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The Interaction of western budgeting and Solomon Islands culture: A case of the budgeting process of the Church of Melanesia

A thesis submitted in fulfilment
of the requirements for the degree of

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Abstract

Accounting is said to be a product of its environment, with culture being one of the powerful factors shaping the accounting system within each context. An accounting system is therefore a reflection of the society in which it is being practised. In addition, given the differences in the social, political, economic, and cultural characteristics that exist amongst different countries of the world, an accounting system that is effective in one country may not necessarily be so in another.

This study explores the application of a western style budgeting process in a non-western society. It uses the Anglican Church of Melanesia (CoM), a non-profit organisation in a developing country, Solomon Islands, as the case study. Its primary objective is to theorise on the process concepts explaining the influence of culture on the budgeting process, with specific reference to the impact of Solomon Islands culture on the western system adopted by the CoM. The research adopts the interpretivist approach and employs stakeholder theory and grounded theory frameworks as the theoretical insights for data collection, analysis and theory formation.

The significant results of the study include confirmation of suggestions by some previous research that culture does shape the accounting and budgeting systems practised in different environments. The nature of such influence depends on the degree of compatibility between the interacting cultures. This study discovers that the CoM's budgeting process reflects attributes of both the western and Solomon Islands cultures. The adopted western budgeting system interacts and is being filtered and moulded by the local social-cultural and organisational environment.

The impact of the various cultural attributes is explained in terms of whether these are more or less shared by the western and local societies. The more shared or common features when applied harmoniously within the appropriate budgeting functions tend to reinforce one another to produce anticipated outcomes. For instance, both cultures stress the importance of achievements as a basis for assigning powers. Hence within the organisation, it is expected that power and responsibilities be delegated based on qualifications and expertise. Anything to the contrary is considered an unanticipated result.

The less shared attributes are unique to the local society and hence generally dissimilar from the norms and values of western societies. When these less shared or even conflicting values and norms are integrated within the same budgeting roles, unexpected or even dysfunctional consequences may ensue. For instance, the emphasis on monetary and economic values in a predominantly semi-subsistence society results in many church followers being excluded from its budget process. It also creates a dependency and materialistic mentality in a society where sharing and modesty are important norms.

The study recognises that significant potential exists for appropriate integration of both western and local cultural attributes within the local budgeting process. This requires thorough understanding of both the more shared and less shared features of the interacting cultures and their impact on the budget process. Organisations need to identify the appropriate context, time and situations for the application of these cultural attributes within the budget process.

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PROLOGUE

Introduction

The purpose of this prologue is to set the scene of this research by drawing out the defining contextual features of Solomon Islands as the basis for evaluating the budgetary practices of the case study organisation (chapter 6) and developing the theoretical concepts explaining the budgeting process (chapter 7 and 8). It commences with an overview of the social, political, and economic organisation in the Solomon Islands to outline some of the significant cultural values and norms of the local society. Where appropriate these key characteristics of the local culture will be contrasted with the corresponding values of western culture. It must however be recognised that like many other societies, western society is not monolithic and homogenous. It reflects a continuum of values (Shahul, 2001). For example, while individualism is said to prevail in most parts of the USA, a more communitarian approach is recognised in some parts of continental Europe (Hofstede, 1993). Nevertheless, there are certain fundamental beliefs that pervade western values and thoughts and which can be considered as root metaphors of being ‘western’.

This is followed by a brief outline of the origins and the state of accounting in the country to assist in understanding the nature of the budgeting process being currently applied in local organisations. Table A summarises the attributes of Solomon Islands culture and specific characteristics of the case study organisations that are deemed to shape the CoM’s budget process. The main attributes of the local culture are discussed in detail throughout this prologue while the key features of the case organisation are covered in 5.1.

Table A: Key attributes of the Solomon Islands culture and the CoM

Macro and micro levels	Key attributes
Solomon Islands culture	<ul style="list-style-type: none">• Wantok (kinship) identities• Solomon (cyclic) time approach• Oral tradition• Non-cash economy• No sacred-secular dichotomy• Egalitarian relations
Church of Melanesia	<ul style="list-style-type: none">• Cultural diversity and geographical spread• Resource constraints• Mission and social services orientation

Background to the Solomon Islands

Solomon Islands is an archipelago comprising six large islands – Choiseul, New Georgia, Isabel, Malaita, Guadalcanal, and Makira- twenty medium sized islands and some hundreds of small islands (Kabutaulaka, 1998). It stretches over 1360 kilometres from Shortlands in the north and Vanikoro in the south and is located in the south west Pacific, some 1,860 kilometres northeast of Australia.

It is one of the world's most diverse groups of islands with a population of just over half a million but with its people speaking over 87 different languages. It is essentially a rural based society with more than 80% of the population living in the countryside. According to the 1999 census, the population was 409,042 but with a growth rate of 2.8%, it was expected to double by 2025 (Solomon Islands Government, 2002). Most Solomon Islanders speak local vernaculars as their first language and the country's lingua franca, Solomon Islands pijin, as their second. English, the official language, is normally people's third language.

The two main indigenous groups are the Melanesians and Polynesians with the latter accounting for more than 75% of the total population. There are also people from other ethnic backgrounds including Micronesians, Chinese, Europeans, and other Pacific Islanders. The Melanesians who dominate and occupied the larger islands are believed to have come from South East Asia through the Malay Peninsula while the Polynesians who arrived later are said to have come from both Southeast Asia and eastern Polynesian islands (Gegeo, 1994).

Political and social organisation

This section draws out the significant social and political features of the local society both in the traditional and contemporary Solomon Islands societies and how these impact on the CoM's budgeting practices. These are conceptualised in terms of the local political units, their leadership and forms of governance, religion, time orientation, and communication.

Wantok (kinship) identities

Traditionally, social organisation in Solomon Islands is centred around small groups usually based on clans or tribes. These groups often reside together in small villages or groups of nearby cluster of hamlets. Even on a single island, there could be several or even up to hundreds of these social and political groupings. The country lacks a central governing authority, that is, the society is

effectively ‘stateless’. Members of these often localised groups identify themselves and owe their allegiance first and foremost not only to their island, but their clan, their village, or even their family (Otter, 2005). Hence it is often argued that identification with a specific clan, place, region or island is deeply embedded in the Solomon Islander’s world view. This is commonly referred to locally as the wantok¹ system.

Allegiance to these social groupings is vital because it is their source of security, inheritance and identity (Bennett, 2002). Membership of the group determines one's rights to the clan’s resources such as land. The identity of the group is read back to individuals comprising it. A crime or the shameful actions of a member brings trouble and shame on the entire group and members will assume collective responsibility in dealing with it. Conversely, the group will also take collective pride in the achievements of a member. This contrasts with western cultures which are generally high on individualism, where a major purpose of socialisation is the development of individual identity, the learning of cognitive skills and self-control, and the internalisation of moral standards (Hagedorn, 1983). The emphasis is on the development of a “competent self” so one is able to control one’s own destiny in life rather than relying on one’s family or social context (Edgar et al., 1993).

When the country was granted political independence by the British in 1978, its early leaders were faced with the daunting task of forging a national consciousness out of the fragments of their diverse societies (Bennett, 2002). Bringing the entire country under the rule of a single authority as required by the Westminster model of government seemed a foreign concept. In the present societies, the essence of social identity is still the relationship with one's relatives and wantoks (Foanaota, 1989). This is often extended to include those from the same language group, region or island and relatives of one’s spouse from marriage. This form of social identification is now commonly referred to as the wantok system. The wantok or kinship system (see Table A) is most visible in urban centres where people from rural areas tend to reside with the few employed

¹ Term used when referring to someone who speaks the same language (one talk) or from the same island or region or even province. Outside of their country, Solomon Islanders refer to fellow country men and women as wantoks.

relatives who own or are provided with housing in the capital and provincial sub-stations.

Egalitarian relations and governance

There were different forms of leadership and governance practised in different parts of the country prior to the arrival of araikwao (*whiteman*). However two styles of leadership were prominent throughout the islands in the traditional Solomon Islands society. They were the big man system and the chiefly system. Under the big man system, a person becomes a leader through hard work and displaying of certain qualities such as being forceful, even tempered, hard working, a good speaker, and an able organiser (Hogbin, 1964). Most chiefs and big-men tend to be males. While a big-man is respected in his own village or groups of hamlets, he may have little or no influence over the organisation of nearby islands or villages. Under the chiefly system, political organisation is usually under the leadership of a hereditary chief. The position is not earned but is transferred from the father to the son.

In terms of traditional organisation, Polynesians were said to be hierarchically structured with a chiefly system. As for Melanesians, while there are some variations, they are less hierarchically structured and more egalitarian², hence there is no marked form of hierarchy in ranking, inherited titles, chiefly etiquette, and so forth (Gegeo, 1994) and tend to follow the big man system.

Whether the leader is considered a chief or big-man, they tend to have considerable infrastructural power which they use to organise people to work in gardens, prepare feasts or undertake raids in nearby villages (Turner, 2002). However the egalitarian nature of these societies means the leader never acts in an authoritarian manner but consults other highly respected individuals on matters concerning the welfare of his clan. They would normally designate responsibilities so that one becomes the professional warrior, someone to oversee conflict resolution, feast giving, marriage, and ritualistic performances (Gegeo, 1994).

Although the manner in which a person assumes the leadership position differs under the two systems, they both must continue to demonstrate their leadership

² Egalitarian refers to semi-egalitarian where women and the youths are excluded from some roles.

abilities while holding these positions (White, 1997). This is done by redistributing their wealth amongst supporters to create obligations on them for their loyalty. The leader has to continually demonstrate his ability to lead and to implement the ideologies and policies of the society as embedded in its cultures and customs. Under the big-man system, another person could easily be recognised as the big-man if his performance is considered to have surpassed that of the incumbent. As for the chief, the title could easily be taken away and passed on to another relative. In this way, leaders, be it the big man or chief, have to be accountable at all times to their subjects or risk being replaced. Codrington (1972) observed that an individual could be removed from office to which he had been selected if he was growing old, was inactive, lost his reputation, or behaved in a way that ran counter to the moral and ethical codes of his clan.

Such egalitarian practices are similar to the West with its emphasis on equalitarianism and egalitarianism. This philosophy expresses the idea that all human persons are equal in fundamental worth or moral status. People should therefore get the same, or be treated the same, or be treated as equals, in some respect. This is reflected in such norms as insistence on a 'fair go' for everyone (Edgar, et al, 1993) and such policies as multiculturalism.

The semi-egalitarian nature of Solomon Islands society means that decision-making processes are ideally highly participatory, although in reality men make most of the decisions. This aspect of social organisation is associated with consensus-style decision making rather than reliance on positions of authority or elite status. Political action is highly participatory, worked out in group discussions, village meetings, and public gatherings of all sorts (White, 2006).

In the present society, with the creation of a nation state together with different governance structures, the roles of the big man and chiefs have become diluted. Although the route to national leadership is now through the electoral process, the qualities required for leadership positions remain almost the same: being hospitable, approachable, generous and the ability to bring tangible benefits to the people. Those who have acquired similar status of a big man either through leadership positions, education, business, and employment are held in high regard by their relatives. However clan members also expect to share in the spoils of their positions or achievements. These may include getting preferential treatment

over others and benefiting from the privileges of one's office. It is a common practice in government offices and indeed in many organisations for officers to give preferential treatment to their wantoks and friends even if it involves ignoring company procedures and rules (Turnbull, 2002). Such practices reflect the importance of both wantok system and egalitarian elements of Solomon Islands traditional societies.

Religion: The Sacred-Secular dichotomy

Prior to the introduction of Christianity, Solomon Islanders practised forms of religion based on animistic beliefs. Loyalty to ancestral spirits is the most common characteristic of this form of religion. These spirits were generally believed to be in close attendance on human beings and so there was strong belief in magic, sorcery, witchcraft and other expressions of spiritual power (Fugui, 1989).

Religion is closely intertwined with social and economic life. Not many activities would be undertaken without seeking the direction and favour of the gods. For instance, those wishing to travel across the seas would consult the spirit of the sea. Pagan priests or religious experts were able to interpret and discern the messages from the spirits which have been communicated through dreams, mediums and signs. These people could invoke the power of the spirits for good or harm. The role of priests was important since they were the ones who offered sacrifices on behalf of their groups as well as directing them in their spiritual enquiries and needs (Fugui, 1989).

Breaches of religious and social taboos were not taken lightly. Sacrifices had to be offered to make amends and to regain the favour of the gods. Hence reconciliation and forgiveness were significant elements in the traditional religion. This was necessary to create harmonious and peaceful relationships between the dead and the living (Douglas, 2005).

There was also an inherent belief in the omnipresence of ancestral spirits who were believed to have the power to interfere with the daily lives of humans. Such interference could either be for good or bad purposes. There was a sense of dependence on the spirits for obtaining an enjoyable life (Douglas, 2005). Any success or misfortune that may have befallen someone would always be attributed to the actions of the spirits. It is these beliefs and ideas, that together, create a

society with no sacred-secular dichotomy (Table A). The ‘sacred’ guides the ‘secular’, which in turn gives day-to-day meaning to the ‘sacred’.

The belief in and reliance on supernatural forces to guide human actions contrasts with the generally secular nature of western societies. In the West, people generally believe that they are in control of most if not all of life’s events and that their individual actions and efforts will make a difference in their personal lives. The emphasis is placed on the use of science and reason to understand and control the laws of nature and rather than relying on religious or moral principles. Responsibility and accountability lie with the individual and outcomes, whether successful or unsuccessful, cannot be shifted to an unknown supernatural force (Patel et al, 2002).

With the introduction of the Christian religion beginning in the 19th Century, almost all Solomon Islanders are now affiliated to one of several Christian denominations, with the mainstream ones being the Church of Melanesia (Anglican), Catholic, Methodists, Seventh Day Adventists, and the South Seas Evangelical Church. There is also a growing number of charismatic and Pentecostal movements comprising mostly of those who left either one of the mainstream churches (Hou, 2002).

Membership to any of these denominations or movements provides another form of identity in addition to kin and island groupings. People are proud to identify with and often associate with those from the same religious denomination due to regular contacts through church worship, attendance of same mission schools and other church related activities. This strong identity is possible because in most rural areas, the government is visibly absent while the church is normally the only organised institution that is present with the people (Douglas, 2005). This demonstrates how the wantok system has been transferred from tribal and village contexts to ‘church associationism’.

The belief that religious leaders have the ability to invoke the power of the spirits is also very much alive except that it tends to be restricted to the clergy of the Church. It is not uncommon for a member of the clergy, especially within the Church of Melanesia, to proclaim a *taboo* over a certain stretch of coastline to prohibit any forms of fishing for a certain period of time, which may include the proclamation of a spell or curse (Foale & Manele, 2003). The rationale is that if

someone violates this restriction or taboo before it is lifted, they run the risk of sickness or some other misfortune. It is also not uncommon for people to approach a member of the clergy to help identify a thief or to determine the guilty person between two disputing parties (Hou, 2002). This reflects how the sacred-secular conflation pervades most elements of Solomon Islands culture.

Solomon (cyclic) time

In traditional Solomon Islands societies, time is a chain of events, very much like what Asecheme (1995) describes of African societies. It is not some abstract notion that starts nowhere and stretches into the waste of infinity. Time exists only because there are events. Waleanisia (1989) describes the following main characteristics of the nature and functions of traditional time measuring systems in Solomon Islands: Firstly, time was closely related to the natural environment. People's surroundings, not some abstract principle, told them when to act. For instance, the sound of the cricket in the evening signalled to those working in the gardens or hunting in the bush that night is approaching and that they should return home.

Secondly, the primary purpose of calendars was to chart the occurrence of important ceremonies or rituals, rather than the passing of time as such. Time itself was not significant and people were not greatly interested in its passing. They were more concerned about when the next important event would be held. Even now, people decide on what they want to do and then find the time to do it. There is always the possibility that if anything that they perceive as more valuable arises in the interim, they will find time to fulfil it before moving on to the initial purpose. This makes it difficult to impose a schedule as adhering to it is less important than responding to what may be at hand.

The third feature of traditional time is the absence of any clear demarcation between each period, unlike the white men's calendar where a month has 30 days. For instance, the gradual arrival of the *koburu* (*southern easterlies*) weather is an indication that one is passing from one month to another. Hence, only broad or seasonal understandings of 'time passing' are incorporated into their traditional thinking.

The generally relaxed approach to time in the local culture differs from the West's where people allow themselves to be regimented by time that is meticulously and

precisely calculated. Not completing work on time may result in penalties while timely completion results in monetary rewards and recognition (Phatal, 1983).

Despite the demands on people's lives brought about by a newer socio-economic order that is regulated by rigidly structured and uniform time measuring systems, this white man's concept of time, expressed through such devices as time budgets and work schedules, is yet to win general acceptance amongst Solomon Islanders (Waleanisia, 1989). The experience of working by the clock is foreign to people whose work and lifestyle were regulated largely by their daily or seasonal needs. People arriving late to appointments, meetings, and work are still common occurrences in the contemporary society. Those who are engaged in the formal sectors where the white man's time is emphasised often find themselves having to seek a balance between fulfilling their official responsibilities and social obligations.

Oral tradition and consensus building

Solomon Islands is traditionally an oral society where knowledge on history, traditions, genealogies, inheritance and mythological events had been passed from generation to generation largely by word of mouth through face to face interaction.

The elders who possess this knowledge are held in high regard because without them the histories and important information about their clans will be lost forever. The ability of the clan members to defend themselves from claims by rival clans over land boundaries or fishing sites depends on how well 'keepers of clan information' are able to mount their counter claims (White, 2006). Hence elders are respected and wield considerable power because without them, the existence of the clan is highly vulnerable.

The oral character of these societies places high value on community involvement, public discussion, and collective decision making. Face to face communication dominates as people are illiterate even in their own languages. Messages are mostly relayed by word of mouth although in some areas this is often done through the beating of wooden drums or blowing of conch shells.

Although the literacy rate has increased in recent years together with the introduction of modern communication technology, for the majority, most of

whom reside in the rural villages, information is still largely disseminated verbally. Many still receive information through a chat with someone along the road, during group work or when sitting down for a family meal. So for most people, the 'coconut news' (rumours) is still the most efficient way of passing information, although not always the most effective or reliable. Not many people get their information from formal sources.

Non-cash economy

The majority of Solomon Islanders live a semi subsistence life style mostly along the rural coastline of the country. This means that production is restricted only for immediate consumption. Social groups are self-sufficient in that they produce all their food and other necessities locally. Excess production can be exchanged, through the barter system, for other goods which they cannot produce. Each family and tribe is always planning their food production and so famine is rare. They plant different crops in different seasons and always ensuring that they have adequate supply of one crop while waiting to harvest the next.

Land and most other natural resources are not owned by individual villagers or families, but collectively by groups of blood-related kin, variably referred to as 'tribes', 'clans', or 'descent groups'. This communalistic system of property ownership means that no family lacks the basic necessities of life because everyone is entitled to subsistence resources through either one's patrilineal or matrilineal set of relationships (Bennett, 2002). Such a system strengthens the bonds between kin members and reinforces the egalitarian aspect of the local society.

The communal ownership of important resources by clans and tribes contrasts with private ownership of capital emphasised in the West. In the West, private ownership of property is considered important to allow the individual exclusive rights of possession, use, and disposal with the government playing a role in the protection of these rights (Greer and Patel, 2000).

While different parts of the country have their own traditional currencies, mostly shell and feather money, these are not used in day to day exchanges but reserved mainly for transactions creating and maintaining social relationships such as bride price and repairing existing relationships such as settling of disputes (Bennett, 1987). These exchanges would normally take place within an environment of

feasting, sharing and intermingling of people from different tribes and clans. In all exchanges, the objective is to achieve some form of equity in the value of the goods exchanged and the profit motive is absent. This demonstrates differences between western assumptions about economic and monetary exchanges and the non-monetary goals sought from such interactions in the Solomon Islands context.

Wealth is normally in the form of pigs, food crops, and traditional currencies. These are not only for individual consumption but more importantly to share with relatives and thereby creating obligations on them to reciprocate such gifts in the future. Such wealth could not be accumulated for transmission to future generations as there are social mechanisms in place to ensure the constant circulation of these valuables, providing for the egalitarian nature of these societies (Bennett, 1987). Although these social exchanges are not normally written down, given the local oral tradition, those involved are required to remember the other parties to the transaction either as recipient or giver in anticipation of future reciprocal acts. However, such exchanges are voluntary and no demand is imposed on either parties. Despite their voluntary nature, these are normally honoured because it is considered shameful not to reciprocate a kind act from a relative. This reflects the importance of maintaining the integrity and coherence of wantok groups.

The concept of reciprocity is an important underlying value in these societies. People readily give of their time and resources to others knowing that such help will certainly be reciprocated when those being assisted are in a position to do so or when those giving a hand are themselves in need of assistance. It is not a market or negotiated exchange however, reflecting the non-cash culture of the society.

The sharing and distribution of wealth through the creation and discharge of social obligations also contrasts with the materialistic lifestyle emphasised in the West where the emphasis is on accumulation of wealth and tangible possessions. Material wealth and possessions are often regarded as measures of one's success in life. Such materialistic orientations place significant value on assertiveness and acquisition of money (Velayuntham and Perera, 1996).

With the introduction and growth of the cash economy, money has become an important part of people's lives although the majority still live a semi-subsistence

lifestyle. Apart from gardening and fishing for their daily sustenance, people also engage in some form of commercial activities from which they can get the cash to meet other needs such as school fees for their children, clothes, soap, kerosene and other basic necessities (Brooks, 1996). People have been exposed to the capitalist idea that their resources and labour has some monetary values and that they could indeed trade these for cash. More and more locals are engaging in some form of business activity, albeit in very rudimentary forms such as running trade stores, buying and selling of copra and cocoa. Others have ventured into bigger undertakings such as logging of their forests. With the cash obtained from these commodities, people are able to buy goods of the wealthy such as iron roofed houses, vehicles, tape recorders, and outboard motorised engines and canoes, in the process acquiring the status of a 'pseudo big man' (Ipo, 1989).

The acquisition of wealth by some members in the community, particularly in rural villages can be the source of jealousy and hatred from other members of the clan. This may arise either from a perception that such persons have not shared their wealth with relatives or that such wealth could have been unfairly acquired at other peoples' expense. It is not uncommon to hear the death of a relatively wealthy villager being attributed to black magic or sorcery from some jealous or angry clan members. This demonstrates that western assumptions of earned wealth are sometimes incompatible with the Solomon Islands non-monetary culture.

Despite the growth and interest in businesses, for many the overriding objective for operating a business lies beyond accumulating profits and wealth. However, whether it's the profit or some other motives, these are not always effectively achieved because of demands from kin members to share in the proceeds of the business. The longevity of these enterprises is usually very low due to the use capital whether in the form of cash or assets (Brooks, 1996) to meet social obligations to relatives. Businesses run by communities tend to have poorer records than those individually operated. Being a society of closely knit social groups, one would expect such community projects to be more successful. However, this again reflects traditional societies where the accumulation of wealth, although carried out outside western negotiated exchange, is done mostly along individual family lines and which could be very competitive (Kabutaulaka, 1998).

Given the need to fulfil one's social obligations within the cash economy, it is often difficult for someone to become economically better off than his or her other relatives. The larger one's social network of relations, the harder it becomes to use one's finances only on one's own immediate family. Those who are seen as sparingly sharing the income from their businesses or employment would often be teasingly referred to as 'waku' (Chinese) or 'India', both descriptions emanating from local perceptions that people from these countries are stingy with their finances. Such expectations stems from the need to maintain an egalitarian existence within the community.

The perception that people are entitled to benefit freely from public or communally owned property, regardless of whether or not such assets were acquired for business purposes, remains strong. Examples of these abound but perhaps the most widely known example was a shipping company owned by the Malaita Provincial government. At one stage the company owned three passenger vessels. However it went into liquidation after only several years of operation. One of the major causes of its collapse has been people either travelling free or at the most only paying the 'bus fare'³ rather than the regular sea passage. So even when these boats were filled to capacity, people knew that at the most, only half of the passengers may have paid the full fare.

Oral tradition and accounting development

While it is not entirely clear whether or not accounting is practised in traditional Solomon Islands societies due to the absence of any written accounts, oral accounts tend to point to some rudimentary methods of keeping records of economic and social transactions. There have been oral accounts of people using knots tied on ropes and cuttings on trees to help them recall what they 'owe' others. However, much of the details of transactions between different parties, be it relatives or trading partners, were passed on through oral traditions.

With regards to the modern accounting, both public and private sector accounting were introduced at the time of colonial administration over the country and the arrival and development of private companies by traders and companies supported by the colonial government. For example, private sector accounting dates from the turn of the century when British investors developed the production of copra,

³ term used for the amount people pay to ship's crew as payment of sea fares. This money will not be paid to shipping company but kept by individual crew as no receipt is issued)

cocoa, rice, timber and palm oil (Hardman, 1986). Over the years, private sector accounting expanded with growth in local commercial activities especially those associated with expatriate shipping and trading companies and more recently with banking, insurance and other business interests. The local Companies Act now requires all registered businesses to maintain accounting records of their activities.

Public sector accounting in Solomon Islands reflects the influence of the Westminster model with its emphasis on the financial accountability of the executive to the legislature and, ultimately, to the electorate (Hardman, 1986). In recent years public sector accounting has come to include a plethora of non-profit organisations such as the churches, aid funded projects, and other community and voluntary organisations. This largely involves cash or fund accounting systems that in the main, maintain records of receipts and expenditures on cash basis.

The Solomon Islands accounting profession continues to follow the accounting standards promulgated by the accounting bodies in Britain, Australia, and New Zealand for observance by their respective members (Hardman, 1986). There has been no attempt so far to either adopt standards or formulate and implement those which specifically recognise local conditions, influences and problems. Although a local professional body, the Institute of Solomon Islands Accountants (ISIA), was established in August 1982, it has remained largely inactive and many recent graduates may be unaware of its existence. It is conjectural whether Solomon Islands can benefit in the same way, and to the same extent, from these western developed accounting standards given the preference for wantok relationships, non-cash exchanges, and oral tradition.

There is a slow but growing number of accounting graduates trained mostly in regional Universities in Fiji and Papua New Guinea. The only local tertiary institution, Solomon Islands College of Higher Education (SICHE), provides accounting training only up to the diploma level, entailing two years of post secondary school training. Most accounting positions in both the private and public sectors are now occupied by locals, although the demand for skilled and qualified accountants remains relatively high (Solomon Islands Diagnostic Trade Integration Study Report, 2009).

Conclusion

This prologue draws out the key cultural characteristics of the local environment which may impact on the budget process. It identifies and discusses the significant features at the macro level, being the social, economic, political and religious characteristics of Solomon Islands. These key environmental features will be used to explain the budgeting practices of the CoM as discussed in chapter 6 as well as to develop theoretical concepts reflecting the budget process in chapters 7 and 8.

CHAPTER ONE: THESIS OVERVIEW

1.0 Introduction

As he finished reading the memorandum that was recently pinned on the staff notice board, the stores supervisor turned to his colleagues and jokingly remarked “our internal auditor is really a white man with black skin”. As the officer responsible for issuing these instructions, I initially took the remark as a compliment on my efforts to improve the accounting systems within the Church. I had always considered that ‘white man’ (western) systems provide the best solutions to local problems and so to describe my actions as resembling that of a ‘white man’ is gratifying. However, as I subsequently pondered on this remark, I realised that perhaps what he was really implying was that the systems I had been advocating may not necessarily be appropriate to Solomon Islanders.

This personal experience perhaps exemplifies the growing realisation that accounting, as a social and institutional practice, is a product of its environment (e.g. Askary, 2006; Mathews & Perera, 1996; Violet, 1983). As each environment is unique to its time and locality (Perera, 1989a), accounting practices that are incongruent to a particular context are unlikely to be useful in serving the needs of its users. This implies that an accounting system that is found to be successful in one country may be ineffective or even dysfunctional in another, particularly if the social, political, economic, and cultural characteristics of these countries are vastly different.

Accounting is increasingly being seen as a socio-technical activity involving both human and non-human resources or techniques, and because there is interaction between the two, accounting cannot be context free (Perera, 1994). It is also recognised that accounting is both constitutive of and is itself constituted by a variety of societal and organisational factors (e.g. Gao & Handley-Schachler, 2003; Abdul-Rahman & Goddard, 1998; Roberts & Scapens, 1985). Hence a thorough understanding of the environmental factors is an important pre-requisite to understanding accounting as a contextual practice. Prior studies have identified the unique social, political, economic, historical, and cultural factors prevailing in different countries as the underlying reasons for the different accounting patterns that exist around the world (e.g. Efferin & Hopper, 2007; Douglas & Wier, 2005; Nobes, 1998; Belkaoui, 1995; Gray, 1988).

This study focuses on culture as one of the significant environmental determinants of accounting practices. It employs a field based case study approach to theorise

on the influence of national culture on the budgeting process of a non-profit organisation in Solomon Islands. This introductory chapter includes a background on how accounting, as a socially constructed practice, is expected to vary in different contexts and in particular between western developed and developing countries. This is followed by a discussion of the research statement, objectives, and significance of the study. There is also an outline of the methodology and the methods utilised in gathering, analysing and interpreting the data. The chapter concludes with the scope and limitations of the research.

1.1 Background to the study

There is a significant but growing body of literature suggesting that western systems and practices, either imposed on or adopted by, developing countries have not been serving the indigenous peoples well and may have possibly contributed to the many ills these countries are experiencing (e.g. Gibson, 2000; Greer and Patel, 2000; Hofstede, 1983, 1993). Such misgivings are not limited only to the accounting profession but also extend to other institutions and practices including the political, education, legal, economic, and environmental management systems (e.g. Gallhofer & Chew, 2000; Hofstede, 1993). Much research work remains to determine whether or not western systems can be transplanted universally given the diversity in the environmental factors amongst different countries.

In recent decades, numerous studies have been conducted to assess the suitability of imported western accounting systems to developing countries (e.g. Chand, 2005; Hassbelnaby et al., 2003; Brown & Tower, 2002; Chamisa, 2000; Sudarwan & Fogarty, 1996; Pok, 1995; Briston, 1990; Hove, 1986; Samuels & Oliga, 1982). These studies have been conducted on the premise that the environmental factors in the developed countries, from which the developing countries' accounting systems have been imported, were often diametrically opposed to those in the recipient developing countries. Furthermore, the environment in the developed countries that necessitated the construction of these accounting practices was markedly different from that faced by the developing countries

As a result of these perceived differences, some researchers have expressed doubts over the relevance of the western systems in meeting the needs of developing countries (e.g. Wickramasinghe & Hopper, 2005; Ngangan *et al.*,

2005; Wallace & Briston, 1993; Samuels & Oliga, 1982). While initial research has indicated that western accounting theory and practices may not be appropriate to all other cultures and people of the world (e.g. Hove, 1986), the extent to which these are relevant or otherwise is still a matter of debate (Chanchani & McGregor, 1999; Baydoun & Willet, 1995). Hence calls have been made for accounting professions in each developing country to critically appraise their adopted accounting technology and where necessary adjust it to make it compatible with its local economic, political, social and cultural environments (e.g. Ngangan et al., 2005; Chew & Greer, 1997; Perera, 1989a).

Of the environmental factors that have been identified as having an influence on accounting systems, culture is considered to be one of the most powerful (Askary et al., 2008; Doupnik & Tsakumis, 2004). It has even been argued that accounting is very much a function of a country's culture (e.g. Askary, 2006, Chanchani & Willet, 2004; Bloom, 1997) and that the lack of agreement between countries on ideal accounting practices is because their purpose is cultural rather than technical (Hofstede, 1985). Many cross-cultural studies have provided evidence showing that because of cultural differences, successful accounting techniques and practices in one country need modification for these to be effective in another country (e.g. Tsakumis, 2007; Birnberg & Snodgrass, 1988; Hofstede, 1984).

The literature on culture studies in accounting has burgeoned since the 1980s and it remains an important and growing area of research within international accounting (Verma, 2005; Perera, 1994). These studies cover the various facets of the accounting discipline including financial and management accounting, and auditing. However review of existing literature shows that most of studies tend to be cross-cultural research between Asian and Western developed countries and predominantly used profit making entities as the units of analysis (Harrison & McKinnon, 1999). These same authors also discovered a significant bias towards the scientific approach to inquiry with strong preference for the questionnaire survey and review of historical record methods and with hypotheses testing dominating over theory development.

This research will attempt to supplement extant knowledge in cultural studies of accounting utilising a field based study in the context of a religious (not-for-profit) organisation in a developing country in Oceania. The study focuses on the

Solomon Islands, a developing country in the South West Pacific whose accounting system was largely an imitation of that of the United Kingdom through colonial influence. The Anglican Church of Melanesia (CoM), the largest Christian denomination in the country, will be the specific subject of the research. The choice of the CoM is significant for the following reasons: Firstly, the church plays a significant role in both the social and economic spheres of the country, particularly when it commands the affiliation of over 30% of the country's population. Secondly, it has an extensive network which spans virtually all strands of the society rendering it even more visible than the government, especially in the rural areas where the majority of the population lives. Finally the Church's operational structure and procedures are in many ways akin to those of the central and provincial governments. Hence the results from this case study could have wider implications for Solomon Islands and possibly other developing countries in the region where not-for profit organisations, including government entities, tend to dominate social and economic activities (World Bank, 1997).

In many developing countries, the not for profit sector (the third sector) and in particular religious institutions, remain key and dominant players in the social, economic and political spheres. Unfortunately little is currently known about the management and accounting practices of such organisations (Parker, 2001). Most previous studies tended to focus on mainstream western churches with scant attention paid to those in the developing world. However one common feature among these non-profit organisations is the need to balance an ever increasing number of activities needing to be funded against very often limited sources of income. Hence a thorough understanding of the way culture shapes the activities and processes religious organisations employ in allocating and controlling their scarce resources is essential towards the effective and efficient management of such entities. As the majority of prior studies tend to focus on mainstream western churches, this study on the budgeting system from the context of a developing country church could offer a new and exciting insights into the operations of the religious sector.

1.2 Research statement

This research is largely motivated by two factors. Firstly, results from my previous postgraduate study suggest that the values underpinning western accounting concepts and principles contrast in many respects with Solomon

Islands cultural values and norms. This instils me with a desire to further explore the interplay between these seemingly conflicting values within an organisational context and to understand their interactional influence on an organisation's accounting system.

Secondly, during my seven years of employment in senior finance positions in two different organisations in Solomon Islands, I have observed certain practices that prompt me to reconsider my understanding of accounting and budgeting as I have been taught and read in conventional accounting textbooks. Furthermore, these observations possibly cast some doubts over the compatibility and therefore relevance of western budgeting processes to the local context. This experience, I suspect, may also be shared by some organisations in Solomon Islands. These observations include, firstly, the priority placed by public institutions in Solomon Islands on improving accounting systems as one of the immediate responses to current demands on them to display 'good governance'. Good governance in this sense implies being more transparent, accountable, and efficient. An effective accounting system is often the prelude towards the reform and restructuring of the other critical functions within the organisation.

With respect to the CoM, I have observed in recent years a growing tendency in the Church's decision making process to give precedence to accounting numbers over other considerations. The increasing dominance of the accounting system is cultivating a culture within the organisation that is preoccupied with economic and accounting concerns and effectively replacing the previously dominant orientation towards social and pastoral concerns. Those relying on accounting information may not be fully aware of the economic, social and cultural significance of such information. There is a well founded fear that conventional accounting with the western values inherent in its objectives, disclosure and valuation principles, will mislead users since it privileges a materialist reality of profits rather the social welfare, justice and equity measures which should be the mainstay of a religious sector accounting system (Shahul, 2001). In an increasingly secular society, the uncritical privileging of the accounting system, with its emphasis on economic measurements and outcomes may result in the alienation of church members.

I have also witnessed in the CoM that over the years significant investments have been made to its accounting system in terms of human resources, training, and technology. However, this is not being matched by a parallel increase in the use of accounting information in decision making, particularly in its resource allocation processes. As pointed out by Berry et al. (1985) and Sulaiman & Willet (2001) the significance of accounting is related to its ability to be used for making rational economic decisions. It appears the investments in the accounting system are aimed primarily at fulfilling the statutory obligations under Church canons for the production and auditing of financial statements and to portray to its stakeholders the perception of being transparent and accountable in utilising the resources it has been entrusted with.

The relatively minimal use of accounting information could imply that the Church may have been investing in a system that may not be entirely appropriate. There appears to be a general feeling of apathy amongst many accounting personnel to produce timely accounting reports because only scant attention seems to be given to these reports. This may have been the cause of the high turnover of accounting personnel in many of its institutions. It is possible that an appropriate adaptation of current accounting practices may result in greater use of accounting information in the Church's decision making processes. This will serve as a significant motivation for accountants knowing that their role is critical and not simply as mere keepers of some archaic and historical records. Such an accounting system could not only produce positive returns on investments in the system but also ensure the full potential of accounting is realised.

Finally, the CoM, like most local not for profit and religious organisations, is continually faced with an ever increasing agenda of activities needing funding against limited opportunities for generating additional income. Under such a scenario, the effective and efficient allocation of its resources to fulfil its core objectives is paramount. Unfortunately the Church's accounting system, apart from providing actual figures for comparison against budgets, does not seem to provide the necessary indicators useful for achieving such an important objective. The current incremental approach to budgeting has rendered the entire process almost mechanical, with no meaningful debates on alternative allocation frameworks. The budgeting process has become a significant cause of frustration among many activity centre managers and is considered an impediment to

innovation and initiative. It is therefore essential to understand the forces that help shape the budgeting process so that these could be adapted to ensure the system delivers the desired outcomes.

1.3 Objectives of the study

The primary objective of this research is to theorise the impact of the local culture on the CoM's budgeting with the view of obtaining deeper understanding of how Solomon Islands culture integrates with the adopted western style budgeting process. The study is guided by the following questions:

- (a) How does culture shapes the design and operation of CoM's budgeting process and how are cultural norms and values reflected within this process?
- (b) How do western budgeting values fit with local cultural values and how does their interaction impacts on the budgeting system? and;
- (c) What non-cultural concepts can be identified as influential within the budgeting system?

The study is not so much on describing the actual budget process itself and how it might or might not differ from a western based system as to understanding the views and perceptions of participants on the cultural issues surrounding the design and implementation of a western budgeting style in the Solomon Islands context. Such views are gathered from informants from the different levels or layers of the organisation not only on budgeting as carried out at their respective levels but also on the overall organisational process. The participants' perceptions on the budget process are analysed to ascertain how these may have been shaped by the local culture.

To gain such an understanding, it is essential to identify the core values and beliefs reified in CoM's budgeting process by analysing the design and operation of the organisation's budgeting system. As argued by Birnberg & Snodgrass (1988), it seems reasonable to expect the core values and beliefs of a nation, as inherited by the actors within a particular organisation, to be reflected in the manner the budgeting system is designed and operated. This point was further emphasised by Dent (1991) who claims that "accounting can reflect back on those institutions which adopt it" (p. 707).

1.4 Significance of the study

Although doubts have been expressed over the compatibility of western accounting systems to developing countries because of differences in their environments, there is still an apparent dearth of literature explaining how such differences impact on the accounting practices of developing countries (Hopper et al., 2009; Baydoun & Willet, 1995; Wallace, 1990). Hopper et al. (2009) for instance call for studies to identify how the local cultural attributes of developing countries are reproduced in distinctive forms of accounting and accountability (p. 496). Perera (1994) also argues that the role of culture in shaping the accounting standards and practices of a particular developing country has not been fully considered. This study will therefore form part of the rather slow but continuing response to the many calls being made for developing countries to evaluate their specific environments and to construct accounting systems which better fit their societal needs (e.g., Ngangan et al., 2005; Brown & Tower, 2002; Wallace & Briston, 1999; Samuels & Oliga, 1986). Its primary contribution is in promoting deeper understanding of the role of culture in shaping the budgeting process in the context of a non-profit institution in a developing country. It is hoped that such insights could also be used to understanding the budgeting and accounting practices of other organisations in Solomon Islands, and possibly in other developing countries so these could be designed to achieve intended outcomes of these organisations.

The results of this study will also complement the limited but growing literature on the accounting practices of the third sector, and in particular religious institutions, whose overriding objective is something apart from wealth maximisation. This sector has been overlooked for too long in accounting studies in particular those in the developing world where the not for profit organisations tend to play a dominant role in the social and economic arena compared to profit making entities. Understanding the concepts employed in their budgeting process is vital towards the effective and efficient management of these organisations who are often faced with the perennial problem of growing demand on their limited resources.

This study is also crucial in that creating an understanding of the interactional influence of western and local cultures on the accounting and budgeting system, it study may serve as a wake-up call for the local accounting profession and

practitioners not to remain complacent with the existing systems. They must not be seen to be perpetuating systems that may potentially be ineffective and irrelevant in serving the needs of the local society. The results of this study could provide a useful impetus towards an informed adaptation of western accounting systems to suit the local environment. In this way, one of the fundamental calls of the 1987 Constitutional Review Committee of Solomon (as quoted in Care, 2002) for the “abolition of foreign value systems and concepts and the introduction of home grown, more traditional systems” would have been partially fulfilled.

1.5 Research methodology and design

This research was conducted using an interpretive case study, acknowledging the belief that social reality is not objective but highly subjective because it is shaped by individuals as they interact with each other (Collis & Hussey, 2009). Such a reality can only be better understood from the frames of reference of those being studied (Creswell, 2007; Marshall & Rossman, 2006; Hopper & Powell, 1985). The study was specifically guided by the principles of grounded theory, a qualitative approach in which the inquirer generates a general explanation of a process, action, or interaction by the views of a large number of participants (Strauss & Corbin, 1998).

The qualitative approach was considered appropriate for this research since undertaking a cultural analysis of the budgeting process is essentially about attempting to uncover the meanings underlying human behaviour and experiences, factors which are significantly influenced by the context or setting in which these occur (Creswell, 2007). Meanings are better understood if studied within the context of the participants. Secondly, this approach is also useful for investigating issues such the relationship between culture and accounting where the body of knowledge is still growing and hence the need for further theory development (Gernon & Wallace, 1995).

To enhance the rigour of this case study, multiple data gathering methods were used to permit data triangulation. Research data was collected using in-depth interviews, participant observations, and document analysis. This data was then analysed according to grounded theory procedures as proposed by Strauss and Corbin (1990, 1998) to develop theoretical propositions that are grounded in the data.

1.6 Theoretical framework for analysis

While the grounded theory methodology is concerned with allowing an understanding to emerge from the data, the use of an *a priori* could be helpful in understanding the data collected and in its presentation and analysis (Goddard, 1999) by sensitising the researcher to the conceptual significance of the emerging concepts and categories (Glaser and Strauss, 1967). Corbin and Strauss (2008) point out that although it is not their preference to commence research with predefined theoretical frameworks or set of concepts, they do acknowledge that in some cases, theoretical frameworks can be useful. Consistent with the notion that theory both informs, and is developed, by observation (Humphrey and Scapens, 1996), this case study uses stakeholder theory as the orientating framework alongside the grounded theory method of analysis.

Stakeholder theory is being employed in this study to define an appropriate framework for accountability obligations. It guides the identification of those to whom the CoM is accountable and whose interests need to be addressed within the organisation's budgeting process. This then draws the boundary around potential participants for this research. This study espouses the intermediate view of stakeholder theory recognising that in addition to the primary stakeholders, certain secondary stakeholders could also affect or are affected by the organisation's activities. However greater emphasis is paid to the primary stakeholders as it is to them the organisation is ultimately and formally accountable. Furthermore, the internal stakeholders play a critical role in the success or otherwise of the organisation's activities. Hence it is their views that will be the core subject of this investigation.

1.7 Outline of thesis

The thesis comprises nine chapters altogether and a prologue. These are summarised below:

Prologue

The prologue provides the background information on the research site. It commences with a brief overview of Solomon Islands, the country of study, and its significant cultural norms and values and how these may have cascaded onto the case study organisation. Where appropriate, it also contrasts local cultural values and norms with those of 'western' societies generally.

Chapter 1: Research overview

The introductory chapter provides an overview of the study in the form of a brief outline of the research statement, objectives, significance of the study, the methodology and research techniques employed and the theoretical framework utilised to interpret the case study. The chapter concludes with the scope and limitation of the study.

Chapter 2: Literature review: Culture, accounting and budgeting studies

This section comprises a review of prior studies on the relationship between culture and accounting and the budgeting process. It discusses the various aspects of the accounting craft that have been subjected to cultural analysis, what countries and organisations have been studied, what theoretical frameworks have been applied, and the results of these studies.

As the study uses a non-profit organisation as the empirical unit of analysis, there is also a review of current status of research into the management and accounting practices of non-profit entities. Finally, there is discussion on the impact on developing countries of western institutions and practices either imposed on or adopted by these countries mostly through colonial influence.

Chapter 3: Research methodology

The chapter focuses on the methodological assumptions underlying the qualitative paradigm which informs this study and the implications for accounting research. It also discusses how the grounded theory methodology, which sits within the interpretive framework, is employed in this study using the case study approach.

Chapter 4: Theoretical framework: Stakeholder theory

The chapter began by outlining the role of theory in research before focusing on the framework that is used for guiding data collection and reflecting on the empirical data, namely stakeholder theory.

Chapter 5: Research methods

This chapter commences with an overview of the governance structures and key activities and services of the case study organisation. The bulk of chapter outlines the research techniques used in the collection and analysis of research data, in

particular the application of grounded theory procedures. It also discusses validity and reliability issues within the study.

Chapter 6: The CoM's budget process model

This chapter contains an in-depth description of the different stages and activities comprising the organisation's budgeting process. It portrays a comparison of the CoM's budget process against a standard western budgeting system by demonstrating the similarities and differences between the two systems.

Chapter 7: Theoretical concepts of the CoM's budget process: The more shared attributes

These themes and concepts derived from data analysis are integrated to form a theoretical scheme, portraying the more shared and less shared attributes between western and Solomon Islands cultures. This chapter focuses on the commonalities or the more shared attributes between the two cultures and their impact on the organisation's budget process.

Chapter 8 : Theoretical concepts of the CoM's budget process: The less shared attributes

The chapter concentrates on the second major category of concepts portraying the budgeting process of the case study organisation. These are the less shared characteristics of western and Solomon Islands cultures and how these have shaped CoM's budget process.

Chapter 9: Summary, recommendations and implications for future research

This concluding section provides a general overview of the research scope and process, the significant results and contributions of the study and their implications for theory and practice. The strengths and limitations of the study are also discussed together with suggestions for future research possibilities arising out of this work.

1.8 Scope and limitations

Field based case studies are often criticised as having limited scope for generalisation to other settings (e.g. Otley and Berry, 1994) even though rich

descriptions and valuable insights could be gained on the phenomena being investigated. This could well apply in this instance as the CoM could be considered unique in the sense that more than 90% of its annual income is almost guaranteed through its overseas investments, a luxury most local non-profit organisations do not have. Such perceived limitation is addressed in this study by the detailed description of the ‘who, what, when, how, and why questions of the study, so there are sufficient details to ‘make all phases of the investigation open to public inspection’ (Anfara et al., 2001) and to allow others to evaluate the validity and reliability of the findings.

Secondly, this study is based on the concept of national culture although the country is generally acknowledged as comprising many tribal and ethnic groups with each group having, to varying degrees, its own distinctive subcultures. However, this study recognises the definition by Hofstede (1980) whereby national culture comprises the values, norms and beliefs shared by the majority of the population within the country and that all subcultures, however distinct each one may seem, do share some common values through continuous interactions over long periods. This research attempts to address the cultural diversity by selecting participants from the different regions and islands that comprise the Church to obtain views that are ‘representative’ of the country as a whole.

Thirdly, only the views of the Church’s primary stakeholders are given prominence in this study. Given a general expectation for Churches to provide services to the ‘communities’ irrespective of people’s religious affiliation, studies accommodating the views of secondary stakeholders could enrich our understanding of the expectations on religious entities from the communities they serve. It could provide an additional dimension to our understanding of how culture shapes people’s expectations of religious entities or community based organisations for that matter.

Finally, the study focuses on the relationship between contemporary national culture and accounting. It does not seek to establish what ‘traditional culture’ was and the role accounting, apart from other external influences, may have played in shaping it to what is now considered as ‘contemporary culture’.

CHAPTER TWO: LITERATURE REVIEW: CULTURE, ACCOUNTING AND BUDGETING STUDIES

2.0 Introduction

The overall focus of this research is on theorising accounting as a socially constructed practice, and in particular the link between national culture and accounting systems and practices. The chapter is organised as follows. It begins with a discussion on the concept of culture, its definition and some theoretical frameworks that have been proposed to operationalize culture in accounting studies. This should provide an indication of how culture is applied in this study. Secondly, an outline of how cultural studies in accounting have evolved over the years is provided to demonstrate changes that have occurred in this field. Following this, a review of the existing state of accounting research from a cultural perspective is discussed, including a summary of prior studies and the different dimensions of accounting and culture investigated. This is to demonstrate potential gaps in knowledge that will serve as justification for this study. The review will initially focus on cultural studies on the different facets of the accounting craft but will pay particular emphasis on the budgeting system, the selected area of the study. Fourthly, several institutions and practices adopted by the case study country are discussed to demonstrate how foreign systems, including accounting, fit with the cultures of indigenous societies in developing countries. Finally, the chapter provides an overview of accounting in religious institutions as further background information to the case study organisation.

2.1 The notion of culture

Despite the growing acknowledgement of culture as a powerful determinant of accounting practices (e.g. Askary, 2006; Mathews & Perera, 1996; Violet, 1983), accounting researchers remain divided on a common definition of this concept (Seymour-Smith, 1986). Even in the social science literature where the concept is prominent, culture has been subjected to numerous interpretations prompting Jahoda (1984, as quoted in Gao and Handley-Schachler, 2003), to suggest that culture is arguably the most elusive term in the vocabulary of the social sciences. This lack of consensus is unsurprising given its nature as a multi-dimensional and multi-layered concept (Matsumoto & Juang, 2004; Gao & Handley-Scachler, 2003). Culture is often portrayed as forming a hierarchical structure, consisting of interacting layers, the most significant of which are national and regional cultures; organisational and occupational cultures(Granlund & Lukka, 1998). The problem,

In the accounting literature, prior studies have used varying definitions of culture that were derived from wide range of disciplines including anthropology and sociology. Typical examples include Violet (1983) who applied Hoebel's (1958) anthropological perspective to study the development of international accounting standards, while Belkaoui (1989, 1994) used Kroeber and Kluckholm's (1952) definition when proposing a cultural relativism model of accounting. Granlund and Lukka (1998) applied Geertz (1973) sociological perspective in studying the cultural context of management accountants in Finland. However, by far the most common definition employed in accounting studies is that of Hofstede (1980) who defines culture as "the collective programming of the mind which distinguishes the members of one group from another" (p.25). Hofstede's definition encapsulates the various concepts embodied in the other descriptions of culture (e.g. Bloom and Naciri, 1989; Kroeber & Kluckholm, 1952) such as common frameworks of meanings, social understandings, values, beliefs, and symbols.

This study follows Scupin's (1998) interpretation of culture as "a shared way of life that includes values, beliefs, and norms transmitted within a particular society from generation to generation" (p.36). This definition is adopted to reflect the emphasis of this study on the influence of national culture on the budgeting process as opposed to that of subcultures within the country, such as those based on regions, occupations, organisations and religions. While it is acknowledged that people naturally are subjected to the simultaneous influence of several cultures of different levels and nature, this study uses national culture as the significant level of analysis, to be in line with the scope of the research.

It has been argued that a culture can be validly conceptualised at the national level if there exists some meaningful degree of within-country commonality and between-country differences in culture. Existing literature indicates that this is the case. Hofstede (1991, p.12) for instance, argues that today's nations "are the source of a considerable amount of common mental programming of their citizens" due to relatively similar history, language, political, legal and educational environment, among others. This does not imply countries are fully homogenous, but there are forces pushing to a meaningful degree of within-country commonality (Steenkamp, 2001).

While there are differences within societal cultures as a result of the presence of strong subcultures, studies have shown that their effects may attenuate but not eliminate the effects of national culture (Adler, 1997; Newman & Nollen, 1996). For most nations it is still possible to distinguish some ways of thinking and behaving which most inhabitants share and which we can consider as part of their national culture or national character (Hofstede, 1983).

Cultural values at the societal or national level are more dominant over other subcultures as these underpin the development and maintenance of institutions in society including family patterns, social class structures, the political system, the legal system, the financial system, the nature of business ownership, and the education system (Hofstede, 1984). These often permeate through to occupational and other subcultures with varying degrees of integration. Hence national culture will manifest itself in organisational, managerial, occupational and other subcultures. In the context of organisations, national culture is the central organising principle of employees' understanding of work, their approach to it, and the way in which they expect to be treated (Newman & Nollen, 1996).

2.2 Review of culture and accounting research

Prior studies have broadly agreed that culture could have a significant influence on the accounting system of a country, including how individuals perceive and use accounting information (Doupnik & Tsakumis, 2004; Chan et al., 2003). Violet (1983) for instance argues that accounting is very much a function of a country's culture while Hofstede (1985) proposes that the lack of agreement between countries on ideal accounting practices is because their purpose is cultural rather than technical.

While publications suggesting the link between accounting and culture date back to the 1960s (see for example, Mueller, 1968), it was only in the 1980s that accounting scholars began exploring further the impact of culture upon the different facets of accounting (Askary, 2006). Since then, cultural studies has become an important area of research within international accounting with most research endeavours seeking to discover and explain the role of cultural factors in shaping a nation's accounting system and practices (Abdallar, 2001). Among some of the early studies was Jaggi (1982) who argues that accounting rules and regulations depend largely on a society's cultural concepts such as its values,

morals and business concepts. Violet (1983) suggests that accounting principles will vary depending on cultural variances and accounting in turn will affect its culture, implying a feedback loop between accounting and culture. The proposal by these earlier studies of potential links between culture and accounting possibly provide the impetus for the growing interest in this field.

2.2.1 Developments in accounting and culture studies

Prior literature suggests that cultural studies in accounting focus on both financial accounting and reporting and management control systems (MCS) (Chanchani & MacGregor, 1999). This review focuses on the latter since budgeting is more a part of the management control system. Literature search for accounting and culture studies was done using the more common data bases for accounting journals including Business Source Premier, Emerald Management Xtra, Elsevier Science Direct, and Proquest Academic Research. The early cultural studies on Management Control Systems (MCS) were often criticised for lacking sound theoretical basis as it was not always possible to identify within the studies, the relationship between culture and the accounting and organisational issues being investigated. These studies treated culture as a “packaged, unexamined variable, and a residual category to explain things not accounted for elsewhere” (Kraut, 1975). As a result of these criticisms, calls were made for the ‘unbundling’ of culture into components which could provide the theoretical framework for explaining the relations between culture and the variables under investigation. For instance, the AAA Cultural Studies Committee (1991) states that for the concept of culture to be useful in financial reporting research, it needs to provide a framework that identifies its component parts that can be used to establish the linkages between specific cultural attributes and the specific attributes of financial reporting (p.188).

In response to calls for the ‘unbundling’ of culture, several models were developed to identify and operationalize the components of national culture (e.g. Adler, 1996; Triandis, 1995; Trampenaars, 1994; Klucklon & Striodbeck, 1961). In the accounting and culture studies, perhaps the most significant among these was Hofstede’s (1980) national cultural dimensions model. Hofstede (1980) disaggregated societal cultures into four dimensions which he calls: power distance, individualism, uncertainty avoidance, and masculinity. His subsequent research identifies another cultural value: Confucian Dynamism, which is relevant

to mostly Asian cultures. Individualism relates to the degree of integration a society maintains amongst its members or the relationship between an individual and his/her fellow individuals; Power Distance is the extent to which members of a society accept that power in institutions and organisations are distributed unequally; Uncertainty Avoidance refers to the degree to which members of a society feel uncomfortable with uncertainty and ambiguity; Masculinity, the division of roles between the sexes in society; Confucian Dynamism, whether members of a society have long-term or short-term oriented values. Accounting researchers then use Hofstede's cultural dimensions indices to investigate the effects of culture on various aspects of business, including management practices (Newman & Nollen, 1996). Hofstede's model thus provided a framework for understanding the influence of culture on accounting and management practices.

The application of Hofstede's cultural dimensions model in accounting research was further extended with the pioneering work by Gray (1988) who formulated a framework linking societal culture with accounting practices. Using Hofstede's (1980) culture-based societal values, Gray developed a model that identifies the mechanisms by which societal values permeates through to occupational subcultures including accounting. These accounting subculture values in turn affect the development of accounting systems and practices within the country. He identified four value dimensions of the accounting subculture which are also related to societal values. These four dimensions include: Professionalism versus Statutory Control, Uniformity versus Flexibility, Conservatism versus Optimism, and Secrecy versus Transparency. Several other researchers have also proposed further extensions to the Hofstede-Gray cultural dimensions framework including Tsakumis, 2007; Chanchani & Willet, 2004; Baydoun & Willet, 1995; and Perera, 1989. The conceptualisation of culture, and in particular Hofstede's cultural framework and its subsequent development by Gray (1988) and others has enabled accounting researchers to undertake theoretically driven cross-cultural studies in contrast to the almost 'atheoretic' nature of the early studies (Harrison & McKinnon, 1999).

Some recent studies are breaking off the shackles of the reliance on the cultural dimensions perspective of Hofstede's framework. These studies have been drawing more deeply on the richer social and cultural literatures and commentaries for the specific nations being studied to gain valuable

understanding of the impact of culture on their accounting systems. As will be elaborated on in the subsequent chapters, this is the approach being adopted in this study.

2.2.2 Key features of prior cultural studies in accounting

Review of existing refereed accounting literature on cultural studies in accounting indicates a growing diversity in terms of: the objectives of the studies, the organisations and countries studied, the methodology and methods employed, the facets of accounting and organisational processes investigated, and theoretical frameworks employed. Table 2.1 provides a summary of some of these studies and their key features.

Table 2.1 Key features of accounting and culture studies

Study Focus	Researchers & date	Case(s) studied	Facet of accounting studied
Cross-Cultural	Casey and Wier 2005	US and Chinese managers	Budgeting systems
	Awasathi et al. , 1998	US and Chinese nationals	Team work environment
	Chanchani & Willet 2004	New Zealand and India	Users and preparers of financial statements
	Ding et al., 2005	52 countries	Differences between national GAAP and IAS
Specific developing countries	Baydoun & Willet 1995	Lebanon	Accounting measurements and disclosure
	Ngangan et al., 2005	Papua new Guinea	Perceptions on accounting information disclosures
	Wickramasinghe & Hopper 2005	Sri Lanka	Management controls
	Efferin & Hopper 2007	Indonesia	Management controls
	Chand and White 2005	Fiji	Accountants' judgements
Indigenous Peoples	Chew & Greer 1997	Australian Aborigines	Accountability systems
	Greer & Patel 2000	Australian Aborigines	Accounting and accountability systems
	Jacobs 2000	New Zealand Maori	Accountability systems
	Neu 2000	Canada's First Nation	Accounting and accountability
Religion	Abdul-Rahman & Goddard 1998	Muslim organisations in Malaysia	Accounting practices
	Baydon & Willet 2000	Islam religion	Corporate reports

Although early cultural studies in accounting focused almost exclusively on comparing the accounting standards and financial reporting practices of different countries, recent years have seen a significant diversity in the aspects of accounting being subjected to cultural analysis, particularly in the behavioural aspects of accounting. However in the bulk of prior studies, the key research

areas tend to be on: the standard setting process and the need for harmonisation (e.g. Chand, 2005; Ding et al., 2005) measurement and disclosure rules and practices (e.g. Williams, 2004; Baydon & Willet, 2000; Sudarwan & Fogarty, 1996; Wingate, 1997), organisation design and control (e.g. Wickramasinghe & Hopper 2005; Chow et al., 1999), and auditors' judgements and attitudes (e.g. Chan et al., 2003; Patel et al., 2002).

2.2.3 Budgeting and culture

One of the areas that is increasingly coming under review is the influence of national cultures on the design and operation of management control systems, in particular the budgeting systems of organisations in different countries. As this study is focusing specifically on the budgeting process, the following provides an overview of this developing body of knowledge.

Budgeting is one of the main tools utilised in the planning, control and cost management decision-making process undertaken within organisations, (Merchant & Van der Stede, 2003) and is often looked upon as a process where rational choices take place (Anthony et al, 1972). Hence an extensive amount of work continues to be devoted to understanding how it works in different environments. Budgets may serve different functions in different organisations but the key ones as identified by Kennedy and Dugdale (1999) are: a system of authorisation, a means of forecasting and planning, a channel of communication and co-ordination, a motivational device, a means of evaluation and control, and a source of information for decision making.

Most early studies on budgeting and other aspects of management control systems tend to concentrate on the variables determining the design of management control systems including technology, environmental uncertainty and organisational size (e.g. Fisher, 1995). However, it was recognised that while the relationship between organisational context and organisational design is increasingly becoming similar across countries, there remain considerable variation across countries which these variables do not explain (Lincoln & Kalleberg, 1990; Child, 1981). This gave rise to the need to explore other factors, including culture, which may impact on the design of management accounting and control practices. Among those who were the first to recognise the importance of culture on management and work related practices was Hofstede (1980) who

discovered that culture appears to be more persistent in determining an individual's attitudes and behaviour than do demographic and organisational variables.

To demonstrate the increasing importance of the impact of culture on budgeting and other aspects of management control systems, a review carried out by Harrison and McKinnon (1999), found that between 1980 and 1996 a total of 20 cross-cultural studies on budgeting and management control systems (MCS) were conducted and published in the major accounting journals. This growing interest is a result of several factors but notable among which is the increasing globalisation of businesses, and the importance such a trend brings to both the business and academic communities (Chow et al., 1999). Understanding how national culture affects the preferences for and design of MCS, including budgeting systems, is vital as organisations need to know whether management controls that are effective in one national setting will have alternate levels of effectiveness in others.

Examples of issues examined in prior culture and budgeting studies include budget participation (e.g. Douglas & Wier, 2005; O'Connor, 1995) slack creation behaviour (Lau & Eggleton, 2004), expressions of budgeting systems from their cultural contexts (Czarniawska-Jorges & Jacobsson, 1989), and budget emphasis (e.g. Lau et al., 1995).

Hofstede (1991) noted that an individual's culture had an impact on the person's view on a number of topics, including one's view of the budgetary process. Over the past two decades, a number of studies have examined the impact of various cultures with respect to budget systems. For instance, Frucot and Shearon's (1991) study uses managers in Mexico to study budgetary participation; Douglas and Wier (2005) use Chinese and US managers to compare ethical position with respect to budgetary slack; Lau and Tan (2006) use managers in Singapore to analyse various aspects of budgetary participation; and Douglas et al., (2007) uses Egyptian managers in US and Egyptian firms to investigate the impact of ethical positions and national culture on budgetary systems.

2.2.4 Dominant methodology and design

Perhaps one of the prominent features of previous cultural studies has been their predominant focus on hypothesis testing over theory development. It therefore

logically leads to the almost exclusive use of the mail survey questionnaire as the most preferred research method (Harrison & McKinnon, 1999). This may appear unusual in that in relatively unexplored areas such as the relationship between culture and accounting, one would expect that such method is employed only in the later stages in research as variables and phenomena at issue are better understood through field work and experimental methods (Harrison & McKinnon, 1999). Furthermore, the limitations of the questionnaire survey method are well known, particularly its inability to capture the richness of the social and cultural dynamics of organisational settings. And as discussed later, the majority of these survey studies were based on Hofstede's (1980, 1991) national cultural dimensions.

This preoccupation with questionnaire surveys using Hofstede's framework meant that there has been limited field based studies that attempt to provide a theoretical understanding of the relationship between culture and accounting from a social and organisational context. Notable among this handful of field research are Birnberg & Snodgrass (1988) comparative study of the perceptions of control systems held by US and Japanese workers, Wickramasinghe and Hopper (2005) study of changes in modes of production in a village based textile mill in Sri Lanka, Abdul-Rahman and Goddard (1998) study of the accounting practices of two Muslim religious organisations in Malaysia, Ansari and Bell (1991) longitudinal study into changes in the control practices of a food manufacturing company in Pakistan, and Efferin and Hopper (2007) ethnographic study into the management control practices of an Indonesian company. Table 2.2 provides examples of field based studies drawing on theories and literature from other disciplines.

Table 2.2: Examples of field based cultural studies in accounting

Author(s)	Methodology	Theoretical perspective
Efferin & Hopper 2007	Ethnography and grounded theory	Cultural Anthropology
Wickramasinghe & Hopper 2005	Longitudinal case study	Political and economic history, Modes of production theory, cultural anthropology
Abdul-Rahman and Goddard 1998	Ethnography and grounded theory	Accounting as social practice
Ansari and Bell 1991	Longitudinal field study	Interpretive anthropology
Dent 1991	Interpretive Longitudinal field study	Organisations as cultures

The above field studies not only conceptualised the way culture impinges on accounting within its natural setting but were also based on wider and alternative perspectives of culture including those found in anthropological, sociology, and history literature. These field based studies, although few in number, have demonstrated that thicker descriptions of and deeper understanding into the effects of culture on accounting and management control systems, including budgeting, can be obtained by engaging closely with those being studied and by employing alternative perspectives of culture and their methodologies other than the dominant cultural dimensions view as developed by Hofstede (1980, 1991).

2.2.5 Research units and country of study

It is also evident that the majority of studies tended to predominantly focus on comparisons between Asian and Western Anglo-American nations and cultures (e.g. Douglas & Wier, 2005; Lau & Eggleton, 2004; Tsui, 2001; Newman & Nollen, 1996; Ueno & Sekaran, 1992). There is also a growing number of studies on accounting in countries within the Muslim world (e.g. Baydoun & Willet, 2000) and in Latin American countries (e.g. Frucot & Shearon, 1991). There appears, however, a dearth of cultural studies on accounting in countries within the developing world, particularly in the Oceania region. The few studies of note sighted so far includes Pok's (1995) analysis of the influence of culture on accounting education in Papua New Guinea and Ngangan et al., (2005) survey of culture's influence on the perception of accounting information users in the same country. Chand and White (2005) also investigated the influence of culture on accountants' judgments amongst the ethnic Melanesians and Indians residing in Fiji. Brown et al., (2005) and Brown and Tower (2002) have also considered the accounting disclosure practices of several Pacific Islands countries from a cultural perspective. This may seem to be a significant weakness as most countries in this region are economically poor and studies to explore how they could use accounting to effectively utilise their scarce resources are most needed. Furthermore, Alawattage et al., (2007) explain that the bulk of the world's population resides in developing countries, "outside of locations prominent in mainstream research, but whose accounting needs and concerns are as pressing, if not more, and with globalisation they form an essential part of the mosaic of world trade" (p.183)

The other feature of note is that previous studies have concentrated almost exclusively on the practices of firms in the manufacturing and merchandising sectors (Lau et al., 1998). The influence of culture on the accounting and management practices of the not-for-profit sector including government and religious organisations have remained largely untested. This is a significant gap in our understanding of accounting practices particularly in the context of most developing countries where not-for-profit organisations appear to dominate in economic and social affairs (World Bank, 1997).

2.2.6 Some limitations of prior cultural studies in accounting

A review of the cross-cultural studies in accounting and management control systems for the period 1980 to 1996 by Harrison and McKinnon(1999) identified several weaknesses which are discussed following. Efferin and Hopper (2007) also recognised similar limitations labelling them as ‘problems of cultural contingency’ (p. 229). Hence it is safe to assume that these weaknesses have yet to be adequately addressed.

2.2.6.1 Excessive reliance on Hofstede’s cultural values framework

Perhaps the most significant of the perceived weaknesses of prior studies is the almost exclusive reliance on Hofstede’s value dimensions (e.g. Douglas & Wier, 2005; Lau & Tan, 1998; Lau et al., 1997; Chow et al., 1996b; O’Connor, 1995; Harrison, 1992) although results from these studies tended to be too general and inconclusive (Baskerville, 2003; Chenhall, 2003; Harrison & McKinnon, 1999). This prompted some researchers (e.g. Wickramasighe & Hopper 2005; Gernon & Wallace, 1995) to describe cultural studies as being 'jailed' within Hofstede’s framework. As a consequence of the reliance on this narrow perspective of culture, other relevant literatures and potentially useful perspectives on culture such as those in sociology, anthropology and history have been ignored (Harrison & McKinnon, 1999).

2.2.6.2 Selective use of cultural value dimensions

The majority of studies tended to be selective in their use of only certain of Hofstede's (1980, 1991) cultural dimensions which are then hypothesised to have an unambiguous relationship with some accounting and management functions and practices. For instance, a review by Douppnik and Tsakumis(2004) of studies using Gray’s and Hofstede’s frameworks found the bulk of the work was focused

on testing the secrecy hypotheses probably as it is the least difficult accounting system attribute to measure. This inevitably means that the study fails both theoretically and methodologically to consider the totality of the cultural domain as it impacts on the accounting system (Harrison & McKinnon, 1999). This is because while some cultural dimensions are left out of the analysis, respondents under study would normally bring with them the totality of those societies' cultures, not just the ones drawn in the theory. Unless the effects of the omitted dimensions are appropriately considered, these have the potential to distort results.

As an example, Lau et al's., (1997) study into the effects of national culture on budget emphasis and participation on managerial performance of Australian and Singaporean managers, only Hofstede's cultural dimensions of power distance and individualism were used. These dimensions, they claimed, were identified as the more relevant values to influence the management process of leadership and performance evaluations.

2.2.6.3 Treating cultural values and norms as equal

There is also a tendency to treat all the cultural dimensions as if they were equally important across nations, thus failing to recognise the differences in the centrality or intensity of cultural norms and values across societies. Lachman et al. (1994) emphasised the point that, "not all values are equally important (in all nations), or have the same impact in regulating behaviour" (p.4) and that the impact of cultural values within the value system of a cultural setting is determined more by their centrality than by their prevalence in this setting. The lack of recognition of this concept of core versus peripheral values could help explain some of the disparity in findings from previous cultural studies (Harrison & McKinnon, 1999). For instance, in their comparison of the management practices of manufacturing companies in the US and Japan, Ueno and Sekaran (1992) discovered that their four hypotheses premised on differences in Individualism (IDV) were supported while the two based on Uncertainty Avoidance (UA) reported no cultural effects. These mixed results could be explained by potential difference in the relative significance of IDV and UA in the countries studied.

2.2.6.4 Simplistic treatment of culture

The other notable feature of prior studies is their simplistic treatment of cultural values and dimensions and thereby neglecting the depth, richness and complexity

of culture, and the cultural diversity which those dimensions cannot capture. This often gives rise to generalised conclusions that the theory and empirical results associated with a country having a certain score on a particular cultural dimension will also apply to countries having similar scores on the same dimension. For instance, Harrison (1992) in his study of the effects of national culture on budget participation for Singaporean and Australian managers concluded that because 47 other countries have similar rankings as Australia and Singapore on the cultural dimensions studied, his results may therefore apply to and could be generalised across different countries.

Despite the foregoing weaknesses and the argument by some that results of extant accounting and culture studies have been quite uneven, there is sufficient empirical evidence to support the contention that culture does influence accounting systems, including the choice of the design and implementation of budgeting and other management control systems. Studies providing such evidence include Harrison et al., (1994) and Birnbaum and Wong (1985) who found that management control systems in Chinese organisations (Singapore and Hong Kong) are more centralised than western organisations (US and Australia) due to low individualism and high power distance in Chinese culture. Harrison et al. (1994) also concluded that management control systems in Chinese organisations (Singapore and Hong Kong) emphasise responsibility centres less, use fewer quantitative techniques, and employ longer planning time horizons than Western organisations (US and Australia) due to lower individualism, high power distance, and greater Confucian dynamism in Chinese cultures. In their study on US and Japanese companies, Ueno and Sekaran (1992) found that US companies tend to use more communication and coordination, build more slack in budgets, and resort to short term performance evaluations, more than Japanese companies; due to the high individualism in the US. The results of these studies show that accounting is indeed a product of its environment, of which culture is a critical component.

This study seeks to alleviate the identified weaknesses in prior cultural studies in accounting through the grounded theory approach. This is done largely through closer engagement with the field to understand the context and issues from the perspective of those being studied. This primary data is then used to conceptualise

accounting within its social context and to develop theoretical explanations of the findings that are grounded in data empirically obtained from the field.

2.3 Impact of western institutions and practices on indigenous / traditional cultures

National culture is increasingly being recognised as an important explanatory variable for the lack of universal systems and practices, not only in the management of social, political and economic affairs of nations but also of institutions and organisations within countries (Gopalan & Stahl, 1998). This is particularly so for indigenous societies in the developing world whose institutions and practices have either been imposed on them or were adopted from western colonial powers. For these discussions, indigenous or traditional societies refer to non-western cultures or societies, in particular those in the developing world.

As this study is premised on the view that mainstream accounting, like other western imposed institutions and practices, may not be entirely relevant to cultures in developing countries like the Solomon Islands, this section provides an overview of the operation of other borrowed western institutions and systems including the economic, educational, and political systems, particularly as these relate to the country of study, Solomon Islands. It attempts to demonstrate the degree to which the foreign institutions adopted by indigenous societies, in this case Solomon Islands, are compatible with the local environment. It would also illustrate the amount of influence the local culture has had on these imported practices.

Historically there were several avenues through which western institutions and practices were transferred to non-western societies. These include colonisation, trade, education, religion and increasingly development aid. Colonisation was perhaps the most effective method as colonial rulers established in their former colonies, government, economic, legal, and education systems that mirror exactly those that existed in their home countries (Schoeffel, 2001). This was done despite the fact that these societies did have their own governance structures, institutions and systems to regulate their political, social and economic affairs, albeit only at tribal levels (e.g. Alasia, 1989). This perhaps gave rise to the perception that the introduction of these systems was done foremost for the convenience of the colonial administrators rather than on the needs of the recipient countries (e.g. Wasuka, 1989).

2.3.1 Governance systems

The most obvious legacy of colonial rule is the national and local forms of governments adopted by developing countries. For some of these countries, including the Solomon Islands, the notion of a central government system, although being an alien concept, brought about a semblance of peace and unity in societies that are highly fragmented in political, cultural, religious, ethnic and linguistic terms (Douglas, 2005; Alasia, 1989). There was constant rivalry and fighting among tribal groups and allegiance is foremost to the tribal group (Hergarty et al., 2004). While the peace that ensued led to marked improvement in people's living standards as they spent more time in productive activities and having easier access to shared health and education services, the system inadvertently undermined the traditional structures of authority and the institutions that govern the lives of the society. Through the imposition of western governance systems, many long standing values, checks and balances necessary to maintain a cohesive social and community order were disturbed, often beyond redemption (Migdal, 1988). The village chiefs and elders, who normally wield considerable authority, found their influence weakened as power shifted into the hands of government elected representatives (Alasia, 1989). This has resulted in the failure of many government initiated projects because while government representatives have the mandate to make decisions on their behalf, they are not normally the custodians of tribal resources nor do they command the same level respect of ordinary people as chiefs and elders (e.g. Moore, 2005; Migdal, 1988). The constitutional Review Committee of 1987 found that the majority of Solomon Islanders were dissatisfied with the government system primarily because it had no resemblance to the legitimate community structures of the country (Kaua & Sore, 2005).

2.3.2 Education system

Education has also served and is perhaps the greatest avenue through which western influence was and is being transferred to indigenous societies. Despite the tremendous benefits derived from being literate, learning about the world outside their own environment, and acquiring skills and knowledge they would not otherwise have learnt in their own societies, the 'formal' western education system did produce some unintended and undesirable results. These include people being considered failures for not mastering a foreign language and not

passing exams based on theories and subjects, most of which have little relevance to their day to day living (Wasuka, 1989). People are being trained to live in urban centres where jobs are scarce rather than being given the skills needed for rural life where the majority of school leavers will ultimately return. The most visible sign of this ‘weakness’ of the education system is the thousands of young people being forced onto the streets of the urban centres each year and thereby placing a significant burden on relatives employed in the formal sectors.

2.3.3 Trade and economic system

Trade and western economic systems have also been important vehicles for the spread of western values and cultures. The private ownership of business capital, the use of money as medium of exchange, accessing of bank credits, paid employment, and the accumulation of ‘western goods’, are but some of the western practices adopted by indigenous societies (Foanaota, 1989). While these have contributed in many ways to improvements in their livelihoods, particularly the urban population, most of these practices are underpinned by values that contrast significantly with traditional values of recipient countries. In Solomon Islands for example, the capitalistic treatment of time and labour as factors of production has eroded the traditional practice of ‘community work’ which involves people sharing in such activities as building houses, gardening and feasts preparation, in anticipation of such help being reciprocated in the future (Waleanisia, 1989). Nowadays, one has to pay cash to individuals, village social clubs or other community organisations to do such tasks. The cultural value of reciprocity has been significantly redefined. In addition, the use of natural resources, including land, as tradable commodities has led to increasing conflicts among tribal groups over ownership, custody, and use of resources that were once tribally owned and shared (Hergarty et al., 2004; Schoeffel, 2001; Ipo, 1989).

Although adopting these western practices and systems may be a necessary condition for their continuing and increasing interaction with the external world, these countries do need to critically evaluate how useful these imported systems have been in meeting the needs of their citizens so they become less dependent on western accounting and budgeting systems.

2.3.4 Integrating western institutions and indigenous cultures

After years of more or less coping with western adopted or imposed systems, many of these indigenous societies are realising that these foreign systems may not be totally appropriate to their local conditions and in some cases could lead to the erosion or even disappearance of their traditional values, norms, and beliefs. For instance, with the Australian Aborigines Chew and Greer (1997) argue that unless accounting systems developed for these indigenous peoples took into account their culture, the result will be ‘ethnocide’. It is also often claimed that these western systems are perhaps one of the significant causes of the growing class inequalities, official corruption, declining social orders, and poor or non-existent service delivery which are in stark contrast to indigenous values of equivalence, sharing, and reciprocity of these nations (Douglas, 2005).

It seems apparent that western practices and systems have not actually taken root in indigenous societies because while these systems appeared to have produced some immediate positive results, they could not be sustained in the longer term, especially when indigenous people were in control and took over the responsibilities of implementing these systems. Hofstede (2001) for instance, asserts that “institutions cannot be created from scratch” and that those which do not reflect and promote prevailing societal values are unlikely to be reinforced by these societies and so over time tend to become ineffective and may even lead to dysfunctional consequences. Hergarty et al., (2004) describe these introduced institutions as lacking social foundations.

Even when these indigenous societies encounter difficulties of varying nature, partly due to the inappropriate systems, assistance from the external community, mostly through regional countries and donor organisations, were often perceived as not entirely appropriate. For instance, the structural adjustment programmes with their emphasis on free capital market reforms as demanded by the IMF and World Bank were often considered by developing countries as only helping to compound their problems rather than to solve them (Ray, 1998; Leftwich, 1993). In Solomon Islands, the case study country, there is a degree of scepticism among locals that the current intervention programme led by the Regional Assistance Mission to Solomon Islands (RAMSI) may be less than successful if it only helps to reinforce and perpetuate existing western institutions and systems whose applicability is questionable and which could be partly blamed for the country’s

current woes (e.g. Larmour, 2001). Speaking before a Parliamentary Foreign Relations Committee reviewing the operations of RAMSI, a prominent Solomon Islands lawyer claims that the social unrest that led to the RAMSI intervention was the result of institutional failures (Nori, 2009). Recognising the shortfalls of imported and imposed institutions, calls have therefore been made for genuine and meaningful dialogue between the intervention team and the locals to determine how best to integrate local values into these western systems and practices (e.g. Roughan, 2006; Kabutaulaka, 2005) so the reforms that are being instituted will be sustained in the long term as Solomon Islanders take ownership of them.

With the increasing realisation that western imposed systems could not be sustained in the long term by indigenous societies, the need to adapt these systems becomes ever important and urgent. There is increasing concern, not only within these societies but also in the developed world, to engage in research endeavours to critically question the colonial and post colonial practices and their impact on the experiences and cultures of indigenous peoples (Gallhofer & Chew, 2000). These authors have challenged the view that the adoption of western culture is the path to progress and modernisation and so it should be spread universally.

As a response to these calls, an increasing number of researchers are turning to non-western cultures in an attempt to gain insights that will enable an acceptable integration of western practices and institutions into these cultures. In the field of accounting, notable among these are Chew & Greer's (2000) analysis of conflicts between aboriginal accountability systems and those imposed by the Australian government, Jacobs' (2000) research into the accountability obligations for Maori under the Treaty of Waitangi, Gibson's (2000) exploration of accounting's role in the dispossession of Australia's aborigines, and Neu's (2000) analysis of accounting's role in the colonisation and genocide of Canada's First Nation. These studies are producing newer and richer insights into the role and effects of western accounting on these societies. Chew and Greer (1997) and Gibson (2000) for instance, argue that the economic paradigm of material wealth accumulation, expressed through the language of accounting, was partly responsible for the historic dispossession of the Australian Aboriginal people.

2.4 Accounting in Churches and non-wealth creating entities

This cultural analysis of accounting is being carried out in the context of a religious organisation in a developing country. Review of extent literature shows a dearth of studies on the accounting and management practices of the religious sector despite the fact that such organisations still occupy major and important social, political and economic roles in most countries, both in developing and western capitalistic nations (Parker, 2001; Booth, 1993). This apparent lack of interest in the third sector is hardly surprising given the increasing dominance of capitalistic and materialistic cultures in many societies. Hence research endeavours tend to focus more on the activities of wealth creating institutions. This current poverty in knowledge of accounting in religious and other non wealth creating institutions poses a challenge to accounting researchers as better understanding of accounting as a situated practice may be obtained from examining accounting in settings where the role of accounting as a rational, calculable, economic basis for the legitimating of actions is most open to question (Laughlin, 1990). Religious organisations are generally characterised by their socially oriented and value based non-financial goals (Lightbody, 2000). The economic values and rationalities that are conventionally argued to underlie accounting are not dominant in such organisations and so the functioning of accounting in this sector could differ from that revealed by studies of accounting in wealth creating entities (Buckmaster, 2002; Booth, 1993).

The scant attention being paid to accounting in religious institutions could be attributed mainly to the fact that their primary purpose is spiritual and social rather than economic. The fact that as individual units, they control relatively small amount of financial resources and engage in simple transactions compared to multi-national corporations and businesses, could not be accepted as sufficient explanation for the low interest currently shown on accounting in this sector. This is because in some communities and nations, churches handle larger sums of money than any single enterprise (Larson, 1957). This is particularly true of Solomon Islands where the Anglican Church of Melanesia (CoM) alone has an annual income that exceeds that of many provincial governments and locally owned commercial enterprises. For instance, in 2008 the CoM budgeted for a total income of over SBD 47 million. In addition, the church employs more people, both paid and voluntary, than many profit making businesses. In 2006, it was

reported that the CoM employs 9 bishops and 400 priests (World Council of Churches, 2006). This is excluding the many lay people employed in the administrative offices at its provincial and diocesan headquarters, institutions, and in the parishes. This makes it one of the largest employers outside of the public service.

The management of religious and non wealth creating organisations can be quite challenging as they often have to grapple with a vast array of and sometimes conflicting agendas and objectives compared to the known single profit making goal of secular profit oriented organisations (Irvine 2005). Churches also have to account to an often large and complex web of 'stakeholders' including their membership. Unfortunately, our understanding of their planning and control systems, approaches to decision making, resources allocation processes, how they deal with and manage a complex array of stakeholders, and their handling of multiple objectives and strategic agendas has been limited (Parker, 2001).

2.4.1 Prior studies in Church accounting

While a handful of studies have examined the accounting practices of churches, these were almost exclusively concerned with those of western mainstream churches. The majority of these studies are historically based (Booth, 1993), and are generally focused around the theme of prescribing good accounting practices. There are only few field based studies that try to understand accounting and religion from an organisational and institutional setting. Some of the field based studies of note include Laughlin's (1988) contextual research into the accounting systems of the Church of England, Irvine's (2005) study into the budgeting system of a parish Church in Australia, Booth's (1993,1995) field research into the significance of accounting in the Uniting Church in Australia Synod of Queensland, Parker's (2001) study into the approach to planning and control in the central offices of the Victorian Synod of the Uniting Church of Australia, and Lightbody's (2003) observation of the behaviour of financial managers of a Protestant Church in Australia. The only study of accounting from a cultural perspective that has been sighted is Abdul-Rahaman and Goddard's (1998) grounded theory research into the accounting practices of two Muslim religious organisations in Malaysia.

The dominant framework used in many of the previous case based studies has been the 'sacred and secular divide', first introduced into the accounting literature by Laughlin (1988) in his study of the accounting system of the Church of England. This was subsequently refined and extended by Booth in 1993 and 1995. Laughlin (1988) draws on the work of Durkheim (1976) and Eliade (1959) to propose that the sacred and secular divide is the underlying social dynamic of all Churches. According to Booth (1995), activities to do with teaching, preaching, educating, and meeting the welfare needs of the religious community are considered, to various degrees, as having to do with the sacred. Conversely, finance, administration, resource management, and commercial management functions are considered as belonging to the secular. Secular activities are considered profane, irrelevant to the life of the church and are tolerated only to the extent that they support the sacred domain. Several researchers have since conducted field studies to determine if a sacred-secular dichotomy does actually exist within Churches. Table 2.3 below summarises some of these studies.

Table 2.3 Accounting studies on the sacred/secular dichotomy

Researcher(s)	Case studied	Secular-sacred dichotomy
Jacobs & Walker 2004	Iona Religious community-Scotland	Negative
Irvine 2005	Anglican Parish- Australia	Negative
Kluver 2001	Roman catholic parishes – Australia	Negative
Lightbody 2003	Uniting Church Synod- Australia	Negative
Cordery 2003	Methodist Church – New Zealand	Negative

Given the empirical evidence supporting the acceptance of secular activities as part of the sacred domain of the religious institutions studied, Jacobs (2005) reflects that considering the sacred-secular dichotomy as a structural divide amounts to an over-simplistic reading of Eliade's (1959) work. He argues that the sacred-secular distinction was a phenomenological rather than structural one and that the nature of the split is experiential rather than structural. Hardy and Ballis (2005) further argue that the sacred secular divide oversimplifies the complex relationship that exists between the rational and sacred in religious organisations and that there are other ways of making sense of observations within religious institutions without privileging either the secular or the sacred. This study could

potentially uncover whether or not the secular – sacred dichotomy does exist in the Solomon Islands context and provide possible explanations thereof.

With regards to the state of accounting in Solomon Islands Churches, no specific study has been to date but judging from media advertisements by churches seeking finance personnel, one can deduce that they do maintain some sort of accounting systems. This study should therefore contribute towards our understanding of accounting in institutions that play a crucial role in the local society.

2.5 Chapter summary

The foregoing review of the extant cultural studies in accounting reveals gaps that offer potential avenues for exciting and fruitful research into the dynamics and interplay between culture and accounting. This study is a small contribution to extend research efforts into areas that appear to have not been adequately covered in prior studies but which could deepen our knowledge of accounting in different contexts. These are further elaborated on below.

Firstly, opportunities abound for studies aimed at theory development to explain the complex processes and interplay between the various dimensions of culture and accounting. Such an emphasis is supported by Wickramasinghe and Hopper (2005) who claim that although research on culture and accounting has become fashionable, its theoretical and methodological foundations remain questionable. Theory development is better achieved through the use of field studies where there is closer and sustained involvement with the subjects and the context being researched. Theory must interact with field work as the two are inextricably interconnected (Gernon & Wallace, 1995). The preoccupation with hypotheses testing and the accompanying use of the mail survey questionnaires method in prior studies has only yielded a lower level of understanding of this potentially rich relationship. Hence there should greater stress on field studies aimed at generating new theories instead of simply testing existing theories through the use of questionnaire surveys.

Related to theoretical development is a need to widen the scope and focus of accounting research to utilise theories from other disciplines such as those found in sociology, anthropology and history literature. The continuing reliance on Hofstede's cultural value dimensions has resulted in research that is highly limited

in focus in its ability to examine and understand the dynamic processes of accounting and their cultural interplays. Therefore our understanding and meaning of organisational practices becomes severely restricted (Harrison & McKinnon, 1999). Gernon and Wallace (1995) described cultural studies in international accounting research as “trapped by paradigm myopia by its reliance on the framework suggested by Hofstede”.

There also exists a dearth of cultural studies in the accounting practices of developing countries, especially those in the Oceania region. It is perhaps vital for studies involving the cultural analysis of western institutions and practices, including accounting, to be extended to these countries since a great majority of them are still grappling with the task of adapting western institutions and systems to suit their local circumstances. A thorough understanding of the interaction between these foreign practices and the local social cultural environment is important so people's traditional culture, values, and languages need not be compromised in the process of integrating into the globalised economy. Instead their core cultural values may actually assist them in making a successful transition toward more political and economic autonomy (Redpath & Nielsen, 1997).

Finally, there is also an apparent reluctance to extend cultural research to the accounting and management practices of the not-for-profit organisations, the third sector, especially those in developing countries. Richer insights could be gained from employing field based studies into the dynamics of culture as it relates to the accounting practices of not for profit entities whose objectives tend to be “altruistic, qualitative, people-oriented and non-monetary” (Kanter, 1979; Murray & Tassie, 1994). Non -profit organisations, and in particular, religious organisations, still play a significant role in most societies, especially in developing countries. In Solomon Islands for instance, the “Church has become so powerful that development agencies and the state cannot afford to ignore this institutions as an important vehicle for implementing development programmes” (Kabutaulaka, 1998, p. 48).

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter comprises two sections. It commences with an introduction of the researcher and his position regarding the research setting and the issue being investigated. This should point to the nature of the biases and prejudices the researcher may potentially bring into the study. The bulk of the chapter discusses the methodology employed with its underlying philosophical assumptions and justification for its use in this study. It includes a comparison of the quantitative and qualitative research paradigms and justification for the use of the latter in this study. It concludes with discussions on the case study and grounded theory approaches.

3.1 About the researcher

As researchers, we carry our own values and world views, to a greater or lesser extent, into our research (Vaivio, 2008, Creswell, 2007). This lens, which is largely shaped by our previous experiences and knowledge, is often used to view, capture and analyse data, and construct a story about the data (Humphrey & Scapens, 1996). Hence, there is always the threat that the researcher's preconceptions may introduce bias and prejudice into and ultimately shape the entire research process. Creswell (1998) suggests one of the procedures for enhancing the credibility and trustworthiness of the research is to clarify researcher bias.

The researcher would therefore like to offer at the outset his own personal background to indicate potential areas of researcher bias. The researcher is a member of the Church under study, of the same nationality, and was an employee for seven years, two as internal auditor and five as finance and administration manager. During this period, the researcher was involved quite heavily in improving the accounting system within the different activity centres of the church. As internal auditor, the researcher commenced the process of developing a Financial Instructions manual for the Church. In his capacity as the finance manager, the researcher presided over the preparation and implementation of four annual budgets. He also attended and provided advice to numerous board meetings as well as being a member of two of the boards himself.

During his tenure in these positions, the researcher had developed his own perceptions about the role of accounting and budgeting, and of the decision making bodies within the organisation. The researcher had come to appreciate the frustrations felt by the accounting personnel in the various activity centres. These emanate largely from the fact that while accountants are often demanded to keep timely and accurate financial records, major financial commitments are often made with minimal reference to accounting information. Accounting and budgeting were tools used by the central headquarters to perpetuate its domination, by exerting power and control, over the rest of the activity centres. The budgeting system seemed to be a ritual used to legitimise decisions and outcomes that are largely determined by the interplay of culture, power and politics within the organisation.

3.2 Choice of methodology

The form of inquiry adopted in any investigation should be logically consistent with and appropriate to the nature of the phenomena being explored, aims of the research, and the researcher's own values and beliefs as to what constitutes reality, what is worthy of study, and what is an appropriate method for conducting such study (Brown, 1998; Morgan & Smircich, 1980). This essentially means that different kinds of research questions should be investigated with different methodologies (Ahrens & Chapman, 2006). Methodology concerns the "set of spectacles" that determine the type of methods used for investigating the world (Laughlin, 1995); whereas methods are the specific techniques used to collect and /or analyse data.

While it is generally acknowledged that the selection of research issues, the form in which the research question is constructed, and the manner in which the study is conducted, is based on some underlying set of assumptions held by the researcher, it was Burrell and Morgan (1979) who first provided a basic framework for studying and understanding these beliefs. From Burrell and Morgan's (1979) paradigmatic model, two paradigms⁴ have emerged as the more widely discussed in the research literature and which have been generally used to classify all social enquiries (Guba & Lincoln, 1998). These are the Quantitative (functionalist) and Qualitative (naturalistic) approaches. These two research

⁴ Paradigms are basic sets of beliefs or assumptions that guide research (Creswell, 1998, p.74; Lincoln and Guba, 2000).

approaches are underpinned by quite distinct and exclusive ontological⁵ and epistemological⁶ beliefs.

3.3 Quantitative and qualitative paradigms

Mainstream accounting research is claimed to be predominantly grounded within the functionalist paradigm (Lee and Humphrey, 2006; Baker & Bettner, 1997; Tomkins & Groves, 1983) which is premised on the assumption of a pre-existing reality which is external to and independent of and prior to the cognition of individuals (Chua, 1988). This reality can be depicted objectively as abstractions that correspond to real life and as is best understood if the researcher removes himself or herself from the setting so as not to influence the participants behaviour (Brower et al., 2000, p. 365). The functionalist approach is also characterised by the following features as discussed by Brower et al., (2000; p. 366):

- Pursues and insists on generating value-free, unbiased data.
- Uses a deductive form of logic to test some predetermined hypotheses.
- Depicts numeric data and analysis that offer proof of replicable conclusions.
- Depict cause-effect relationships among variables.
- Researchers confine themselves to specifiable and measurable variables.
- Principal goal of sampling is generalizability to a universe of similar cases.
- Researchers use impersonal and formal language.

The qualitative approach on the other hand is regarded as an emerging but increasingly accepted framework in accounting research. It appears under a variety of names, including constructivist, naturalistic, interpretive, and post positivist (Creswell, 2007). Kirk and Miller (1986 p. 9) define qualitative research as “watching people in their own territory and interacting with them in their own language” (p.9). Its inherent aim is to make sense of human actions and the meanings attached to issues in their everyday life contexts (Brower et al., 2000; Belkaoui, 1992; Chua, 1986; Hopper & Powell, 1985).

The table below summarises the main theoretical assumptions and methodological characteristics of the two research paradigms:

² Ontology is concerned with beliefs about physical and social reality (Chua, 1986)

³ Epistemology concerns beliefs about the nature of knowledge, what form it takes, and how it can be obtained and transmitted (Hoper and Powell, 1985).

Table 3.1: Main characteristics of qualitative and quantitative paradigms

Theoretical Assumptions	Qualitative	Quantitative
Ontology	Multiple realities constructed from participants' local, everyday experiences	Singular, objective reality; static abstractions that correspond to real life.
Epistemology	Researcher interacts with participants; meaning is value relevant	Detached from research participants, objective researcher
Axiological issues/Values	Participants and researchers are unavoidably value laden	Pursues and insist on value-free, unbiased data
Rhetoric/Language	Informal and direct; often in present tense	Formal, detached, passive ; past tense
Methodological characteristics		
Analytic Process	Inductive	Deductive
Research design	Emergent, responsive, improvisational; openness of meaning	Static design; meanings closed before study begins
Basis for conclusions	Evidence from naturally occurring, everyday experience	Replicable, numerical data
Cause-effect explanations	Idiographic; emergent, unfolding process of interconnected actions	Nomothetic; relations among static variables
Types of research questions	Marginal or hard to study settings and groups; ambiguous phenomena; open-ended questions	Specifiable, measurable variables and potential relationships
Goal of sampling	Explanatory power; variation and richness, theoretical insights	Generalisability to similar cases

Adapted from Brower, Abolafia, and Carr, 2000

In addition to the ontological and epistemological assumptions of the qualitative paradigm as discussed in Chapter 1 and summarised in Table 3.1, it is also distinguished by the following methodological characteristics:

- Focuses primarily on real tasks or process, not situations artificially created (Collis and Hussey, 2009)
- Researcher is interested in meaning – how people make sense of their lives, experiences, and their structures of the world (Collis & Hussey, 2009)
- Researcher is the primary instrument for data collection and analysis (Creswell, 2007)
- Researcher interacts with the people in their natural setting to collect data (Marshall & Rossman, 2006)

- Data is largely descriptive; does not measure, it provides insights (Marshall & Rossman, 2006; Ruyter and Scholl, 1998)
- Research process is inductive (Creswell, 2007; Marshall & Rossman, 2006)
- Admits value-laden nature of enquiry (Denzin & Lincoln, 2003)

The qualitative approach is generally considered more useful than the scientific approach for all forms of social behavioural inquiry as they essentially deal with phenomena that exist largely in the minds of people or that are strongly mediated by what is in the minds of people, for example, their values (Guba & Lincoln, 1998). This requires a research approach that allows the researcher to “get close” to participants, gain insights into their internal logic and interpret their subjective understanding of reality (Shaw, 1999).

While advocates of both the quantitative and qualitative approaches have been engaged in a ‘paradigm war’, there is a growing number of researchers who are questioning the value of strict adherence to a purist view on either paradigm (Kakkuri-Knuuttila *et al.*, 2008a; Johnson & Onwuegbuzie, 2004; Ritchie & Lewis, 2004). They contend that arguments over the quantitative-qualitative dichotomy tend to concentrate more on their differences while overlooking their similarities (Johnson & Onwuegbuzie, 2004). Their main contention is that the overemphasis on the epistemological origins of a particular approach may hamper communication between researchers working in different approaches (Kakkuri-Knuuttila *et al.*, 2008) and could undermine ability of researchers to choose and implement the most appropriate research design for answering the research question raised (Ritchie & Lewis, 2004). Lau & Anders (2000) espouse that research needs to “move beyond arguments as to which approach is more legitimate, toward discussions as to whether the methods have been appropriately used” (p.150).

Those advocating a more pragmatic approach to selecting an appropriate research design suggest that both approaches can and should be seen as part of a researchers’ ‘toolkit’ (e.g. Ritchie & Lewis, 2004). Pragmatism should determine the appropriate method for addressing specific research questions, rather than focusing too much on the underlying philosophical debates. The two approaches should not be seen as competing and contradictory but as complementary strategies appropriate for different research questions or issues (Seale, 1999). Van

Maanen (1998) for instance, contends that quantitative research is not the evil twin of qualitative research. However, this study will be based predominantly on the qualitative approach as is deemed more appropriate given the nature of the research issues under investigation. The justification for the use of the qualitative approach is provided in the following section.

3.4 Qualitative research in accounting

In the accounting field, qualitative research is well suited for studies aimed at providing detailed descriptions and analysis of the different environments in which accounting operates (Lee & Humphreys, 2006). This would enable the formulation of theories of accounting that better reflect the richness and complexity of social and economy life (Vaivio, 2008; Humphrey & Scapens, 1996). In addition, by studying how accounting meanings are socially generated and sustained, a better understanding of accounting will be obtained (Elharidy et al., 2008; Goddard & Jackie, 1997; Hopper & Powell, 1985).

Within the cultural analysis of accounting literature, there is growing interest and calls for more qualitative research. Actual studies, however, have been rather limited. Notable among the few studies are Efferin & Hopper (2007), Wickramasinghe & Hopper (2005), Abdul Rahaman & Goddard (1998), and Ansari & Bell (1991). These limited studies have indeed demonstrated that ‘thicker and richer’ descriptions and deeper understanding of the impact of culture on accounting systems, including budgeting, can be obtained by a closer interaction with research participants and their setting.

The qualitative approach is deemed appropriate for this study for several reasons. Firstly, as briefly mentioned in Chapter 1, cultural analysis of accounting in developing countries, and in particular in religious institutions, is a field in which the underlying concepts appear to have not been adequately defined in the extant literature. Hence the primary concern should be on in-depth studies that will generate better insights and understanding into the interplay between culture and accounting in such organisational contexts (Gernon & Wallace, 1995). Qualitative studies with its emphasis on closer engagement with the research subjects in their natural setting offer the prospect of developing new theories of understanding that are more likely to be empirically valid since they evolved directly from ‘real world’ observations (Yeganeh & Su, 2006; Ferreira & Merchant, 1992)

Secondly, a cultural analysis of accounting is essentially about understanding human beliefs, behaviour, perceptions and values, all of which are often significantly influenced by one's setting. The setting provides the framework within which participants interpret their thoughts, feelings, and actions (Marshall & Rossman, 2006).

The qualitative approach is methodologically consistent with the aims of this study which include understanding the perceptions and explanations given by organisational members on their experiences and understanding of the budgeting process (Irvine, 2005; Baker & Bettner, 1997; Ansari & Bell, 1991; Tomkins & Groves, 1983).

3.4.1 Case study approach

Hopper and Powell (1985) argue that accounting should no longer be studied in a mode which is divorced from its social context and which ignores the influence of the "wider social and political collectivities" (p.450). This requires the use of the case study approach. The case study method is considered as sitting within the qualitative research paradigm (Marshall & Rossman, 2006).

Case study research is a qualitative approach in which the investigator explores a bounded system (case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (Creswell, 2007; Yin, 1989). Through the use of multiple sources of evidence, the researcher can address a broader range of historical, attitudinal, and observational issues that would not be possible in survey research (Ferreira & Merchant, 1992; Yin, 1989), due to their complexity and context (Punch, 1998). A case can be an individual, or a role, or a small group, or an organisation, or a community, or a nation (Creswell, 2007).

Case studies are necessary in accounting research to capture the "dynamic and contextual complexity of 'living' organisations" (Feeney, 1997) which other approaches cannot provide. Apart from illustrating particular social theories, case studies also have the potential to play a broader role in challenging existing as well as developing new accounting theory (Humphrey & Scapens, 1996).

While the usefulness of case studies for producing rich stories about the phenomena being studied is generally acknowledged, the case study methodology

is often criticised for providing little basis for scientific generalisations (e.g. Brown, 1998). However, the deep understanding gained from the use of grounded theory methodology should ensure the concepts and theories generated from the case study can be applied in other environments (Collis & Hussey, 2009, p. 64).

This research uses a single case, concurring with Ahrens and Dent (1998) that in qualitative studies, the aim is to provide thick descriptions rather than generalising across cases, and so it is the depth rather than the breadth that really matters. The study of more than one case dilutes the overall analysis in that the more cases an individual studies, the less the depth is given to any single case (Creswell, 2007). The in-depth study of a single case, however, could provide a plausible, contextually rich explanation of the research phenomenon that has theoretical value (Vaivio, 2008). Dyer and Wilkins (1991, p. 617 as cited by Ahrens and Dent, 1998) also support the use of single cases stating that:

... the key issue is not ... the number of cases....The central issue is whether the researcher is able to understand and describe the context of the social dynamics of the scene in question to such a degree as to make the context intelligible to the reader and to generate theory in relationship to that context...

The single case is appropriate in this research in that it is the understanding of the meanings which participants give to their experiences on the budgeting process that matters rather than determining the number of people who share a similar view on the process. This perspective is also shared by Ruyter and Scholl (1998) who explain that qualitative research “offers insight into questions about the way people think about a certain subject and why they think that, it does not answer questions like how many people share the same opinion” (p. 8).

3.4.2 Grounded theory

Grounded theory was first presented by Glaser and Strauss in their 1967 book *The Discovery of Grounded Theory*. It was written largely as a protest against what they viewed as a rather passive acceptance that all the ‘great’ theories had been discovered and that the role of research lay in testing these theories through quantitative “scientific” procedures (Charmaz, 1983). Part of their rationale was that there was too much emphasis on verification of theory resulting in the lack of generation of new theories.

Grounded theory is an interpretivist mode of enquiry which has its roots in symbolic interactions where language, gestures, expressions and actions are all considered part of the experience (Goulding, 1998, p. 51). As a methodology, it sits within the interpretive research tradition (Parker, 2001; Chua, 1986). Elharidy et al., (2008) explain that grounded theory share many features with Interpretive Management Accounting Research (IMAR). Some of these features are listed below:

- Main emphasis on theory development (Goulding, 1998)
- Theory evolves through the continuous interplay between data collection and analysis (Corbin & Strauss, 2008; Charmaz, 2006; Glaser & Strauss, 1967).
- It is primarily interpretive and hermeneutic (Parker & Roffey, 1997)
- It involves a three-phase process of induction, deduction and verification (Strauss, 1987) being used iteratively.
- Research validity is derived from meanings agreed by “both researchers and researched (Laughlin, 1995; Lightbody, 2003).
- Uses rigorous data coding procedures to increase the validity of data interpretation (Strauss, 1987)
- Falls squarely within qualitative research paradigms (Parker, 2001)

Grounded theory is particularly useful in fields such as the multi-faceted interplay of accounting with culture where a totally fresh approach to existing theory is warranted because existing theories do not adequately explain their relationships or when existing theory on the phenomena being studied is minimal (Strauss & Corbin, 1998; Glaser, 1992). Furthermore since it is developed for and particularly suited for studying behaviour, grounded theory is considered ideal to investigate the impact of culture on behaviour towards organisational processes such as budgeting.

3.4.2.1 Variations in grounded theory approach

Since its inception, there have been some divergent views on grounded theory not only in style but also in terminology (Goulding, 1998). One of the significant differences concerns the role of pre-existing or *a priori* theories in relation to the generation of core research issues and data collection and analysis. Glaser (1992) on the one hand places great emphasis on allowing theory to emerge in the field

through the process of induction whereas Strauss and Corbin (1998) acknowledge the potential usefulness of existing literature in the selection of the topic and in data collection and analysis, prior to entering the field. However it should be noted that in both versions of grounded theory, prior literature is only intended to illuminate the data collected and to add theoretical richness rather than to impose a limited and narrow way of viewing data from the field (Elharidy et al., 2008, p. 147).

This study adopts the approach by Strauss and Corbin (1990) in that although grounded theory researchers should avoid prior commitment to a particular pre-existing theory when entering the research site, they do not profess neutrality as the positivist researchers attempt to do (Parker & Roffey, 1997). Further discussions on the role of theories in research can be found in section 4.1.

Consistent with the grounded theory approach to pre-existing theories adopted in this study, stakeholder theory is being employed to define the scope of the study and to inform the collection and analysis of the data. This framework is discussed in greater detail in Chapter 4- Theoretical framework.

Stakeholder theory is based on the notion that organisations have a responsibility to those who can affect and are affected by the actions, decisions, policies, practices or goals of the organisation (Carrol, 1993). Organisations, and in particular non-profit organisations, normally have a multiplicity of stakeholders and should identify which of these groups really matter and which of their interests should be considered. This study employs a stakeholder framework largely for defining the boundaries as to the participants of interest and understanding how their demands and interests are considered within the organisation's budgeting system.

3.5 Assessing the quality of research using grounded theory

Qualitative studies are often criticised as they do not meet the positivist criteria of validity and reliability. There are, however, arguments that the concepts of reliability and validity are inappropriate for qualitative studies (e.g. Lincoln & Guba, 2003) including grounded theory research and so equivalent terms have been derived. Several authors propose different procedures for achieving what Guba and Lincoln (1985) called "credibility and "trustworthiness of the findings (e.g. Creswell, 2007; Creswell & Miller, 2000).

In terms of grounded theory studies, Corbin and Strauss (2008) and Strauss and Corbin (1998) proposed the following criteria for evaluating the quality of the research: applicability or usefulness of the findings; organising the findings around concepts; contextualisation of the concepts; logical flow of ideas; depth in the descriptive details; variation built into the findings; creativity in presentation of the findings; sensitivity to data and participants; and evidence of memos. The study attempts to follow as closely as possible the following criteria to enhance the quality of the research. The procedures and methods employed are discussed in Chapter 5 on Research Methods.

3.6 Chapter summary

It is paramount when conducting research for the researcher to make explicit the assumptions made when choosing a particular methodology (Creswell, 2006). In qualitative studies, the credibility of findings depends to a large extent on the researcher giving a clear account not only about how the research was conducted but also why particular approaches and methods were chosen to meet the aims of the research (Ritchie & Lewis, 2004). This methodology chapter focuses primarily on the interpretivist paradigm of research that is being adopted in this study. It discusses the characteristics of the qualitative methodology including two of its approaches, namely case study and grounded theory, that are being used in this study.

CHAPTER 4: THEORETICAL FRAMEWORK

4.0 Introduction

This chapter outlines the *a priori* theory, stakeholder theory, that is being used to define and guide the collection, analysis and interpretation of the research data. It commences with a discussion on the role of theory in research and then proceeds to describe the important features of stakeholder theory, how the framework was applied in previous studies, and how it is being employed in this research.

4.1 Role of theory in research

The notion that a researcher approaches a research site “empty handed” has long been challenged. Instead it is now generally acknowledged that every researcher enters a research situation wearing a unique “set of spectacles” (Laughlin, 1995, p. 67), a certain theoretical perspective which encompasses his or her own values and world views (Smith et al, 1988). The use of theoretical frameworks in quantitative studies is very common while their application in qualitative research is less clear (Corbin & Strauss, 2008; Llewellyn, 2003). There seems to be some controversy as to whether or not frameworks should be used and how (see for instance the debates between Glaser vs. Strauss and Corbin).

A number of researchers have acknowledged the potential role of *a priori* theories and advocate their use in doing qualitative studies. For instance, Corbin and Strauss (2008) suggests that an existing framework could be used to complement, extend, and verify the findings of a study; offer alternative explanations to the findings; and assist the researcher in developing a middle-range theory (p. 39). Glaser 1978 as cited in Goulding 1998 also suggests that without a reasonable grounding in theory and extant knowledge, “the ability of the researcher to recognise the emerging concepts and themes would be limited only to the obvious and superficial, thus depriving the analyst of the conceptual leverage from which to develop new theory” (p. 52). Vaivio (2008) opines that a clear *a priori* theoretical orientation is needed to guide the researcher to the right context and locales of interest as well as to assist in crafting interview themes and the subsequent analysis of data gathered (p. 74). Prior theories could therefore play a critical role in the collection and interpretation of research data.

A theory has been described as a “set of well developed categories (themes , concepts) that are systematically interrelated through statements of relationship to

form a theoretical framework that explains a phenomena” (Corbin & Strauss , 2008, p.55) or an orienting set of explanatory concepts (Ahrens & Chapman, 2006). For Archer (1996), theories form a part of the resource base that people draw on whenever they are working out what their opinion on a particular issue should be, how they should conduct themselves in relationships with other people and how they should act in certain situations (p.107). A theory therefore helps us to understand and explain the things that we observe and experience.

The use of theories in accounting research is critical because in order to generate findings that are of interest to the wider accounting research community, the researcher must be able to continuously make linkages between theory and findings from the field in order to evaluate the potential interest of the research as it unfolds (Ahrens & Chapman, 2006, p. 837). This point has also been previously emphasised by Humphrey and Scapens (1996) who describe theories as “rhetorical devices for both interpreting case studies and convincing the research community as to the validity of the case findings and interpretations” (p.99). It has also been contended that events in the field may be best explained with reference to multiple theories (Ahrens & Chapman, 2006; Humphrey & Scapens, 1996). Prior theories therefore have the potential to provide deeper insights into accounting practices being investigated as well as legitimising the research findings in the eyes of the accounting research community.

While advocating the use of multiple theories in accounting research, researchers are also cautioned to apply prior theories in a less constrained way so that the framework is open to being challenged and refined as a result of the research process. This would enable the development of a theoretical framework that focuses explicitly on the issues and questions raised by the case (Humphrey & Scapens, 1996). The researcher must avoid forcing theoretical constructs onto the data, but instead allow the constructs to emerge from the data (Ahrens & Dent, 1998). Vaivio (2008) warns that if the researcher strictly adheres to pre-specified constructs, he or she could end up forcing these preordained perspectives onto the observations and thereby suffocating any potential empirical insights (p. 74). Theories must therefore be used in research with great caution to allow the data rather than the theory to influence the findings.

The theory being proposed in this research will be used primarily to framing the research question, scope of the study, selection of informants, and to enhance understanding of the concepts and themes arising data analysis in order to develop new and deeper understanding of the events observed during the research. The analysis shall, however, not be restricted only to observations explainable by this theory but will remain open to possible alternative explanations to issues uncovered. In doing so, the research could possibly expose new relationships, new orientations, or new phenomena that current theories and theoretical perspectives have not captured (Dyer & Wilkins, 1991). As such, the use of this framework is representative of the approach of ‘middle-range thinking’ (Laughlin, 1995), where the framework is used as a means to guide reflection on the empirical reality but not constrain the understanding of the situation.

Laughlin(1995) developed a model for classifying empirical research by building on previous work by Burrell and Morgan (1979) and others (see for example, Hopper & Powell, 1985; Chua, 1986). He classifies empirical accounting research along the following three dimensions: (1) the level of theory in the methods chosen to pursue the research; (2) the level of prior theorisation; and (3) the level of emphasis on change. According to this model, positivist perspectives tend to be characterised by a high level of theory in the methods, high level of prior theorisation, and a low emphasis on social change. Interpretive studies by contrast tend to display lower levels of theory chosen to pursue the research, lower levels of prior theorisation, and medium to low levels of emphasis on change. In between these seemingly extreme perspectives is the position which Laughlin (1995) describes as the “middle-range thinking”. It is a medium/medium/medium approach on the above three dimensions. This approach is considered particularly appropriate in respect to the role of theory within this research. From this perspective, there can only be “skeletal” theories in social phenomena which can be enriched and complemented by the empirical details of the research. In this study, stakeholder theory shall form the basis of a ‘skeletal’ theory which could then be developed and expanded in the course of the study.

4.2 Stakeholder theory

Different theoretical perspectives have been proposed in the management literature to explain the responsibilities of and the accountability of businesses and organisations to society. Examples of these include the agency theory, legitimacy

theory, political economy of accounting theory and stakeholder theory (Ratanajongkol et al., 2006). This study draws on stakeholder theory to determine an appropriate accountability framework that would clarify the subjects of interests in this case study and to understand their perceptions of and behaviour towards the organisation's budgeting process. This section outlines the general features of stakeholder theory, a model for the identification of relevant stakeholder groups, different approaches for the application of the theory, and finally how the model is applied in this study.

4.2.1 Main features of stakeholder theory

Within stakeholder theory, an organisation is perceived to have relationships with a wide range of constituents and that it can engender and maintain the support of these groups by considering and balancing their relevant interests (Gibson, 2000; Clarkson, 1998; Freeman, 1984). There are a variety of reasons that have led to the current popularity of stakeholder theory, but perhaps two issues of particular significance are the advent of a network society and corporate responsibility concerns (Wilson, 2002).

While the notion of organisations having some responsibilities to parties other than legal owners dates back several decades, it was the publication of Freeman's (1984) landmark book, *Strategic Management: A Stakeholder Approach*, that brought the stakeholder concept to the forefront of both academic and practitioners' attention (Donaldson & Preston, 1995). One of its central themes being its challenge of the dominant economic view which asserts that the primary function of the firm is to maximise the return on investments to owners of the business, the shareholders (Friedman, 1970) while at same time offering an alternative explanation based on the relationship of the organisation to its external environment (Simmons & Lovegrove, 2005).

Although the stakeholder concept has become embedded in management scholarship and thinking, there is still little success in deriving a generally acceptable definition of the concept (Mitchell *et al.*, 1997). The most widely quoted definition is that of Freeman (1984) who describes stakeholders as: "groups and individuals who can affect or are affected by the achievement of the organisation's objectives" (p.46).

Within the public and non-profit sector literature, several variants to the above definition have been proposed. These include “any group or organisation that can place a claim on the organisation’s attention, resources, or output, or is affected by that output” (Bryson, 1995), “those who depend on the organisation to fulfil their own goals and on whom, in turn, the organisation depends” (Johnson & Scholes, 2002), and “those with the power to respond to, negotiate with, and change the strategic future of the organisation” (Eden & Arckerman, 1998).

An organisation’s stakeholders are often distinguished into two categories: Primary and secondary stakeholders. Primary stakeholders are those who have formal, official, or contractual relationships with the organisation, and all others are classified as secondary stakeholders (Carroll, 1993, p.62).

4.2.2 Determining stakeholder saliency

Stakeholder theory is often premised on a wide range of theoretical positions and so identifying stakeholder groups and their claims or interests often depends on which position one adopts. These perspectives have been conveniently categorised as the broad view, narrow view, and the intermediate view as discussed by Unerman & O’Dwyer (2006).

(a) Broadview

The broad view of stakeholders is based on the empirical reality that organisations can indeed be vitally affected by, or they can vitally affect, almost anyone. Its fundamental belief is that organisations have responsibilities to all those whose life experiences may be affected by the organisation’s activities (Gray et al., 1996; Unerman & Bennet, 2004). Proponents of this view assume that all individuals have an inherent right to participate in matters within the organisation which may impact upon them regardless of whether or not they have the power, in relation to others, to do so. One of these is Freeman (1984) who considers the claims of all stakeholders as equally valid. In non-profit organisations, stakeholders will include not only those groups and individuals to whom the organisation provides services and or campaigns on behalf, but also those individuals, communities or regions indirectly impacted by the organisation’s activities. In the profit sector, it includes both the shareholders, owners, and all those who may be affected by the organisation in the process of achieving its goals.

This view is deemed inappropriate in this case study in that while the CoM, as a religious organisation, is expected to play an inclusive role regarding its spiritual mission, given its limited resources and the strong-in group identity within the local culture, it is simply not possible to accommodate the interests of nor accountable to just about anyone as espoused in this perspective. In addition, not all stakeholders possess the power, legitimacy, and urgency to be considered as relevant stakeholders (Mitchell et al., 1997). There is also the added difficulty of identifying who these stakeholders could be.

(b) Narrow view

The narrow view of stakeholders is based on the practical reality that organisations are always faced with limited resources, limited time and attention, and limited patience for dealing with all external constraints (Mitchell et al., 1997) and so relevant stakeholder groups are identified only in terms of their direct relevance to the firm's core economic interests. Some examples of these narrow views include Alkharaji (1989) who defines stakeholders as 'groups to whom the corporation is responsible, while Thompson, Wartick & Smith (1991) describes stakeholders as groups in relationship with an organisation. The narrow view underlines the notion that for commercial entities, their only responsibility is to maximise economic returns to their legal owners (Sternberg, 2004) and so shareholders are the only stakeholders that matter. In a not-for-profit organisation, the relevant stakeholders may include those who established the organisation, its board of trustees, its current management board, and its broader membership base (Unerman & O'Dwyer, 2006).

This narrow view could not be applied in this study because it only includes those whom Gibson (2000) describes as 'primary' stakeholders. These comprise those with whom the organisation has a formal, official or contractual relationship. In terms of the CoM, these would include all the institutions that are formally recognised in the church constitution as being part of the Church structure. While these stakeholders, by virtue of their relationship with the organisation, possess power, legitimacy, and urgency, the important attributes described by Mitchell et al., (1997) to being considered as possessing relevant stakeholder of interests, the CoM does rely on its partners with whom it has no formal relationships to advance its objectives. For instance, the Church works in partnership with other

local churches, government bodies, and other agencies to further its mission and services to its members and the wider community.

(c) Intermediate view

In between these two extreme views, there is an intermediate position that is based on the idea that organisations have some responsibilities to those who are able or have the power to affect or influence the outcomes of the organisation (e.g. Bailey et al., 2000). It is more encompassing than the narrow view but not as open as the broad view. In profit oriented entities, these would include those with the greatest economic power over the business while in terms of not for profit organisations, those who are in the best position to progress or retard the achievement of the organisation's mission or objective are the only groups of interest (Unerman & O'Dwyer, 2006).

This perspective is being adopted in this study for purposes of drawing the boundaries as to the stakeholders of interest. It is appropriate in that it covers both the primary and secondary stakeholders who are crucial to achieving the objectives of the organisation. The various activity centres of the church, its governance boards, general membership and its partner agencies are considered as stakeholders of interest as far the budgeting process is concerned. They are directly involved in advancing the goals of the organisation. This is reflected in terms of participants in this study as outlined in Chapter 5. However, some secondary stakeholders, although they do not have formal relationships with the organisation, do play critical roles in its success. These groups work either in partnership with the Church or in isolation in serving the same church membership. For example, the government's youth division does provide services to youths members of the Church either separately or jointly with the Church's youth department.

4.2.3 Prior application of stakeholder theory

One of the central problems in the development of stakeholder theory has been the often confusion on exactly what it is and how it can or should be used. Donaldson and Preston (1995) discuss three types of uses of stakeholder theory that are quite distinct in terms of their underlying methodologies, types of evidence, and criteria for appraisal. These are the instrumental, normative, and descriptive/empirical studies.

With *instrumental studies*, the theory is used to identify the connections or lack of connections between stakeholder management and organisational performance, in particular the achievement of the organisation's desired objectives such as growth and profitability. The key tenet of the instrumental perspective is that for commercial entities, the ultimate objective of corporate decisions is marketplace success, and stakeholder management is a means to that end (Mellahi & Wood, 2003). An example of such studies is that of Nutts (2002) whose analysis of 400 strategic decisions found that half the decisions 'failed' in large part because decision makers failed to attend to interests and information held by key stakeholders. This approach is not adopted in this study as it is not consistent with the research objectives.

Normative studies use stakeholder theory to interpret the functions of the organisation, and to offer guidance for the operation and management of the organisation on the basis of some underlying moral or philosophical principles (Mitchell et al., 1997). These studies are predominantly concerned with the philosophical or moral arguments on why stakeholders' interests should be taken into account. Examples of such studies include Handy (2002) and Key and Popkin, (1998) who propose that organisations may need to replace their old style command structures with negotiated relationships with stakeholders in order to demonstrate a form of governance that is socially responsible and to gain legitimacy in a society with increasingly permeable boundaries. This research does not set out to make recommendations as to how the organisation should deal with its stakeholders. Therefore the application of stakeholder theory in this form is deemed unsuitable.

Finally, in *descriptive/empirical studies*, the theory is used to describe and sometimes explain specific characteristics and behaviour of the firm and how it interacts with stakeholders. These include ascertaining whether or not stakeholders' interests are taken into consideration by organisations as well as explaining which stakeholders managers pay attention to and why. For instance, in their investigation into the forms of accountability for not-for-profit organisations (NFPOs), Jegers & Lapsley (2001) discovered that these organisations do not see their relationship with their stakeholders as necessarily an economic one. It is more complex and not as formal and distant as that between a company and its shareholders. Flack and Ryan (2004) in their study of

stakeholders' perceptions of the annual reports of charitable organisations found evidence of a variety of meanings of accountability, particularly between internal stakeholder groups and external stakeholders. This approach is suitable for exploration of areas not sufficiently studied, such as the impact of culture on accounting from a developing country perspective, which may eventually lead to generating explanatory and predictive propositions (Donaldson & Preston, 1995) about the relationship between the organisation and its stakeholders.

4.2.4 Why Stakeholder theory is appropriate

The stakeholder theory is considered an ideal framework to inform this study for several reasons: First and foremost, the church, like most other non-profit organisations, operate in a complex environment with multiple stakeholders (Van Til, 1994) who could be both directly and indirectly involved in fulfilling the mission of the Church. Responding to multiple stakeholders may be problematic since these groups often have varying and sometimes conflicting expectations of the organisation (Balsler & McClusky, 2005). It is therefore imperative to identify those stakeholders who could have the greatest influence on the case study organisation, in particular, on its budgeting process. Furthermore, it could also provide insights for understanding the perceptions held by the various stakeholders on the organisation's budgeting process.

Stakeholder theory has conventionally been located within phenomenological and interpretivist paradigms and so it is compatible with the research approaches being adopted here. Within these perspectives, different stakeholders experience the same "reality" differently, and the phenomenon under investigation is shaped by the interaction of multiple purposes and stakeholder agendas (Simmons & Lovegrove, 2005). Theoretical propositions to help explain and understand these different 'realities' could be explored through the use of a grounded theory approach (Carrero et al., 2000).

4.2.5 How Stakeholder theory is applied

Stakeholder theory will be applied primarily to clarify the subjects of interest in this study to select informants whose views are paramount to gaining a deeper understanding of the issues under investigation. It provides guidelines to delineate those who could exert the greatest influence on the organisation, in particular with regards to the phenomena being investigated, from the 'rest'.

Apart from guiding the identification of potential interviewees, stakeholder theory is also used to guide the reflection on and interpretation of the themes and concepts arising from data analysis. Specific focus will be given to conceptualising the influence of culture on the relationship between the organisation and its multiple stakeholders in the following areas: the forms of accountability demanded of the church by its multiplicity of stakeholders (e.g. Gray *et al.*, 2006; Flack & Ryan, 2004), approaches to responding to stakeholder claims and interests and how it guides their expectations and evaluations of the organisation (Kearns, 1996), how the organisation determines the degree of importance ascribed to the various stakeholder claims and interests (Simmons & Lovegrove, 2005), the interaction and relationship with and between the stakeholders (Balser & McClusky, 2005), and how stakeholders act to influence the organisation's decision making and, ultimately the organisation's behaviour. As discussed in the analysis chapters of 7 and 8, stakeholder theory has been applied from a cultural perspective to explain why certain individuals within the organisation are perceived as being more dominant in decision making regardless of their legitimate powers, why some groups are seen as benefiting the most from the organisation's budget, how certain groups are seen as more legitimate beneficiaries than others, and why various groups have differing expectations and desired outcomes of the budget process. Stakeholder theory does provide guidance in understanding the relationship not only amongst the various stakeholders of the Church but also between these groups and the organisation with regards to phenomena under study.

4.3 Chapter summary

In quantitative studies, theoretical frameworks provide a conceptual guide for choosing the concepts to be studied, suggesting research questions, and for framing the research findings (Corbin & Strauss, 2008, p. 39). Their use in qualitative studies however remains debatable. Questions remain as to whether or not they should be used and how they should be employed in research.

Those advocating the use of theories claim that a priori could help sensitise the researcher to the emerging themes and concept from the data. This study joins many other qualitative researchers who do use theoretical frameworks to inform

their studies (Corbin and Strauss, 2008). It applies the principles and insights from stakeholder theory to not only identify the sample of interest but also to interpret and theorise the perceptions held by the different stakeholders on the organisation's budgeting process.

CHAPTER 5: RESEARCH METHODS

5.0 Introduction

This chapter provides a background to the case study of this research and justifies the research techniques employed to collect, analyse and evaluate data. A common criticism of qualitative studies is their often failure to provide their readers with detailed explanations of how research questions are related to data sources, how themes or categories are developed, and how triangulation is accomplished (Anfara *et al.*, 2002). In this section, I shall endeavour to provide answers to the ‘who, what, when, where, how, and why’ questions of the study, so there is sufficient details to “make all phases of this investigation open to public inspection” (Anfara *et al.*, 2000, p. 33) and to allow others to evaluate the validity and reliability of the findings (McKinnon, 1988).

To achieve the above objectives, this section covers the following areas:

- Case study selection
- Key research issues guiding data collection
- Data collection methods
- Data analysis techniques

5.1 The case study

This study is based on a single case, the Anglican Church of Melanesia (CoM). This section outlines the reasons for selecting the CoM as the case organisation, its brief history, the governance structures of the organisation, their different roles and how the stakeholders within these various levels interact within its budget process. It considers the micro issues, being the governance structures, finances and activities of the CoM as these relate to the budget process and how these are impacted upon by the macro environmental factors, being the local culture. The key features that emerge include governance units that resemble the fragmented and diverse nature of the local society, constant resource pressures emanating largely from the non-cash economy, and a social and mission orientation reflecting the dominance of wantok relationships and the lack of separation of the sacred and secular realms.

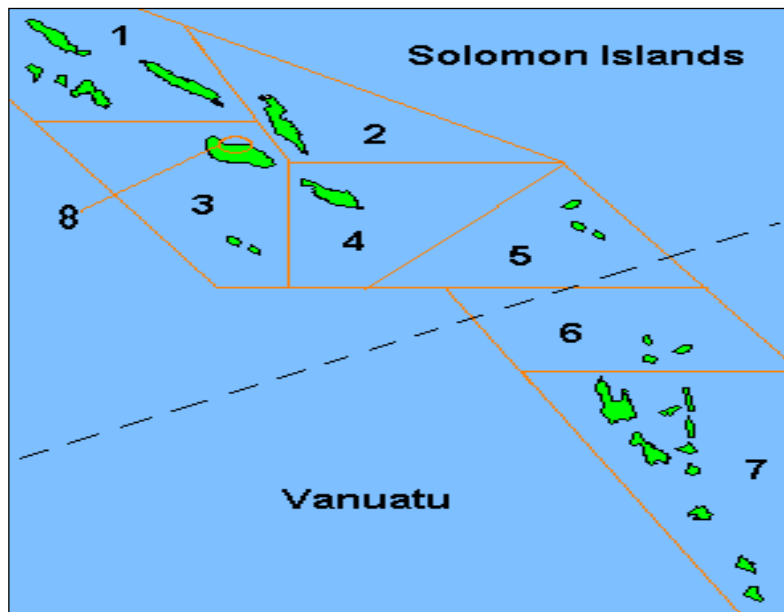
There are several reasons for selecting the CoM as the subject of interest. First, it is an institution with a rich cultural and social history, being one of the earliest Churches to be established in the country. It has a diverse membership with adherents coming from all the major sub-cultural and regional groups within the country. Furthermore, because of its size, the Church possesses significant financial and human resources making it one of the key players in the social and economic development of the country. Hence, the Church offers scope not only for the collection of rich data but also flexibility about the research topic (Irvine & Gaffikin, 2006). The CoM is considered an ‘information rich case’, a case rich in data pertinent to understanding the research questions and worthy of in-depth study (Marshall & Rossman, 2006; Patton, 1990).

Ease of access is also a key factor for choosing the CoM. As a Church member and former senior employee, the possibility of being granted access to the organisation is considered highly feasible. During seven years of employment with the Church, the researcher has developed a positive and trusting relationship with staff in the various departments and institutions as well as with members of its different boards and committees.

5.1.1 History of the CoM

The Province of the Anglican Church of Melanesia or the Church of Melanesia (CoM) as it is commonly known covers the countries of Vanuatu, Solomon Islands, and New Caledonia. It was founded as the Melanesian Mission in 1849 by the first bishop of New Zealand, George Augustus Selwyn who was consecrated in 1861. Bishop Selwyn’s aim was to form a native clergy who would train and guide local lay teachers of the Christian faith (World Council of Churches, 2006). To achieve this, locals were at first taken to New Zealand to be trained so they could return to the islands with the gospel. Later schools were set up in Mota in the then New Hebrides and then on Norfolk Island. Because of the much larger area and population of Solomon Islands, most of the effort by the mission was soon directed towards Solomon Islands. Melanesia remained a part of the Province of New Zealand until it became an ecclesiastical province in 1975. The CoM is now a fully indigenous and autonomous province within the Anglican Communion. Figure 5.1 shows the geographical boundaries of the entire church and those of its various dioceses.

Figure 5.1 Dioceses of the Anglican Church of Melanesia

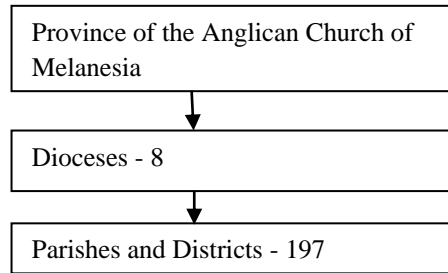


Over the years, the church has grown and developed not only institutionally but also in its membership. Latest statistics show that 30% of the Solomon Islands population are affiliated to the CoM, making it the largest Christian denomination in the country (Solomon Islands Government, 2002). In 2006, it was reported that it had a membership of 200,000, 9 bishops, 400 priests, 8 dioceses, and 197 parishes (World Council of Churches, 2006).

5.1.2 CoM organisation structure

As a religious institution, the CoM is registered under the Solomon Islands Charitable Trusts Act as the Church of Melanesia Trust Board Incorporated. The organisation operates a 3 tiered government system as is common within the Anglican Communion. This is illustrated in figure 5.2. The first level comprises the church as a province, which is divided into dioceses. These dioceses are further split into parishes or districts. Many of these dioceses and parishes are based along island and language groups replicating the wantok identities that characterise the local culture. The CoM inherited similar practices and traditions as other Anglican churches world wide. These include its governance structures and religious traditions. For instance, as is common in other provinces of the Anglican Communion, the CoM is governed by the General Synod which is composed of all bishops, lay and ordained representatives from every diocese.

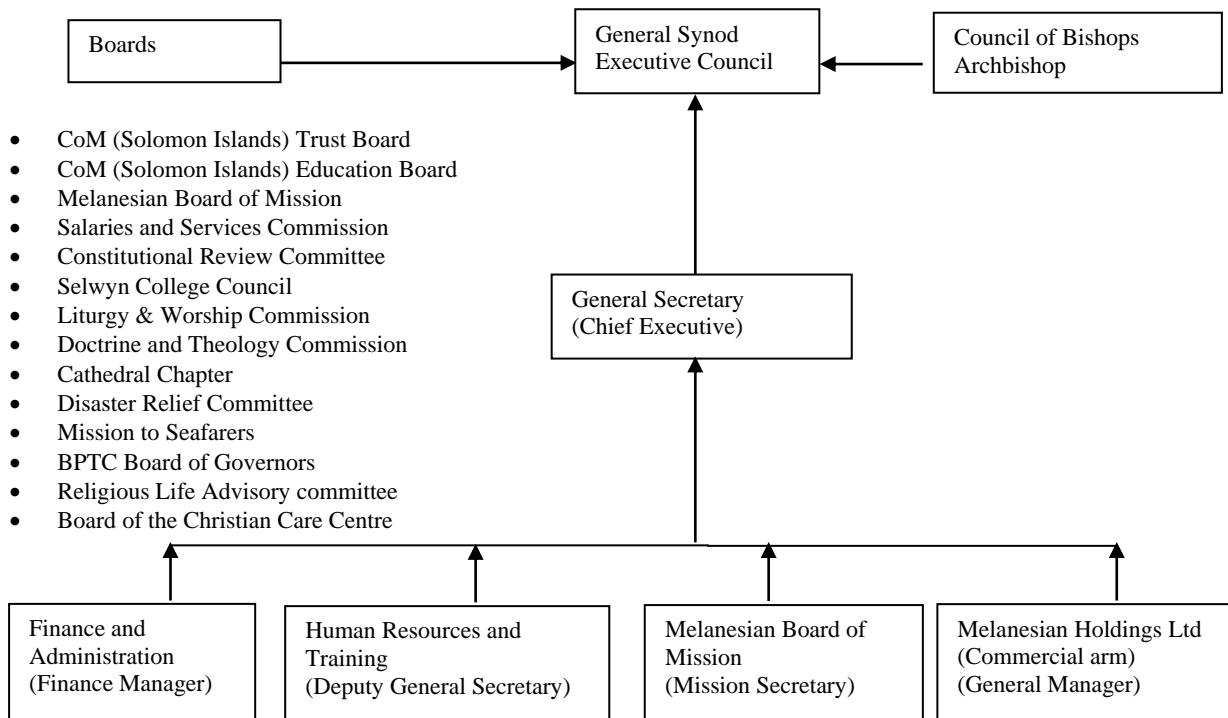
Figure 5.2: Three tier government system of the CoM



5.1.2.1 Province

As a province, the Anglican Church of Melanesia is one of a collection of some 44 autonomous churches, existing in approximately 160 nations of the world, forming part of the world wide Anglican Communion. Its Provincial Headquarters (PHQ) is located in Honiara, the capital city of Solomon Islands. The PHQ deals with the affairs of the Church as a province including communicating and coordinating with partner organisations both locally and overseas. It consists of several departments and institutions as shown in Figure 5.3.

Figure 5.3: Provincial level organisational chart



One of the PHQ’s key roles is to coordinate the activities of the dioceses and provincial institutions of the Church. It is also in many ways the agent of the CoM

Trust Board, administering the board's portfolio of assets and property and accounting for the income received from the Church's overseas and local investments.

Administratively, the PHQ is headed by the General Secretary, who is the Chief Executive Officer of the provincial Church. The General Secretary, who is accountable to the General Synod, is supported by departmental managers including the Finance Manager, who directly administers the church's provincial budget. These departmental managers are accountable to the General Secretary.

The Archbishop, the spiritual head of the Church, is also based at the PHQ. Like the General Secretary, he is accountable to the General Synod for the spiritual life of the Church. However, it is generally perceived that the Archbishop is also responsible and accountable for the secular affairs of the Church, which explains the significant influence he wields within the Church. The Archbishop, who is also the bishop of the diocese in which the PHQ is located, chairs both the General Synod and the Executive Council (CoM Manual, 2006). The post is held until the incumbent reaches the prescribed retirement age unless he or she resigns earlier.

The General Synod is the highest legislative body within the province. It enacts Church laws for the Province and has final authority in matters of spiritual discipline in the provincial Church (CoM Manual, 2006). The Synod meets every three years while its standing committee, the Executive Council, meets in the years the synod is not in session. The overall CoM budget is approved by either the General Synod or Executive Council. The General Synod deals with those matters which are the business of the whole Province and those to do with relationships between its dioceses, the relations of the Province with other Provinces of the Anglican Communion or with other Communions.

Apart from the General Synod, the Council of Bishops (CoB) which comprises all the eight diocesan bishops, is the most influential decision making body although legally, as a body of its own, it does not have the powers to make policies and rules that are binding on the church. The CoB can only make recommendations to either the General Synod or Executive Council. The powerful influence of this body perhaps demonstrates the lack of duality between the sacred and secular

matters in the local culture. It also reflects the respect for seniority within the local society.

Most of the provincial institutions and functions have their own governing boards. According to the 2006 Constitution, there are currently fifteen such bodies established by canons. A list of some of these is provided on the left of Figure 5.3. The boards are ultimately responsible to the General Synod. Many of these boards are chaired by a member of the CoB. The emphasis on collective decision making underlines the importance of wantok relationships to maintain group coherence.

Each of the four departments located at the PHQ comprises several divisions. These provincial departments, with the exception of the Melanesian Holdings Ltd, are funded directly from the CoM provincial budget. The departments provide advisory roles to dioceses and institutions. The finance department, for instance, assists activity centres in improving their accounting and reporting systems.

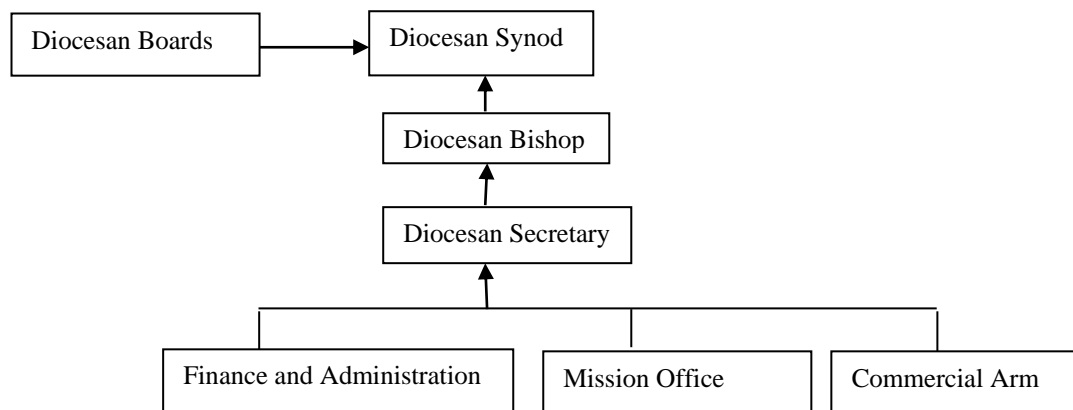
There are also provincial institutions, which although are allocated grants under the CoM budget, operate as autonomous entities, with their own governance boards. These presently include a national secondary school, a provincial cathedral, and the church's theological college. According to the Finance Manager's report to the 2008 General Synod, ninety per cent of the income needed to run all provincial activity centres comes from its overseas sources. This is supplemented by income raised locally through its local provincial operations.

5.1.2.2 Dioceses

The second tier of the church's governance system comprises the eight dioceses. There are currently six dioceses in the Solomon Islands and two in the Republic of Vanuatu covering the French territory of New Caledonia. Many of the dioceses in Solomon Islands have territories that are coterminous with those of the local provincial governments. For example, the Diocese of Malaita covers the same group of islands comprising the Malaita provincial government. However, there are also dioceses that consist of groups of islands or regions which are part of several regional political boundaries. The Diocese of Ysabel, for instance, covers the islands and regions from four different provincial governments. This form of Church wantokism reflects but is not necessarily identical to the strong sense of traditional wantok identities based on tribal and language affiliations.

Each diocese is legally an autonomous entity with its own governance structures and institutions. Their governance structures are similar to that of the province. The Diocesan Headquarters administers all matters concerning the relationship between the diocese with other dioceses and the province. It also coordinates the activities of its parishes and diocesan institutions. Figure 5.4 shows the various positions within the diocesan structures and the relationships between these stakeholders.

Figure 5.4 Diocesan organisational structure



The bishops, being the ‘overseers’ are the overall heads of their respective dioceses. They are not only responsible for the spiritual affairs but are also ultimately accountable for funds given to the dioceses either through grants from the CoM Trust Board or from parish contributions and assets placed under the custody of the diocese. The diocesan bishops are accountable to their respective diocesan synods and councils. The post of diocesan bishop is held on a permanent basis until one reaches the mandatory retirement age or resigns earlier (CoM Manual, 2006). The administrative head of the diocese is the diocesan secretary, who is accountable to the diocesan bishop. The diocesan secretary directly oversees the various diocesan departments and institutions.

The episcopal offices of the dioceses are fully funded from grants from the PHQ budget, but is administered by the diocese. The diocesan synod is considered the parliament of the diocese. Each diocesan synod may make regulations to govern the life and work of the diocese provided these agree with and are not against those of the General Synod. A diocesan synod elects representatives of the diocese to the General Synod from amongst its membership. Diocesan synods meet every three years, and their standing committees, the diocesan councils, meet

in the other years (CoM Manual, 2006). Diocesan budgets are approved by either the diocesan synod or council. Although collective decisions by the synod and council are consistent with the egalitarian nature of Solomon Islands, the formal powers ascribed to certain positions and institutions within the church structures means that the church is less egalitarian than the historical society.

The number of departments at the diocesan headquarters may vary in different dioceses. Most dioceses also administer institutions such as schools, both formal and informal, and health centres. These activity centres would normally have their own governance boards. When submitting their budgets to the PHQ, dioceses include requests for all the activity centres for which they are responsible. Some of these institutions would receive their annual grant allocations directly from the PHQ but would still be subject to diocesan oversight.

According to the Finance Manager's report to the 2008 General Synod, around thirty per cent of the Church's overall budget is allocated and spent in the eight dioceses. The report also highlighted that 80% of annual diocesan income comes from the provincial budget and the rest is raised locally at the diocesan levels.

5.1.2.3 Parishes and districts

Dioceses are divided into parishes or districts, which form the third tier of church government. Parish is normally used for an urban based church while district is reserved for rural based congregations. In some rural areas, a district consists of several villages while urban parishes could comprise several satellite churches. Each parish is headed by a priest holding the position of rector, and who may be assisted by one or several assistant priests. Parish priests are employed and posted to parishes by the diocesan administration and are responsible to their diocesan bishop. Most priests tend to serve in their diocese of origin except for urban parishes in the capital city whose priests tend to come from the different dioceses within the province. This again demonstrates the sense of identification with one's own island and wantok groups. Priests are given licences to serve in the diocese by the diocesan bishop. A priest may not serve in another diocese without the express approval of that diocese's bishop.

Each parish has its own parish council which oversees the work of the parish priest and also coordinates and liaises with the diocesan headquarters and other parishes within the diocese or in other dioceses. Unlike dioceses, many parishes

do not have a parish headquarters. Parish priests would normally reside amongst the villagers resembling the presence of and exercising similar authority as traditional leaders.

Parishes and districts are not involved directly in the overall budgeting process of the church. They are self-supporting and benefit from the church budget through the allocation to their respective dioceses, paid through parish priest's stipend and any programmes and activities run by the diocese for parishes. Although many ordinary followers of the church live a non-cash to semi-subsistence lifestyle, they are increasingly required to participate in the monetary sector by their parishes.

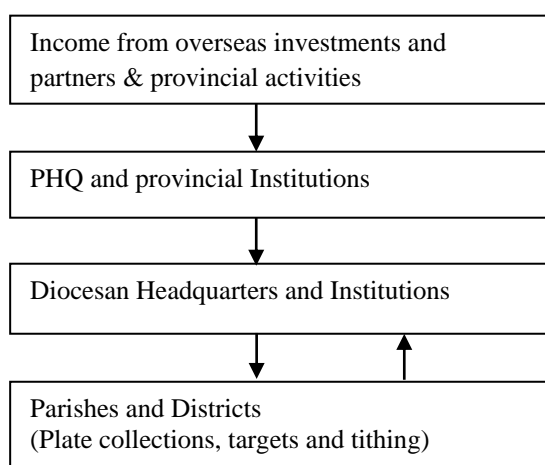
5.1.3 Resource constraint: Revenues and accounting

The bulk of the income to fund the church budget is derived from its investments in New Zealand. This trust was set up by the first bishop of New Zealand, George Selwyn, and John Coleridge Patterson, the first Anglican Bishop of Melanesia, in 1862. These early missionaries gave the first trustees 390 acres of farmland that has become the now Mission Bay and Kohimarama suburbs in Auckland, with its income to be used to "propagate the gospel in the South Seas". In 2007, the then Chairman of the Melanesian Mission Trust Board revealed that the trust provides NZ\$7 million annually as income to the Church of Melanesia (New Zealand Herald, 2007). These were trusts set up of course in the western tradition of monetary markets and exchange and are treated as legal entities separate from the owners, being members of the church. The reliance on the monetary income from these trusts effectively prevents many followers who still largely exist in the non-cash economy from participating in the church budget, compounding the resources constraints faced by the organisation.

In the United Kingdom, the Melanesian Mission was established in 1854 to support the early church in the South Seas. It currently supports the CoM through prayers, personnel and financial grants. The Church also receives from time to time grants from overseas partner organisations towards specific projects and programmes. This includes the Australian Board of Missions, New Zealand Board of Missions, Episcopal Church of the USA, and the Anglican Church of Canada. All of these funds are channelled through the PHQ before being disbursed to activity centres for which these may be specifically designated.

The PHQ assumes the overall accounting function within the CoM by accounting for funds received from its overseas investments as well as their disbursement to the various activity centres in the form of grants. It also accounts for expenditure incurred by the various activity centres located at the provincial headquarters. While accounting records present a total picture of finances of the CoM as they are received and disbursed by the PHQ, there is no consolidation of the accounts of the various activity centres. Figure 5.5 depicts the flow of income between the three governance structures of the CoM.

Figure 5.5 Flow of income from the CoM Budget



Diocesan headquarters account for funds received from the PHQ as well as that raised from their operations and the contributions from parishes. Parishes only record and report on funds raised and spent within the parish. There are no attempts to account for total ‘plate collections’ contributed at the village and parish levels since these are not normally passed on to the PHQ for redistribution. Dioceses, though, normally set quotas or targets to its parishes as contributions towards the diocesan budgets to supplement the income allocated from the overall church budget. The resources available for redistribution through the budget are constrained by what is channelled through the provincial office rather than total resources available at the three levels of the church.

5.1.4 Resource constraints: Commercial operations

The Church, through its commercial arm, the Melanesian Holdings Ltd, had operated several commercial ventures. These include coconut and cocoa plantations, a shipyard and slipway, and a printery. Some of these businesses were initially set up to facilitate the strategic activities of the Church but at the same time generate income to cover their operating costs. For instance, the printery was

set up to print prayer books and other church related publications but it also accepts orders from external customers to defray costs. Similarly, the shipyard was established to maintain the church's shipping fleet. After years of losses and with the increasing demand on the Church for further capital injection, all businesses except the printery were wound up in 2005.

The Church also operates a bookstore through which it distributes religious books and materials, artefacts, ceremonial garments and implements, and other goods used in its liturgical services. Although the shop is expected to defray its costs, it is often subsidised through budgetary support from the church adding to the financial constraints faced by the organisation.

The Church also owns a shipping fleet consisting of three inter island vessels. While the priority is on mission related work, because of the pressure to cover their operational costs, these boats were often run on a commercial basis ferrying passengers and cargo. These ships also provide valuable transport services to outlying islands where it is uneconomical for profit-oriented boats to operate. However over the years, the church could no longer sustain the costs of running all three ships so in 2005 two were sold off. The subsidies provided by the church to keep these services going are serious constraints on resources, a characteristic of the organisation.

5.1.5 Diversity: Church partnerships

In addition to comprising fragmented and diverse social groups locally, internationally, the CoM is part of a culturally diverse and geographically spread institution. At the national level, the Church is influential on national issues both as a member of the Solomon Islands Christian Association (SICA) and as a denomination in its own right. SICA, together with Civil Society groups are vocal on social and political issues, but in particular peace and justice within the country. With its large membership and its wide institutional networks spanning every strand of the society, the government and other international agencies are increasingly working through the Church both in the delivery of programmes and services. This is particularly effective as more than 80% of the population live in rural areas where the church structures exist and its influence remain strong.

Within the Pacific region, the CoM has close links with other churches through the South Pacific Anglican Council (SPAC), Pacific Conference of Churches

(PCC), as well as with the Australian and the NZ Boards of Mission. These partnerships normally involve exchange visits by clergy, mission groups, and the recruitment of teachers for its schools.

As a member of the world wide Anglican Communion, the CoM participates in most of its decision making bodies such as the Lambeth Conference, a gathering of all the bishops of the Anglican Communion held every eight years, as well as meetings of the Anglican Consultative Council. It is also a member of the World Council of Churches (WCC). The CoM often has to make decisions that are in accord with an environment of great diversity both at the national and international levels.

5.1.6 Mission and social services orientation

As a religious institution, the central concern of the Church is the spiritual welfare of its members. However, like most other national Churches, the CoM is also involved in the provision of social services both to its own members and to the wider community. The Church, in partnership with the government and local communities provides a wide range of services including those in Table 5.1.

Table 5.1: Key mission and social services of the CoM

Activity/Service	Location	Description/Goals
Education Authority	Dioceses	5 Vocational Training Centres, 13 primary and secondary schools
Health	Dioceses	Two rural health centres providing basic health services to surrounding villages.
Mothers Union	Parishes and villages	Hundreds of women based groups providing support to women. Has a provincial office supported by the CoM budget.
Youth Groups	Parishes	Cater for spiritual and social development of young people
Sunday School Groups	Villages and parishes	Basic Christian teaching to children
Healing Ministry	Villages and parishes	Visit and pray with the sick
Mission to seafarers	Main seaports	Care for spiritual, social and physical well being of seafarers
Religious Communities	Their own Headquarters and in some parishes	4 communities, 2 each for young men and women. Live prayer life and witness for the gospel.
Hospital and Prison Chaplaincy	Urban centres hospitals and prisons	Pastoral counselling and praying for the sick and prisoners
Theological schools	One each in Vanuatu and Solomon Islands	Theological education up to degree level
Men's Ministry	Parishes	Men's ministry for sharing the gospel
Abused Women	Care centre based in the capital	A centre caring for abused women and their children

Most of these services are delivered in parishes by the dioceses. Each diocese has an officer responsible for these different ministries or services who would coordinate with parishes in the delivery of the services. These ministries have coordinating offices at the provincial level. These provincial officers who are funded through the overall Church budget are responsible for coordinating and providing materials for use by the diocesan ministry officers. For example, a Youth Desk officer is employed at the PHQ, who coordinates the work of different Youth ministries in the dioceses. These services are provided in parishes so a great majority of members enjoy in tangible form the social and mission oriented services of the church.

As seen in figure 5.5, the church depends heavily on the income from its overseas investments to meet the costs of these services. The local contributions towards the costs of the ever increasing demand on these services however remain minimal. Hence the church continues to operate under conditions of resource constraint as it seeks to balance the available income with the rising demand for services from its various activity centres.

5.1.7 Gaining access

In seeking access to the potential case study, it is important to identify the “gatekeepers” and requests must start at the top (Glensne & Peshkin, 1992). As a former employee of the organisation, the researcher knew most of the current senior officers, including the ‘gatekeepers’. From an informal request to the General Secretary, the researcher was assured of a positive response but was advised to write formally to the office of the Archbishop, the overall head of the organisation. In the request, details which are considered important to potential research hosts as described by (Ritchie & Lewis, 2004) were provided. An information sheet containing this information was given to all research participants during data collection. Consent was granted by the gatekeepers, the General Secretary and Archbishop, in the first half of 2007. They both assured the researcher of their support and that they will request staff to assist, if required, and to participate in the study. Consent from individual participants was sought prior to and during actual field work.

5.2 Key research questions and issues

Although testable hypotheses are usually irrelevant in qualitative studies, it is important to articulate and answer (a) specific research question(s) (Brower et al., 2000) especially for purposes of determining the choice of data to be collected to reduce the likelihood of wasting time on gathering unusable data. Data collection was guided by a broad set of questions which could lead to data relating to the key questions informing the study as discussed in section 1.3. The questions directing the collection of data for this study include soliciting the views and perceptions of participants as to:

- (a) What activities constitute the organisation's budgeting process and how these are performed?
- (b) How the country's cultural environment influences and shapes the design and operation of CoM's budgeting process?, and
- (c) How the interplay between western budgeting and the local culture is demonstrated in CoM's budgeting process?

Existing literature can be useful in providing questions for the initial observations and interviews (Corbin & Strauss, 2008, p. 37). In this study, seed interview questions and observations were centred on budgeting concepts which have been described in the literature as the key functions of the budgeting process. These include the budget being a tool for: allocating authority and responsibility, planning and organising, communication and coordination, monitoring and control, and performance evaluation (e.g. Joshi et al., 2003; Merchant & Van der Stede, 2003; Stanger, 1991). These key aspects of budgeting have been studied in previous culture and accounting research (e.g. Efferin & Hopper, 2007; Wickramasinghe & Hopper, 2005; Chow et al., 1999; Newman & Nollen, 1996; Czarniaswska-Joerges & Jacobson, 1989; Ansari & Bell 1991; Birnberg & Snodgrass, 1988).

5.3 Multiple data sources

Grounded theory advocates the use of multiple sources of information to inform theory building. These are referred to as "slices of data" (Strauss and Corbin, 1998). Parker & Roffey (1997) suggests three main categories of data that could be used in grounded research. First, data could be obtained from organisational records or other external publications. Alternatively, the researcher could generate the data himself or herself through interviews, questionnaires and observations.

Finally, experiential data from the researcher's own professional, academic and personal background in relation to the study could also be used to code, categorise, verify categorisations and develop the emerging theory.

The focus on multiple data sources within a single case study, as with this research, should enable the researcher to gain a greater 'depth' of data regarding the perspectives and actions of those being studied from within their holistic organisational context (e.g. Lightbody, 2003; Humphrey & Scapens, 1996; Tomkins & Groves, 1983;). Creswell (2002) explains that through the use of multiple data gathering methods, the trustworthiness and credibility of results could be enhanced. In this study, data was gathered using in-depth interviews, participant observations, and documentary analysis.

In keeping with the grounded theory principle of iteration between data collection and analysis, data was obtained over two phases. The first field visit, which lasted two months, was primarily focussed on gathering as much information as possible on the budgeting process. The trip fell in line with the case study organisation's period for the preparation of the 2008 budget. Hence at the time of the visit, the researcher was able to discuss with and observe people as they put together their submissions and compiled their various budgets. This enabled the collection of multiple data in the form of interviews, observations, and documents analysis simultaneously.

The second data collection trip, lasting two weeks, took place one year after the first. The major objective of this visit was data validation. This was considered important as qualitative data are open to many interpretations. The data obtained from this process can either support or question the relations made between the initial data and the arguments being portrayed as the findings. Further discussions on the findings of the initial analysis are found in section 5.4 (Data analysis). In addition to data validation, three further interviews were also conducted to follow up on concepts and themes that needed 'filling in' from data collected from the first field visit.

5.3.1 In-depth interviewing

Qualitative researchers rely quite extensively on in-depth interviewing (Marshall & Rossman, 2006). It may be the overall strategy or one of several methods employed. Interviews offer an unique opportunity to explore the points of view of

those being studied by entering into their social world (Miller & Glassner, 1997 p. 100) in order to obtain greater insights into their actual motivations and attitudes (Marshall & Rossman, 2006).

In case studies, interviews are seen as one of the most important sources of evidence (Yin, 2003). Burges (1984) argues that these provide the “opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experiences” (p. 107). As such, semi-structured interviews were the primary method of data collection in this research.

5.3.1.1 Theoretical sampling

Theoretical sampling is the preferred method for selecting samples in grounded theory literature (e.g. Corbin & Strauss, 2008). Strauss and Corbin (1998) describe theoretical sampling as “sampling on the basis of concepts that have proven theoretical relevance to the evolving theory” (p. 202). This means that rather than pre-determining the characteristics and size of the sample, the developing theory directs the researcher to new informants and appropriate locations.

A strict adherence to the principles of theoretical sampling requires that sampling and analysis must occur sequentially with analysis guiding data collection. This could involve the researcher having to be in the field for extensive periods. Consequently, in this study, due to time and costs constraints, the researcher was not able to rigidly follow all the procedures of this sampling technique. The researcher travelled to another country for data collection and so conducting data collection and analysis simultaneously could be quite inconvenient. However some of the important tenets of theoretical sampling were observed including using the concepts derived from previous interviews and observations as the bases for questioning during subsequent interviews and observations (Corbin & Strauss, 2008).

The researcher therefore applied theoretical sampling in a “practical way” (Corbin and Strauss, 2008). The purposive sampling technique, which involves identifying respondents who are able to provide significant data on the research subject because of their experience and knowledge (Creswell, 1994) was used. Corbin and Strauss (2008) explain that as a variation to theoretical sampling, the

researcher may “look for persons, sites or events where he or she purposefully can gather data related to the initial categories, their properties, and dimensions” (p. 153). These early concepts could be derived from literature or experience. In this study, the researcher from his experience as a former employee of the case study organisation, already had a fair idea of the persons and sites for interviews and observations where pertinent data could be obtained. In purposefully selecting participants for the interviews, the researcher identified those individuals who may have experienced the phenomenon being explored (Creswell, 1994), in this case the key roles of the budgeting process of the CoM, and could articulate their lived experiences.

Corbin and Strauss (2008) further explain that it is possible to apply theoretical sampling to already collected data, as was the case in this study. This is done by identifying the phenomena of interest from the first interviews and then commencing careful initial coding. The researcher can sample theoretically the already existing data by sorting the interviews and observations to look for examples of relevant concepts and analysing these. This is the approach adopted in this study as deeper analysis was conducted only after the researcher returned from the field.

As discussed in Chapter 4, this study adopts an intermediate view of stakeholder theory and so participants were drawn from both the primary and secondary stakeholders of the organisation. Primary stakeholders were selected from employees, members of decision making bodies and ordinary members from the three levels of the Church governance system, namely the provincial headquarters, dioceses, and parishes. It was necessary to solicit views from all three levels as the context in which they conduct their budgeting process could differ. Participants from the three levels comprises mostly of department heads and middle level managers. These employees are either budget holders or play a crucial role in the development and implementation of budgets. The relationship between these different stakeholders can be seen from figures 5.2, 5.3 and 5.4 outlining the organisational structures at the three governance levels of the entire organisation. Table 5.2 shows details of the interview participants from both field trips. All the interviewees are from the Solomon Islands.

Table 5.2: List of Stakeholder participants from the two field trips

Primary Stakeholders	No. of Interviewees	Interviewee Positions	Details / Other roles
Provincial Head Quarters	11	General Secretary Finance Manager Internal Auditor Head of Board of Mission Deputy General Secretary Education Secretary Management Accountant Marine Division officer Lands and Property officer Coord. Evangelism and Renewal History Officer	Board member, CEO HoD Clergy, Board member, HoD Board member, HoD Board member, middle manager Middle manager Middle manager Middle manager Clergy, Board member, middle manager Clergy, Board member, middle manager
Diocese of Ysabel	1	Vicar General	Priest, Synod member
Diocese of Malaita	1	Diocesan Secretary	Council member, synod member
Diocese of central Melanesia	1	Diocesan Secretary Vicar General	Council member, synod member Priest, Synod member
Parishes			
Urban Parish- Honiara	2	Rector and Assist. Parish Priests	Synod members
	1	Parish Council Chairperson	Female, board member, Divisional supervisor at PHQ
Rural Parish – Diocese of Ysabel	1	Parish Priest	Synod member
Rural Parish – Diocese of Hanuato'o	1	Parish Priest	Synod and board member
Boards	1	Board member A- member of several decision making bodies	Former MP and government minister
	1	Board member 2 – member of Education Board	Former divisional supervisor at PHQ
Institutions	1	Society of Saint Francis	
	1	Manager, Commercial Arm	CoM member
Ordinary members	1	Commission of Labour	Former Diocesan Secretary
	1	Rest House Caretaker	Female
	1	Secondary teacher	
Secondary Stakeholders			
National Government department	1	Youth Officer, Ministry of Women and Youth Development	CoM member, former divisional supervisor at PHQ
Total Interviewees	28		

Although the three levels operate semi autonomously, the province is the higher level, followed by the diocese, while parishes and villages churches represent the lowest structure of church governance. A detailed description of the roles and accountability relationships of the various positions and institutions at each level

is found in 5.5.2. The main criteria for selecting primary stakeholder participants include:

- Having responsibility and control over an activity centre budget.
- Reasonably versed with governance and operational structures of the CoM.
- Being able to intelligently articulate their views and experiences.

Table 5.3 explains the different roles of those chosen as the primary stakeholders and the reasons for their selection.

Table 5.3: Justifying participants' selections

Position	Budget Roles	Views sought on
General Secretary	Overall authority and responsibility at PHQ	Factors underpinning the allocation of resources and control of the budget
Middle managers at PHQ	Responsibility over divisional budgets	Preparation, submission, approval and control of division's budget
PHQ Head of Departments	Overall responsibility for department's budgets	Preparation, submission, approval, and control of departmental budget
Diocesan Secretaries	Responsibility and authority for diocesan budgets	Preparation, submission, approval, and control of diocesan budgets, relationship with PHQ
Vicar Generals- Dioceses	Responsibility for mission ministries in the diocese	Funding for mission and performance of the Church against mission goals
Rural Parish Priests	Overall responsibility and authority for parish ministries and finances	Parish support and administration, performance, and relationship with diocese and PHQ
Urban parish Priests	Overall responsibility for parish ministries	Parish support, performance of ministries, relationship with diocese and PHQ
Urban Parish Council Chairperson	Parish administration and finances	Parish support, budget, relationship with diocese and PHQ
PHQ Board members	Oversight on specific functions, centre, or overall church	Decision making processes, delegation of authority and responsibility, outcomes of board decisions
Ordinary members	Voluntary support to budget and Church activities	Church services and benefits, church support.

As can be noted from Table 5.2, the majority of participants, 27, were selected from the primary stakeholder groups. Greater emphasis was given to this category because not only are they directly involved in the budgeting process of the CoM, but more importantly they are drivers of church programs and activities aimed at achieving the organisation's goals. Furthermore, they are first and foremost the direct beneficiaries of the budget.

Participants also comprise both lay employees and the clergy. It is important to note any distinctions in perceptions between those engaged in 'secular' roles and those driving forward the sacred ministry of the Church. There were also two female participants. In a society where males tend to dominate decision making spheres, rich insights could be gained from those whose voices are still relatively marginalised.

In terms of the secondary stakeholders, only one participant was selected. The respondent is an officer in the youth division of the national government. The CoM has a large youthful population and in recognition of this, the Church has a youth ministry with a coordinating office at the Provincial Headquarters (PHQ), field offices in all dioceses, and youth ministries in parishes. The views of this stakeholder representative are therefore vital towards understanding how the Church relates to its partners with whom it has shared goals and strives to serve the same population. The small sample reflected the fact that while engaging with its partners is vital, they played only a minimal role in the budgeting process of the Church.

5.3.1.2 Conducting the interviews

One of the advantages of personally knowing the interviewees is that one is more likely to earn the trust and cooperation of the respondents that could create an open and relaxed atmosphere (Marshall & Rossman, 2006). Despite being familiar to most of the interviewees, the researcher visited most of them in their offices prior to the actual interviews to establish further rapport and provide initial indications as to the purpose of the study and the nature of the interview.

The interviews were conducted in a semi-structured format and questions were asked in a naturalistic manner. Semi-structured interviews are designed to have a number of interview questions prepared in advance but such questions are designed to be sufficiently open so that the subsequent questions of the

interviewer cannot be planned in advance but must be improvised in a careful and theorised way (Wengraf, 2001). These initial interview questions could be based on concepts derived from literature or experience or, better still, from preliminary field work (Strauss & Corbin, 1998). However, once the data collection commences, the initial interview guide should give way for concepts that emerge from the data. In this study, the interview guide were based around the key budgeting functions as discussed in the literature as well as the researchers own personal experience and knowledge of the organisation's budget process. The questions were designed to elicit the participants' interpretations of their everyday actions as they affect and relate to the organisation's budget process. Separate questions were prepared for different categories of participants although there were significant commonalties in the questions asked.

Many of the selected interviewees fill multiple roles within the organisation such as both being employees of the various institutions and departments as well as members of decision-making bodies. In such cases, participants were asked questions both on their principal and secondary roles.

All the semi-structured interviews, except two, were conducted on an individual basis using face to face contact. The other two interviews involve two participants being questioned together. In both cases, both sets of interviewees were performing similar roles and were employed at the same levels within the organisational structure. This ensured that neither interviewee felt 'inferior' or less knowledgeable than the other. It also provided the opportunity for the interviewees to reinforce each other's views as they may have had similar experiences.

Face to face interviews allowed the researcher not only to elicit in-depth responses from participants but also to observe non verbal cues and the physical characteristics of the setting. Interviews lasted between one hour and two hours. Most were conducted in the interviewees' offices while non-employees were interviewed in the lounge room of the Rest House where the researcher was staying, which happens to be owned by a women's group from the church.

All interviews were first tape recorded and later transcribed. The researcher also took note of comments made by interviewees after the tape recorder was turned off. Transcripts of interviews were subsequently given to interviewees for

validation and to allow further elaborations or modifications. All the interviews were conducted in pidgin, the local lingua franca, so that language would not be a barrier towards full and clear articulation of views. Both the interviewees and the researcher were fluent in pidgin. Transcripts were, however, translated by the researcher into English. Samples of these transcripts were later reviewed by a Solomon Island national who is on the staff at the University of Waikato Management School to ensure translation accuracy.

Prior to each interview, the researcher reiterated to the participants that in the interviews, there were no right and wrong answers, and that what was relevant and important were their views and perceptions and not their technical knowledge about the budget process. Emphasising these was important as many participants knew the researcher had previously held senior positions within the organisation and could have some prior knowledge about the various issues surrounding the budget process. This was apparent during the interviews when some of the participants kept reminding the researcher that “you knew these things since you’ve been here”.

Guaranteeing confidentiality of participants’ views is one of the central obligations field researchers have to those they study (Lofland et al., 2006). Hence, at the beginning of each interview, the participant was assured that utmost confidence will be maintained over the data collected in a way that it will be difficult to attribute views expressed to any particular person. This would be done through the use of pseudonyms. This was to allay any fears of participants being penalised by their superiors over unfavourable views expressed during the interviews.

5.3.2 Participant observation

Participant observation involves the researcher immersing himself or herself in a research setting and collecting data by systematically observing the dimensions of that setting, interactions, relationships, actions, and events (Schwandt, 1997; Mason, 1996). With its emphasis on attention to details of people and events in their the social and historical contexts, participant observation maximises the researcher’s ability to better understand the motives, beliefs, concerns, interests, unconscious behaviours, customs of those being studied (Guba & Lincoln, 1998).

Most of the observations took place in the administrative offices at Provincial Headquarters (PHQ) which is located in the Solomon Islands capital. It is the nerve centre for the overall budgeting process as well as the coordination point for all the activity centres located outside the capital city. This is also where the researcher was mostly based during both field visits. Observations were also done at the Diocese of Ysabel headquarters, one of the dioceses in the Solomon Islands outside of the capital, that was visited during the first field trip.

Observation was undertaken mostly on a non-participatory mode. Non-participatory observation involves attending some board and staff meetings without actually taking part in the discussions. It also includes just 'being around' the offices listening to and having informal conversations with people and watching staff perform their duties and interact with each other and with clients. The researcher was allocated a desk within the open office area. Sitting at his table, the researcher could hear and observe most of the discussions being held amongst staff and with their clients. Only those sitting in glass enclosed rooms could not be heard but could still be seen.

The researcher decided that observation in a non-participatory mode is sufficient for several reasons. First, the researcher was a former employee and therefore deemed that even in a non-participatory mode, it is still possible to gain a better understanding of what is going on. Furthermore, with some experience in senior positions within the organisation, complete participation could result in the researcher's views influencing those who were being studied.

To reduce any effects which my presence could have on the participants, the researcher made a point of informally interacting with employees during tea and lunch breaks and casual conversations during and after hours. The researcher was confident of having remained relatively unobtrusive during the entire data collection period as most of the employees were former work colleagues and so his presence in the offices was not completely unfamiliar.

Participant observation was done concurrently with in-depth interviewing and documentary analysis. In between interviews, the researcher would either attend meetings or sit in the offices reviewing documents while at the same time doing the observations. Ideally, the researcher spends a considerable amount of time in the setting, learning about daily life there (Marshall & Rossman, 2006). Although

my observations lasted the entire two and a half month's duration of both field visits, this period was considered sufficient because being a former employee of the organisation and a citizen of the country under investigation, the researcher was quite familiar with the "social realities of the organisation" (Ahrens & Chapman, 2006). Therefore any prolonged observations may not necessarily yield new information which the researcher may not have already obtained during the field visits.

During observations, the following issues were noted in addition to the key areas described in section 5.2:

- Verbal communication between staff on budget and financial matters
- Non verbal behaviour over financial issues
- Design of offices and other structures that may portray values and beliefs of the organisation
- Routines and practices that portray certain values and customs.
- Interaction between and amongst staff and clients

Pertinent events and issues observed or heard were noted in the form of field notes. These were later expanded into fuller descriptions and analysis at the earliest opportunity to prevent distortion due to loss of memory. The issues noted were later followed up with those concerned in subsequent interviews and document analysis to verify their validity and accuracy. Patton (2002) suggests that whenever possible and appropriate the researcher should follow up with those involved, those observations considered to be significant to find out directly from them what these really meant (p. 291). For instance, one of the significant observations made earlier was the fact that the accounts section appeared to be the busiest with staff conversing with people almost continuously both in person and over the phone. In my subsequent interview with two officers from the accounts section, I asked them what sort of queries they had been receiving and where these were coming from.

5.3.3 Document analysis

In modern societies, documentation is part of "the very fabric of everyday social life (Atkinson & Coffey, 1997, p.45) and so to ignore documented materials would amount to a significant distortion in understanding of the context in which organisational behaviour occurred. Documents could provide useful insights into

the underlying values and motivations of not only the producer but also of intended recipients if it is considered within its proper social and historical context (Marshall & Rossman, 2006; Hammersley & Atkinson, 1995).

They represent data that are thoughtful in that writers have given attention to compiling and so what is being obtained are the actual language and words of those producing them. These include both public documents (e.g., newsletters, internet publications, newspaper articles) and private documents (e.g., the constitution, policy and procedures manuals, annual reports, strategic planning documents, internal correspondence, minutes of meetings, organisational charts, and memos (Creswell, 2002).

The following public documents were reviewed in this study: the Church's annual reports, printed newspaper articles produced during the period of the field visits and internet versions of the same newspaper from 2005 to February 2009. Printed copies of the official church newsletter for 2007 were also reviewed as these were the only hard copies available. However, access to internet versions of the same newsletter for the period 2005 to the February 2009 was possible and these were also analysed. Data prior to 2004 were excluded as the researcher was then still an employee of the organisation. February 2009 was the cut off date for data collection, being also the time of the second field visit.

The internal documents reviewed include: budget instructions for the years 2005 through to 2008, financial instructions, financial reports, minutes of board meetings, minutes of staff meetings, minutes of general synod and Executive Council meetings, internal memos, approved budgets, budget speeches, addresses by senior officials, official correspondence, internal audit reports, and the organisation's chart of accounts. The documents reviewed included those from 2005 up to the time of the last field visit in 2009. Those produced in 2004 and earlier were not considered as the researcher was still with the CoM then and would risk reviewing his own work or that which he was involved in producing.

In reviewing each document, emphasis was given to identifying its wider social and political context and the factors and processes surrounding its production. The main focus was however on identifying statements or sentences which were considered as portraying certain values or beliefs.

5.4 Data analysis

Data analysis is the process of bringing order, structure, and meaning to the mass of collected data (Marshall & Rossman, 2006). It is a search for general statements about relationships and underlying themes; it builds grounded theory (Strauss & Corbin, 1998). In qualitative studies, the process is eclectic; there is no “right way” (Tesh, 1990), no “formulas or cookbook recipes” (Yin, 1994 p.102) and it often begins as soon as the researcher commences collecting data (Marshall & Rossman, 2006; Shaw, 1999). This is to enable the researcher to identify earlier the emerging themes and patterns and to develop categories of information (Irvine & Gaffikin, 2006) to help shape the research process. At the end of each day, the researcher would listen to the interviews and other data collected so as to determine the issues that needed following up in subsequent interviews and other forms of data collection.

The process of analysis and interpretation of the data closely adhered to the principles, underlying logic and procedures set down by Strauss and Corbin (1990, 1998) and Corbin and Strauss (2008). Grounded theory advocates an iterative process between data collection and analysis in the development of theory which was observed to some extent in this study. Some concepts were identified during the initial data collection, which were then followed up in subsequent interviews, observations and document reviews. However a much deeper and detailed analysis of the data was carried out only after the researcher has returned from the first field visit for reasons explained in 5.3.1.

In keeping with the iterative nature of the grounded theory procedures, the themes and categories and their perceived relationships derived from analysis of data from the first field trip did shape data collection during the second field visit. In addition to validation, three additional interviews were conducted to obtain further information to better understanding the categories and their dimensions and properties and to fill gaps in the evolving theory.

The following sections describe the procedures followed from coding the data for concepts up to integrating these concepts into a theoretical schema. Although these are discussed here as distinct stages, these three levels of coding are much more fluid and could be conducted simultaneously (Collis & Hussey, 2009).

5.4.1 Open coding

This first step in theory development involves uncovering the concepts by “opening up the text or raw data and exposing the thoughts, ideas, and meanings contain therein” (Strauss & Corbin, 1998, p. 102). The researcher breaks down the data into discrete parts, examines these closely and compares them for similarities and differences. Data could be analysed on a line by line or paragraph by paragraph basis. Both approaches were used in this study.

The open coding process involves a number of stages. This comprises the identification of phenomena, concepts and finally, categories. First the researcher identifies the phenomena, which are abstract events, objects, or actions which the researcher considers important within the data. The reason for doing this is to breakdown the data into ‘portions’ which could be easily recognised and managed. The phenomena identified in this study are taken from interview transcripts and other data sources and consisted of several words, a sentence or paragraph.

The next phase is to name the phenomena. This is to enable the researcher to classify similar events, happenings, and actions under common headings. Groups of similar phenomena are collectively labelled “concepts”. This is done through the constant comparative method. Concepts are the building blocks of a theory (Strauss & Corbin, 1998). Finally, concepts which are deemed similar in nature or related in meaning are grouped under more abstract concepts called “categories” (Strauss & Corbin, 1998, p. 102). Categories are useful not only because they have the potential to explain and predict, they also assist the researcher reduce the number of units to be analysed and interpreted. While a researcher may begin with a dozen concepts, he or she may eventually reduce these into several, more higher order concepts, based on their ability to explain what is going on (Strauss & Corbin, 1998, p. 113). Appendix B provides a sample of open coding as conducted here, showing the list of phenomena identified, how these were grouped into concepts, and how these concepts were classified into categories. Open coding in this study produced a total of 124 phenomena which were grouped under 16 concepts. These were then ordered into 6 main categories as shown in appendix C. Table 5.4 provides examples of the different phenomena and how many of the participants expressed such views.

Table 5.4 : Statistics on phenomena identified from interviews

	Phenomena	No. of interviewees expressing this view	% of respondents
1	Priority of financial agenda	6	21%
2	Inadequate participation in decision making	5	18%
3	Respect for the clergy still strong	3	11%
4	Mismanagement of time is prevalent	3	11%
5	Information passed through rumors	11	39%
6	No separation of business from owners	4	14%
7	Wantokism and nepotism in the church	10	36%
8	Professional people required in boards	5	18%
9	Disparity in remuneration of priests and bishops	6	21%
10	No knowledge of church finances amongst ordinary members	7	25%
11	People don't give freely of their skills and resources	6	21%
12	Financial implications ignored in decision making	5	18%
13	CoM members poor at giving	10	36%
14	People hesitant to disagree or argue	6	21%
15	Formal rules and policies to guide decisions	3	11%

Similar concepts and categories are identified through the constant comparative method. Each incident is compared to other incidents in terms of their properties and dimensions for similarities and differences prior to being grouped or placed into a category (Strauss & Corbin, 1998, p. 79). In this study, each incident or phenomena is compared to other phenomena as these are identified from the raw data. Those exhibiting similar characteristics are grouped into same the categories.

Once a category has been identified, it needs to be developed in terms of its various attributes or characteristics, known as its properties and dimensions (Strauss & Corbin, 1998, p. 117). Each category is also differentiated from other categories by developing its subcategories. Subcategories answer questions about the phenomenon such as where, when, why, how and with what consequences. Appendix D provides a summary of the various categories and their identified properties and dimensions.

5.4.2 Axial coding

Axial coding is an extension of open coding but which involves reassembling the data that were fractured during open coding by connecting the categories and subcategories on a more conceptual level (Collis & Hussey, 2009; Strauss & Corbin, 1998). The aim is to select a specific category and to build up a “dense texture” of relationships around the “axis” of this category (Strauss, 1987). In doing so, the researcher is able to determine how categories crosscut and link. It is important to note that although the raw data could provide hints as to the relationship between the categories, the “actual linking takes place not descriptively but rather at a conceptual level” (Strauss & Corbin, 1998, p. 125).

To understand the relationship between categories, the researcher must continually ask the what, why, when, where and how questions. Doing so allows the researcher to “contextualise a phenomena”, that is “relating structure with process” (Strauss & Corbin, 1998, p. 127). This enables greater understanding of the complexities of the phenomena being investigated in that while structure creates the circumstances leading to the event or happenings, process relates to the actions taken in response to these issues or events. If only the structure is examined, then one knows why but not how events occur. Conversely, if one considers only the process, he or she can understand how the results arise but not why.

While open and axial coding are normally presented as two distinctive stages, this is done for explanatory purposes only. In practice, these coding procedures go hand in hand (Corbin & Strauss, 2008). This is because as the researcher sifts through the data, he or she automatically draws connections between and amongst some of the concepts or categories. In this study, open and axial coding were done concurrently in that while identifying the concepts and categories, the researcher also began to discover potential relationships between and amongst them. In this study, the categories identified in open coding were examined and compared with each other during axial coding for any natural groupings that existed. This in turn results in two higher level categories termed as substantive categories designated as more shared and unique or less shared attributes of the two cultures as shown in Appendix D.

5.4.2.1 Validating the emerging categories and relationships

The conceptual categories and their relationships derived from data collected during the first field trip were presented to 10 of the participants during a second visit to the research site. These participants were selected largely on the basis of their availability as well as ensuring a balanced representation from all stakeholder groups. The list of these emerging categories is presented in Appendix A. Goulding (1998) suggests that at the early stages of interpreting the data, the researcher should present the emerging findings to the original informants to ensure that these are accurate reflections of their conversations (p. 55). This is preferably done before the interpretation is abstracted on to a conceptual level and therefore becomes less meaningful to them. The concepts and categories presented to the participants were described in normal everyday language so these are clear and easily understood. Table 5.5 shows a list of those who participated in the validation exercise.

Table 5.5: List of respondents for data validation

No.	Respondent	Location	Other roles/Duties
1	Finance Manager	PHQ	Lay
2	History officer	PHQ	Clergy
3	Evangelism and Renewal coordinator	PHQ	Clergy
4	Diocesan Secretary	Diocese of Malaita	Lay, Board member
5	Ordinary member	Honiara	Commissioner of labour, former diocesan secretary
6	Ordinary member	Honiara	Former middle manager at PHQ, former urban parish council member
7	Religious order member	Honiara	
8	Ordinary member	Honiara	General Manager of Church Commercial Arm
9	Parish Priest	Honiara Parish	Diocesan Synod
10	Parish Councillor	Honiara Parish	Board member

The discussions to validate the emerging themes were held face to face with individual participants rather than as a group. This is considered appropriate as participants comprise employees from the different levels and there is a risk that those in higher positions may influence those at the lower levels. The researcher commenced by explaining the various categories and providing examples of how these apply within the organisation. Respondents were then given the opportunity to express their views on the issues presented, highlighting

any agreement or otherwise, and to raise additional matters that were not covered during the first visit.

5.4.3 Selective coding

This stage involves integrating the categories into a core category. The core category represents the “main theme of the research” (Corbin & Strauss, 1998, p. 146). It must be sufficiently abstract so all other categories can relate to it. The core category should also account for differences within the categories. Identifying and deciding on the central core category is not always easy. Hence the researcher could utilise several techniques to achieve this goal. These include writing the storyline, making use of diagrams and reviewing and sorting of memos (Strauss & Corbin, 1998). In this study, the researcher employs mostly diagrams and the use of memos.

Once the researcher has integrated the major categories to form a larger theoretical scheme, the research findings begin to take the form of a theory. The researcher will however need to review the scheme ‘for internal consistency and for gaps in logic, fill in poorly developed categories and trim excess ones, and validate the scheme’ (Strauss & Corbin, 1998, p. 156).

If the researcher identifies a need to review and refine the theory, he or she could make more use of memos and diagrams or return to the field to collect additional data. Deciding on when to stop data gathering has been suggested to be the point at which it has reached theoretical saturation. This is the stage where any data no longer produce new categories, properties and dimensions. In this study, theoretical saturation was deemed to have been reached after analysis of interviews from the second field visit. Similar themes and categories kept recurring as the researcher analysed the transcripts and documents. After a careful and thorough integration of all the categories developed in axial coding, the impact of the local culture on the budgeting practices of the case study organisation is represented by the theoretical schema depicted in Figure 7.1. The conceptual framework shows how a western style budget process is shaped by factors within the local context, some of which are common to the western culture that underpins the borrowed system while others are less shared with or unique to the local environment.

5.4.4 Naming concepts and categories

The labels given to concepts and categories are entirely up to the researcher. However the labels should reflect the nature and content of the categories. The labels could be borrowed from various sources including technical literature, the researchers own imagination and vocabulary, or from the actual words of the respondents themselves (Glaser, 1978). The latter are referred to as “in vivo codes” (Glaser & Strauss, 1967). Whatever labels used should be explained. This would ensure that those with a technical content can be understood by those outside the field. Names given to categories identified in this study were derived from the literature, actual words of participants, and the researcher’s own experiences and knowledge of the context.

5.5 Chapter summary

This chapter outlines the governance structures of the case study organisation and how these have been shaped by both the religious and national cultures. It then discussed the techniques used for gathering and analysing data. It seeks to provide as much detail as possible about why and how these methods were applied in this study. In doing so, it could assist the reader in understanding how the researcher arrived at the results, so as to enhance the trustworthiness and quality of the research findings. Corbin and Strauss (2008) suggest that researchers should provide an overview of their research procedures to help readers judge the analytic logic and overall adequacy or credibility of the research process (p. 309). In addition, by providing a clear “audit trail” on how the findings were obtained, it could enable these findings to be translated to similar contexts.

CHAPTER 6: THE CoM'S BUDGET PROCESS MODEL

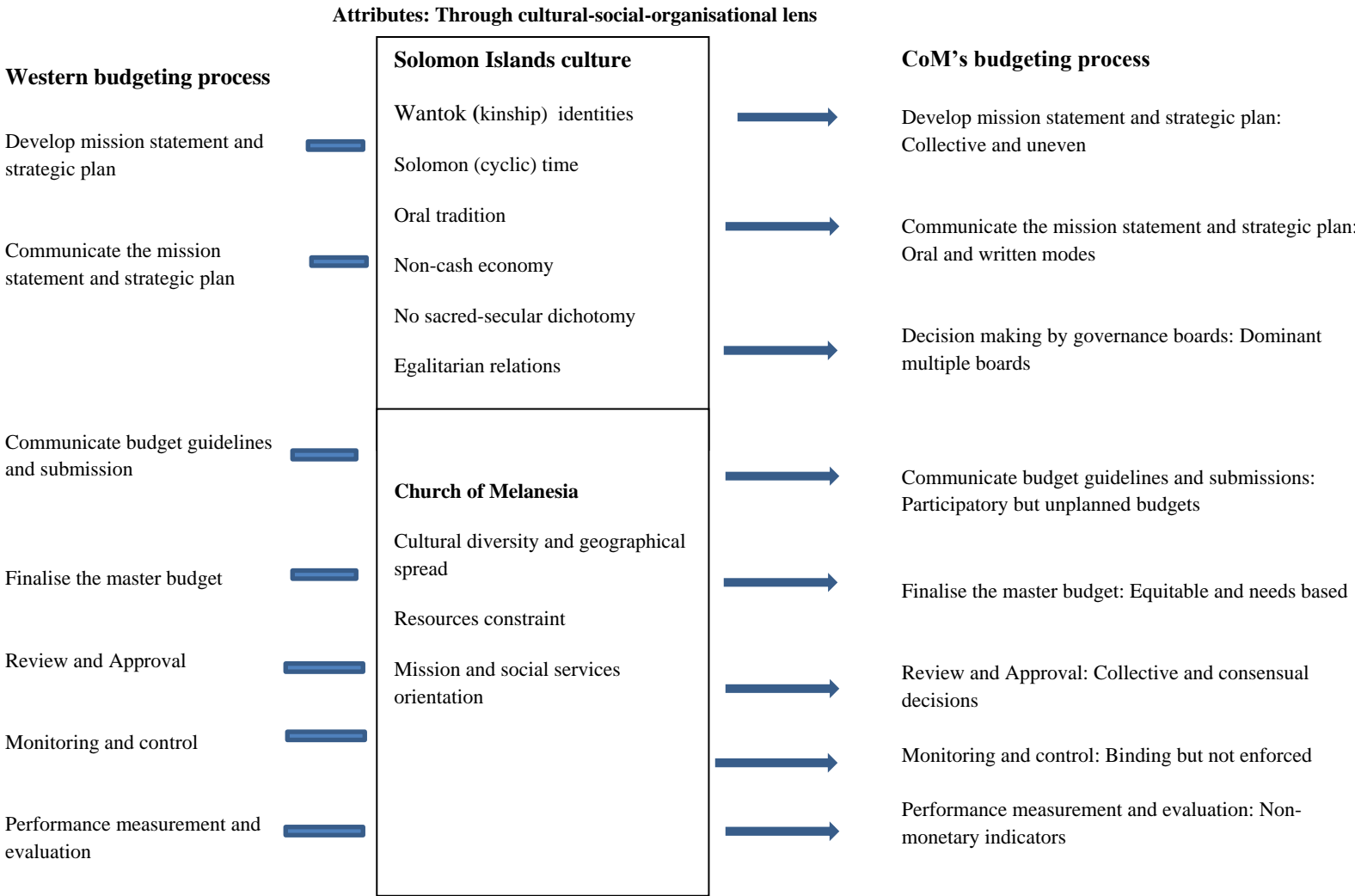
6.0 Introduction

This chapter outlines the findings of the field research. It focuses on evaluating how a western budgeting process operating in tandem with the local cultural environment comes together to form that being utilised by the CoM. Essentially, the western budgeting system which is underpinned by western values and beliefs is being transplanted onto an organisation whose practices are influenced largely by the local social and cultural environment and this blend emerges in the form of a unique process conceptualised in this and the chapters to follow.

Detailed accounts of the different stages of the budgeting process, the activities undertaken, and how these are being performed are discussed. Figure 6.1 provides the steps taken so far in the process of developing the CoM budget process concepts. The figure shows how the western budget process (first column on the left) is being impacted upon as it interacts with both the macro and micro factors in the local environment (second column). These environmental features have been discussed in detail in the prologue. The resulting CoM budget process, depicted in the third column, is being discussed in this chapter in comparison with the original western budgeting style.

The western budgeting style is being described here as it is commonly portrayed in conventional accounting texts. While attempts have been made to discuss budgeting as it is carried out in western non-profit organisations such as the CoM, generally the comparisons in this research are based on western budgeting as generally practised by western organisations regardless of industry and profit orientation. The budget process as shown in Figure 6.1 generally describes that followed by western organisations even if there may be variations in the underlying rationale for some activities and in how these are carried. For instance, while planning is carried out as part of the budget process by both commercial and non-profit organisations, the motivation for doing so differs in these organisations. In addition, as discussed in Chapter 1, the focus in this study is not on studying the budget process in itself but on the perceptions of local participants on issues surrounding the process. Hence a comparison of the CoM practices with a similar western based organisation is not deemed necessary.

Figure 6.1: The environmental filters shaping the CoM’s budgeting process



6.1 Historical Development of CoM's budget process

The Church's accounting and budgeting systems were probably introduced by the early church administrators when the church became a separate province in 1975. These were mainly expatriates who held the positions of Archbishop and General Secretary.

In the 1970s and early 80s, there were only four dioceses and the church operated few schools and clinics. The resources available to the church for distribution were relatively small. In addition, much of the focus was on evangelising the islands and so the allocation of resources was less complicated. The responsibility of drawing up the budget was left entirely to the senior administrators at the Provincial level. This was probably due to lack of communication facilities and difficulties in travelling between the various islands. There was also generally a lack of qualified accounting personnel in the dioceses and institutions. In fact, in the early days the church was seen and closely identified only with the Archbishop and to some extent the General Secretary.

Over the years, particularly in the 1990s, the church grew administratively into eight dioceses and set up many other institutions, including schools and religious communities and become involved in the provision of an increased number of social services. At this stage, the CoM has become a fully indigenised institution with all the positions, both clergy and lay being occupied by locals. There were occasional periods where expatriates were employed as consultants or clergy.

It was also during the 1990's that the income from the Church property in Auckland, New Zealand, began to play a significant role in the finances of the church. To strengthen the church at the parish and diocesan levels, the church moved to employ qualified personnel in the dioceses. It was a requirement that diocesan secretaries and treasurers must have some financial background.

A combination of the above factors: the physical growth of the church, increasing demand on resources from services provided, increase in the income level of the church and the accountability expected of the church by those managing these overseas based trust funds, and employment of qualified personnel in dioceses and institutions led to a concerted effort to improve the accounting and budgeting systems of the church. The church needed to be more systematic and strategic in the allocation, use and accounting of its resources. Hence, in the mid 1990s

several expatriate consultants were engaged to improve the administrative and accounting practices of the CoM. An internal auditor's position was also created to assist dioceses and other institutions to strengthen their accounting and financial procedures and practices.

Consequently, the accounting and budgeting systems of the church have improved markedly over the last several decades. Its financial controls and levels of accountability are either comparable or even 'better' than many local organisations. Its budgeting practices have also expanded to include the participation of dioceses and institutions in the preparation of the annual budget. The church is also engaged in both strategic and annual planning processes. These developments have led to the budgeting system which the church now employs and which is depicted in Figure 6.1 and discussed in the subsequent sections of this chapter.

The CoM budgeting process comprises various stages discussed hereunder in a sequential order. However, in practice these are iterative in that some activities could be repeated during the actual budgeting process. Furthermore, some activities may not apply each time the process is undertaken. These different stages of the process are discussed following.

6.2 Develop mission statement and strategic plan: collective and uneven

In its broadest traditional role, the budget is seen as a plan or guide to assist an organisation in the distribution of resources in monetary terms to different activities aimed at achieving organisational plans and goals (Magner et al., 2006; Stanger, 1991). Hence to develop a budget there is a need for an underlying plan by which the organisation's objectives are expected to be achieved and which serves as a basis for the cost structure underlying the budget (Otley, 1999).

Planning brings a degree of certainty to the existence of the organisation by enabling the organisation to bridge the gap between where it is currently and where it wants to be in the future (Marginson & Ogden, 2005; Ueno & Sekaran, 1992). It demonstrates a conscious effort by the organisation to determine its future by actually identifying what it wants to do and how to achieve these goals, often within specific timeframes. The rationale for planning in profit oriented enterprises is that the organisation's resources should be utilised in a manner to

maximise wealth or profits to the owners. While in non-profit organisations, planning should ensure that the organisation's activities can be selected, organised, and implemented in such a way as to maximise the attainment of the organisation's goals in as economical a manner as possible. The use of resources should be prioritised into areas that will bring the most benefit to the organisation (Arnold & Hope, 1983)

The planning process in a western based organisation is commenced by establishing its objectives. One of these is its mission statement or statement of purpose. This portrays the organisation's "long-term concrete ends to be achieved" (Hoque, 2003) or the broad purpose and reason for the organisation's existence (Drury, 2004 p. 590). Once the mission statement is set, the organisation then identifies a range of possible strategies or courses of actions that would enable it to achieve its objectives. These strategic plans provide direction, priorities, a set of goals, alternatives, an outline of the tasks to be undertaken, and a first approximation of the financial implications (Drury, 2004; Rachlin & Sweeny, 1993).

The budgeting process in the CoM resembles a western system in that it also commences with a mission statement that has been translated into a strategic plan. These are formally articulated as underpinning budgeting within the organisation. In its mission statement, the CoM declares that as a province, its purpose is:

To be a faithful part of Christ's body through the exercising of baptismal ministries, spreading of the good news of God's love in Jesus Christ, being like Christ in thought, word and action, worshipping God in spirit and truth and demonstrating God's love in responding to human needs in loving service (Melanesian Messenger, 2007).

This mission statement is expressed as providing "a long term perspective to the way it (the Church) allocates its resources" (PL7). Reiterating the importance of the mission statement to the budget process, the General Secretary reminded the 2006 Executive Council that:

Every year since 2003 I continue to mention the Mission Statement. Why? Because this is how we should measure our programmes and ourselves as church workers. It also provided the direction for all our efforts at the provincial level and how we should coordinate with all our other institutions (Kiriau, 2006).

Furthermore, in his 2007 budget guidelines issued to dioceses and institutions, the General Secretary urges all units to set “strategies in line with the Church’s mission statement” (Kiriau, 2006). Similarly, in his address to the 2005 Executive Council, the General Secretary called on members to “focus and utilise our (Church’s) strengths (our resources, people and infrastructure) towards this purpose (mission statement)” (Kiriau, 2005).

From this mission statement, the CoM has developed a three year strategic plan (2006-2008) at the provincial central level (PHQ) which was approved in 2005. The purpose of the strategic plan, according to the Church’s Archbishop is, “to provide more focus on the goals of the mission statement and to enable the church to prioritise and allocate resources more effectively and efficiently so that ... by having everyone focusing on the church's mission statement and the strategic plan, the church overall will be heading in the same direction” (Pogo, 2005). The key focus of this strategic plan is in the areas of mission, education and administration. It would appear that resources constraint is an important catalyst for strategic planning within the CoM, allowing it to allocate available resources in an efficient and effective manner.

6.2.1 Compiling the mission statement and strategic plan

Both the mission statement and the strategic plan were developed by formally established bodies. The provincial mission statement was collectively produced by the Council of Bishops (CoB), a body comprising the bishops of the eight dioceses of the Church. The bishops are both the pastoral and administrative heads of their respective dioceses. Hence it could be said that the mission statement is a product of the executive management. This statement was subsequently reviewed and approved by the General Synod in 2002.

The provincial strategic plan was put together by a Strategic Planning Committee which according to the General Secretary comprises “representatives of the clergy (retired and active), the laity, bishops (both active and retired), provincial church officials, and the four religious life institutions” (Kiriau, 2005). The plan was therefore a product of inputs from the different stakeholders of the organisation, in particular those who are directly responsible for fulfilling the mission of the organisation. The resulting document was reviewed and approved by the General Synod in 2005.

The tendency for the collective preparation of the mission statement and strategic plans could partly be attributed to the wantok or kin relationships that characterise the local society and the attendant collective and consensual decision making. Participatory decisions are paramount for the unity and coherence of the group.

Despite wide stakeholder representation in the strategic planning committee, some activity centres were less enthusiastic in participating in the strategic planning exercise. The committee was thus unable to garner the views of some dioceses. This was reported by the General Secretary to the General Synod in 2005, stating that “despite requests for input from activity centres, only two out of the eight dioceses responded” (Kiriau, 2005). The lack of enthusiasm displayed by some activity centres towards strategic planning could be a reflection of ‘Solomon time’ whereby units may be concerned more about the present than any future plans.

The lack of contribution into the strategic plan by some centres perhaps explains why some dioceses are subsequently questioning if these plans actually incorporate their individual needs and aspirations. A diocesan bishop tells his diocesan synod how the PHQ seem to disregard the needs of the diocese in its budgets:

Although the CoM has been embarking on a 5 year strategic planning, sadly the diocesan plans were not considered and incorporated into the CoM overall plan. The diocese therefore continues to suffer capital grant distribution inequality for the past five years (Naramana, 2006).

One of the possible reasons for diocesan needs not being accommodated in the PHQ budget is that these may not feature in the list of priorities at the provincial level. This is because while a mission statement and strategic plan exist at the provincial level for the entire Church, dioceses and institutions are not precluded from developing their own. The Archbishop of the church in his forward to the Strategic Planning document points out that regardless of these provincial plans, “dioceses and institutions may have their separate plans” (Pogo, 2005). In fact some dioceses and parishes have their own mission statements and strategic plans. A priest serving in a parish visited during field work confirms that the parish has “created its own mission statement which they are working towards” (PA4). A diocesan bishop outlined to his 2005 diocesan council, his visions and plans for the diocese in the following areas.

- Development of mission and infrastructure to support the mission in the diocese
- Development of commercial activities to reduce dependency and to enable self-reliance in the diocese
- Development of formal and non-formal education and training; and
- Development and strengthen our partnership locally and abroad.

In August 2009, one of the dioceses unveiled its “statement of vision, mission and core values” (Melanesian Messenger, 2009). During its launching, the diocesan bishop announced that the mission of the diocese for the next ten years is to:

- Proclaim the Good News of the Kingdom of God
- Teach, baptize, nurture new believers and produce true disciples
- Respond to human needs in loving service
- Seek to transform unjust structures
- Care for the environment

While a central mission statement and strategic plans exist to guide the overall church, some activity centres have proceeded to develop their own. While the mission and strategic goals developed by the various centres share a lot in common with those that exist at the provincial level, there are also differences of emphasis on specific issues. It is perhaps inevitable that the needs of the various activity centres would differ given the cultural and social diversity and the physical spread of these units. In addition, each unit may consider itself as a separate ‘wantok identity’ as these are coterminous with language and regional boundaries.

6.2.2 Linking the mission statement, strategic plan and the budgeting process

Budgeting is concerned with the implementation of the organisation’s long-term plan for the year ahead (Drury, 2004). Hence the budget should ideally be a reflection of strategies adopted by the organisation.

The CoM does attempt to ensure that its budgets reflect the goals and objectives contained in its mission statement and strategic plans. Hence it could be argued that the mission statement and strategic plans do fulfil their articulated purpose of guiding the allocation of resources within the organisation. Several examples illustrate this. Firstly, having education as a strategic goal has led to the acquisition of land for a proposed university in 2007 at a cost of SI\$2million, the

setting up of CoM University Taskforce and the appointment of a project coordinator. The taskforce's report recommending the church proceeds with the establishment of the University was presented to and approved by the 2008 General Synod.

Further on education, the church has expanded its training beyond the pastoral ministry by including scholarships to upgrade the skills of its lay employees. The Archbishop reported to the 2008 General Synod that "the Church is currently sponsoring a person for studies in Australia while others are being sent to New Zealand for leadership training" (Pogo, 2008)

Secondly, with administration as one of the key focuses of the strategic plan, the PHQ has proceeded to strengthen its administration capacity by way of better coordinating the assistance the church receives from its overseas donors. The General Secretary reported to the 2006 Executive Council that the Church had established and made budgetary provisions in the 2007 budget for a position whose responsibility involves "coordinating with our development partners" (Kiriau, 2007).

The achievement of some of the objectives expressed in the strategic plan, including those aforementioned, prompted the General Secretary to report to the 2006 Executive Council, that "some activities covered by the CoM strategic Plan 2006-2008 have been followed up during the year"(Kiriau, 2006).

Despite these few cases demonstrating the achievement of the strategic plans, it is generally difficult to prioritise the objectives contained in the mission statement and strategic plans in the budgeting process. Instead, greater emphasis in the budget is on satisfactorily accommodating recurrent costs and the 'most pressing' needs. A senior manager at the PHQ when asked on the extent to which the budget reflects the mission statement and strategic plans explains that:

It (the budget) is mainly for operational, operation costs. Although our aim is to at least do something... but we cannot do everything at once. Because the cake is fixed... it's hard (to meet everything) (PL8).

Another senior manager at the PHQ explains that the "has had to respond to certain issues that may arise... which were not anticipated... such as the resignation and the consequent election and consecration of new bishops" (PL7).

This makes it difficult to implement the strategic plans and mission statement through the budget.

The minimal emphasis on the strategic plans and mission statement in the budgeting process is also echoed by a priest from a rural parish:

For our parish, the budget is simply about the top-up to the parish priest's stipend, how much the parish is going to raise to pay its contribution to the priest's stipend (parishes are required to pay a top up in addition to the stipend paid by the diocese). There is no budget to develop the parish. (PA6)

In summary, while the mission statement and strategic plans are often the reserve of the executive management under western budgeting, in the Solomon Islands context it has become a collective undertaking of representatives from the various stakeholders of the organisation. In addition, from while the mission statement and strategic plan guide the allocation of resources from a western perspective, in the local society while these are indeed considered during the budgeting process, their implementation hinges on the organisation having adequately provided for urgent needs and recurrent operations. It seems present needs take precedence over planned activities. The link between the strategic plan and the allocation of resources is often uneven. This is of course a characteristic of Solomon time or the cyclic approach to time.

6.3 Communicate the mission statement and strategic plan: Oral and written modes

Having definite lines of communication to keep all the parts of the organisation fully informed of the plans and policies, and constraints, to which the organisation is expected to conform is paramount for its effective functioning (Drury, 2004, p.594). Budgets are often used to communicate top management's expectations to managers and employees (Joshi et al., 2003). They are the means through which activities of different parts of the organisation can be communicated and more importantly coordinated (Drury, 2004; Stanger, 1991).

Communicating the organisation's overall strategies is normally done in a vertical direction as these are produced by the executive management. It is essential that such expectations are formally and clearly communicated to employees as these could be used as benchmarks for measuring their performances (Joshi et al., 2003).

Under conventional budgeting, it is paramount for the mission statement and strategic plans to be communicated to those responsible for achieving the goals and objectives set out in these documents (Joshi et al., 2003). In the CoM, these stakeholders include the dioceses, parishes, institutions and the general membership of the church.

Several avenues are used by the Church to disseminate the details of its mission statement and strategic plans. One of these is through the governance boards which review and approve the documents. The present provincial mission statement and strategic plans were discussed and approved by the 2002 and 2005 General Synods respectively. This was confirmed by the General Secretary to the 2005 Executive Council, when he reported to the council members the fact that the provincial mission statement has been approved at the “10th (2002) General Synod”... .” (Kiriau, 2005). When launching the diocesan mission statement in August 2009, the diocesan bishop of Malaita acknowledges the diocesan council for producing the mission statement (Melanesian Messenger, 2009)

Secondly, the mission statement is occasionally highlighted in the official reports of senior officials to governance bodies of the church. In his report to the 2006 Executive Council, the General Secretary reiterates the Church’s mission statement by including the pijin⁷ version of the statement.

These documents are also distributed through the official publications of the Church. The strategic plan (2006-2008) was in fact compiled in a document form. The Melanesian Messenger, the quarterly newsletter of the church, contains the church’s mission statement in both English and pijin translations in its July 2007 issue.

Finally, the mission statement is also displayed publicly in prominent locations in the Church offices. At the PHQ, the provincial mission statement is being displayed on the notice board in the reception area of the administrative offices.

In summary, the church uses a variety of channels to disseminate information about the mission statement and the strategic plans to its institutions and followers. These consist of both oral and written forms. While oral presentations could have been the more effective mode, these are done only during formal board

⁷ The lingua franca of the Solomon Islands

meetings. These could not be extended to ordinary members given constraints relating to the physical spread of the organization and the lack of resources to undertake such tasks.

6.4 Decision making by governance boards: Dominant multiple boards

Major policy decisions in the CoM, whether or not these are in line with the strategic goals of the organisation, are approved by the relevant governance board before funds could be provided in the budget for their implementation. Furthermore, although the strategic plans specify the goals the organisation, the CoM budgets are more reflective of resolutions of governing boards rather than these pre-planned activities. Some of these decisions are even remotely related to the organisation's strategic plans. For instance, during the 2005 General Synod, a motion was moved requesting the commencement of plans to create a new diocese. Expanding the governance structures of the Church is not within its current strategic goals. Following further investigations by the church's Boundaries Review Commission, the formation of the new diocese was formally approved three years later at the 2008 General Synod. This formally requires the church to make budgetary allocations for the development of its physical infrastructure as well as its subsequent annual operating grants.

A further example demonstrating the priority of board decisions in the budgeting process involves a motion passed at the 2008 General Synod requiring the "PHQ administration to take into account all projects approved by the Synod and keep them in a Project Register showing that they have been approved by General Synod, and that they be automatically considered, without depending on others to bring them up, in the annual round of budget submissions" (General Synod 2008 minutes). This demonstrates an expectation that board or synod decisions should be implemented regardless of the priorities in the strategic plans.

Some board decisions would require the immediate inclusion of their financial costs in the budget, particularly in cases where the board has made a commitment with some parties on behalf of the church. A senior officer at the PHQ relates how the CoB made the decision to pay the training costs for the children of a former bishop before requesting the PHQ to find the funds and to make immediate payment:

The CoB just agreed on it (payment of the training costs) and then asked us (PHQ) to make the payment. And then we had the former bishop himself kept ringing asking us to pay quickly.... It is this sort of situation that one gets very frustrated and just feels like walking out (PL8).

The same officer also expresses how some decisions made by the boards bore no resemblance to planning:

All of a sudden, they'll (boards) come to you requesting to pay this and that... there is simply no planning and organising. We just seem to jump here and there without properly considering things. God himself is a God of order. We can't expect miracles if we don't plan properly (PL8).

In summary, monetary allocations could only be made once decisions have been endorsed by the relevant boards. It seems board decisions are given priority in the allocation of resources through the budget, regardless of whether or not these reflect the intentions of the strategic plans. The emphasis on implementation of board decisions could be a reflection of the collectivist, wantok relationships and identities, of the local culture while the minimal emphasis on strategic plans could be attributed to the local approach to time.

6.4.1 Source and scope of boards' authority

Much of the powers exercised within the budgeting process are formally conferred since the same canons (Church laws) that establish the different governance boards also prescribe the nature and extent of their responsibilities and authority. For instance, only the Salaries and Services Commission could propose changes to the terms and conditions of service for employees and the consequent financial implications of such proposals reflected in the budget.

The structure of the organisation requires most functional centres to be governed by a board or commission. Hence there are as many boards as there are functional departments and activity centres. For instance, at the Provincial level there are currently fifteen governance boards (CoM Manual, 2006). The ultimate authority over the budgets of the various departments and activity centres is vested in their respective governing boards. A senior manager at the PHQ describes the Church:

...as an institution is very bureaucratic. There are just too many decision making bodies to which one person is the secretary. I wished the church was like a company where there is only one board to report to (PL7).

With many boards and committees, the authority and responsibilities assigned to each of them are often specific and limited. For example, Part D of Title E Canon

9 of the constitution specifies the duties of the Melanesian Board of Mission, most of which are confined to mission or pastoral matters. Hence it is not uncommon for a single issue to be dealt with by several boards before a final outcome is reached. An officer at the PHQ describes the inefficient manner of having to go through many boards to reach a decision saying that:

Looking at the church set up, there are simply too many decision making bodies. Each time they make a decision in one board, they would often refer it to another board. It doesn't make sense (PL 4).

Having several boards decide on the same request often poses difficulties keeping track of decisions made by each of them. This is particularly so if a certain issue has to go through many boards over a period of time. A senior officer at the PHQ describes the number of meetings that have to be held:

There are too many meetings and it is often difficult keeping track of decisions made by the different boards. For example, this year alone, the salaries and services commission has had to meet three times (PL7).

An officer at the PHQ cited the budget as an example, which normally goes through the Finance Committee, the CoB, and the Executive Council. The officer claims that the “administration would find it difficult to decide which decision to follow if these three bodies arrive at some conflicting decisions” (PL4).

While the administrative authority over budgets is delegated to centre managers, the legislative and oversight authority in the church, including that over the budgets, rests with collective groups in the form of boards and councils. There is a preference for collective authority and responsibility over individual powers. The inclination towards group leadership was highlighted by the Archbishop in his 1999 Selwyn Lecture saying:

Diocesan bishops form a team of leaders to take responsibilities co-operatively for the province of Melanesia and bodies such as the General Synod and Executive Council ... to govern the whole ecclesiastical Province in a co-operative way (Pogo, 1999).

A long serving clergy describes the importance of having the budget approved by decision making boards:

The idea of having the budget approved by the executive council is good to allow more people to see and know about it rather than just the people in the administration and or the finance committee that prepares it (DL3).

The delegation of authority and responsibility through the constitution provides limited powers to each governance board. Hence many issues have to be dealt with by several bodies. This in some ways facilitates greater cross-checking by the boards on each other's decisions. It perhaps reflects the egalitarian nature of the local society where decisions are collectively made by the group rather than by a few powerful individuals.

6.4.2 Participation in board decisions

The membership of most boards ensures that there is participation from different stakeholders. In most cases, there is representation from the lay, clergy, and the bishops. These are the three 'houses' within the decision making apparatus of the church.

The membership of General Synod and its standing Committee, the Executive Council, reflects equal and fair representation from the major activity centres, dioceses and institutions of the church. In other governance boards, there is also adequate representation of all the primary stakeholders of the church. For example, on the education board there are representatives from the national government's education ministry, women's groups, and training institutions of the Church. The equal representation is crucial in that:

The Church basically comprises three houses, the lay, clergy and the bishops. So the lay member on the board represents the lay people, clergy represents the clergy, and bishop the bishops (PA6).

Although board representation is designed to allow greater participation in the governance processes of the church, ordinary followers, who are also primary stakeholders but with no formal decision making powers, often feel excluded from decision making responsibilities. There are claims that decisions made only reflect the views of a few individuals. An ordinary follower argues that for the majority there is:

...little room for us ordinary members to participate in church decisions. All I know... is that decisions.... are only by few individuals. It does not represent voices of the communities, parishioners. It's one of the biggest problems because it makes us parishes to become victims of decisions made by a handful of people. They forgot to consult the rest of us who claim the church to be theirs (OD2).

The exclusion of important church constituents in the governance process is also echoed by the General Secretary of the church in a letter to members of the Constitutional Review Committee:

... the church process regarding bills is 'archaic'. It gives undue scope to technocrats like us (because of access to information to influence policy) because we are familiar with the bills. But there are many dimensions to bills e.g. social-cultural and financial, but because there is no consultation, these are not able to be looked at properly (Kiriau, 2005).

Decision making tends to be dominated by men despite the fact that women comprise a significant portion of the church membership. Although women's representation in decision making is formally guaranteed in the constitution through the Mothers Union, general synod positions open to both genders through elections are normally held by men. The limited involvement of women in formal decision making was lamented by the Archbishop in his charge to the 2008 general synod:

I believe that we neglect the fact that our women are the backbone of the Church and we fail to include them at all levels of the Church. At this General Synod we have done much worse than the last few sessions. Out of the 45 elected members to General Synod, only one of them is a woman. If it were not for the Mothers' Union, there would be no women at all in our General Synod this year (Pogo, 2008).

The following discussions suggest that while there is representation in decision making processes, such participation could be described as pseudo participation (Argyris, 1952) in that the majority feel that their views are not necessarily portrayed by their representatives. It seems representative decision making is a concept which locals are yet to fully understand and appreciate. Many are used to open face to face meetings where everyone participates, making them feel part of the collective decision.

6.5 Communicate the budget guidelines and submissions: Participatory but unplanned budgets

In an organisation that centrally redistributes its resources to its various activity centres, it is necessary to communicate information that will help these units develop their budgets. Each responsibility centre should have a clear understanding of the part they are expected to play in achieving the annual budget (Drury, 2004, p. 5). Through the budget, top management communicates its expectations to the lower levels, so units understand these expectations and can

coordinate their activities to attain these. It is not just the budget itself that facilitates communication- much vital information is also communicated in the actual act of preparing it.

The CoM adopts a hybrid of top-down and bottom-up budgeting which involves the top management communicating the organisation's broad goals to the lower levels. The lower levels in turn translate these into annual work programmes in the form of annual budgets which are communicated to the top management to be compiled into a master budget for the entire organisation. The various forms of communication between the top and bottom levels are discussed in the following section.

6.5.1 Setting the budget limits and guidelines

Top-down communication not only involves the mission statement and strategic goals, the top management must also communicate the policy effects of the organisation's strategic goals to those responsible for preparing the current year's budget (Drury, 2004). This is essential so all units operate in the same direction towards common goals in their different budgets.

To ensure better coordination amongst the different units, organisations often develop budget manuals that describe the objectives and procedures involved in the budgeting process, providing a useful reference source for managers responsible for budget preparation (Drury, 2004). The manual may also include a timetable specifying the order in which the budgets should be prepared and the dates in which they should be presented to the budget committee.

In the CoM, a great deal of communication and coordination within the budget process is either top down or vice versa. However, it is predominantly top down since the budget process is coordinated centrally by the PHQ. The PHQ plays a central role in coordinating overall budgeting process for several reasons.

Firstly, the PHQ has a clearer picture of the church as a whole than centres individually, so it can ensure the overall needs of the church are taken into account and that resources are distributed in an equitable manner. A senior manager at the PHQ explains the significance of having a central authority to coordinate the budget process:

The PHQ is important to coordinate activities of various centres and to provide a sense of direction. Most centres don't know what's going on in other centres (PL7).

Secondly, the process is coordinated centrally because the budget is predominantly funded with income from its overseas investments that is channelled through and managed by the provincial office. As the provincial office is responsible for providing an accounting of these funds, it is reasonable that it coordinates the overall budgetary process. A senior diocesan administrator agrees with this arrangement saying:

I am comfortable with the PHQ taking a leading role in the budgetary process just to make sure nobody goes out of line. Although the money belongs to all of us, the PHQ is responsible for reporting to those who grant it to us (DL4).

Communication between the PHQ and activity centres involves the exchange of several sources of information. Firstly, the preliminary budget ceilings are determined by the PHQ and subsequently reviewed and approved by the Finance Committee before being dispatched to the activity centres. These initial budget limits are primarily allocated based on the previous year's budget and adjusted for inflation (CoM Financial Instructions manual). As explained by the General Secretary to all activity centres in his guidelines to the 2007 budget:

Budget submissions are expected to be similar to current budget allocations. Otherwise we would be unrealistic in our expectations of the sharing of the cake (Kiriau, 2007).

Secondly, while the Financial Instructions manual contains the policies and rules on budgeting, the PHQ also provides specific guidelines which activity centres should comply with when presenting their budget submissions. In his 2008 budget guidelines and timetable memo to all activity centres, the General Secretary lists the following as important information the various units should include in their budget proposals:

- Details of major costs such as shipping grant and payroll
- Accountability for the mission grant
- Specific format for capital grants submissions
- Report on income generating entities run by dioceses
- Justifying new payroll costs

These guidelines also include the format for capital projects submission, such as details on the initial capital outlay and operational costs, persons responsible for management and implementation, and the quantifiable and non-quantifiable benefits of the project.

Thirdly, the PHQ also issues a clear timetable for the completion of the tasks required of activity centres. This is essential under of Sec 90 (5) of the Financial Instructions. The timely completion of the anticipated activities is important so the consolidated budget can be compiled prior to its presentation to the Executive Council for final review and approval.

While most centres endeavour to produce their submissions within prescribed deadlines, some tend to ignore them. During the budget consultations over the 2008 budget, during which I was an observer, I noticed several centres handing copies of their budgets to PHQ staff for the first time. I also noted during the discussions that a representative of one of the dioceses came with no budget submissions at all. The reasons he gave for this failure were that “both he and the bishop have been on annual leave and that the budget guidelines were faxed to the Telekom office rather than the diocesan office” (DL4). Despite the obvious lack of credibility to such explanation, the diocese was never penalised for its non-compliance. The lack of serious consideration for the failure to adhere to time schedules is a potential reflection of Solomon time.

6.5.2 Budget proposals

Budgets or plans are normally developed by the top management with or without the involvement of those who will be responsible for their implementation. However there is evidence that information exchanges between subordinate and superior during budget preparations are especially important with many possible benefits both for the individual and organisation (Shields & Shields, 1998). For instance, divisional managers are more familiar with the operational environment (e.g. Yuen, 2005; Chow et al., 1988), subordinates are more likely to communicate their private information to their superiors resulting in better budgets and decision making (e.g. Shields & Shields, 1998); get subordinates to be committed to the budget (e.g. Merchant, 1981), and allow subordinates to gain information that helps clarify their organisational roles including their duties, responsibilities, and expected performance (Chenhall & Brownell, 1988). But

generally organisations vary on the extent to which subordinates have an input into the development and selection of the performance plan which their superiors will hold them responsible for achieving (Shields & Young, 1993).

Hence, generally the preparation of the budget should be a ‘bottom-up’ process. This means that the budget should originate at the lowest levels of management and be refined and coordinated at higher levels. The justification for this approach is that it enables managers to participate in the preparation of their budgets and increases the probability that they will accept the budget and strive to achieve the budget targets (Drury, 2004; Joshi et al., 2003). However, participation could also result in unintended consequences such as slack-creation behavior, which is usually considered a problem for organizations (Davis et al., 2006; Dunk & Perera, 1997).

In the CoM, employees do get to participate in the budget preparation process. At the departmental level, formulating the budget normally involves all staff of the division. Divisional meetings are organised to solicit views and inputs from the staff. In fact it is a formal requirement under sec 94 (1) that in preparing draft estimates, departmental heads must consult with staff and that no estimates should be submitted without such consultations. This participative approach is exemplified by the Diocesan Secretary who when responding to the General Secretary’s request for budget submissions from dioceses explains that:

Soon after receipt of your ‘budget guidelines’ I immediately requested the departmental heads (of the diocese) to submit their financial plans for 2008 (Kapu, 2008).

A department head at the PHQ, whose division includes several line managers, also describes the involvement of his staff in the preparation of the department’s budget:

... I’d call all the staff of my department. They’d put something on paper and bring it with them. We’d sit together as a department... we look at our budgets, have our own consultations before I bring the agreed budget to the Finance Manager and the General Secretary (PL3).

In the submission from one of the dioceses, it was stated that “a lot of discussions with the diocesan administrative team has enabled the completion of the budget estimates” (DS, DoCS). This was the most comprehensive request of all the proposals that was sighted.

Once the various activity centres have finalised their individual budgets, these are submitted to the PHQ for compilation. This is one of the few occasions, albeit an important one, where communication moves from bottom to the top. It is an opportunity for the activity centres to participate in the budget process by expressing their needs and situations through their respective budget proposals.

Most of the budget submissions sighted during the field visits were consistent with the guidelines issued by the PHQ. Some were quite comprehensive, demonstrating the amount of effort and seriousness put into their preparation. These detailed submissions perhaps reflect a conscious effort by responsibility centres to inform the PHQ about their actual situations and needs. A senior diocesan officer explains that their budget submission “reflects the areas of priority of their diocese” (DL4) while another confirms that the submissions are based on “what they (dioceses) know, what their situation is like” (OD1). A senior finance officer at the PHQ agrees that activity centre budgets provide a good reflection of the situations faced by them in that:

They (Activity centres) tend to have very high expectations from their budget submissions because these are based on the real life situations faced at their levels (PL8).

However, there were also submissions that are simply a list of income and expenditures with few explanatory notes. Several research participants feel that for many centres, their idea of a budget submission is nothing more than a “shopping list” without any underlying plans. A comment made by a department head at the PHQ illustrates this:

The budgets that people bring to the consultations... are just an activity with numbers against it, without describing what the activity is about... how it will be carried out, what is its purpose?, what is its expected impact? All they talk about are the figures. But what is behind the figure? What are the activities relevant to the life of the church that the figure imposes on the people? (PL2).

Another department head at the PHQ echoes similar views claiming that:

Some people come in (to consultations) with a shopping list which they really want to get everybody to agree to. In the end, they get frustrated if they don't get these (PL9).

Despite their participation in the budget preparation, there is generally minimal attempt to pad their budgets. The behavioural problem of ‘slack creation’ is not of

a major concern within the organisation. The lack of slack creation behaviour probably results from the fact that people's performances are not being judged nor are they rewarded based on their achievement of the budget. It could also emanate from the amount of trust that exists amongst the various groups of the church who consider themselves as having a distinct wantok identity as opposed to non-church members.

6.5.3 Budget consultations

Budget negotiations occur both within divisions or departments as well as between different departments. When managers submit their budgets to their superiors, the superior should then incorporate this budget with other budgets for which he or she is responsible and then submit this budget for approval to his or her superior. The manager who is the superior becomes the budgettee at the next higher level. At each of these stages the budgets will be negotiated between the budgettees and their superiors, and eventually they will be agreed by both parties. Hence, the figures that are included in the budget are the result of a bargaining process between the manager and his or her superior (Drury, 2004).

In the CoM, negotiations amongst divisional staff occur at the divisional or activity centre level. Once these proposals reach the PHQ, it will organise budget consultations between representatives of various activity centres, normally the administrative head and the finance officer, and senior executives at the PHQ. This week long consultations are organised with the following objectives in mind.

Firstly, the occasion provides the opportunity, "for the PHQ and the various activity centres to get to know and understand each other's position" (PL7). This is important in that while each unit expects to get as much of its budget requests approved, the PHQ must balance the needs of the overall church with the available resources. Through these informal discussions, better understanding is established so centres do not get frustrated when some of their submissions are excluded. A senior manager at the PHQ explains that:

Everybody has high expectations from their budget submissions, wanting everything to be met. But we (PHQ) would tell them, sorry we can only meet this much and you've had to work extra hard to meet the shortfall (PL8).

A department head at the PHQ also echoes the understanding that is developed from the consultations saying:

I think the way they (schools) come and talk and justify their needs and indicate whether they're able to contribute towards their proposed projects is useful (PL9).

A senior diocesan officer further illustrates the sort of understanding reached during these consultations:

If I requested a vehicle but was told that I could not then I would be very disappointed. However, if I was told that for this year, this diocese would get the funding while your vehicle will be purchased next year, then based on this understanding, I will be more inclined to give up my request in support of the other diocese (DL4).

Secondly, these discussions provide an avenue for sharing and exchange amongst the various centres. It provides the centres with the opportunity to learn about the needs and difficulties faced by each of them and how they can help assist one another. During the consultations, I noted that a certain diocese requested to have two of its staff funded for training but was instead given only one placing so other centres can also nominate their staff for training. A department at the PHQ describes the budget consultations as occasions where:

We (activity centres) come and share things, we give and take and we consider others too (PL9).

A department head speaks highly of these consultations of sharing:

This sort of dialogue, consultation ... is really useful when we heads of departments, diocesan secretaries and treasurers come together to share, dialogue and consult. This is a very Melanesian thing and should be encouraged (PL3).

A senior diocesan officer expresses similar sentiments:

In having budget consultations, it boils down to one aspect of our culture. It's just a give and take situation, where we rule by general consensus. Rather than being dictatorial, everyone agrees (DL4).

The need to get centres to postpone or forego their requests to allow others to be granted theirs demonstrate once again the resource constraints which limit the ability of the organisation to meet all submission at once. In addition, it also reflects strong feelings of kin relationships amongst the various centres that predispose them to sharing and caring for one another.

Thirdly, these informal discussions allow centres to provide verbal accounts to the PHQ on how previous allocations have been spent and to justify new or expanded

activities that necessitate increases in their grants. For instance, during the consultations, dioceses were asked to explain how they have disbursed their mission grants and whether or not they have complied with the guidelines for the use of these grants. Another diocese was requested to justify why it will need to use the Church's vessel for a considerable number of days compared to previous years.

Finally, the occasion also provides an opportunity for centres to share their experiences in dealing with both budget and non-budget related matters. It allows them to present their common issues to be addressed collectively either by the PHQ or from learning from each other's experiences. A diocesan officer confirms that:

Many of us (activity centres) have similar kind of problems. Like previously it was debt servicing. Most of us have debt problems. So during the consultations, we decided to deal with debt servicing as a Church issue rather than a diocesan matter (DL4).

One of the common issues that was raised during the consultations, that the researcher was part of, was the difficulties most centres face in bringing their audited accounts up to date. Some centres highlighted their problems ranging from unreliable power supply to ill qualified staff. Several dioceses then requested the PHQ to assist them produce proper reports that are capable of being audited.

The success of these budget consultations could be attributed largely to the fact that these are carried out in a generally relaxed and informal atmosphere, unlike the formal setting of board and council meetings. In such an environment, it was observed that disagreements and failures are raised in a light-hearted and almost joking manner, making the expression of opposing views appear less confrontational than it would be in a formal situation. This relaxed setting is described by a department head at the PHQ as follows:

This year was my first to attend budget consultations and unlike other board meetings where one feels a bit intense, the atmosphere in these consultations was very relaxing. This helps us to discuss more openly and exchange our views (PL5).

During the consultations, I observed that participants were more willing to express their views than in other board meetings. Representatives from different centres

were quite open in expressing their needs and disagreements, although these tend to be voiced in almost humorous manner. There was lots of laughter as participants admit their failures and challenge each other's views and ideas. A former diocesan secretary describes how he “loved arguing with another colleague and pulling each other’s legs during the consultations” (OD1). The tendency for the open expression of views in a less formal atmosphere demonstrates the egalitarian relations that dominate in the local society whereby there is minimal hierarchy based on status and position.

These budget consultations are considered useful in that it is one of the few avenues through which different centres get to share and discuss their issues as a group since there is minimal formal communication and coordination amongst the centres themselves. Although heads of the various activity centres often interact in different official forums, there is limited communication and coordination amongst them in terms of achieving either the provincial mission statement and strategies or those individually developed by these centres. A member of a religious community describes the lack of communications and coordination amongst the four religious orders of the Church:

With the religious order, what I find is that the church mission is going one way and the religious orders, all four of them, each one going their own way. It will be much better if the church could get all four groups together and work together under one mission statement (RE1).

This minimal horizontal coordination and communication is one of the key findings of a review of Melanesian Board of Mission (MBM), the mission agency of the Church, which states that “some people inside and outside MBM feel as though there is duplication and lost opportunities for people working together” (MBM Taskforce Report, 2006). The apparent inadequate communication amongst the various activity centres could be the result of the physical spread of the organisation combined with the absence of relevant infrastructure. In addition, it could also stem from feelings of localised wantok identities with each centre considering itself as distinct from the others.

Given the limited horizontal communication and coordination, the consultations that occur at the different stages of the budget process provide the occasion for employees and institutions at the same levels within the organisation structure to

consult and share with one another. It provides an avenue through which centres could coordinate their activities.

In summary, at this stage of the budget process, communication moves both in vertical and horizontal directions. This ensures that there is greater participation in the budget process both between and within the various levels of the organisation. This again reflects the collectivist orientation of the local society. In addition, although budget submissions derived from these collective efforts should resemble the strategic plans of the organisation, in the CoM most budget requests do not seem to reflect any level of systematic planning. This again demonstrates the cyclic approach to time with its greater emphasis on the present.

6.6 Finalise the master budget: Equitable and needs based

The master budget is a formal, comprehensive plan for the organisation's future. In western budgeting, it contains several individual budgets that are linked with each other to form a coordinated plan (Wild & Shaw, 2010). In the CoM, the responsibility for finalising the overall budget lies with executives at the PHQ, in particular the Finance Manager and the General Secretary. It is done as soon as the budget consultations are completed. It is an important but delicate task as it entails balancing the needs of each of the more than 20 activity centres with the overall interests of the organisation and the available income. A department head at the PHQ comments on the difficult nature of the task:

It's a big headache when it comes to the GS (General Secretary) and Finance Manager to sit down at the end and look at the whole picture, where and how to accommodate everything that has been accepted and where to cut" (PL 9).

A senior manager at the PHQ also confirms the difficult task of finalising the budget:

Because the cake is fixed but then you have these requests which you could not accommodate. If you did you have to cut in some areas. And when you tell people you've turned down their requests, they become downhearted (PL8).

The master budget, which comprises both the recurrent and capital allocations, displays the detailed line items of departments located at the PHQ but only the lump sums allocated to the rest of the responsibility centres.

Most centres are aware that regardless of their budget submissions and the justifications provided during the budget consultations, the final decision rests with the PHQ. During the budget consultations the researcher was part of, representatives from the centres kept alluding to the fact that their submissions are ‘simply their requests’ but it is up to the PHQ to accept them or not. Centres generally recognised the financial constraints under which the budget is prepared and so tend to accept that some of their requests may not be approved.

The task of finalising the budget is often completed days before the council deliberates to review and approve the budget. During the week leading up to this meeting, there will be a series of board meetings during which other requests may be approved for inclusion in the budget. Hence these may have to be considered before the budget is finalised and presented to the Executive Council.

Once the master budget is completed, this is reviewed by the Finance Committee. The General Secretary and Finance Manager would explain how the allocations have been done before the committee could decide to either amend any of these budgets or approve them as presented.

6.6.1 Resource distribution criteria

There are several key factors which determine the redistribution of resources to the various activity centres. Firstly, the budget is constrained by the total available income, in particular that which is derived from its overseas investments. This investment income plays a significant role in that it is the limiting factor for budgeting in the church. Budgeting in the church, it seems, is more about how to redistribute this externally earned income. The Finance Manager in his report to the 2008 General Synod confirms the significance of this income source:

More than 90% of CoM’s annual income comes from overseas sources, in particular, the income raised from investments... in New Zealand (Maeigoa, 2008).

In his report to the 2005 Executive Council, the General Secretary points out that the CoM is “too dependent on ... the source of revenue from the MMTB (Melanesian Mission Trust Board)” (Kiriau, 2005).

The consolidated budget currently excludes the income that is raised at the parish and diocesan levels through plate collections, tithing and other fundraising activities. A member of a decision making body confirms the exclusion of plate collections and tithes in the overall income of the organisation:

I argued during the General Synod that the budget is incorrect and it's therefore misleading to be suggesting that the major part of our income comes from overseas, because it does not include all the money raised in parishes (PA6).

The non-inclusion of funds raised in parishes and dioceses has quite significant implication on the budget since significant sums of money are collected from these sources. It prevents decision makers at the provincial level from knowing the total income raised within the church in any single budgeting period. A parish priest explains the increasing level of income being raised in urban parishes:

So far I'm finding that church offering... is going up. And even tithing is also increasing. Even during the week people will appear personally at the office with their tithes that could go as high as \$500 and higher (PA 4).

The amount of available income is a major determinant in that the budget is always a balanced one. Budget surpluses or deficits are avoided. Furthermore, the Church does not encourage borrowing of money to fund its operations. A parish chairperson explains how the Trust Board refused their request for a bank guarantee towards a loan the parish was applying for in order to undertake some commercial activities. In his report to the 2005 Executive Council, the General Secretary explained that despite motions raised during the 2002 general synod for the Church to provide guarantee for those wishing to borrow from commercial banks, "the Trust Board in its wisdom decided against it" (Kiriau, 2005). The reluctance to permit activity centres to obtain bank loans could be a legacy of the traditional non-monetary economy of the local society. There are fears such loans may not be repaid given the lack of experience in the monetary sector, leaving the 'mother' church to bail out the defaulters.

Secondly, achieving a perception of organisational resources being distributed equally and fairly is an important consideration when finalising the master budget. As explained by a senior manager at the PHQ:

We always try to ensure that each unit at least gets a project in any one year. While we try to concentrate resources into certain important, priority areas, we must not overdo it to an extent that we become perceived as one-sided (PL7).

A departmental head at the PHQ also agrees that the church is fair in the way it allocates its resources through the budget:

One thing I notice about the church, especially its budgeting system is that it's very fair in the way it attempts to ensure that benefits of development have to be spread out as far as possible. Sometimes it's (resources allocated) small, but it's something we can start with (PL9).

In his report to the 2007 Executive Council, the Finance Manager reminds members to "bear in mind the need to share resources fairly" (Maeigoa, 2007).

The need to achieve equity and fairness is often problematic since people may perceive these concepts differently. While there is no objective formula for sharing the resources, the following factors have been described by a senior manager as important considerations: "population, size of the diocese, physical geography, as well as access to vital infrastructure" (PL7). The emphasis on equitable sharing of resources demonstrates the egalitarian nature of Solomon Islands society.

Given the relative nature of the concepts of equity and fairness, it is not uncommon to hear claims of unjust treatment from some centres when their grants appear to disregard the factors that determine equity. A former senior diocesan officer explains why to achieve equity one needs to consider the geography of the islands served by the diocese:

... diocese X for example, yes it has the population but most villages are located in very close to each other so even with a gallon or two of fuel, you could visit most of them. As for my diocese, Anglican villages are spread out along the coast...so it's more costly touring in my diocese. These should be considered when looking at our grants (OD1).

What this officer seem to be suggesting is for the PHQ to increase their transport subsidy to recognise the geographical spread of the diocese so they could effectively carry out the task of visiting their members.

Finally, only those bodies that are formally recognised under the provincial canons of the church are eligible for funding under the budget. These units appear in the overall budget as responsibility centres. Units that are not canonised are funded through grants to their parent bodies. For instance, Vocational Training Centres run by dioceses do not receive direct funding from the PHQ but do so through their diocesan allocations. Such budgetary arrangements prompt a former employee at the PHQ to suggest that only canonised bodies benefit from the budget:

Those who benefit most from church resources are those who are recognised under the constitution, canons. For example, schools are recognised under the canons, religious communities etc. We should not restrict others from benefiting just because their body is not canonised. Ordinary members argue why they don't benefit when they too are members of the church (PA5).

In considering these distribution factors, the final allocation to each diocese and institution may not necessarily reflect the situations faced by the centres as reflected in their budget proposals. The amounts apportioned to each unit may bear little resemblance to those initially requested. As described by a departmental head at the PHQ:

I've definitely put in a lot of effort to see that most of my budget is approved. However over the years I've noticed that the success rate of my submissions is just 40%, meaning the other 60% gets knocked off. They just came up with their own figures (PL5).

A former diocesan secretary expresses disappointment that in several instances:

Our diocesan budget was cut to the extent that instead of being equal with the others, we received considerably less (OD1).

Another division head at the PHQ also expresses his disappointment from the budget consultations claiming that "at the end of the day, I miss out because some of things I really need for my department were not accepted" (PL6).

While activity centres participate in the budget process, the final allocation is determined by the Finance Committee in consultation with the Finance Manager and General Secretary. It is inevitable that given the resources constraint under which the budget is normally prepared, some centres will be disappointed at not having all their requests accommodated in the budget since budget submissions generally far exceed the available income.

6.6.2 Finance committee

In western budgeting, it is normal for organisations to have a budget committee whose major task is to ensure that budgets are realistically established and that they are coordinated satisfactorily (Wild & Shaw, 2010). The normal procedure is for each functional head to present their budget to the committee for approval. In the CoM, the Finance committee comprises a representative each from the Council of Bishops, the clergy, diocesan secretaries, two lay persons who are non-employees of the Church, and the Finance Manager and General Secretary. The

committee normally meets to review and endorse the budget ceilings and guidelines and the master budget after it has been finalised by the PHQ.

In summary, while the important considerations when finalising the master budget from a western perspective would be to allocate resources in the most cost effective and efficient manner according to performance and results, in the local context resources seem to be distributed equitably and based on needs.

6.7 Review and approval: Collective and consensual decisions

Once a master budget has been compiled, it is presented to the organisation's board for review and approval. The board's approval is in fact the authority for heads of responsibility centres to implement plans contained in each budget (Drury, 2004). The board is given such authority partly as a check on the performance of the management.

In the CoM, after the master budget has been approved by the Finance Committee, it is presented for final review and approval by either the General Synod when it is sitting or the Executive Council. This occurs close to the end of the existing budget period. Once the budget is approved, it becomes a "legal instrument binding on those administering the budget to spend the approved allocations" (Financial Instruction Manual).

All dioceses and provincial institutions that are allocated funds through the budget are represented in both the synod and council. For instance, currently each diocese is represented in the Executive Council by three persons; the bishop, a clergy and a lay representative. The manner in which the budget is approved again reflects the collectivist or kinship orientation of the local society.

6.7.1 Decision making mode

The review and approval of the budget by either the general synod or executive council is often a subdued occasion compared to the vigorous discussions held during the preparatory stages. While questions and queries could be raised by members, there is usually minimal 'debate' over the budget. Generally, the budget is approved through consensus with minor amendments to the draft finalised by the Finance committee. The consensual approval of the budget is described by a senior manager at the PHQ as follows:

Over the years that I've held this post, the budget has always been approved with little arguments. However, I do recognise the potential is there for disagreements particularly if some groups are adamant on pushing strongly their agendas which may annoy others (PL7).

There could be several reasons for the lack of robust debate on the budget during council meetings. Firstly, it demonstrates the level of agreement reached by the officials, all of whom are employees of activity centres represented in the council, who participated in the previous phases of compiling the budget. Debates and disagreements tend to ensue only when activity centres do not participate in formulating the budget. A department head at the PHQ recalls that prior to the budget consultations being introduced as part of the budget process, "people come and 'fight' when the executive council meets" (PL3). It is generally acknowledged that the budget is for all purposes finalised by officials during the informal budget consultations and that its presentation to the synod or council is simply a matter of formality. A member of several decision making bodies concurs with this view suggesting that "the budget is largely determined by the Finance Committee from views expressed during budget consultations and is presented to the council simply for its blessing" (PA6). The open, honest and consensual decisions reached during informal consultations possibly reflect the egalitarian relations existing within the local culture. Where the signs of differences in status and power are absent, people are free to participate in decision making.

Secondly, the budget is always a balanced one. There could be feelings that whatever one says should not drastically change the shape of the budget. Doing so would upset the structure of the budget and with limited time to debate and approve it, there is a sense of reluctance to tinkering with an already 'balanced' budget. The Finance manager cautioned the 2007 executive council that while they have "the mandate to either minus, add or increase items within the budget" they should only do so "within the budget limits" (Maeigoa, 2007). He further warns that should there be requests for increases by the council, then "someone has to give in on the grounds of humility" so that such requests could be accommodated within the overall limit. This again demonstrates the financial constraints constantly faced by the organisation.

Finally, there is a general tendency not to openly disagree or argue with one another especially when there are superior-subordinate relationships within the

forum. Conflicts and quarrels are avoided as much as possible. A long serving member of the synod describes how a board member was reluctant to speak out due to a vow of obedience to someone on the board:

There is this priest who is with me on this board. Every time we come to discuss certain issues, he would encourage me to speak out on our behalf as I have no encumbrance as a lay person. He said for the clergy, their problem is that they made this promise of obedience (to their bishops) (OD6).

An officer at the PHQ relates a similar case where a priest used to be very vocal on church matters but has become mute once he joined a certain board:

Many people including this particular priest have always been very vocal on issues affecting the Church. But now that he is in this board, he's almost totally become silent (the reason being that his boss is also on the same board) (PL4).

The propensity to avoid conflicts and disagreements could suppress even healthy debate. This could prevent the expression of alternative views that may be beneficial to the organisation. The emphasis on maintaining harmonious relationship within the group emanates from wantok identities both at the activity centre levels and within the overall church.

6.7.2 Time consumed by the budget process

The budgeting process is often criticised for being time consuming and incurring very high costs to the organisations (e.g. McNally, 2002). Some have estimated that up to 20% of time could be saved even without the existence of a budget (Thomas, 2007, p. 72). In the CoM, it takes in total five months to prepare and approve the budget. It begins when the PHQ determines the anticipated income for the budget period in June and is finally approved in December by the Executive Council.

In summary, although the final review and approval of the budget is a collective decision as is generally the case under western budgeting, in the local context such a decision is often reached in a consensual manner rather than the robust debates that often occur in a western context. The relationships that exist amongst the members of the board often hinder the sharing of diverse but constructive views over the budget prior to its approval.

6.8 Monitoring and control: Binding but not enforced

In western budgeting, budgets are recognised as important formal control tools in organisations (as part of management control systems) (Merchant and Van der Stede, 2003; Anthony and Govindarajan, 2003; Ansari, 1979) and being described as a rational way of exercising control (Czarniawska-Joerges and Jacobson, 1989). Budgetary control refers to management's use of budgets to monitor and control the organisation's operations (Wild and Shaw, 2010). In order to be an effective control device, the budget should define objectives in terms which allow the output to be measured, and enable deviations to be identified and the associated causes pinpointed (Stanger, 1991).

Once the budget is approved and is being implemented, the organisation would need to compare the actual results and the planned outcomes, and to respond to any divergences from the plan (Drury, 2004). By comparing the actual results with budget amounts for different categories of expenses, managers can ascertain which costs do not conform to the original plan and thus require their attention. When the reasons for the deviations have been identified, appropriate control action should be taken to remedy the situation. This in essence is the control process of budgeting.

Control can be attained by implementing responsibility accounting whereby performance reports are issued at frequent intervals that informs responsibility centre managers of the deviation from budgets for which they are accountable and are required to take action. One such report is called the budget variance report.

In the CoM, a certain level of control is exercised through budgets. This is done largely through budget variance reporting. This is formally required of all activity centres. General Synod resolution 44 requires activity centres to produce monthly financial returns to the PHQ and those failing to comply could have their monthly grants withheld (General Synod minutes, 2005). In addition Sec 98 of the Financial instructions demands accounting officers "to make continual comparison of actual expenditure... with the amount approved in the budget" (Financial Instructions manual, p.42)

Emphasising the importance of the budget variance reports, the Finance manager reminded activity centre heads in his 2008 General Synod report that "these (budget variance reports) are required ... for informed decision making by the

administration of dioceses and institutions (Maeigoa, 2008). Activity centre managers are required to use these reports to identify potential areas of overspending and to take corrective measures before it occurs.

Apart from the variance reports, the budget is also used for control purposes through the disbursement of activity centre grants on monthly basis rather than in lump sum payments. While this is foremost a cash flow control measure, it also ensures that centres only get what they need to spend during the month. A memorandum issued by the General Secretary December 2007 underlines this control measure:

All dioceses and institutions should ensure that spending is compliant with the monthly grant transfer on a monthly basis and the budget for the month (Kiriau, 2007).

There are quite valid fears that given the track records of some centres, they will not be able to properly control their grants to last the entire budget period if these are paid in lump sums. A member of several boards confirms the difficulties faced by some centres in managing their finances:

... the financial position of the dioceses has not been very good. We have had to rescue some of them over the years due to financial difficulties (PA6).

In summary, the CoM does use the budget as a control device. This is largely achieved through the budget variance reports and the monthly apportioning of grants. The emphasis on budgetary controls is essential given that the majority of local population are more used to the non-monetary sector than the cash economy. Although the various monitoring and control measures are mandatory, those who do not comply with these requirements are often not penalised as formally prescribed. This could be a reflection of a society where maintaining relationships take precedence over the legalistic application of policies and procedures.

6.8.1 Budget period

The period chosen for a short-term budget is often one year, although this may vary from firm to firm. Some use a variant of the short-term annual budget called the rolling or continuous budget (Wild and Shaw, 2010). In this, an initial budget is produced but is then revised for the subsequent periods depending on changes in the expectations. There is always an annual budget which keeps on being revised and kept up to date (Drury, 2004).

The CoM does not apply a continuous or rolling budget. The budget is fixed annually for a 12 months period and no changes are made to the budget during the course of the financial year. This means that the budget is not amended to reflect changes in the circumstances from those prevailing when the original amounts were forecasted. The budget holders will have to make do with the approved amounts for the rest of the budget period. Given the emphasis on collective decisions through the boards, regular changes to the budget may not be practical due to difficulties in convening the boards to approve such amendments.

6.9 Performance measurement and evaluation: Non-monetary indicators

Budgets, in western budgeting, are often considered a standard for evaluating managerial and employee performance (Wild and Shaw, 2010; Joshi et al., 2003; Blocher et al., 2002). Performance measurement is defined as the measuring of levels of activities and achievements through a range of indicators (Wang, 2000). A manager's performance is often evaluated by measuring his or her success in meeting budgets. In some organisations, bonuses are awarded on the basis of an employee's ability to achieve the targets specified in the periodic budgets, or promotion may be partly dependent upon a manager's budget record (Drury, 2004). The budget thus provides a useful means of informing managers how well they are performing in meeting targets that they have previously helped set. It is often seen as containing the targets and goals against which performance is to be measured and evaluated.

In the CoM, the budget as a standard for measuring and evaluating performance is attained through the following mechanisms. Firstly, the budget variance reports, not only serve as control measure but also aids in evaluating the performance of activity centres. As one of the reports which activity centres are formally required to produce, it enables the PHQ to assess the financial position of activity centres and to identify potential problems. As the Finance Manager reports to the 2008 General Synod:

Our experience shows that when diocese and institutions do not send in their monthly reports, more often than not, they are not maintaining proper financial records or worse still, they are having financial problems (Maeigoa, 2008).

The budget variance reports of provincial departments are normally reviewed by the Finance committee and on some occasions by the Council of Bishops. This

had led a former General Secretary to remark that the PHQ is more accountable than the other activity centres since its accounts are subject to the scrutiny of several boards. In its meeting held in October 2006, the Finance committee expressed concern “over the way the way monthly financial statements are being produced by some dioceses and institutions”. This relates to the late or lack of reporting by these units. The failure to produce performance related reports on time potentially reflects the impact of Solomon time.

6.9.1. Non-budgetary performance measures

Apart from the budget variance reports, activity centres are also formally required to produce non-budgetary financial reports to their governance boards. In many activity centres, such reports are the only available formal source of information about the unit’s performance. The importance of such reporting is emphasised by the Archbishop in his report to the 2006 Executive council where he urged activity centres to:

...let your reporting be prompt and complete... Let us set an example for the whole community to see we are an honest, open, transparent, and accountable Christian Church... (Pogo, 2006).

Annual audit reports that are formally required of each activity centre could be seen not only as tools for discharging accountability but also for assessing their performance. These reports are mandatory requirements prescribed under Title D Canon 1 N of the CoM Constitution. From these reports, synod and council members could examine the performance of the department or unit during the period under audit. They also provide assurance to the board that the entity is financially sound and that it has complied with relevant standards and policies.

Internal audits also provide a mechanism for reporting on and assessing the performance of various church units. The church has an internal audit function whose primary role is to regularly review, appraise and report on the “soundness, adequacy and application of financial and management controls and to ensure compliance with policies, plans and procedures” (Financial Instructions Manual). For example, in April 2007 the internal audit department was requested by the General Secretary to carry out a routine audit of the transit accommodation business run by the women’s group, the Mothers Union.

Apart from financial reports and audits, centres are also required to produce programme and activity reports to their respective governing boards on a periodic basis. During these meetings, board members get to see the progress and achievements of the unit during the period as well as decide on its programs for the coming year(s). The following memorandum issued by diocesan secretary to various divisional heads illustrates this reporting requirement:

You are all advised to prepare a report of activities of the first six months of the year. Include challenges, hindrances, confusions as well as difficulties being faced in your area as it is vitally important for the administration to take stock of all issues affecting us (Manehia, 2006).

A senior diocesan officer confirms that the performance of the various divisions could be ascertained through “divisional monthly reports about the progress of their activities” (DL 2). A priest who holds a senior diocesan post further explains that to assess the performance of a parish priest, one would need to look at reports about “the spiritual lives of the people, and difficulties with parishioners” (DL5).

Finally activity centres are also formally required to maintain registers containing information that could be useful for measuring and evaluating performance. For instance, the canons of a certain diocese require every village church or chapel to maintain two registers. One is used to record daily services held in the church or chapel while the other is used for ‘special services’ such as baptisms, confirmations, marriages, burials, and ordinations. All offerings collected during these services are to be recorded in the registers. These two registers must be made available to the diocesan bishop, Vicar General or senior priest for their inspections when they visit the church or chapel.

The relevance of these formal records for measuring and evaluating the performance of church workers is confirmed by a priest who heads a department at the PHQ while explaining how the performance of priests should be assessed:

For a priest, one can find if he’s working hard and committed through the local support he’s getting. For example, going through the registry of Sunday services and checking attendance, offering and tithing (PL1).

A parish priest serving in the rural areas applauds and encourages the use of these formal records as tools for measuring and evaluating performance:

I’m very thankful for the priest who came up with the format of this register (Services Register). This is the very book I encourage catechists in my parish to use. Every Sunday they should record

number of people attending the service and the amount of offering (PA6).

While these records are maintained by some parishes, not all are using the information contained in them for decision making purposes. A priest serving in a rural parish claims that “there is little point in keeping these records if we can’t use the information to assess what we’ve been doing” (PA6). The inability to use such written records for decision making could be attributed to the oral tradition of the local culture where decisions are reached through face to face conversations rather than written material.

In summary, while the budget is formally articulated and prescribed for evaluating the performance of activity centres, it is generally not the target against which manager’s performance is measured. Instead, performance is measured against indicators which are not normally included in the budget and which are generally qualitative in nature. This could be an indication of the nature of the organisational goals which are more focused towards human relationships and their quality of life.

6.10 Chapter summary

A closer inspection of the following description of the CoM’s budgeting process reveals that it resembles in many aspects a standard western budgeting system. The different stages and the activities undertaken at each phase are more or less identical. However, the manner in which these functions and activities are undertaken and the reasons thereof may differ to some extent. Such variations could be partly attributed to forces in the local environment, cultural and non-cultural, both at the macro and micro levels. These local cultural-social-and organizational features serve as filters shaping the CoM’s budgeting process.

The next two chapters aim to theorise the influence of the local environment on the budget process. This will involve conceptualising the similarities and variations between western style budgeting and the local culture as reflected in the CoM’s budgeting process. These should explain what actually occurs, how it occurs, why it is occurring and with what consequences.

CHAPTER 7: THEORETICAL CONCEPTS OF THE CoM's BUDGET PROCESS: THE MOST SHARED ATTRIBUTES

7.0 Introduction

Data analysis as discussed in chapters 7 and 8 outline the theoretical constructs inductively generated from the grounded theory analysis of the perceptions and actions of research participants regarding the CoM's budgeting process. Two major categories of concepts emerged from the field data. The first of these has been designated as the "most shared attributes" and represents those values and norms that are common to both the western oriented budgeting and the Solomon Islands culture as interpreted from the experiences and actions of the research participants. The other category includes the "least shared attributes" and comprises those unique features of Solomon Islands culture. The discussion of these concepts aims at providing rich descriptions and insights, interpretations and explanations of events and actions as observed within the context of the CoM. It is hoped that these insights would not only enrich our understanding of actors' experiences and behaviour but could also offer them better mutual understandings and foundations for future action.

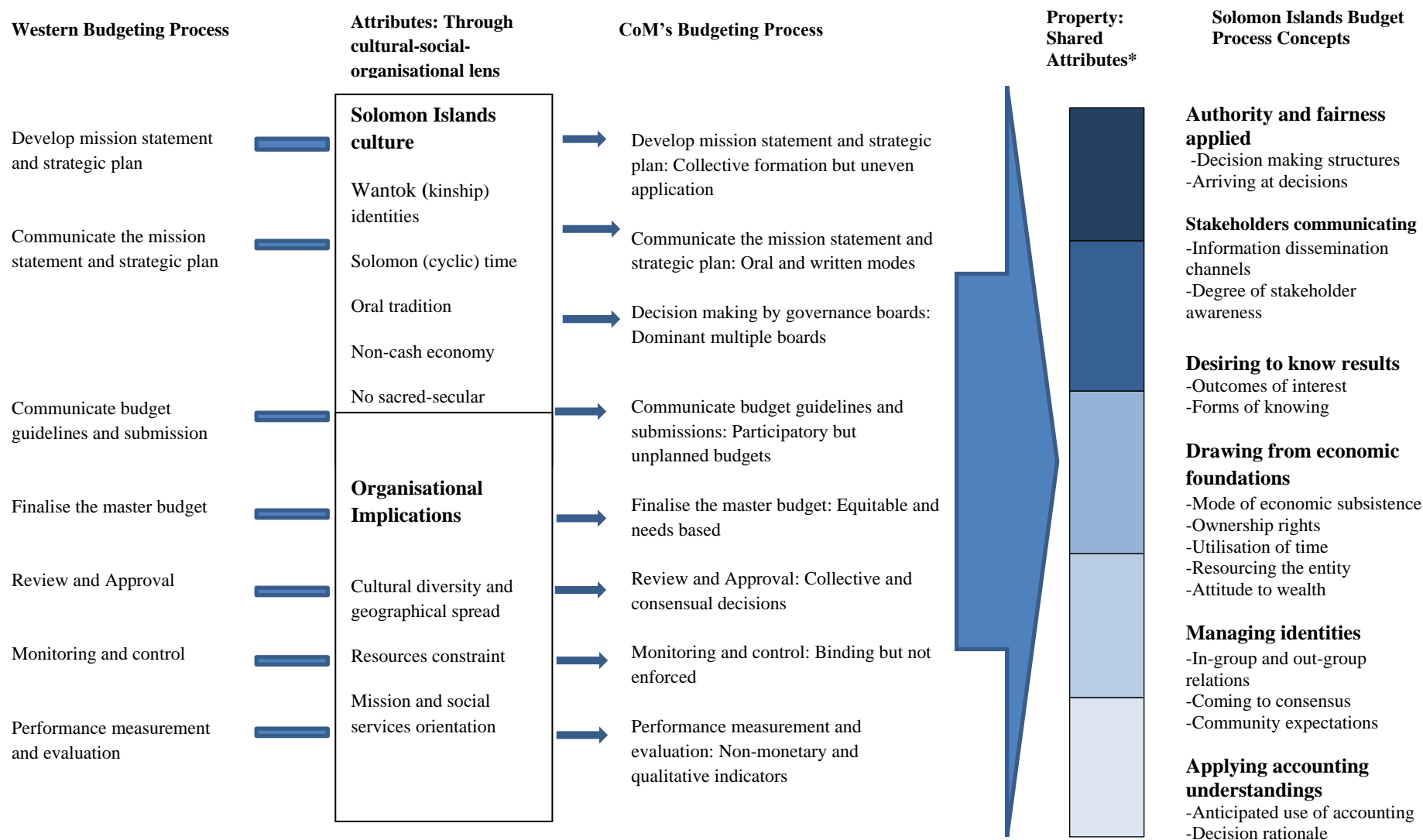
7.1 A Theoretical Schema

The interaction of the adopted western style budgeting and the local culture is occurring within the context of both these more and less shared characteristics of the two cultures. These are developed in a theoretical schema as shown in Figure 7.1 to indicate how the various concepts relate to one another.

It needs to be pointed out that these two categories and their related concepts are not completely distinct from each other. The relationship between these attributes is shown in Figure 7.1 as a continuum from the darker shades representing the more shared attributes to the lightly shaded areas of the less shared cultural features. There are few features that are completely unique to each culture. Any differences relate more to the intensity or importance of such values in each culture than the presence of such value in either culture.

Despite a common perception that third world cultures are diametrically opposed to those of western societies (e.g. Uddin, 2008), findings inductively generated from this field study point to more shared characteristics of western budgeting and Solomon Islands cultures.

Figure 7.1: Concepts depicting the CoM’s budgeting process



*dark shades for most shared and light shade for least shared attributes

These emerged and were identified from the perceptions and behaviour of the research actors through the positive views expressed towards the western style features of the budget process. Conversely, these were also ascertained through the negative reactions of the participants when the western features of the budget process were not applied according to western values and norms. Such views were interpreted as reflecting the commonalities between western budgeting and the local culture.

This chapter outlines the concepts representing the most shared features or similarities between the two cultures, how these are reflected in the budget process and their implications on CoM's budgeting. Observations and interviews and the subsequent analysis of the emergent codes and their interconnections revealed three significant grounded concepts that appear to portray these similarities. These are designated as: authority and fairness applied, stakeholders communicating, and desiring to know performance. Whenever these similar values and norms guide budget functions, these would produce a complementary effect on the budget process, resulting in outcomes that are generally expected in the local society. On the other hand, if these shared characteristics are disregarded or misapplied, unexpected results may ensue. This is consistent with Shahul (2001) who proposes that where the accounting or budgeting system is infused with those values that are compatible with those of the host society, the system is likely to produce outcomes and behaviour that are consistent with the objectives of the local society. Conversely, when organisational practices do not correspond to local norms and values, unexpected and even dysfunctional outcomes may arise. The discussion of these more shared attributes follows:

7.2 Authority and fairness applied

The first of those concepts reflecting the similarities or shared features of western budgeting and the local culture relate to the power structures within the organisation and their impact on the budget process. This is conceptualised as "authority and fairness applied". The CoM adopts a western style bureaucracy comprising a three-tier governance system. Within this structure, power is formally assigned to individuals and institutions at the various levels of the organisation. Field data reveals shared values and norms in terms of the manner in which decision making authority is distributed and exercised within the CoM. These fundamental properties and dimensions of 'authority and fairness applied'

as identified from field data are described and theorised herein as the ‘decision making structures’, and ‘arriving at decisions’.

7.2.1 Decision making structures

Field data reveals that the manner in which power is applied in the organisation is determined to a significant extent by its “decision making structures”. This is the first of two sub-concepts of the ‘authority and fairness applied’ concept. The CoM’s governance structure involves a mix of centralised and decentralised powers. Certain functions and authority are retained centrally while others are devolved to the various governance levels within the organisational structure. The combination of centralised and decentralised powers is a common feature of western oriented organisations. Views obtained from the field demonstrate that in addition to a proclivity towards both centralised and decentralised powers, similarities in decision making structures also include an inclination towards assignment of decision making powers based on merit and achievements, the preference for the separation of potentially incompatible roles, and the acceptance of hierarchical relationships. These are the properties and dimensions along which the sub-concept of ‘decision making structures’ is described.

(a) Centralised structures and powers

While centralised authority is alien to traditional Solomon Islands societies, views expressed by research participants reflected qualified support for certain functions being exercised centrally within the CoM. Centralised authorities were introduced by the early colonial powers and the missionaries. The early Christian missionaries, for instance, provided a new ideology of peace that assisted a transition from local control to a more centralised system (Bennett, 2002). The exercise of centralised power is essential in western based institutions to provide common direction and purpose for the entire organisation, particularly for organisations that comprises several interdependent subsidiaries or responsibility centres (e.g. Kim and Park, 2006). The acceptance of centralised authority in the CoM emanates from similar goals; that of exercising a monitoring and coordinating role to ensure goal congruity and a degree of homogeneity amongst the different activity centres. Many of the units, in particular dioceses, are based on geographic boundaries that tend to comprise related island and regional groupings. These units have a tendency to prioritise their own interests ahead of others and the overall church. Such sentiments could be remnants of the

traditional era where the country was never more than a collection of disparate clans and villages and with a history of enmity towards their neighbours (Otter, 2005). Having a central authority is therefore paramount to instilling a sense of unity amongst these diverse social groups. A senior manager at the PHQ concurs with the central coordination of the budgeting process pointing out that it:

...is important for the PHQ to coordinate activities of various centres ...as most centres don't know what's going on in other centres. In addition, activity centres tend to compete in trying to do everything or wanting to have more infrastructures etc (PL7).

A former diocesan executive cautions that:

There must be some monitoring mechanisms put in place so that dioceses and parishes do not go their own way as to undermine the unity of the church. Their actions must be kept in check so as not to undermine the integrity and unity of the church (DL4).

The CoM consists of many activity centres with many of them replicating a similar structure, administrative positions and legislative institutions as the PHQ. Hence centralising certain functions could minimise the duplication of roles and thereby reducing the budgetary allocations to these centres. For instance, each of the eight dioceses has its own diocesan synod and council, a secretary and a treasurer with each of them performing similar roles in their respective dioceses. It is felt by some participants that costs could be minimised by having some functions centralised. A senior diocesan officer, for instance, identifies an area where efficiency and saving could be achieved through centralisation:

Now you see all dioceses each has a salary officer. But if we can centralise the entire payroll system, then we would only have one salary officer. Dioceses only need to submit their salary authority in case of any changes (DL4).

While the exercise of some centralised powers is preferred, the manner in which these are applied within the CoM, both at the organisation wide and divisional levels, raises some reservations amongst the research participants who question the suitability of such a structure in the local context. These concerns are being expressed in several areas.

Central dictatorial attitude

Concerns have been raised regarding a tendency by the central levels, in particular the PHQ, to dictate to the dioceses and institutions on matters ranging from the more substantive issues such as their needs and plans to the more minute aspects

including how their budgets should to be itemised. Stakeholders at the central levels are perceived as using their powers over organisational resources as leverage to dominate those at the lower levels. Such an attitude does not sit well with the local units who feel that they themselves know best what is needed at their levels. This top-down approach often results in the needs of the local levels being incorrectly identified and addressed. A former employee of the church who works with an external stakeholder observes that:

...the church at the central level is dictating to dioceses and parishes what they should be doing. They are being told to do what the central authorities feel is best for them which in many cases is not true. Dioceses should assess their own needs and the church to support them based on these assessed needs (OD5).

A priest at the PHQ expresses similar sentiments:

Currently, only those at the top decide on what's going to happen down there, without really going down and looking at the actual needs. So each time, they'll misinterpret people's actual needs (PL 2).

A former diocesan employee expresses his annoyance at the PHQ meddling into the minute details of activity centre budgets:

We diocese would do our budgets clearly itemised under different headings. But then the PHQ would start questioning as to whether we really need this and that. But that's how we operate at the diocesan level. How do you (PHQ) know our needs? When it comes to the final decisions about how our budget is itemised, please just leave us alone (OD1).

Incompatibility of structures

The ambivalence towards the centralised structures also relates to their compatibility with the traditional and local governance structures. It was pointed out by several participants that employing a heavy centralised decision making structure is generally incongruent with the dispersed and diverse nature of both the church and the local society. Solomon Islands and the CoM is largely a rural population while developments as dictated by these central structures are concentrated in the urban and semi-urban stations. Hence, many ordinary members have difficulty identifying with the church as represented by these 'distant' structures. A priest serving at the PHQ explains the lack of fit between the local society and the church structures:

The real church exists at the parish level, not at the institutional levels, which is empty. ... when we concentrate too much offices, manpower at the central

offices, it's contrary to our Melanesian style, contrary to a church of the people as well as a wrong theology (PL2).

A parish priest who serves in the rural villages also questions the compatibility of existing Church structures:

Our early missionaries were not building dioceses, they weren't building a province. They were building parishes, home grown churches. Today, we're doing the opposite. We want to create more dioceses without having strong parishes. That is the root of our problems (PA6).

These bureaucratic structures that were created largely for administrative convenience are considered as remote and with no identifiable links with ordinary church followers. Many church members lack a sense of belonging to their relevant church structure. An ordinary follower who serves on several boards describes these feelings of neglect:

Those of us who live in isolated rural areas often feel neglected by the leaders. For instance, the last time our diocesan bishop visited us was almost 2 years ago (OD6).

Leaders of a parish that was used as a case study for the provincial strategic planning exercise spoke of "feelings of isolation and no sense of belonging to the diocese" (DoY Strategic Planning document, 2004). These sentiments perhaps reflect the sense of disconnection which most ordinary church members feel towards the various church structures.

Costly structures

In addition to being incompatible with the local context, the heavy central structures of the CoM were also considered to consume an inordinate proportion of the organisation's resources. Many interviewees claim that a significant size of CoM's budget is spent on maintaining these structures, with only negligible amounts trickling to benefit the majority at the village levels. There is a general perception that stakeholders at the central structures who exercise greater powers over resources tend to concentrate resources at the central levels at the expense of those who possess little sway over church resources. A departmental head at the provincial headquarters observes how the budget is biased towards the central structures while neglecting mission activities at the local levels claiming that:

...thousands upon thousands of money (funds) which the church has do not really go down to the ordinary followers. It is absorbed in operations at the various structures of the church ... and leaving nothing for those right at the bottom; districts, villages and parishes (PL6).

A member of several boards describes the significant costs incurred maintaining the bureaucratic structure of the church:

The church structure is quite heavy and it absorbs considerable amount of resources, thus leaving very little to reach the rural population. There is a need to make adjustments to the structure so it is leaner and simpler (OD6).

A parish priest also expresses his opposition to having more structures that will further increase the already bloated administration costs:

The church has just passed a motion to create another diocese. This means more employees, offices and the cost of maintaining these offices. This could mean less money going into the lower levels, parishes and villages. But this is where mission actually takes place, not in those structures (PA6).

There are also concerns that the costs of the upkeep of these structures are increasingly being prioritised over the mission oriented roles of the church. A departmental head at the PHQ describes the disproportionate amount of resources being allocated to maintaining church structures over its mission activities at the local levels:

You try asking for money to run a workshop or some mission related activities in the parishes and you would instantly get a “no money” reply. However, as soon a bishop resigns and a new one is elected, money will suddenly become available for the consecration ceremonies (PL 9).

A priest who heads a department at the PHQ also speaks of administration costs being prioritised over mission:

When you look at the mission budget, it's very small. They'll always tell there's no money for mission. But when you look at administration, there's always money available (PL1).

The acceptance of centralised powers and structures is often determined by the perceived costs of such structures. The greater the amount of resources consumed at the central at the expense of the local levels, the less tolerant people are towards the central levels.

Devolving responsibilities without resources

Reservations over the central authorities also extend to the tendency for such bodies to devolve responsibilities without the necessary resources to fulfil these functions. The performance of activity centres at the local and lower units is often restricted by the amount of resources granted by the central level. The central

authority on the other hand would hold the activity centres accountable for the devolved functions despite knowing the allocated resources are insufficient in the first place. A long serving member of a diocesan synod and council echoes the need to empower local levels with sufficient resources:

It is true that dioceses have their own decision making bodies, the diocesan synod and council. However, there is not much you can decide on if the resources you need to work with are being decided on elsewhere. As they say, whoever holds the money bag pulls the strings (OD6).

A senior administrator in one of the dioceses also affirms the need for sufficient resources to be given to dioceses to utilise their existing powers:

The dioceses perhaps already have sufficient powers but generally lack the resources to exercise such powers. They need sufficient resources to really make use of these powers. You cannot really flex your muscles if you don't have the money (DL4).

Even within each activity centre, the centralised control over budgetary allocations by the finance division is often a matter of contention. While departments or units are treated as responsibility centres for budgeting purposes, they often have to seek the permission of the finance section to access these resources. A divisional head at the PHQ expresses his annoyance of having to be responsible for a budget but with no control over the funds:

I just don't understand it. They asked me to do a budget, I've done it. But every time we approach the Finance Manager for money to carry out my tasks, he'll tell me there's not enough money. So the bottom line is; what's the use? I'm wasting my time (PL5).

The growing concerns over the powers exercised by the central authorities led to a motion that was passed as a Standing Resolution at the 2008 General Synod for the appointment of a committee to review the administrative structure of the whole church with a view to "improving the structure, devolving functions to dioceses and releasing funds for the mission of the Church" (General Synod 2008 Minutes). Having the authority over one's responsibilities appears to be a shared concern in both western and Solomon Islands contexts.

(b) Separation of incompatible roles

The commonality in relation to decision making structures is also reflected in the favourable views towards the separation of powers to prevent potential conflicts of interests. This is particularly so with regards to administrative and legislative functions. In the CoM, the actions and performance of the management are

subject to the review and approval of legislative boards. Conversely, boards are excluded from the day to day management of activity centres, which is the preserve of the administration. Such checks and balances prevent those in authority from acting in their own self-interests rather than that of the organisation (Maher et al., 2006). The support for the separation of legislative and administrative functions is expressed by several participants. A priest who serves at a diocesan headquarter is against bishops, who serve on legislative boards, to be directly involved in administrative matters saying:

...what they (bishops) should be doing is only to give advice and must listen.... to the administration. If they (administration) say No, the bishop has to listen (DL3).

A finance officer at the PHQ claims that the involvement of the bishops in the daily operations of commercial enterprises run by dioceses is a significant reason for the failure of these businesses:

The commercial businesses run by the dioceses are governed by their own boards. But again the bishop seems to have more power over their operations. Hence we see most are not doing well, such as with the case of the Diocese of Hanuto'o (PL4).

These views suggest a shared preference for appropriate delegation of responsibilities so one role provides a counter-check to other functions. This ensures that only specific persons are held responsible for certain outcomes and that anyone is not performing potentially conflicting roles.

(c) Authority based on achievements and merit

Another property reflecting the similarities between western budgeting and the local culture with regards to decision making structures relate to the assignment of decision making authority preferably to those possessing the relevant expertise and knowledge. As with western budgeting, those in decision making positions are expected to possess the relevant expertise and qualifications so informed decisions are made. However, the reality is that in the CoM, it is generally felt that many who occupy influential and decision making positions lack the necessary skills and knowledge, particularly in budgeting and financial matters. They nevertheless get to make such decisions because such powers have been assigned to them through the formal structure. This applies to both administrative positions and membership to legislative bodies. A senior diocesan administrator, for

instance, insists on employing the most capable persons within the organisation claiming that:

If we want to make the church function properly, we have to consider the merit and calibre of people who can perform better. And forget about regionalism...because to really carry our work effectively in the organisation, we must consider people on merit (DL4).

Those who are appointed to decision making positions without the requisite qualifications and skills are not recognised and respected. The legitimacy of their decisions are open to being questioned. An interviewee explains how a priest who holds a senior diocesan post lacks the respect from other clergy due to his educational level:

You see that priest (name given), most colleague priests do not recognise him... because they thought he did not attend higher education or have a recognised qualification to hold that position. They don't tell me but I can see it (PA2).

A priest who heads a department at the PHQ vehemently opposes the practice of having people with no financial background make decisions on financial matters:

If you make decisions on finance, then you have to be very profound in terms of understanding what is finance, what does finance means? The bishops, for example, should not be talking a lot about finance. They are qualified in theology but yet are making final decisions on finance. To me this is wrong (PL2).

While a department head at the PHQ observes the lack of experience and knowledge by members of key decision making bodies and the need to appoint professionals on these boards:

The Executive Council and perhaps the CoB, with due respect most of them won't have ... experience in financial management...I really feel that at the executive council level, there needs to be a broad spectrum of people, you know, professional people... where professional views are shared and debated (PL5).

The above views demonstrate an inclination towards acquired skills and achievements as important bases for appointment to decision making positions rather than social status or some other factors. This is consistent with the local culture where those who are assigned important roles within the clan or community such as big-men or orator were recognised and appointed through their achievements. Selection to leadership roles, for instance, is based on

personal competence and accomplishments (White, 1979). This is another shared feature of both the western and Solomon Island cultures.

(d) Hierarchical authority

Analysis of field data also reveals another dimension to authority applied that demonstrates the similarities between western budgeting and the local culture. This relates to the hierarchical manner in which authority is assigned within the organisation. Authority being assigned hierarchically is a common feature of western organisations (e.g. Hansen et al., 2003). This entails those at the upper levels giving directions to those in positions and structures below them. Through the hierarchical structure, control is exercised, authority and responsibilities are assigned and delegated, and communication and coordination take place within the organisation.

In the CoM, the recognition of hierarchical authority is demonstrated in several forms. The first of these relate to the acceptance of superior-subordinate relationships at both the individual and institutional levels. It is generally recognised that at the personal level, those in decision making positions deserve the loyalty and respect of their subordinates. Superiors are respected to the extent that subordinates may be reluctant to portray them in a bad light even though their decisions contravene church policies and rules. There is a general inclination to deal with such matters privately than report these to those in authority which could result in that person being publicly exposed or reprimanded. A comment by a member of the internal audit team exemplifies this:

It often happens that when we go to activity centres to investigate reported problems and actually found something, we are inclined to suppress the information... because of the respect we have for leaders in the diocese, especially the bishop (PL4).

A departmental head at the PHQ relates how the department would often follow instructions from a senior figure within the organisation despite knowing these to be inconsistent with rules:

...although we have a budget, sometimes the overall boss would come and direct us to pay this and that even though we don't have budget for it. Because of that we no longer follow the budget. We know it's not right but he's the boss (PL3).

An employee in the accounting department describes the difficulty they encountered trying to bring to the attention of and convince a very senior staff the fact that his telephone allocation has been significantly overspent:

... the boss, although the budget is there, it is well known that he has far exceeded his budgeted. We gave him the budget variance reports but little notice was taken of them. We have even asked a colleague bishop to remind him of the need to stick to his budget (PL11).

The acceptance of superior-subordinate relationship is also seen by the convention of referring to those in higher positions by the title of their jobs rather than by their personal names. For example, the General Secretary is often called the 'GS' while the Archbishop is referred to by the initials of 'AB'. Diocesan bishops are addressed with the title of 'bishop'. Referring to people by the titles of their positions is a sign of respect for the authority they have within the organisation. Calling senior leaders by their personal names is considered disrespectful and comparable to a child calling their parents by their given names.

At the institutional level, the recognition of hierarchical authority is reflected by a tendency to conform to the directions of bodies higher up the structures by those at the lower levels. As an organisation with a hierarchical structure, those at the upper levels are considered more authoritative although theoretically, bodies at the various levels should operate autonomously. A diocesan administrator relates how diocesan units are more willing to produce financial reports if these were required by the provincial headquarters, a higher level institution, as opposed to the diocese:

Our diocesan units are only producing their financial reports to us because we told them these are required by the PHQ. But if they knew that they do not have to report to the PHQ, they will just ignore our requests (DL4).

A priest from a rural parish also spoke of how parishioners would rather take instructions from the diocesan office than from the parish priests. This is because the diocesan office is considered as a higher authority than the priest who is based amongst the village people.

The diocesan office would instruct us to go and teach this and that to the people, but that seems to be not very effective. What they should also do is to provide written instructions so people can see for themselves that these are coming from the diocesan office, not just from us (the priests) (PA2).

The exercise of hierarchical oversight within the church institutions was encouraged by the General Secretary in his report to the 2005 Executive Council urging:

...councils and synods to keep a check on the provincial and diocesan offices. Governing bodies of institutions should also keep a check on their administration. In this way, it encourages management of activity centres to be honest, prudent and accountable (Kiriau, 2005).

Secondly, the recognition of hierarchical relationships is also reflected by the practice of awarding senior employees, those with greater decision making powers, better salaries and conditions than their subordinates. The remuneration structure is generally based on the amount of responsibility and authority assigned to each position. A comment noted in the minutes of the Salaries and Services commission in their meeting of 3 August 2006 further illustrate this:

...senior employees play an important role in the life of the church and ought to be recognised through appropriate remuneration. We have started to think about improving the packages for the management positions of dioceses and PHQ (Kiriau, 2006).

An officer at the PHQ also expresses the view that senior officers deserve more benefits than ordinary staff:

The church awards privileges and benefits to almost everyone across the board. But personally, these benefits should only be given to the senior staff (PL4).

The views expressed above indeed reflect the acceptance for hierarchical authority both at the individual and corporate levels. Individuals in positions of authority are acknowledged as having the power over their subordinates while institutions at the higher organisational levels are recognised as having the authority over the lower levels. The recognition of hierarchical powers is consistent with the local value of placing significant emphasis on seniority. Social relationships are governed through a hierarchical order such as child-parent, young-elder, and student-teacher relationships. Elders are respected because they possess the knowledge and skills that are valuable to the survival of the clan. Furthermore, younger members of the group depend on them for material support and good advice (Hou, 2002). These relationships are replicated through the formal superior-subordinate relationships within western organisations.

Despite the recognition of hierarchical authority, the exercise of such powers needs to be done in a less formal manner in order to be effective. It is generally preferred that those with formal authority should not rely on their status when interacting with those without or with less power. The reliance on formal powers could hinder communication with and the participation of those over whom such authority is exercised. Instead, status derived from such authority should be minimised as much as possible to allow open and unimpeded contribution and participation from the rest. The involvement of group members is maximised in an informal and relaxed atmosphere where differences in status and power is visibly and emotionally absent. An officer describes the reluctance by board members to openly express their views in the presence of the business owners:

The women's group, who own the rest house, normally join the meetings of board as observers. But... their presence in these meetings discourages board members to talk openly, they don't have the freedom to fully express their views. As result, they tend to approve requests without much debate (OD4).

A member of several decision making bodies describes how the formal settings can hinder involvement of those whose superiors are also present:

There is this priest who is with me on this board. Every time we come to discuss certain issues, he would encourage me to speak out on our behalf as I have no encumbrance as a lay person. He said for the clergy, their problem is that they made this promise of obedience (to their bishops) (OD6).

A divisional head on the other hand describes how the budget consultations have been more productive as these were conducted in an informal and relaxed atmosphere than formal board meetings:

This year was my first to attend budget consultations and unlike other board meetings where one feels a bit intense, the atmosphere in these consultations was very relaxing. This helps us to discuss more openly and exchange our views (PL5).

These examples demonstrate an inclination for situations where formal status is less prominent, consistent with the egalitarian nature of the local society. This enhances the participation of group members.

(e) Decentralised decision making

Observations and interviews show that organisational participants have an inclination for decentralised powers that would enable greater stakeholder

participation both in decision making and in the activities of the organisation. Such aspirations come from stakeholders both at organisational and unit levels. This is consistent with western budgeting where those directly responsible for implementing decisions desire to have an input decision making (Maher et al., 2006) This leads to responsibility centre accounting where each unit, be it a diocese or institution, is regarded as a 'responsibility centre' for accounting and budgeting purposes. These centres are granted powers and responsibilities to manage their own affairs and are in turn accountable for their performance.

In the CoM, the acceptance of and desire for decentralised powers is most visibly demonstrated by the division of the organisation into autonomous entities known as dioceses and parishes. The eight dioceses formally operate independently, having their own decision making and administrative bodies. In addition, as long as their canons and actions are consistent with the provincial constitution, the provincial church has no right to interfere in their affairs. The degree of autonomy granted to dioceses and parishes reflects a desire for decisions to be made closer to where the 'real church' is; where the majority resides and where church activities are occurring, that is, in the parishes. A senior diocesan describes the autonomy of the dioceses:

Despite requests from the PHQ, I don't have to report to them. I have my own diocesan council to whom I'm responsible and who approves my budget. How I use it (budget) is my problem, not yours. So legally, I'm not responsible to the PHQ (DL4).

A priest who has served in both the parishes and at the PHQ points to the autonomy of the parishes in relation to the dioceses and the PHQ:

...there is an independent institution that exists at the parish levels which is different from the whole church as a province (PL 2).

The preference for localised decisions is also reflected in the way power is delegated within the organisation so decisions are made by officers closer to the activities than remotely done by the office bound superiors. Departmental heads are delegated powers to make decisions on certain issues rather than referring all decisions to their superiors. A senior diocesan officer describes how he cautions his staff not to bypass their immediate supervisor to endorse their requests:

I am finding that all the mission coordinators are coming to me directly to endorse their requests. This is not right, they should go to their boss, the mission secretary. I should only be cross-checking than actually approving (DL2).

A divisional head at the PHQ, on the other hand, expresses his annoyance of having to refer all decisions to the chief executive rather making his own his decisions:

When I was acting Deputy General Secretary, I could not make my own decisions, even those of a routine nature. I always have to refer everything to the boss (General Secretary). I feel this has had adverse effect on me as I found it hard to think independently (PL6).

There is indeed a tendency for decision making to occur at the lowest levels possible closer to those responsible for implementing the decisions. Such desires may have arisen from similar reasons as espoused under western budgeting, in particular the argument that participants will take more ownership of the decisions and the assertion that lower levels know best what exists at the ground floor (Maher et al., 2006; Nouri & Parker, 1998). Such participatory decision making is motivated by the goal of improving productivity and attaining individual accountability (e.g. Wild and Shaw, 2010). However, in the CoM, the desire for participation could have been prompted more by the diverse and fragmented nature of the organisation. The CoM comprises numerous diverse and fragmented social and cultural groups who despite being part of a single nation and members of the same church, still identify themselves first and foremost with their family, tribe, Island, or region (Nanau, 2002) These social and cultural affiliations are much stronger than that to their church and the state (Otter, 2005). The church's Archbishop in one of his many addresses confirms the minimal feelings towards a national church saying “there was no feeling of corporate identity as “Solomon Islanders or Ni-Vanuatu and so by creating more dioceses in the homogenous groups of islands, we are returning to the style of government that was truly Melanesian” (Pogo, 1999 p.18). It is therefore paramount that decision making occurs at the local levels so the unique situation of each unit is taken into account.

Those who feel neglected or not being given sufficient attention are demanding separate diocesan status so they can make their own decisions. In the last ten years, two additional dioceses have been requested with one being formally approved and the other still being considered (General Synod Minutes, 2008).

Decentralised decision making also conforms to the value of collective decisions prevalent in the local society. Solomon Islands is traditionally a collectivist society where decisions are made by groups in community meeting houses, rather than by powerful and influential individuals.

7.2.2 Arriving at decisions

Analysis of field data also reveals another sub-concept that describes the way in which authority and fairness are applied within the organisation. It relates to the manner in which authority is exercised in decision making. This sub-concept has been designated as “arriving at decisions”. It explains how stakeholders with varying levels of power relate to one another, the sources of power relied upon when making decisions, how decisions are justified, and the degree of fairness and equity of decisions. The concept of “arriving at decisions” will be discussed along the properties of ‘sources of power’, neutrality of decisions, and equitability.

(a) Sources of power

The supreme source of authority is the constitution which comprises the canons of the church. The canons prescribe what is acceptable not only on matters of faith but also on governance issues, including financial management. The constitution also outlines the powers which institutions and individuals could exercise in their legislative and administrative roles. For instance, Article 12 of the constitution creates the post of the General Secretary while Title C canon 5 prescribes the duties and authority of the position. In addition to specifying their authority limits, the constitution also provides for the development of specific policies and procedures within which authority is exercised. In terms of budgeting and finances, the most prominent of these is the Financial Instructions manual. The instructions not only provide guidance as to how ‘things’ were to be done but also specify the responsibilities and authority of different bodies and positions.

Observations and interviews reveal a preference for the application of formal authority. Several interviewees spoke highly of the authority obtained from the various policies and procedures that provides them with confidence and security when having to make ‘difficult’ decisions. A senior manager at the PHQ pointed to several cases where employees had been implicated in certain unacceptable behaviour but the organisation was not able to take disciplinary action against

them as it has not developed its financial instructions. Many decisions were justified on the basis of the authority vested in individuals or bodies through formal instruments such as the canon, policies and procedures. Such authority reinforces the legitimacy of the decision. A finance officer at the PHQ exalts the authority obtained from the financial instructions:

...the financial instructions very useful because when we produce reports, we base our recommendations and decisions on them. As a result of these financial instructions, several staff had been dismissed while others have been issued with warnings (PL4).

The authority derived from the formal organisational manuals provides employees with the certainty and confidence to discharge their responsibilities without fear of conducting oneself in an improper and unacceptable manner and which could attract disciplinary measures. As many of the practices are foreign to the local society, the formal guidelines provide a sense of security, providing the boundaries within which decision are made and actions taken. A department head at the PHQ explains the usefulness of having financial instructions in creating awareness as to the boundaries within which one can operate or behave:

After several training sessions, everyone now knows their different roles, what the relevant controls are, what the different levels of authorities with regards to signing of cheques, and what their limits are (PL7).

The preference for authority ascribed within the formal instruments could be attributed to several factors. Firstly, such sources of authority are transparent and stable, hence predictable. It is possible to predict with reasonable accuracy the result of a given action. This contrasts with situations where decision making is based on informal sources of authority. Informal authority, which is often based on group norms and conventions, could be applied in a partisan and inconsistent manner, which could be detrimental to an organisation comprising diverse and fragmented groups. Several participants express reservations over the informal source of power the CoB possesses and exercises within the organisation. A member of several governing bodies of the church expressed the following concerns regarding the Council of Bishops assuming the powers that legally belongs to the Church's formal boards:

The CoB seems to have assumed a very powerful position, even more powerful than other boards. I don't know if the constitution gives them such powers... somehow along the line they have assumed these powers that made them become very powerful (OD 6).

An ordinary member of the church also questions the authority of the CoB to make decisions on some of the issues currently being discussed in the media:

May be this why instances like the one mentioned..... where the CoB made decisions that should have been made by various duly constituted councils, commissions, and committees of the CoM. Who is acting outside of the constitution in this case? (Lasa, 2009).

In addition, these diverse groups may not share the same values and beliefs. Hence one's informal authority may not be recognised and considered legitimate by all the groups comprising the entity. For instance, a certain diocese recognises the authority of the village chiefs and includes them in the diocesan synod while many other dioceses do not invite chiefs in their decision making bodies. This illustrates the variations in conventions with regards to the informal sources of authority. Hence formal authority such as occurs in western budgeting is coming to be regarded as the more appropriate form to regulate formal relationships within the organisational setting.

(b) Neutrality and impartiality

Accounting techniques emphasise the notions of rational, logical, impersonal decision making (Broadbent, 1998). These are achieved through the bureaucratic structures and formal rules and procedures that shape and constrain the conduct of individuals. Impersonal rules and other bureaucratic devices with their attendant stress on impartiality and neutrality may appear contradictory to the generally personal and partisan nature in which relationships are conducted within the local context. However, views from the field indicate that such formal processes are actually generally accepted and considered appropriate within contemporary local organisations. The inclination towards impersonality in decision making is demonstrated by a preference for more independent bodies to counter perceptions that individuals and governance bodies are not entirely impartial in some of their decisions. There are claims that certain groups are privileging their own personal interests or those of their relatives and friends over and at the expense of those more deserving of these opportunities or favours. A clergy department head at the PHQ, for instance, expresses a need for an independent body for allocating scholarships:

There should be an independent body (to decide on the award) for scholarships. Previously it was the responsibility of the Kohi (Theological

College) board. Now it is with the Council of Bishops, you hear a lot of priests expressing cases of nepotism and wantok business (PL3).

A senior manager at the PHQ describes how they had to outsource internal audit services in order to get truly independent views and opinions.

Some of the issues we have difficulty with are not being addressed at the level of the various committees because the people involved are also in these committees. So... we have had to employ an external auditor to provide internal auditing services... hoping the auditor will pinpoint the weaknesses in church systems and make appropriate recommendations (PL7).

A department head explains how a neutral person is more likely to make an impact on the administration of schools than someone from the local area. This is because a local person is more likely to be involved in conflicts amongst families within the community and will therefore be unable to unite them to support the school. A person from outside will be seen by the whole community as 'neutral'.

An example is Selwyn College (a church school located on the island of Guadalcanal), when we have locals from Guadalcanal in charge there, we even have more trouble with the local community. But when we have this person from Malaita (different island), we were worried at first that people (surrounding villages) might not like him, but it turned out that he united the whole lot of people, they were really behind him (PL9).

The desire for neutrality in decision making is also demonstrated by an unspoken practice of spreading senior positions amongst the various islands. Members are generally ambivalent if senior positions within any unit are held by those from the same island or region, let alone relatives and friends. There is perhaps a fear that having senior posts filled by a certain regional or island group could lead to perceptions of nepotism even if people were recruited on merit. A senior diocesan officer describes the recruitment process for a senior post at the PHQ:

When the post of deputy general secretary was advertised, most of those who applied were well qualified people. But since all of us are from the same island as the general secretary, they decided not to go ahead with recruitment (DL4).

A member of the internal audit team points out potential problems of having relatives holding power in the same organisation:

If you look at some dioceses, almost all employees are related, they're blood relatives. Most of them are handpicked. So to emphasise whatever controls is difficult... When they decide on a particular course of action, they'll all go for it whether it's right or not (PL4).

The preference for the impartial application of decision making powers could be attributed to several factors. Firstly, the CoM like most modern public organisations comprises groups from diverse social backgrounds and who were previously unrelated and even potential enemies. Hence standard policies and rules are needed to guide and monitor their relationships, serving to suppress ethnic distrust by appearing rational, neutral and objective. If decision makers are given greater discretion, this could be used in a nepotistic fashion in a society where loyalty and obligations to kin and in-group members takes precedence over the rest of society. In a culturally and ethnically diverse organisation such as the CoM, any perception of unfairness or favouritism along ethnic or tribal lines has the potential to be divisive and could ignite physical confrontation.

Secondly, in a society where personal relationships and group harmony are paramount, the use of these impersonal devices could actually help preserve and maintain group cohesion and relationships. Those vested with the task of having to make difficult decisions could be excused for only administering organisational policies rather than doing so out of any personal preferences and interests.

Differences in applying neutral devices

Despite a general inclination for neutral devices in decision making as in western budgeting, their application within the CoM differs from how these are used in western organisations in several ways. Firstly, in the local society rules and procedures are often applied in a flexible fashion depending on the circumstances. For instance, regulations could be ignored if their strict application could hinder or be detrimental to group relationships and harmony. A senior manager at the PHQ describes how despite legal advice, a more representative body makes decisions on certain financial matters:

....the CoB is being used to discuss and approve financial matters although the Chancellor has advised that the Trust Board is the appropriate body to deal with such matters. We don't use the Trust Board since it excludes representatives from Vanuatu. The CoB however all dioceses are represented (PL7).

Strictly observing the Constitution could result in some activity centres being left out of important decisions on the allocation of resources. Hence the Church is prepared to overlook its own rules to prevent potential conflict arising from groups not participating in decision making. In an informal conversation with a clergy member, he suggests that "church policies and rules are there to serve

human needs. Therefore, these must be flexible enough to respond to peoples' situations" (S. Ata, personal communication, February 2009).

Secondly, the need for impartiality in the western context was necessitated by the lack of trust emanating from the belief that individuals are prone to pursue self-interest rather than that of the organisation. Rules and contracts therefore help to align employee behaviour to the interests of the organisation (e.g. Velayuntham & Perera, 1996). In the local society on the other hand, the need for impartiality is intended more towards conflict avoidance and maintaining group harmony by preventing individuals from granting favours to clan members and friends. Standard policies and rules are considered necessary for promoting unity by minimising opportunities for nepotistic behaviour. Unlike western societies, a fundamental basis of traditional Solomon Island society is trust in one another, especially amongst members of in-group, and so formal controls such as those imposed by accounting are unnecessary to societal organisations where mutual trust is axiomatic.

(c) Fair and equitable outcomes

Field data also reveal an overwhelming inclination for powers to be used to achieve fair and equitable outcomes. These are values that the local society has in common with western societies and which are imbedded in institutions and practices such as accounting. This applies not only to the sharing of resources but also to the remuneration and in the expression of opinions. There is often a certain amount of disquiet expressed whenever unfairness and unequal treatment is perceived within the budget process. Perceptions of inequality and unfairness is often expressed in several areas including the clergy and bishop's stipends, distribution of organisational resources, training awards, and recruitment practices. These are discussed next.

Firstly, one of the most contentious issues amongst the clergy is the significant gap between priests' and bishop's stipends. Many priests and ordinary members are of the view that the remuneration of priests and bishops should be similar as both are 'called' to the ministry. Their role is that of a religious vocation rather than a profession where remuneration is commensurate with qualifications and skills. Hence priests have the same basic stipends regardless of the nature of their work, their qualifications and experience. In addition, this stipend is low

compared to the salaries of lay positions within the organisation. A priest serving in an urban parish expresses disappointment with the disparity in remuneration between priests and bishops:

If we're all called, right from bishop to the clergy, then all benefits such as pensions, gratuity etc, should be the same across the board. It is only the names of positions from management and the structure that are different, otherwise our calling is the same (PA4).

This consternation felt by some priests is summarised by a rural parish priest as follows:

Our calling as clergy was based on sacrifice but it seems there is a difference between priests and bishops. Bishops are rewarded more than priests so it seems we (the priests) are giving a lot more sacrifices for the work of the church than bishops (PA2).

There are also concerns expressed over the gap in privileges between the lay and the clergy. Some interviewees claim that the clergy received far more special treatment than the lay giving the perception that clergy are more important to the church than ordinary followers. A lay person who serves in a diocesan office observes that:

... looking at the budget, one can see that 99% of it goes for the bishops and clergy. Lay people are left out. Bishops and clergy are entitled to pensions and these other conditions, what about us lay workers? ... But the church without the lay people, it ceases to exist (DL6).

In terms of sharing of organisational resources, there is an expectation that these must be distributed in a fair and equitable manner through the budget process. When this is not done, affected stakeholders tend to express their disappointment. A senior diocesan officer, for instance, expresses regret that his diocese has been unfairly treated by not being given capital grants over several years:

Over the last five years, no capital grants were allocated to this diocese. Being passive as we are.... we were not given enough parity on the distribution of capital grants (DL2).

A departmental head at the PHQ on the other hand applauds the fair manner in which resources are allocated in the budget process:

One thing I notice about... its (church) budgeting system is that it's very fair in the way it attempts to ensure that benefits of development have to be spread out as far as possible (PL9).

The importance for equal sharing of resources and power is not restricted to within the Church only. Even at government levels, demands by regional and island groups for equal distribution of power and development within the national government resulted in unofficial mechanisms for achieving this, such as the one ensuring that the Governor General has to be from a different province from the Prime Minister (Turnbull, 2002).

With regards to training, the CoM allocates a significant budget for the formal training of its employees, in particular its clergy. Each year it sends priests to undertake undergraduate and postgraduate training in both local and overseas institutions. The selection of candidates both for overseas training and to the local theological college is deemed by many as fraught with unfairness and nepotism. Those in the selection panel, which comprises members of the council of bishops, are often accused of favouring only their wantoks and friends in awarding training opportunities. A priest serving in an urban parish describes this perceived common practice:

There are many complaints concerning the award of scholarships. Often it's only people who are favoured by those in the boards who go on training while at times it is their best friends, relatives and wantoks. These people enjoy such opportunities simply because their relatives or friends are in decision making positions (PA3).

A member of several decision making bodies further claims that:

... those working in the diocesan office are sending their own children to theological college. For instance, one of the ordinands at the college is the bishop's own nephew (OD6).

A priest also expresses his disappointment about the favourable treatment given by the bishop to his friends in training awards claiming:

Some (priests) within the fold who have recently graduated from BPTC (the local theological college) were quickly offered overseas training scholarships ahead of some competent clergy who have served longer in the diocese (Wate, 2009).

A senior manager at the PHQ explains that he was quite shocked to find during a review of the selection process of candidates for the local theological college that there was "a proportionately high number of children of the bishops, priests, vicar generals and close relatives and friends of the bishops. Some of them were so

young which makes one wonders if they were indeed ‘called’ to the ministry” (PL7).

Unfairness is also observed in the recruitment practices of some activity centres. It is not uncommon for those in authority to place in responsible positions their relatives and wantoks. In some dioceses, it is claimed that most of the senior and office based jobs are given only to relatives and those who are sympathetic to the bishop. This is regardless of whether or not they possess the required skills and qualifications. A senior diocesan officer describes how this is manifested in his diocese:

All senior priests’ positions in the diocese were filled by less qualified persons (bishop’s friends), no graduates were appointed. So each time he (the bishop) presents proposals, these poor priests who cannot argue and debate will simply agree (DL 4).

A priest also points to the employment of friends by a certain diocesan bishop observing that:

For so long, senior priests’ positions were filled by a team of untrained priests (bishop’s friends), as well as cronies ascending overnight taking over positions in institutions where the diocese has jurisdiction over (Wate, 2009).

In an informal conversation with a staff at the PHQ, he claims that in recent times “contracts for most of the church infrastructure projects have been given to this officer’s wantoks. These jobs are no longer tendered out as it was the case in the past. Now it’s just this person deciding on whom to award the contract to” (Erenimae, pc).

The evidence presented above confirms a common practice, which is not favourably viewed, within the organisation for those in authority to appoint their relatives and friends in decision making positions. This ensures that only those who are loyal and sympathetic to those with power are involved in decision making. This is not well regarded and considered an unexpected outcome for several reasons.

Firstly, the church consists of many previously unrelated ethnic and socially and culturally diverse groups. Hence favouring one’s own kin member, especially if not based on merit, is bound to arouse anger and feelings of unfairness. Such

practices are in the modern society regarded as corruption as opposed to the traditional norms of loyalty and reciprocal obligations. Modern organisations comprise mixed social groups where there is general preference for merit based decisions ahead of those determined by one's loyalty to those in authority.

Secondly, wantokism and nepotism are also contrary to the value of sharing and caring (Hou, 2002). Wealth of the group is expected to be shared fairly amongst the various group members rather than those with power enriching themselves at the expense of the majority. Over time, the organisation could be seen as a 'family business' rather than belonging to the wider membership.

Finally, the church, as a religious institution, promotes and believes in justice and fairness. In religious terms, everyone regardless of their positions and status are the same and equal before God. Therefore, the church has to live by what it preaches by reflecting justice and fairness within its own ranks. As expressed by a senior clergy serving at the PHQ:

If we (the church) talks about fairness, justice and equality, these need to be practised by our boards... the church should be an example of justice and fairness in its dealings (PL3).

The mission statement of one of the dioceses lists 'removing unjust structures' as one of its priorities. In addition a senior manager at the PHQ explains that the church places significant emphasis on fairness and equality because we hear very often the clergy challenging the church to uphold the principles of justice and fairness" (PL7).

The desire for equity and fairness is indeed a common feature of both the Solomon Islands and Western societies. As discussed in the foregoing, practices that facilitate the promotion of these qualities are viewed favourably in the local context. Conversely, behaviour that is contrary to these values attracts negative reactions from the research participants.

7.3 Stakeholders communicating

Field interviews and observations reveal a second concept reflecting the similarities between the local culture and western budgeting. This relates to the dissemination of information within the organisation and is conceptualised as "stakeholders communicating". It concerns the manner in which information is communicated to and amongst the various stakeholders of the organisation. The

organisation has a three tier governance system and communication between and within these levels is perceived to have commonalities to that generally employed in western style budgeting.

To underline the importance it places on communication, particularly given the geographical spread of its membership, the church has established a communication office with a full time employee. This reflects an expectation for the organisation to keep its various stakeholders informed on issues affecting them. The communication officer attends major meetings at the both the diocesan and provincial levels as well as significant church events and activities. The office disseminates information through the quarterly publication of a church newsletter and through a weekly radio programme.

The concept of stakeholders communicating is explained here in terms of two sub-concepts namely, the channels used in disseminating information, and the degree of stakeholder awareness.

7.3.1 Channels for information dissemination

Dissemination of information within the CoM is undertaken through various channels, both formal and informal. Firstly, although stakeholders obtain their information from several sources, only information that is disseminated through the formal channels is considered valid and legal. Such information has to be formally sanctioned by those with relevant authority prior to its distribution. Information flowing through such channels moves largely in a vertical direction according to the organisation's hierarchical structure. The PHQ, which is at the top, communicates extensively with activity centres and vice versa (vertical) but there is little amongst the activity centres themselves (horizontal). This lack of horizontal coordination and communication is one of the key findings of a review of Melanesian Board of Mission (MBM), the mission agency of the Church, which states that "some people inside and outside MBM feel as though there is duplication and lost opportunities for people working together" (MBM Task Force Report, 2006). The minimal interaction between dioceses probably due to each diocese regarding itself as an autonomous unit and does not depend on others to fulfil its objectives. In addition the geographical spread of the different centres compounded by inadequate infrastructure makes communication difficult. Finally,

traditional feelings of tribal and clan affiliations may still linger and so each unit sees itself as separate and unrelated to the other units. Several participants spoke of the minimal level of communication between the different centres. For instance, a member of a religious order claims that:

With the religious orders... the church mission is going one way and the religious orders, all four of them, each one going their own way. It will be much better if the church could get all four groups together and work together under one mission statement (RE1).

A senior diocesan staff also makes similar observations regarding the different ministries within the diocese:

...there is generally a lack of communication and coordination amongst the different ministries within the diocese. I know this because they always come to me directly, mission secretary and the ministry coordinators come directly to endorse their decisions rather than their boss, the vicar general (DL2).

Despite the desire for information by the various stakeholders, the formal structures through which information is to be disseminated are often weak or non-existent, particularly at the parish and local levels. Hence much of the information seems to get stuck at the diocesan administrative levels without actually reaching parishes and villages. A long serving synod and council member explains this perceived shortfall:

People often asked me why we synod members are not informing them about what is going on in the synods. My response to them is that it's not our responsibility as individuals to do that. Rather this should be done through the offices of the diocese and parish. But at the moment this has not been very effective (OD6).

Similar observations were made a priest of more than 20 years:

I have not seen or even heard general synod representatives going around districts or parishes to report to their members what has been discussed during the synod. Even the Priests are also failing to report to their parish councils and their members (DL3).

Despite the existence of official channels through which financial information including the budget, is to be communicated, much of the organisational information reaches its various stakeholders informally through rumours, 'street-talk', and friendly conversations. This is possible because 'informal talk' is such a vital aspect of the local society. People have a habit of sitting around with each other chatting for hours on all sorts of issues from the serious to the mundane.

Even during working hours, it is usual for staff to sneak into each other's offices for a quick chat, often unrelated to work. During my field research, I witnessed staff congregating in a certain office, just to catch up on the latest 'rumour'. A remark by one of the respondents confirms this:

I would say that almost 80% of church members hear stories about church finances through gossips or stories which ...we can say are from unreliable sources (RE1).

A senior manager at the PHQ reckons that many people get their information about church finances:

...from some sort of street talk, some kind of made up stories, so they were given completely wrong information... thinking the church has millions of dollars without actually getting the facts (PL8).

The various channels for disseminating information is similar to western practices in that the only valid information is that which is communicated through the formal channels but CoM practice is also unique in that many stakeholders obtain their information through informal means. This largely results from the inability of the organisation to effectively utilise its formal networks to disseminate information from the top hierarchy to the rural majority.

7.3.2 Degree of stakeholder awareness

Despite having an extensive network created through the three tier structure of governance, it is generally acknowledged that the majority of church members remain ignorant of the church, its structure, finances, and its plans and activities. Several participants, in particular stakeholders who are neither directly involved in decision making bodies nor in the administrative roles, admit to knowing very little about the Church. It appears that the further one is from the formal structures of the church, the less aware one is about the organisation. Even a person who had served for many years on a urban parish council admitted to knowing nothing about the church's overseas source of income. Many of ordinary members spoken to conceded to not being aware of how their parishes raise their funds to pay the priests' stipend, let alone knowing how the overall church generates the income to fund its provincial activities. The sub-concept of "degree of stakeholder awareness" is discussed as it relates to church finances, plans, and structure.

Firstly, many followers, in particular those in the parishes and rural villages have little knowledge of how the church raises and spends its resources at either the

parish, diocesan, or provincial levels. Many people are unaware of how the church funds the various activities and services it provides to its members and to the wider community. A priest who had served in several diocesan synods and councils suggests that:

Although the church has started to be open up about its finances, even now in the 2000s, there is a still a lot of people who know very little about the financial system that we (church) have. I mean may be I don't have the exact figures but generally, there a lots of people out there who don't know (about church finances) (PL1).

A senior officer in the finance department at the PHQ opines that:

Although people in the rural areas generally know about the money coming into the church from overseas.... we (church) should carry out an awareness programme to explain how the money is being used.... such as on the mission of the religious orders, priests, catechists. These, people don't see (PL 4).

These examples demonstrate the general lack of knowledge and understanding of church finances by the wider membership. Such information, it seems, is known only by those who make financial decisions within the different boards and councils.

Apart from finances, it is also generally acknowledged that many church members, including the clergy, are not informed about the plans and activities of the church. These are only disseminated to the top leadership of the organisation while the ordinary majority remain unaware of these priorities. A priest serving in an urban parish explains, when asked about his knowledge of the church's strategic plans replied that:

When you ask about things (priorities and plans) concerning the provincial level, we cannot make any comments. We are not aware of the priorities at the provincial level (PA4).

Finally, it is also claimed that the church is so bureaucratic that many followers do not understand the roles of each structure and how these relate to one another. Some people are aware of the different levels of governance and the various positions within them but have little knowledge of how these levels and roles of their leaders link to one another. A priest serving in a rural parish claims that:

Very few people understand the church structure. It's not clear to many people. Probably because it's a one way structure starting from the archbishop to the dioceses (PA 2).

The examples given above demonstrate the lack of information reaching the majority of church members concerning its finances, plans, as well as its structures. It is a concern that the majority remains ignorant which diminishes their ability to effectively keep the organisation accountable or participate in organisational activities where required.

The relatively low level of awareness amongst the majority of church members about the life and operations of the organisation could be attributed largely to a certain degree of secrecy and confidentiality it imposes on aspects of its operations, in particular its finances. Much of the information that is made available in the public domain by public sector organisations is often retained as confidential by the church. A priest who heads a department at the PHQ concurs with the notion of financial matters being confidential explaining that:

When I was with the government, budgets and things like salary scales are public documents. But in the church, we seem to hide these so church members don't see them. I think the church should be a bit more open and transparent with such information..." (PL3).

A Priest who serves at the PHQ echoes similar sentiments:

When I became a priest in 1980s, anything to do with money in the church was a very secret thing. It was not revealed to the public. It was only in the late 1980s that such information began to be shared with those at the low levels (PL1).

Another priest who heads a department expresses regret over the tendency to keep financial matters hidden:

... the confidentiality which is imposed by the accounting system and other regulations is doing more harm to the church than good. The church should be very open, and transparent and must go down to the low levels to explain its finances to people so they can respond..... with greater giving (PL2).

The confidentiality with which the church treats financial and other organisational matters only serves to prevent church followers from being fully informed about the church. This together with the reliance on formal structures, and compounded by the lack of necessary infrastructures, serves as a great impediment to information being passed through its various structures.

Such secrecy is maintained perhaps for several reasons. Firstly, a strong in-group identity means that putting information in the public domain could expose the

organisation to out-groups, be it other churches or groups not related to the church. Church information should only be confined within the formal circles of the church where individuals tend to be bound to an oath of secrecy. Secondly, actively promoting oneself in the public arena through open communication could be perceived as 'arrogant and proud'. This is contrary to the local culture which values modesty and humility. A former communications officer laments that:

The role of this (communication) office has been made more difficult because... people believe you don't blow your own trumpet about what you're doing so people are reluctant to pass on information. 'Media' is a culture of the whiteman... (Toke, 2006).

The lack of information reaching church followers is considered an unfavourable outcome of the budget process for several reasons. Firstly, it is contrary to the transparent leadership which the society was accustomed to. Traditionally leaders resided amongst communities and so their activities and behaviour were constantly monitored and evaluated. Present leaders, including those of the church, on the other hand, tend to live in separate locations from their followers who can only monitor and hold the leader accountable through information that is communicated to them. Hence when no such information reaches them, people are unable to question the church and its leaders. It also prevents them from participating in church processes, be it in making decisions or their implementation. The following comments echoed in one of the national papers reflect the desire for transparency from the church:

...some of the actions and attitude within the church is now heading to the dark side of the world. These actions are clear and cannot be hidden under clear water... The church must come clear in all these dealings and be transparent in all their actions (Pedical, 2009).

There is indeed a desire, just like in western societies, for stakeholders to be provided with information that will enable them to assess the performance of those entrusted with responsibilities and resources. As with the case of the CoM, people tend to express disappointment if relevant information about the organisation is not reaching its important stakeholders.

Misinformation through rumours

The informal sources through which the majority are informed are often unreliable, resulting in incorrect information being spread amongst the different stakeholders. This often raises negative perceptions about the church and its

employees and discourages members from making their contributions. A Priest makes the following observations:

People are not getting the right facts about church finances but are hearing through rumours that it has a lot of money and through their observations notice the church paying vehicles sometimes 3 in one year. They immediately conclude the church has money and so are unwilling to give anything (DL3).

A senior manager at the PHQ recognises the risks of distorting the truth when passing information through rumours and gossips, which could actually be counterproductive to ensuring greater awareness about church budgets and finances. He cautions that:

There is always the risk of telling half-stories especially if people are not well versed with the actual situation. For instance, a common complaint is that church money is not reaching parishes. However people don't realise that priests are paid by the church (PHQ) (PL7).

In summary, people in both the western and local societies share a common desire for accessing the right and correct information so they can make informed judgements and evaluations about the performance of their institutions and their leaders. People are generally disinclined to getting information from unreliable sources as it could result in them making incorrect decisions that could have adverse consequences on them personally, as well as on the church as an institution.

7.4 Desiring to know performance

Observations and interviews, and their subsequent analysis reveal a third sub-concept that appears to describe the commonalities between western budgeting and the local culture. This involves a desire by organisational participants to be informed of the outcomes of the budget process. This has been designated as "desiring to know performance". There is a general expectation from stakeholders to know the performance of the individuals and activity centres regarding the use of the organisation's resources, the achievement of the organisational goals, and how various officers discharge their responsibilities regarding the budget. This is consistent with western budgeting that has the measurement and evaluation of performance as one of its key functions.

The CoM currently does not have formal processes for ensuring that the budget results are measured and disseminated to interested stakeholders. This lack of

monitoring and evaluation was one of the key findings of a major review of the mission arm, the Melanesian Board of Mission, in 2006 which found that “there is a feeling that there is insufficient monitoring and evaluation to assess whether or not we are achieving what we set out to do”, so that performance can be brought to the fore. There is however, a strong desire expressed for such a function to be formally applied within the organisation. As in western budgeting, stakeholders are interested in the performance and outcomes of the organisation, for purposes of accountability and being informed about how their resources are being utilised. This concept will be elaborated on in terms of the nature of outcomes which stakeholders are interested in and how they actually go about obtaining such results.

7.4.1 Outcomes of interest

For those who have expressed support for the organisation to adopt a system for measuring and evaluating the performance of units and their leaders, the following aspects of performance are considered the key result areas in which stakeholders are interested. These require a holistic approach that includes the spiritual, physical, social and financial dimensions. The sub-concept of ‘outcomes of interest’ is described in terms of the properties of ‘utilisation of resources’, achievement of the mission statement, qualitative outcomes, and physical development.

At a time when demands on its limited resources are increasing by the year, people are anxious to know and see how the church utilises its resources, in particular the income from overseas investments, to benefit the rural majority and achieve its goals. As expressed by a senior staff at the PHQ:

We really need to know what difference all the money we've been receiving from our overseas investments has made to our people. Where has it gone? We must find out whether it has benefited our grassroots. It's their money as well, not just for few us who sit in the offices (PL3).

The need for a monitoring and performance evaluation system was also echoed by a PHQ officer to a task force reviewing the mission arm of the church:

There is a need to have good guidelines for the MBM to work by and see whether we have achieved our goals or not. Now you don't see we're achieving anything. We don't see growth, we need good and proper monitoring and evaluation of goals (MBM Accountant)

Secondly, results are sought with regards to the achievement of the church's mission statement. The success of the church or otherwise is reflected by results indicating the extent to which it has achieved its mission statement. A departmental head prefers results relating to the mission statement:

All the money we're putting into all our operations should be aimed at achieving the mission statement. All the activities that we are undertaking should be directed at achieving the mission statement. But um the Anglican population seems to be getting lower and lower... So with all the money we are putting in, we're not achieving the results of the mission statement (PL6).

The General Secretary expresses similar views in his address to the 2005 Executive Council:

Every year since 2003 I continued to mention the Mission statement Why? Because this is how we should measure our programmes and ourselves as church workers (Kiriau, 2005).

Thirdly, there have been suggestions for the use of qualitative results as measures of performance as opposed to the predominantly quantitative, monetary figures contained within existing financial reports. Such qualitative data or information should supplement the quantitative financial information to ensure better understanding of one's performance. As explained by a senior manager at the PHQ:

Some people equate success with having more assets and infrastructure. But to me the more appropriate indicators are voluntary work, increase giving, and more interest in church activities (PL7).

An ordinary member when quizzed over what he considers to be important factors for determining the success of his parish lists togetherness as the most important. "If the money we raise only divides rather than bring people together, then it certainly hasn't made any impact"(OD2).

Finally, physical development has also been touted as an ideal result which stakeholders desire as a measure of performance. Those with the most infrastructure and largest physical assets are considered as having done better than those without. An ordinary member who manages a church business expresses the above view:

Everything must grow physically as well. If there's physical growth, that is good, that's a healthy sign. If there is no physical growth, people will consider it as not good at all (OD3).

An officer at the PHQ echoes similar sentiments by suggesting that creating new physical structures amounts to growth:

Our mission statement is about spreading the gospel, and so creating a new diocese signifies advancement of the church, the mission is moving forward. For example, next year we are opening a new parish in New Caledonia, which is good. It shows the church is alive, it's active (PL4).

Despite sharing a desire to know the outcomes of the budget process, this is not always achieved for a number of reasons. Firstly most positions, particularly within the clergy, do not have specific job descriptions. A strategic planning document approved by the church in 2006 identified that one of the weaknesses of the church is the lack of clear job descriptions for bishops and diocesan secretaries (CoM Strategic Plan (2006-2008) Provincial Initiatives, 2005). An ordinary member explains that parishioners are unable to assess the performance of their priest:

People have a lot of expectations from the Priest apart from just giving Holy Communion but most do not even know what his actual responsibilities are... So it is hard to evaluate his performance if we do not really know what his responsibilities are (OD2).

The lack of well defined responsibilities for parish priests was confirmed by a priest serving in the rural areas:

It is true that we priests don't have position descriptions like lay workers. I didn't realise that this has been the case all along. May be our responsibilities lie within the vows we make at our ordination (PA6).

Secondly, assessing the results of performance based on written reports is less likely to be effective in a society with a strong oral tradition. People recall transactions in terms of events rather than their monetary values. As explained by a senior diocesan officer:

People in traditional societies don't have records but have very good recall of events, in particular those where gifts were exchanged. If a person made some contributions towards a bride price, then he can point to any children being borne out of that marriage as the results of his contributions (DL4).

The lack of a formal system for measuring and evaluating performance does have adverse consequences on the budgeting system of the church. Firstly, it often results in funds being continually allocated to projects that are perhaps not viable in the present circumstances. As remarked by a finance officer at the PHQ:

... you will find that every year we approve new projects without assessing existing ones, whether they're completed or not. We continue to approve without assessing the state of these projects. For example, this particular project was approved some seven years and remains outstanding (PL4).

Secondly it often results in the non-completion of projects whose funding may have dried up without additional resources being allocated in subsequent budgets. Some of these projects are eventually abandoned, resulting in significant waste of resources. As explained by a departmental head who oversees projects allocated to church run schools:

We have been working on several projects at the school over several years. These have never been completed and we've been forced to abandon some as materials earmarked for them have either been used on other projects stolen (PL9).

The 'outcomes of interest' is similar to western processes in that there is a general inclination amongst stakeholders of the church to be informed about the results emanating from the budgeting process. These results comprise a combination of monetary and non-monetary, and quantitative and qualitative outcomes. However, there certain factors that prevent the organisation from producing information on these outcomes, often resulting in unexpected outcomes for the organisation.

7.4.2 Ways of knowing

Although the organisation does not have a formalised and systematic method for measuring and evaluating the performance of its units such as may occur in western processes, "it tries to be accountable and transparent by reporting to the general synod and executive council" (PL7). Formal reporting is the most common means stakeholders get to accessing the performance of the church. Periodic reporting is formally prescribed by the canons at both the provincial and diocesan levels. For instance, activity centres are required to produce various reports, financial and non-financial, to their governance boards at least annually. It is hoped that through reports, stakeholders are able to ascertain the outcomes achieved by each centre.

However, the use of these reports as tools for informing stakeholders about church performance is often limited for several reasons. Firstly, the financial reports and their subsequent external audits were never produced in a timely fashion, despite being required under the Financial Instructions. It is not uncommon to find activity centres having unaudited accounts dating back several years. In his report

to the 2008 General Synod, the Finance Manager confirmed that out of more than 10 centres, only two have had their latest accounts audited.

Secondly, often little discussion takes place amongst governing board members on these reports. The primary reason is the lack of understanding of these financial statements by many board members. Those who evaluate the reports on behalf of the majority of the stakeholders are themselves financially illiterate and so the chances of them subsequently informing those they represent seem slim. It therefore seems that formal reports are often not the foremost means through which stakeholders determine the outcomes of various church units. A former member of a decision making body expresses his experience dealing with financial reports as follows:

I've been a member of provincial governing bodies for a number of years and during those years, I was just pretending to be reading these papers (financial reports). But in actual fact, those figures meant very little to me (PL1).

The generally minimal understanding of these financial reports for purposes of assessing performance is also expressed by a member of several decision making bodies:

The interest in the financial reports is not as heightened as you would like. As you (researcher) know, being former finance person in the Church, not many members of the boards and councils come from an accounting background (OD6).

Apart from the formal reports, it seems that a great majority become aware about the results they desire through informal means, chief amongst which is physical observations. There are feelings that the performance of the church cannot be measured but is only observable. For many, the performance of the church and its leaders is measured by what they can actually observe. A senior manager at the PHQ stresses why leaders ought to be mindful how they behave as their actions are always under the scrutiny of followers:

... that is why the bishops must realise themselves that they got to behave like bishops, not like ordinary persons. Because everything they do will be very obvious, shows out very clearly. Unlike us ordinary persons, where people will not take much notice of our actions (PL10).

A priest who heads a department at the PHQ explains this notion:

The life of the church is not measurable but only observable. So you can identify parishes that are alive and growing in terms of their church collections, tithing, commitments to working on Saturdays in preparation for Sunday services, turning up on Sundays, and you'll find that more and more, the parish church will get smaller (PL2).

A senior manager at the PHQ opines that peoples' observations of the church and its employees are hindering their commitment to financially support the church:

If you look around in town, the CoM has become like the government, owning double-cabin vehicles and trucks....we said we don't have money but...when people see that the church owns a boat, charters planes, bishops using cars, it just puts them off from giving to the church (PL8).

A diocesan bishop related an occasion where the chairperson of a fundraising committee stood up in a meeting and instead of reading a financial report simply pointed to the incomplete building and asked people to see for themselves what has been done and the tasks that still need to be done. This as well as the views expressed above reflects a tendency to assess performance based on physical observation rather than written reports. This reflects the oral nature of the local society, where people prefer observations and word of mouth over written material.

7.5 Chapter summary

The interaction of western and local cultures within the budgeting process reveals commonalities between the two cultures. The concepts portraying these shared attributes and their impact on the CoM's budget process have been discussed throughout this chapter. These shared cultural characteristics offer the potential for a western budgeting system to be applied within the local context. However such a system should be adopted with caution as despite the common cultural values, the rationale for certain practices as embedded within the budgeting process may differ with each culture. The analysis also highlight the positive perceptions of research participants when these common cultural attributes reinforce one another to produce anticipated outcomes, but also where these common attributes are not applied to complement each other resulting in unexpected outcomes.

CHAPTER 8: THEORETICAL CONCEPTS OF THE CoM's BUDGET PROCESS: THE LESS SHARED ATTRIBUTES

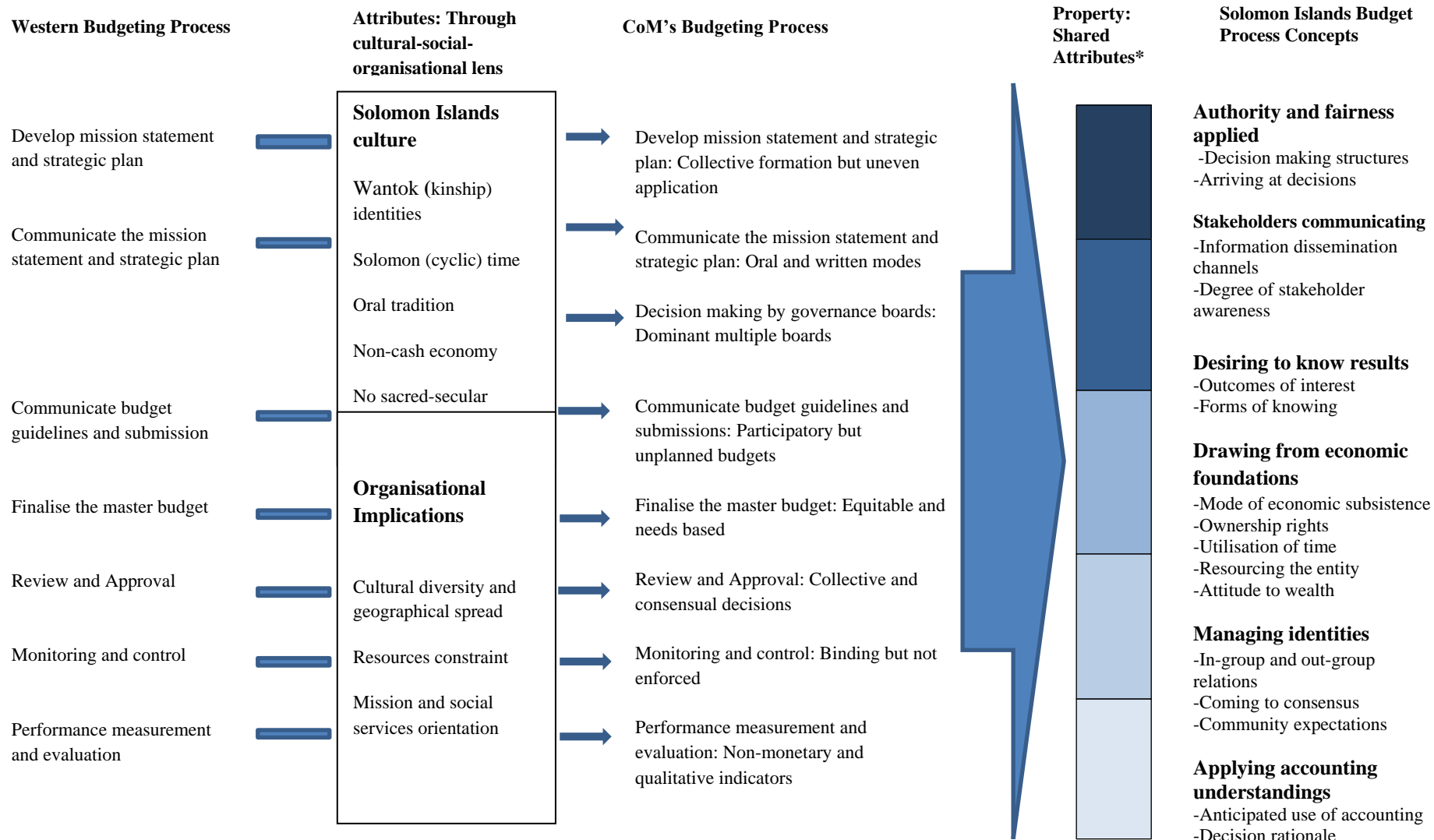
8.0 Introduction

As discussed in Chapter 7, the second major category of concepts that emerged from the observations and interviews and their subsequent analysis reflects those cultural attributes that are generally more unique to the Solomon Islands society and hence are least shared with western cultures. The existence of these unique features is consistent with the predominant view that western cultures are generally dissimilar to those of indigenous societies and that practices and institutions underpinned by either culture may not always be successfully transferred into the other (e.g. Gopalan & Stahl, 1998). These concepts together with the more shared cultural attributes have been developed into a theoretical schema previously shown in Fig 7.1. This same framework is given below to aid in the following discussions. In the framework, the less shared attributes that are discussed in this chapter are those that are lightly shaded.

Generally, a country's unique cultural values and norms could engender practices and behaviour that may be conflictual to those underpinning the institutions and practices of other societies. However, just because a country has certain unique features does not necessarily mean that these will automatically cause a dissonant effect if applied in other cultures. In other words, cultural differences should not simply be seen as impediments to organisational effectiveness (Yeganeh & Su, 2006). While cultural differences could produce an antagonistic relationship between two interacting cultures, dissimilar cultures could actually be complementary and could offer advantages to each other that may increase their overall capability. Hence, certain aspects of these unique features of the local culture could produce behaviour that is incompatible with western practices while others may be less so. These will be elaborated on throughout these discussions.

The interaction of the western budgeting style with the unique values and norms of the local culture, especially where these are incompatible, produces outcomes that are considered as inconsistent with expectations of the budget process in the local environment. These are treated as unexpected outcomes because they are

Figure 7.1: Concepts depicting the CoM's budgeting process



*dark shades for most shared and light shade for least shared attributes

incompatible with the values and norms of Solomon Islanders. Shahul (2001) proposes that when an accounting system, and by extension a budgeting system, is infused with the values that are alien to a host society, the information it produces may result in unanticipated behaviour. The unexpected outcomes are identified from expressions of disappointment or disagreement when such behaviour or results occur.

The concepts theorised here reflect actions and practices underpinned by the unique attributes of the local culture as compared to western budgeting. These concepts describe how the unique or least shared features are demonstrated within the budget process, their impact on the actions and perceptions of the local actors, why these actions or events occur, and the consequences of these actions or events. Analysis of field data reveals that three concepts best capture the impact of these unique local cultural features on the budget process. These are designated as ‘Drawing from economic foundations’-, ‘Managing identities’-, and ‘Applying accounting understandings’-’.

8.1 Drawing from economic foundations

The first of the concepts that theorise the unique features of the local culture is designated as ‘Drawing from the economic foundations’-. It conceptualises the manner in which the practices and actions of organisational participants, as these relate to the budget process, are influenced by the economic structures and characteristics of the local society. It encompasses the way in which the locals sustain their livelihoods, the value they place on their resources, the ownership and management of these resources, the manner in which time is utilised for economic purposes, how the organisation sustains itself in the contemporary monetised economy, and the local attitude to wealth. These are described in the following.

8.1.1 Mode of economic subsistence

One of the sub-concepts that describes the economic foundations of the local society is designated here as the ‘mode of economic subsistence’-. It reflects the economic system practised within the local society, particularly whether it embraces the cash or non-cash economy, or a combination of both.

The accounting and budgeting system practised by the CoM places significant emphasis on the economic values and dimensions of transactions and activities.

The accountant simply has to focus “on realized objects which can be financially quantified (Hines, 1992). Hence only financial and monetary values get accounted for and included in the accounting and budgeting system. This contrasts with the largely non-monetary and subsistence economy of the Solomon Islands society. The emphasis on money and economic values in the accounting and budgeting systems do not therefore fit well in the worldview of many Solomon Islanders.

The incompatibility arising from the monetary emphasis of the budget process could be attributed largely to the fact that Solomon Islands was traditionally and still is a predominantly subsistence based economy. The majority of the population resides in rural villages where daily living is preoccupied with communal activities and providing for each day’s subsistence. While there is increasing production for cash income, this is only to meet specific needs rather than as a form of livelihood. The emphasis on monetary values by western budgeting in a society dominated by non-cash existence impacts on the budget process in several ways. The first relates to inability of the majority to participate in the budget process as they lack the cash resources, despite owning significant natural wealth. It has also led to the dominance of a financial agenda within the organisation and the consequent commodification of resources by the different stakeholders of the church. These are discussed next.

(a) Exclusion of majority from budgeting

By emphasising only monetary resources, the budgeting system excludes the majority of church members who own significant natural wealth in the form of land and marine resources, but which cannot be translated into cash. Many church members have natural and physical resources but which are not valuable for accounting and budgeting purposes. In fact most church members survive on little cash. Hence the majority of church members do not participate in resourcing the budget since their wealth is not in monetary form. A priest serving in the rural areas observes the wealth that remains untapped in the rural areas:

The church has enormous resources, owned by its members, the majority of whom reside in the rural villages. While we sit with this wealth, every year we struggle and complain of not having enough money to run the affairs of the church. Why not tap into this wealth? (PA6).

Even a diocesan bishop recognises the significant wealth that is present in the parishes:

Rural parishes are blessed with so much resources and it only takes the right kind of teachings to see healthy biblical stewardship practised. This should help people understand well that their land and seas, trees and forests can be used to build good churches, good schools, good training centres and clinic (Sahu, 2009).

A senior manager at the PHQ concurs that members have the resources but the not the ability to convert these into cash:

It's true we have the resources but how do we utilise these into money. We need to convert these resources into cash before we can use it to fund our budgets (PL8).

These views highlight one of the dissimilarities between western processes and CoM practices in that the monetary emphasis of the budget only serves to exclude the rural majority from participating in the budget process. Instead of maximising the resources of the organisation, it has the unintended consequence of actually limiting the nature of resources that could be utilised for organisational purposes.

(b) Dominance of financial agenda

The emphasis on money in the budget process has prompted some participants to claim that finance is becoming a dominant issue within the organisation, and having a significant influence over its core mission. It creates the mentality that without money, no activity or programme could be undertaken. There is lack of creativity and initiative to undertake activities with the non-monetary resources that are available. Activities are increasingly being conceived only in terms of their monetary costs. Furthermore, it has produced a perception that the mission of the church is being dictated and influenced by money rather than the other way around. The reliance on money for the performance of organisational activities is obviously a novel practice in a society where events were undertaken from the voluntary and shared labour and through the natural resources owned by the people themselves. A priest serving at the PHQ laments the way church clergy have become too dependent on money for their mission:

...I think finance influences the mission of the church. Bishops cannot go on a tour unless the finance is there.... But down there.... where the people are, they depend on the faith of the people. They don't have touring budgets. They just walked, and people still feed them (PL 2).

A senior manager at the PHQ observes a trend whereby financial matters dominate meetings of the bishops:

I found the CoB spent a proportionately significant amount of time discussing financial issues rather than concentrating on mission matters (PL7).

An archbishop of the church also echoes similar sentiments in his opening address to the 2008 general synod:

Money is often a dominant issue in any general synod and I imagine this one will be no different. We must, however, take great care of our financial resources (Pogo, 2008).

Money has indeed become an issue of considerable importance within the Church. It features highly in the meetings of the various boards as well as determining what the organisation can or cannot do. It has also led to a shift from church traditions that church work should be a matter of faith and goodwill rather than for monetary rewards. Money is becoming more prominent within the decision making structures of the church rather than mission.

The increasing emphasis on financial matters within the organisation is expected and perhaps inevitable given the growing monetisation of the local economy. This could be seen as a shared feature with western processes. However, as discussed in the foregoing, many participants expressed disquiet and reservations over such a trend and prefer preserving aspects of the non-monetary economy.

(c) Commodification of resources

The prominence of money in the budget system has also led to the commodification of resources and skills. People's exposure to the capitalist idea that resources, including their time and labour, has monetary value makes them become more conscious about the use of their resources. It has resulted in a general reluctance for people to voluntarily offer their resources to the church without some monetary reward. Even volunteerism, which has been the mainstay of Church growth for decades, is fast disappearing. A senior manager at the PHQ observes that:

Previously people have a lot of respect for the church, they come and do things for free. Now they say the church has a lot of money and so the tradition of giving freely of one's time and skills to the church based on their faith is fast disappearing. Now you'll often be surprised at some of the charges they give you (PL8).

This point was also succinctly put by a Priest serving at the PHQ:

The strong emphasis placed by the Church on the budget has turned things including aspects of our culture such arts, music, and dancing into

marketable commodities. If you don't pay the cultural group, they can't put on a performance (PL2).

In acknowledging the growing attraction to money, the Finance Manager told the 2008 general synod that many members who provide services and goods to church:

..are always inclined to squeeze as much money from the church when charging for goods and services. We are witnessing that even our very own members are no longer providing their resources free to be used by the church (Maeigoa, 2008).

A priest from the rural areas also explains that the commitment of catechists and other lay workers is low, largely because they are unpaid. Their common complaint has always been that "why are the priests paid while we have to do mission voluntarily" (PA2). Such complaints reflect the increasing trend of expecting financial considerations for one's services and resources

Even people who serve on decision making bodies previously did so freely as part of their religious obligation. Recently, members of the general synod and executive council have demanded sitting allowances for time spent serving on these bodies. A member of the synod and council expresses regret at this move:

I was quite shocked when I was told to collect my sitting allowances. I asked, what for? We are already being fed, accommodated and looked after. The clergy and lay employees still receive their full salaries. My main fear is that such practice will filter downwards to dioceses and parishes. One no longer offer voluntary services to the church (OD6).

It would seem that the imposition of western practices arising from the monetary economy has led to often radical changes to the Solomon Islands ways of doing things. For instance, the views expressed in this section demonstrate a decline in volunteerism within the church resulting from the 'love' of money and material goods. It poses a significant challenge to the church in that it has survived in the past largely from the voluntary contributions of its members. This gradual shift in values is in line with Shahul's (2001) assertion that a conflict in values between the local and any introduced systems may result, in the long term, in changes to the local values and norms. This trend is expected to continue and grow given the increasing integration of the country into the global monetised economy.

Although the emphasis on monetary and economic values may be foreign to the local society and hence is causing some unexpected outcomes within the budget process, the use of money per se is not new to the local society. Different forms of

money were used by different tribal and islands groups in the traditional and even in contemporary times. However the major difference being that traditional currencies were used largely for social rather than economic exchanges. Traditional currencies do not measure the economic value of items being exchanged while modern money employed within the budgeting system does. Hence people are generally still coming to grips with having to place a monetary figure on resources that previously have not been assigned such values.

8.1.2 Ownership 'rights'

Analysis of field data reveals that the local society's notion of property rights and ownership differs from that advocated in western budgeting. One of the key tenets of western accounting and budgeting is the separation of the owner(s) from the accounting entity. The entity assumes exclusive rights of the assets and capital of the organisation (Belkaoui, 2001). Not only are owners seen as separate from the entity, but employees, creditors, the environment and the "rest" of "society" are also considered to be different from, and "outside" the boundary of the entity (Hines, 1992). It is the viewpoint of the entity, rather than any people associated with the entity, that is adopted for accounting purposes (Hines, 1992). This concept narrows the possible objects and activities and their attributes that might be selected for inclusion in the organisation's financial reports (Hendrickson, 1982, p.63). For budgeting and accounting purposes, the entity's resources are to be used exclusively for promoting and achieving the purposes of the organisation.

As the foregoing discussions demonstrate, this separation principle is yet to gain wide acceptance amongst the locals who generally hold that an organisation or entity is simply an extension of its owners. A person and his or her property are never separate regardless of the purpose for such assets. To own, in traditional Solomon society, was to incur an obligation and responsibility to share with members of one's group. Ownership therefore entails obligations as opposed to rights, which is the essence of ownership in the western society. Hence, the principle that owners of the organisation are excluded from the use of the entity's assets is foreign and is yet to be well understood by Solomon Islanders. The effect of these conflicting beliefs about the entity and its ownership is demonstrated in several ways within the CoM.

(a) Property rights with obligations

In the local culture, as reflected by the perceptions and actions of organisational participants, although private property is recognised, ownership is not absolute. To own property is to create a personal obligation to use it not only for one's own benefit but also that of other group members. In fact, a property could even be considered a liability as the owner must find ways of sharing its benefits with kin members. Failing to do this, the person could be perceived as self-fish, uncaring, and could be subjected to the social sanctions of the community. This is because the owner and his or her property are one and the same being.

Regardless of the CoM being formally registered as a separate entity, members of the church still expect to benefit from the church either individually or collectively as 'owners'. There is an expectation that whatever the organisation owns, they should be able to benefit from it. Such perception stems from the belief that the church cannot be separated from its members and since the church exists to serve its members, this should be demonstrated in tangible forms. Their continual affiliation to the organisation could depend on them deriving some benefits from the church (Herman & Renz, 2004). An officer at the PHQ related how a women's group from a diocese outside of the capital insists on travelling free on the church vessel to Honiara to raise funds for their local church building:

They (the women) wanted the senior officers from their diocesan headquarters to arrange with us so they travel free on board the church vessel. They insist that since the boat is already in their diocese, for a different occasion already funded by the church, they might as well travel free on the ship's return trip to the capital (PL6).

Even relatives of church staff are accommodated in church property allocated to officers as part of their employment privileges. Although formal guidelines of service discourage and prohibit employees from accommodating relatives in church houses, this is never strictly enforced. It appears that people feel a sense of entitlement to share in the privileges of their relative's office, particularly if they are also members of the church. Comments such as "we are also church members so we should also enjoy living in church property" are not uncommon. Such practices often result in increased costs of maintenance on these properties from overcrowding and overuse. A parish councillor expresses how the parish finds it difficult enforcing their policy of not allowing relatives to be accommodated with their staff:

We have three priests in the parish. They all have large families... and in addition to their own, they also bring in their grandchildren and other relatives. But you cannot send the children away even though the parish policy is that other children if they're working... they should look for house elsewhere or their company should find them accommodation (PA1).

Church followers tend to be disappointed if they cannot access and enjoy the use of church property at their convenience. Most tend to vent their discontent and frustrations at employees of Church institutions who have custody over church property, and who as employees do use such assets as part of their employment privileges while ordinary church members are excluded. A diocesan officer describes perceptions held by members of diocese of having the right to use diocesan assets:

The diocese has vehicles and other assets which people still expect to travel free on or to use them for free since they also are members of the church. People complain that only church workers benefit from these assets while ordinary members are treated as though they have no ownership over these assets. The diocese only needs us when it wants something from us but does not share things it owns with us (DL 4).

A general perception that only those serving in the administrative offices of the church and their relatives are benefiting from the church budget is a creating a growing reluctance by ordinary stakeholders to support the administrative activities of the church. Many interviewees strongly opposed the idea of making financial contributions to support the office functions of the various structural units such as diocesan headquarters or the provincial headquarter. There is probably the fear and suspicion that such contributions will be used to fund the salaries and privileges of church employees. Many expect their contributions to be reciprocated in the form of services as in the case of the national government. An ordinary member expresses a common view held by some that the church only benefits employees and elites of the church:

I see that only those working the (church) offices are benefiting from the church resources. Other ordinary members are left out (OD2).

A priest who serves in an urban parish explains that parishioners complain about the parish having to tithe to the diocese:

...people complain, are unhappy about the tithes being given to the diocese. The common complaint being, the church (diocese and PHQ) is

already receiving a lot of money, but where is it, how is it spent? Because when we asked them (diocese and PHQ) they don't help us (PA3).

A parish councillor related how parishioners became reluctant to support a fundraising appeal to help the diocese settle its debts:

The parishes were asked to raise funds to support the diocese. Somehow information was leaked that funds raised would go to help the diocese pay its debts such as taxes and NPF (National Provident Fund) contributions. When people knew about this, they become very reluctant and unwilling to support (PL10).

A senior clergy from a diocese points out that people would be unwillingly to support the activities of diocesan headquarters or even the provincial headquarters because these are “not for the Church but only administration, dealing only with the upper level” (DL1).

The views expressed above reflect an expectation that as members of the church, people expect to individually benefit from its property and resources. When this is not achieved, there is a sense of antagonism towards those who may benefit from these assets, even if they are formally entitled to do so. There is a perception that only those directly involved in the formal structures of the church are benefiting from its resources.

(b) Conflation of business and owners' interests

The inability to separate the entity from its ownership for accounting purposes impacts on the budget process in several ways. One of these relates to a common practice amongst the various activity centres to treat the income raised by their commercial entities as additional revenue to fund their normal operations. This often results in financial difficulties for these entities, with some having to close down after only a couple of years of operation. The affairs of the commercial entity are never separated from that of the diocese or institution that owns them. A senior manager at the PHQ attributed the poor performance of businesses set up by dioceses to the practice of “treating the income from these businesses as just another source of revenue for the diocese” (PL7). In addition, a worker at a shop run by one of the dioceses related how diocesan staff would obtain goods on credit to the extent that it was unable to increase its stock as money was tied up in employee debts. An employee at a motel owned by a church women's group expresses her frustration with the women's group occasionally using proceeds from the business to pay their operational costs:

These women (owners)... use one room for free and each time there is an overseas trip, they would request funds from the business, not as loan but as straightforward cash grant (OD4).

This same officer also relates how this women's group insists that all women who attended a consultation organised by them be accommodated free of charge for almost a week. In addition \$40,000 from the rest house's income was also used to pay other expenses for the consultations. She reckons that the women's group should request the cash as a loan rather than a direct grant from the business.

The resistance to the complete adoption of the principle of separating the entity from its owners as required under western budgeting could be attributed to several factors. Firstly, a strict adherence to the western view of a legal entity could undermine the ability of the owner(s) to divert the entity's resources for their personal benefit and more importantly to share such resources with kin members. The cultural emphasis on reciprocal obligations could not be adequately fulfilled when the entity is treated separately from the owners. A priest explains the expectation of church members:

When we pay taxes to the government, in return it provides us with clinics, water supply, schools etc. But when the church asked contributions from us, we get nothing in return. And so why should we pay our targets to the church? (PA2).

Secondly, separating the entity from its owners could relieve them from taking personal responsibility for the activities and outcomes of the organisation. In the local context, the consequences of the entity's activities are seen as the personal responsibility of the owners. The affairs of the organisation, good or otherwise, are not distinguished from that of the owner(s). For example, if an employee commits a civil offence, the organisation rather than the individual is expected to take the lead in resolving the matter, including paying monetary compensation to the affected parties.

(c) Commonalties in forms of ownership

Although applying the concept of entity separation is causing tension within the organisation, it is potentially useful in assisting the organisation achieve its objectives if applied within the appropriate context and circumstance. In fact private ownership is not novel in the local culture. Individuals are indeed free to own private property but are obliged to share the benefits of such property with those who may make demands on the owner, in particular members of kin groups.

In addition, it is generally recognised that despite being a communal culture, privately owned property is often better managed than communally owned assets. Apart from tribally owned property such as land that group members inherit from birth, community owned businesses and organisations generally have a high failure rate compared to individually or family owned ones. This seems to suggest that the notion of private property if appropriately employed in the local context could actually provide similar benefits as it does in western societies. As explained by a senior personnel at the PHQ:

For us (Solomon Islanders), community owned projects have poor history. Community owned businesses end up being owned by one person. Perhaps the church should consider helping individually or family owned businesses and then encourage them to pay their tithes to the church (PL7).

Although private ownership of property is a common feature of both western and Solomon Islands societies, ownership in the local context is not exclusive but entails a sense of responsibility to share the benefits with relatives and clan members. Property ownership could even be considered as a liability rather than an asset such as the case in western societies.

8.1.3 Utilisation of time

Observation and interview data reveals a theme that conceptualises the distinctions between western and the local culture in terms of time management. It describes how the local culture influences the research participants' view on and use of time to achieve organisational outcomes. The concept of time is being discussed as a property of the economic foundations of the local society chiefly to demonstrate how time as a commodity under western budgeting and accounting is utilised in the local context.

Hines (1992) suggests that accounting imposes a linear view of time by dividing time into sequential accounting periods. The CoM observes and imposes a linear view of time through its rules and regulations and its accounting system. It requires organisational accounts to be produced periodically since key stakeholders cannot wait for the end of the organisational life to judge its success or failure (Belkaoui, 2000). This western approach views time as important and so people are generally oriented towards planning and scheduling of activities. In the CoM, the linear view of time is reinforced in the accounting and budgeting systems through such measures as annual budgets, periodic reporting, time-based

wage rates and other efficiency measures of performance. This view of time appears to be contrary to the approach to time practised in the local society.

Within the local context, and as demonstrated in the CoM, time is considered as cyclic and hence is ever present. Time in itself is not important but rather the activity on which time is spent determines its significance. Despite having clearly prescribed starting and finishing time for work in their employment contracts, some CoM employees still make it a habit of arriving late to work while leaving the offices early. The inability to keep to time schedules is vividly described by a priest who serves in the rural areas:

In the villages, we don't operate by clock. We start our meetings or whatever activities we plan to do when everyone or sufficient number of people gets there. You just have to be there on time and hope everyone else gets there quickly (PA6).

A senior officer in a church owned company also observes the lack of punctuality at the church offices.

You only have to look across the road (location of church office) to find this. You would be lucky to find some of them in their offices when you need them. This person I know, lives only walking distance from the offices but often arrives to work up to an hour late (OD3).

The local attitude to time has implications on many functions within the CoM's budget process. This includes the inability to perform prescribed tasks, in particular the production of reports, on a timely basis. It also impacts on the planning functions of the organisation and the manner in which rewards are determined. These are discussed in the following sections.

(a) Perennial late performance

Although activity centres are formally required to produce various reports, including financials, in a timely manner, this is not always complied with. The late or even non production of these statutory reports is not uncommon within the organisation. A priest who has served both at diocesan and provincial levels also observes how 'time mismanagement' results in delayed financial reporting:

I was in this diocese for almost six years and have not seen any improvements in their accounts. One of the major causes is what I would

term as laziness, the business of wasting time. There is so much time we don't use, to do work. We're not working hard enough (PL1).

A divisional head describes the difficulty of monitoring budgets due to the late production of budget variance reports:

...over the last three years or so we used to have monthly updates... done by the management accountant. Now these have not been done ever since last year. So personally I have not kept track of what I'm actually spending (PL5).

A senior officer at the PHQ makes similar observations:

Although we produce the monthly budget variance reports, these are three months late. I don't know how department heads are approving their requisition request without these reports (PL4).

The inability to generate reports in a timely fashion has also been expressed by various officials and bodies within the organisation. In one of its meeting in 2005, the CoM's Finance Committee raised concerns over the delay in or non production of monthly financial statements by some dioceses and institutions. In addition, the Finance Manager in his 2007 Financial Report to the executive council, explained that one of the major sets backs in improving financial management was the "occasional late reporting from the different church centres" (Maeigoa, 2007). Browsing through the internal correspondence at the PHQ, the researcher noted that three reminders were issued to the staff over a one year period regarding 'punctuality to work'.

The problem with the late production of financial reports is an issue not only with the CoM but is quite prevalent in many government organisations. A report produced for AusAID in 2004 found that "no provincial governments in Solomon Islands was able to report regular auditing of the provincial accounts and it would appear that regular auditing has not been undertaken for some 15-20 years" (Cox and Morrison, 2004).

(b) Unplanned budgeting

The lack of seriousness given to formalised operational planning within the budgeting process could also be attributed to locals' cyclic view of time. 'Solomon time, as it is commonly referred to locally, tends to blur the idea of planning. Planning assumes that 'management is time bound,' and unless critical targets and outcomes within specified time period, organisational success will be

severely compromised (Gopalan & Stahl, 1998, p. 34) However in situations where little regard is given to time, plans become no more than intentions rather than goals to be achieved within specific timeframes. This is reflected in the CoM in that while the organisation does have strategic objectives, these are not always translated into annual work programmes through the budgeting process. The more urgent matters, in particular those having social and cultural implications, take precedence in the budget over programmes that have been systematically planned. A senior manager at the PHQ expresses the tendency to make decisions without proper planning:

All of a sudden, they'll (boards) come to you requesting to pay this and that... there is simply no planning and organising. We just seem to jump here and there without properly considering things. God himself is a God of order. We can't expect miracles if we don't plan properly (PL 8).

A divisional head provides examples of immediate issues being prioritised in the budget:

.. the consecration of the bishop of Hanuato'o which I'm not sure if it's budgeted for. I also understand that one former bishop, who is now based in England, his kid's school fees were paid from this office; that is a really heavy commitment. Such practices are totally unprofessional... (PL5).

A priest serving in the rural areas also confirms the absence of plans on the agenda of their meetings:

During our clergy conferences, we don't discuss plans and things that we need... (to do). Instead we only talk about, report on what we have done or people do in their districts (PA2).

The continual adherence to the traditional approach to time despite the increasing integration into a world order where linear time is the norm could be attributed largely to the importance of wantok relationships. A strict adherence to time schedules and plans could undermine the ability of individuals to fulfil their social obligations as the individual loses the flexibility to discharge his or her obligations to kin members whenever the need arise. These wantok relations are paramount and individuals should be able to find the time to fulfil one's duty to kin members as and when required without being restricted by other demands competing for his or her time.

The reluctance to adopt 'western time' could also be attributed to the relatively subsistence affluence of the rural population. There remains, although

increasingly under pressure, sufficient resources owned by tribal and clan groups in the islands to sustain the communities. One does not necessarily have to have a lot of money to subsist. In the villages, people could spend only a couple of hours each day tending their gardens and that is normally sufficient for their sustenance. However in the urban working population, this is no longer the case as people have to work long hours to earn money to sustain themselves.

(c) Reconciling different 'time' approaches

While it is accepted that in the main linear time may not fit well with the local society, this western view of budgeting and sticking to time is encouraged by some research participants. There is recognition that in contemporary society, the linear view of time needs to be observed in order for certain functions within the budget process to be effective. Applying a linear approach to time may not necessarily be conflictual and detrimental if expressed within the appropriate channels. Support for linear time has been expressed in the areas of rewards and in the interaction with external stakeholders who hold a different view of time. These are discussed below.

First, where rewards are based on time measurements, it is more likely that linear time will be observed, particularly if penalties are imposed for non-compliance to prescribed time. It is generally considered unfair to be paid for unproductive time. There is an expectation on employees to reciprocate in terms of efforts and time equivalent to the time based rewards paid to them by the organisation. In a memo to the PHQ staff, the general secretary explains that:

While we have other concerns that may take up our time and attendance, justice also requires that we as employees give the church our dues especially when the church meets our salaries and gives us various benefits (Kiriau, 2007).

In addition, strict adherence to time is more likely to be observed if individuals suffer personal loss for noncompliance to time. A manager of the commercial arm of the church explained that employees of the company are paid for hours between times clocked in and out. Hence employees arrive to work on time and leave at the scheduled hour so their salaries do not get deducted.

Secondly, adherence to linear time is necessary as the church increasingly deals with individuals and groups who observe such view of time. It would be detrimental to the church if it misses out on opportunities offered by those who operate on linear time simply because some within its ranks chose to observe the local view of time. For instance, many donor organisations have specific deadlines for grants applications as well as for acquittal of funding assistance. There have been instances in the past where assistance have been withheld due to late production of reports or the church missing out on funding due to late applications. In addition, in a fast changing environment where opportunities could be best utilised if taken in a timely manner, observing linear time is critical. The organisation stands to lose if opportunities are not utilised when these arise simply because of the relaxed attitude.

In summary, the local approach to time simply does not fit well with western approach of time advocated under western budgeting. However, it seems that given the changes that have occurred and continue to take place within the local society, there is a gradual realisation of a need to adapt to the requirements of western approach to time.

8.1.4 Resourcing the entity

Another sub-concept that emerges from the data describing the unique economic foundations of the local culture that impacts on the CoM's budget process relates to the manner in which the organisation sustains itself financially. In particular, it describes the degree to which the organisation is either self-supporting or is dependent on others or a combination of both and how this is shaped by the economic characteristics of the local society.

(a) Dependency mentality

Data from the field generally point to an organisation that displays a hand out mentality. The CoM, despite being an independent and autonomous church, is not self-reliant but is heavily dependant on income generated externally. Although these investments legally belong to the church, the church expends no effort in raising the income. This income is by its very nature more like a gift than money earned. The ordinary members of the church and all its other stakeholders contribute relatively negligible amounts its budget. While many members provide their time in the form of voluntary services to the organisation, these are not

considered as resources for budgeting purposes. There has developed an attitude of financial dependence where people expect others to assist them instead of helping themselves. This is demonstrated by the generally poor financial stewardship by church members to support the organisation. There seem to be no urgency to promote self-reliance at all levels of the Church (Vunagi,1998). Several participants acknowledge that tithing and stewardship are weak within the church compared to other local denominations. For instance, a senior manager at the PHQ claims that:

...we Anglicans are very weak on tithing. Other churches are doing it better than us (PL10).

The chairperson of an urban parish echoes similar sentiments saying:

We in the CoM are very poor at tithing..... compared to other churches such as the SDAs (PA1).

A priest serving in a rural parish makes similar observations:

Our (CoM) giving is still at the 20 cents level of offering while other churches are operating on 100 dollars level. Offerings from two church services on a single Sunday from one of our urban parishes will still be less than only one church service in one of the other denominations (PA6).

A priest from an urban parish observes that giving in his village parish is quite poor. During the church services, people's offerings would "only amount to a mere \$5 or even \$2" (PA4). These foregoing examples reflect the poor giving habit of CoM members.

This relatively weak effort in resourcing the organisation through its own income generating activities and by its own membership through stewardship could be attributed largely to the heavy reliance on income from investments bequeathed to the church by the early missionaries as well as the hand-out mentality ingrained into members by the first missionaries as they sought to attract and keep people into their church. These are discussed next.

Reliance on overseas income

One of the significant causes of the dependency mind-set is the heavy reliance on the income from its overseas investments to fund its operations. Without this income, the church could face severe financial difficulties as ninety per cent of its revenue is currently derived from this source. The dependence on this income makes the clergy reluctant to teaching stewardship and tithing despite these being

important church principles. This in turn leads to poor giving by church members.

As claimed by a finance officer at the PHQ:

The clergy are somehow reluctant to preach and teach tithing and self-reliance because they know that every month, money will come from overseas.... But for other churches, without these tithes and contributions, they won't survive financially and so these are heavily emphasised (PL11).

A divisional head at the PHQ also blames the overseas money for the dependency attitude of church members:

Somehow we're spoilt with the money coming from NZ and so I find that we Anglicans find it very hard to give. It's like we're always lacking something, there's always not enough (PL6).

A senior manager at the PHQ is also convinced that the overseas income is partly the reason for the poor giving within the church:

People are generally aware that there's lots of money coming from overseas. So their attitude has always been, why should I give the church, it already has a lot of money. I'll just drop in (offering basket) 20 cents. (PL8)

The knowledge that the church has money coming in from its overseas investments creates feelings of complacency that makes the church ignore teaching on stewardship as biblically required. In addition, it discourages members from giving willingly to the church but instead expect the church to provide for them.

Missionary hand outs

It is also suggested that the dependency attitude was instilled within the church by its early missionaries. These proselytizers in their efforts to entice and keep the early Christians in their fold supplied them with various good and services. These they did without requesting contributions, monetary or otherwise, in return from church followers. The generous giving attitude of the early missionaries was explained by a clergy from a rural parish as follows:

Since the early missionaries, it has always been the church giving to the people. They provided vestments for the priests, church wares and so on. And so most people still expects the church to give them something, rather than they giving to the church (PA2).

A priest from a rural parish expresses similar sentiments:

We (CoM members) were the first people to conceive of cargo cult, from our overseas church. We have been brought up with a mind-set that all good things will come from overseas (PA6).

A priest of more than twenty years observed that when the Church became an autonomous province in 1975:

People still expect the church to provide for them, while they just sit and watch. And so this attitude still continues in the present church. While the church expects members to give, members on the other hand also expects the church to provide for them (DL 3).

The enthusiasm of the early missionaries to attract people to the church could have left an unintended legacy in the form of a hand-out mentality. While the church is putting some effort to reverse this attitude, it may take a while to halt and reverse this mindset.

This dependency attitude, brought about largely by the over-reliance on easy income from overseas sources, does not sit very well with many informed stakeholders of the church for a variety of reasons. Research participants express concerns over the current dependency mentality within the organisation from the following reasons:

Measure of spirituality

The lack of emphasis on stewardship in the church denies members an important avenue for publicly expressing their spirituality. Giving of one's resources in support of God's work is a measure of one's spiritual condition. This stems from the belief that tithing and other forms of religious giving are scriptural. These could have also been underpinned by traditional religious beliefs of appeasing the gods through sacrificial giving to earn their favours. People are always conscious of the need to appease the gods either through sacrifices or good behaviour. A clergy who heads a department at the PHQ puts this succinctly saying:

If one wants to assess the spiritual condition of a person, as a good Christian, this is determined by tithing or giving.... Because if you don't give...it means you worship money, you're not worshipping God (PL1).

A priest from a rural parish also echoes similar sentiments:

We cannot teach tithing or offering as a curriculum, because they are reflections of the heart. It's something to do with relationship (with God), it's something of the heart (PA 6).

A divisional head at the PHQ also confirms the biblical nature of stewardship:

Other churches for example the United Church (Methodists) are doing it (self-supporting) better than us (CoM) because they emphasise stewardship. Since they're doing what is (tithing) according to the will of God, they grow from strength to strength, with blessings overflowing (PL6).

Two senior staff at the PHQ also confirm the link between tithing and one's relationship with God:

When you're connected to God, you'll have the fear so you'll want to give. If you don't give, you'll be uncomfortable (PL8). Once I can give my tithe (10% of my salary) I feel safe because I'm not abusing the system (PL10).

The inability of church members to give prevents them from fulfilling their religious obligations. It diminishes the opportunity to strengthen their religious lives through stewardship and giving of their resources and time. This could restrict the blessings that flow to them in return for their 'sacrificial giving'.

Diminished sense of ownership

Financial dependence also diminishes people's sense of ownership of the church. While members have a deep sense of affinity with the church, their minimal participation in its resourcing undermines their ability to hold the organisation and its leaders accountable. The church does not depend on its members to finance its work, thus reducing the church's sense of responsibility to be accountable to the general membership. A senior diocesan officer explains the feelings of lack of ownership of church finances:

At the moment it (the grant) is just like a hand out. It's not our own money. We're just end users so why argue over it. If it's our own money, we'll be more concerned over how it's used,... you'll find us arguing more over how it's being accounted for (DL4).

A clergy serving in a rural parish describes peoples' sense of ownership when they fund the operations of the church themselves:

All other sister churches... if they don't give, the church cannot exist. So ... they (churches) are operating on the people's hands. People actually carry the church in their hands. So it's a possessive mind set (PA6).

A finance officer at the PHQ explains how leaders in the other churches who rely on people's tithes are more accountable and teach tithing:

The others churches, such as the SSEC, they have to preach tithing, because if the tithe is not paid, the pastor will not be paid. Whereas us in the CoM, priests do not really care, don't teach tithing, because they'll still get paid at the end of the month (PL11).

The hand-out mentality is also causing complacency and a no care attitude within the organisation. The church leadership knows that resources will flow into the church regardless of their accountability to its membership for these funds. Leaders are less concerned about spending these funds in the most efficient and effective manner. A prominent church member who serves on several boards observes that:

At the provincial and diocesan levels, people work with the attitude that money will always come. So when they make decisions, they don't really care (about the implications). There's no initiative to do things and stuff (properly) (OD6).

In the address to his diocesan council in 2006, a diocesan bishop warns the council that the "syndrome of being so dependent on the MMTB (overseas) funds... has resulted in poor stewardship and lack of creativity in fundraising and making people feel they don't really own the diocese. If people own the diocese, they will support the diocese no matter what" (Naramana, 2006). These sentiments perhaps best sum up one of the reasons why the dependency attitude is not deemed an 'acceptable outcome' of the budget process.

Uncertainty over the future

The heavy reliance on resources other than that which members control and raise themselves creates a sense of uncertainty about the future of the organisation. It generates a certain level of vulnerability which people may be uncomfortable with. In a society where people are traditionally self-sufficient, having to rely on resources that are beyond ones' control triggers a sense of anxiety which explains why dependency does not accord well with the values of the local society. As explained by a senior diocesan administrator:

If the money from overseas stops, we're going to really struggle. At the moment, everyone is just sitting back because that thing (overseas income) is a ready made thing for us to use (DL4).

A clergy who heads a department at the PHQ foresees great difficulties if the overseas source is halted:

For those of us here in the offices, should anything happens to the money coming from Auckland, then that's the end of us, and that includes the whole PHQ and diocesan headquarters (PL3).

A senior manager at the PHQ also expresses some concerns over the heavy reliance on the overseas income:

We have this money from NZ but on our own we're very weak.... It's a worry, I am very worried that if suddenly this grant from NZ stops, how would we survive (PL 10).

Relying on others for one's existence is contrary to the self-sufficiency life style of traditional Solomon Islands society. People work hard to support themselves and their kin rather than rely on others. The dependence on external resources for the survival of the church creates a sense of uncertainty over the future of the organisation. This possibly explains why dependency is considered an "unexpected outcome" of the budget process.

8.1.5 Attitude to wealth

The final sub-concept reflecting practices and actions underpinned by the unique economic foundations of the local society relate to stakeholders' attitude to wealth. It encompasses how stakeholders' approach to the organisation's wealth influences their actions and perceptions regarding the budget process. Wealth in this instance comprises both monetary and physical resources of the organisation available for distribution and use by its various stakeholders.

In comparison to leaders and workers of the early church, the clergy and lay people currently serving the church are generally perceived as being too obsessed with material wealth and possessions. Many interviewees kept referring to clergy and lay workers of the early church who went into the ministry out of a sense of 'calling' rather than for the material rewards of the job. These pioneering church workers served faithfully with very little monetary reward. Several interviewees whose fathers or close relatives were amongst the first priests of the church describe what they received not in terms of stipends but "little assistance to buy the necessities such as soap and kerosene" (PA6). A participant priest describes the priest's stipend in the early eighties as "being very low" (PL1). This is no longer the case. Data from the field reveal a culture of extravagance being observed within the church and amongst its leaders. This is seen through the acquisition of physical assets, handsome remuneration of employees, and tendency to live and work in a comfortable environment. These are

conceptualised in the foregoing discussions in terms of materialistic lifestyle, and wealth and power display.

(a) Materialistic lifestyle

There is growing concern over the perceived wealthy lifestyle being displayed by the church and its leaders. The church grants too many benefits and privileges to its employees which many followers consider inappropriate. Some point to the accommodation provided to the senior employees of the church which appear “grand” when compared to the more modest dwellings of members amongst which they live. Many claim that some church leaders live a lifestyle only befitting of leaders of businesses and other secular organisations.

Furthermore, some followers are disappointed that church workers are not frugal enough when expending money in the discharge of their duties. They prefer to work in comfort rather than make ‘sacrifices’ as do the ordinary members of the church. An ordinary follower who serves on several decision making bodies expresses his disagreement over the purchase of a vehicle for a diocesan bishop:

The church has recently purchased a vehicle for this bishop just to travel from the wharf to his residence, a mere five minutes or less drive. What do you need a Hilux vehicle for? That money could be better spent for mission (OD6).

A divisional head at the PHQ also observes the tendency to acquire assets by the church saying:

If you look around in town, the CoM has become like the government, owning Hilux’s and trucks. We keep saying we don’t have money, but look at all these (assets) (PL9).

Another senior manager at the PHQ opines that people are generally unwilling to give to the church when they hear and see:

...bishops driving in cars... the Southern Cross (church vessel) travelling around, church chartering planes,... and church leaders going overseas almost every month. That’s all the money being wasted, they say. They fear their money being used to fund the luxurious lifestyle of some church leaders (PL8).

An ordinary describes the materialistic lifestyle of church leaders:

I’ve heard a lot of people, especially the grassroots, that priests and bishops enjoy a lot of privileges. Only the big men (bishops and priests) of

the church are consuming all the church money. Even bishop's wives are also being paid salaries (OD4).

Another divisional head at the PHQ observes that unlike other churches, the CoM does not seem to exercise financial prudence and value for money:

The women's group from the United Church plans to go on mission on the Pelican (ship). This is not the case with the CoM. People will be booked to travel by plane, not ship. So I see we're wasting a lot of money on logistics and related costs (PL6).

The above confirms the view held by many church followers that the church and its leaders are increasingly attracted to money and material things. This compares to the sacrificial life style of the early church leaders which entails an almost token stipend with little or not additional benefits and privileges. Such attitude is not considered favourably by ordinary stakeholders of the CoM. Those with power could be using their authority to enrich themselves through material possessions and money.

(b) Wealth and power display

There is also observed a competitive spirit being displayed by some dioceses and centres through a tendency to host grand occasions and to have huge physical infrastructures. There is an inclination for doing things 'better and bigger' than the others. This is akin to a display of wealth and power by those with the capacity to acquire large infrastructure and wealth to demonstrate their success. A senior manager at the PHQ expresses his disapproval of dioceses hosting big occasions as a way of demonstrating one's success and power:

The consecration was initially planned to be held centrally where cost will be less. But the hosting diocese insists on having it at their headquarters which costs the church at least quarter of a million dollars. I don't understand why such insistence but I think it is more to show their strength, than anything else (PL10).

A senior finance officer at the PHQ observes competition of sorts amongst dioceses to have the largest office block:

Previously diocese X has the best office complex of all dioceses. But when this bishop took office in diocese Y, he immediately pushed for the construction of a new office complex. The following year he asked for another building. Who knows what's he going to ask next? Does the diocese really need such a big office? (PL4).

A member of several decision making bodies opines that many groups are requesting that they be given separate dioceses simply because "others have been

granted such status, the church need to give similar treatment” (OD6). This perhaps underlines a competitive and individualistic mind set that is costly to the church.

The acquisitive mentality with its attendant materialistic focus and open display of wealth is not well regarded in the local society largely for several reasons.

Firstly, the love of money and material wealth is contrary to biblical teachings and the belief that serving the church is a religious vocation rather than a form of employment. Church workers have a sense of calling to the ministry which entails a certain level of sacrifice whereby they should only expect a reasonable stipend to sustain themselves and their families but not the luxurious lifestyle seen in secular organisations. Furthermore, it will be a serious impediment to its message to the poor if the church itself indulges in a materialistic lifestyle. An ordinary follower of the church describes the general expectation of church workers:

When you become a priest, you serve the master and so you shouldn't be accepting all sorts of privileges. When you serve the master, you should be somebody who owns little material things. So it doesn't look right if we claim to serve God but still enrich ourselves (OD4).

A clergy who serves at the PHQ opines that to improve decision making concerning finances, the church should consider appointing “laity experts on the boards...those with a sense of vocation in terms of supporting the church” (PL 2). An ordinary member who serves on several boards claims that many young people “join the priesthood not from a sense of vocation but simply because they could not find jobs elsewhere or to replace their fathers who were also priests. Such priests are clearly ineffective in their roles “ (OD6). These views perhaps best sum up the perception held by many that church work is a vocation and that church leaders and institution are expected to show modesty and humility in the discharge of their roles and in their lifestyles.

Secondly, the acquisitive mentality with its emphasis on material possessions is contrary to the local value of sharing and caring. Most important resources needed for one's survival such as land and sea resources are tribally owned and each member has equal access to these. Hence, no one is materially better off nor abjectly poor. People are socialised to help one another and are obligated to share their wealth with relatives. The open display of wealth is therefore dissonant to the egalitarian lifestyle of the local society.

In summary, the materialistic behaviour being displayed by individuals within the church is one of outcomes of the monetary emphasis of the budget. While such practices are common in western societies, these are viewed with a certain degree of disapproval in the local society. This again demonstrates the dissimilarities in the economic foundations of the two cultures.

8.2 Managing identities

A further concept that describes how the unique attributes of the local culture impact on the budget process relate to the way different stakeholders identify themselves and how their identities impact on their relationships regarding the budget process. This concept has been designated as ‘managing identities’. It is termed so to reflect how the organisation manages the manner in which the different stakeholders relate to one another and how their expectations impact on the decision making process particularly regarding the controls and resource allocation functions. There are distinctions between relationships amongst primary stakeholders and that between primary and secondary stakeholders. Primary stakeholders comprise followers and employees of the Church while secondary stakeholders consists mainly of non-church members. The manner in which these identities are managed within the organisation produces certain outcomes which are both anticipated and unexpected. This concept is being discussed in terms of the sub-concepts of in-group and out-group relations, coming to consensus, and community expectations.

8.2.1 In- group and out-group relations

Within the local society, Churches have become a significant form of identity amongst the locals (Makim, 2005). For many, affiliation to a particular church ranks second only to membership of their clans or tribes. Walsh (2000) observes that in the Solomon Islands, “you’ll be asked your denomination as easily as Australians suss out your footy allegiance”. Despite coming from different regional and language groups, members of the same denomination tend to have a strong sense of affinity with other church members. Church members, considered as kin, are more trusted to best serve the interest of the church than non-members. Furthermore, there could be suspicions non-church members are only interested in the monetary rewards and perks of employment rather than genuinely sympathising with the goals of the organisation. The comments expressed by an officer at the PHQ demonstrate this:

You should only work for the church if you have a heart for it. But if you work for the church just for the sake of money and other privileges, then it is not the right place for you. You should find work elsewhere (PL4).

Given the pride members have in the church, there is also a sense of loyalty to the organisation. Church members consider serving the church as fulfilling a religious vocation. The loyalty church members have as opposed to non-church members could be seen from comments made by an employee of a church women's group:

We're disappointed that although they (Rest House Board) have promised to improve our working conditions, they've done nothing so far. However since all of us (workers) are Anglicans, we're just being patient (OD4).

Most members, as exemplified above, would consider their serving the church as response to a 'call' to serve their God rather than simply a form of employment. Hence Church members are more likely to be seen as being called to serve the church than non-church members.

Within the CoM, analysis of field data shows that although the church does not formally advocate discrimination in any form, one of the more visible features of the organisation is the local norm of showing favours to one's group members. These are manifested by the propensity to give preferential treatment to groups to which one owes the greatest allegiance. These could be one's family, island, region, or in the church context, parish, diocese, and even the CoM as against other local denominations. There is a pronounced distinction between one's social group and the 'others'. Such attitude, which infiltrates all levels within its hierarchy, impacts on several organisational functions. It is seen in the church's recruitment practices, provision of social services, support to church activities, and membership of decision making bodies. These properties are discussed next.

(a) Wantok (in-group) preferences

In terms of employment, at the time of my field visit, all employees at the PHQ except one, are communicant members of the CoM. Even that non-church member is the spouse of a church follower. It seems that to get employed, one has to be affiliated to the church or be closely related to one who is. Few local non-church members have ever been employed. During the seven years the researcher served at the PHQ, the few locally recruited non-church members were all close relatives of some church members. The only non-church members without church relatives were expatriate consultants. There appears to be a strong distinction

between church and non-church members in the CoM's recruitment practices, albeit covertly done. The tendency to favour the employment of church members was expressed by a department head at the PHQ:

While schools have an open policy on teacher recruitment, each school maintains a core staff, including the head, who are Anglicans, to ensure the religious fabric of the school is maintained and church activities are supported by people who are familiar with the Anglican faith and ethos (PL9).

Even within the church itself, dioceses tend to employ only those originally from the recruiting diocese. This is more pronounced in dioceses outside of the national capital. Such a practice applies to both clergy and lay positions. It is less common to find priests serving in parishes other than those in their home dioceses. In one of the diocesan headquarters visited by the researcher, all employees except the treasurer were from islands comprising the diocese. This demonstrates that there are also in-group and out-group distinctions within the church, based along region or island groups.

Wantok preference is also seen by the way people only support groups from their island or regions of origin regardless of their current place of residence. This is particularly evident in urban centres where people from diverse groups congregate. People tend to support groups from their dioceses of origin rather than the one they are currently reside in. A senior clergy from an urban based diocese describes his experiences:

People are more involved with things that concern the diocese that they're originally from. They would say, I'm from this diocese, so if the fundraising concerns a group from this island, all of us from this island would go and support it (DL3).

These strong feelings towards one's own group are also manifested by efforts to portray the group in a positive light. This could involve deliberately concealing those behaviour or actions that could portray the group in a bad light. A finance officer claims how they would often hide the failure by dioceses of origin to produce their monthly budget variance reports so their monthly grants are not withheld:

It often happens that when this diocese did not produce their monthly reports, just because it is the diocese of origin for this senior finance officer, he would normally just allow their grant to be paid rather than withholding it and exposing the diocese of its failure. I would also do the

same to my diocese of origin or to that where my wife comes from. It's your own diocese... and we have to do something for them (PL4).

Some centres are also utilising this in-group feelings into positive effect. A diocesan bishop related how his diocese would use its members who reside in the national capital to sell crops produced by those in their home diocese. In this way they have been able to raise sufficient funds to build several houses (pc, Naramana).

Granting of favours to one's group members is also seen in the way social services are provided within the organisation. For instance, in education the vast majority of students in church run schools are members of the CoM. Furthermore, there is a growing trend that the bulk of students should come from within the hosting diocese. As described by a member of the education board:

Lately, some provincial secondary schools are insisting that at higher levels, Form 6 and above, they only want students from their province to attend schools in their provinces. ...Even for the church run school in this particular diocese, they are already insisting that 70% of students to the school must come from the host diocese (PL9).

The preferential treatment of in-group members is also reflected in the membership of the various church boards. There are hardly any non-church members serving on church commissions and councils. In fact the way the church canons specify membership to the various boards effectively precludes non-church members from being involved in decision making bodies. Most board members are either bishops, clergy or lay church members. A department head at the PHQ regrets the emphasis on church membership ahead of skills and expertise in the selection of board members:

...I really feel that at the executive council level, there needs to be a broad spectrum of people, you know, professional people... where professional views are shared and debated (PL5).

A senior manager at the PHQ also points out the lack of expertise in the boards resulting from having only church members on the boards:

Some of the church bodies really need qualified... business people.... We must not fear having qualified people because when it comes to finance, it's important to make the right decision. I know the canons are there... but I hope along the line someone will bring about the idea to make some adjustments (PL10).

A report into the continual poor performance of the commercial company owned by the church paints a similar scenario:

The board of directors is limited in its ability to function as an independent and authoritative body. For example the board... has 5 Church appointments (out of a total eight). Commercial skill and experience does not appear to be a necessary qualification for board positions.

The views highlighted in the foregoing discussion demonstrate strong feelings which individuals have towards group members. This is often translated into favours being given to them ahead of non-group members. Such behaviour could be regarded positively by one's own group but not necessarily so by those who may feel unfairly treated.

In-group feelings within the church impacts on the budget process in several ways including a tendency for activity centres to compete against each other, their selective recruitment practices as discussed previously, and an inclination not to share resources in common. Although members of the church feel a sense of identity with one another, when the church is divided into dioceses for administrative convenience, each diocese may tend to see other dioceses as out-groups in the way church members would non-church members.

(b) Competitive tendencies

The CoM's budgeting process does provide mechanisms that encourage competition and expressions of individualistic behaviour. Hofstede (1980) describes people in individualistic societies as being self-centred, competitive rather than cooperative, have low loyalty for the organisation they work for, pursuing their own goals, having low need for dependency on others, and being calculative. Individualism is often demonstrated by the importance placed on competition and individual achievement as an end in itself. The tendency for activity centres and members of decision making bodies to prioritise only issues relating to their own centres rather than the entire church is generally deemed unacceptable. There is general disapproval of the mentality of "I want this and that" in my diocese or institution while ignoring the interests of the overall Church. The ambivalence towards such individualistic sentiments was expressed by the archbishop in his closing address to the 2008 General Synod:

I've been very sad to hear General Synod members speak like a 'club' where people show personal greed and selfishness. We are here for the

whole church and we assemble to plan the mission of the whole church.....It is for the sake of administration only that we are divided into dioceses (Pogo, 2008).

A former employee of the Church opines that activity centres do compete for resources during the budgeting process:

It is obvious there is competition in the budget preparation... where dioceses and institutions want more funds allocated to them. That is why we need to set areas we believe should be included in our budget (PA5).

An archbishop of the Church also points to the competitive mentality amongst the dioceses in one of his lectures that:

....The formation of new dioceses tends to create an element of possessiveness and self-centeredness. Any sense of oneness that may have existed under the original diocese of Melanesia has gone but this may be a temporary phenomenon as the new dioceses work to establish themselves (Pogo, 1999).

These views point to the general aversion to competitive and individualistic behaviour within the organisation and the local society not only in the allocation of the budget but also in sharing of resources generally. These sorts of attitude are partly caused by in-group identification both at the societal and organisational levels.

(c) Exclusive ownership and use

The dissonant effect of in-group identification in the CoM is also seen from the concerns raised against a tendency by activity centres to demand or request each of everything already given to others. There seems to be little regard to sharing of assets and resources. Centres often request infrastructures that are to be used for their exclusive benefit and purposes. For instance, one of the more recent trends is for dioceses to have a recognised secondary school each. The Archbishop, recognising this competitive mentality cautions the Church in his address to the 2005 general Synod:

I would like to question the mentality that seems to exist which claims that every diocese must have at least a primary and secondary school. I think this is too much. It reflects a kind of parochialism which is not healthy and which is expensive (Pogo,2005).

A senior officer at the PHQ also questions the practice of having a school for each diocese:

Recently, there was a push for each diocese to have its own secondary schools. Hence we have to build more schools without adequately improving the ones we already have (PL9).

The expectation by some centres to have their own institutions poses the risk of the church spreading its resources too thinly to make any real impact. As the views concerning the schools demonstrate, establishing schools in all dioceses could result in these schools being ill-equipped to deliver the services and results expected of them.

8.2.2 Coming to consensus

One of the themes that reflects the unique features of the local culture relates to how relationships impact on the way decisions are reached within the organisation. In contrast to western society where the open exchange of views and ideas is critical and where individuals are encouraged to disagree with another so the most effective solutions and decisions are reached, decisions within the CoM are generally reached by consensus. Although people are free to express their diverse opinions, this is normally done with humour and in an indirect manner rather than in an open, direct, and confrontational manner. Hence this sub-concept has been termed as “coming to consensus”. Its main dimensions relate to whether such consensus is collective or imposed. Collective consensus involves situations where people are genuinely and voluntarily in agreement while with imposed consensus, people may hold differing opinions but are reluctant to express them due to relationships with other stakeholders. Imposed consensus could also be described as “restrained conflict” (Czarniawska-Jorges & Jacobsson, 1989). Field data reveals that many of the consensual decisions within the CoM are imposed rather than collective, largely because of the cultural norms imposed on the relationships amongst stakeholders involved in decision making. These are discussed next.

Imposed consensus

Although authority and responsibility is assigned within the organisation in a manner that should prevent one individual or group from becoming too influential or powerful, it is generally claimed that certain individuals in positions of authority, in particular the council of bishops (CoB), assume a powerful and influential role within the Church. These individuals are seen to be dominating those bodies and individuals that have been delegated with the authority over certain matters. These bodies are often used by the CoB to simply ratify or bless

their decisions. A member of both the general synod and executive council describes how the CoB imposes its decisions on other boards:

There are many occasions where the CoB, had already decided on certain things and simply bring them, for instance, to the Trust board or executive council, to get their blessings. ... This is not good practice as it shows that those with the formal authority do not get to decide on things (they're formally mandated to discuss) (PA6).

A member of several general synods remarks about the powers of the CoB over other boards:

It doesn't matter what you say down here (boards)..... when it gets up there and they (the CoB) say otherwise, then that's it. You cannot do much. The CoB makes all the decisions (PA1).

The tendency for imposed consensus to be reached whenever bishops or other powerful figures are involved in decision making could be attributed to several factors.

Firstly, bishops are vested with both the administrative and legislative powers in their respective dioceses within the church as a province. They are the administrative heads of their dioceses while at the same time being the chairpersons of the diocesan synods and councils and most other decision making bodies. Many board or council members are either their subordinates or work alongside them in other capacities. In a society where group harmony and respect for seniority is paramount, open disagreement and conflict is normally avoided as much as possible. Because of the dual roles which bishops possess, board members are often reluctant to disagree with them for fear of undermining relationships within their particular unit. A senior officer in a diocese describes the dual roles of the bishops in the decision making process:

...in the end the only person responsible for accounts here at the diocese is the bishop, and at the PHQ, it's the CoB. So even if the executive council approves some recommendations to do this and that, once the CoB says no, that's the end of it (DL 2).

Apart from being board members, bishops also chair most of the boards. It is claimed they would often use their positions to silence the voice of the clergy since most priests report to them administratively and pastorally. As observed by a member of several decision making bodies:

I've noticed that bishops often use their positions as chairs of decision making bodies to silence the voice of the clergy. They don't do the same

to the lay. As a lay person, I would normally speak as long as I want to and they would normally just listen (OD6).

Secondly, it is also generally perceived that many of the decisions within the church are initiated and decided upon by the CoB. These are then presented to the legitimate bodies, on which bishops are also members, to simply get their blessing. As members of the CoB are also represented in these boards, they would use their influence to ensure such decisions are accepted. A senior officer at the PHQ expresses similar sentiments:

Most of the decisions we implement come from the CoB. When the bishop wants something, we have to do it because they have the power. Other governing bodies have become ineffective. Even the executive council, the highest body simply agrees to the CoB's decisions (PL8).

The significant influence which those in authority, in particular the bishops, have on the decision making process is also attributed to the fact that bishops possess the characteristics of the traditional big-men. They are prominent leaders in their respective dioceses, providing leadership not only in spiritual matters but also in social and cultural issues. They are therefore seen as big-men in their communities. It is customary for bishops to be welcomed in parishes by being carried on a specially prepared platform over the shoulders of parish members. They are also allocated a discretionary allowance which they use to assist those who seek their help for various needs such as payment of school fees and bridal price. In addition, they are also given hospitality allowances which they use to entertain people in their homes. These allowances are given to bishops in recognition of the fact that they would need to continually validate their authority through actions that benefit the community (White, 2006).

Finally, they are also believed to possess spiritual *mana*. There remains the belief that bishops, like the traditional priests, have the ability to play an intermediary role between the people and their gods (Joseph and Beu, 2008). The bishops are also revered because of the belief in the doctrine of 'apostolic succession'. During one of my visits, I was told by an employee that the continuing ill-health of one of the senior managers is a result of an argument with a bishop over certain entitlements. Under such environment, ordinary members in particular will be reluctant to speak against any ordained persons. A senior officer at the PHQ explains the respect afforded to religious leaders:

One of the things in our culture, especially us in Melanesia, is that we have a lot of respect for our 'Church people', priest and bishops. So when a priest or bishop makes a certain request, it is hard for a lay person to say "no" to the request (PL4).

The clergy, including the bishops, still command a lot of respect amongst members of the church. This is often translated into a general reluctance to refuse their requests or to openly argue with them. This is compounded by the belief that clergy have the ability to invoke spiritual powers.

In summary, it is generally perceived that in decision making situations where members of the CoB are present, which basically includes all the boards, although consensus is said to be reached, as can be seen from the foregoing discussions, such consensus is more imposed than shared. This is generally not considered an expected outcome of the budget process. Interviewees are generally in favour of equal participation in decision making and that those in higher authority should not inordinately influence decisions as it seems is currently the case. The preference for collective decisions is inherently part of the local culture where decisions are made by the whole group in community meeting houses. Big-men or those assigned with special tasks only have the moral but not the formal authority to impose their decisions. This is compared to modern leaders, especially the CoB in the case of the CoM, who have both the moral and formal authority to dictate to their followers.

8.2.3 Fulfilling community expectations

Field data and observations and their subsequent analysis reveal another concept describing how the local culture shapes the expectations of the different stakeholders and how the organisation aims to fulfil these within the budget process. Different stakeholders appear to have varying expectations of the church and its budgeting process. Generally, stakeholders expect tangible benefits from the church to reciprocate both their contributions and their loyalty in remaining members of the organisation. In addition, being a religious organisation, there is a general expectation that missionary activities should be the priority of the church when it comes to budgeting. These expectations of the community which are conceptualised in terms of missionary emphasis and people welfare are discussed next.

(a) Mission oriented activities

There is wide expectation of and support for the church's focus on mission within its budget. It is accepted that as a religious institution, mission is its priority and it is fitting that sufficient resources are allocated towards this end. In fact, many participants express disappointment if secular activities are deemed to be attracting more resources than the sacred programmes of the church. One of the significant moves made by the church to promote its mission roles was the introduction of mission grants. These are paid annually to dioceses to provide training and other tangible services directly to the villages in the form of workshops, seminars, rallies, and religious publications. Being a religious institution, mission is its priority. In fact, the only distinctive attribute of the church which separates it from other charitable and social organisations is its mission focus. If the church could not fulfil this role due to insufficient resources, then its status as a church could be undermined. A member of several boards explains the importance of mission to the church:

The church is only a church because of its mission focus. Take away mission and it will be just like any other social organisation or club (OD6).

This same participant also explains that the mission of the church entails:

Winning souls is what we (the Church) have been instructed to do. Go and preach, baptise and nurture people (OD6).

A senior diocesan officer also echoes similar views about the role of the church saying:

The purpose of the church is mission to people.... The church's mission is to enable people obtain eternal life with God and to live a good life (DL 4).

The expectation that the budget should place greater stress on mission is also echoed through expressions of regret or disappointment from perceptions of insufficient attention being paid to mission related tasks and budget. In his address to the 2008 general synod, the archbishop of the church observes that:

Payment of clergy... has not been given enough attention.... We must somehow give more attention to the stipends of our clergy who, after all, are the front line of our church (Pogo, 2008).

A parish councillor also expresses the expectations of ordinary members of the church regarding the way it should utilize its finances:

...the church should allocate half its budget to areas in which people can directly see as developing the life of the church. These include materials for hymn books, constructions of church buildings and increase in pastoral work (PA5).

Even activities that are deemed as ‘contradictory’ to mission are opposed regardless of the goals and outcomes of such undertakings. A diocesan officer relates how his diocese was prevented from operating income generating activities due to complaints from diocesan members that the “the church should not involve in business as it may hinder its ability to do mission” (DL4).

In summary, putting resources into mission related activities and programmes is deemed an expected outcome of the budget process. This is so as the key purpose of the organisation is mission as reflected by the above views as well as the mission statement of the church discussed in Chapter 7.

(b) People welfare emphasis

The provision of services that enhances the welfare of not only members but society generally is also considered an expected outcome of the budget process. These benefits comprise both social services and the physical infrastructures. The church is commended for providing for the welfare of the local society. The involvement of the Church in the provision of social services is a preferred outcome of the budget process. The church, like the other local denominations, plays a crucial role in education and training and health services. The CoM is a registered Education authority administrating many primary, secondary as well as vocational training centres. A priest who heads a department at the PHQ supports the intention of the church to move further into providing tertiary education:

I’m pleased that the Church has made the commitment to build the University. I believe the church should involve more in education, as it had been for some time.... The blend of Church training ... should help shape better attitude, better behaviour, for the world today (PL2).

A former diocesan secretary also expresses support for the church providing for the welfare of its members:

Being members of the church, people do not expect to only receive spiritual teachings... but also in terms of education, hospitals and more tangible things (OD1).

A senior clergy in one of the dioceses is also pleased with the church concentrating resources in social services:

Next to mission, the church is right in giving priority in education. Now it's taking over schools that it previously handed to the government. In addition it's introducing more schools so each diocese has its own, like Malaita has Sa'a school, and Hanuato'o, Pamua (DL3).

The church also serves communities through the various physical infrastructures it builds and maintains within its institutions and centres. These are funded through its capital budget as well as from grants from its overseas partners. These assets serve not only to facilitate the mission of the church but also improve the livelihoods of the communities, in particular those in rural areas. A senior diocesan officer applauds the decision to purchase outboard motorised engines and boats for the remote parishes of the diocese:

With the mission grants, we have been able to purchase engines and boats for our mission areas. Recently, we have also built a Community hall for one of these communities. Previously these people were forgotten. Now we're ensuring the funds trickles down to them so at least they feel part of the church (DL2).

A diocesan bishop explained, when thanking the church for providing tele-radios to a remote part of his diocese that the equipment:

Represents a significant step not only in enhancing communication in the diocese but will certainly improve their lives... (Tome, 2007).

Building of infrastructures amongst its members is deemed an expected outcome given that Solomon Islanders tend to place great value on physical identification. It is not uncommon for the church to be identified with some physical structures or individuals. A priest from a rural parish explains that many people in the diocese "consider the diocesan administrative buildings as the church" (PA2).

The church's concern for the welfare of its workers is also regarded a positive outcome of the budget process. The church is considered one of the better employers locally in terms of the salaries and other benefits it provides to its employees. This reflects the importance it places on peoples' welfare. Describing the 'generous' manner in which the church looks after its employees, an PHQ officer explains that:

I have served in the private sector, similar job and similar salary but was never provided with housing, assistance with power, water and gas bills.

Such is very rare in most organisations where only very senior managers are given these (PL 4).

A former employee who serves on one of the boards described as ‘helpful’:

..the church’s decision to provide assistance to workers with their children’s education. This demonstrates that it (church) is using its resources and money on those who really needs it (PA5).

There is indeed an expectation by employees for the church to adequately provide for their needs. The church as an employer is seen in almost the same way as a ‘parent’ who should provide for the welfare of its children. It is however to be noted that this expectation is held largely by those who serve within the organisation, a sort of self-interested view. This may not be necessarily be shared by other stakeholders, in particular, ordinary members, who generally feel that those who serve in the administration offices benefit most from the church budget.

In summary, the manner in which stakeholders identify themselves does have a significant impact on the Church’s budget process. This is quite unique to the CoM processes in that people’s identities and allegiances vary under different circumstances to affect their relationship with one another. The Church is having to manage these different levels of identities in a manner that produces the most favourable outcomes to the organisation.

8.3 Applying accounting understandings

A further concept that emerges from the data analysis relates to the manner in which the local culture impacts on the role of accounting within the organisation. It conceptualises the extent to which accounting is used for decision making in the CoM and reasons why stakeholders may or may not use accounting to rationalise their decisions as these relate to the budget process. These are theorised in terms of the sub-concepts of ‘anticipated use of accounting information’, and ‘decision rationale’.

8.3.1 Anticipated use of accounting information

Data from the field show that accounting is one of the most important functions within the organisation. Each activity centre has an accounting function as formally prescribed by its canons. During the field observations at the PHQ, the researcher noted that the accounting division is one of the largest in terms of personnel and possibly the busiest. The staff members are always on the phone or

physically conversing with different stakeholders on a wide of range of issues. To underline the importance of the accounting role, the organisation has over the years invested significant resources in improving its accounting system.

Although financial reporting is formally prescribed and forms a significant aspect of accountability within the CoM, data from the field suggests that such reports do not always inform decision making. Boards and management would often overlook financial reports when making major decisions. These are produced largely to meet statutory requirements. This is contrary to the decision usefulness objective of western accounting and budgeting (Shahul, 2001). The lack of or minimal use of accounting information in decision making is described in terms of the property of loyalty and relationship bases reward structures.

(a) Loyalty and relationship based rewards structures

The distribution of grants to the various activity centres and the organisation's reward structures are not necessarily based on results or performance as measured and reported by the accounting system. In terms of budgetary distribution, while centres are indeed required to submit an accounting of their previous allocations, annual grants are not necessarily based on the accounting results from previous budgets. Instead, activity centres are almost guaranteed a similar level of income as the previous year which may be adjusted for inflation and other factors. A member of several decision making bodies outlines the factors for distributing resources which:

...include looking at existing operations, may be allow for inflation, and then consider the urgency or importance of the job if it has a priority status attached to it (OD6).

A senior manager at the PHQ explains the main criterion for allocating grants which apparently excludes performance and results:

... it doesn't matter how fancy you present your budget submissions or what techniques you use to develop your budget. At the end of the day, you might just end up with a fixed percentage on top of your previous year's budget. For example last year, it was 10% increase across the board (PL8).

The above views suggest that accounting information does not necessarily influence decisions concerning the allocation of income through the budget process. It seems many other factors could come into play when such decisions are being considered.

The remuneration structure of the organisation also places minimal emphasis on performance or output measured by the accounting system. Differences in remuneration packages, salary increments and other incentives are determined on factors other than results reported by the accounting system. For instance, the guidelines of service for the episcopate provides for salary increments to be awarded to bishops annually, regardless of their performances. In addition, the guidelines of services for both the lay and the episcopate provide for a gratuity payment to employees upon leaving the organisation based on the numbers of years served. The formula for the calculation of bishops' gratuity shown below excludes performance as a factor in determining the amount to be paid:

The lump sum retirement allowance shall be calculated, in the case of a Diocesan Bishop, as 15% of annual stipend, and in the case of an Assistant Bishop as 7.5% of annual stipend at the time of retirement or death, multiplied by the number of years in office as a Diocesan Bishop and/or Assistant Bishop of the Church of Melanesia (CoM Manual, 2006).

In addition to budgetary allocations and remuneration, certain privileges and opportunities are also awarded to people that may not be directly related to their performance and other indicators provided by the accounting system. It seems that loyalty and granting of favours to friends and relatives take precedence over any objective information provided by the accounting system. An officer at the PHQ describes how privileges are given out within the organisation:

There is a trend within the church of awarding privileges to all levels of staff. Our staff work longer hours and are more productive than some, yet these people receive the same privileges like us. These people are not even producing reports expected of them (PL4).

A senior diocesan officer explains that loyalty and friendship are important considerations in awarding training opportunities:

If you observe carefully, if one is in a position of power, they'll be sending mostly their friends on training. And with due respect to our bishop, this is what he's been doing. All those who've been going to colleges for training are all his best friends. So even if you're smart but not his friend, you cannot go (DL4).

A priest serving at the PHQ claims during an informal conversation how priests with lower academic results are being sent on training over those with better results:

I have better academic credentials than some people being sent overseas for training. I know of one person who was sent... but had to return with a

lower qualification than that he was initially sent for as he was incapable of completing it (PL2).

Several reasons could be given to explain this generally minimal use of accounting information for decision making.

Firstly, the general apathy to financial matters in the boards probably stems from the low financial literacy level amongst many board members. Being a non-cash society, “people are not used to managing money” (PL1). In addition, western accounting is “foreign to the locals” (PL2). People are not used to describing and understanding issues in terms of their monetary values. The majority of church members still live in rural areas and depend largely on the subsistence and non-cash economy. While the number of people engaging partly in the cash economy is increasingly, there is generally minimal understanding of how the cash economy operates. Hence, although financial reports are an important agenda in the meetings of governance boards, these are often approved with little discussions. A member of several boards also confirms the inability of some board members to understanding accounting matters:

The interest in the financial reports is not as heightened as you would like. As you (researcher) know, being a former finance person in the Church, not many members of the boards and councils come from an accounting background (OD6).

A department head at the PHQ also agrees that board members are not generally interested in financial reports:

Many members have no interest in the budgeting and accounting system of the church mostly because they don't understand it, it's foreign, it's technical. But if it's presented in a language they can understand, it will generate a lot of interest (PL2).

A priest who has served on decision making bodies at both the diocesan and provincial levels admits that:

I've been member of provincial governing bodies for a number of years and during those years, I was just pretending to be reading these papers (financial reports). But in actual fact, those figures meant very little to me (PL1).

Secondly, the minimal use of financial reports can also be explained by the nature and goals of non-profit organisations such as the CoM. Many intended outcomes of non-profit organisations such as churches are long-term such as improved quality of life, safer communities, better health and more educated persons

(Buckmaster, 2002). Such goals are qualitative and so the accounting measurements that privileges hard and quantitative data cannot capture these attributes. Hence, not only are decision makers financially illiterate but the financial reports may not contain the information relevant for their decision making. This has been described as the classic conundrum faced by accountants: to advocate measures that can be counted accurately and reliably (but which are of dubious relevance) or to focus on the relevance of the measure even those incapable of precise measurement (Buckmaster, 2002). As explained by a priest who serves on several boards:

For me and some board members that I know of, financial reports during meetings are always a “give away”. There is not much use discussing a set of figures which are really the sum totals of many other figures. What we really need are explanatory notes to tell the story behind the numbers (PA6).

Thirdly, the lack of appropriate staffing could compound the difficulties with producing financial reports that could be used for decision making purposes. It is a perennial problem that financial accounts are either not properly or regularly maintained. A remark made by the General Secretary to the 2005 Executive Council further illustrates this:

It is difficult to attract appropriate people with the management skills and especially accounting and financial at the PHQ and at our various dioceses and institutions. This has impacted on our management of finances and certainly added to our problems (Kiriau, 2005).

A member of several boards explained that oftentimes boards are unable to assess the financial implications of given courses of actions because these are not well articulated by the management. He believes that:

... staff at the PHQ should have the capacity to provide for various scenarios (relating to each decision)... because it seems the capacity of our people (administrators) needs to be upgraded as they seem to do things in adhocery manner... (PA6).

Finally, while governing boards are expected to keep the management of their activity centres accountable, there are limits to which they can perform such roles due to the lack of expertise from members of these boards. A diocesan officer relates his experiences on the way members of his diocesan council consider his financial reports:

Most people have no understanding of this thing, accounting. So what they always say is that the person who prepares the report knows best so we should just approve it. This is what's been happening in the last seven years (DL4).

The above views confirm the tendency for a wide range of decisions to be made without regard to accounting results depicting peoples' abilities and performance. Instead local values and norms seem to take precedence in the decision making process. It seems loyalty and seniority, which are important values within the local society, have greater sway when determining employees' remuneration than being justified using accounting information.

From a cultural standpoint, the general reluctance to apply accounting in decision making could stem from several factors. Firstly, Solomon Islands is generally a collectivist oriented culture where group relationships and obligations dominate decision making. Budget performance as a means for rewarding employees may not necessarily apply in the Solomon Islands context where generally, rewards are based more on loyalty than on results. Good social relations and mutual trust are valued- 'who you know' is as important as 'what you know' (Redding, 1993). Solomon Islanders have a strong distinction between "insiders" and "outsiders" and prefer loyalty and dependability over efficiency and independence. A senior diocesan officer claims that it is difficult to make prudent decisions concerning the budget because the tendency to recruit people based on "who you know still exists in the Church" (DL 2).

Another feature of a collectivist society is that individuals are valued simply for their participation in the group and not necessarily their productivity or performance. Hou (2002) points out that within the community, "the role one performs within the group is more important than the outcome of a given role". A parish councillor and local elder described how participation in group activities is valued more than their productivity:

The value of being a member of a tribe is one that must always be upheld. Whenever members are required to make contributions to community activities, even if a member cannot contribute at the same level as others and their contribution is not received at the same time, it is still acceptable by everyone (PA5).

This perhaps explains why all activity centres are allocated grants to fulfil their roles within the organisation based on their needs rather than performance revealed by accounting measures. The role that each centre plays is more

important than their outcomes as measured by the accounting system. Being part of the organisation is considered sufficient to be treated the same like the rest.

8.3.2 *Decision rationale*

Another sub-concept that emerged from data analysis concerns the extent to which accounting is applied to justify and rationalise decisions made in relation to the budget process. Accounting has been described as an objective endeavour that requires logical thinking and fact (Loft, 1992; Hopper et al., 1987). In addition, accounting calculations and measures provide a basis for rational decision-making, enabling a rational, “efficient” profit-maximising allocation of resources (Hines, 1992). Accounting therefore provides information organisations use to make decisions that could be perceived as rational and logical.

Field data however suggests that the emphasis on logic and reason is quite contrary to the way decisions are made in Solomon Islands society where intuition and instinct guide decision making. Decisions are often made without relevant facts and logical explanations as provided by the accounting system, one of the many tools often employed for such purposes. This contrasts with western societies where people value logic, facts, and directness and a tendency towards analysis and reductive thinking (Brunsson, 1990). The contrasting emphasis on logic and reason against intuition and instinct is reflected within the CoM in several forms.

(a) Perceived unjustified decisions

It is felt by some research participants that decisions are often made by the various boards without sufficient justification as to their reasonableness, fairness, or even appropriateness. Instead these are based more on what is felt as being ‘acceptable and the right thing’ to do for the group. Hard and objective evidence such as accounting information may be ignored whether or not it supports the decision being made. It is not uncommon in the CoM for decisions to be made without due consideration as to their financial implications. This point is perhaps best confirmed by a senior clergy in one of his addresses saying that “we (the church) have been criticised over the creation of so many more dioceses. We have been challenged to show a sufficient number of people, parishes, or income. But those are western ways of looking at the need” (Pogo, 1999). A member of several

boards claims that decisions establishing the many dioceses were made without factual justification:

The idea of creating more dioceses is not based on any factual and logical data. If one is to look at the costs involved for example, there is no justification for creating many dioceses. But the church went ahead and created all these structures, and another diocese was approved during the last synod (OD6).

A departmental head at the PHQ observes the apparent lack of logic in some board decisions:

This body would often make decisions that have financial implications, such as the award of scholarships, without consulting the finance people. What they would normally do is approve the number of scholarships and leave it to the administration to find money within the budget (PL8).

A senior administrator at the PHQ describes how the training of clergy within the church seems to lack direction and logic:

The cost of clergy training.... is enormous. But I think training should be properly assessed, look at the cost, the pattern, like how it much takes to train, and how long the priest will serve the church after training before reaching retirement age (PL10).

The finance manager is also concerned about the lack of sufficient analysis done prior to making financial commitments reporting to the 2007 executive council that much of the budget overspending on scholarships allocation was due mainly to “no proper analysis done with regards to the funds available before taking on board new students” (Maeigoa, 2007) These examples point to an inclination within the church to make decisions that may not be justifiable with facts and logic, including those provided by the budgeting and accounting information. It seems that such decisions are based more on feelings and intuition.

(b) Divine inspiration

There is an acknowledgement of the involvement of divine powers in the decision making process. Decisions are made through the guidance and inspiration of spiritual forces. This is underlined by a tradition within the organisation to begin all formal meetings and gatherings with prayer to invoke the direction and wisdom of the divine powers. Such decisions therefore could not be necessarily justified with facts and reason. A clergy who heads a department at the PHQ affirms the belief in the presence of spiritual powers in the workings of the boards:

We cannot deny the fact the God has been with our decision makers, whether it's the CoB or other boards. So God was at work in the CoM right from the beginning (PL3).

The need to rely on the spiritual forces to direct decision making is also echoed by a priest serving at the PHQ:

So to know how to spend the money, it should be by the prompting of the spirit. Where the spirit directs, spend on this and that, give to this liturgy on that book... It is the spirit being active in the life of the people that dictates the budget (PL2).

Given the nature of the organisation, some decisions are based on faith rather than facts and secular logic. As a community of believers, decision makers are often called upon to exercise their faith in reaching decisions.

The predominance of intuition and religion in decision making could be attributed to several factors. Firstly, Solomon Islands society does not generally view as being separate the secular and sacred realms. These are both present within human existence. Spiritual forces are believed to be actively engaged in human affairs for good or ill. Many events or happenings could be attributed to the work of supernatural forces rather than on scientific explanations.

Secondly economic rationalism may not be entirely appropriate in collectivist cultures such as the Solomon Islands, where people are more concerned about gaining the respect of others and meeting the expectations of those around them (Morakul & Wu, 2001). Obligations to one's family and relatives take precedence over economic rationality. This could explain the tendency within the CoM of decisions being made intuitively, simply because they promote and maintain the coherence and unity of the group rather than on any rational economic facts and reason.

Reconciling logic and intuition

Although the use of logic and reason is traditionally foreign to the local culture, in the contemporary culture it is more likely to be the preferred approach to decision making. This is largely due to the diverse nature of the organisation. The use of intuition and feelings is generally unacceptable as it could be used to validate blatant favouritism and nepotism. Decisions could only be considered fair and reasonable if based on facts and reason than on some 'invisible forces'. In fact many participants express the need for greater use of accounting information in

decision making within the organisation. A member of several boards agrees that “financial implications of decisions is one of the important considerations in decision making, unfortunately this is not being considered in the CoM” (PA6). A clergy department head at the PHQ observes that “boards are rushing decisions when they should be consulting and doing more research” (PL4) before arriving at decisions.

More importantly, with the organisation now having the technology to produce the facts relating to different issues, there is no excuse for not using such details to justify decisions. People are more likely to see decisions in a positive light if backed by facts and reason provided by the accounting system and other technological devices. There is less likelihood of such decisions being perceived as based on personal interests.

8.4 Chapter summary

The foregoing discussions confirm the commonly held view that indigenous cultures are unique in many respects to western cultures. The concepts discussed in this chapter reflect the less shared attributes of Solomon Islands and Western cultures and their impact on the CoM’s budget process as perceived by the different stakeholders of the CoM. When these unique attributes of the local culture interact with the incompatible values of western budgeting, outcomes inconsistent with expectations of the local stakeholders are achieved.

However it also important to note that certain unique features of the local culture that were previously incompatible with western capitalist cultures, changes that have occurred in the local context since contact with foreign cultures, may have created an environment that is more accommodating to these foreign norms and values. This underscores the contention that it is reasonably possible for two opposite traits to be present in one culture, but one is stronger than the other (Yegenah and Su, 2006). Unexpected outcomes ensue when values that are stronger in the foreign culture but relatively weak in the local society are promoted to be the guiding values in local institutions. In this study, an appropriate example would be competition. Competition is a feature of Solomon Islands society but is not as strong a value as cooperation. Hence when western accounting promotes competition above cooperation and sharing, it produces behaviour and outcomes not favoured in the local society.

CHAPTER 9: CONCLUSIONS, IMPLICATIONS, AND FUTURE RESEARCH

9.0 Introduction

The influence of culture on accounting systems in different countries has been a research subject for more than three decades (Askary, 2006). Previous studies have generally agreed that national cultures could have a significant influence on the accounting system of a country, including how individuals perceive and use accounting information (e.g. Douppnik and Tsakumis, 2004; Chan et al., 2003). Harvey (1997) and Strathern (2000) for instance, assert that accounting, like other organisational technologies, is steeped in culture. It can give expression to aspects of culture and motivate the cultural transformation of organisations (Czarniawska-Joerges & Jacobsson, 1989; Dent, 1991).

Given the arguments in extant international accounting literature suggesting significant differences in the cultural environments of developed and developing countries, accounting practices of western developed nations may not be appropriate to all cultures and people of the world (e.g. Hove, 1986). An examination of the accounting systems of most developing countries reveals that they had not adapted borrowed systems from the developed world to truly reflect their local needs and circumstances (Perera, 1989a). Developing countries are therefore being urged to critically appraise their accounting technology and where necessary adjust it to make it compatible with their local, political, social and economic environments (Ngangan et al., 2005; Perera, 1989a).

This study constitutes a response to calls for developing countries to assess the relevance and suitability of the accounting systems borrowed from western developed nations. It focuses on the role that culture plays in shaping the accounting and budgeting practices of a particular developing country (Perera, 1994). The research employs a field based approach to determine the cultural values and norms of the country from actual interviews and observations and conceptualising as to *why* and *how* they emerge, why they matter for the budgeting and accounting systems and how these values are incorporated into the budgeting system (Efferin and Hopper, 2007). Such an approach offers greater scope for deeper understanding of the interactional impact of culture and accounting compared to the more popular method of hypothesis testing using mail

survey questionnaire (Harrison and McKinnon, 1999). The study uses an interpretative approach and grounded theory to theorise the relationship between culture and accounting in the context of a non-profit organisation from the Solomon Islands.

9.1 Major results of the study

Given the knowledge that societal institutions and practices are embedded with values and norms of the local environment, this study attempts to shed some light on how culture shapes the values and meaning frames of organisational participants and provides them with interpretive schemes for processing experiences (Ansari and Bell, 1991). Its ultimate objective is to develop concepts for explaining and understanding the impact of the local culture on the western style budgeting process adopted by the CoM as perceived by the various stakeholders of the organisation.

Following the analysis of data gathered from the field, a theoretical schema comprising the process concepts explaining the influence of the local culture on the western budgeting system is developed. This is first introduced in Figure 6.1 and subsequently developed in Figure 7.1. The key concepts portrayed by the framework are the ‘most shared’ and least shared attributes of the western budgeting and Solomon Islands culture within which the CoM budget process operates. These significant results as depicted by the theoretical schema are summarised in Table 9.1 below.

9.1.1 CoM budgeting as an intergration of western and local cultural attributes

As can be seen from the schema, the results confirm those of previous studies suggesting that culture does shape the meaning frames of organisational participants, in turn, the accounting and control practices in the organisation (e.g. Wickramasinghe and Hopper, 2005; Ansari and Bell, 1991). Specifically, the findings demonstrate that the budgeting and accounting practices of the CoM reflect attributes of both the western culture, from which the system originates, and Solomon Islands society, the environment in which the system is being practised. Both cultures do have a considerable influence on the way the budget process is designed and operated as discussed in chapters 6 to 8.

Table 9.1 Summary of key Results

Budget Process concept	Concepts reflecting most shared cultural attributes	Concepts reflecting least shared cultural attributes	Budgeting practices demonstrating shared/ less shared cultural attributes	Outcomes from interaction of shared / less shared cultural attributes
Authority and fairness applied	-Participation -Impartiality and neutrality -Equitable and fair treatment -Hierarchical authority -Achievements and merit	Heavy centralised decisions and resources	-Activity centres as budget units -Equitable distribution of resources and powers -Policies and procedures -mixed centralisation and decentralisation	-Central dictatorial attitude -Costly structures -Incompatible structures -Assigning resources
Stakeholders communicating	-Informed stakeholders -Information sharing	-Oral tradition -Informal dissemination channels	-Dissemination through rumours -Secrecy and confidentiality -Dissemination through formal structures	-Uninformed membership -Misinformation through rumours
Desiring to know performance	-Accountability for results and actions - Evaluation of performance	-Oral tradition -Collective responsibility -Social and non-economic outcomes	-Accountability through physical observations -Lack of formal evaluation of performance	-Less accountable leaders - waste of resources
Drawing from economic foundations	-Use of money -Exchange of goods and services	-Non-cash subsistence -Ownership rights with obligations -Solomon time -modesty and sharing	-Monetary budgets -Periodic reporting and budgets -Unplanned budgeting	-Exclusion of resource owners -Commodification of resources -Dominant financial agenda -Materialistic tendencies -Dependency mentality
Managing identities	-Recognition of multiple stakeholders	-Pronounced in-group distinctions - Consensual decisions - Community orientation	-Favouring in-group members -Imposed consensus -People welfare emphasis	-Competitive tendencies- -Exclusion of out-groups -Inability to attract expert personnel
Applying accounting understandings	-Justified decisions	-Use of accounting information -Decision rationale	-Ignoring accounting information -Divinely inspired decisions	-Unjustified decisions - Perceived irrational decisions

For instance, the emphasis on monetary and economic values under western budgeting is seen in the largely monetary budgets of the CoM, despite the local society being a traditionally non-monetary society. The budget comprises only those transactions that have monetary and economic values. The notion of having monetary budgets is described as alien to most locals who are more used to seeing budgets in terms of physical units, rather than their monetary values. A priest describes the difficulties parishioners have understanding the monetary budgets:

In budgeting, sometimes we talk about things people don't understand, things they haven't experienced... So what we often do is to translate the budget into items they can relate to such as asking families to contribute so much bags of kumara, or yam. This they can understand.(PA3)

A parish councillor also confirmed the local tradition of budgeting in non-monetary units as opposed to the monetary budgets of the Church:

Solomon Islands societies were not used to operating budgets based on cash but on physical items such as pigs, bundle of fire woods, coconuts and so on. PA5)

In terms of the influence of the local society, it is demonstrated in several ways, including a relaxed and reflective approach to time, known locally as 'Solomon time'. It impacts not only on the ability of the organisation to seriously plan through the budget but also on its control and performance measurement functions. This can be seen in the inability to produce financial reports in a timely manner and the budgets reflecting more the existing and urgent needs of the various activity centres than the objectives of the strategic plans. A departmental head at the PHQ observes decisions being made without the lack of systematic planning:

So often, boards make some unwise, rushed decisions. Some things we need to consult more... do some research, before making decisions. I think those rushed decisions are in the end not good for the church (PL3)

This portrays the 'Solomon' or cyclic approach to time where the present takes precedence over the future.

9.1.2 Continuum of more shared to less shared cultural attributes

Secondly, results from the study as conceptualised in chapters 7 and 8 show that cultural values that help shape the CoM's budgeting process can be explained in

terms of a continuum ranging from the most to the least shared cultural attributes of the Western and Solomon Islands cultures.

The most shared cultural attributes are those that are common to both the western and local cultures. While mainstream cross-cultural research is based on describing the differences and irregularities across different societies, overlooking commonalities may reduce the capacity of research for building comprehensive theories (Yeganeh and Su, 2006). Where these common attributes guide the design and operation of the budget process, they reinforce one another and consequently result in outcomes that are generally 'preferable' in local society. The more shared features of the two cultures identified in the study include the manner in which authority is assigned and exercised within the organisation, with a strong emphasis by both cultures for authority to be applied in a fair and equitable manner. In regards to assigning powers, both cultures share a preference for the delegation of authority based on qualifications and achievements rather than on relationships and factors other than ability. A degree of discontent and apprehension is expressed where decision making power is assigned to those without the relevant 'expertise' and skill. For instance, some participants questioned the wisdom of having the bishops deal with financial matters "when they are only trained and qualified in theology" (PL 2) and "have no knowledge at all on accounting (DL2).

The two cultures also place great importance on an informed populace which require wider dissemination of information through appropriate channels to relevant stakeholders. Obtaining the correct information is vital in both cultures and where the formal structures do not facilitate this as is the case in the CoM, people generally resort to passing information through rumours and gossip which is not an ideal outcome.

The shared features of the two cultures also include a strong desire by stakeholders to be informed about the performance and results of the individuals who have been delegated responsibilities and power within organisations. This demonstrates the importance of transparency and accountability in both cultures.

At the other end of continuum are those cultural attributes that are unique to the local culture and hence least shared with western societies. The interaction of

these cultural values and norms often result in outcomes that are generally not anticipated in local society. One of these less shared features is the economic characteristics of the local society and how these relate to those cultural values underpinning the western budget process. For instance, although various currencies exist locally for social exchanges, the dominance of monetary and economic values for budgeting purposes in a largely subsistence society, has resulted in the commodification of resources, the prominence of a financial agenda within the organisation, the exclusion of the majority of members from participating in the process, and materialistic tendency amongst workers of the church. These outcomes are generally not expected from the budget process.

The unique attributes of the local culture are also seen in the manner in which the identities and relationships amongst the different organisational stakeholders impact on the budget process. Locally a pronounced distinction between in-groups and out-groups results in the recruitment practices, the provision of services, support for church activities and membership of decision making bodies, where the tendency to give preferential treatment to one's own island or tribal groups exists. The pressure to fulfil these traditional obligations often conflicts with other cultural values of fairness and merit and achievement based decisions. This often produces outcomes that are considered less than ideal in the local context.

Finally, the dissimilarities between the two cultures is also demonstrated in the manner accounting is applied within the organisation. While accounting serves a decision usefulness objective in western organisations, in the case study organisation many important decisions are made without recourse to information produced by the accounting system. It is generally perceived that decisions regarding the allocation and distribution of resources and rewards are based on intuition and loyalty rather than on reason and logic as expressed through the accounting information. Several participants spoke of the "financial implications of decisions not being adequately considered" (PA 6).

Although the attributes of the two cultures that influence the budgeting process have been discussed largely from the two poles of the continuum, it is important to note that there are significant overlaps within the various cultural attributes within the continuum. Such characteristic is consistent with the contention that cultures are normally different from one another in the degree to which they

normally hold certain values and attitudes, and not in the kind of these values and attitudes (e.g. Fang, 2006; Yeganeh and Su, 2006). This essentially implies that it is possible for two opposite traits to be present in every culture but one trait may be more intense than the other. Hence, the same cultural traits that are normally associated with western culture also underpin the practices and behaviour of Solomon Islanders. For instance, while competition is a fundamental characteristic of western capitalist societies, it is also a feature of the social and economic organisation of the local society. Furthermore differences in cultural values may not necessarily be subversive to organisational performance (Yeganeh and Su, 2006), nor does it automatically mean that an integration of such values is not possible. For example, the notion of a central authority, while alien to local society, brought a semblance of peace and unity in societies that are highly diverse and fragmented (Douglas, 2005; Alasia, 1989).

The apparent compatibility between previously conflictual cultural values demonstrates that national cultures are living organisms, not time-free “fossils”. A specific culture learns not only from its forbears as an extension of old traditions, but also from dynamic interactions with other cultures, to give birth to “new traditions, new beliefs, and new behaviours (Fang, 2006).

9.1.3 Culture impacts with different levels of intensity

The results also confirmed what has been suggested in prior studies (e.g. Harrison and McKinnon, 1999) that cultural values influence accounting and budgeting systems with different levels of intensity. Some may affect certain or most of the functions of the process more than the others. For instance, kinship relationships that dominate in the local society have a more profound impact on the budget system than the oral tradition. Wantok relationships impinge on the preference for neutral devices for decision making, collective decision making, the equitable distribution of resources and the preferential favours given to in-group members. Oral tradition on the other hand influences largely the communication role of the budget process.

9.1.4 Budgeting reflects non-cultural factors

Finally, the analysis of field data also reflects the impact of non-cultural attributes of the local environment on the budget process. For instance, the geographical spread of the organisation is a significant factor in demand for the equitable

distribution of the organisation's resources. A diocesan officer in justifying the need for further increases in his diocesan budget argues that:

The population and geographical set up of my diocese if you compare it with other dioceses such as Makira or Hanuto'o, people only live along the coast. May be only few villages in-land. But for my dioceses, the population is scattered both along the coast and inland bush (DL4).

Apart from the distribution of resources, it also impacts on the degree of communication and coordination amongst the various activity centres of the CoM.

9.1.5 Budgeting at different levels reflect Solomon Islands cultures

The results also show that the different local cultures do influence the way the organisation functions in relation to the budgeting process at the various levels and layers of the Church. Several examples could demonstrate this. Firstly, in terms of employment, dioceses tend to employ only priests and lay workers from people within the diocese. Rarely does one find people being employed outside of their dioceses of origin. In one of the dioceses visited during the study, all employees, both clergy and lay officers, were from the various islands comprising the diocese except for the diocesan treasurer.

The tendency to employ only people from one's own group also extends to the national level at the Provincial Headquarters. For instance, at the time of my research, there were only two employees serving at the PHQ who were not members of the church, but even they were also closely related to church followers. It would certainly raise eyebrows if the church were to employ non-church members, particularly in senior positions. The tendency to employ only people of the diocese or church members reflects a sort of church wantokism where members are seen as kin and who will serve the diocese with a sense of duty and loyalty to the group rather than simply as a form of employment.

The local cultures are also reflected in the manner favours are given to in-group members. For instance, it is not uncommon to find at the diocesan level that employees or those posted to senior positions are either relatives or close friends of the diocesan bishop and other senior administrative staff. This partly reflects the local cultures where kin members are expected to care for one another. Those in positions of authority have an obligation to use their powers for the benefit of other family members and friends including preferential treatment in employment

and distribution of services. The sentiments expressed by a village elder to a church team investigating the breakaway movement on Isabel diocese demonstrate this expectation:

We (Isabel people) are surprised that the head of the church is from Isabel but we believe that in your (CoM) budgetary system, you do not allocate enough for the DOY (Diocese of Ysabel). This forces the diocese to make demands on people to make up the budget shortfalls.

A diocesan officer also makes similar observations about the diocesan bishop:

If you observe carefully, if one is in a position of power, they'll be sending mostly their friends on training. And with due respect to our bishop, this is what he's been doing. All those who've been going to colleges for training are all his best friends. So even if you're smart but not his friend, you cannot go. (DL4)

An ordinary church member who sits on both the synod and council of his diocese makes similar observation:

If you look at the diocesan office, you will find that many of those working in the office are either relatives of the bishop or of any of the other senior staff at the office (OD6).

The influence of the local cultures on the functioning of the CoM is also seen in urban centres where people from different regions and island groups congregate. Parish and church activities are often organised or allocated along regional or island groupings. For example, a certain parish in Honiara allocates the tasks of cleaning parish property and performing the leading roles in church services according to provincial or island groups on a weekly basis. The same parish also organises its fundraising activities along island or provincial based groups. A member of the parish describes his experience:

When it comes to collections and fundraisings, the sense of pride of being from one diocese will be revealed in certain ways. For example, if people from this diocese are given a target of \$2,000 to raise, they will ensure that they raise something close to \$20,000 (OD1).

The strong sense of identity which members of the same group share would ensure that members put on their best performance for the good name of the group. A poor outcome reflects badly on the entire group and so each of them is socially obligated to do his or her best for the group.

Finally, the dominance of men in the decision making bodies of the church is also a reflection of the local cultures. Solomon Islands is generally a male dominated society where most family and community decisions are made by the male members. Even in societies where matrilineal practices are followed, important decisions are still made by the men folks of the family or tribe.

9.2 Recommendations from the study

This study proposes several issues for consideration that are specific to the case study organisation as it grapples with the task of determining how best it should integrate attributes of both cultures into its budgeting system. Some of these recommendations may equally apply to other local non-profit organisations and possibly those in other third world countries. However these suggestions are by no means exhaustive and it is possible that these may exclude issues that are more critical to the effective functioning of the system. Hence some general recommendations may be in order to further assist the case study organisation as well as those still struggling with aligning their budgeting systems with local situations.

Furthermore, recognising that the local culture does possess the ability to adapt elements of the western culture imbued within the budgeting system, these recommendations are aimed at not only identifying but also creating a context, time and situation allowing elements of either culture to be integrated into the system so it provides maximum benefits to its users. The recommendations consider the fact that changes in the local context means that elements that are traditionally associated with western cultures but have been present all along, albeit in less obvious forms, within the local society, could now be emphasised, powered and be legitimated for expression within the local culture (Fang, 2006). These would require both local and western values to be adapted and expressed in different ways rather than one replacing the other in its purest state.

Firstly, organisations need to identify those values and norms that are common to both cultures and how these could be employed within the system so they not only complement each other but more importantly produce a positive impact on the goals of the system. Some of these have been discussed in this study as the shared attributes of the western and Solomon Islands cultures. Having done so, the organisation should redesign its budgeting and accounting system to permit the

expression of these values by organisational members and its stakeholders. The organisation should further investigate aspects of the budget process where these shared attributes are not being applied as required under both the western and local cultures and which currently result in unexpected outcomes. This entails a recognition of the subtle differences that exists within these common cultural features.

Secondly, differences between the local and foreign cultures or less shared values and norms should be identified and their impact on the budgeting and accounting system determined. Where conflicts in cultural values result in dysfunctional outcomes for its stakeholders, the organisation needs to determine how these could be reconciled so any adverse effects are obviated. This is done in recognition that cultures are capable of adopting elements normally associated with the opposite culture given the right situation, time, and context (Fang, 2006). This requires constantly examining the local environment and the changes that are occurring within it, to identify situations where the opposite values of the foreign culture should be empowered either in tandem with elements of the local culture or separately, to be the principle values underpinning the budgeting system, to guide the behaviour and experiences of organisational members. These western values should be promoted without necessarily compromising other local cultural elements essential for the effective functioning of other roles of the budgeting system.

Several examples from this field study could demonstrate this. Firstly, the ownership of assets of organisations whose membership or owners comprise people of diverse ethnic and kin groups are better held by a neutral entity, separate from all members, to minimise or eliminate the potential of members wrangling over these resources. This should not preclude the organisation from using such property for the benefit of its membership as required by the local society of those possessing wealth. This ensures that the separate entity principle is suitably adapted to be consistent with the local norm of stakeholders' expectation of having some 'rights' over the entity's assets by virtue of their relationship with the entity. A second example involves a perceived need for the organisation to integrate itself more into the monetised economy, despite the local society being predominantly subsistence based. There is an overwhelming desire by organisational participants that the CoM should be actively engaged in the

monetary sector so it can generate the cash required to fund its budget. It should assist its members transform their natural resources into cash, and with the money, they can make their contributions towards the church budget. Such a direction demonstrates the organisation aligning its operations and budgeting system to the prevailing values and norms in the local environment.

Finally, organisations may need to identify elements of the local culture which although are valid and appropriate in the traditional setting may no longer be so in the management of contemporary organisations. It may be necessary to develop new expressions and experiences of these values to suit prevailing circumstances. If these are practised in the same way as in traditional societies, these are likely to result in conflict and even dysfunctional consequences for the organisation. Wherever such local values dominate behaviour, relevant foreign values could be emphasised to mitigate any negative consequences on the system. For instance, the practice of using one's power and authority to benefit one's kin as a means of reciprocating their allegiance and creating new obligations is neither appropriate nor necessary in the modern context. People are appointed to positions based on legal mechanisms rather than on their qualities and status as ascribed by their clan and social group. Furthermore, people now have greater freedom to move outside of their traditional tribal habitation and live amongst those from other kinship groups. Hence most contemporary organisations comprise people of diverse kin groups, either as employees or general membership, and so the acceptable norm is for the fair and equal treatment of all these diverse groups. Preferential treatment of one's kin, in whatever shape or form, is now regarded as nepotism and corruption. Therefore, bureaucratic controls may be necessary to prevent employees from acting in such a 'self-interest' manner.

9.3 Implications for theory and practice

Most studies investigating the potential links between culture and a nation's accounting system date back to the 1980s (Abdallah, 2001). Although several models have been developed to operationalize the components of national culture and their relationship with accounting, Hofstede's (1980) framework was the most commonly used. The reliance on cultural models such as Hofstede's has certain limitations. This includes a selective use of certain cultural dimensions resulting in the inability to capture the totality of the cultural impact on the accounting system. In addition, employing predetermined cultural dimensions to investigate

the relationship between culture and accounting tantamounts to a simplistic treatment of culture. Such studies inevitably fail to capture the richness and complexity of culture (Harrison and McKinnon, 1999).

Given the limitations of studies employing only selected dimensions of culture, calls have been made for field based studies aimed at capturing the entirety of national culture as it influences the accounting system (Wickramasinghe and Hopper, 2005). This study is based on such an approach whereby the different cultural attributes that influence the accounting system emerge from the field data rather than being predetermined based on models developed without observations and thorough studies into the context being investigated.

Many of the cultural studies were also aimed at investigating how cultural variations in different countries produce different accounting systems and behaviours (e.g. Patel, Harrison & McKinnon, 2002). Researchers try to build theories explaining the effects of culture by relying on cultural differences. While pointing out differences is a very useful approach, overlooking commonalities may reduce the capacity of research for building comprehensive theories. It is argued that regularities can be as valuable as irregularities in understanding cultural phenomena (Fang, 2006). This study therefore identifies and explains the impact of both the most shared and less shared features of the local and western cultures, those in between, and their impact on the budgeting process. It deals with not only the differences but also the shared attributes of the two interacting cultures.

In terms of the less shared characteristics of the two cultures, perhaps the most significant aspect of this study is demonstrating to countries adopting foreign accounting and budgeting systems-, in their most 'pure' form, from the developed world, that these may not be entirely appropriate in serving the needs for which these are being practised. This is partly due to differences in their cultural environments. This is consistent to arguments previously espoused in the accounting literature (e.g. Wickramasinghe & Hopper, 2005). Recipient countries including those in the developing world may need to identify and recognise the impact of culture on borrowed institutions including accounting and the consequences of such influence on users of these systems. It may result in behaviour that is not desirable in the local context and worse still could lead to

compromises to local values. Developing countries in particular should not remain uninterested but should begin to investigate how local organisations can better adapt these borrowed systems to reflect their own situations and needs (Ngangan *et al.*, 2005; Perera, 1994). In doing so, these recipient countries should be able to identify the appropriate context, situation and time in which features of western societies that are dissimilar from those of the local culture could be employed within local accounting systems. This is because even with cultural attributes that differ between the two cultures, changes that have occurred in the local context have enabled the local society to be more receptive to previously incompatible western norms and values. Hence, it is not advisable to totally discard adopted foreign practices and institutions, nor is it necessary for indigenous nations to reinvent the wheel by developing completely new systems.

The study also shows that significant possibilities exist for third world countries to integrate attributes of their own as well as those of western capitalist cultures into their budgeting systems. This stems from the fact that western and indigenous societies do share important cultural characteristics. These common features have the potential to reinforce each other if appropriately employed within local institutions and practices, including accounting and budgeting processes. It is therefore vital that developing countries not only determine the potential effect of cultural differences but also identify the shared cultural features and how these could be usefully employed to achieve intended outcomes.

The identification of the shared and unique cultural features have important practical implications for the country of study, Solomon Islands. As in most third world countries, institutions that were bequeathed to the country some thirty years ago on its independence are yet to be fully understood by the majority. Some of these have not delivered the results intended of them. Hence there is a wave of reform sweeping over many of these local institutions apparently to improve their effectiveness. For instance, two important mandates of the 2003 intervening force, the Regional Assistance Mission to Solomon Islands (RAMSI), are to repair and reform the machinery of government, improve government accountability and improve the delivery of services in urban and provincial areas and improve economic governance and strengthen the government's financial systems (Wilson, 2009). Perhaps a good starting point for these reforms is the identification of the shared and dissimilar features of the cultures from which these institutions have

been borrowed and the local society. Efforts should then be expended in determining how unexpected outcomes arising from the interaction of the dissimilar cultural values and norms could be ameliorated while applying similar attributes in a manner that ensures these reinforce each other.

9.4 Suggestions for future research

This study focuses exclusively on understanding the interactional influence of culture and accounting in the context of a not-for-profit organisation. These results may however not necessarily be applicable to profit making enterprises. However, given the often stated objective by the national government that the private sector should be the 'engine room' of economic growth , significant benefits can be gained by understanding the role of culture in shaping the organisational practices of profit making enterprises in developing countries. The results may also shed light to understanding the role of culture in the generally low life span of many indigenous for-profit businesses. Non-profit organisations have goals which are similar to feminine cultures such as in Solomon Islands. It is therefore useful to understand the impact of culture on the practices of organisations whose objective is wealth accumulation, a goal that appears to be at odds with the important values of the local society.

As with most case studies, the results of this research cannot be considered as applicable to other organisations, even to similar entities. Perhaps the results could be extended to a similar organisation using a positivist methodology to confirm whether or not these results could well apply beyond the case study organisation. Furthermore, similar study could focus on the other countries in the South Pacific, including those from the Melanesian, Polynesian or Micronesian regions.

This study focuses on the budgeting system, which is only a sub-set of the entire accounting system. As accounting systems are often adopted in their entirety, a fuller picture of the extent to which western accounting is suited to the local environment can only be obtained by subjecting other aspects of the accounting system to cultural analysis. For example, studies could explore how culture affects the measurement and recording of transactions, how it influences disclosure practices, or its impact on auditing practices. These should provide a more

comprehensive picture of the suitability of western accounting to the local context.

Although this study focuses only on culture as the environmental variable impacting on the accounting system, the country also differs from developed countries on many other factors such as political, economic, legal, technological and social dimensions. Further studies focusing on these other factors should complement those undertaken from a cultural perspective to increase our overall knowledge of accounting practices in different contexts. Many factors that are not fully cultural and some others that are non-cultural may have implications for organisational behaviour (Yeganeh and Su, 2006). These further researches may help dispel the often quoted criticism that labelled cultural studies as using culture as a residual factor, that is culture is attributed to those results for which no other explanations can be found.

Accounting is only one of the many institutions which Solomon Islands, like many developing nations adopt from the developed western world. As with accounting, differences in the values underpinning these western institutions with those of the local societies are producing mixed results on the effectiveness of these imported practices. Further studies into other borrowed institutions such as political and legal systems carried along the lines of the present research may help developing countries understand the extent to which these imported systems actually mirror their societal needs.

9.5 Limitations of the study

One of the most cited limitation of single case studies is that their results are only valid for the organisation studied and may not be generalizable to other contexts (Yin, 2003). In this instance, as the focus is on a religious organisation, the result may not necessarily be applicable to other non-profit public organisations let alone profit making enterprises. However what they do is provide an in-depth description of organisational practices; they put rich data sets, useful stories and examples, and teaching cases into the public domain (Merchant & Van der Stede, 2003).

As this study is undertaken within the interpretive approach, the results and findings of the study could be heavily influenced by the experiences and individual biases of the researcher. Although appropriate steps were taken

throughout the study to limit any effects of researcher bias, these could not be eliminated altogether.

The explanations given to the data collected during the course of the study are limited by the theoretical model employed in interpreting and explaining the findings. While the stakeholder theory has indeed provided valuable explanations to information gathered from the organisational context, perhaps a more holistic appreciation of the issues involved could have been obtained had the data been interpreted using other available framework such as institutional and agency theories.

9.6 Conclusions

Developing countries should recognise it is neither possible nor is it in their interest to 'reinvent the wheels of accounting' by attempting to employ accounting systems that are fully indigenous and without foreign infiltration. Many have borrowed other institutions, apart from accounting, from the developed world and so a fully indigenous accounting system may prove to be counterproductive and could undermine the effective functioning of these other societal institutions. In the same way, a wholesale adoption of western accounting has been shown in this and other previous studies, to not necessarily be relevant for local societies.

The challenge for developing countries, and indeed indigenous societies upon whom institutions and practices have been imposed from externally, is to identify how such practices could be adapted to suit their own local environments. Indigenous people must abandon the tendency for the blind acceptance of foreign institutions without regard for their suitability to the local situation. Many of these institutions fail to produce the desired outcomes because essential features of the local societies were not factored into these practices (Ray, 1998). These, unfortunately, cannot be planted in or superimposed on a society from the outside. They take a long time to grow through a process of trial and error, within the individual society's own historical, cultural, and economic context.

In the accounting field, developing countries would appear to be well advised to reassess their strategies and accordingly design accounting and reporting systems geared towards meeting the information needs of users within their specific contexts (Ngangan et al., 2005)

It is hoped that the recommendations being proposed in this study would help produce a more enabling accounting and budgeting system, one that encompasses and gives visibility to the values and issues relevant to the local environment by ensuring that these are measured, accounted for, and communicated by the accounting system. The ultimate goal is to develop an accounting and budgeting system that incorporates local perspectives and values so it provides a 'balanced approach' to the organisation's accountability systems and decision making processes. Solomon Islands, and indeed many other developing countries, are in an enviable position in that having witnessed the experiences of the developed world and their institutions, should evolve systems that blend the 'best' of both worlds.

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APPENDICES

Appendix A: Emerging issues from first field trip presented for validation

Western cultural values in CoM budgeting	Solomon Islands cultural values in CoM budgeting	characteristics common to both cultures	Areas of dissonance between cultures
<ol style="list-style-type: none"> 1. Centralised bureaucracy 2. Monetised economy 3. Objectivity and verifiability 4. Individualistic tendencies 5. Private ownership of capital 6. Principal-Agent relationship 7. Legal power and authority 8. Competitive spirit 	<ol style="list-style-type: none"> 1. Informality and consensus 2. Personalised power and authority 3. Egalitarian social relations 4. Kinship relations and obligations 5. Solomon 'taem' 6. Collectivist tendencies 	<ol style="list-style-type: none"> 1. Hierarchical order in familial relationships 2. Bureaucratic controls serve as neutral mechanisms 3. Competitive spirit displayed within different contexts and with different goals 4. Money used to achieve different goals 5. Objectivity required when dealing different kin groups 	<ol style="list-style-type: none"> 1. centralised governance localised identities 2. kinship obligations dom rational and neutral acti 3. Equity and fairness dom over economic rationali 4. Person and his/her prop cannot be separated 5. Legally sanctioned retri processes as against res actions

Appendix B: Open and axial coding

Phenomena identified from the interviews

1. Church critics are penalized
2. Parishes lack budgets
3. Parishes are self-reliant from PHQ and diocese
4. Parishes excluded from budget
5. Preference for social conciliation than legal penalties
6. Hesitant to disagree or argue
7. Members love and willing to support the Church
8. Lack understanding of budget/finances by general populace
9. Preference for reciprocal giving
10. Parishes are independent from province
11. Church to interact closer with communities
12. People informed through physical observations
13. Things observed become stumbling block
14. Unclear relationship between province and parishes
15. Real church exists in parishes
16. Church structures are like empty institutions
17. Financial issues are considered confidential
18. Church to be open and transparent
19. Formal rules and policies guide actions and decisions
20. Rules and policies often ignored by senior officers
21. Foreign and technical nature of accounting
22. Present accounting in familiar language
23. Givers excluded from budget debates
24. Assessment of needs for budget purposes
25. Planning and development too centralised
26. Budget should reflect the Church
27. Church is too institutionalised
28. Need for capacity building in parishes
29. Top levels dictating to lower levels
30. Local society is segmented and fragmented
31. Critical questions being asked of the church
32. Heavy reliance on external income
33. Centralised allocation of income
34. Dioceses compete over sharing of income
35. Budget manipulated to avoid competition
36. Budgeting is time consuming process
37. Mission grant is good outcome
38. Most decisions are made or influenced by the bishops
39. Inadequate participation in decision making
40. Equitable allocation of power and resources
41. Uneasy fit between church structure and context
42. Mission to influence finance
43. Priority of finance agenda
44. Powers assigned without merit
45. Many board members are financially illiterate
46. CoB powers to be reduced
47. Church work is a religious vocation
48. Church growth occurs without the budget

Phenomena identified from the interviews

49. Finance restricts mission activities
50. Mission to be based on faith
51. Respect for the clergy still strong
52. Formalised and costly accountability mechanisms
53. Accountability runs inversely with power
54. Accountability instilled with fear and power play
55. Hereditary leadership in traditional society
56. Collective decisions and accountability in traditional society
57. Mission is determined by budget
58. Performance not to be limited by budget
59. Prefers justifying the budget
60. Budget is to be accompanied by plans and vision
61. Budget is cut without justifications
62. Budget dominated by monetary amounts
63. Lack of research for decision making
64. Budget to serve mission
65. Life of the Church is observable
66. Divine inspiration of resource allocation
67. Provision of education is preferable outcome
68. Better attitude from Church influence
69. Physical demonstration of pastoral care
70. Bishops have better remuneration
71. Clergy to integrate into community upon retirement
72. Need independent body to approve budget
73. Dominance of CoB in the boards
74. Budget is predetermined by the bishops
75. Blending of culture and accounting as reflection of local struggles
76. Commercialising cultural heritage
77. Budget excludes builders of the church
78. People no longer give freely of their time, skills, and resources
79. Information passed through rumors
80. Giving as a measure of one's spiritual condition
81. Mismanagement of time is prevalent
82. Strength of community as measures of priest performance
83. No clear mission priorities in the church
84. Administration get more money than mission
85. No separation of business from owners
86. Staff are coping only because they are church members
87. People feel only bishops and clergy enjoy church money
88. Ordinary members have no knowledge of parish finances
89. Pressures on priest's finances and housing from wantok system
90. CoB makes all the decisions within the church
91. Anglican members are not really good givers
92. People reluctant to support costs of the structure, hierarchy.
93. Parish has own mission statement
94. Wantokism, nepotism in some areas of the church e.g. training
95. Need parity in remuneration of priests and bishops
96. Decisions reached by consensus
97. Church structures are costly
98. Concern over bishops' veto power

Phenomena identified from the interviews

99. Insufficient teaching on stewardship
100. People reluctant to support extravagant lifestyle
101. Financial Instructions Manual is helpful
102. Board decisions don't always consider financial implications
103. No proper planning result in costly decisions
104. Reduce reliance on hand outs, foreign assistance
105. No formal evaluation on how money is spent
106. People give more support to fundraising by their own island groups
107. Over-reliance on foreign income has made people lazy, complacent
108. Boards decisions enable more participation in decision making
109. Certain information be made public than being kept confidential
110. People act from instructions from HQs than from rural parish.
111. People listen more to well educated clergy
112. Spending outside of budget is unprofessional
113. Professional people required in boards
114. Management override from senior figures
115. People expect church to give, not them to give the church
116. Financial Instructions used to justify recommendations
117. Church to employ only committed people, not money seekers
118. Church spent extravagantly than being economical
119. Person from outside can manage better than a local.
120. Parishioners don't know priest's duties to evaluate his performance
121. Grant not fair if does not consider geography of diocese
122. Financial reporting is canonised by the diocese
123. Perception of fairness important consideration in budgeting
124. Church plans must reflect mission statement

Grouping similar phenomena and labeling them as concepts

- a. Decision making structures (10, 16, 29, 33, 41, 44,45, 46, 72, 93, 98, 99, 108, 111, 112, 114, 116)
- b. Arriving at decisions (2, 19,20, 23, 29, 38, 39, 51, 56, 60, 91, 95, 96, 102, 104, 113, 115, 124)
- c. Outcomes of interests (31, 40, 58, 82, 106, 110, 121)
- d. Ways of knowing (11,12, 17, 18, 52, 53, 54, 123)
- e. Mode of economic subsistence (3, 8,43, 48, 49, 57, 62, 75, 76)
- f. Ownership rights (7, 27, 85, 89, 90)
- g. Utilisation of time (36, 81)
- h. Resourcing the organization(4, 9, 28, 32, 78, 80, 92, 99, 100, 101, 105, 108, 116)
- i. Attitude to wealth (70, 71, 87, 101, 119)

- j. In-group and out-group relations (5, 6, 14, 30, 34, 35, 55, 86, 93, 94, 107, 117, 118, 119, 120)
- k. Degree of stakeholder awareness(65, 88, 109)
- l. Channels for information dissemination(79, 122)
- m. Coming to consensus (1, 73, 74, 97, 98)
- n. Community expectations(15, 25, 26, 37,47, 64, 67, 68, 69, 77, 84, 123)
- o. Anticipated use of accounting information(21,22, 42)
- p. Decision rationale (13, 24, 50, 59, 61, 63, 66, 83, 103)

Appendix C: Grouping related concepts into categories

Identifying related concepts and labeling them as categories. The list of categories derived from the above concepts is given below. The letters shown in brackets are taken from the concepts from the previous list of concepts

- i. Authority and fairness applied (a, b)
- ii. Stakeholders communicating (k, i)
- iii. Desiring to know outcomes (c, d)
- iv. Drawing from economic foundations (e, f, g, h, i)
- v. Managing identities (j, m, n)
- vi. Applying accounting understandings (o, p)

Substantive categories

- 1. Most shared attributes (i,ii, iii)
- 2. Unique or least shared attributes (iv, v, vi)

Appendix D: Data categories and their dimensions and properties

Category	Concepts	Properties	Dimension
Most Shared attributes	Authority and fairness applied	Decision making structures	Centralisation/de-centralisation Compatibility Costly/inexpensive Hierarchical/non-hierarchical inclusive/exclusive
		Arriving at decisions	Formal/informal authority Partial/impartial Plan/unplanned Equity/disparity participative/dictatorial
	Stakeholders communicating	Channels for dissemination	Formal/informal modes Written/oral effective/ineffective
		Degree of stakeholder awareness	Internal/external stakeholders Informed/ignorant Central/local levels
	Desiring to know Outcomes	Nature of outcomes	Sacred/secular Quantitative/qualitative Monetary/non-monetary
		Ways of knowing	formal/informal means documented/observation
Unique or least attributes	Drawing from economic foundations	Mode of economic sustenance	Monetary/non-monetary Sharing/hoarding Scarcity/abundance
		Ownership rights	Private/communal Duality/attached
		Utilisation of time	Active/reflective Change/resistant to change
		Resourcing the entity	Sufficiency/dependence creativity/complacency Sacred/secular

			vocation/occupation
		Attitude to wealth	Modesty/extravagance Frugal/spendthrift materialism/non-materialism
Unique			
attributes	Managing identities	In-group and out-group relations	sharing/competing Trust/suspicious Conciliatory/litigious
		Coming to consensus	Imposed/shared Immediate/protracted passive/resistance
		Fulfilling community expectations	Sacred/secular people/things abstract/tangible
	Applying accounting Understandings	Anticipated use of information	Decision usefulness/compliance Past/future oriented Financially literate/illiterate
		Decision rationale	Intuitive/analytical Fact/superstition

