incorporation</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>• Accreditation every 3 yrs</td>
<td></td>
<td>Management Advisory Service</td>
</tr>
<tr>
<td>• Last accreditation was 2007</td>
<td></td>
<td>Affiliate kindergartens are</td>
</tr>
<tr>
<td>• Funding link if accredited – parents receive CCB &amp; CCTR</td>
<td></td>
<td>o Community Based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Qualified Teachers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>o Sessional programmes</td>
</tr>
<tr>
<td></td>
<td>Administers the Childcare Act 2002 and the Childcare Regulations 2003</td>
<td>Funding link through Education Queensland</td>
</tr>
<tr>
<td></td>
<td>Issues Licence</td>
<td>o partly fund teacher</td>
</tr>
<tr>
<td></td>
<td>Licence is reissued every 3 years</td>
<td>salaries</td>
</tr>
<tr>
<td></td>
<td>1-2 visits per year (with 1 unannounced)</td>
<td>o Primary group 3.5–4.5 year olds</td>
</tr>
<tr>
<td></td>
<td>Source of information and support (qtns on resources, staff, room sizes, etc.)</td>
<td>Affiliation standards (need to meet requirements as above and comply with certain standards and policies – more stringent then Childcare Regulations 2003)</td>
</tr>
</tbody>
</table>

**Other business related regulation**

- Workplace Health and Safety
- Industrial Legislation (Awards, certified agreements)
- Child Protection Legislation