

# Public Sector Management Accounting in Emerging Economies:

## A Literature Review

### 1. Introduction

The quantity of research on accounting in emerging economies (EEs) has grown over the last two decades. This may be rooted in a multitude of complex factors, including the increasing pressures of globalisation, aggressive accounting reforms advanced by donor agencies, the expansion of PhD programmes in Western universities for scholars from EEs, and the development and expansion of accounting journals sympathetic to accounting research in EEs. Nevertheless, research in this domain, especially management accounting (MA) research, is still in its infancy. Much of the research has been conducted in the area of financial accounting, often on the topic of accounting standards and professional accounting bodies (Hopper et al., 2009). MA research in the public sector in EEs has been largely neglected, or has begun to develop quite recently (Hopper & Bui, 2015; Hopper et al., 2009, pp. 471-72).

Public-sector management accounting (PSMA) research has been reviewed extensively (Broadbent & Guthrie, 1992, 2008; Goddard, 2010; van Helden, 2005). However, although these reviews have provided an overall understanding of the changing role of MA in the public sector, they have not focused particularly on EEs. It is, therefore, important to take stock of knowledge on PSMA in EEs and provide an understanding of the changing nature of MA practices in the public sector in EEs. There are two particular reasons for our review.

First, the adoption of ‘new public management’ (NPM, see Hood, 1991, 1995) in public-sector organisations in EEs, often inspired by the preferred market-based ‘development discourse’ and sponsored by international donor agencies, has been receiving increasing attention from academics and policy makers over the last two decades (Allen, 2009; Annisette, 2004; Manning, 2001; Polidano, 1999; Reichard, 2004; Schick, 1998). NPM has been severely criticized. Researchers claim that it has not been successful in promoting economic growth and stability, reducing poverty, and generating employment (Harvey, 2005; Hopper et al., 2009; Morales et al., 2014). Moreover, studies acknowledge that the type and intensity of NPM vary significantly from country to country (Guthrie et al.,

1999; Pollitt, 2001; Pollitt & Boukaert, 2011). However, a critical assessment of research on NPM-related MA practices in EEs is lacking, and this review attempts to fill this gap. The ambition of our review goes beyond NPM reforms in EEs, in the sense that we wish to contribute to an understanding of how the development agendas of international donor agencies, such as the World Bank, have impacted on the MA repertoire in EE public sectors over the last twenty years.

Second, this review aims to give voice to EEs' concerns about the importance of accounting in their development agendas, particularly by stimulating debate about how accounting can respond to the context-specific needs of EEs (Hopper & Bui, 2015). This will inform potential PSMA researchers about empirical findings and debates on policy, practice and theory relevant to EEs. This review may also attract the attention of accounting policy makers in global and local institutions, and practitioners, such as politicians, managers and consultants, in EE public sectors. The importance of public-sector accounting in achieving economic development goals in EEs further underpins this rationale.

Review papers on either public- or private-sector MA in EEs are scarce (Ashraf & Uddin, 2011; Hopper et al., 2009, Abdul-Rahaman et al., 1997). Our paper aims to build on reviews by Hopper et al. (2009) and Abdul-Rahaman et al. (1997) and seeks to respond to claims made by the former that MA practices in the public sector have scarcely been researched (Hopper et al., 2009, pp.493-95; see also Alawattage et al., 2007). Hopper et al. (2009) conducted a comprehensive review of MA research in EEs but did not focus particularly on the public sector. Their review provided us with theoretical motivations to categorise and analyze MA research papers. Abdul-Rahaman et al.'s (1997) review paper on EEs focused on both public-sector accounting and financial management research papers published before 1995, and is quite close to our review aim. However, since 1995, a shift in the development discourses of donor agencies, including NPM reforms, has affected the public sector in EEs quite significantly (Ashraf & Uddin, 2013; Duval et al., 2015), and our review covers this period.

In reviewing the last twenty years of published research (from 1995 to 2014), our paper seeks to address two simple questions: what do we know and what do we need to know about MA in the public sector in EEs? Given the distinct shift in development discourses and the role of the state over the past two decades (Broadbent & Guthrie, 1992, 2008; Gendron et al., 2001), this paper focuses

particularly on exploring transformations in the public sector and how they intertwine with MA practices in EEs.

The paper is structured as follows. In Section 2, the terms ‘management accounting’, ‘public sector’ and ‘emerging economies’ are defined, and in Section 3 papers are listed by groups of countries, MA themes, methods and theories. Section 4 outlines a framework for development discourses and related MA repertoires in the public sector over time, from state-led development, through market-led development to localized development. This framework is used to analyze the findings of empirical research over the last twenty years (Section 5) and to provide pointers for research and policy making in the future (Section 6).

## **2. Boundaries of the Review and Review Approach**

### ***2.1 Boundaries of the review***

MA has been defined in different shapes and forms. We take our definition of MA from Hopper et al. (2009, p.470): ‘It embraces processes, structures and information for organisational decisions, governance, control and accountability.’ Previous studies in EEs have shaped our position on this wider view of MA, which must be understood in the context of historical, social, political and economic factors and their unanticipated consequences (Hopper et al., 2009). In order to narrow the focus, we have not included financial accounting, but acknowledge that the demarcation between MA and financial accounting is often problematic. Nevertheless, the broader definition of MA adopted in this paper has enabled us to undertake a wide search for papers.

The term ‘emerging economy’ is being continually redefined, justifiably so because economic development and poverty are complex, variable and discontinuous. National income (per inhabitant) may not readily indicate the level of poverty or general access to basic services; nor does it indicate the level of institutional development in a particular country. Nevertheless, the United Nations (UN), the World Bank and the International Monetary Fund (IMF) maintain a list of countries categorized into bands ranging from low income to high income per inhabitant. Despite debate, the UN human development index (HDI) and World Bank indices are particularly influential on development programmes. This review examines research on countries in the World Bank’s lower to upper middle

income bands.<sup>1</sup> This wide span of incomes enabled us to cover a broad range of EEs. The World Bank indices are narrower than the UN HDI index, but our categorization included all countries except those with a very high UN HDI.<sup>2</sup> Consistent with recent review papers, we excluded ex-communist countries in transition, identifying them as relatively developed in terms of socio-political and cultural institutions. Nevertheless, poorer ex-communist countries were included. We also included China (excluding Hong Kong).

Defining the public sector is also complex (see Broadbent & Guthrie, 2008 on the changing boundaries of the public sector), as it is identified in various ways in different economic, cultural and political contexts. This paper defines the public sector in a broad sense: it covers state-owned commercial and non-commercial enterprises (SOEs), autonomous governmental agencies, core organizations at different layers of government (i.e. central, intermediate and local), and also organizations that formally operate outside the government sector but are regulated and partly funded by government, for example in health care and education.

## **2.2 Selection of journals and review design**

The wider definitions of MA, public sector and EEs explained in Section 2.1 were the fundamental premise of our search for papers. We examined the complete tables of contents of relevant journals over the last 20 years. Our initial selection of journals included all important international accounting journals, as defined by Lowe and Locke (2005), as well as one public administration journal with an exclusive focus on EEs (*Public Administration and Development*). Later, the selection of journals was expanded through a kind of ‘snowball method’, as references in papers from these pre-selected journals sometimes pointed to papers from journals that we had not considered at the beginning of our selection process. When the titles of papers were insufficiently informative, we read the abstracts in order to assess the appropriateness of papers for our review. Certain key words (especially MA, public

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<sup>1</sup> Used as a demarcation criterion for establishing the domain of EEs (Source: <http://data.worldbank.org/about/country-classifications>).

<sup>2</sup> The UN HDI index gives an indication of the wealth of countries worldwide. The HDI index measures a country’s average achievements according to three dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. The UN classifies countries into four categories: very high (e.g. the US and Germany), high (e.g. Mexico and Malaysia), medium (e.g. Indonesia and Egypt) and low (e.g. Bangladesh and Nigeria). Countries with medium, low, and part of the high categories of HDI scores may also be regarded as EEs (Source: <http://hdr.undp.org/en/statistics/>).

sector, EEs) were used only in the sense of references to broad categories of potentially relevant viewpoints, meaning that, within MA, diverging topics might be opportune (e.g. budgeting, performance management, costing, management control), and EEs might refer to different countries or groups of countries, while the public sector covered various sub-sectors such as core government, agencies, and policy fields like health and education.

Table 1 gives an overview of the number of papers in our review from each of the journals. A distinction is made between accounting and non-accounting (mainly public administration) journals. The total number of papers in accounting journals amounts to 43; *Accounting, Auditing, and Accountability Journal* (AAAJ) and the *Journal of Accounting & Organizational Change* (JAOC) published the largest number of papers. We emphasize that our search for relevant papers in international accounting journals went beyond the journals listed in Table 1. However, journals such as *Abacus* and the *Journal of Management Accounting Research* did not publish papers in the target domain. In the category of non-accounting journals, 26 papers are included in the review. Here, *Public Administration and Development* (PAD), a niche journal for PSMA research, is by far the most important outlet. Whilst our search for papers covered a broad set of international accounting and public administration journals, we acknowledge that our review does not include papers published in non-English journals.

[Insert Table 1 here]

Our approach in reviewing academic papers on PSMA research was as follows (see also Tranfield et al., 2003). The papers selected for review were read and summarized. Each summary included categorizations according to continent, theories, methods of data collection and MA themes, together with the paper's main findings. Similar types of categorization have been used in other reviews (such as Broadbent & Guthrie, 2008; Goddard, 2010; van Helden, 2005; Scapens & Bromwich, 2010), demonstrating the possibility of classifying academic knowledge according to particular viewpoints. We produced a database including all summaries and categorizations of the papers,<sup>3</sup> and then used this

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<sup>3</sup> This database will be available on request from the authors.

database to compile tables of the various categorizations, which are presented in Section 3. References for the reviewed papers are given in Appendix A and their categorizations in Appendix B. The main step in our review approach is elaborated in Section 5, where we provide interpretations of themes emerging from our database of 69 papers relating to shifts in the development discourses instigated by international donor agencies.

### **3. Categorization of Reviewed Papers**

This section presents our categorization of the reviewed papers according to the location of the research, the methods of data collection, the theories and MA themes. Reflections on MA themes provide the background to the theoretical framework presented in Section 4 and more in-depth analysis in Section 5.

#### **3.1 Continents**

Table 2, which categorizes papers according to the continents of their research sites, highlights two striking points.<sup>4</sup> First, the continent on which most PSMA research has been published is Asia (43 per cent), followed by Africa (29 per cent), and finally the Australian Pacific and Latin America. Most notable is the low number of papers (only two) from Latin America. Many Asian studies are rooted in China, and particularly in Chinese SOEs. Second, a sizeable proportion of the papers (13 per cent) is concerned with EEs in general, rather than one country or a particular group of countries. These papers are often literature reviews or reviews of policy documents.

[Insert Table 2 here]

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<sup>4</sup> In the sense of the continents where the studied organization(s) is/are located.

### **3.2 *Methods***

Table 3 presents a categorization according to methods of data collection. Case/field research is by far the most frequently used method of data collection (62 per cent),<sup>5</sup> while papers based on surveys (six per cent) and documents (three per cent) are relatively scarce. This finding resonates with Alawattage et al.'s observation (2007, p.184) that a lack of sufficiently reliable data from surveys and official documents is the main reason for conducting case/field research. This is perhaps also because of the poor response to questionnaire surveys from respondents in EEs for various cultural and political reasons (Hofstede, 1984; Hoque & Hopper, 1994). Very few case studies involve ethnographic research, despite its potential for uncovering rich accounts of MA practices in the public sector (Cunliffe, 2011; Uddin & Hopper, 2001). Common methods used in case research include interviews, observations and documentation. The great majority (around 70 per cent) of case-based papers use single case studies. In addition, as indicated earlier (see Table 2), literature reviews (10 per cent) discuss PMSA research in EEs in general, with no specific country focus. This also applies partly to policy studies based on official documents, often released by international organizations or individual governments (11 per cent). A small proportion of the papers (seven per cent) are reflective in character, not relying on specific methods.

[Insert Table 3 here]

### **3.3 *Theories and paradigms***

Table 4 presents a categorization according to theories and paradigms used to explain MA phenomena, drawing on Chua's (1986) work. The most striking finding is that nearly 50 per cent of papers do not use any explicit theory, or use only a fairly pragmatic form of theorization, such as in papers relying on NPM ideas (see Gruening, 2001 for theoretical underpinnings of NPM). As stressed by Hopper et al. (2009), the theoretical development and use of social theories in accounting research in EEs is gen-

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<sup>5</sup> Case/field research, according to Parker, 2012 (p.56), is research in which the researcher is in direct contact with organizational settings, conducting in-depth research into actors and their contexts in their naturally occurring settings.

erally weak. This is possibly due to the fact that the authors and intended audiences of some of these a-theoretical and descriptive papers are non-academics and consultants. Nevertheless, our findings resonate with Jacobs' (2012) review of the use of theories in public-sector accounting research regarding the relatively large number of papers with a descriptive focus, using no theory at all. However, approximately only 14 per cent of the papers in our review are based on multiple theories, while around 36 per cent are based on a single theory, contrasting with Jacobs' finding of what he calls 'theoretical promiscuity'.

In terms of paradigms, 13 per cent of the papers can be classified under a positivist paradigm. These papers use a range of theories, including agency theory and contingency theory. While the positivistic tradition provides information about generally reported combinations of MA controls and firm/environmental variables, this approach may not be helpful for understanding complex and changing socio-economic and cultural issues and their implications for MA. Non-positivistic researchers argue that it limits the wider understanding of actual practices of MA controls and the changes therein (Ryan et al., 1995). Furthermore, 20 per cent of the papers can be classified under an interpretive paradigm. Institutional theory, structuration theory, stakeholder theory, action and hermeneutics approaches are used. Papers based on institutional theories rely on 'new institutional sociology' and 'old institutional economics' (see Modell, 2009 and Burns & Scapens, 2000, respectively), sometimes combined with other theories, such as structuration theory. These theories seek to identify subjective meanings ensuing from people's interactions with MA systems. Nevertheless, they have been criticized for failing to give due consideration to external and internal institutional influences, indigenous beliefs and social structures (Hopper et al., 2014). Institutional theory is particularly criticized for its 'elite bias', in the sense of giving voice to actors who dominate certain institutional fields (see Modell, 2014, p.93).

We find that 17 per cent of the papers can be categorized under a critical paradigm. Theories used under this paradigm include labour process theory, a Foucauldian perspective on governmentality, and a Bourdieusian framework on human capital and fields, as well as cultural political economy. Researchers in the critical tradition attempt to address both subjective and structural factors in understanding or promoting change in organizations and society (Baxter & Chua, 2003). However,



theories used within the critical tradition have been criticized for neglecting a balanced consideration of the micro and macro, and for downplaying the effects of global economic structures (Hopper et al., 2014). In the critical tradition, a small group of researchers has drawn on cultural political economy approaches, making global capitalism, economic development and actors central to their analyses. This has provided researchers with opportunities to locate MA practices in the context of the changing nature of wider development discourses within donor agencies. This approach can also be seen in our own ideas about the interplay between development discourses and public sector MA models, discussed in Section 4.

[Insert Table 4 here]

### **3.4     *Management accounting themes***

Other reviews of public-sector accounting research provide categorizations of disciplinary topics, such as budgeting, costing and performance measurement (Broadbent & Guthrie, 2008; Goddard, 2010; van Helden, 2005). In our review, we take a more thematic viewpoint to categorize the research, in which themes refer to broader clusters of interrelated issues of MA in the public sector. In particular, themes may emerge from the main findings of a paper relating to its research aims or questions.

[Insert Table 5 here]

Table 5 shows the papers according to MA themes. First, studying the impact of Western influences on MA practices is the most popular theme (35 per cent). This theme is about understanding how Western ideas, especially ‘rational/legal accounting’, and NPM-driven ideas, such as performance budgeting, full costing for pricing, accrual accounting and performance auditing, are shaping public-sector MA practices in EEs. Because the state has become less dominant in the public sector in many EEs and market forces have become core to public sector governance, the legal/rational accounting model has increasingly been replaced by NPM-driven accounting (Hopper et al., 2009). Second, researching the changing role of MA in SOEs is a frequently addressed theme (20 per cent). This theme

is about the role of MA practices in SOEs in general, and more particularly how these practices are changing under the increasing impact of market forces. Researchers' interests in the theme are understandable, given that SOEs have become the centre of industrial production owing to a lack of private capital in many post-colonial countries (Alawattage et al., 2007). Third, the contextual influence on MA practice is also often discussed (20 per cent), mainly in combination with the above two themes. Work in this area is diverse, but a common theme is that of seeking to understand to what extent structural conditions hinder the adoption of NPM-driven MA practices.

Fourth, state-led centralized control features in seven papers (10 per cent). Their authors have focused on the influence of the state in the public sector, including centralized forms of control in accountability in governmental systems. Fifth, some papers have a strong practical relevance and discuss circumstances under which a sequential approach to financial management might be appropriate (12 per cent). This theme relies on the idea that some basic reform elements must precede more advanced reform elements in EEs, such as control of inputs before control of outputs, a reliable accounting system before an integrated financial management system, and effective financial auditing before performance auditing. Finally, a small number of papers (four per cent) has pointed out conflicting interests and values in the public sector to explain how the reform programmes and related MA practices noted in the literature have been beneficial to one group but harmful to others. This theme acknowledges that public-sector reforms in EEs are often value-laden, for example emphasizing economic aspects such as profitability, and ignoring social aspects such as diminishing access to services by relevant target groups and deteriorating labour conditions.

The first three of the above themes (see Table 5) explicitly address MA practices relating to the role of the state in EEs' public sector, and how this role has changed over the course of time. These three themes cover 75 per cent of the papers in our review. As a result, one main question to be answered is how these changing visions of the role of the state in EEs' public sector have impacted on ideas about MA practices, and whether these ideas have lived up to expectations. The next section develops a framework that links the development agendas of international donor agencies, in which diverging visions of the role of the state are core, to ideals of MA practices in the public sector. This

framework will help provide an understanding of the external pressures on public-sector MA practices in EEs.

#### **4. Development Discourses and Political Economy of Management Accounting Change**

This section outlines a framework to make sense of development discourses and related MA repertoires in the public sector over time, as instigated by international donor agencies. The framework highlights two significant shifts, one from state-led development to market-led development, and the other from market-led development to localized development

During the late 1970s and early 1980s, the rise of neoliberal ideas (oftentimes translated through the notion of NPM), particularly in rich economies, began to bring about changes to the public-sector governance model of organization (Pollitt, 1995). Previous studies on NPM and MA changes have demonstrated a drastic change in views on the role of the state and MA models (in the sense of a wider governance model) suitable for the public sector to deliver services to citizens. Two of the most influential models of governance are traditional public administration and NPM (Broadbent & Guthrie, 1992; Gendron et al., 2001). Traditional public administration-led management control focuses on compliance, regularities, maintenance and control (also described as the Weberian state, see Pollitt & Bouckaert, 2011). The main characteristics of this concept are a strong division between political and bureaucratic responsibilities and rules-based controls, as well as steering of and accountability for inputs. In contrast, NPM rests on ‘market-based controls’ to achieve efficiency, effectiveness and cost savings and streamline the public sector (Hood, 1991; Pollitt, 2001). From this perspective, the autonomization of public units and their exposure to market discipline are thought to be a better vehicle than centralized bureaucratic arrangements for delivering public services. The central theme of NPM is to make managers accountable, by allowing managers discretionary authority to reach their performance targets, and then measuring, monitoring and reporting on performance indicators in order to determine whether the intended outcomes have been attained (Gendron et al., 2001; Morales et al., 2014). Nevertheless, recent studies show that NPM under neoliberalism has eroded values typical to the traditional public sector by offering room for business-like practices, including forms of manipula-

tion, and thus damaging processes of democratic control; moreover, its scope has been extended from public service delivery to state administration (Morales et al., 2014). Studies have also noted the growing influence of neoliberalism, where the strong presence of the state (rather than the absentee state) commonly protects big businesses and promotes markets (Harvey, 2005; Morales et al., 2014; Peck, 2004).

The NPM doctrine spread initially to rich countries and later to EEs in different shapes and forms, whilst retaining core principles such as cost savings, market discipline and autonomization of public entities (Gendron et al., 2001; Pollitt & Bouckaert, 2000). Several reasons are cited in the literature for the NPM shift in the public management control model. These include the changing agendas of the right-wing parties of Thatcher and Reagan, a response to fiscal stress and the macroeconomic policies adopted by governments during that period, the public perception of accountability, the role of business schools, accounting and management consulting firms in popularizing managerial ideology, and so on (Broadbent & Guthrie, 1992; Gendron et al., 2001; Hood, 1995).

EEs have their own idiosyncratic political and cultural conditions. Their unique circumstances, such as financial dependence on donor agencies, the influence of international politics and their relative political instability, are critical in the examination of EEs' public management, and how the latter changes over time (Annisette, 2003; Hopper et al., 2009). Given the financial dependence of EEs, the role of the World Bank's development ideology has had a strong bearing on the nature of MA and control practices of public-sector organizations in these countries. International political events, such as the end of the Cold War with what seemed like a decisive victory of the capitalist West over the socialist block, gave impetus to privatization and NPM-related reforms in EEs through the involvement of international and multilateral financial and donor agencies.

The imposition of 'development discourses' in EEs and the way in which development discourses were constructed, contested and communicated by the World Bank to various actors/institutions in the development field have been debated in the development literature (Bebbington et al., 2004; Stiglitz, 2002). Studies have demonstrated how the hegemonic relationship between the World Bank, transnational organizations and the intellectual community have contributed to the transfer of the World Bank's ideologies and discourses at the national and local government and com-

munity levels (e.g. Bebbington et al., 2004; Stiglitz, 2002). Similarly, some accounting studies have studied the role of accounting rhetoric and techniques in the discourses conveyed by the World Bank and the IMF (Neu et al., 2002, 2006; Neu & Ocampo, 2007).

Drawing on the World Bank's development reports over the last four decades, Jayasinghe and Uddin (2010) identify three distinct development discourses: state-led development, market-led development and localization-led development. Each discourse demands a new 'ideal type' of MA framework (World Bank, 1978, 1981, 1999). Jayasinghe and Uddin (2010) argue that these development discourses are organized around different theories and ontologies of development, and so contain a number of overlapping concepts and assumptions. For instance, although the 'market-directed' and 'globalization and localization' periods are based mainly on two different (but related) sub-concepts – 'free market' and 'equity and empowerment/social capital' respectively – they are essentially framed by the same neoliberalist ideology (Mawdsley & Rigg, 2002, 2003; Mitlin et al., 2007; Stiglitz, 2002).

As a result of their analysis of the World Bank's development reports, Jayasinghe and Uddin (2010) argue that development discourses have used specific accounting languages and rhetoric in their prescriptions of development to borrower countries. Ideological shifts in donor agencies (post-Cold War era) with new accounting rhetoric brought about changes to governance and MA models in public-sector and other institutions in EEs. Their paper further shows that articulations and re-articulations of development discourses communicated by accounting rhetoric failed to grasp the real complexity of local problems and gave way to new development discourses and accounting models. Inspired by Hopper et al. (2009), our paper draws on Jayasinghe and Uddin's (2010) work on changing development discourses and accounting rhetoric to categorize MA research in the public sector, and provides an understanding of the shift in public-sector MA models in EEs, including the identification of future research issues. Table 6 summarizes the different forms of development discourse and 'ideal'-type MA depicted in development reports and previous studies.

[Insert Table 6 here]

A brief explanation of the table will suffice here, as each discourse will be further discussed, illustrated and analyzed in the reviews in Section 5. The state-led development discourse before the 1980s, emphasizing the state as the main player in achieving economic progress, demanded rational and legally-based budgeting systems. The market-led development discourse, which started in the 1980s, criticized the role of the state and viewed a free market and privatization as fundamental to the development of EEs. This discourse demanded market-based budgeting and pricing informed by full costing, and managerial technologies such as performance-based budgeting, which were expected to make the public sector more business-like. Finally, the localization discourse (an offshoot of market-led development) within neoliberal ideology seemed to emphasize local empowerment in EEs, which required accounting tools such as participative budgeting and mechanisms for horizontal accountability. Nevertheless, Jayasinghe and Uddin's (2010) prognosis regarding the shift in development discourses (from state-led to market-led to localized development) was gloomy: the implementation of ideal-type MA models underlined by relevant development discourses was shaped by contradictions and conflicts that fuelled political struggles nationally and within the public sector. The assumed foundations of idealized regimes of control were lacking in EEs, leading to unanticipated consequences for public-sector MA systems. This is in sharp contrast to the claims of development discourses propagated by donor agencies. The assumption is that 'ideal' management controls, as depicted in Table 6, follow the respective development agendas. While economists tend to overlook organizational studies examining whether controls actually operate on reforms as predicted (Uddin & Hopper, 2003), in some accounting studies structural adjustment programmes are investigated as embedded in their organizational contexts, as will be demonstrated in the review. Drawing on the literature review, this paper seeks to examine the extent to which PSMA studies reflect different development discourses.

From the above perspective, this paper sets out to achieve the following, which can be seen as an elaboration of the mainly descriptive research questions introduced in Section 1. First, the distinct development discourses and associated 'ideal' MA models will enable us to classify the MA research and understand the transformation of MA practices in EEs. Second, a significant number of studies has found that public-sector organizations operating in EEs have unique historical, cultural and political

circumstances, and these have a bearing on MA models and their uses (Alawattage et al., 2007). Our framework for reviewing PSMA research in EEs provides broad explanations of MA changes arising from social, economic and political factors and the influence of donor agencies. It will also help us to explain why such changes have often not lived up to expectations. We do not claim that this framework is conclusive and applicable only to EEs; rather, it provides a development discourse perspective to make sense of MA transformations in the public sector. Third, it provides us with a lens to critically evaluate the way in which research has addressed these public-sector MA practices, and to identify possible gaps in the existing body of academic knowledge. The next section further elaborates on development discourses and considers them in light of the findings of our reviews.

## **5. Reviews and Analysis**

### ***5.1 State-led development, traditional public administration and management accounting***

The state-led development discourse saw state mechanisms as a panacea for economic progress. This development ideology had strong theoretical foundations in Keynesian economics. The World Bank advocated a way of developing an economy through industrialization/modernization, in particular by establishing import-substituting industries and developing a state-led public welfare structure (World Bank, 1978, 1979). More importantly, the state was seen as the centre of action, heavily involved in financing and managing large commercial and industrial enterprises and governmental bodies. Financed and supported by Western countries, donor agencies such as the World Bank were actively promoting state-led development in EEs.

Traditional public administration was regarded by donor agencies and Western countries as an effective way of running a large public sector. A rational/legalistic and centralized accounting framework is part and parcel of the traditional public administration model (Adam & Bevan, 2005). Rational/legalistic MA controls were seen as a way to control resources and steer national economic plans (Adam & Bevan, 2005; Jayasinghe & Uddin, 2010), and were not unique to EEs (Hopper et al. 2009). This ‘ideal’ MA framework was expected to deal with public-sector governance through rational/legally-oriented budgeting, equitable resource allocations, and public-sector auditing and accountability through financial reporting to state bodies, as shown in Table 6 (World Bank, 1998).

Thus, a key question is whether the rational/legal accounting framework materialized in its ‘ideal’ form in the public sector in EEs. This is explored below.

First, studies of the positive roles that rational and legalistic MA controls might play in the public sector and the economic development of EEs are discussed. These studies largely support the legalistic and centralized role of MA in enhancing the state role in economic development. This is followed by a discussion of studies that have raised concerns about how the rational/legalistic control framework is influenced by complex structural and agential factors, including politics and powerful actors, cultural orientations and over-regulation. These studies point to a mismatch between the conditions required for rational/legalistic MA and the actuality of EEs. Finally, symbolic uses of controls resulting from an imbalance between the expectations and realities of MA frameworks are discussed.

#### *5.1.1 Rational/legalistic accounting framework: A positive note*

Belief in a robust, centralized accounting model underpinned by traditional public administration was not only advocated by development agencies but was also strongly supported by early accounting studies (Enthoven, 1982; Ndzingo & Briston, 1999; Seidler, 1967). Centralized budgets were perceived as the basic foundation of planning and control, and also as impartial and effective tools for resource allocation. These studies also urged development policy makers to take note of the potential contributions of accounting to economic development. These early studies were normative and devoid of strong empirical and theoretical foundations. Later studies, which are part of our review, were much more empirically grounded and advocated a number of ways of developing a rational control framework in political contexts with an underdeveloped accounting infrastructure such as in EEs (Ghartey, 1985). Maschmeyer and Yang’s (1990) study, for example, argued for continuous efforts to maintain a reasonable fit between a responsibility accounting system and the existing strategy and structure of the enterprise, and Scapens and Yan (1993) advocated a modified accounting system, combining state planning and collectivist values as appropriate for Chinese SOEs. Both studies envisaged a strong role for the state, together with a transfer of Western accounting knowledge. Nevertheless, they appear to have somewhat under-appreciated the influence of state politics and local cultural contexts, as argued by some studies explained below (Uddin & Hopper, 2001).



### *5.1.2 Rational accounting framework and context: Mismatched realities*

Without denying the benefits that a rational and centralized control model might bring to a large public sector, accounting researchers have scrutinized and raised concerns about actual uses of the rational/legalistic control framework. Some studies have reflected on EEs' contexts generally to examine how they shape/influence the nature of controls. Other studies, drawing on social theories, have focused particularly on culture and politics to demonstrate a mismatch between the expected rational model and actual practices. These are discussed below.

Centralization of management controls is a common feature of the public sector during the state-led development phase (Tsamenyi et al., 2002, 2004). However, many studies have raised concerns about over-centralization and ineffectiveness. For instance, Tsamenyi et al. (2004) identified a series of contingent/institutional factors that question the effectiveness of an apparently perfect rational planning and control system. These include economic uncertainty, lack of institutional capacity and untimely, and often irrelevant, accounting reports. In addition, two studies in Bangladesh (Alam et al., 2004; Hoque & Hopper, 1997) examined causal relationships between environmental factors (political, industrial relations and market competition) and budget-related behaviour in SOEs. Although empirically grounded, these studies anticipated a straightforward relationship between budgets and environmental factors. However, as discussed below, complex issues such as culture, politics and ethnicity are unlikely to be predictable, nor do they have easily measurable relationships with public-sector MA systems (Wickramasinghe & Hopper, 2005).

Wickramasinghe and Hopper (2005) have called for MA, culture and politics to be studied not in isolation but in the context of other complex issues, such as religion, ethnicity and historical factors. Nevertheless, culture has been relatively under-studied in PSMA research. Previous studies of MA have demonstrated the important influence of culture and ethnicity (Hofstede, 1984; Wickramasinghe & Hopper, 2005). Drawing on cultural political economy, Wickramasinghe and Hopper (2005) found a strong influence of local culture in shaping centralized MA practices in an SOE located in a village setting, arguing that village culture and religious obligations overwhelmed bureaucratic controls but fused local politics.

The role of state politics has featured in many studies and has often been studied in conjunction with other socio-economic factors (Hoque & Hopper, 1994; Hoque et al., 1994). For instance, Hopper et al. (2001) and Wickramasinghe and Hopper (2005) both found that management controls in Sri Lanka and Bangladesh were captured by the political parties in power and their sponsored trade union parties, and that they, rather than human resources managers, determined workers' pay, leave and promotions. Similar patterns, such as political considerations in rational measures of performance measurement, budgeting and operational decision making, are also evident in the Chinese public sector (Li & Tang, 2009).

### *5.1.3 Rational accounting framework: Symbolic uses*

As already indicated by Hopper et al. (2009), a centralized framework of accounting in the context of the dominance of politics and dependence on external resources has often resulted in symbolic applications of budgets and other controls. Three studies, drawing on in-depth case studies and social theories, have highlighted the ceremonial, rule-bound and largely ineffective nature of controls (Alam, 1997; Alam & Lawrence, 1994; Jones & Sefiane, 1992). Jones and Sefiane (1992) found that accounting information in SOEs in Algeria was prepared for external agencies and annual expenditure aggregation, and was not used to assist planning or operational decision making and control. Similarly, studies by Alam and Lawrence (1994) and Alam (1997), drawing on institutional and contingency theories, claimed that public-sector corporations in Bangladesh saw the budgeting process as a way of complying with external authorities' requirements, rather than facilitating internal management controls.

In summary, the state-led development discourse saw the state as the centre of development; hence, the state was involved in all enterprises, including those producing private and/or public goods. Nevertheless, it brought about major control problems. A number of studies found that bureaucratic controls resulted in rule-bound and ceremonial practices. Politicians used formal mechanisms to secure legitimacy from external bodies. Managers craved greater budget participation but ended up colluding with trade union leaders to maintain production. Thus, state-led development rarely brought about the expected outcomes. We argue that this is not simply because of an unsuitable accounting framework, but is a result of the complex socio-economic, cultural and political factors at play here.

## **5.2 Market-led development, NPM and management accounting**

The 1980s and 1990s saw a distinctive shift in the World Bank's development discourse (World Bank, 1981, 1982). 'Free market' and 'private ownership' replaced 'welfare' and 'public ownership' in development agendas. The state was seen as an obstacle to, rather than an engine of, economic growth. This was perhaps due to an apparent lack of anticipated progress in economic development, the perceived poor performance of the public sector and the subsidies required to run essential public services (Alawattage & Wickramasinghe, 2008). Nevertheless, donors adopted a new mantra of structural adjustment programmes that prompted reduced subsidies and wide-ranging reforms to the public sector. Injections of private management controls into the public sector, one of many reforms, were expected to produce improved public goods and services. Clearly, donors were relying on markets to weed out political intervention and patronage, hoping that it would result in better economic development in EEs.

The market-led development discourse promoted specific MA tools similar to those used in the private sector (Jayasinghe & Uddin, 2010; Neu et al., 2008). MA became central to NPM-like reforms, particularly in the form of performance management and budgeting (as part of results-oriented controls), as well as market-based pricing of services (Allen, 2009; World Bank, 2003a, 2003b). Being financed by donor agencies, these reforms were often executed by management consulting and accounting firms and professional bodies (ACCA, 2010; Ashraf & Uddin, 2013). Changes in the development discourse and the arrival of NPM are reflected in PSMA research in EEs. Some accounting studies welcomed NPM-style reforms, while others raised serious concerns. As shown in Table 6, 'ideal' MA controls underpinned by the NPM doctrine include market-driven performance measurement, budgeting and pricing in the public sector. The expectation of these reforms was, of course, the production of improved public goods and services, resulting in better economic development in EEs. Thus, a key question is whether the expected MA systems materialized in the public sector in EEs. This is explored below.

First, descriptive studies of the impact of NPM reforms are examined. These studies largely support NPM ideals and their impact on MA. Next, studies raising concerns about the applicability of NPM are discussed. These studies have questioned the assumptions made by the market-led develop-

ment discourse and NPM in bringing about MA changes in the public sector. Various issues are discussed, including contextual differences, politics, culture, and the influence of lenders' accounting criteria. Finally, studies recommending a 'basics first' approach to recognizing contextual differences in EEs are scrutinized.

### *5.2.1 NPM and private-sector management styles: A welcome change?*

Several studies have presented accounts of changes that have occurred in the public sector in EEs since the donor-driven market agenda and the adoption of a Western-centric MA model. Many of these studies have advocated unquestioning adoption of private-sector management styles in the public sector (Ireland et al., 2003; Saltmarshe, et al., 2003; Serra, 2005). For instance, Hong's (1991) study in Singapore presents a descriptive account of how the new system generated apparently 'relevant' information for decision making. Similarly, three Malaysian studies also indicate the wholesale adoption of private-sector styles of performance measurement systems in the public sector (Chiu, 1997; Shafie, 1996; Tooley et al., 2010). All of these studies are mechanistic in nature and, more importantly, offer no critical reflections on whether MA changes contributed to better service delivery to the public, as intended.

Western-centric private-sector controls have not always been adopted wholesale in the public sector, as reported by some Chinese studies (Chu & Rask, 2002). Lin and Yu's (2002) case study of a large Chinese steel producer illustrates these ideas. Driven by market forces of increasing competition, this SOE adopted Western accounting practices, including responsibility accounting and performance management systems, but, rather than mechanically copying these practices, it adapted them to the local context by giving attention to other relevant goals, such as achieving production targets and appropriate labour conditions. This is perhaps understandable given the particular nature of the Chinese state. However, another study (Firth, 1996) has indicated that foreign joint ventures with Chinese SOEs are inclined to adopt Western MA tools more straightforwardly.

The above studies have mainly investigated the adoption of the NPM repertoire in the public sector, but its applicability and outcomes have often remained unexamined. Such adoption has been seen as inevitable and appropriate, leaving no space for questioning. Andrews' (2012) study sought to tackle the question of reform appropriateness, and concluded that EEs with similar contexts to West-

ern countries are suitable for adopting NPM reforms (see also Roberts, 2004; Whiteman, 2012). However, basic structural conditions that enable private-sector management styles to work in the public sector, such as developed markets, democratic regulatory bodies and an appropriate justice system, have remained unexamined. In addition, the above studies ignore micro-processes of control, politics and culture that shape MA controls. These are further discussed below.

### *5.2.2 NPM and private-sector management styles: Unrealistic?*

A significant number of studies has been sceptical about the reforms. This scepticism has been reflected in review papers and case studies conducted in various countries. Some studies have reflected on the general context of EEs and have questioned the appropriateness of the Western-centric private-sector management repertoire (as the main recommendation of NPM). Some studies, drawing on social theories, have focused specifically on culture and politics to demonstrate the unrealistic assumptions of NPM-driven MA tools in the public sector.

#### *NPM-driven management accounting changes and contextual differences*

Review/policy papers from several countries question the lack of supporting structures necessary for NPM. Lack of political commitment, overreliance on a 'big bang' (as opposed to a 'basics first') approach, inability to handle reforms, informality and clientelism have been considered to be the main structural obstacles to the introduction of NPM reforms such as results-based management (De Renzio, 2006; Mimba et al., 2007; Roberts, 2004). Lack of accounting infrastructure has also been identified as a critical element in reforms (Dollery & Graves, 2009; Iyoha & Oyerinde, 2010). Similarly to the above review papers, several empirical studies have emerged with insightful findings about how local structural conditions counteract the implementation of private MA tools in the public sector. These include a traditional administrative culture, economic and natural calamities such as economic uncertainty and drought, and a governmental structure dominated by central government (Mserembo & Hopper, 2004; Sulle, 2010; Xavier, 1996). For instance, Mserembo and Hopper (2004) argue that structural conditions in Malawi, such as AIDS, the presence of many refugees, drought and flood, and a lack of trained and adequately rewarded staff, severely hindered the implementation of a planning, programming and budgeting system (PPBS).

Relying on solid theoretical foundations, such as variants of institutional theories combining institutional pressures and agency, Hassan (2005, 2008) and Kholeif et al. (2007) have demonstrated clashes between traditional government principles and intended NPM-driven changes. Hassan (2005, 2008) explored linkages between MA (and especially costing) systems and corporate governance changes in the Egyptian hospital sector, showing that the co-existence of NPM reforms and traditional governance principles may bring about confusion and resistance; that is, certain cost components in a full-cost system were disregarded, not only to keep cost-based tariffs low and to safeguard the public identity of hospitals, but also to serve the financial interests of doctors who earned bonuses related to surplus income, which was higher when tariffs were lower. In a different context, Mimba et al.'s (2013) work demonstrates similar problems. They found conflicting stakeholder pressures in the adoption and use of performance information by Indonesian local governments. These conflicts gave rise to a kind of juggling behaviour, in the sense that managers of agencies within these local governments tried partially to serve conflicting stakeholder interests (see also Tillema et al., 2010).

The above research has demonstrated that the necessary structural conditions for an 'appropriate' adoption of NPM reforms are often absent in EEs. Some studies have provided solid theoretical explanations to capture the apparent mismatch between the ideological basis of Western-centric accounting knowledge and the material context of EEs (Ashraf & Uddin, 2013). These studies have also demonstrated diverging implications of the mismatch, ranging from the non-use or symbolic use of the new MA repertoire (Taylor, 2007; Zan & Xue, 2011), to feelings of confusion about apparently conflicting influences (Hassan, 2005, 2008). In general, the reviewed case-based studies are indicative of the type of research we would like to encourage. However, one concern relates to almost all the reviewed studies: that the link between context-specific circumstances and MA practices requires more in-depth inquiry and theoretical orientation to accomplish a better understanding.

### *Culture and politics*

The influence of culture and politics on NPM-driven MA has featured in many studies (see Ashraf & Uddin, 2013; Sharma et al., 2012). A number of studies conducted on the African continent has discussed the impact of political interventions on MA practices, despite reforms (see also Marwata & Alam, 2006; Sulle, 2010). Uddin and Tsamenyi's (2005) work has linked politicization with public

interests, claiming that budgeting has remained politicized, delayed, directionless and largely ineffective, hampering public interests following the reforms. Tambulasi's (2007) study claims that the politicization of controls worsened as politicians aggressively employed measures to regain control lost to managers as a result of NPM reforms. This is not just an African issue. Political constraints continue to influence production and investment decisions (Skousen & Yang, 1998) and even, in some cases, interfere in the recruitment, promotion and dismissal of employees in Chinese SOEs, despite being exposed to market forces (O'Connor et al., 2006). Similar conclusions were drawn in another study (Xu & Uddin, 2008) that found that market-based reforms in Chinese SOEs resulted in powerful and wealthy state managers rather than the desired Western-centric, delegated management controls.

Understanding of politics in the context of traditional culture and its impact on MA is rare. This requires in-depth studies with solid theoretical foundations to provide better explanations of MA changes in the context of NPM reforms (Sharma et al., 2012).<sup>6</sup> In an ethnographic study, Uddin and Hopper (2001) sought to study the micro-processes of controls (on the shopfloor) in relation to wider factional politics that ultimately rendered post-reform rational controls toothless. Sharma et al.'s (2012) study reveals that cultural and political conflicts led to an NPM process being resisted and modified to reduce tension between economic and social relations in a telecommunications company in Fiji. Wickramasinghe and Hopper (2005) provide a rich account of how the dominance of a non-capitalistic mode of production in the Sri Lankan economy and traditional cultural orientations led to unworkable and ineffective market-based reforms.<sup>7</sup>

The above reviewed research indicates that expected Western MA changes are difficult to realize in political and cultural conditions that are alien to NPM ideals. Many of these studies have argued that political interventions of state institutions are often at the root of failures of NPM reforms in the public sector. Cultural political economy seems to give insightful pointers toward understanding the impact of political interventions on accounting practices (as in Wickramasinghe & Hopper, 2005). Several of these papers have been based on longitudinal case studies, which provide the opportunity to

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<sup>6</sup> See also a recent paper, beyond the scope of our review period, by Sharma and Lawrence, 2015.

<sup>7</sup> Yang and Modell's (2015) study, which is beyond our review period, points to Western-style management control ideas, including financial accountability and performativity of units within a SOE, being blended with or partly frustrated by traditional ideas about control emphasizing collectivistic values.

grasp accounting changes over a long period and their varying impacts at different moments in time. The research would also benefit from other types of theoretical lens. For instance, drawing on Habermasian notions of ‘life-world’ and ‘steering mechanisms’, Broadbent and Laughlin’s (2005) work has provided detailed accounts of ‘unsuccessful’ reforms, including theorization of varying degrees of resistance to MA changes in the UK. This may be useful in providing explanations for NPM failures focusing on the cultural conditions of actors (life-world) and the material context (steering mechanisms) of EEs.

#### *Lenders’ accounting criteria*

A particular aspect of the research theme on the appropriateness of NPM reforms in EEs is the way in which international donor organizations, such as the World Bank, impose specific accounting criteria as a condition for releasing funds (see Adhikari et al., 2013 on Nepal and Sri Lanka, and Neu et al., 2008 on Guatemala and Mexico). On the one hand, they have shown, as will be illustrated below, that NPM-like reforms in the public sector have changed the accounting vocabulary, which now emphasizes the values of owners at the expense of the interests of workers, and especially clients, of public-sector services. On the other hand, these studies have shown that some of these reforms demand the use of specific accounting criteria, such as capital budgeting and ROI, to meet the lending requirements of international donor organizations, rather than giving sufficient regard to local circumstances (see Neu et al., 2008; Rahaman et al., 2007).

Drawing on a negotiated order perspective, Rahaman and Lawrence (2001a, 2001b) have argued that the private-sector accounting systems advocated by international donor organizations, such as the World Bank, were ‘successful’ in the Volta River authority in Ghana, but analysis of the socio-historic context reveals that the interests of these donors were protected at the expense of the local population, who suffered from high service prices. In a similar vein, Sharma and Lawrence (2005, 2008, 2009) have found that new accounting criteria favoured by donor agencies negatively impacted the housing and telephone sector, in terms of a substantial rise in prices, a reduction in the supply of housing and deterioration of telephone services in rural areas. These studies cover an important, largely neglected niche in PSMA in EEs. For instance, ‘accountinization’ is a fairly common theme in public-sector research in rich countries (Broadbent & Guthrie, 2008). This particular notion should be



given greater importance in EEs, given the imposition of lenders' accounting criteria in assessing public-sector projects. Clearly, very few studies have addressed this concern.

### 5.2.3 *The basics first approach: A way forward?*

Many studies have been suspicious of the wholesale adoption of NPM reforms and Western-style management controls in the public sector, but few have recommended taking a 'basics first' approach to recognizing structural constraints in EEs.<sup>8</sup> A basics first approach – or, more generally, a sequential approach to financial management – assumes that some basic reform elements, such as a reliable accounting system and input control, must precede more advanced reform elements in EEs, such as an integrated financial management system and output control (see, for instance, Dean, 1988).<sup>9</sup> Several studies have pointed to the importance of the basics first notion.

Two studies have welcomed the basics first idea rather than the full-blown changes often entailed by donor agency reforms. Bietenhader and Bergmann (2010) argue that sequential approaches have been seen as helpful, although an overly technical focus and universally applicable sequencing should be avoided. They also argue that certain structural conditions are required, including political commitment, a long-term vision, country ownership of reforms, and the building of institutional capacities. Roberts (2004) calls for a refinement of the sequencing idea, on the grounds that not so much a basic, but a mediocre development of budgeting and accounting tools contributes to more advanced forms of public-sector financial management. However, Roberts (2004) also sees political instability and excessive informality as hindrances to results-oriented expenditure management. Both studies appear to acknowledge that the applicability of the basics first approach depends on appropriate structural conditions, but they offer no explanations as to how these necessary structural conditions will materialize.

Several studies have raised serious concerns about the basics first approach. In a comparative study involving five different countries, Andrews (2006) does not find a strong relationship between some basics first budgeting elements (line item controls, cash controls, financial reports, compliance

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<sup>8</sup> Contextual differences in this approach relate mainly to available resources or capabilities for adopting certain accounting tools, although historical factors (e.g. a particular colonial background) may be influential.

<sup>9</sup> This idea, going back more than 25 years (Dean, 1988), acknowledged a need for step-by-step reform. This way of thinking culminated in the so-called 'basics first' approach.

audits) and performance-based budgeting reforms. Although international comparative studies such as that of Andrews are subject to criticism, their conclusions are similar to some single-country studies. Drawing on Dean's (1988) ideas on evolution in government systems, Olowo-Okere and Tomkins' (1998) study is critical of the sequencing approach in the context of the Nigerian central government, acknowledging that sequencing may have some relevance for the longer term, while contextual factors, such as political instability and commitment, and external pressure (from donors) explain short-term variations. Peterson (2011) challenges the basics first approach even more fundamentally. Drawing on Ethiopian experience, he calls for 'plateau thinking', building on the existing context and the domestic resources available rather than climbing a summit to follow the risky and irrelevant 'highlights' of international best practice.

It is clear from these studies that the basics first approach can be seen as an offshoot of NPM ideals but takes a slightly softer approach to reforms. The fundamental problem remains, which is that the contextual conditions required for even a basics first approach are mostly missing in EEs. Longitudinal and in-depth studies with solid theoretical orientations, such as that of Olowo-Okere and Tomkins (1998), are needed to subject concepts such as the basics first approach to further scrutiny.

In summary, the market-led development discourse saw the market as the centre of development, hence the attempt to bring private-sector management styles (be they NPM or a basics first approach) into the public sector. Various market-oriented technologies have been suggested to replace traditional public administration, ranging from full costing and market pricing for service delivery to forms of decentralized control accommodated by performance-based budgeting and facilitated by accrual accounting systems. Many studies have questioned the appropriateness of these market-oriented MA technologies in EEs. Although some studies have provided positive accounts of NPM reforms, many studies raise serious concerns about the adoption of NPM-like MA practices in EEs. First, the structural conditions needed for private-sector management styles are often lacking, resulting in confusion, resistance and symbolic use of controls. Second, cultural orientations and politics remain an important control element in the public sector, leading to market-based controls not living up to their expectations and, in some cases, even worsening public service delivery. Third, the basics first approach has

been seen by some researchers and consultants as unachievable under certain structural conditions such as political instability and commitment, lack of technical/professional capacities and under-developed institutions. Drawing on Hopper et al. (2009) and Jayasinghe and Uddin (2010), we argue that interventions by donor agencies remain detached from local culture and politics. Rational accounting knowledge and vocabularies, borrowed from Western settings, are unlikely to produce the desired impact in the context of complex local socio-economic, cultural and political factors in EEs. Many studies have attempted to understand these interactions, but more in-depth studies drawing on social theories are needed.

### ***5.3 Localization-led development, NPM and management accounting***

Over the last decade, the economic logic of development based on structural transformational politics (such as privatization and state budget reforms) has been reinventing itself as a social or civic logic of development. This new agenda has been labelled the ‘globalization and localization’ development strategy for EEs (World Bank, 1999, 2003a, 2003b). As an offshoot of market-led development within neoliberal ideology, this discourse continues to emphasize ‘free market’ and ‘private ownership’. However, it also places additional focus on the localization of public services<sup>10</sup> and empowerment/social capital by developing micro enterprises and poverty alleviation projects (World Bank, 2000).

Policy discourses based on the notion of ‘empowerment/social capital’ and ‘localization’ as drivers of development have become popular among international development funding agencies such as the World Bank, IMF, OECD and the Asian Bank (see Dasgupta & Serageldin, 2001; Putnam et al., 1994). The institutional implications of this policy reorientation are significant. First, localization of public services is considered to be a crucial element in social development, such as the enhancement of a grassroots democracy, eradicating racial, ethnic and gender discrimination, eliminating corruption, and promoting social entrepreneurship (Dasgupta & Serageldin 2001). Second, under the development bandwagon of empowering civil societies, NGOs have become some of the most important institutional and accountability vehicles for making a viable connection between economy, polity and

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<sup>10</sup> This notion of localization has also influenced richer countries. The notion of ‘localism’ in public services has been an important discourse in public service, enacted as a law by the UK parliament in 2011.

civil society. Third, microfinance is seen as an important financing mode for the achievement of wider development goals. The World Bank, the Asian Development Bank and many other international development agencies, as well as national governments, have recognized microfinance as a central pillar in their rural development strategies.

Taken together, these policy reorientations have reconstructed various social spaces, for example ‘local communities’, as ‘developmental spaces’ to be organized and managed through various governance and accountability technologies (see Alawattage et al., 2014). This trajectory of development is interesting for MA scholars because it has demanded new forms of accounting controls in the public sector. As Alawattage et al. (2015) have argued, accountability is no longer a phenomenon to be understood as enacted through the formal channels of organizational relationships; instead, ‘micro-accountabilities’, which hold individuals convivially accountable to each other in their local settings, must be recognized as a central tool for social governance under neoliberalism, and as a strong means of integrating EE societies into the global neoliberal economy. Localized control of public services and empowering locals in decision making, as well as the complete decentralization of state activities, form the pillars of this new development theme. Markets remain at the centre of development, but further decentralization and participation are explicitly proposed.

The normative intention of such initiatives has often been identified as the construction of a more democratic, participative and social form of accountability to facilitate an inclusive and participatory mode of development. Development studies have examined the impact of participatory modes of development on economy and society in EEs. Prahalad (2006) comments that, despite some clear positive contributions to microfinance and NGOs as civil society-based development strategies in EEs, they have not been much more than neoliberal modes of ‘fracking the bottom of the pyramid’. Relatively few accounting studies have assessed the impact of localization on the public sector. These are discussed below.

As shown in Table 6, a localization strategy promotes a particular set of MA practices, such as participatory budgeting, a wider economic impact within local-level institutions and wider accountability, specifically aimed at encouraging downward accountability. Thus, a key question is whether these ‘ideal’ mechanisms have indeed materialized. The notion of citizen participation in decision

making is not new in the public sector. It was first designed, practised and driven by the local population of a Brazilian city – Porto Alegre – 20 years ago (Santos, 1998).<sup>11</sup> Relatively recently, external development agencies such as the World Bank have adopted this notion in their development discourse and globalized what is called the “post-Porto Alegre perspective” (Uddin et al., 2011). Two early studies (Dodoo, 1997; Khan et al., 1999) published in public administration journals provide evidence of this initiative. Both studies, relying on secondary documents and interviews, argue for a step-by-step approach, illustrating a series of ‘success stories’ in which the participation of all relevant stakeholders is considered to be crucial.

Very few accounting studies have so far dealt with the impact of localization on MA in the public sector. This is perhaps partly because the localization discourse is relatively new, and the development agendas of donor agencies have a delayed impact on reforms in EEs. In total, we have found only five studies examining a participatory budgeting approach, three of them from Uganda. For instance, Awio and Northcott (2001) and Awio et al. (2007) provide interesting accounts of the participatory budgeting approach adopted by community-led HIV/AIDS initiatives in Uganda, in which lower-level health sector managers were motivated to participate in budgeting processes, which in turn reportedly enhanced their productivity in their managerial roles. This is perhaps understandable, given the voluntary and noble aspects of this project. Uddin et al.’s (2011) work is less enthusiastic about the prospects of participatory budgeting. Having examined a newly-implemented participatory budgetary process in local government in Kampala, Uganda, they argue that participatory budgeting practices in Ugandan local government are superficial and ceremonial. Johardji and Willoughby’s (2014) work is also sceptical of participatory budgetary approaches. They observe that the bottom-up budgeting approach used in Saudi Arabian central government has led to overstatement of the spending requirements of line ministries. Cuenca Botey and Célérier (2015) investigated participatory budgeting in Porto Alegre, Brazil, and observed that it enables upward social changes for key players in the field,

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<sup>11</sup> One feature of public administration in Porto Alegre is the adoption of a system of popular participation in deciding budgets. The first fully participatory budgeting process was developed in the city from 1989. It was not initiated or advised by any external agencies but was driven by local demands.

especially councillors, but at the same widens the social gap between them and other participants, such as ordinary citizens.<sup>12</sup>

Localized development and the role of participation and wider accountability in MA controls have been under-scrutinized.<sup>13</sup> In summary, the empirical trajectories appear mixed. Nevertheless, it is clear that donor agencies have viewed the qualified success of market-based development mainly as a technical problem, and have recommended further decentralization, leading to participation in the localization-led development discourse. Accounting researchers have plenty of scope to contribute to this area by questioning the notion of ‘participation’ in traditional contexts such as EEs. As Jayasinghe and Uddin (2010) argue, rather than fine-tuning the form of socio-economic, legal and institutional accountability envisaged by the neoliberal development paradigm of the World Bank, localized and participatory approaches have, in practice, tended to reproduce patronage politics and social inequalities. Without denying the need for more in-depth studies, we argue that the intentions of this shift in development rationale and the related MA repertoire are questionable, since institutions remain under-developed and non-capitalistic modes of production remain, while cultural orientations still clash with ideals of Western controls. Overall, the myopic focus on management doctrines driven by the ideology of donor agencies remains contested.

## **6. Concluding Remarks and Way Forward**

Let us return to the two simple questions posed in Section 1. What do we know and what do we need to know about MA in the public sector in EEs? In order to answer these questions, we formulated three aims for our study in Section 4. Drawing on Hopper et al. (2009) and Jayasinghe and Uddin (2010), we have sought to categorize research papers to gain a broader understanding of transformations of MA practices in the public sector in the context of changing development discourses. Furthermore, we have sought to understand why these changes have often not lived up to expectations.

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<sup>12</sup> This paper was published in 2015, so is formally beyond our review period.

<sup>13</sup> In a recent publication, Harun et al. (2015) show that the history of centralization and the culture of apathy and submissiveness in Indonesia inhibit public-sector reforms aiming to strengthen accountability and participation at the local governmental level.

This has also provided us with a perspective from which to evaluate the current research and set out future research agendas in the area.

### ***6.1 What do we know?***

PSMA has been receiving increasing attention from researchers, consultants and policy makers. This is partly due to the important role played by the public sector in the economic development of EEs and the transformations that this sector has been going through over the last two decades. EE development modes have shifted from state-led to market-led. Recently, a localized-led development mode has emerged. Each of these development modes has given rise to distinctive types of MA practices. During the state-led period, public sectors were closely linked with national plans and were based on rational accounting discourses, such as resource allocations through a centralized budgeting system. However, the rational and centralized accounting framework caused serious governance and implementation problems. Its main concern was to maintain compliance with budget limits and financial regulations, rendering the budget ineffective in light of changing realities.

This development mode was then replaced by a market-oriented development mode, inspiring NPM reforms in the public sectors in EEs. Donor agencies persuaded EEs to adopt public-sector reforms as a condition for receiving loans. Accounting doctrines such as efficiency, decentralization and transparency were the underlying themes of the new management tools and styles of the public sector in EEs. As many studies have reported, the changes dominated by these private-sector accounting technologies often failed to achieve the desired outcomes. It has been claimed that market-based doctrines pay little attention to underlying contextual differences between developed countries and EEs. Studies have pointed out that EEs lack the institutional mechanisms and structural conditions necessary for private management styles to operate effectively.

Donor agencies have, to some extent, recognized the limited success of private management doctrines. Development discourses have recently taken a new turn, injecting the notion of ‘empowerment/social capital’ and ‘localization’ into neoliberal ideology. This development mode emphasizes more local participation and empowerment in decision-making processes and resource allocations. Studies have shown that localization ideas informed by accounting rhetoric, such as a bottom-up approach, seem to play an important role in newly-reformed public sectors. Nevertheless, the little re-

search conducted on this topic has indicated that participatory budgetary approaches are at risk of being captured by powerful stakeholders.

The above summary reveals that the EE context is distinctive, although some of its elements also apply to rich countries. The studies reviewed identify various EE-specific contextual elements, such as political instability, distinctive modes of production, dependency on donor agencies, lack of institutional capacities and underdeveloped markets. These circumstances are understood to have caused implementation problems for Western-centric reforms in the public sectors in EEs. As we have observed, EEs have gone through various modes of development, resulting in complex socio-economic and socio-political scenarios in their public sectors. The changing nature of the development discourses is quite revealing and has had a direct bearing on the nature of MA practices in these countries.

In our review, we have found serious indications that, in all three development modes in EEs, the mismatch between structural realities and imported MA knowledge has produced controls that are often symbolic. For example, NPM, considered as a package consisting of various reform elements, has quite often appeared to be unsuitable for EEs, and its adoption has sometimes been merely ceremonial in order to meet the lending requirements of international donor organizations (see Allen, 2009, pp.11-16). We therefore argue that, in studying NPM-like financial management reforms in EEs, it is crucial to take the complex local contexts of these countries into consideration (Polidano, 1999). This issue will be elaborated in the next section, but first we provide an outline of the distinctive contributions of our review.

Our literature evaluation builds on earlier reviews by Abdul-Rahaman et al., 1997 and Hopper et al., 2009. In their analysis of public sector accounting in developing countries over the period 1970 to 1995, Abdul-Rahaman et al. (1997) question the implicit assumption made by many empirical studies that public-sector accounting should follow the same route in these countries as in developed countries, an assumption they call the 'Eurocentrism' of public-sector accounting research (Abdul-Rahaman et al., 1997, p.58). They further argue that empirical research in this field suffers from a lack of theorization going beyond the mainly generic line of reasoning about stage-wise economic development. Their plea is for research that captures socio-political contexts using alternative theories. Our



review extends these observations in several respects. Firstly, having reviewed empirical research from the past two decades, we see a pattern in which the ideas of international donor institutions about the development and control of EEs' public sectors have instigated multiple, distinct research agendas. Put differently, Eurocentrism or Western-centrism has shown various faces over time. Secondly, we were fortunately confronted with more theoretical pluralism than Abdul-Rahaman et al. (1997) encountered in their review, in that we observed some adoption of institutional, social and critical theories. However, there remains a need for further theoretically informed research that endeavours to explore and understand MA practices in EEs' public sectors, in ways that take better account of the specificities of these settings.

Our literature review has also drawn on Hopper et al.'s (2009) assessment of MA research in less developed countries by adapting their framework for analyzing research to the public sector, including the influences of international donor institutions. Based on Uddin and Hopper's (2001) factory regimes and Wickramasighe and Hopper's (2001) cultural political economy, Hopper et al. (2009) identify five control regimes: colonial despotism, state capitalism, politicized state capitalism, market capitalism, and politicized market capitalism. All these regimes involve a range of micro- and macro-processes of control. Inspired by this model, while focusing mainly on Jayasinghe and Uddin's (2010) work on changing development discourses, we make a distinction between state-led, market-led and localized-led development discourses and their implications for idealized MA practices. Therefore, our review resonates with Hopper et al.'s call for greater insight into the ways in which powerful international institutions influence the accounting and control practices of less developed countries (Hopper et al., 2009, p.498). We also concur with their plea for a review of public-sector accounting research that selects papers not only from accounting journals but also from public administration journals (Hopper et al., 2009, pp.471-472). Several findings of Hopper et al.'s review resemble ours, especially concerning the importance of traditional cultures, politics, low institutional capacity and dependence on external finance in shaping MA practices. This specific context, which differs from those of rich countries, needs to be core to research on MA in both private and public sectors in EEs. While Hopper et al. call for more research utilizing a variety of research methods, including quantitative research based on surveys (Hopper et al., 2009, p.497), we explicitly advocate qualitative research. Survey data

are often less appropriate for unraveling the interplay between MA practices and the specific contexts of EEs' public sectors, including complex phenomena such as traditional culture, ethnicity, informality, patronage and corruption (Everett et al., 2007).

## ***6.2 What do we need to know? Reflections and directions for future research***

A major outcome of our review is that local context matters. Whilst this does not apply exclusively to EEs (Lapsley, 2008), it is particularly important. The main reason is that EEs are confronted with public-sector reforms sponsored by donor agencies. These reforms often include structural conditions extant in developed economies that cannot be taken for granted in EEs, such as well-developed accounting professions, well-developed capital and labour markets, and well-resourced judicial systems and regulatory bodies. Our review clearly indicates that public-sector reforms in EEs often fail through insufficient regard for local circumstances and implementation problems in these countries (for example, Andrews, 2012; Mserembo & Hopper, 2004; Mimba et al., 2013; Roberts, 2004). In particular, cultural-political circumstances (e.g. citizens' loyalty to certain communities, families, tribal structures or religions, and consequent political patronage) may be at odds with reform pressures. We advocate types of research, also indicated by papers in our review (for instance, De Renzio, 2006; Olowo-Okere & Tomkins, 1998), that not only focus on the gap between idealized and actual MA practices, but also consider the influences of institutional settings and structural conditions such as economic, political and cultural contexts.

Socio-economic conditions such as poverty and corruption have been identified as important issues to consider in bringing about desired changes in MA in the public sector (Everett et al., 2007; Mserembo & Hopper, 2004; Mimba et al., 2007; Roberts, 2004; Tambulasi, 2007). Similarly, political interventions (mainly through state politics) continue to dominate public-sector controls, reflecting Hopper et al.'s (2009) claim that many accounting problems in EEs are socio-economic and political, not technical. Simple transfers of so-called best-practice accounting models to EEs will remain problematic (Wickramasinghe & Hopper, 2005). Hence, more research is needed on how political processes intertwine with management and accounting controls in the public sector. Traditional cultural orientations have so far been identified by only a few studies (Cuenca Botey & Célérier, 2015; Sharma et al., 2012; Wickramasinghe & Hopper, 2005) as key issues in implementing private-sector-style

management in the public sector. We would call for a deeper understanding of culture, combining historical legacy, religious orientations, ethnicity, modes of production, and so on. This would perhaps provide a better understanding of MA and control issues in the public sector in EEs.

While donor influences cannot be ignored, they must be understood in combination with other pressures (e.g. to achieve greater citizen involvement or down-play abuses of power). More research is needed to understand structural impediments to the ‘ideal’ MA repertoire and how management accounting tools are implemented and used in practice.<sup>14</sup> In this respect, we support types of research that see the new accounting tools not as neutral technicalities but as devices for changing power balances between stakeholders, for example NPM-like reforms that make managers more powerful at the expense of the interests of clients and workers (Ashraf & Uddin, forthcoming; in this review, see research by Rahaman & Lawrence, 2001; Sharma & Lawrence, 2005, 2008, 2009).

A major concern is that almost half of the research reviewed does not rely on the use of theory. This lack of theorization is more observable in public administration journals (approximately 80 per cent) than in accounting journals (around 30 per cent). Appropriate use of theory enables a deeper understanding of a research problem or question (Jacobs, 2012). Moreover, theorization provides opportunities to develop and increase the academic body of knowledge. Therefore, we advocate theory-informed research on public-sector MA in EEs. The notion of a ‘theorized storyline’, developed in Golden-Biddle and Locke’s (2007) book on qualitative research, may be particularly useful in this respect. Some more specific pointers regarding the desirability of theory use may be derived from our review.

Different branches of institutional theory potentially contribute to understanding MA changes over time that result from the interplay between external pressures (e.g. reforms, or changes in governmental structures) and commonly accepted forms of behaviour, as influenced by cultural and political traditions. As Burns and Scapens have pointed out, MA practices may be produced and reproduced by institutions such as governments, but at the same time such practices also shape these organizations (see Burns & Scapens, 2000; in particular, on NIS and public-sector accounting research, see Modell,

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<sup>14</sup> This resonates with Scapens’ (1994) idea that studying the gap between actual and abstract-idealized MA practices will insufficiently help us to understand those actual practices, and how they change over time.

2009). Several of the reviewed papers show how fruitful institutional theorization can be (Andrews, 2012; Hassan, 2005, 2008; Mimba et al., 2013; Sharma & Lawrence, 2008). We would like to encourage research that investigates the dialectics between institutional changes at the field level and MA changes at the micro level embedded in local contextual circumstances. For this purpose, the theoretical views proposed by Dillard et al. (2004) might be considered.

In addition, several branches of social and critical theory may be adopted to gain an in-depth understanding of how new vocabularies of accounting are shaping power relations between diverging stakeholders, such as private owners and managers versus clients of services. Examples in our review include the theory of negotiated orders presented in Rahaman and Lawrence's (2001) study, as well as Bourdieu's notions of field, habitus and forms of capital in research by Rahaman et al. (2007) and Cuenca Botey and Célérier (2015). Another branch of critical accounting research endeavours to unravel how structures, culture and agency are intertwined, drawing on cultural political economy and critical realism (Ashraf & Uddin, 2013; Wickramasinghe & Hopper, 2005). Regarding the way in which diverging cultures of groups of agents are embedded in power relations, the ideas of Habermas elaborated by Broadbent and Laughlin, 2005 (see also Ashraf & Uddin, 2011) might also be considered as a useful theoretical perspective for studying the responses of these groups (such as managers and employees) to a particular MA repertoire. We would welcome a continuation and further strengthening of this type of research in investigating the public sectors in EEs (Sharma & Lawrence, 2015).

As argued before, there is still too little research on the introduction of participatory budgeting in the public sector as a response to new dialogues, especially on issues such as localization/social empowerment. Critically scrutinizing imposed MA technologies through theoretical lenses such as Debord's (1967) spectacle theory and Habermasian analysis might shed more light on how dominant players in the field capture new accounting mechanisms for their own purposes. (Few critical studies of participatory budgeting form part of our review, for example Johardji & Willoughby, 2014; Uddin et al., 2011).

Our review of PSMA in EEs indicates that qualitative research, especially in the form of case studies, has been dominant. We have already expressed our skepticism about the suitability of surveys in this domain. The case studies in the reviewed research are based almost exclusively on interviews

and documents. Our plea is that case-study researchers should rely to a greater extent on observational methods. Given the influence of traditional cultures and politics in the public sector, observing the actual extent to which politicians and managers use accounting information in both formal and informal settings might be a fruitful option (although the attractiveness of observational methods may also apply in a more general sense to Western countries; for this topic, see e.g. Ter Bogt et al., 2015). Of course, we acknowledge the possible complications in obtaining access to the relevant podia of decision making. Nevertheless, given the cultural idiosyncrasies in EEs, ethnographic methods of data collection and analysis might be promising instruments in this context.

We also conclude that practice relevance is not a major issue in the research reviewed, although PSMA scholars have repeatedly emphasized the need for and importance of this concept (Baldvinsdottir et al., 2010; Broadbent & Guthrie, 2008; van Helden & Northcott, 2010). Some papers in our review are mainly descriptive, but may nevertheless be of direct relevance to practitioners (e.g. Bietenhader & Bergmann, 2010; Dollery & Graves, 2010; Roberts, 2004; Serra, 2005). Other papers are advanced in terms of theorization, but it has been difficult to discern practical implications understandable by lay readers and policy makers (for instance, Hassan, 2008; Rahaman et al., 2007; Uddin & Tsamenyi, 2005). We acknowledge that practice relevance of research is not a univocal concept because the audiences addressed by research are multiple and are not constrained to a monopoly of practitioners (Gendron, 2013). Critical research is important, as it focuses on changes arising from public-sector reforms to the power balance between politicians, managers and consultants on the one hand, and workers and clients/citizens on the other hand. Hence, we advocate a broader form of 'practice-relevant' research, including studies of the emancipation of powerless groups, often workers and the general public, and ways in which they are affected by public-sector reforms. However, we need to be aware of potential resistance from powerful players to this type of research (Gendron, 2000). At the same time, this direction also implies research that investigates how accounting practices can respond to local needs of EEs (see Hopper & Bui, 2015, p.6).

As a practical implication of our review, our suggestion to donor agencies is that they should take a closer look at the local context before investing in a particular policy framework. We would also advise them to play a more supportive role in stimulating development by making room for di-

versity based on differences in historical and political contexts. Localized and indigenous accounting technologies should perhaps be encouraged rather than discarded (see Jayasinghe & Thomas, 2009; Jayasinghe & Wickramasinghe, 2011). They may, in fact, be preferred to a bombardment of Western-centric accounting tools (see also Abdul-Rahaman et al., 1997; Allen, 2009, pp.16-24; De Renzio, 2006).

Our literature review has signaled that, while public-sector MA research in EEs is emerging, it is still in its infancy. Our review and directions for future research demonstrate that the public sector in EEs provides a challenging setting for MA researchers. However, our advice to researchers, and especially Western researchers, is that they should be open to considering specific EE contexts, and refrain from the idea that Western-centric MA practices might easily be copied in EEs (see also Allen, 2009, pp.16-24; De Renzio, 2006). PSMA research in EEs should recognize that importing Western-centric ideas implies interpretation, adaptation, transformation and resistance.

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**Appendix B: Categorisations of papers in this review according to country of origin, management accounting topic, theories, methods of data collection and main findings**

| Author(s)                   | Journal (year) | Country                             | Management accounting themes | Theories                                     | Methods  | Main findings  |
|-----------------------------|----------------|-------------------------------------|------------------------------|--|--|--|
| Adhikari, Kuruppu & Matilal | AF, 2013       | Nepal and Sri Lanka (Asia)          | Theme 2 and theme 3          | Neo-Institutional Sociology                  | Multiple case study (two countries)            | International donor organ innovations, such as PPB ernments of Nepal and Sri are only symbolic because capabilities of the accounting idea). The colonial background educated accounting professionals their own interests than in |
| Alam & Lawrence             | ARA, 1994      | Bangladesh (Asia)                   | Theme 1 and theme 3          | Institutional Theory and Contingency Theory  | Multiple case study                            | Confirms existing public tional conformity of public cess is a way of gaining c rather than facilitating int ganisations   |
| Alam                        | MAR, 1997      | Bangladesh (Asia)                   | Theme 1 and theme 3          | Institutional Theory and Contingency Theory  | Multiple case study                            | Public corporations may and uncertain environme budgets to gain legitimac overcome high uncertain conformity purposes and  |
| Alam, Lawrence & Nandan     | CPA, 2004      | Fiji (Austral-ian pacific)          | Theme 1 and theme 5          | Social theory, i.e. Giddens on contradiction | Single case study                              | The social context of col of Fiji, the ethnic segrega cant impact even since Fi  |
| Andrews                     | PAD, 2006      | 5 EE                                | Theme 4                      | No theory                                    | Literature review                              | The basics first approach study of five EE, because other factors such as poli   |
| Andrews                     | PAD, 2012      | Multi country, 31 African countries | Theme 2 and theme 5          | Neo-Institutional Sociology                  | Documentary analysis of reforms                | A study of 31 African co are the most relevant in th those of developed count  |
| Ashraf & Uddin              | FAM, 2013      | Pakistan (Asia)                     | Theme 1                      | Critical realist theory                      | Single case study                              | Politicisation and strong pendent position of the cl advice in a Pakistani cons the client organisation als quality 'advice of the con   |
| Awio & Northcott            | IJPSM, 2001    | Uganda (Africa)                     | Theme 2                      | No theory                                    | Single case study                              | Budget decentralisation h improved budgeting prac  |
| Awio, Lawrence & Northcott  | JAOC, 2007     | Uganda (Africa)                     | Theme 2 and theme 5          | No theory, implicitly social capital and NPM | Interpretive method, specifically hermeneutics | A study about community showed that NPM elemer supplemented by other de that fit with the specifics  |
| Bietenhader & Bergmann      | IPMR, 2010     | Multi-country, EE in general        | Theme 4 and theme 5          | No theory                                    | Literature review and interviews with experts  | A literature review and fe sequencing approach to p but universally applicable other factors, such as poli are also important  |
| Chiu, Ng Kam                | PAD, 1997      | Malaysia (Asia)                     | Theme 2                      | No theory                                    | Policy study based on official documents       | Adoption of performance vices as well as a citizens  |
| Chu & Rask                  | IA, 2002       | China (Asia)                        | Theme 1 and theme 3          | No theory                                    | Reflection                                     | Reforms in the Chinese h cades are hybrid, pointing of the state in controlling autonomy in raising mark   |



|                               |             |   |                     |  |  |  |
|-------------------------------|-------------|---|---------------------|--|--|--|
|                               |             |   |                     |  |  | counting systems increases systems   |
| O'Connor Deng & Luo           | AOS, 2006   | China (Asia)                                | Theme 1 and theme 5 | Agency theory  | Survey   | The impact of stronger management and export sales) on organisational performance measures political constraints about dismissal of employees in China   |
| Dodoo                         | PAD, 1997   | Ghana (Africa)                              | Theme 2             | No theory  | Policy study based on official documents                           | Participation of agencies performance contracts with Ghana is a main success   |
| Dollery & Graves              | PAD, 2009   | South-Africa (Africa)                       | Theme 2             | No theory  | Case study, using documents  | A compliance procedure municipality showed that guidelines and help of external  |
| Firth                         | AOS, 1996   | China (Asia)                                | Theme 1             | Institutional theory and diffusions of innovation theory                 | Survey   | Chinese SOEs that participated made more changes to the compared with similar Chinese private venture operations involved a move towards the joint venture   |
| Hassan                        | JAOC, 2005  | Egypt (Africa)                              | Theme 2             | Institutional theory and Giddens on incremental versus disruptive change | Single case study  | A new costing system in improve cost awareness a kind of hidden agenda, at hospital  |
| Hassan                        | RAEE, 2008  | Egypt (Africa)                              | Theme 2             | Various strands of institutional theory                                  | Single case study  | Business-like governance healthcare sector (including traditional and still active within the healthcare as public rationalities with poor patients), leading to a hospital, and affecting the management accounting, especially |
| Hong                          | IJPSM, 1991 | Singapore (Asia)                            | Theme 2             | No theory  | Single case study  | Accounting in the public teeship function to a function for various purposes   |
| Hoque & Hopper                | MAR, 1994   | Bangladesh (Asia)                           | Theme 2 and theme 3 | Grounded theory  | Single case study  | Political volatility and legal authority controls in social/informal control mechanisms complexity and uncertainty   |
| Hoque, Siddiquee & Hopper     | PAD, 1994   | Bangladesh (Asia)                           | Theme 2 and theme 3 | No theory  | Single case study  | The implementation of management politicised since it involves above the organisation at role of agents at the micro controls rather than the organisational influential during implementation                                   |
| Hoque & Hopper                | ABR, 1997   | Bangladesh (Asia)                           | Theme 1 and theme 5 | Grounded theory and institutional theory                                 | Single case study  | A significant relationship and budget-related behavior and market competition via systems were perceived   |
| Ireland, McGregor & Saltmarsh | PAD, 2003   | No specific country; examines EE in general | Theme 2             | No theory  | Documentary study using documents of donor organisations and of EE | An examination of documents indicates that donor organisational development programme better mutual coordination   |
| Iyoha & Oyerinde              | CPA, 2010   | Nigeria (Africa)                            | Theme 4             | No specific theory, pragmatic notions about accountability               | Relying mainly on literature and policy documents                  | Unlike initiatives in the Nigerian accountability of public entities and anti-corruption problematic as long as the poorly   |

|                               |            |  |                     |  |   |  |
|-------------------------------|------------|--|---------------------|--|---|--|
| Johardji & Wiloughby          | PAD, 2014  | Saudi Arabia (Asia)                          | Theme 4             | Other theories, especially public administration theories              | Single case study   | Traditional bottom-up but requirements of line mini introduction of expenditure macro-economic framework expenditure framework                                 |
| Jones & Sefiane               | AAAJ, 1992 | Algeria (Africa)                             | Theme 1 and theme 3 | No theory  | Multiple case study   | Accounting information (cies and annual expenditure assist planning or operati   |
| Khan, Thornton & Frazer       | PAD, 1999  | Bangladesh (Asia)                            | Theme 4             | No theory  | Single case study   | A step-by-step approach participation of all relevant success of financial management Bangladesh   |
| Kholeif, Abdel-Kader & Sherer | JAOC, 2007 | Egypt (Africa)                               | Theme 1 and theme 3 | Neo-institutional sociology (NIS)                                      | Single case study   | An enterprise resource pl of inability to meet the control authorities (the centralisation)  |
| Li & Tang                     | MAR, 2009  | China (Asia)                                 | Theme 1 and theme 5 | Stakeholder theory and accounting change theory                        | Single case study and action research   | A stakeholder analysis on performance domains in the participation and embedded PMS design, while political hindrances (cultural values)                       |
| Lin & Yu                      | MAR, 2002  | China (Asia)                                 | Theme 1 and theme 5 | Neo-Institutional Sociology (NIS)                                      | Single case study   | Copying successful West control and responsibility but rather than mechanical An adequate incentive system staff and a good balance centralised operations are |
| Marwata & Alam                | JAOC, 2006 | Indonesia (Asia)                             | Theme 3 and theme 5 | Extension of Lüder's Model of Government Accounting Innovations        | Single case study   | Supports the existing literature formulation of accounting state-profession rivalry and reaucratic power, professional cooperation can be seen as              |
| Maschmeyer & Yang             | RTWA, 1990 | China (Asia)                                 | Theme 1 and theme 3 | No theory  | Not justified   | Although, an ideal response maintain during the economic accounting system is increasing responsibilities  |
| Mimba, van Helden & Tillema   | JAOC, 2007 | No specific country, EE in general           | Theme 2 and theme 5 | No theory, pragmatic ideas on demand/supply of performance measurement | Literature review   | A literature review points performance information, tional capacity and corrup   |
| Mimba, van Helden & Tillema   | PAD, 2013  | Indonesia (Asia)                             | Theme 2 and theme 5 | Neo-Institutional Sociology  | Multiple case studies at four agencies within two local governments                       | Case studies in Indonesia partly use performance indicators on outputs and   |
| Mserembo & Hopper             | RAEE, 2004 | Malawi (Africa)                              | Theme 2 and theme 5 | No theory  | Literature review and documentary study   | Unsuccessful implementation external factors (e.g. AID internal factors (lack of tr  |
| Neu, Silva & Ocampo Gomez     | AAAJ, 2008 | Guatemala and Mexico (North and Mid-America) | Theme 2 and theme 5 | Social theory on habitus, capital and players                          | Combination of documentary analysis (macro-level) and multiple case studies (micro-level) | Investigations in Guatemala budgeting and accounting practices such as direct or indirect requirements, but also agency level discretionary decisions          |
| Olowo-Okere & Tomkins         | AAAJ, 1998 | Nigeria (Africa)                             | Theme 2 and theme 5 | No theory, pragmatic ideas on basics first                             | Policy study based on official documents  | Sequencing of financial reform long term, while in the short such as political instability   |

|                                |            |  |                     |   |   |  |
|--------------------------------|------------|--|---------------------|---|---|--|
|                                |            |  |                     | approach  |   | lack of commitment of performance reforms  |
| Peterson                       | PAD, 2011  | Ethiopia (Africa)  | Theme 4             | No theory, pragmatic ideas on basics first approach                               | Reflection, policy study based on official documents                      | Being modest about goals; being risk-free in accomplishing things builds on resources, not on what intentions turn out to be risky and in practice     |
| Rahaman & Lawrence             | AF, 2001   | Ghana (Africa)   | Theme 2 and theme 6 | Social theory, esp. theory of negotiated orders                                   | Single case study   | Analysis of accounting system (VRA) in Ghana going beyond socio-historic context which parties at the expense of the                                   |
| Rahaman & Lawrence             | AAAJ, 2001 | Ghana (Africa)   | Theme 5             | Social theory, esp. theory of negotiated orders                                   | Single case study   | Negotiated order has potential especially within a public system construction, maintenance in processes of negotiation                                 |
| Rahaman, Everett & Neu         | AAAJ, 2007 | Ghana (Africa)   | Theme 1 and theme 6 | Social theory, Bourdieu (human capital and fields) and Foucault (governmentality) | Single case study   | A case study about water about privatisation of water powerful external donors allies (consultants, government) vocabulary is important for            |
| De Renzio                      | DPR, 2006  | EE in general  | Theme 2 and theme 4 | No theory   | Literature review   | A literature review concludes to stimulate EE' ownership support domestic accountants these countries, by strengthening institutions and civil society |
| Roberts                        | DPR, 2004  | Multi-country, seven countries in three continents             | Theme 2 and theme 4 | No explicit theory, embedded in empirical performance management literature       | Multi-country comparison based on official documents                      | A multi country study of performance hindrances to reform, but with sufficient evidence in programmes for a  |
| Saltmarshe, Ireland & McGregor | PAD, 2003  | EE in general, from perspective of overseas aid by UK ministry | Theme 2             | No theory   | Case study, although evidence relies mainly on other more general sources | A good understanding of performance domains, such as assessment, contributes to  |
| Scapens & Yan                  | MAR, 1993  | China (Asia)   | Theme 1 and theme 5 | Agency theory and behavioural theory  | Reflective study  | There is a need for a Chinese combines knowledge of Western China-specific context of  |
| Serra                          | PAD, 2005  | Chile (Latin America)  | Theme 2             | No theory, only an indication of taxing theories                                  | Case study using documents and a DEA analysis                             | In order to avoid negative measures should be close setting  |
| Shafie                         | PAD, 1996  | Malaysia (Asia)  | Theme 2             | No theory   | Other, reflection   | Adoption of performance performance-based reward public sector   |
| Sharma & Lawrence              | JAOC, 2005 | Fiji (Australian Pacific)                                      | Theme 2 and theme 6 | Institutional theory and economic theory  | Single case study   | Global trends in public sector national motives and enforcement (Bank) lead to unaffordable houses for the poor and the                                |
| Sharma & Lawrence              | AAR, 2008  | Fiji (Australian Pacific)                                      | Theme 2 and theme 5 | Institutional theory  | Single case study   | Changes of institutions in can be understood by examining and taking account factors, such as commitment   |
| Sharma & Lawrence              | PAR, 2009  | Fiji (Australian Pacific)                                      | Theme 2 and theme 6 | Institutional theory  | Multiple case study (two cases)   | Due to pressures from international public sector enterprises it needed to become more transparent changes in their accounting                         |

|                                |            |   |                     |  |   |   |
|--------------------------------|------------|---|---------------------|--|---|---|
|                                |            |   |                     |  |   | managers and negative ef  |
| Sharma, Lawrence & Fowler      | AH, 2012   | Fiji (Austral-ian Pacific)                            | Theme 2 and theme 5 | No theory  | Single case study   | Cultural conflicts and pol management process beir sion between economic a company  |
| Skousen & Yang                 | AOS, 1998  | China (Asia)  | Theme 1 and theme 3 | No theory  | Reflection  | Reforms in China after 19 with an increasing import ing, but the state remaine decisions, harming furthe  |
| Sulle                          | PAD, 2010  | Tanzania (Africa)                                     | Theme 2 and theme 5 | No theory, some pragmatic NPM- theorising  | Multi methods, including docu- mentary analysis, a survey and interviews              | The NPM-based agency i and especially results-bas explained by historical ar as traditions of centralise  |
| Tambulasi                      | JAOC, 2007 | Malawi (Africa)                                       | Theme 2 and theme 5 | No theory, some theoreti- cal ideas on NPM   | Case/field study, mainly interviews with politicians and managers                     | Based on a field study in that NPM-based financial political control and to cc and corruption   |
| Taylor                         | PAD, 2007  | Multi- coun- try, Taiwan, Hong Kong, Singapore (Asia) | Theme 2             | Agency theory, theory on bounded ra- tionality and Neo-Instituti- onal theory used in reflectively | Survey among officials of public bodies to which agencies report on their performance | A multi-country study of Kong and Singapore show provided performance inf rather than instrumental t  |
| Tillema, Mimba & van Hel- den  | PAD, 2010  | No specific country, EE in general                    | Theme 2 and theme 5 | Neo- Institutional theory  | Literature review, including devel- opment of theo- retical framework                 | A theoretical framework in the public sector indica ance indicators are core in (especially decentralisati- on programmes), new types quality of services are inc |
| Tooley, Hooks & Basnan         | FAM, 2010  | Malaysia (Asia)                                       | Theme 2             | Stakeholder theory, mainly as an under- lying way of reasoning                                     | Survey of stake- holders of local authorities   | A survey of stakeholders to consensus among stake set of performance items future), but the public is l   |
| Tsamenyi, Mills & Taurin- gana | JAB, 2002  | Ghana (Africa)  | Theme 1             | Contingency Theory   | Multiple case study   | Budgetary formulation is and does not involve low the primary actors in the are perceived as a tool of  |
| Tsamenyi, Bennett & Black      | JAB, 2002  | Ghana (Africa)  | Theme 1             | No theory  | Multiple case study   | The study reveals that the perceived to be planning   |
| Uddin & Hopper                 | AOS, 2001  | Bangladesh (Asia)                                     | Theme 1             | Labour Process Theory  | Single case study   | The regime of control fol controls and new forms o ries. Expectations of acc The emergence of accou controls must be seen in t idealised market-based sy          |
| Uddin & Tsamenyi               | AAAJ, 2005 | Ghana (Africa)  | Theme 1 and theme 6 | Structuration theory (based on Giddens)  | Single case study   | A case study of a state-ov lic sector reforms asking ited government interven (at the expense of social l iticised environments in                                |
| Uddin, Gumb & Kasumba          | AAAJ, 2011 | Uganda (Africa)                                       | Theme 2 and theme 5 | Spectacle Theory   | Single case Study   | Participatory budgeting p are superficial and symbc cesses are, in fact, domin crats. Provides understand including accounting pra                                |
| Upping &                       | IRBRP,     | No specific   | Theme 4             | Pragmatic theo-  | Literature review   | Building on existing acc  |

|                                     |            |                                |                     |   |  |   |
|-------------------------------------|------------|--------------------------------|---------------------|---|--|---|
| Oliver                              | 2011       | country, EE in general         |                     | retical frameworks on accounting change                           | and theoretical framework for accounting change                | lic sector accounting char between external pressurators  |
| Whiteman                            | IPMR, 2012 | Multi-country, including 69 EE | Theme 2             | No theory, implicitly economic reasoning pertaining to efficiency | Documentary analysis of scores on financial system performance | A data envelopment analysis performance in 69 EE shows maximum efficiency scores public financial managers are relatively inefficient 97% |
| Wickramasinghe, Hopper & Rathnasiri | AAAJ, 2004 | Sri Lanka (Asia)               | Theme 1 and theme 5 | Grounded theory and Mode of Production theory                     | Single case study  | New accounting and control changes were reversed due to response to trade union o   |
| Wickramasinghe & Hopper             | CPA, 2005  | Sri Lanka (Asia)               | Theme 1 and theme 3 | Cultural Political Economy of Management Accounting Control       | Single case study  | Successive attempts failed accounting in a textile mill Lanka. Idealised rational systems were confronted with kinship obligations        |
| Xavier                              | FAM 1996   | Malaysia (Asia)                | Theme 3 and theme 5 | Other theories, public administration theories                    | Single case study  | Budgetary reform in Malaysia suffered from tension between reform, including devolution and the long lasting practice                     |
| Xu & Uddin                          | AF, 2008   | China (Asia)                   | Theme 1 and theme 3 | Burawoy's factory regimes and political economy of development    | Single case study  | The transformation of ownership condition for superior management or broader development g  |
| Zan & Xue                           | AAAJ, 2011 | China (Asia)                   | Theme 5             | No theory   | Policy analysis and field study                                | Public sector accounting reforms because they suffer texts; in addition, accounting formal reform guidelines                              |

**Abbreviated journals in this appendix:** AAAJ = Accounting, Auditing & Accountability Journal; ABR = Accounting and Business Research; AF = Accounting Forum; AH = Accounting History; AOS = Accounting, Organizations and Society; AAR = Australian Accounting Review; AABFJ = Australasian Accounting Business & Finance Journal; CPA = *Critical Perspectives on Accounting*; DPR = Development Policy Review; FAM = Financial Accountability & Management; IPMR = International Public Management Review; IJ = International Accounting; IJPSM = International Journal of Public Sector Management; IRBRP = International Review of Business Research Papers; JAOC = Journal of Accounting and Organizational Change; JAB = Journal of African Business; PAD = Public Administration and Development; PAR = Pacific Accounting Review; RAEE = Research in Accounting in Emerging Economies; RTWA = Research in Third World Accounting.

**Management accounting themes in this appendix:** theme 1 = Changing nature of management accounting in SOEs; theme 2 = Western influences on management accounting; theme 3 = State-led centralized controls; theme 4 = Sequencing of financial management; theme 5 = The impact of the EE-specific context on management accounting; theme 6 = Conflicting interests and values in management accounting practice.