Public Sector Accounting and Accountability in Tanzania

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Abstract

This paper is a first draft summarising the findings of a series of research projects investigating accounting and accountability across the public sector in Tanzania. Data was collected principally by interviewing participants in central and local government and in a number of NGO's. Analysis was undertaken using grounded theory methods, alongside a theoretical framework. This framework comprised the concepts of legitimacy, rhetoric and isomorphism from institutional theory and the work of the post-colonial theorist Peter Ekeh. Legitimacy was a central concern to all the institutions and played a significant role in understanding their accounting practices. However, in all cases rhetoric took precedence over reality and legitimacy was essentially symbolic and absorption by organisations was mainly superficial. However there were significant differences between the settings' responses. These can explained as responses to different isomorphistic pressures. The struggling with conformance in central government is strongly reminiscent of coercive isomorphism where enormous pressure is place on the institutions to conform despite the impossibility of achieving success. Navigating legitimacy in contrast is more similar to mimetic isomorphism with pressure being more indirect coming from more from donors and the professions. This reflects the greater distance form central power occupied by civil society. Local government's manipulating legitimacy lies between the other two reflecting its mid position in this distance relationship.

Similarly, accounting and accountability can readily be interpreted using Ekeh' concepts of the primordial and the civic publics. Accountability was stronger in NGOs and local government, which were more closely associated with the primordial public and where a stronger sense of moral responsibility existed. In contrast central government accountability was extremely problematic resulting in many disfuntional practices.

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Introduction and Background

This research investigates the interrelationship of accounting and accountability in different institutional settings concerned with the provision of public services in a developing country, Tanzania. Poverty reduction is a major concern in Tanzania and this requires not only adequate resources but also management of those resources to ensure they are effectively and efficiently utilised. This has been recognised for many years by major resource suppliers including the UN, the World Bank, the OECD and DFID. These organisations have encouraged the use of accounting techniques and approaches associated with New Public Management (NPM) to ensure good management in developing countries Accounting practices have a direct effect on poverty reduction by ensuring resources are appropriately and efficaciously targeted. Appropriate accounting practices can also help to counter corruption as recognised by the World Bank, 'growing awareness of the corrosive effects of corruption…has given new urgency to donors' need to ensure that aid is not diverted to private ends or misallocated to activities not conducive to fostering growth and reducing poverty' (Allen, Schiavo-Campo and Garrity 2004). Good accounting practices are also important in legitimising organisations in the eyes of donors (Assad and Goddard 2006). Such organisations are more likely to attract additional external funding, enabling greater poverty reduction. Good accounting practices also provide societal stakeholders such as citizens, communities and taxpayers, with improved accountability and transparency. This research contributes to a better and deeper understanding of accounting and accountability practices in one developing country. Such an understanding helps all stakeholders understand the problems associated with introducing new accounting techniques into such contexts. This, in turn, may lead to more successful implementation in the future and to more appropriate systems and practices.

Much of the literature is this area has been normative, comprising the exhortation for developing countries to adopt various schema. Some accounting academics have also contributed to this normative approach but others have noted the lack of success of such approaches in developed countries, let alone in developing countries. They have suggested a more cautious approach based on first obtaining a better understanding of accounting and accountability practices in the context of developing countries. This improved understanding may lead to an improved success rate for implementation and to the identification and development of more relevant and useful techniques.

The primary research question addressed by this paper was, 'to what extent accounting contributes to accountability in the provision of public services in a 'developing world' country?'. More specifically the research focused on the impact of new accounting and accountability initiatives associated with New Public Management (NPM). This includes regulatory initiatives such as the Public Financial Management Reform Programme (PFMRP), the Medium Term Expenditure Framework (MTEF) and the Public Service Reform Programme (PSRP) in central government and the Local Government Reform Programme (LGRP). The research was also concerned with the comparative contribution of accounting in the two different institutional settings of central government and local government. This enabled a view to be taken as to which type of institutional setting was more effective in terms of accountability and may lead to improvements across all settings and/or give guidance for the most accountable way to direct funds. Several researchers (Olson, Humphries and Guthrie, 2001; Abdul-Rahaman et al 1997; Rahaman and Lawrence 2001, Wickramasinghe and Hopper 2005, Hopper et al 2009) have noted the dearth of empirical studies of public sector accounting in developing countries, which this research addresses.

Accountability is a contentious concept and Sinclair (1995) referred to the ‘chameleon of accountability’ which is a ‘cherished concept, sought after but elusive’. In the light of this confusion the approach of the proposed research was to discover the views of institutional participants on accounting and accountability and to interpret these perceptions using an Institutional Theory perspective. Accounting contributes to accountability in several ways. Perhaps the most obvious is in terms of financial reporting which are produced and audited at least annually. However, accounting is also important in terms of both formal and informal institutional discourses. Goddard (2004, 2005) found that accountability was most closely associated with budgeting in UK local government. Ezzamel et al (2007) found a complex interaction between the two discourses of accountability in the public sector and accounting practices associated with regulatory accountability colonised the ‘folk’ norms and values.

Tanzania is an ideal country for researching accountability and accounting practices in developing countries as it is attempting to implement many of the NPM oriented reforms such as the PFMRP, MTEF, PSRP and LGRP. These have included the Medium Term Financial Framework and the Performance Management initiative in central government and the Local Government Financial Management Initiative. Early research being undertaken by the authors suggested problems exist with the implementation of all these initiatives where a veneer of a rhetoric of success veiled an organisational reality that is somewhat different. Research undertaken by Research on Poverty Alleviation (REPOA) into implementation of the LG framework in also reports some success but suggests there is still a long way to go. The recently published Country Self Assessment Report (CSAR 2009) for Tanzania, which is part of the African Peer Review Mechanism (APRM) noted low levels of accountability in the Tanzanian public sector, leading to corruption.

The research was predicated on the belief that a sound appreciation of the role and potential impact of accounting in relation to accountability can only be developed by reference to the particular setting in which it is embedded.

Prior research

The importance of accounting techniques for developing countries is well established. The Department for International Development (DFID) in its Guidelines: Understanding and Reforming Public Expenditure Management (2001) and based on the work of Fozzard and Lindelow (2000) noted that ‘the answer does not lie only in spending allocations: the policy and institutional framework for expenditure management and service delivery is often of equal or greater importance’. DFID has also established its Public Financial Management and Accountability initiative which notes that, ‘effective public financial management is therefore central to governments' ability to deliver services to their citizens and to alleviate poverty. Public financial management can also be a key area of civil society and citizen involvement,’ This has been followed with its establishment of its Platform Approach to Improving Public Financial Management (DFID 2005). The OECD also notes that ‘sound PFM supports aggregate control, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives' (OECD, 2005). Many other bodies have recently published reports and briefings exhorting the importance of public financial management including the World Bank (2003, see Allen, Schiavo-Campo and Garrity 2004), the ODI (2004, 2007), the Brookings Institution (2006), the Economic Commission for Africa (2003) and the African Capacity Building Foundation (2005). Many of these exhortations are accompanied by prescriptions of models of financial management and all emphasise the importance of accountability.

However the academic literature on accounting in developing countries suggests the approach of imposing external models of accounting is problematic. Two broad criticisms are apparent; the failure to take into local contexts and whether such models are effective at all.

As early as 1989 Dean was warning against the crude transfer of accounting techniques from the West to developing countries (Dean 1989). Alam and Lawrence (1994) argued that Western budgetary processes were incongruent in a Bangladeshi context. Uddin and Tsamenyi (2005) studied the impact of World Bank sponsored reform in a state owned enterprise in Ghana. They found that budgetary practices 'remained politicised, delayed, directionless and ineffective' (p 648). Rahaman and Lawrence (2001) go further by establishing that even where Western standards of technical accounting exist, they merely 'masked deeper deficiencies' of financial management within the socio- political context of Ghana. Sarker (2006) found that new public management in general was successful in the more developed context of Singapore but achieved very little in the less developed economy of Bangladesh. He suggests the existence of a formal market economy, the rule of law, and an advanced, efficient level of administrative infrastructure are necessary precursors for NPM success. These are rarely present in poor developing countries. Many other contextual factors which have a significant effect on accounting practices in developing countries have been identified in the literature including cultural factors, ethnicity, political interference, nepotism, and over-bureaucracy (Uddin and Hopper, 2001, 2003; Rahaman and Lawrence 2001; Wickramasinghe and Hopper 2005, Hopper et al 2009). However, very few of these studies were focused on central or local government accounting and this area is severely under-researched.

A situation appears to have been reached where aid agencies are insisting on the implementation of accounting practices which are unproven in the developed world and which may not take sufficient cognisance of local contexts. Olson, Humphries and Guthrie (2001, p.506), 'highlight the possible dangers of persisting with reform programmes in the arenas of public management and governance, when they so often depend on accounting-based techniques with lengthy histories of mishaps, problems and unintended consequences…..potentially resulting in a damaging spiral of fewer and fewer public services being provided at ever higher unit costs'. Olson, Humphries and Guthrie (2001) point out that too many researchers and leading 'gurus' of NPM give scant consideration to the influence of public sector accounting and auditing systems on processes of public management and government. Abdul-Rahaman et al (1997) suggest that research into public sector accounting in developing countries is overly Eurocentric and exhort a more balanced approach to such research which steers a path between excessive relativism and crude ethnocentrism. They exhort more empirical and interpretive work within the socio-political contexts of particular developing countries. Rahaman and Lawrence (2001) note the urgent need for local critiques of public sector accounting, adopting an interpretive approach, to aid understanding of developing countries financial

management. Olson, Humphries and Guthrie (2001) also note that not only are there very few empirical studies of public sector accounting in developing countries but also very few seek to construct appropriate theories. The research presented here addresses these lacunae.
It is clear that more empirical knowledge and understanding of accountability and accounting practices is needed which incorporates the importance of the cultural, political, economic and social context. Such research needs an appropriate methodology which enables a deeper knowledge and understanding of accounting practices in their contexts to emerge, together with that of participants' perceptions of these practices. This paper therefore adopts an interpretive approach, informed by Institutional Theory, to researching financial management in the public sector of one poor developing country, Tanzania.

Theoretical framework

The research used Institutional Theory (IT) for its theoretical framework. One of the principle tenets of IT (Meyer and Rowan, 1977; Powell and DiMaggio, 1991) is that of isomorphism which refers to the tendency for organisations in similar fields to adopt similar forms and procedures in order to obtain legitimacy. This results in organisations being subjected to isomorphic pressure to adopt such forms. Isomorphism may be coercive, when an organization adopts certain norms because of pressures exerted by other organizations and by society in general; mimetic when organizations intentionally imitate and copy one another in response to uncertainty or normative isomorphism, when organizations indirectly adopt the norms and values of other organizations as a result of professionalisation. Isomorphism is useful in understanding the relationship between external factors and organizational practices such as notions and practices of accountability. Traditionally IT posited that accountability is enforced on organisations by external factors such as professional associations and the state. Organisations absorb these pressures and once they can demonstrate that they have rational accountability mechanisms they are deemed to be legitimate, ensuring their longevity. However, this absorption by organisations may be superficial and leave the values, beliefs and practices of actors unchanged (DiMaggio 1988). More recently the role of agency in creating organisational change has been emphasised (Hargrave and Van de Ven, 2006) and the possibility of change in both the surface and in the substance of organisational practices has been researched (Ezzamel et al 2007). In the discipline of political science constructivist or discursive institutionalism has been developed to help explain the dynamics of institutional change (Hay 2006, Schmidt 2006). This approach 'offers a framework within which to theorize about how and when ideas in discursive interactions may enable actors to overcome constraints that explanations in terms of rational behavior and interests, historical rules and regularities, and/or cultural norms and frames present as overwhelming impediments to action' (Schmidt 2006).
Ezzamel et al (2007) investigated the relationship between accounting and accountability in schools in the UK, by focussing on two discourses of accountability; regulatory and 'folk'. Regulatory accountability emanates from regulatory institutions in the organisational field, wherein organisations are subject to pressures to demonstrate legitimacy through socially and culturally sanctioned administrative routines that are intended to render accountability (Scott 1995). 'Folk' accountability 'refers to the more tacit, private organisational discourses through which in describing the actions of organisational members to themselves the reasons and norms that

justify the actions are also embedded'. They found a complex interaction between the two discourses of accountability and that accounting practices associated with regulatory accountability colonised the 'folk' norms and values. For instance, 'the intervention of regulatory institutions of accountability constructed a mode of sense making (and hence action) in which activities and events, even in their most qualitative aspects are expressed in and tied to numeric or financial representations' (Ezzamel et al 2007).

Within an African post-colonial context Ekeh's (1975) theory of two publics is also relevant to this research. Ekeh suggests that two publics exist in the post-colonial state: the primordial and the civic public. The primordial public's main constituents are ethnic, communal and hometown development associations which evolved to fill the gaps created by colonialism to provide public services the state failed to deliver. The distinguishing characteristics of the primordial public are a strong sense of ownership and a resistance to state intrusion and a strong moral purpose including a moral responsibility on the part of individuals to ensure collective well being. The civic public is closely related to the state and includes the civil service, police, military and other state agencies. However, it is broader than just the state and is meant to capture the totality of the non-native public whose institutions are governed by legal-rational rules. Moreover, 'an 'us' versus 'they' differentiation characterises relations between the people and the civic public which is amoral and lacks the moral imperatives of the promordial public. This amorality is conducive to the opportunistic, lawless and corrupt tendencies that have come to characterise the public sector and individuals feel no moral urge to reciprocate the benefits they receive leading to morally reprehensible behaviour such as embezzlement. This behaviour is tolerated as long as it benefits the primordial public (Osaghae 2006).

If such a dichotomy exists it has serious implications for accountability in institutions providing public services. It can be posited that accountability is likely to be stronger in local government, more closely associated with the primordial public and where a stronger sense of moral responsibility might exist. Conversely, in central government accountability is likely to be extremely problematic as not only is it by nature amoral but the primordial constituents has members in influential positions in the civic public who are expected to employ state resources to further private and communal interest. This analysis also suggests that the application of accountability procedures and processes, developed in societies without a bifurcation of publics is inevitably problematic. There are also echoes of the two publics in the two discourse of accountability, with regulatory accountability akin to the civic public and 'folk' accountability to the primordial public.

Application of the IT framework of investigating both regulatory and 'folk' discourses enabled the researchers to understand and evaluate the impact of new accounting practices at both the surface and deeper levels in each organisational setting. It also allowed the post colonial context of accounting and accountability to be better understood.

Research Programme and Methodology

A core aspect of the research was to study the relationship between accounting practices within a variety of public service contexts. The paper investigates these practices and discourses in three institutional settings of central government, local government and NGOs in Tanzania. This entailed an in depth, empirical study of practicing stakeholders. Three independent Grounded Theory studies were undertaken, one in each institutional setting. Some 50- 100 interviews were undertaken in each case. Those included were managers and politicians/Board members who were involved with any aspect of accounting. Data was collected in central functions such as Treasury/Finance and senior civil servants/Chief Executives and from service departments where appropriate. A description of accounting and accountability practices in each organisation was obtained, together with participants' perceptions of these phenomena and practices. Triangulation was undertaken by a document search of relevant publications and committee minutes including budget, financial and audit reports and accounting system reports. Whenever possible, observation was also undertaken, including non participant observation and attendance at significant meetings.

The data was analysed using the series of coding procedures suggested by Strauss and Corbin (1998) comprising three different stages of coding. The first stage of open coding produces a set of concepts which play a role in the case organisation's life with respect to accounting and accountability. These are further integrated to produce a set of sub categories. The second stage of axial coding concentrates on these relationships to produce a set of main categories. These main categories are studied in their context, which is defined by related subcategories. Subcategories denote when, where, why, and how a phenomenon, expressed in terms of a main category, is likely to exist. Reducing the number of categories at this stage allows for a higher level of abstraction to be reached. Categories may be derived from the data (in vivo codes) or by the researchers' knowledge of relevant Institutional Theory (theoretical codes). This method of analysis proved particularly useful in relating perceptions to actions and in developing a contextualised theory from the data.

Initial findings

An initial analysis has revealed different approaches to accounting and accountability in each of the settings.

Central government

In central government the central phenomenon was one of struggling for conformance. Struggling for conformance, explains the process through which organizational actors' are determined to implement budgetary reforms despite the difficulties. Difficulties were observed in three areas: focusing on the medium term period, linking inputs with results and measuring output and outcome. Despite the difficulties, actors revealed determination towards reforms implementation, as a result of the need to obtain funds from donors, improve internal efficiency, and to parallel practice in other countries. Struggling emerged from the difficulties associated with the complexities of implementing performance budgeting, cash budgeting and MTEF. Complexities of systems and the existing local environment caused difficulties for organizational actors to focus on medium term. This was a result of the uncertain environment which was full of political pressures, economic changes, time constraints and low level of the economy. Linking inputs with activities, targets, objectives, policies, mission and vision was another conformance difficulty as a result of uncertainties during budget preparation and execution. A final conformance difficulty occurred when practitioners failed to measure performance of the established objectives and targets.

With all of these difficulties, motivations for reforms implementation were found to be important. These included motivation for more funds as a result of donors' influence; motivation to improve internal efficiency as a result of the reforms' promises; and motivation to enhance legitimacy by appearing to be like other countries as a result of perceptions on globalization. The intermingling of efficiency and legitimacy is argued as a challenge in NIS literature (Scott, 2001). The grounded theory observed efficiency and legitimacy intertwined through proactive mimicking of organizational actors (Modell, 2001). It also observed organizational actors motivated because of their self-interests, which compromised efficiency. One motive may dominate another during a specific period of time. For example, legitimacy may dominate efficiency during organizational decline and at a relatively early stage of the adoption of innovations (Covaleski and Dirsmith, 1983; Lowe, 2000a), while efficiency may dominate legitimacy for early adopters of innovations (Tolbert and Zucker, 1983; Westphal *et al.*, 1997).

Faced with conformance difficulties and motivations for adoption and implementation of reforms, organizational actors made great efforts to make sure that the requirements for budgeting preparation, execution and reporting were met. Struggling for conformance is the process through which organizational actors are determined to implement innovations in organizations despite these difficulties. This explains the responses of organizational actors on the adoption and implementation of budgetary reforms.

A two phase strategy approach was adopted in the process of struggling for conformance. The first phase involved eagerness to implement the reforms through the establishment of rhetorical rules and regulations. The second phase involved attempts and games on the implementation of rhetorical rules and regulations. This involved attempting to measure performance, linking budgeting with performance and playing performance measurement games; and the practising of budgeting norms and the playing of budgeting games. Strategies adopted by the actors had two major consequences: budgeting operations-related impacts and budgeting allocations-related impacts. The budgeting operations-related impacts involved increasing transparency and awareness of budgeting operations, the inclusion of performance information in budgets, reduction of the Government over-expenditure, increased budgeting role and reduced power and control, poor spending discipline, and apportion of blame. The budgeting allocations-related impacts involved increased total costs and debts, de-linked and self-focusing budgets, dependent and ambitious budgets, and ring-fenced budgets.

Implementation of accounting changes in organizations may encounter various operational difficulties. For example, Lukka (2007) found that management accountants from all around the organizations struggled with their everyday activities. Wynne (2005) revealed that Ghana had been struggling to implement its agreed annual budget. The grounded theory observed struggling in focusing on the medium-term period which, among other things, made accountability of the established targets for the three-year period well-nigh impossible (Short, 2003). It also observed organizational actors struggled with the linking of inputs to outputs and outcomes (Van Nispen and Posseth, 2009). With the operational difficulties that result from accounting changes, and existing motivations for implementation, struggling to conform to the requirements of accounting changes ensues.

Local Government

In local government the central phenomenon was manipulating legitimacy. Manipulating means to *control somebody or something* [to control or influence somebody or something in an ingenious or devious way] or *falsify something* [to change or present something in a way that is false but personally advantageous] (Encarta Dictionary: North America). The actors within the Tanzanian LGAs are compelled by circumstances to influence, control and falsify the organizational legitimacy. This ensures the achievement of both the organizational interest [resources and survival] as well as individual financial and political interest. The term legitimacy attracts various definitions. Meyer and Scott (1983, p. 201) define organizational legitimacy as the “degree of cultural support for an organization – the extent to which the arrays of established cultural accounts provide explanations for its existence, functioning, and jurisdiction”. Jost and Major (2001) regard something as legitimate if it comply with the certain norms, values, beliefs and practices accepted by a certain group or individuals. In the context of sociopolitical, legitimacy is described as a “process by which key stakeholders, the general public, key opinion leaders, or government officials accept a venture as appropriate and right, given existing norms and laws” (Aldrich & Fiol, 1994; p. 648). The term legitimacy as emerged in this study subscribes to these expressions. Therefore, manipulating legitimacy is the process which shows the deliberate actions of the actors to obtain organizational support from the wider constituents in an unfavorable accounting environment.

The extent of manipulation differs across the levels of councils and the type of social service studied. Council-wise, the level of manipulation is relatively low in municipal councils as compared to the district councils. In contrast to the district councils, all municipal councils are located in major cities and towns where the accounting practices are somehow improved. Access to the accounting assistance outside of the organization, increasing number of accounting staff and frequent supervision from the higher organs and donors due to the easy access are associated to this trend.

The level and extent of the manipulating legitimacy is extremely high in the council’s low levels of ward and village. Absence of the effective supervision and low level of pressures subjected to the wards and villages are associated to this trend. In these levels, accounting practices are undertaken by WEO/VEO and are supervised by the ward councilor and village chairperson respectively. All these individuals lack appropriate skills to undertake and supervise the financial matters and their main interest is to continue getting the financial resources from the council where they belong. Despite having substantial allocations from the central government through councils, who audit council low levels of township authorities, wards and villages remain unclear.

Two main strategies were employed by organizational actors to manage the process of manipulating legitimacy-building; building the organizational external image and practicing administrative and financial tactics. These main strategies represent the purposeful responses of the actors within the Tanzanian LGAs to the situations created by the conditions discussed in the previous section. The overall aim of these strategies was to legitimize the organizations to the general public, central government and donors.

Four sub-strategies were identified illustrating the process of manipulating organizational legitimacy. These were improving financial governance structures; loose coupling of performance measurement practices; managing the internal fund and maintaining accountability and transparency claims. Two sub-strategies were identified illustrating the process of manipulating organizational legitimacy. These were practicing professional tactics and establishing rhetoric rules and regulations.

NGO's

The emergent grounded theory in Tanzanian NGOs was anchored around the central phenomenon - the basic process of *navigating legitimacy*. This related to how and the extent to which NGOs succeeded in accessing resources from donors and the modes by which these organisations justified resource utilisation to a spectrum of stakeholders. The organisations solely depended on donated resources for their existence and in this respect resource attainment and utilisation turned out to be critical aspects in the way organisations attained, lost, maintained or enhanced legitimacy. The nature of their responses to, and interactions with stakeholders can be summarised as a process of navigating legitimacy. This process is construed as both a proactive and reactive continuous endeavour to justify resources endowed to organisations.

Navigating legitimacy can be applied to organisations to mean managing the course of organisational legitimacy and finding the right course to steer. This adequately captures the concept of 'navigating' as it was observed and employed in this research. Accounting was implicated in navigating legitimacy in the resource-attaining phase as well as in the justification for resource utilisation. First, it was a communicating facility for expressing the scale and activities of resource need via budget submissions. Secondly, it was the primary channel for reporting resource utilisation not only to donors but also to other stakeholders. Since these organisations could not survive without donated resources the process of justifying resource utilisation necessarily also justified organisational existence. Thirdly, the perceived strength or otherwise of the accounting function was itself an important tool in symbolising organisational competence - competence to handle and properly 'account' for entrusted resources. In this respect accounting acted as a legitimating tool and when it was perceived to be adequate it enhanced organisational legitimacy. The flow of accounting information and reporting mirrored the flow of resources. Speed, frequency and intensity of accounting reporting reflected the significance organisations accorded to different stakeholders. The more significant the stakeholder the more influential they were in determining the legitimacy status of organisations and the more accounting activity appeared to be directed to them.

Two interactional strategies were employed by organisations to manage the process of navigating legitimacy. These comprised two interrelated and progressive stages or sub-processes – *building and rebuilding credibility*; and *bargaining for change*. These reflect the ways organisations created and managed good impressions with stakeholders before seeking their long-term commitment and attempting to bargain with them, to create a less burdensome accounting and reporting environment. Building and rebuilding credibility comprised five sub-strategies were identified whereby organisations sought to build and rebuild credibility. These were judicious conformity with accounting requirements; character witnessing; managing the audit; improving organisational governance; fostering a distinct cultural identity and engendering trust. The process of bargaining for change comprised four specific bargaining sub-strategies. These are selling the 'basket funding' idea; joint venturing one-off projects; selective rejection of project-format funding; and stalling the NGO policy initiative.

Initial theorisation

The findings can be interpreted within an Institutional Theory framework where the stories of each setting can be explained in terms of variations in institutional response to contextual changes. Certainly legitimacy was a central concern to all the institutions and played a significant role in understanding their accounting practices. In all cases rhetoric took precedence over reality and legitimacy was essentially, 'a symbolic value to be displayed in a manner such that it is visible to outsiders' and absorption by organisations was mainly superficial, leaving the values, beliefs and practices of actors unchanged (DiMaggio 1988).
However there were significant differences between the settings' responses. These can explained as responses to different isomorphistic pressures. The struggling with conformance in central government is strongly reminiscent of coercive isomorphism where enormous pressure is place on the institutions to conform despite the impossibility of achieving success. Navigating legitimacy in contrast is more similar to mimetic isomorphism with pressure being more indirect coming from more from donors and the professions. This reflects the greater distance form central power occupied by civil society. Local government's manipulating legitimacy lies between the other two reflecting its mid position in this distance relationship.
Similarly accounting and accountability can readily be interpreted using Ekeh' concepts of the primordial and the civic publics. Accountability was stronger in NGOs and local government, which were more closely associated with the primordial public and where a stronger sense of moral responsibility existed. In contrast central government accountability was extremely problematic resulting in many dysfunctional practices.

This section and the concluding discussion are still under development.

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