

**AN ANALYSIS OF THE EVOLUTION OF
CROWN FINANCIAL STATEMENTS IN
NEW ZEALAND: A GROUNDED
THEORY APPROACH**

A thesis presented in partial
fulfilment of the requirements
for the degree of

Master of Business Studies
in
Accountancy

at Massey University
Palmerston North

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1996

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ABSTRACT

In April 1992 the Financial Statements of the Government of New Zealand (also called Crown Financial Statements (CFSs)) were published for the six months ended 31 December 1991. These accrual statements consolidated the activities of Government and were prepared in accordance with generally accepted accounting practice (GAAP). This initiative by a sovereign government is believed to be unprecedented in the world in recent times. The initiative occurred within core public sector management reform undertaken in New Zealand since 1987, a subset of broader economic reform that commenced with the election of the Fourth Labour Government in July, 1984.

This study investigates how the process of change led to the evolution of CFSs in New Zealand. Grounded theory, an interpretive research strategy, is applied to discover why this initiative was taken in New Zealand.

The primary source of data for this study came from interviews with participants involved with the development of CFSs at various stages (i.e., idea initiation, development, approval, and implementation). Interview data were supplemented by searching archival documents, newspaper cuttings collected since the commencement of the study, and the literature.

The study provides a substantive theoretical framework to explain many mutually shaping factors that influenced the phenomenon under investigation. All the conceptual categories (Key People, Axial Principles, Communicating Ideas, Contextual Determinants, Ethos, Knowledge, Process of Change, Synergistic Process of Change, Innovation, Action, Information and Consequences) illustrated in the framework are defined and explained with supporting extracts from interview data.

The contribution of this study is twofold. First, it offers a new way of understanding accounting by developing a framework that incorporates many complex and interdependent factors that influenced the publication of CFSs in New Zealand. Second, the study explains the approach taken and how the research evolved during the research process in a manner that would benefit other similar research.

Key Words: Crown Financial Statements; Grounded Theory.

ACKNOWLEDGEMENTS

I am grateful to all those who have assisted me in completing this thesis in various ways. The contribution of participants in this study was invaluable. They not only made my research possible but also gave me an enjoyable and personally enriching experience. I would like to sincerely thank the participants; I learned a lot from them.

Special thanks are extended to my supervisor Professor Hector Perera and adviser Associate Professor Asheq Rahman for giving me the freedom to select a research methodology not explained in the accounting literature. Through this journey of discovery I have had the opportunity to share their broad knowledge. Their professional assistance, critical guidance, humour and intellectual stimulation throughout the course of this research, were always appreciated.

Because of the nature of the research support from people in other departments was invaluable. I would like to thank Dr Judith Christensen and Denise Dignam from the Department of Nursing and Midwifery, and Dr Martin Tolich from the Department of Sociology, all at Massey University, for their assistance. Also, thanks to Professor Lee Parker from Flinders University of South Australia, for allowing me access to his earlier work on grounded theory.

Thanks to Lisa Emerson for editing some letters at various stages and for proofreading the final draft. My particular thanks to Andrew Rowatt for his advice on computer related matters and for his assistance with the production of diagrams.

I would like to thank the Massey University Research Fund and the Graduate Research Fund for providing me with financial assistance for my fieldwork. I would also like to extend thanks to the Accountancy Department, Massey University for financial assistance and secretarial support. Thanks also to my colleagues in the department, in particular, Associate Professor Steven Cahan and Dr Keith Dixon for helpful comments on drafts. Their comments, criticisms and support were appreciated. Also, a special thanks to Joanne Locke for her enthusiasm and encouragement throughout this project, as well as commenting on drafts along the way.

I would like to extend thanks to my family and friends for their encouragement and moral support during this challenging experience. In particular, I would like to say thank you to Diana Bloor, Sherryl Osborne and David Upton. Finally, a very special thanks to Ian Bloor for his unconditional support throughout this project.

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