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Accountability Failures in an *iTaukei* corporation: The case for a Fiji provincial company

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ABSTRACT

Purpose - The purpose of this study is to obtain insights into the systems of accountability in a company set up by the Lau provincial council in Fiji. It is the only company set up by any of the fourteen provincial councils in Fiji to be consistently profitable.

Design/methodology/approach – The paper explicates the system of accountability by case studying a Fiji provincial company. An in-depth case study was undertaken on the Lau provincial company, in order to analyse its system of accountability.

Findings - The study provides insights into the systems of accountability practised by the Lau provincial company and provided to the grassroots provincial population. Analysis of the entity studied revealed accountability has been influenced by the power distance in society, high levels of trust placed on those in authority, the culture of respect and silence, and the lack of attention to detail and planning. This has resulted in weak accountabilities being provided to the provincial population and hence, the need to consider exploring 'intelligent' forms of accountability (Roberts, 2009) for the provincial population.

Originality/value – This paper makes reference to Gelfand *et al.* (2004), in which they develop a framework to analyse accountability in a cultural context. This study is the first to employ their framework in a society from an emerging economy, with a culture significantly different from that found in western developed economies where the bulk of research on issues of accountability has been undertaken. Contexts in which accountability is discharged, which Gelfand *et al*. acknowledge may exist, but do not explore are identified.

Keywords Accountability, Fiji, Lau province, Lau Provincial Company

Introduction

> "*From the most primitive tribal systems to loosely structured alliances to the most sophisticated production systems, social systems of any sort demand, at some level, general agreement about expectations and rules guiding behaviour…social systems can be defined in terms of shared expectations…Thus, accountability is at the root of viable social systems, and all the more so in formal organisations*." (Frink and Klimoski, 2004, p. 2)

Accountability is a "distinctive and universal feature of any social system" (Bracci, 2009, p. 294) and is essential for the maintenance of any social system (Gelfand et al., 2004). However, it is also recognized that the idea of accountability is elusive (Sinclair, 1995) and "notoriously difficult to pin-down"(McKernan and McPhail 2012, p. 177). Roberts and Scapens (1985) laid out the widely understood explanation of accountability as "the giving and demanding of reasons for conduct" (p.447). Such an understanding of accountability could result in accountability being "framed in the context of reporting mechanisms only" (Smyth, 2012, p 231).

Gelfand *et al*. (2004, p.136) argues that much of the theory and research of accountability in organisations has focused almost exclusively on Western contexts such as United States and Western Europe in the context of agency theory, focusing on the principal agent relationship. Similarly, the accounting literature has also recognised the imperfections (Roberts, 2009) and limitations (Messner, 2009) of accounting-based accountability, which has been the dominant face of accountability with the discourse and narrative mode of accountability often being undervalued and suppressed in theory and practice (McKernan and McPhail 2012, p. 177).

Gelfand *et al*. recognise the potential for mutual accountability and influence in a given setting, allowing them to arrive at the following definition of accountability,-

> "*the perception of being answerable for actions and decisions, in accordance with interpersonal, social, and structural contingencies, all of which are embedded in particular sociocultural contexts*" (p.137).

Gelfand *et al*. then develop the cultural accountability configurations positing how characteristics of accountability are influenced by the dominant cultural dimensions [1] in a particular society. The high power distance that exists between the indigenous Fijian chiefs and the indigenous population and the communal cultural values of indigenous Fijian society (*see* Davie, 2007; Rika *et al*., 2008) make Gelfand *et al*.'s definition of accountability and theoretical framework, an appropriate tool to analyse accountability in Fiji's provincial companies.

In this paper we set out to contribute to this stream of literature on the limitations of calculative accountability to the grassroots and utilizing Gelfand *et al*. we consider the accountability configurations in play in an indigenously owned provincial company and argue that they differ from the configurations that will yield appropriate accountability in the prevailing culture.

The balance of this paper is structured as follows. The first section outlines the background information on Fiji's provincial councils and companies, specifically the case studied province and company. Then the paper sets out a review of the literature and the theoretical background of cultural accountability configurations (Gelfand *et al*., 2004). The third section explains the research issue and methodology. The findings with respect to the accountabilities within the Lau provincial company are presented in the next section. Finally, a discussion of the findings is provided and offers some concluding comments.

Fiji's Provincial Councils and Companies: an overview

Subsequent to annexing Fiji in 1874, Britain established fourteen provinces as administrative units installing chiefs as *Roko* (provincial governor) or *Buli* (district chiefs) among the indigenous population to maintain an orderly society, training them as provincial administrators (Durutalo, 1997). Each province has their provincial administrative office staffed by the *iTaukei* Affairs Board [2] (TAB) and a provincial council, which comprises of provincial chiefs and elected representatives from the province [3].This entrenched a hierarchical authoritarian social system, where orders filtered from the apex to the base and obedience with allegiance filtered back from the base to the apex (Durutalo, 1997, p. 7).

The chiefs were elevated to greater status and authority in 1945 during the reorganization of the Fijian Administration, which gave leading chiefs almost full command over Fijian affairs (Norton, 2002). This strengthened their authority as provincial/district administrators, and established the chiefly authority as an autonomous body within the government of Fiji. The chiefly bureaucratic and political elite were projected as the guardians of indigenous Fijian identity, culture and economic benefits in the face of the growing Indian population [4] (Durutalo, *op cit*., p. 138; Norton, 2002, p. 108). The reinforcement of the chiefly hegemony through the creation of provincial councils created a recognised political and social aristocracy within the indigenous Fijian community (Davie 2005, p. 522), which served to establish them as a group where authority is above question. Such institutions became part of indigenous Fijian social structure and in 2002 when a government commissioned committee made recommendations to restructure such institutions this was "out-rightly rejected by the indigenous Fijian political elites who wanted to maintain the neo-colonial order" (Ratuva 2005, p. 9). While the influence of this aristocracy has been eroded at the national level by the coup d'état of 2006, chiefs are still highly influential in provincial affairs (*see* Rika *et al*., 2008).

Provincial councils are provided with limited central government finance; hence a levy is also imposed on indigenous adult males to help meet their provincial administrative office operating costs. This is payable whether an individual lives in their province of origin or not. In practice the burden of meeting the levy falls on those actually living in the province, collecting the levies from 'expatriates' proving to be virtually impossible. In Lau's case this can be particularly serious for the resident population, as the vast majority of its members live out of the province.

The provincial councils' role has evolved from provincial administration to one of facilitating indigenous Fijian participation in commerce with the establishment of one, or more, provincial companies to operate as their commercial arm to contribute to their provinces' economic development. Provincial chiefs have typically taken a key role in establishing these companies, in some cases assuming roles as company executives. In conventional terms, these companies have not been a success, with such companies typically reporting losses (Qalo, 1984; Ratuva, 2002).

This paper case studies the Lau provincial company, which would appear to be the stand out exception, having reported profits in all years since its inception. The Lau provincial company was established in October 1971 at the instigation of the province's paramount chief at that time [5], who established the company with the financial assistance of the province, to operate as an investment vehicle Instead of investing in economic activities within the province the company holds assets on Fiji's mainland where far more investment opportunities are available. These include investments in financial and real assets, including hotels and a tourist facility [6].

Background on the Lau Province

The Lau group of islands lie in an arc some 150 to 200 miles east of Viti Levu, the main island of Fiji, and about 300 miles north-west of Tonga (Hooper, 1982). The Lau province comprises of fifty seven islands totalling around 490 square kilometres of which only 19 islands are inhabited, with a population of around 10,700 people living in the Lau islands and 57,485 Lauans [7] residing outside of Lau (http://www.statsfiji.gov.fj/Census2007/census07_index2.htm).

Hooper (1982) explains that an understanding of the Lauan notion of chieftainship is essential to an understanding of Lauan society as a whole.

> "*The chiefdom of Lau has been an integrated unit under the authority of the paramount chief (Sau ni Vanua ko Lau) since the late eighteenth century… and recognize the authority of the Sau ni Vanua ko Lau* [8] *and participate in enterprises which he sponsors*…" (Hooper, 1982, p. 47)

The Lau province has 13 districts (*Tikina*) and 72 villages. Each *Tikina* will have a number of villages and each village is further divided into *Mataqali*(s) (clans) and the *Mataqali* is further divided into *Tokatoka*(s) (extended family units). Each *Tikina* has its own chief and so does each village, however, the paramount chief for the Lau province is known as the *Sau ni Vanua ko Lau*.

Hooper (1982) explained that "…membership of exogamous clans is in most cases determined by patrilineal descent; children are born as members of their father's clan…" (p. 26). Hooper (*ibid*) in describing the interactions of groups of people in Lau noted that

> "*Honour and respect for elders is one of the fundamental codes of Lauan life and this is reflected in allowing precedence to elders, and especially to those who are leaders of their clans…this comes about naturally*…" (p. 31)
>
> "*Forms of respect for the paramount chief are most marked, since he is the highest authority in the chiefdom of Lau…all minor chiefdoms recognize the authority of the paramount chief, the Sau ni Vanua, who resides at Tubou, Lakeba*." (p. 46)

Hooper (*ibid*, p. 33) further noted that it is not his intention to create an impression that

> "…*Lauan social life is restricted and rule-bound…*", however, these "…*are social graces that are learnt by all members of this society from childhood and their implementation is part of the natural flow of things*…"
>
> "*It is not a restricting convenience but an almost instinctive and therefore comfortable aspect of life*."

Background on the Lau Provincial Company

The Lau provincial company was established in December, 1971 at the instigation of the late paramount chief of Lau who was also the chair of the Lau Provincial Council. He Chaired the Board of Directors at the company's inception until his death in 2008 and has been succeeded by his daughter, who also enjoys high chiefly status.

In the company's annual reports (2007-2009) the vision articulated is to "aspire to become one of Fiji's most successful investment companies" with a mission statement to be "...the preferred investment choice for the people of Lau". In the initial interviews with the company's chief executive officer (CEO), he explained

> "*…the company was established to uplift the quality of life of the province, as the Lau province was isolated in comparison to other provinces in Fiji*" (Interview Transcript, CEO 2009)

The Lau provincial company's share capital has been raised in a number of ways. It is by no means clear that shares have been assigned consistent with the contributions made by investors. The provincial council may have drawn on the levy in accumulating funds to provide equity for the company. Equity was certainly raised through communal fundraising activities and from statutory deductions, made from cash flows accruing to copra growers and communally owned plantations. The Lau provincial council holds shares in the provincial company in its own right. Financial contributions to the council's funds would have facilitated this investment. However sufficient capital could not be raised within the province to sustain planned business activity. The provincial council itself made capital injections into the company by utilising an annual government grant of $100,000 provided under a government funded Development Assistance Scheme (DAS). Instead of using these monies to fund village projects, villages were allocated shares in the company. Until the paramount chief's death in 2008 dividends accruing on shares held by the council were directly reinvested in the company. Dividends on all communally held shares have also been reinvested as a matter of course, in line with direction from the paramount chief and chair of the company's board. Additionally, a number of shares are held by individuals from the Lau province.

Since 2007 additional capital has also been obtained from issuing 'B' class shares to Fiji's population at large. 'A' and 'B' class shareholders have identical rights to dividends, but B class shareholders have no voting rights and are restricted to a single representative on the Board of Directors. The Lau provincial company has operated primarily as an investment vehicle.

The company has twelve members in its Board of Directors [9], which is the maximum number of Directors as noted in the company's Articles of Association and the selection of the Board members as explained by the CEO is as follows

> "*Two Directors have like automatic seats which is part of the company's Articles of Association, which provides that a male and female heir of the founder get direct seats, and the Lau Provincial Council has a seat, than the second largest shareholder gets a seat, also two female directors chosen by the area they represent but elected at the AGM. B Class Director is nominated by the Board and approved at the AGM, so what has happened in the past is the larger Class B shareholders have put up names, this goes through the Board and Board nominates who to the*

> *AGM. The rest of the Board of Directors is elected at the AGM by the shareholders*" …" (CEO Interview Transcript, 2008)

The Lau provincial company offices are located in Suva, Fiji's capital, and its annual general meetings are held at the company owned hotel there. While there are practical reasons for this, attendance at the annual general meeting (AGM) becomes prohibitively expensive for shareholders living in Lau. Shareholders attending the AGM are typically 'Lauan expatriates', who may serve as proxies for the communal shareholding of their village of origin.

Company representatives seek to ensure contact with its 'A' class shareholders by accompanying provincial council officers on liaison visits to the island communities and to meet with Lauans now living in Fiji's mainland. It was at such a meeting that Lauans residing on the mainland raised the following issue,-

> "*…….if the assets strength of the company is over $32 million, why is the province facing the greatest challenge of transporting people and cargo in and out of the island?"* (Provincial Council office Annual Report 2009)

The company's CEO response was,-

> "*…the company has no intention of going into shipping business and also the board does not approve of this business venture…"* (Provincial Council office Annual Report 2009)

The company's finance manager has also reiterated,-

> "*….…we do not have any interest at the moment of providing non- economic returns to the province. We definitely will not go into shipping. On a social corporate responsibility side we probably will look at some projects to assist the province with other partner donors, probably in two years' time."*(Finance Manager Interview Transcript, 2011)

Accountability: review of the literature

Accountability systems have always been fundamental for the survival and functioning of social systems (Bracci, 2009; Gelfand *et al*., 2004). This is as systems of accountability use devices of control to reduce the variability of human behaviour and produce stable patterns of activity (Gelfand *et al*., 2004). Hence, not only does accountability serve as a way to achieve external legitimation but also fosters effective functioning within societies (Gelfand *et al*., 2004). As reflected by Roberts (1991) accountability processes reflect interdependence within social relationships.

Accountability is a "distinctive and universal feature of any social system" (Bracci, 2009, p. 294) and is essential to the maintenance of a social system (Gelfand, *et al*., 2004). This is as social systems maintain order and coordination between individuals, by creating standards to which individuals and groups are answerable, and to which entities are judged and sanctioned (Schlenker and Weigold, 1989; as cited in Gelfand *et al*., 2004). It is systems of accountability that provide such moral order, creating a complex system of reciprocal rights and obligations (Roberts and Scapens, 1985). Involving monitoring, evaluation and control of organizational agents to ensure they behave in the interests of the shareholders and other stakeholders (Keasey & Wright, 1993). It is in systems of accountability that individuals, groups and organizations, behaviours, results and experiences are made visible and intelligible to others. This produces an organisation, which is more cohesive and coherent (Bracci, 2009; Llewellyn, 1994).

Accountability, according to Boland and Schultze (1996, p. 62) "…is the capacity and willingness to give explanations for conduct, stating how one has discharged one's responsibility'. Similarly, Broadbent and Laughlin (2003, p. 24) referred to accountability as "associated with giving reasons for conduct for responsibilities or authority granted". Roberts and Scapens (1985, p. 447) explained that at the heart of the accountability process is the "giving and demanding of reasons for conduct". Smyth (2012, p. 231) pointed out that such definitions are "…essentially limited to the issue of answerability", where "accountability is framed in the context of reporting mechanisms only" and it becomes possible to "fulfil the requirements of answerability without meeting the requirements of accountability" (Harris and Spannier, 1976, p. 254 as cited from Smyth, 2012 p. 231).

Lindkvist and Llewellyn (2003, p. 252) highlight that often in the literature the terms 'responsibility' and 'accountability' are used interchangeably and there have been little agreement on their definitions. In differentiating between the two terms Lindkvist and Llewellyn (*ibid*) suggest that "accountability tends to connote instrumentality and external controls, whereas responsibility to a greater extent connotes morality and inner controls". Similarly, Bracci explained (2009, p. 297) "*felt* responsibility is an internal path" (emphasis added), which has to be accepted by someone either formally or informally, whereas, "accountability is the external, social and public process".

Bracci (2009) further adds another concept that of "autonomy" to accountability and responsibility relationships. That is individual or social responsibility can only be effective if autonomy to make decisions and solve problems is given (*ibid*). Thus, for an individual to be accountable he or she "needs to be autonomous in the sense of having the possibility to achieve the given objectives and be held responsible" (*ibid*, p. 297). On the other hand, where there is autonomy without accountability, this may lead to lack of responsibility in the organization (Bracci, 2009).

Sinclair (1995, pp. 219-20) suggested "accountability will be enhanced by recognizing the multiple ways in which accountability is experienced". Rather than focusing on the "chameleon quality of its definition...to increase accountability, there is a need to understand how it is constructed by, and extracted from, those who are held accountable" (Sinclair, 1995, p. 220). Similarly, Laughlin (2000) suggested research in accountability can only be fully developed through a wide range of empirical case studies in different cultural settings. This has resulted in an increase in research interests trying to theorize how accountability is actually exercised in practice in different situations (Laughlin, 2000), as it is recognized that accountability is socially constructed (Sinclair, 1995).

The broad literature on accountability has identified various forms of accountability such as: formal and informal (Roberts and Scapens, 1985); contractual, administrative and communal (Birkett, 1988); 'individualising' and 'socialising' (Roberts, 1991; 1996); political, public, managerial, professional and personal (Sinclair, 1995); contractual and communal (Laughlin, 1996); and hierarchical and lateral (Willmott, 1996). Therefore the meaning of accountability is drawn from, or specific to, the context in which it is studied.

The recent literature (Gibbon, 2012; Joannides, 2012; McKernan and McPhail 2012; McKernan, 2012; Smyth, 2012) raised the criticism that the "calculative face of accountability has been dominant" (McKernan and McPhail 2012, p. 177), especially seen in the “calculative technologies of accountancy” (Miller 1992, p. 240 as cited from McKernan and McPhail 2012), which often “hardens into exclusionary forms” (McKernan, 2012, p. 273). Accounting records are imposed by managers as the “privileged form of account”, which follows from a hierarchic form of accountability (Roberts, 1991, as cited from Joannides, 2012, p. 246). Hence, “calculation is foundational to the production of sovereign subjects capable of bearing responsibility and accountability” (McKernan and McPhail 2012, p. 178). The calculative face with its quantitative practices has dominated accountability since its inception and continues to do so (McKernan and McPhail 2012).The accounts provide objective facts, “hard evidence, numbers that speak for themselves, no interpretation needed, no narrative required, and the only story a “story of no story to tell”, numbers can always be verified, even proven” (*ibid*, p. 179). Thus, there is no need for the others belief as “numbers, counting, or quantification triumphs over belief” (Kamuf, 2007, p. 252).

Bracci (2009) argues that such hierarchical accountability in organisations tend to be similar, whereas, “lateral accountability and the type of cross-level relationships are highly contextual” (p. 299). Gibbon (2012, p. 202) reiterates the call made by Roberts (2009) for “a more intelligent form of accountability…one that is reflective, incoherent, socially significant and acknowledges our interdependence whilst overcoming the preoccupation with individualized and hierarchical accountabilities”. This accepts that accountability cannot be understood as a “clear formal linear process of responsibility” (Gibbon, 2012, p. 201) but is “political and emotional”, “uncertain, complex and messy”, “multi-dimensional and processual” and concludes “accountability is about our lived experience” (*ibid*, p. 211). Hence, the need to pause, stop and reflect on what accountability means or could mean in a specific context (*ibid*).

Joannides (2012) considers the accountability provided at the “grassroots level” (p. 244) where there is “no guarantee that givers and demanders of accounts are in nature transparent enough to each other to make such records eventuate and thus play their monitoring role” (p. 244). This is as accountability has its limits as highlighted by Messner (2009) where the accountable self is “an *opaque*, *exposed*, and *mediated* self that is inherently limited in its ability to give an account of itself. Because of these limits, we cannot expect demands for accountability always to be fully met” (p. 918, *emphasis added*). Joannides (2012, p. 247) reviewing Roberts (2009), Messner (2009) and McKernan (2012) concludes “accountability emerges as an unreachable ideal” and refers to Roberts (2009) suggestion on “returning to what one’s conscience orders would give rise to intelligent accountability” (Joannides, 2012, p. 247).

Cultural Accountability Configurations

Gelfand *et al*. (2004) argue that as the primary cultural dimensions influence the norms and values of social systems, culture can be expected to impact on how society calls for accountability to be discharged. Gelfand *et al*. identify three pertinent cultural dimensions: individualism-collectivism, cultural tightness-looseness, and hierarchy-egalitarianism (power distance). These three dimensions serve to establish a framework in which accountability can be expected to be discharged within a society’s cultural norms. In so doing they demonstrate that appropriate accountability is to be understood as culture specific.

Gelfand *et al*. argue that there are four basic ways in which individualistic cultures differ from collectivistic cultures, in terms of accountability webs, *i.e.* cross-level connections [10], standards of accountability and nature of reactions to breaches of conduct.

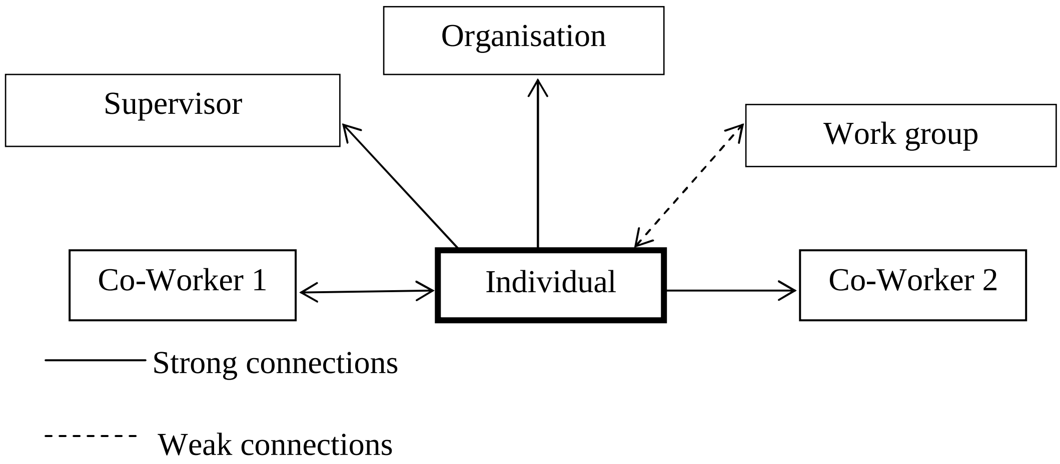
Firstly, in collectivistic cultures, an individual's accountability is to entire groups, "which provide much of the expectations and monitoring for norm compliance" (Gelfand *et al*., p. 144). However for individualistic cultures, "accountability generally rests with specific individuals, both for organizational successes and failures". Secondly, there exist differences in the number of cross-level connections. In collectivistic cultures "the group mediates the connection to the organization for the individual" (*ibid*, p. 145), whereas; in individualistic cultures "individuals primarily have connections to their immediate supervisors through rational contracts specifying particular expectations". Another difference relates to "*extraorganisational sources* of accountability". Expectations from family members and the society at large that would be highly salient in collectivist cultures, but not in individualistic cultures. Consequently, cross-level connections would be fewer in individualistic cultures compared to collectivistic cultures.

Thirdly, the manner in which standards are communicated, perpetuated and integrated into individual accountability webs is another way accountability in collectivistic and individualistic culture is expected to differ (Gelfand *et al*., p. 146). In individualistic cultures; there is direct communication of standards, which are formalized and explicit in symbolic forms in the social context. However, in collectivistic cultures there is indirect communication of standards, which "tend to be informal and implicit in the social context" (p. 145). Gelfand *et al*. stress that this would mean that even though the same standard can be applied in individualistic and collectivistic cultures, the way it would be communicated would vary and comprehension of the standards would be dependent on an understanding of the social context.

Finally, the differences in accountability webs for differing cultural systems will lead to differences in reactions to breaches in codes of conduct in an organizational setting. This is due to the differences in the type and perceptions of cross-level connections in organizations. As such, in collectivistic cultures, the group is held responsible for any violation to codes of conduct. In contrast, the individual is held accountable for violations of codes of conduct, regardless of group membership in individualistic cultures.

Figure 1 provides an illustration of how an individual's accountability web may be understood. The figure displays the type of connections an individual may perceive to have with the organisation, supervisor, workgroup and co-workers (Gelfand *et al*., 2004). Thus, considering the "multi- and cross-level relationships" (*ibid*, p. 138) an individual may have with parties in an organisation. Such connections will have an influence on the accountability relationships between the parties concerned.

Figure 1 *Sample accountability web*



[*Source*: Adapted from Gelfand *et al*. (2004, p. 138)]

The cultural dimension of hierarchy versus egalitarianism is related to the direction of connections in accountability webs, which can be unidirectional or bidirectional. In hierarchical cultures, standards are predetermined, based on ascribed status and it is people with high-power positions that set standards to be obeyed by subordinates (*ibid*, p.148). On the other hand, in egalitarian cultures "standards are based on abstract principles that are mutually adhered to by individuals, regardless of status". Therefore, in hierarchical cultures the direction of connections is expected to be unidirectional, whereas, in egalitarian cultures the direction of connections is bidirectional pertaining to mutual accountability.

Gelfand *et al*. (p.146) referred to cultural tightness and looseness as contrasting cultural systems relating to the degree to which "norms are clearly defined and reliably imposed". Hence, the nature of accountability webs within organisations of tight and loose cultures is expected to be differentiated by virtue of the strength of the connection and the degree of alignment of the accountability system (p. 147).

Gelfand *et al*. further argue that in tight cultures order and predictability are important. There are clear social norms, which are strictly enforced with little tolerance for deviance (*ibid*, p. 146). Organisations in such cultures "are more likely to enact processes to ensure expectations are delineated in policies, practices and procedures to create predictability and order" (*ibid* p. 147); through explicit mechanisms in individualistic cultures or implicit mechanisms in collectivistic cultures. Such cultures develop shared understandings of accountability (*ibid*, p. 148), resulting in "more alignment in accountability webs among individuals and their peers (horizontal alignment), individuals and their supervisors (vertical alignment), as well as individuals within and between groups (group alignment)".

Conversely, in loose cultures where "standards are fewer and more ambiguous" (Gelfand *et al*. *ibid*, p. 148), behaviours are not closely monitored and there are less severe consequences for deviance. Consequently, individuals understanding of accountability are more likely to vary resulting in a lack of alignment between individuals and groups with respect to accountability webs. Gelfand *et al*. suggest that this results in lesser predictability and order in the organization.

Gelfand *et al*. argue that in actual cultural systems the three cultural components would exist in combination and must be simultaneously considered to understand and predict the accountability behaviour that would exist in an organizational setting. Therefore, even though in reality any culture can have numerous forms of accountability webs existing, Gelfand *et al*. argue, a combination of the three cultural dimensions would create a particular accountability configuration that can be expected to exist in a given social context. Gelfand *et al*. consider four accountability configurations [11] that could exist in a particular culture. These include: an individualistic, loose, and egalitarian configuration; a collectivistic, tight, and hierarchical configuration; an individualistic, tight, and hierarchical configuration; and a collectivistic, loose, and egalitarian configuration. The nature of these configurations is summarised in table 1.

[Insert Table 1 about here]

Interestingly enough, no prior study of accountability in developing economies makes reference to Gelfand *et al.*'s (2004) work. The collectivistic, tight, hierarchical configuration would certainly appear to be appropriate to indigenous Fijian culture (*see* Brison, 2001; Brown, 2009; Davie, 2005; Durutalo, 1997; Hooper, 1982; Norton, 1992; Qalo, 1994, 1997; Ratuva, 2005; Ravuvu, 1983; Rika *et al*., 2008; Seruvakula, 2000).

This study analyses the accountability of the CEO of the Lau provincial company to the Board and that by the CEO and the Board to the shareholders in the context of Gelfand *et al*.'s framework, comparing this with the accountability that may be expected to be found in a Fijian social system and considers the consequences of deviance in the accountabilities provided.

Research issue and methodology

Researching systems of accountability in Fiji's provincial councils and companies is important given the increased calls for "reinforcing transparency, fairness and accountability" (Singh and Dakunivosa, 2001) in Fiji's society. Review of the literature has identified the cultural traits particular to Fiji and the appropriate accountability web configuration as posited by Gelfand *et al*. (2004). This research is context specific and reveals the accountability processes and technologies used by the Lau provincial company under study.

As Bracci argues (2009) the use of the concept of accountability webs provides a means of analysing accountability systems in the context of the culture in which the systems are applied and facilitates the redesign of such systems, internal and external, formal and informal. This avoids the cultural bias inherent in analysing accountability systems with systems that are seen to operate successfully in other contexts. Additionally, the use of a cultural-based approach is more effective in understanding the real functioning of accountability in the Lau provincial company.

The present research is based on the naturalistic method of research, which utilizes an individual case study and detailed fieldwork. Naturalistic research commences from specific real-world situations; the main intention is to understand the systems of accountability that the Lau provincial company practices, given the cultural context in which they operate. Hence, the research explores the role of accountability in the context of the Lau provincial company, rather than seeking to provide generalisable conditions for a wide segment of society (Tompkins and Groves, 1983), in this case all provincial companies in Fiji.

The case study research approach is appropriate as it is suited (but not exclusive) to explanatory and exploratory studies; the research questions relate to contemporary events, over which the researcher has little or no control. The case method's unique strength lies in its ability to deal with a full variety of evidence – documents, interviews and observations (Yin, 2003). This illustrates the ability of the "all-encompassing method" to collect a wide range of evidence for analysis and conclusions to be drawn (*ibid*).

Bracci (2009) argued that case study research is an important method for theory construction, in the context of obtaining insights into the operation of accountability webs. The use of the case study research method is useful as it "…considers the values, interests, and operations of power involved – who gained, who lost, and why" (Cooper and Morgan, 2008, p. 160). It also provides deeper understanding and helps articulate and explore the conflicts about values, interests and power in complex situations (*ibid*, p.164). This study explores the role of accountability in the context of the Lau provincial company in Fiji, by the use of an in depth case study from the periods 2009-2011.

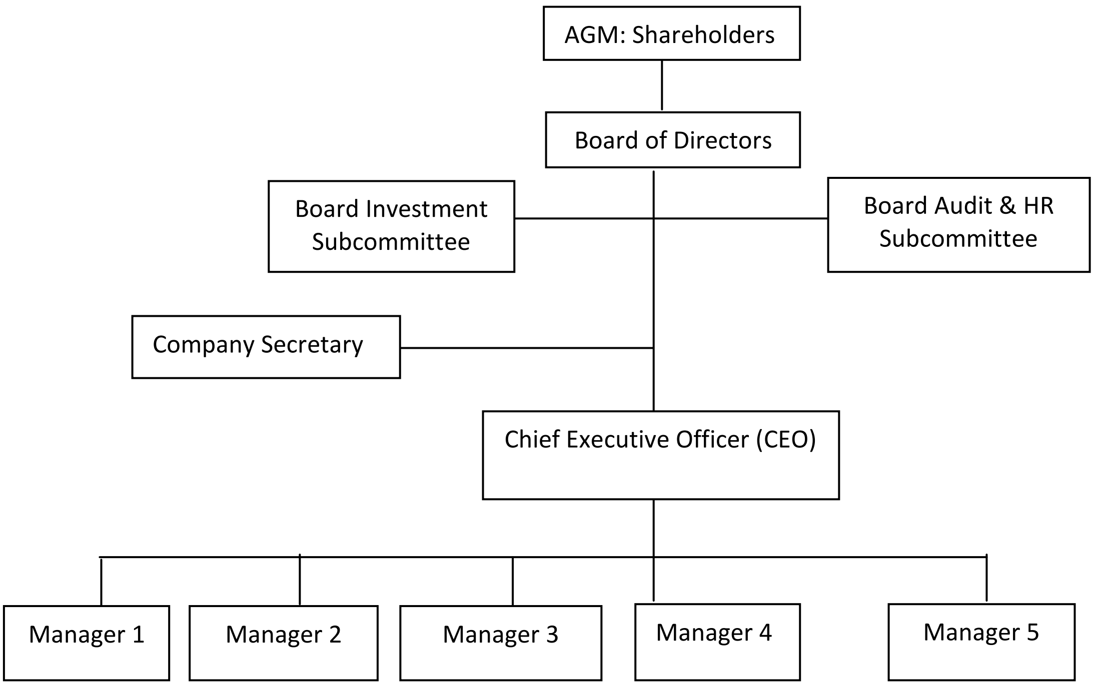
For the purposes of this research, data was collected through content analysis of the company's annual general meeting minutes for the years 2006-2010, provincial council meeting minutes for the years 2006-2010 and annual reports of the Lau provincial council and company for the years 2006-2010, supplemented with other information in the public domain. Additionally, semi-structured interviews were conducted with the Chief Executive Officer on two occasions. The first interview was conducted in November 2009 and the second follow-up interview was conducted in April 2010. Interviews were also conducted with the newly appointed Finance Manager in July, 2011 as the company was undergoing restructure. There were attempts to hold interviews with the Board of Directors but the researcher was always referred to the Finance Manager to answer questions in relation to the company. To get insights from the Lau provincial population, *Tikina* representatives and provincial council officials were also interviewed during the annual provincial council meeting in 2009. Follow-up interviews were conducted with provincial council officials between the periods 2009-2011, recognising that the Lau Provincial Council is the company's largest shareholder. An interview was also held in 2009 with the *iTaukei* Affairs Board (TAB) officer responsible for small business financing to indigenous owned entities. While archival material capture the formal lines of communication established within the Provincial Company and between the company and its equity holders, interviews were crucial in obtaining insights into the nature and quality of accountability actually provided. All interviews were tape-recorded and transcribed upon completion and verified with the provincial council officials.

Furthermore, observations at annual provincial council meetings for the years 2009-2010 generated numerous field notes, containing a wide variety of impressions, comments and anecdotes. These field notes provided an overall impression of the relationship between the provincial council, the provincial population and the provincial company.

Accountabilities of the Lau provincial company

The organisational structure of the Lau provincial company is illustrated below (*Figure 2*) to clarify the individuals, groups, and units that are part of the company's system of accountability.

Figure 2 *Lau Provincial Company Organisational Structure*



(Source: Lau Provincial Company, 2010)

The accountability structure of the Lau provincial company follows from the organisational structure of the company (Fig. 2), as confirmed in an interview with the company's CEO. This follows the conventional hierarchical accountability model common to companies, however, as argued by Bracci (2009, p. 299) lateral accountability and the types of cross-level relationships will be specific to the context. The Board of Directors is accountable to both A and B class shareholders of the company in the company's Annual General Meeting (AGM) and through the provision of the company's annual report. There are two Board subcommittees that are accountable to the full Board of Directors. The company's CEO is directly accountable to the Board of Directors, including the two Board subcommittees. Therefore, the company's main accountability document to shareholders is through the annual report and accountability mechanisms are mainly the Board of Directors with its subcommittees and through the assurance [12] process.

The CEO confirmed through interviews (2009-2010), that he provided the following to the Board of Directors

- Management updates
- Financial updates
- Business investments update
- Other issues that may arise in the company

However, in follow up interviews with the Finance Manager (Interview Transcript, 2011) it was revealed that there were shortcomings with the CEO's accountability to the Board of Directors.

> "*…to be honest the board was given very limited information. The board requested for financials but they were never produced, hardly given, when it was given it was just in a nutshell no details, no analysis, so the board was quite in the dark on what was happening*."

> "*…There were few questions raised but no follow-ups because at the end of the day there was a lot of trust. If you look at this company, the first CEO of the company upon his retirement, his own son took over as the CEO. There was a lot of trust put on him. There was no monitoring on the activities of the CEO or on his reports to the board*."

Therefore, the CEO had complete autonomy in preparing the reports for the Board of Directors and was in full control of the operations of the company.

> "*The previous CEO was providing weak accountabilities to the board. He provided a good overview but he provided the overview of the company's operations in such a way, as not to be questioned. The board were always given financial conditions that were always good. Therefore, the board had a difficult task on knowing what was happening. Thus, the content of the monthly reports that were being provided were not good for the board to base their decisions on. The board was in the dark on a lot of dealings the company was doing. Such as the company decided to invest into another company, becoming a subsidiary of the Company, when there was a need to appoint a director for that subsidiary, the CEO nominates and appoints himself. This creates a conflict of interest and also poor accountabilities to the* Board of Directors." (Finance Manager Interview Transcript, 2011)

The interview continued,-

> "*There were vague standards of accountability and the* CEO *decides what to report to the board and in what format*." (Finance Manager Interview Transcript, 2011)

There was a unidirectional connection between the former CEO and the various elements of the Board of Directors to which he was accountable. The strength of the connections can be said to be weak, as there was little clarity in the role expectations of the CEO by the Board of Directors. The CEO was allowed to make significant decisions in the company without being questioned, allowing him to determine his own accountability to the board and the shareholders of the company.

> "*The company owned by the provinces, the culture is such that the board hardly questions those in power and those in power have abused it to a lot of extent...*" (Finance Manager Interview Transcript, 2011)

Traditional authority is evident within the Board of Directors. Since the establishment of the company, the late paramount chief was the chair of the company until his demise. The late paramount chief was the sole decision maker in the Board of Directors and also decided who would sit on the board (CEO Interview Transcript, 2009).

> "*Up until 2004, being a provincial company, the Board of Directors were selected by the late paramount chief and he tried to ensure that the board were representative of the islands of Lau.*" (CEO Interview Transcript, 2009)

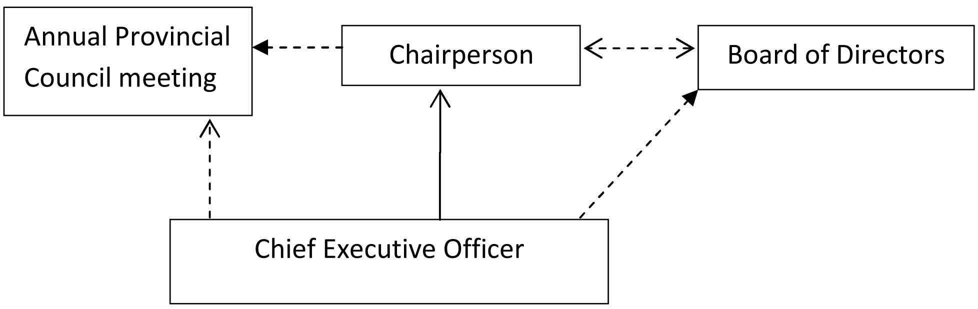
> "*For the Lau provincial company it was the case that the late paramount chief was the sole decision maker, whereas for other provincial companies it's operated by groups of chiefs and qualified members of their province and decision making become very difficult...*" (TAB officer Interview Transcript, 2009)

The CEO was in fact the son of the first CEO, who was appointed by the provincial chief. The two men arranged the son's succession. In the two interview sessions conducted with the CEO, he had reiterated that he is mainly accountable to the chair of the company. The chair of the company, by virtue of chiefly status effectively controls the company.

> "*I report to the chair of the company on a day to day basis but on a monthly basis basically we have board meetings and I submit management reports and the various papers that go to the board meeting… Basically, I submit reports to these two subcommittees but reporting line is basically to the chair of the company.*" (CEO Interview Transcript, 2010)

Therefore, weak ambiguous accountability is provided to the Board of Directors as the directors were unable to challenge the chair of the company, neither did they have the expertise to call for the right accountabilities.

Figure 3 *Chief Executive Officer's Accountability Web*



Tight connection

Loose connection

This contrasts to the form of accountability that can be expected in an indigenous Fijian community where cultural values of collectivism, tightness and hierarchy would generate accountabilities to the immediate superiors, groups, the organisation and entities outside the organisation, resulting in a high number of cross-level connections, more clear standards of accountability and a high degree of monitoring (Gelfand et al., 2004, p. 150). Gelfand *et al.'s* analysis predicts that the individualistic, tight, hierarchical accountability configuration expected to work in a typical company setting, is not effective in this context, as culturally the CEO's accountability would best be exercised in a collectivistic, loose, hierarchical cultural configuration.

As Bracci (2009) points out where there is autonomy without accountability, this is likely to lead to lack of responsibility in the organization. For without providing accountability, nobody was able to question the CEO's use of resources or assess the achievement of objectives.

Accountabilities provided to the Lau provincial population

Accountability is also provided to its provincial stakeholders [14] through the annual Lau Provincial Council meeting. The company since its inception has always provided a presentation to the Lau Provincial Council and their presentation as mentioned by the CEO

> "*… is basically a financial update and then it talks about the upcoming developments, and usually members of the provincial council have opportunity to ask questions on how the company is progressing and some of them even give their views on certain developments or certain proposed developments…*" (Interview Transcript CEO, 2010)

Accountability to members of the province is primarily provided by the company's CEO. The CEO is recognised by the *Tikina* representatives as the element to be held accountable for the affairs and performance of the Lau provincial company.

> "*…I believe this will be the CEO, because the Chairwoman* [15] *it will be quite hard to talk with her because of her status*." (*Tikina* Representative 1 Interview Transcript, 2009)

> "*This I believe is the CEO who runs the operations of the company*." (*Tikina* Representative 2 Interview Transcript, 2009)

Some *Tikina* representatives have deep respect for the company, as it was established by the late paramount chief and feel it is not their right to question the affairs of the company. Therefore, in conducting interviews with *Tikina* representatives there were instances where they were hesitant to answer some of the questions posed, especially in regards to questioning the financial affairs of the company.

> "*I cannot really say anything against who is to be held accountable in the company because our elders have always told us that the establishment of the company was by our late high chief. He established and saw to the operations of the company, we as members of the province are grateful for his foresight and the people who are now running the company. The beneficiaries are the different Tikina(s) and individuals who have invested into the company, who are given the freedom to invest their money in their own provincial company*." (*Tikina* Representative 3 Interview Transcript, 2009)

In interviews and observation of the Lau Provincial Council meeting, it was observed that *Tikina* representatives have nothing but praise for the company's achievements. Upon questioning of the current level of accountability received, some of the *Tikina* representatives noted that they were satisfied with the current reports, whereas, some conveyed that they were overwhelmed by the complexity of financial reports.

> "*I know the benefit it provides to us and to the province. The company has assets like no other provincial company and provides a good rate of dividends we benefit from. It is our responsibility as members of the province to invest in the company if we are to reap the benefits*." (*Tikina* Representative 3 Interview Transcript, 2009)

> "*Yes, the financial affairs of the company are normally explained well to the members in the meeting and we always get written reports from the company…*" (*Tikina* Representative 1 Interview Transcript, 2009)

> "*…the company discusses its affairs at the provincial council meeting; both the CEO and Chairwoman will be there, members are happy to get clear explanations from them regarding the operations of the company.*" (*Tikina* Representative 2 Interview Transcript, 2009)

> "*The information that is provided to us as reports from the company is normally all aggregated together … It is in the provincial meeting that such information is explained by the CEO, then we are able to clearly understand the information provided…It is when we take this information to our Tikina that we face a big problem, as this depends on the education and knowledge of the Tikina Representative. If we the Tikina Representatives are educated and able to grasp the financial information disclosed we are able to explain it clearly as well to our Tikina members, otherwise than the Tikina Representative will just not be able to transmit this information back to the Tikina in a manner for the Tikina to understand it.*" (*Tikina* Representative 4 Interview Transcript, 2009)

Interestingly, it is the elder members (Tikina representatives 1, 2, 3) who were satisfied with the current level of reporting provided by the company, whereas, Tikina representative 4, a younger member openly expressed how the current system of reporting based on accounting information was too complex.

Additionally, an interview with an official from the Trading Facility through which the company shares can be bought and sold revealed that,-

> "*…shareholders from the province have requested the company to provide the annual report in the Fijian language similar to that of Fijian Holdings Limited* [16], *as they could not understand the complex language of the current annual report.*" (Trading Facility Officer Interview Transcript, 2011)

Fijian is the first language of all the class A shareholders, therefore presenting its annual report in the English language would further limit accountability to class A shareholders. This is reflected in an interview with a younger Tikina representative.

> "*If possible for the company, it would be much appreciated that an official from the company knowledgeable in translating the English language to Fijian would visit each Tikina in the province to explain the annual report which is always in the English language to members of the Tikina in the Fijian language; this is as we in the province we do not speak nor understand English.*" (*Tikina* Representative 4 Interview Transcript, 2009)

Furthermore, one of the many observations made by officers of the Provincial Council was,-

> "*...our late paramount chief decided that all dividends of the Lau provincial council from its investments in the Lau provincial company were to be reinvested in the Lau provincial company. It was only after the death of our paramount chief that dividends have now been used to assist in the operational costs of the provincial council office.*" (Interview Transcript Lau Provincial Council officer, 2011)

It was also found that the majority of Class A shareholders, since the inception of the company had decided to reinvest their dividends into the company over the years in line with the direction given by the late paramount chief. However, the company has not reflected these changes in the share capital [17] of Class A shareholders (Interview Transcript Finance Manager, 2011). Thus it can be concluded that provincial shareholders reinvested without knowing the terms of reinvestment, nor were they provided any real accountability in regards to the returns on their investment and were effectively unable to question the company due to the high power distance prevalent in this society.

The company annual reports reviewed, for the years 2007-2010, meets statutory requirements with respect to the financials and governance. However there are no / minimal voluntary disclosures. Such narrow, economic, hierarchical forms of accountability as practiced by the company may actually lower any sense of responsibility towards the wider community (Butler, 2005; Messner, 2009). Similarly, Bracci (2009) argues that "accountability systems in organised anarchy may not find in accounting and formal reporting the most suitable tools of control and evaluation" (p. 297).

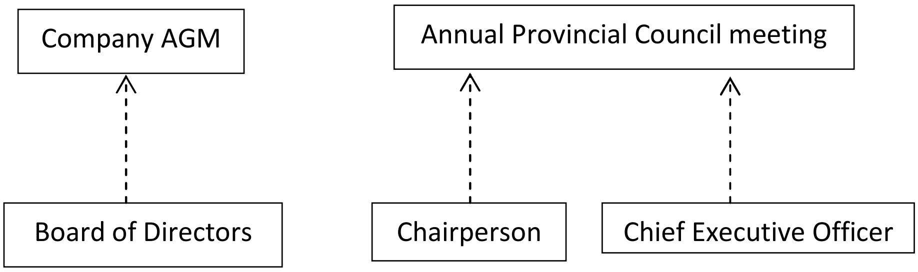
Furthermore, the quality of accountability has been compromised to the extent that annual reports have not been produced and AGMs are not held on a timely basis, the company's AGM for the year ending 31st December 2007 was held in August the following year. For the year ending 31st December 2008 it was held in September, 2009.

Further interviews with the trading facility revealed that the company did not follow the rules [18] of calling an AGM in 2010 to discuss 2009 financial results.

> "*The Lau provincial company last year announced to the public the week prior to the AGM…however, companies must announce 21 days prior to the AGM. Hence, in the last AGM most members from the province did not make it to the AGM. In this year's (2011) AGM for 2010 financial results, prior notice was given and most representatives from the province were present to ask questions concerning the company finances*…" (Trading Facility Officer Interview Transcript, 2011)

The accountability frameworks of the company were first developed through the founder and accepted by the Board of Directors, and further developed by the current Chair of the company. There are implications for the accountability provided to shareholders. The traditional custom of respect, for "to ask a question is to doubt" (Qalo, 1997, p. 116), inhibits shareholders from calling company leadership to account. Traditional authority has dominated in decision-making without providing the necessary accountability. As Roberts (2009, p. 362) reflected "hierarchy seems to powerfully inhibit talk" which results in securing "the public dominance of some opinions over others". This inhibition extended to the Board of Director's reluctance to question the Chair.

Figure 4 *Accountabilities as provided to the Lau provincial population*



[*Key*: -------- weak connections]

Accountabilities provided to the provincial shareholders of the company are through the company's AGM and the annual Lau provincial council meeting. Accountabilities provided is limited to what is being disclosed in the company's annual report. Accountability is framed within the context of reporting mechanisms only (Smyth, 2012). From the company's perspective, the CEO (Interview Transcripts 2009, 2010) has argued there is accountability where reporting is provided at the AGM and the provincial council meeting. From observations at the Lau provincial council meeting, the CEO would provide narrative updates to the province with the distribution of the company's annual report. The credibility of the oral report is sustained by reference back to the numbers provided in the audited financial statements. Issues that cannot be addressed in this context go unanswered. The CEO and the chair would always refer the province to the numbers. As argued by Kamuf (2007) questioners are effectively told "Numbers do not lie, Read the numbers, the numbers tell the story…" (p. 252), even when the numbers do not address the issues raised.

While the *Tikina* representative were able to understand the CEO's oral presentations in the annual provincial council meeting, lacking an educational background in accounting they were unable to understand the financial statements. Consequently they were unable to effectively disseminate such information back to their respective districts.

Utilizing Gelfand *et al*.'s cultural accountability configurations (*see* Table 1) it can be argued that the accountability provided to the shareholders resident in the province follows a collective, loose and hierarchical cultural accountability configuration. This is seen where the locus of accountability is to groups, at the AGM and provincial council meeting. While high levels of cross-cultural connections are predicted for accountability configurations in collectivist cultures the company's accountability to the shareholders has very few cross-level connections. The only such connection is that of the CEO and the Chair of the company to the provincial council. Exercising the chairperson's powerful chiefly status they are able to negotiate their accountabilities to the province. Given that the Lau province is a hierarchical society accountability connections are unidirectional and shareholders in the province cannot challenge the accountabilities provided by the company.

Discussion and conclusion

The province assisted the Lau provincial company financially in its formative years, by channelling funds to it, through the copra development fund, harvest of pine plantations, the government development assistance scheme to the provinces and provincial festivals (fund raising activities). Such decisions were made by the late paramount chief, founder and former chair of the provincial council and company, together with other Lauan elite, whose judgments are considered above question in Lauan culture.

While the Lau provincial company can be considered a successful business enterprise when compared to companies set up by other provincial councils, its financial achievements can be best assessed by comparing its performance with that of Fijian Holdings Limited (FHL). FHL (2012) was founded in 1984 to accelerate indigenous Fijian participation in the economy. It operates as an investment vehicle. Its shareholders include Provincial Councils, which were allocated shares to be paid for from initial dividends, other Fijian institutions, *Tikina* and village groups, Fijian co-operatives, individual Fijians and family companies. FHL is quoted on the South Pacific Stock Exchange restricted list. That is to say, its shares can only be held by indigenous Fijians. A comparison of the returns by way of dividends by the two companies is instructive.

[Insert Table 2]

The purchase price for FHL relates to the final trade of each year. The purchase price for the Lau provincial company shares is the quotation obtained from the Kontiki Stockbroking Limited (KSB), which offers an over the counter trading facility, however the shares are not actively traded. Consequently comparison of capital gains/losses of the two investments is not meaningful. From the perspective of an investor any outlay in shares in the Lau provincial company is a sunk cost [19]. The relative attractiveness of the two investments is reflected in their dividend yields. An investor who purchased shares in FHL at $3.50 in 2007 would earn a superior return in all subsequent years to the return on an investment in the Lau provincial company at $1.50. These outcomes demonstrate that the Lau provincial council and the provincial population would have been better served by investing in FHL rather than by persisting with their own provincial company. Given Lau is a maritime province, the population may have looked to the provincial company to provide shipping services, operating wharves, investment in agriculture and fishing activities, building ice plants and the like.

Instead of operating to promote economic development in the Lau province, the company has actually drawn resources from the province and invested them elsewhere. Since the founder chairman’s death this includes loans made on concessionary bases to companies operating on the mainland by certain elite Lauans, notably the founder chairman/ paramount chief’s family. Central government monies allocated to provide development assistance in the province has also been redirected to the company. The directors representing the A class shareholders all live on Fiji’s mainland, so although the majority of ‘A’ class shareholders reside in the province, they are effectively disenfranchised. Accountability provided to ‘A’ class shareholders residing on Fiji’s mainland has enabled these parties to challenge the direction the company has taken, but to date with no real success. These shareholders have however received some incidental benefits over and above their dividend payments being able to access accommodation at the company’s hotels at discounted prices and through living in the economy that the company has invested in. Only since 2008 have dividends from the Lau provincial council’s shareholding been used to sustain its activities. With cuts in central government funding to the provinces dividends have been channelled to sustain the provincial council's administration, not to financing development projects. It is impossible to escape the conclusion that the Lau provincial company has retarded economic development in the Lau province rather than enhanced it. Since the province only benefits through the dividend stream, the province would be better served by investing in FHL and securing higher returns.

This paper explores the establishment of the Lau provincial company and its systems of accountability to the provincial population. The literature shows that accountability is central to providing effective functioning within entities, as it ensures the discharge of responsibility by those in charge (Bracci 2009, Velayuthan and Perera, 2004). Gelfand *et al*. (2004) predict in line with indigenous Fijian culture a collective, tight and hierarchical cultural accountability configuration. This would have resulted in informal and implicit communication of standards which would be clearly understood by members. There would be shared understandings of accountability among members of society due to the high number of cross-level connections and a higher degree of monitoring, with severe consequences for deviance.

The Lau provincial company's formal system of accountability to the company follows an individualistic/hierarchical configuration, namely accountability from the CEO to the board of directors to the shareholders. It is based on principal agent relationships found in Western societies. However utilising *Gelfand et al.'s* analysis weak connections were found between the CEO and the board of directors, the board of directors and the shareholders, the CEO and the provincial population and the Chair and the provincial population. The standards of accountability are implicit and vaguely defined, permitting the CEO to determine the terms of the relationship with the board. The processes of accountability in the company were implicit and there was no monitoring of the performance and reports of the CEO. This is as high levels of trust leads to the use of communal forms of accountability where expectations are ill-defined. The CEO was not held accountable in any sense. Inevitably his management of the company diverged from the company's stated vision and the BOD's expectations. A lack of structural alignment in the accountability framework prevailed. This ultimately led to the dismissal of the CEO.

It is evident that the controlling party of the Lau provincial company is the late paramount chief's family. Deference shown to the late paramount chief and his family in the interview responses of the *Tikina* representatives and the willingness of communal shareholders in the province to reinvest their dividends at the direction of the paramount chief point clearly to the fact, traditional cultural values still hold in the province. High power distance prevails. Utilising *Gelfand et al.'s* analysis the organisational cultural accountability configuration shows a collectivistic / loose / hierarchical accountability configuration resulting in the company operating based on the decisions of the elite few, without being questioned on how resources have been utilised or objectives have been achieved. Certainly some resources have been diverted to benefit elite parties. The recent interest free loan extended to a private company owned by the late paramount chief's family, demonstrates that the Chair of the Board also exercises control over accountabilities. Such a loan is noted in the financial statements (2010) to be receivable on demand. However, because of power distance issues it may be difficult to demand repayment of the loan. Therefore, even though indigenous Fijian society has such cultural values as collective, tight, hierarchical, it cannot be expected that such a corresponding cultural accountability configuration as predicted by Gelfand *et al*. (2004) would exist in the context of the Lau provincial company.

Furthermore there is no common perception among the provincial population as to what constitutes 'full and relevant accountability'. Interview responses from the older *Tikina* representatives reflected satisfaction with the level of reporting provided. As reported by Hooper (1982) respect for traditional authority is based on trust, precluding the need for meaningful accountability. However, the younger *Tikina* representative interviewed had concerns over the complexity and the nature of the accounting offered. Expatriate Lauans demonstrated dissatisfaction with the level of accountability offered, challenging the direction of the company in not providing certain services to the province, something that the residents in the province might reasonably be expected to be more concerned over. Their concerns are a reflection of McKernan and McPhail's (2012) observation that accountability is deemed to be discharged by the provision of the financial report irrespective of the abilities of stakeholders to understand it or whether or not it addresses their concerns.

Without change in accountability configurations the company's failure to provide returns to its shareholders through either distributable dividends or services may be perpetuated. Inappropriate accountabilities have led to the company not operating towards its stated mission.

Indigenous culture still influences accountability across Fiji, especially where large power distance in societies prevails (*see* Davie 2005, 2007). The high levels of trust placed on those in charge coupled with the lack of self-accountability, the culture of respect and silence, and the lack of attention to detail and planning (Qalo, 1997) all promote weak forms of accountability. Strong forms of accountability can be practiced by communities. This requires explicit, unambiguous documented procedures to be established. Additionally, such standards of performance and accountability have to be monitored with consequences for deviance established, in order to be taken seriously. Smyth (2012) argued "the essential core of an accountability relationship is that unless there is a form of control based on 'reward or sanction' then the relationship is not one of accountability" (p. 232). Similarly, Ratuva (2002) recommended that the economic feasibility and credibility of such indigenous owned companies needs to be facilitated by a clearly defined system of constant monitoring and a transparent reporting process.

Reconstructing accountabilities can impact favourably on the efficiency and effectiveness of the provincial administration system and the commercial arms of the provinces. If prevailing cultures impede such a transformation the Fijian administration may be obliged to conclude that provincial development cannot be delivered by companies established and influenced by provincial councils. While this conclusion is drawn from an analysis of one province and its related company, it must be born in mind that all other provincial companies have been consistently unprofitable [20].

The development companies of other provinces have all attempted to engage in their provincial economies at some time in their operations. This offers opportunities for future research, together with additional analysis on the cultural configuration of indigenous Fijian societies and their corresponding accountability system. Future research can explore how changes in indigenous Fijian societies have impacted, or failed to impact on the nature, forms and processes of accountability. Additionally, further studies can be undertaken on the other provincial companies to identify how cultural factors impact internal and external accountability divergence and its effects on the efficiency and effectiveness of such companies. It is of great importance to heed the call made by Roberts (2009) regarding the need to explore "the possibility of our doing accountability differently" (p. 968) and considering intelligent forms of accountability that would effectively benefit the grassroots provincial population if provincial development companies are to fulfil their missions.

Notes

1. That is referring to the primary cultural dimensions of ‘individualism and collectivism’, ‘cultural tightness and looseness’, and ‘hierarchy versus egalitarianism’.

2. The TAB is responsible for the Fijian Administration, which includes all the provinces in Fiji.

3. A provincial council shall be made up of *mata-ni-tikina*(s) (*Tikina* representatives); *Tikina* chiefs; women’s representative; youth representatives; and urban dwellers representatives (Fijian Affairs Provincial Councils Regulations, 1996).

4. The Indo-Fijian population first came to Fiji as a result of the economic imperatives of colonialism. This necessitated the import of indentured Indian labourers to Fiji between the periods 1879 to 1916 to extract profit from the sugar plantations (Ghosh, 2000).

5. Who was also prime minister of Fiji during this period.

6. Individual shareholders of the provincial company could benefit from discounted rates when staying at the hotels.

7. These are the individuals from the Lau province who have migrated from the islands and are now residing outside of the Lau province in the rural and urban centres of Fiji.

8. Also referred to as the ‘*Tui Nayau*’, who is the paramount chief of the Lau province. The latest holder of this title was the late Ratu Sir Kamisese Mara. The successor to this title has not been installed since the death of the late paramount chief in April, 2004. Extended vacancies of this kind are commonplace in Fiji.

9. Numerous attempts were made to interview the board of directors but the author was referred to the former CEO and when the former CEO was relieved of his role, the author was referred to the Finance Manager.

10. This refers to the connections between individuals and their groups, and also the connections between these groups and the organisation as a whole (Gelfand et al., 2004, p. 139).

11. Gelfand *et al*. (2004) locates eight different accountability configurations but discusses only the above four.

12. The company since its inception continues to hire the same auditors.

13. From interviews conducted it was gathered that the CEO’s performance targets are determined from the corporate plan of the company, which is assessed annually by the BOD.

14. The provincial council represents the interests of the province and majority of provincial members invest in the company through their monetary contributions to the provincial council.

15. The current chairperson is the daughter of the late paramount chief and also wife of the current President of Fiji.

16. FHL (2012) was founded in 1984 to accelerate indigenous Fijian participation in the economy. It operates as an investment vehicle. Its shareholders include Provincial Councils, which were allocated shares to be paid for from initial dividends, other Fijian institutions, *Tikina* and village groups, Fijian co-operatives, individual Fijians and family companies. FHL is quoted on the South Pacific Stock Exchange restricted list. That is to say, its shares can only be held by indigenous Fijians.

17. In 2009 the share register was requested for analysis by the primary researcher. However, the CEO referred the author to Fiji's Registrar of Companies. The Registrar of Companies had an outdated copy, which only showed the initial shareholdings by the provincial population.

18. Companies Law section 135(1) (a) 'Length of notice for calling meeting'.

19. In contrast FHL is the most liquid stock traded on the SPSE.

20. One such company, Namosi Provincial Company is the subject of a separate study. In this case serious shortcomings in accountability between the company and the provincial population were found.

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Appendix

Table 1: Cultural accountability configurations – implications at multiple levels

Organizational level							
Example of cultural configurations	**Locus of Accountability**	**Standards (explicit or implicit)**	**Number of cross-level connections**	**Strength of accountability webs** 1. No. of standards 2. Clarity of standards 3. Degree of monitoring			**Overall alignment within the organisational system**
				1.	2.	3.	
Individualistic, loose, egalitarian	The self and peers / Supervisor	Explicit	Low	Few	Low	Low	Low
Collectivistic, tight, hierarchical	The immediate supervisor, group, the organization and entities outside the organization (e.g., families)	Implicit	High	More	High	High	High
Individualistic, tight, hierarchical	Self, superior, and the organization	Explicit	Moderate	More	High	High	High
Collectivistic, loose, egalitarian	The group and entities outside the organization (e.g., families)	Implicit	Moderate	Fewer	Low	Low	Low

Interpersonal/group context and individual level

Example cultural configurations	**Amount of role sending**	**Nature of role sending**	**Degree of role conflict**	**Felt responsibility to external standards**	**Amount of self-accountability**	**Strength of reactions to violations of standards**
Individualistic, loose, egalitarian	High	Greater role making	High	Low	High	Low
Collectivistic, tight, hierarchical	Low	Greater role taking	Low	High	Low	High
Individualistic, tight, hierarchical	Low	Greater role taking	Low	Moderate	High	Moderate
Collectivistic, loose, egalitarian	High	Greater role making	High	Moderate	Low	Moderate

Source: Gelfand *et al*. (2004, p. 150)

Table 2: Comparative analysis of Lau Provincial Company (LPC) and FHL - Dividends 2007-2010

Year	**Company**	**Purchase price per share**	**Dividend per share**	**Dividend yield**
2007	LPC FHL	$1.50 $3.50	$0.10 $0.3911	6.7% 11.2%
2008	LPC FHL	$1.90 $2.16	$0.10 $0.3911	5.3% 18.1%
2009	LPC FHL	$1.90 $2.79	$0.05 $0.6823	2.6% 24.5%
2010	LPC FHL	$1.90 $3.22	$0.10 $0.4389	5.3% 13.6%

Source: LPC annual reports and the South Pacific Stock Exchange