Agential conflicts and accounting reforms in ‘Less Developed Countries’: The Case of the Nepalese Central Government

Pawan Adhikari and Kelum Jayasinghe

Essex Business School, University of Essex, UK

Abstract

This paper aims at unveiling how external isomorphic factors promote reforms to the government accounting system in Nepal, a unique ‘less developed county’ (LDC) without fundamental measures of public administration and governance from the Western colonial power in the history (remained independent throughout the history), and how internal factors, such as the structures and human agencies at the organizational field and organizational levels interact and respond. The paper draws on the framework of Dillard et al., (2004), which combines neo-institutional theory with the dynamics of structuration theory. The findings of the paper suggest that the Nepalese government accounting reforms, promoted by coercive, mimetic, and normative pressures at the socio-economic and political level, struggle to create a positive impact because of the historically established manipulation/fabrication and non-compliance culture, as well as the dualist control structure at the organizational field and organizational levels. Thus the unintended consequences, such as agential conflicts within the context of the “dialectic of power” at these levels, indicate that any chance of a successful institutionalization of the government accounting reforms in Nepal requires the empowerment and active participation of influential agencies (such as, government accountants).

Key Words: Government accounting, International organizations, Neo-institutionalism, Nepal, Structuration theory.

1. Introduction

In the past few years the accounting literature has witnessed a significant increase in research on the subject of management and financial accounting in less developed countries (LDCs) (Broadbent and Guthrie, 2008; Hopper et al., 2009). A striking aspect of these studies on accounting in LDCs is their emphasis on the role of international organizations, mainly the World Bank and the International Monetary Fund (IMF), in facilitating reforms. The possession of financial and technical resources, which the developing world lacks, has allowed these international organizations to intervene in many aspects of governance in the third world (Annisette, 2004; Neu and Ocampo, 2007; Rahaman et al., 2007; Murphy, 2008). Accounting has become an important means of intervening to promote neo-liberal ideas and structural adjustment programs, including the privatization of state enterprises (Uddin and Hopper, 2001 and 2003; Alawattage et al., 2007; Rahaman et al., 2007; Neu and Ocampo, 2007; Hopper et al., 2009; Neu et al., 2009; Iyoha and Oyerunde, 2010; Uddin et al., 2011).

Despite the rise in the volume of accounting research, research on public sector accounting in developing nations has nonetheless remained somewhat marginalized (Goddard, 2010). In fact, the widespread perception of public sector accounting in developing nations being deficient has made this a vulnerable discipline for international intervention (Rahaman and Lawrence, 2001). Furthermore, public sector accounting has been regarded as a key element in improving the mechanisms for resource allocation - an important factor for alleviating poverty in the developing world (Goddard, 2010). However, there is still insufficient empirical evidence and research on the involvement of international organizations in central government accounting reforms in the developing world (Rahaman and Lawrence, 2001). Also, there has been little research exploring how government accounting ideas imposed by international organizations (as part of a more general modernization initiative under New Public Management and New Public Financial Management) (see e.g. Hood, 1995; Guthrie et al., 1999) function in the specific context of developing nations (Neu and Ocampo, 2007; Neu et al., 2009). This paper intends to contribute to this scant literature on government accounting reforms by presenting the case of the central government of Nepal, a unique LDC due to the fact that it has inherited no measures of public administration and governance from Western colonial powers as Nepal has been always been independent throughout its history. More specifically, the paper aims to explore two main questions: how external isomorphic factors promote changes in Nepalese government accounting; and how internal factors, such as human agencies at the organizational field and organizational levels interact and respond to the changes.

We argue that our research setting is interesting as Nepal is a developing nation, a context in which the visibility of international organizations in articulating development activities and governance reforms is particularly striking. Having remained independent throughout its history, it has been argued (Adhikari, 2005) that accounting reforms and practices in Nepal have been influenced by globally disseminated ideas rather than by colonial inheritances as is the case with many other developing nations. Thus, unlike many colonial nations which have inherited from their colonial power fundamental state institutions, bureaucracy, and administrative apparatus, including accounting and budgeting (Allen, 2009), Nepal was lacking fundamental measures of public administration and governance when it abandoned its the century long policy of isolation and emerged onto the world's political map at the beginning of the 1950s (Adhikari and Mellemvik, 2009).

An interesting feature of the Nepalese government's accounting reforms introduced after the 1950s was the active participation of international organizations, in particular the United Nations (UN) and the U.S. Agency for International Development (USAID), in the initial years of reforms; and the participation of the World Bank, the Asian Development Bank (ADB), and the International Monetary Fund (IMF) after the 1970s. As with other developing nations, the adherence to globalised ideas and practices disseminated by international organizations has contributed to Nepal filling the resource gap and to pursing the goal of modernizing the administration. Implicit within the findings of the limited studies covering Nepalese central government accounting, is that, although Nepal has been exposed to various accounting reforms (such as accrual accounting and accounting standards), the cash basis of accounting adopted in the late 1960s has remained unchanged (Adhikari and Mellemvik, 2011). The perceived stability of government accounting in Nepal has led to the question of whether reforms should be implemented, particularly those proposed by international originations and development partners.

As proposed by Dillard et al. (2004), this study draws on a theoretical framework which combines neo-institutional theory, or what is also referred to as neo-institutionalism (Ball and Craig, 2010), with the dynamics of structuration theory. First of all, drawing upon neo-institutionalism, the study investigates the role played by external environmental forces in articulating reform ideas and the ways in which these ideas have been disseminated in Nepal. In fact, neo-institutional theory has become one of the major theoretical perspectives for exploring the role of accounting in the public sector in the last few years (Jacobs, 2012; Helden, 2005). Next, the underlying ideas of structuration theory are applied in order to explore the intra-organizational processes associated with institutional change. The latter which is ignored by neo-institutional theorists is regarded as a key factor explaining the heterogeneity and practice variations among organizations encountering similar external environmental pressures for accounting change (Dillard et al., 2004; Liguori and Steccolini, 2011).

The remainder of this paper is structured as follows. Section 2 reviews the literature on accounting reforms in less developed countries (LDCs). Section 3 seeks to elaborate on the theoretical framework combining the dynamics of neo-institutionalism and structuration theory adopted for the study. Section 4 describes the research method. Section 5 presents the context of contemporary Nepalese government accounting by covering accounting norms and practices. Section 6 addresses the types of reforms proposed for Nepal with a particular focus being on the socio-economic and political environment and isomorphic pressures. Furthermore, the section outlines the attempts made by the Nepalese government and professional institutes to disseminate the externally proposed reform ideas at the organizational field level and the implementation of accounting reforms at the public sector organizational level with particular reference being paid to the role of government accountants. The final section (Section 7) summaries the findings of the study in the light of the theoretical framework and makes some concluding remarks.

2. Accounting Reforms in Less Developed Countries (LDCs): A Review of the Literature

The bulk of the literature on accounting in less developed countries (LDCs) has focused on colonies and donor agencies and the ways in which accounting technologies have been used to shape such colonies (Neu et al., 2002; Uddin et al., 2011). The colonial powers introduced capitalistic accounting technologies and practices in their colonies so as to extract, accumulate, and allocate economic surpluses (Annisette and Neu, 2004; Bakre, 2008). It has been argued that the accounting technologies developed and imposed during the colonial era played a significant role in promoting imperialism (Levkovsky, 1972; Bush and Maltby, 2004). Hopper et al. (2009) state that, despite the exploitation of local resources, colonialism bequeathed to many countries a relatively effective central bureaucracy and a legal system which distinguished them from LDCs without a colonial history. Nepal, the subject of this study, is such a LDC. Thus, regulation in Nepal was weak and the state institutions were undeveloped when it entered the international arena in 1950.

Indeed, the distinction between LDCs with a colonial history and those with a non-colonial history has become less relevant in the era of globalisation and internationalisation. LDCs are now experiencing a period of neo-colonialism marked by the imperialism of international organisations. International organisations and donors have been forcing LDCs to adhere to policies, often proxies for the policies of Western countries privileging the economic over the social, and to adopt various New Public Management techniques, including among others the privatisation of state enterprises (Annisette, 2004; Rahaman and Lawrence, 2001; Mir and Rahaman, 2005; Rahaman et al., 2007; Tsamenyi et al., 2010). The overall aim has been to decrease the role of states and to make them more competitive by seeking delivery and development through the private sector (Alawattage et al., 2007). However, inconsistencies have been observed between the intended objectives of such policies propagated by international organizations and their implementation within the specific setting of LDCs (Tsamenyi et al., 2010). For instance, questioning the World Bank's claim that privatisation has been successful in Bangladesh, Uddin and Hopper (2003) have claimed that only one of the eleven privatized enterprises could be judged a commercial success. In a similar vein, Wickramasinghe and Hopper (2005) have argued that privatisation failed in Sri Lanka due to problems of cultural asymmetry.

The role played by international organisations in the diffusion of western accounting standards in the developing world in the context of globalization has also been criticized (Rahaman and Lawrence, 2001; Neu and Ocampo, 2007; Neu et al., 2002, 2006 and 2010; Tyrrall et al., 2007). Mir and Rahaman (2005) have divulged that the World Bank's attempt to disseminate IASs in Bangladesh was fraught with pitfalls leading to increased confusion and dissension among accounting practitioners and the professional bodies, thereby putting the entire process in jeopardy. It has been argued that international organisations, in particular the World Bank, have tended to provide prescriptions without studying the complexities of the operating contexts of LDCs (Uddin and Tsamenyi, 2005; Rahaman, 2010).

More interestingly, a multitude of studies have demonstrated how the adoption of internationally prescribed accounting and other management control techniques in public entities has served as a symbolic resource to LDC governments seeking external legitimacy and resources (Uddin and Hopper, 2001 and 2003; Rahaman et al., 2004). For instance, Siti-Nabiha and Scapens (2005) have demonstrated how the implementation of a performance evaluation system in a state-owned company became decoupled from the internal operating systems. A study by Uddin et al. (2011) has found that the involvement of donor agencies through resources and technologies had forced the Ugandan state to continue to maintain the spectacle of a participatory budget. In a similar vein, a study by Rahaman et al. (2004) has revealed how the World Bank's lending operations to the Ghanaian public sector have implied accounting technologies both to cover up and legitimize the relationship between the Bank and the Volta River Authority.

Rahaman and Lawrence (2001) have claimed that accounting techniques for public entities promoted by international organisations tend to protect the interests of outside parties at the expense of the local population. A study by Uddin and Tsamenyi (2005) has similarly shown that the implementation of management control systems in Ghanaian state enterprises was driven largely by profit maximization motives with very little attention being paid to the social needs of Ghanaian citizens. However, despite an increasing body of literature on the efforts of international organisations to improve management control systems, accountability, and transparency in LDCs, there remains a shortage of research on how accounting arrangements and practices advocated by international organisations function at the central government level of LDCs. By looking at central government accounting of Nepal, this study aims to make a contribution to the substance of the debate.

3. The Theoretical Framework

The rise of interpretive research on the social and institutional phenomena of accounting, especially research in Europe after the 1980s, has led to a substantial change in the understanding of accounting (Miller, 1994; Hopwood and Miller, 1994). The emerging view of accounting as a social and institutional practice signals a shift away from the traditional conceptualization of accounting (as an objective and neutral representation of economic reality) towards a much broader conceptualization whereby accounting is regarded as an institution that continually interacts with the environment and undergoes and/or leads to changes in the environment (Hines, 1989; Potter, 2005). Thus, in recent years, there has been a significant increase in the accounting literature which draws on institutional-based ideas in order to study various accounting practices and the antecedents of accounting change (Jacobs, 2012; Liguori and Steccolini, 2012).

There is, however, a lack of homogeneity in the approaches to institutional theory (Mir and Rahaman, 2005; Irvine, 2011). Traditional versions of institutional theory have seemingly placed a particular focus on the taken-for-granted rules and myths such as, for instance, shared reality, the repetition of actions, and the assignment of similar meanings (Burns and Scapens, 2000; Oliver, 1991; Bergevärn et al., 1995; Dillard et al., 2004). The present study, however, draws on the ideas of neo-institutionalism as it focuses on the interplay between organizations and their external environments. Neo-institutionalism has resulted in the discussion of two important issues (i.e. legitimacy and decoupling) relating to the process of exploring the relationship between organizations and their external environments (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

The underlying idea of neo-institutionalism is that organizational structures and procedures tend to become more alike with those socially accepted structures and procedures drawn from the environment, regardless of their actual usefulness. This process of aligning organizational structures and social expectations as part of legitimacy-seeking behaviour has been referred to as ‘isomorphism’ (Dillard et al., 2004; DiMaggio and Powell, 1983). DiMaggio and Powell (1983) have described three mechanisms whereby organizations become isomorphic, namely: coercive; mimetic; and normative. In a similar vein, Scott (1987) has highlighted three pillars (regulative, normative, and cognitive) through which institutions are constructed and meanings are assigned. While the coercive mechanism, especially in the public sector has been linked to government intervention and pressure from resource providers, the normative mechanism has been seen as an outcome of professionalization. The mimetic mechanism is concerned with emulating the so-called successful organizations, so as to tackle environmental uncertainties. The adherence to socially accepted structures and procedures imposed through one or more of these isomorphic mechanisms will, it is thought, extend organizations’ legitimacy, thereby ensuring the provision of resources and increasing their capacity to survive (Scott, 1987; Ball and Craig, 2010). A body of literature has demonstrated how accounting technologies could be a symbol of legitimacy illuminating the case for accounting choices within organizations (Carpenter and Feroz, 2001; Ezzamel et al., 2007; Liguori and Steccolini, 2012).

Studies based on neo-institutionalism have also shown that attempts by organizations to incorporate legitimatized ideas and practices into their formal structures have been largely decoupled from actual organizational practices (Tsamenyi et al., 2006; Ezzamel et al., 2007; Siti-Nabiha and Scapens, 2005; Carruthers, 1995). In many cases, an extensive emphasis on external legitimacy has led organizations to engage in ‘window dressing’ in order to resist institutionalization (Oliver, 1991). In fact, the lack of support and competence of organizational actors (for instance, bureaucrats) with regard to accounting reforms has been regarded as being a key factor contributing to the situation of decoupling (Adhikari and Kuruppu, 2011).

The choice of new institutional theory as the framework for this study will enable us to look at the wider context of Nepalese public sector reforms which comprises a variety of donor agencies, international organizations, and professional accounting institutions. Furthermore, it is expected that the use of new institutional theory will help us generate an insight into the accounting reforms proposed to the Nepalese government and the country's response to the pressure for accounting reforms. However, as mentioned earlier, this paper aims to investigate not only the types of reform proposed for Nepal, but also the implementation of these reforms by considering the intra-organizational context, including the role of government accountants and the internal environment which shapes their actions. In this regard, the ideas of new institutional theory appear to be inadequate because of their limited focus on the processes through which the externally promoted reform ideas and practices are established, transposed, and abandoned within organizations (Dillard et al., 2004; Ezzamel et al., 2007). Applying institutional theory, accounting changes can be seen more as outcomes undermining the dynamics associated with the reform process, in particular the role of human agency and of power, special interests, and politics within organizations (Dillard et al., 2004; Tsamenyi et al., 2006; Delbridge and Edwards, 2007). In this study, we have striven, by using structuration theory, to broaden our analysis to include the role of human agency and the internal environment in which it operates. A number of management accounting studies have in fact argued in favour of moving beyond the deterministic perspective adopted in neo-institutionalism to cover the role of agents and the relationships of power using theoretical perspectives, which include, in particular, a Foucauldian perspective and Giddens' structuration theory (Collier, 2001; Tsamenyi et al., 2006).

Structuration theory, which is concerned with the actions of agents and the structural features of social contexts in which the activities of knowledgeable human agents are situated, has become the dominant alternative perspective for exploring accounting practices (Giddens, 1984; Burns and Scapens, 2000; Cornad, 2005; Englund et al., 2011; Englund and Gerdin, 2008). Structures, conceptualized as rules and resources, provide the abstract templates which frame agents' activities in a particular setting (Conrad, 2005; Giddens 1979 and 1984). Central to structuration theory are the three inter-related dimensions of significance, domination, and legitimation which link agents' activities to the structures of institutions (Burns and Scapens, 2000). The main emphasis of the theory is on the recursive relationship of agents and structures in analyzing the dynamics of change, including the 'duality of structure', the 'unintended consequences of action', and the 'dialectic of control' (Conrad, 2005).

Dillard et al. (2004, p. 506) have emphasized the importance of incorporating both institutional and structuration theories "to develop a comprehensive framework essential for the better understanding of institutions, accounting practices, and changes". Drawing on Weber's notions of capitalistic institutions and Giddens' structuration theory, Dillard et al. (ibid.) have proposed a framework consisting of three levels of social systems, so as to integrate institutional dynamics and the context of institutional practices. The top level represents institutional elements responsible for constructing the socio-economic and political context in which an organization functions. Socially accepted norms are usually formulated at this level and are articulated to members of that organization. The middle level represents organizational fields, including social and economic configurations such as individual organizations, industry groups, and professional institutes. At this level, there are attempts to translate legitimized norms into field-specific expectations. This permutation in the set of legitimized norms at the organizational field level is expected to provide a new contextual environment for change. The bottom level represents an organizational level consisting of individuals, groups, and organizations that coalesce within the organizational field. As such this level represents the role of human agents in transforming norms into actual practices and implementing change (Burns and Scapens, 2000).

Implicit in the aforementioned framework is the hierarchy of institutional influence emanating at the societal level and cascading down to organizations and to the actors respectively. However, the framework has striven to broaden the underlying assumption of institutional theory, in which the relationship between rules (structures) and actual practices (routines) is conceived of as a linear one, by emphasizing the recursive nature of institutionalization. As such, it reflects the dualistic aspect of institutionalization in which the actions at the organizational level are also considered important in influencing the institutional context at both the organizational field level and the societal level.

The significance of this framework for the study is due to its ability to better identify and describe the dynamics of the accounting change process in both the external and internal institutional environments in Nepal. Using this framework, we strive to identify the different actor sets exercising an influential position at all three levels. More specifically, we consider international organizations, donor agencies, and professional accounting institutions as the external environmental actors which are responsible for disseminating globalised public sector accounting norms and practices in Nepalese central government. The interplay between these organizations and the Nepalese government, in particular the Ministry of Finance (MoF), has led to the construction of a socio-economic and political context which provides a framework for Nepalese government accounting. Also, the ministries and the accounting departments are actors which could have a significant influence at the Nepalese organizational field level. Thus, they may be involved in developing guidelines and giving interpretations on how the norms disseminated by international organizations should or could be implemented in Nepal's public sector. Government bureaucrats, particularly accounting and budgeting officers, may also be primary actors at the organizational level, such as by influencing the institutionalizing of certain structures imposed on them in the form of a rule, as well as possessing the ability and power to have an impact on certain practices at the higher organizational level. It is therefore suggested that the alignment of neo-institutionalism and structuration theory should offer comprehensive insights into the political nature of institutional change by providing a theoretical framework for studying the dynamics involved in Nepalese government accounting reforms.

4. The Research Method

4.1. Data Collection

The empirical data for this study involved two main sources: document analysis; and informal interviews. Documents that were accessed include: the Interim Constitution of Nepal 2007; the Financial Procedures Act (FPA) 1999; the Financial Procedures Regulations (FPR) 2007; and accounting guidance issued by the Ministry of Finance (MoF) and the Financial Comptroller General's Office (FCGO). In addition, a number of other independent and additional 'texts' were used, including: the World Bank's Country Financial Accountability Assessment (CFAA), 2002; the 2007 Report of the Nepal Public Sector Accounting and Auditing Assessment; the International Monetary Fund's (IMF) Nepal Reports, 2007; the Asian Development Bank's (ADB) Public Financial Management Assessment Report, 2005; the Joint Government/World Bank/the Department for International Development's Nepal Financial Accountability Review, 2005; and the Ministry of Finance's (MoF) Nepal Portfolio Performance Review, 2011.

In addition to documentary research, informal interviews were conducted with senior government officials at the MoF, government accountants at the FCGO, and representatives of professional bodies such as the Institute of Chartered Accountants of Nepal (ICAN) and the Accounting Standards Board (ASB). The interviews conducted for this study have adopted a ‘localist’ (Alvesson, 2003) or ‘informal interview’ approach (Adhikari and Mellemvik, 2011). Such an approach involves a free-flowing discussion between the interviewer and interviewee (Mir and Rahaman, 2005). It has been argued that a localist approach to interviewing people is more effective when the research setting is of a political nature and the interviewees are rational actors attempting to reflect on situation rather than on ascertaining the truth (Silverman, 2000; Alvesson, 2003). Government accountants, particularly those in developing nations, are usually perceived as being politically-oriented individuals who engage in rational activities (Adhikari and Mellemvik, 2011). Having acknowledged the political nature of the subject matter, we commenced the interviews by permitting the government accountants who were being interviewed to focus on whatever aspect(s) within the research topic they perceived to be important and interesting. They were given the assurance that their statements would be reported in a manner where anonymity was preserved.

In total, 25 informal interviews were conducted (in July 2008) with 20 participants. In an attempt to create a less formal atmosphere, we avoided tape recording and opted to take notes of relevant issues. In December 2009 and 2010, and in July 2012, follow-up visits were made to the ASB, the MoF, and the FGGO in order to gain insights into whether and how the proposed changes in accounting practices had been introduced in central government. In fact, 10 informal interviews were conducted in each of these visits with those persons who were responsible either for facilitating the change process or involved directly or indirectly in the reforms. Each interview lasted between 45 minutes to 1 hour. All in all, we were able to conduct 55 interviews over the course of our four visits to Nepal. Although we were unable to interview representatives of international organizations, we were able to conduct interviews with external consultants and professional accountants employed by these organizations, which provided evidence of the on-going activities of these organizations in Nepalese government accounting. These interviews have also contributed to the reliability and validity of the documents studied and to enriching the quality of the data gathered.

4.2. Data Analysis

In order to make sense of the data collected we at the outset noted the views and issues frequently expressed by our interviewees. Based on these responses, we developed a number of themes, such as: the institutional pressures at the Nepalese socio-political level and the types of pressures exerted; the Nepalese government‘s attempts to address reform; and the resistance to reform at the organisational level. The data representing the themes were then clustered and attempts were made to match them with the evidence gathered through the literature search. At the final stage of the analysis, we endeavoured to establish a link between the themes so as to create narratives. At the same time, inconsistencies observed in interviewees’ responses and document findings were identified, which also provided a basis for the follow-up interviews and further literature research conducted in 2010 and 2012 respectively. In fact, inconsistencies between interviewee responses and findings in the literature are not unusual in a research setting comprising politically-oriented actors, such as, for instance, aid providers, government officers, and public sector accountants (Potter and Wetherell, 1995; Tsamenyi et al., 2006). In our view, the follow-up interviews we conducted with Nepalese government accountants, officers at the MoF, and professional accountants strengthened our findings.

5. The Evolution of Government Accounting in Nepal: The Context of the Study

In 1951, replacing its policy of isolation with international integration and modernization, Nepal emerged onto the world political map as a new nation. The country was distant from other modern societies lacking fundamental administrative and governance measures (Gongal, 1973; Adhikari and Mellemvik, 2009). Moreover, inexperience in public administration and also the lack of economic and human resources meant that Nepal was left with no alternative but to rely on international consultants and resources to initiate the process of administrative modernization. At the outset, India helped Nepal introduce and incorporate a range of modern administrative measures mostly influenced by the Westminster style of governance, which included a new budgeting structure called 'line-item budgeting' (Poudyal, 1984; Shrestha, 1965). However, it was Nepal's membership of the UN in the second half of the 1950s, which appeared to be the turning point in the country's modernization process. With increased development grants and loans, the UN, the USAID, and international monetary organizations, particularly after the 1970s, endeavoured to exert their influence over the Nepalese administrative reforms, including its accounting and budgeting reforms (see Table 1).

Table 1: Reforms in Nepalese Government Accounting

Years	Proposed changes	Reform objectives	Main actors	Mechanisms	Implementation (what actually happened)
1950s	Evolution of public administration	To transform Nepal ino a modern state	USAID, UN, India	Direct participation of development partners	Westminister-style bureaucracy, state institutions, and a budget were introduced
1960s -1970s	Expenditure accounting and program budgeting	To track the development budget funded by aid agencies	USAID and UN	Direct participation of development partners through reform committees/consultants	Institutionalisation of expenditure accounting throughout the nation Establisgment of treasuries
1980s -1990s	Program budgeting, accrual accounting, and accounting standards	To eliminate the drawbacks of cash accounting and to improve the performance of development expenditures	ADB, World Bank, and International consultants	Accounting reform project at the FCGO. ADB's technical assistance for accrual accounting	Experimentation of modified accruals in ten development projects Reforms waned overtime.
At the beginning of a new century	Accrual accounting and accounting standards	To manage public expenditures effectively	World Bank, FCGO, professional accountants	World Bank's Country Financial Accountability Report (2002) High level expenditure committee including representatives from professional institutions	The committee proposed a road map for the adoption of accrual accounting The recommendations of the committee were hold, government accountants were against accruals

				and government agencies (2005)	
From 2007 to date	Internationally recognised cash accounting, i.e. the cash basis IPSAS	To rectify the deficiencies of cash accounting and to pave a way for accruals in the long run	World Bank, SAFA/IPSASB, ASB, and FCGO	SAFA's 2006 study on accrual based accounting in SAARC govvernments WB's 2007 report comparing national standards with the cash basis IPSAS High-level committee to evaluate the progress in implementing reforms	ASB was assigned the responsibility of developing standards and the FCGO was made responsible for implementing standards Approval of the standards for implementation Commitment to implementing the cash basis IPSAS

The UN and USAID were mostly concerned with managing expenditures, especially development expenditures more effectively and transparently. At the beginning of the 1960s, these two agencies assisted Nepal in institutionalizing cash accounting with a view to maintaining effective control of budget expenditures, particularly those expenditures sponsored by international organizations (Bista, 1984; Adhikari and Mellemvik, 2009). Interesting enough, the model of cash accounting introduced in Nepal at that time was different from British and European models, as the cash principle, along with double-entry bookkeeping, was applied only for the recording of expenditures (Chatterjee, 1967; Donnalley, 1967; Gould, 1969). The accounting system was therefore referred to as 'expenditure accounting' (Adhikari and Mellemvik, 2009). In the last five decades the scope of Nepalese government accounting has widened to include provisions for the recording and reporting of government deposits, revenues, and public works within mainstream accounting. In addition, there has been a change in the management of accounting and reporting through the creation of central and district treasuries in all 75 districts in the country. The central treasury office, i.e. the Financial Comptroller General's Office (FCGO), has evolved as an independent department under the Ministry of Finance (MoF), responsible for authorizing budget disbursement to spending units, articulating internal auditing, consolidating the accounting statements of all entities, and regulating all affairs related to government accountants, among others (Sharma, 1996). The office has been referred to as 'the District Treasure Control Office' (DTCO) at district levels.

The establishment of treasuries provided the government a mechanism for organising government accountants by creating a separate accounting group. This tradition of grouping government accountants still prevails in Nepalese bureaucracy. To be more precise, government officers are classified into three main groups: entry level officers; second class officers; and first/special class officers. The FCGO is assigned the responsibility of regulating the first two groups of accountants. There is no such division/separation when the accountants are promoted to the first/special class. This means that, as soon as a second class government accountant is promoted to the first class, then he/she will be automatically released from the accounting group and could be appointed as a higher-level officer in any department or ministry. As a result, the higher-level officers at the FCGO (first class officers) do not necessarily come from the accounting group and could be drawn from any administrative field or group. In fact this system of intermingling bureaucrats at the top of the bureaucratic hierarchy has been the subject of considerable criticism among Nepalese bureaucrats (Adhikari, 2005). Thus, it has been claimed that the majority of higher level officers at the FGCO possess no basic knowledge or experience of government accounting. They are unaware of accounting technologies and emerging issues, thereby creating an impediment to reform.

What is interesting is that, despite the issuance of a number of new laws and regulations emphasizing the results and outputs of government expenditures, the fundamental objective of accounting practice (i.e. expenditure control) has remained intact over the last five decades. Contemporary Nepalese government accounting is mainly governed by three important regulations, namely the Interim Constitution of Nepal 2007, the Financial Procedures Act (FPA) 1999, and the Financial Procedures Regulations (FPR) 2007. For instance, along with maintaining budgetary compliance, there is an emphasis on the Constitution for ensuring the results of public spending. All budgetary entities are therefore mandated to prepare and submit statements of previous budget allocations and details of whether the targeted objectives were accomplished. According to the World Bank (2002), this provision of the Constitution has not been incorporated in actual practice. The implementation of the FPA 1999 and the FPR 2007 provides further evidence of decoupling between existing norms and practices. These legislative provisions require government entities to separate transactions relating to obligations and commitments. However, a few government agencies record and report such accrual items and liabilities as they are not required to submit information on these items to the FCGO and their concerned ministries (World Bank, 2002). The main concern of government entities has been to maintain budgetary limits by reporting the position of cash and budget execution.

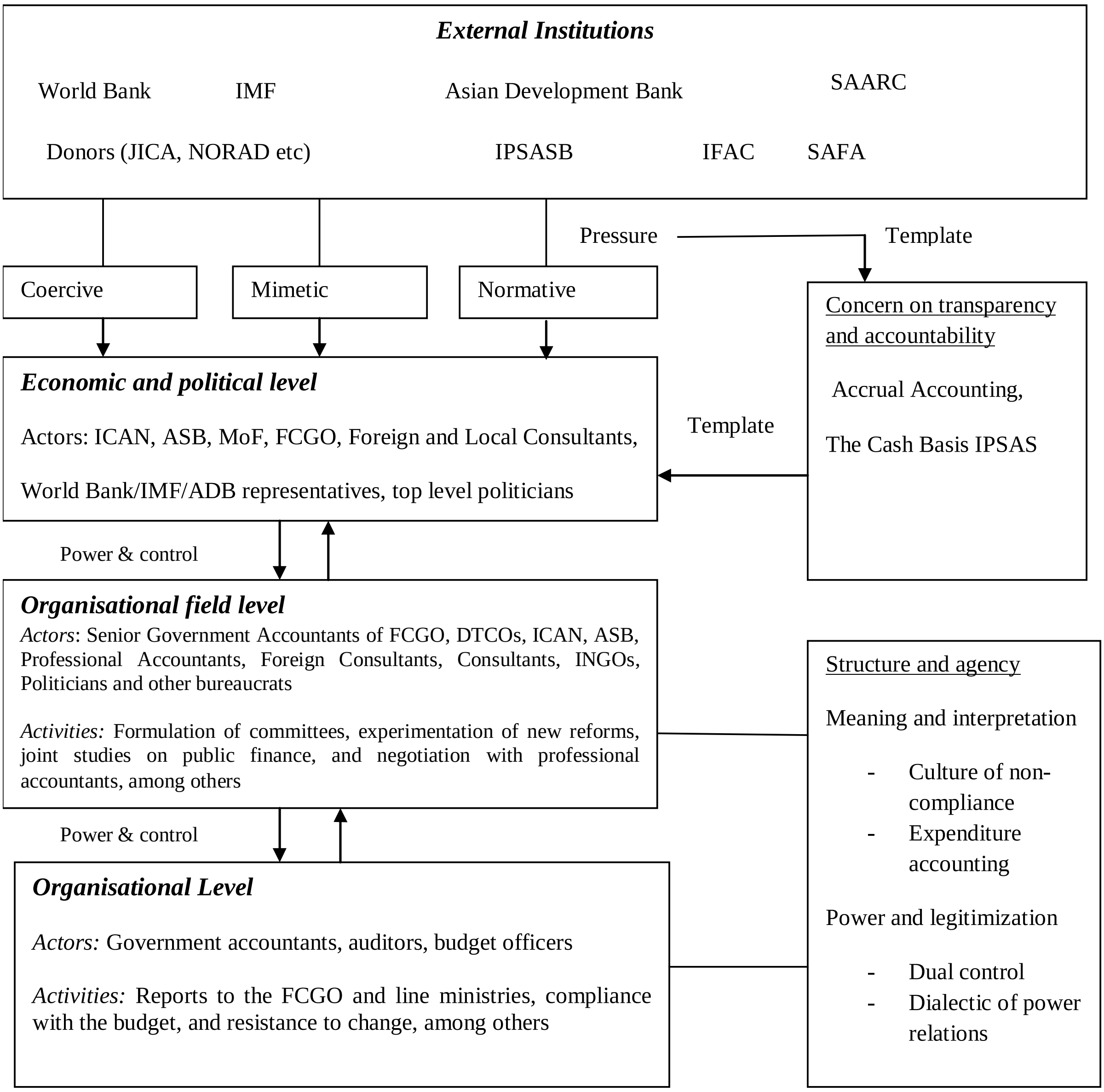
In fact, the prevailing hierarchical structure for government accounting practice also reflects the extensive emphasis on budgetary control rather than on outputs and results. Nepalese government accounting actually consists of three layers of accounting: operating level accounting; central level accounting; and district level accounting. To be more precise, each government entity incorporated in the appropriation act is required to furnish operating level accounting, which is commenced by preparing the journal vouchers and ledgers, primarily the cash book and the budget sheet. The main objective of accounting at the operating level is to track budget expenditures in accordance with the line items and to prepare and submit monthly, quarterly, and yearly budget statements to their concerned departments/ministries and to the district treasury (World Bank, 2002; ADB, 2005). The next on the hierarchy is central level accounting maintained by ministries and departments. Accounting at this level is meant to examine the accounts of subordinate entities and to consolidate these accounts in ministerial level statements. However, since the ministries are not involved in the disbursement and release of the budget to their subordinated agencies, they experience difficulties in collecting reports from their subordinated agencies, reflecting a lack of discipline and the presence of a culture of non-compliance. According to the responses of the interviewees, the DTCOs, which are tasked with maintaining district-level accounting, seem to be more influential in terms of controlling spending units as compared to line ministries. The DTCOs are involved in: releasing budget to all spending units within their specific jurisdictions, facilitating internal audits of accounts presented to them, and preparing the district level statements by amalgamating the accounts of spending units. Based on the existing structure, the FCGO, which is at the top of the hierarchy in government accounting, is mainly assigned the task of consolidating the accounting reports submitted by district treasuries in an attempt to prepare the whole of the government accounts.

The centrality of the budget in Nepalese public finance could be seen as a reflection of the emphasis of the government on cash as a key element in measuring the performance of government entities and government accountants. This also represents the exertion of the government's coercive pressures emanating from the power to sanction budget to spending units. Studies based on neo-institutionalism have shown how the state is one of the most influential internal elements in the institutional environment in that it exerts coercive pressure by means of its authority (Scott, 1987: DiMaggio and Powell, 1983). Rules and regulations issued by the state establish the structure that guides the behaviour of agents and shapes the environment in which accounting functions. The Nepalese public sector clearly exhibits the presence of the structure emphasizing budgetary compliance rather than ensuring the results of government spending. A lack of any mechanism for implementing accounting norms or to articulate the structure has led to a situation where there is a rift between how accounting is intended to be operated and how it is actually operating in practice. Also, there is a 'culture of non-compliance' which impacts adversely on the dissemination of reforms at all levels.

6. The Discussion on Institutionalization of Public Sector Accounting Reforms in Nepal

Adopting the theoretical lens of Dillard et al. (2004), this section outlines the dynamic social context where the process of institutionalization of Nepalese public sector accounting reforms takes place (see Figure 1). Furthermore, the section explores the constraining nature of the public sector's institutionalized beliefs and values, the dynamics of reform, and the role of human agency at the public sector organisational field and specific organisational levels. The discussion is divided into three sections in order to focus on the three levels of the institutionalisation process: the socio-political and economic level; the organisational field level; and the organisational level.

Figure 1: The Nepalese Institutional Relational Dynamics



6.1. External Institutional Pressures: The Socio-economic and Political level and the Nepalese Public Sector

According to Scott (1987), institutionalization involves the transference of contextual values, ceremonies, and symbols onto the structures, strategies, and practices of an organization leading to organizational isomorphism. Scott (2001) has also proposed the three pillars of institutions (the regulative, the normative, and the cultural-cognitive), which, together with associated activities and resources, provide stability and meaning to social life. In fact, these three institutional mechanisms, which act as the main motivations for adopting institutional practices, have been associated with coercive, normative and mimetic isomorphisms (DiMaggio and Powell, 1983).

Nepalese government accounting demonstrates the existence of isomorphic pressures of varying degree resulting from the extensive interplay between international organizations and the MoF. As stated previously, Nepal has been exposed to globalized accounting ideas and practices since it opened its boarders to the outside world at the beginning of the 1950s (see Table 1). Central to most of the public finance assessment reports, issued by international donors (mainly the World Bank, UN, USAID, NORAD, DANIDA, JICA, and ADB, among others), were recommendations (and regulations) urging the Nepalese government, in particular the Ministry of Finance (MoF), to launch initiatives to improve existing accounting practices and to introduce standardization.

In fact, government accounting reforms, particular the adoption of accounting standards and a move towards an accrual basis of accounting have been an important 'condition' on the agenda of international organizations since the 1980s (Sharma, 1996). Accrual accounting was predicated, particularly by the World Bank, on the assumption that it would provide an important supporting tool for improving the performance of development expenditures. An officer of the MoF commented on this on-going discussion of accruals:
'Whenever there were discussions about accounting reforms, we had been told to initiate a step towards accruals. Actually, many of us who were unaware of the accrual principle and its implementation process had been forced to believe that accrual accounting was a panacea for all our inadequacies in public finance'.

However, since 2007 the World Bank has been advocating the importance of adopting cash basis IPSAS in the short-term, which it believed would rectify many of the deficiencies envisaged in the existing system and pave the way for accrual accounting reforms in the future. The World Bank (2007) has demonstrated a number of weaknesses of current government accounting system which undermine role of accounting information in decision-making and financial control. For instance, the use of the cash principle in Nepal means that the treatment of fixed assets, long-term obligations and commitments, and debtors and creditors is beyond the scope of reporting. Other weaknesses of Nepalese cash accounting include the way certain accounting elements (for instance, advance payments and inventories) are being treated. These elements are recognized and included in the financial statements as government expenditures. In addition, the accounting system lacks both instructions and reporting formats for the recording and reporting of direct payments and commodity grants offered by donors (World Bank, 2007). Government statistics shows that almost 30% of foreign aid, mostly technical assistance, is beyond the purview of the Treasury and has therefore not been included in the budget (FCGO, 2011). Commenting on the adoption of cash basis standards, an officer of the MoF stated;
'This time the World Bank not only has provided recommendations, but also has demonstrated the weaknesses in our system and how these shortfalls would be ratified by the use of cash standards. We have been left with few alternatives other than to adhere to the cash basis IPSAS'.

The presence of coercive isomorphic pressure is evident in the above-mentioned comments in that the MoF has no alternative other than to adopt the ideas of accrual accounting and accounting standards and to disseminate them at the organizational field level. This is further illustrated by the following comments made by an officer of the foreign aid division of the MoF:
'The World Bank has now proposed a grant for implementing public sector accounting standards, as part of a broader public financial management reform. The proposed grant will come from a multi-donor trust fund, meaning that all other major donors such as JICA, NORAD, ADB and IMF, among others, are more or less supportive of this proposal. If we reject this proposal, there will be an impact on overall donor-funded projects'.

This statement clearly suggests that any attempt to oppose the World Bank's proposal may jeopardize not only the Bank's contribution, but may also have an adverse impact upon donor funding, which accounts for approximately 20% of total annual expenditures (FCGO, 2011).

Besides the World Bank, the interviewees also referred to the involvement of the Asian Development Bank (ADB) in transporting and regulating public sector reform proposals in Nepal. In the late 1990s, the Bank for the first time approved technical assistance (TA 3580: Corporate and Financial Governance Cluster - Improving Accounting and Auditing Standards in the Public Sector) to the ICAN to adopt international accounting and auditing standards (Adhikari and Mellemvik, 2011). Similarly, a diagnostic survey was launched in cooperation with the MoF to assess the performance of Nepalese government accounting (Nemkul, 1998, MoF, 2004). Central to the recommendations of the assessment report was coercive pressure for Nepal to implement accounting standards and to develop a road map for a transition towards the accrual basis of accounting. Similarly, the IMF (2007: 25) has urged the Nepalese government to adopt "a phased move towards accrual accounting with the first step being the adoption of accrual concepts for financial assets and liabilities".

Along with coercive isomorphism, the reports published by international organization (in particular the World Bank's 2007 and 2010 reports comparing public sector accounting standards in South Asia with international standards) have been to some extent successful in impinging on the mimetic pressure in Nepalese government accounting environment. These reports have claimed that all South Asian countries (especially SAARC members) have envisaged the adoption of cash basis IPSAS as the point of departure for embarking on public finance reforms and have expressed their commitment to implementing accrual accounting in the near future (World Bank, 2010). It has been the belief of the Nepalese government that the adoption of international standards would provide the opportunity to emulate the best accounting practice prevailing in developing nations, particularly in South Asia. An officer of the MOF elaborated on this:

'We had been suggested by the World Bank to form a core team to make a study visit to Sri Lanka. We were very eager to know how other South Asian countries have approached international standards and to follow in their footsteps in developing and adopting the cash basis accounting standards'.

The existence of 'normative isomorphism' in facilitating reform ideas was also clearly envisaged by those persons we interviewed. In Nepal, a potent source of 'normative pressure' to implement government accounting reforms has not only been the recommendations made in assessment reports, but also the involvement of professional accountants and professional accounting institutions, such as the ASB and the ICAN. Thus, as with other neighbouring countries (Adhikari and Mellemvik, 2010), substantial pressure for reform has come from regional and international professional institutions, such as the South Asian Federations of Accountants (SAFA), a forum of professional accountancy bodies of the South Asian Association for Regional Cooperation (SAARC) countries, and the International Public Sector Accounting Standards Board (IPSASB). In particular, all member bodies of the SAFA (e.g. the ASB and the ICAN) have emphasized the importance of implementing accrual based accounting in SAARC governments and the adoption of international public sector accounting standards (IPSASs) in the near future (SAFA, 2006).

More interestingly, the case of Nepal demonstrates that international organizations have increasingly used professional accountants as a medium through which to disseminate reform ideas in developing nations. Thus, an increasing number of professional accountants have

been recruited by international organizations in articulating country studies and developing reports on Nepalese public finance. As is the case of other developing nations, for instance, Bangladesh (see Mir and Rahaman, 2005), professional accounting institutions have been offered grants on several occasions to enhance their institutional capacity to develop and adopt accounting standards. Commenting on the participation of professional accountants in public sector accounting reforms, a government accountant stated:
'There has been increasing collaboration between professional accounting institutions and international organizations in public finance reforms. Both of these institutions have echoed the imperative and benefits of accounting standards creating a perception that accounting standards are a panacea'.

The importance of normative isomorphism for reform is further evident in the World Bank's most recent project paper on it proposed grant to Nepalese public financial management reforms. Almost 16% of the total grants have been proposed for the ASB and the ICAN with a view to strengthening accounting and reporting practice in the public and private sectors (World Bank, 2011).

Summing up, the Nepalese socio-economic context in which public sector accounting operates and reforms take place could be best understood as an outcome of the nexus between the three groups, i.e. the MoF, international organizations and the professional accounting institutions. It is these bodies which influence the economic, political and social systems (such as by the enactment of laws and regulations) and which implement widely taken-for-granted norms and practices by means of coercive, mimetic, and normative mechanisms. The next section presents the role played by public sector organizational field level actors for formulating and implementing the various guidelines and regulations governing accounting practices at the public sector organizational level.

6.2. The Public Sector Organizational Field in Nepal: The Institutionalization of Reforms

The norms and practices existing at the socio-economic and political level also prevail at the organizational field level. This level is comprised of various bodies, such as: government departments (e.g. the Ministry of Finance); regulatory boards (the Financial Comptroller General's Office and the District Treasure Control Offices); the professional accounting bodies (the Accounting Standards Board and the Institute of Chartered Accountants of Nepal); and local and foreign consultants. These bodies are involved in developing certain positions, guidelines, and interpretations as to how the accounting systems and regulations should and/or could be implemented at the public sector organisational level.

Interesting enough, Nepal has been very active in responding to new accounting reform proposals emanated from its external environment at the socio-economic and political level through the formulation of accounting reform projects and high level committees (Adhikari and Mellemvik, 2011). The first accounting reform project was set up by the Financial Comptroller General's Office (FCGO) in the mid-1980s – the era in which the Nepalese government was concerned with the adoption of program budgeting (see Table 1). The project team consisting of five members, namely a local consultant, a deputy comptroller general, a Canadian consultant, and two FCGO representatives, proposed new accounting codes, classifications, and formations based on accrual principles (AGO, 1989; FCGO, 1989). In the late 1980s, the MoF announced a pilot project involving ten development projects of the Ministry of Agriculture (the largest ministry at that time), in order to try out the new accounting measures (Shrestha, 1991). However, this project based on accrual principles went no further and cash basis accounting continued to be used. It is interesting that almost all of the government accountants interviewed were unaware of this project as it had never been a topic of discussion at the FCGO. One senior government accountant of the FCGO expressed his displeasure:

'May be the new codes and classifications were tried out in donor-driven projects. But we never discussed this at the FCGO. In the 1980s, we did not even have any guidance and reporting formats for accounting of revenues, deposits, and public debts. Thinking about accrual accounting was beyond the purview of the FCGO both in terms of resources and technical competence'.

The above statement suggests that the momentum for the proposed change to accrual accounting was externally driven and was discussed at the top level (in other words within the MoF) with no discussions being conducted within the FCGO and with government accountants. This could be understood as a form of coercive pressure, as the donors proposed such a reform as a condition for providing external resources. The officials at the MoF and the FCGO were merely involved in creating an impression of compliance for the purposes of their external constituents. In fact, it has been claimed that government officials at the top level have always striven to exercise a considerable degree of control in respect of decision-making about resources. The bureaucratic hegemony at the higher echelon of Nepalese administration has therefore been a factor undermining the use of techniques such as program budgeting and accrual accounting, which require a delegation of authority ('authoritative power') and decision-making to the lower levels of government (Adhikari and Mellemvik, 2011; Wildavsky, 1972).

The MoF's response to accounting reform was slow in the 1990s. The reason for this seemed to be the failure of international organizations to provide technical assistance in articulating reform. The MoF (2004) clarified this in its report of development action plan by stating: 'A study on accrual accounting was conducted with the assistance of the ADB, but the implementation of its recommendations has been dropped as the technical assistance for this project was withdrawn'. There has also been evidence of a great deal of confusion among the officers at the MoF and the FCGO regarding which accounting standards to adhere to and how to proceed towards an accrual basis of accounting. Moreover, the relative power of the FCGO (because of its authoritative resources and accounting expertise) over other powerful participants in the field, i.e. the MoF, also made a significant impact on ADB's decision to withdraw from the 1990s' accounting reforms in Nepal.

At the beginning of the new millennium, however, there was a renewed call for widespread public finance reform, including accounting reform. At that time, the dependency of the Nepalese government on international resources had increased significantly by almost by 15% and the share of international contributions in development budget had reached nearly 70% of the total expenditures (ADB, 2005). The main reason for this increasing international dependency was the escalating Maoist conflict and the adverse impact it had on government finances due to an increased expenditure on security. The deteriorating financial conditions of the country provided international organizations greater scope for exerting their influence and disseminating their public finance reform ideas. In fact, the World Bank's Country Financial Accounting Assessment (CFAA) of 2002 can be seen as one such example as it laid down a condition that lending to Nepal would depend on how the recommendations of the CFAA were being implemented. One of the key recommendations of the assessment report was a call for the development of a road map for the introduction of accrual accounting in the medium- to long-term (World Bank, 2002).

There is evidence that the Nepalese government took a more active role in implementing accounting reforms in the new century. The high-level expenditure committee announced in 2005 can be seen as the government's initial response to those ongoing international concerns about accounting reform (HMGN, 2005a and 2005b). The remit of the committee (which consisted of representatives from the FCGO, the ICAN, and the MOF) was to seek out alternatives for streamlining public expenditure management and accounting. However, the committee was divided on the nature of any reforms. In fact, there was witnessed the dialectic of power relationships among the committee members in terms of prioritizing the reforms. Whereas the professional accountants who had the expertise and "the knowledge of power" over other committee members were in favour of adopting accrual accounting, the FCGO representatives (i.e. senior government accountants) were not convinced about the potential benefits of such a reform at least in the short-term. A professional accountant, who was interviewed, showed a clear preference for the need for accrual accounting:

'Many countries around the world have moved from the cash to the accrual basis of accounting. For a developing nation like Nepal, accrual accounting is an absolute imperative. A large portion of government expenditures consists of international support, domestic borrowing, and interest repayments. We can't get information on all these issues in cash accounting'.

This division of opinion between the FCGO and the professional accounting associations (i.e. the ICAN) and the intended dialectic of power (from the perspective of the FCGO and senior government accountants) with regard to articulating reforms at the organizational field level has been a factor forcing international organizations (in particular the World Bank) to consider whether instead of recommending accrual accounting it would be better to move to an improved version of cash accounting. In its 2007 report comparing Nepalese public sector accounting standards with international standards, the World Bank proposed the cash basis IPSAS as an alternative to introducing accrual accounting in Nepal. More importantly, the World Bank called for the collective participation of the MOF, the FCGO, and the professional accounting institutions in the process of developing and implementing the cash basis IPSAS. One certified accountant member of the ICAN emphasized the importance of including professional accountants in government accounting reforms:

'Accounting standards (IPSASs) are not static, but rather they keep on changing. The FCGO has, however, envisaged standards similar to their accounting regulations which are more or less static. Without the participation of professional accountants the government would not be able to address any technical issues emerging from the implementation of standards'.

In 2007, responding to the call for the introduction of accounting standards, the Nepalese government made public its decision to implement cash standards corresponding to the cash basis IPSAS in all budgetary entities (Guragain, 2008). Whereas the task of setting standards was delegated to the ASB, the FCGO was assigned the authority of implementing those standards (GoN, 2008). Commenting on this decision to implementing cash standards in public entities, an officer of the MoF stated:

'We accepted this IPSAS proposal and the way how it should be developed and implemented, as it seemed to be a way forward in developing a consensus among the accountants at the FCGO, other donor agencies, and professional accountants'.

Indeed, this move indicated a significant shift in the strategy of implementing accounting reforms in Nepal. For the first time in the history of government accounting reform in Nepal, senior government accountants (i.e. those working in the FCGO) were given due recognition and the power to execute the reform process at the organizational field and organizational levels. We argue this is as a result of the ongoing dialectic of power relations between the FCGO (i.e. senior government accountants) and the professional accounting bodies in Nepal (i.e. the ICAN and the ASB).

At the outset, the plan was to develop the whole of the government accounts (WGA) as stated in the cash basis IPSAS within the next three years ((Ministry of Finance, 2011; Adhikari and Mellemvik, 2011). However, delay in the implementation of the accounting standards raised concerns about whether the decision to introduce IPSASs had waned. This sort of thing is not unusual in the context of developing nations, as reforms propagated by international organizations have often been abandoned after a while as they are either more difficult to introduce or are superseded by new ideas and developments (Batley, 2000). The interviewees who were members of ICAN blamed the government's ongoing negotiations with international organizations for resources as the main factor delaying the process of implementing standards, thereby showing their antagonism to government accountants. A professional accountant from the ICAN commented:
'It is already three years since the FCGO has claimed that they would implement the cash basis IPSAS developed by the ASB. I doubt whether any reforms will be implemented in Nepal given the bureaucratic mentality and attitude of government accountants'.

In 2010, another high-level budget and expenditure committee was formed to evaluate the progress in implementing public finance reforms (MoF, 2011). One of the recommendations of the committee was that cash basis accounting standards should be immediately implemented but that, in the longer term, steps should be taken for a transition to accrual basis IPSAS. In fact, the notion of cash basis IPSAS, along with accrual accounting, has been a legitimated norm at the Nepalese societal level. However, the failure to institutionalize the intended model in practice is perhaps evidence that the attempts of reform were merely a form of window dressing on the part of the MoF in order to satisfy external actors, namely the World Bank and the ADB. More precisely, there is envisaged decoupling in the norm evolved at the societal level and the routine and resistive behaviour of the FCGO and government accountants - the main actors at the organizational field level and organizational level respectively. The next section discusses the role played by government accountants, budget officers, and other organizational level actors in transforming norms, cascaded down from the top two levels into actual practices and implementing changes.

6.3. The Public Sector Organizational Level: Structures and Agency

At this level, the organizational members who develop specific practices can be classified as: innovators who modify legitimate practices and develop new ones by reinforcing, revising, or eliminating extant practices; and later adopters who integrate the innovator's practices into their organizational or operating processes or who apply the innovator's practices but who 'decouple' them from the processes actually used in managing and operating their own entities (Dillard et al., 2004). However, the innovated practices of either of them are within the boundaries of the organizational field level practices. In the Nepalese public sector, government accountants, budget officers, auditors, and fellow office staff members can be viewed as actors at this level.

Neo-institutionalists have argued that, at the organizational level, institutions can be affected by individuals and groups, who are intent on creating institutions through their routine behaviours (DiMaggio and Powell, 1991). Thus institutions can be created and changed by the behaviours of actors at either the organizational field level or the organizational level. As Giddens (1984) has argued the changes in social structures and systems take place as a result of human action (and interaction), which is both enabled and constrained by the structures. The social structures enable and constrain the institutional actors in three particular ways: (i) by the communication of meaning (structures of significance), where individuals draw upon interpretative schemes; (ii) by the application of sanctions (structures of legitimation) where people draw on norms and create moral rules; and (iii) by the use of power where people draw on facilities ('allocative' and 'authoritative' resources) involving structures of domination (Giddens, 1979 and 1984).

Furthermore, there may be conflicts between the actual practices and the pro-created criteria; and institutional pressures can produce organizational responses which are either symbolic or substantively rational (Elsbach and Sutton, 1992). The organizational level actors and organizations do not always produce uniform responses to organizational field level positions, guidelines, and regulations. Instead, they may vary widely due to the multiplicity of institutional pressures and the conflicts of interests of the actors. Reform may create a 'dialectic of control' (Giddens, 1979, 1984) and the agents at the organisational level may exercise a relational form of power in the reform interaction process. It is even possible that many subordinate agents (i.e. government accountants, budget officers, and auditors) may have 'resources' (e.g. information) at their disposal (Giddens, 1979, 1984), which they can use to influence the actions of their superiors operating at the social and organisational field level, in other words, for example, those working in the MoF, the FCGO, the DTCO, and the professional accounting bodies (the ASB and the ICAN) and local and foreign consultants. The following two sections identify the existing structural elements and agency behaviours in the Nepalese public sector organisations which were responsible for hampering accounting reforms.

6.3.1. Socially Constructed 'Meanings' and Agential Actions: The Culture of Accounting Manipulation and Non-compliance

As has been stated in the literature (Dillard et al., 2004), government accounting in Nepal could be reckoned as an institution articulating through the routine behaviour of accountants. Much of the training of government accountants has been merely a matter of 'routine' in the sense that training is conducted to satisfy the various statutory requirements relating to their appointment and promotion rather than to give them contemporary accounting knowledge and skills (World Bank, 2002). As a result, public sector organizations tend to reproduce their own entities (e.g. budget compliance and expenditure accounting) instead of using innovative practices, such as accrual accounting or the cash basis IPSAS. Moreover, factors such as the existence of a budgetary compliance/expenditure accounting system and a culture of 'manipulation/fabrication' and 'non-compliance' have seemingly been influential in maintaining the existing model of accounting.

6.3.1.1. Budgetary Compliance/Expenditure Accounting

The responses of our interviewees suggest that the majority of middle-class government accountants are of the view that the existing 'budgetary compliance and expenditure reporting system' is adequate for achieving their organisational level objectives. As with other developing nations (Uddin et al., 2011), the interviewees also mention the factors including, the absence of a culture of performance-based evaluation and reward system, low salaries, political instability, and a lack of political commitment, among others, which have

discouraged them to the think beyond budgetary compliance. As one professional accountant representing the ASB observed:
‘A large number of government accountants are not aware of the reporting regulations apart from recording budgetary expenditure. They cannot even separate incomes and deposits and often record them in the same account’.

A professional accountant representing the ICAN commented on the extensive focus on budget compliance in the following way:
‘Even the chart of accounts of the government is based on the line items used in the budget. The government accountants refer to the line items as ‘the charts of accounts’.

Our interviews have also showed that the success of a government accountant’s job has been linked to his or her ability to spend the allocated budget within a given period, i.e. within a fiscal year. A government accountant stated:
‘Check the public media and newspapers. They are just focused on whether the government budget has been spent or not’.

As a result, government accountants have given more emphasis on maintaining ‘budgetary compliance’ rather than on demonstrating the results of expenditures incurred. Commenting on the importance of budgetary compliance, one government accountant further remarked:
‘It generally takes 2 to 3 months to get the budget authority from the ministry once the budget is approved by parliament. We have to call for tenders, contracts, and bids from the suppliers and contractors for inventories and other purchase deals once we get the authority. By the time we accomplish all the procedures, it is already the end of the fiscal year. Although the media and people complain that we have been attempting to avoid freezing the budget by incurring all transactions at the end of the year, this is incorrect. We are attempting to execute the budget’.

6.3.1.2. Manipulative Culture in Accounting

During our interviews, government accountants stressed the ambiguity in tracing the medium-term budget (a three-year rolling budget), which forced them to ‘manipulate’ the results and outputs of the programs included in the rolling budget. Since 2002, the government of Nepal has attempted to include its prioritized development projects within its medium-term expenditure framework so as to ensure funding on these projects for a longer period of time, at least for a period of three years. The regulations state that those projects included in the medium-term rolling budget must be backed up by results and achievements in order to be eligible for annual funding (NPC, 2002). Commenting on this issue, a government accountant stated:
‘The performance of the projects and programs embedded in the medium-term budget has been subjective in the lack of accounting information. Our accounting system is not enough to delineate progress in achieving the intended results. We have to manipulate the results in order to ensure compliance’.

Furthermore, government accountants have referred to the existing budgetary provision which requires information to be provided (when planning a new budget) on how the previous budget was implemented and whether the targeted objectives have been met. Commenting on this requirement, the above interviewee remarked:
‘We have to start preparing the budget for the next year just after 3 to 4 months the budget for a fiscal year is sanctioned. How can we demonstrate that the targeted objectives of

spending have been achieved? The only way we comply with this regulation is by manipulating the accounting data'.

As was stated previously, some of the higher level officers at the FCGO are drawn from different departments and disciplines and have no knowledge of the basic accounting regulations or of on-going developments. In this situation, the manipulation/fabrication of information by lower-level accountants has been a common phenomenon. An accountant at the FGCO commented:
'The new officer, I think he was from a revenue group, asked me to change the system of recording advances, so as to make the transactions more transparent. I told him that transactions relating to advances can be accommodated in 5 to 6 budget items. I suggested to him that it's not easy to categorise advances so it's better if we continue demonstrating them under one title. I think he abandoned the idea of reforming advances'.

Similarly, the lack of job descriptions has also made it easier for accountants to manipulate information. Commenting on this, one accountant stated:
'If I am asked to implement reforms which I am not used to or which I am not interested with, I just deny it by stating that this is not my responsibility. This simply resolves all my problems'.

6.3.1.3. A Culture of Non-compliance in Reporting

From our interviews it was also evident that the narrow focus of accounting confined to budget execution and revenue collection had been a factor encouraging government accountants to deny instructions and proposals made at the higher level. In other words there was a culture of non-compliance. One accountant commented on this:
'I know which data is used at the upper level to discharge accountability. If they ask for additional information, I simply respond by stating that the need for additional information may delay the preparation and submission of the budget report and the statement of revenue collection. These two statements are important to show their progresses'.

As stated previously, the lack of transparency in the promotion of accountants has also appeared to contribute to continuing the 'culture of non-compliance'. Thus, some accountants who were promoted were often neglected and denied responsibility and authority, as the following accountant explained:
'I was promoted to the post of second level officer after serving almost 15 years at the third level. Although it's a year since I was promoted, I have not been assigned any new duties and responsibilities. Unless I am given a new role, I would not comply with any instructions I receive from the higher-level officers. I do not care about being reprimanded'.

Furthermore, it is clear during the interviews that the prevailing practice of rewarding and punishing government accountants has 'unintentionally' led to a 'culture of non-compliance' in the Nepalese public sector. Frequent changes and transfers of government accountants from one office to another have discouraged top-level officers from taking legal action against their junior colleagues for non-compliance. Commenting on the existing system of punishment, a government accountant claimed:
'All officers know that they will not remain in the same office for a long period of time, and so they do not want to escalate conflicts or deteriorate relationships with their colleagues by imposing fines and other forms of punishment'.

Another accountant added:
'Unless we carry out serious breaches of regulations, for instance budget transfer from one heading to another without permission and cause irregularities by disregarding the budget norms, we would not be punished or fined just because we did not perform our job or implement reforms'.

The above-mentioned statements show that government accountants not only lack the motivation to implement reforms, but that they are also not concerned about underperforming. Thus, in the absence of any effective system of reward and punishment, there is no motivation for government accountants to update their knowledge and introduce public sector accounting reforms. From the perspective of the dialectic of control (Giddens, 1979, 1984), the government accountants, by exercising their relational power as the preparer of budget information (their 'authoritative power') have tended to manipulate and fabricate their budget information and reports and to reproduce and practice a culture of non-compliance .

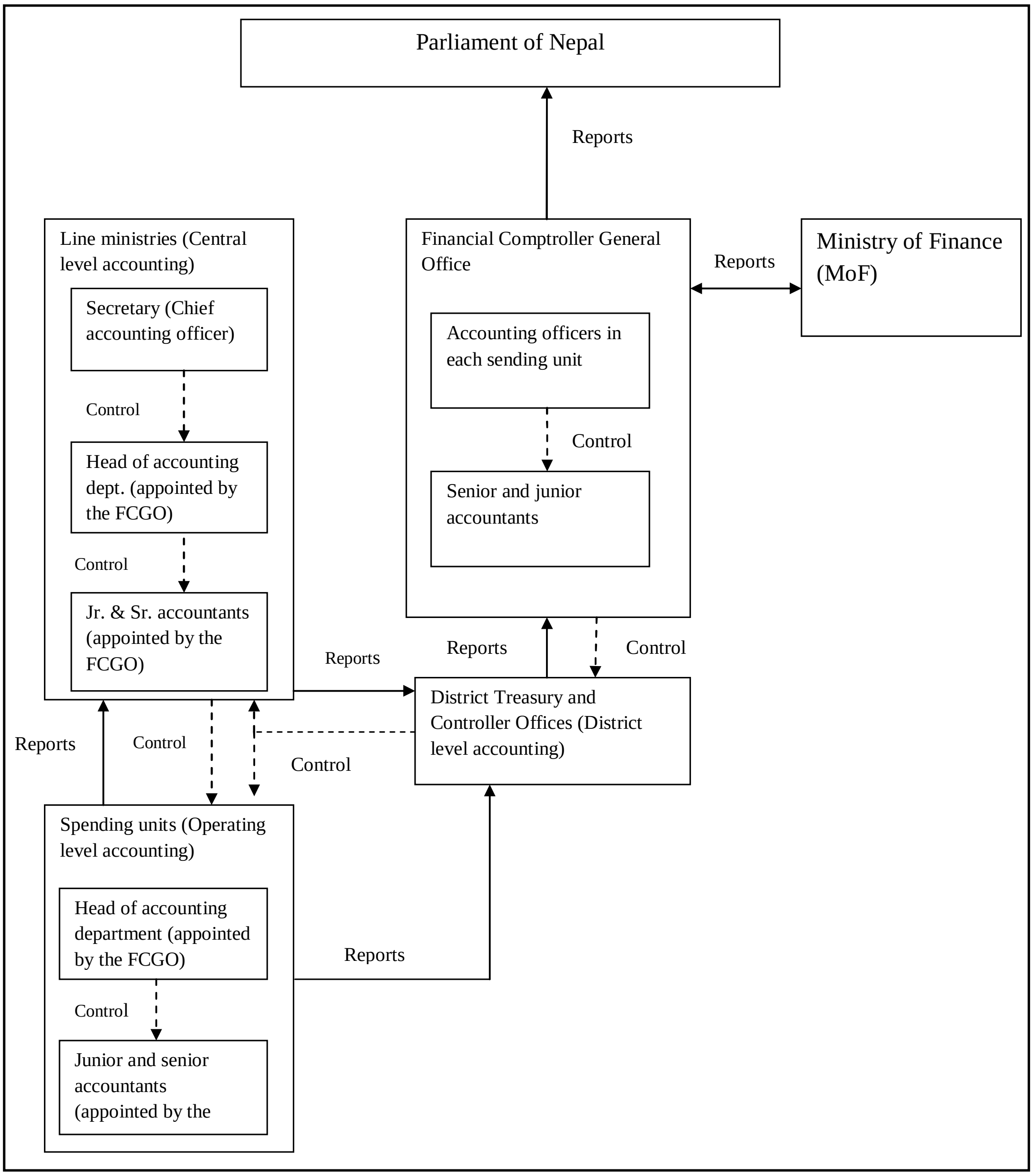
6.3.2. Prevailing Structures of Power and Legitimation

In addition to the culture of 'manipulation' and 'non-compliance', a specific source of dissatisfaction among the Nepalese government accountants has been the system of dual-control' imposed on them (see Figure 2). This has created a hostile environment in the reform process and some agency conflicts within the context of the dialectic of control. The next two sub-sections highlight the accountability pattern in the Nepalese government accounting and its impacts on implementing reforms.

6.3.2.1. Dual Accountability and Control

Under the present system, both the FCGO and the ministry concerned are tasked with the responsibility of scrutinizing the activities of government accountants. The FCGO is responsible for appointing government accountants to all budgetary entities and evaluating their performance on a regular basis (see Figure 2). This appraisal is important in the sense that it provides the FCGO with a means of undertaking decisions on a range of issues, including, for instance, monetary incentives, promotions, and training opportunities for government accountants (Agrawal and Bista, 1989). Alongside the FCGO, government accountants are also placed under the direct supervision of the secretary at their respective ministry.

Figure 2: The Power Structure in the Nepalese Government Accounting System



The 2007 FAR has designated the secretaries of the ministries as the chief accounting officers providing overseeing authority over financial operations within the respective ministries (GoN, 2008). As a result, although appointed by the FCGO, the head of the accounting section and his/her subordinators in each ministry/department are under the control of the secretary of that ministry. Indeed, there has been witnessed several consequences of this system of dual accountability. As one accounting officer commented on this:
'Rejecting the secretary's instructions means we are creating an environment of conflict and mistrust within the Ministry. As our promotion and salary increments are also appraised on the performance evaluation of the secretaries and the higher-level officers at the Ministry, it is not easy to reject their proposals and to create a hostile environment'.

Furthermore, the prevailing system of 'dual accountability' has also been alluded to as undermining the abilities and attitudes of government accountants to accommodate new measures (Agrawal and Bista 1981). No other bureaucrats except government accountants have been exposed to such a stringent surveillance system. One government accountant expressed his frustration stating:

'In fact, we are accountable not only to the Secretary and the Financial Comptroller but also to the Auditor General's Office (AGO). Although the staff of the AGO should first approach the Secretary for any accounting and reporting errors and irregularities, we accountants are the first to be interrogated'.

Another government accountant was more critical of the existing mechanism relating to dual accountability:

'We (government accountants) feel treated like outsiders in the ministries and departments. The secretary makes the decisions regarding many accounting issues without our consent and even without informing us. However, during auditing they try to put all the blame relating to financial affairs, including off-budget expenditures, irregularities, etc., upon us. What is the point of implementing reforms? If we are successful, the credit goes to them, and if we fail, then we have to bear the consequences'.

More precisely, this system of dual accountability has resulted in the institutionalization of a culture of transferring all blame relating to accounting irregularities and inadequacies to government accountants, while the officials at the MoF claim all the benefits and advantages of reforms. The overall consensus of the government accountants who were interviewed was that implementing reforms would be merely an additional work load as well as a waste of time.

6.3.2.2. The Unintended Consequence of Accounting Reforms: The Agency Conflicts within the Context of Dialectic of Control

During our interviews, it was evident that agency conflicts and power relations existed between the government accountants at the organizational level (and also at the FCGO) and various other key field level actors involved in the accounting reforms (i.e. representatives of international organizations, the MoF, the professional accounting institutions and professional accountants). This had forced the government accountants to secure their autonomy of action by altering or shifting in their 'balance of power' within the dialectic of control (Giddens, 1979, 1984). In other words, many government accountants raised concern about their inclusion and participation in the reform process. On the basis of their interview statements, on all occasions, the higher-level officials at the MoF and the FCGO who lacked basic accounting knowledge and an understanding of the government's accounting system, were involved in 'negotiating' reforms with the representatives of international organizations and creating propaganda of accounting change. In doing so, their attempt was mainly motivated by a desire to present themselves not only as champions of reform, but also to ensure they gained other benefits, such as promotion, international travel, and opportunities to engage in better-paid projects. There was little involvement of government accountants in the debate. One senior government accountant observed:

'They (the officers at the MoF) do not wish to have our participation in the reform process. We would never accept any sorts of reforms that we could not realize, such as accruals and accounting standards. What we need from international organizations at present is not ideas but resources to train our accountants, develop a sophisticated IT system, and improve existing practice'.

During the interviews, some government accountants stated that there had never been any discussion about problems in the accounting system, how such problems could be addressed, and how the adoption of accounting standards would lead to a change in accounting practice. According to the accountants, the term IPSASs had become a ‘cash cow’ at the higher level in order to secure external legitimacy and to gain benefits such as participation in training and seminars abroad and appointing consultants with whom they had a personal relationship. Thus, a government accountant stated:

‘These officers take the ideas from international organisations and attempt to impose them upon us. Their motive is just to impress international organizations. None of them knows whether we need these reforms, how to proceed with them, and what would be the consequences of any reforms. Although the country has moved from being an absolute monarchy to a democracy and to a republic in the last two decades, the dictatorship mentality has still remained at the higher level of our bureaucracy’.

Moreover, many government accountants were critical of the role of international organizations and professional accountants in proposing and disseminating accounting reform proposals. Their main criticism was that international recommendations for accounting reform were always misleading and there was unnecessary interference by the professional accounting institutions with respect to the nature of the accounting reform the country needed and their implementation. A senior government accountant who represented the FCGO at a number of meetings with international organizations stated:

‘Almost all of the representatives who suggested accounting change had no background on accounting. Our accounting system would be much more effective and comprehensive had we not spent so much time and effort discussing the relevancy of international accounting standards and accrual accounting’.

Another senior government accountant at the FCGO commented on the involvement of professional accountants and professional accounting institutions:

‘I had a dispute with the Chairman of a professional accounting institution. He forced us to accept accrual accounting within a period of 5 years. We need more than 20 years to implement accrual accounting successfully. We have more than 4,000 payment centres scattered across the country and the vast majority of accountants, probably more than 90% of them, appointed in these payment centres cannot even register and report the cash transactions as required by the law’.

The interviews showed that government accountants were aware of the Nepalese accounting structure in which the key actors at each level were striving to reinforce their own legitimacy. Whereas the officers at the MoF had been motivated by their own personal benefits, the professional accountants were more concerned with opportunities to exert their influence in the public sector. Also, the interviewees claimed that the motive of the international organizations was to prove their expertise in the field by disseminating complex reform measures. A senior government accountant at the FCGO, commenting on the role of the international organizations, stated:

‘Their (international organizations) main focus is on improving budgeting and planning as they are forced to channel the externally funded projects through the government’s budget. When it comes to accounting, they follow their own systems and they have their own accountants. Anyway, they had to include recommendations for accounting change as part of public finance reforms, and these accounting recommendations are just rhetoric’.

The government accountants interviewed also elucidated on the ways they attempt to resist instructions given by those at the higher level. One government accountant remarked:

'Following the World Bank and other international organisations, there was a proposal to implement IPSASs through the Accounting Standards Board. We made clear to the financial comptroller that the standards could be developed in collaboration with professional accountants, but that they should be implemented only through the FCGO. We are not ready to hand over our authority to professional accountants. The proposal was called off after we threatened to take industrial action'.

Another accountant added:
'I did not even look at the file proposing the appointment of certified accountants in the government with higher salary and benefits. I told my officer that this requires a change in our law because in the present system there is no provision for such additional salary and benefits for any appointees except consultants. And I was not ready to follow the lengthy procedures to amend the regulation'.

The above-mentioned statements demonstrate the strength and power of government accountants and the challenges in implementing any reforms without their agreement and cooperation. In fact Wildavsky (1972) has pointed to the existing hegemony in Nepalese bureaucracy for the failure of many reforms, including accounting changes. One accountant referred to the strong network of government accountants:
'In Nepal, you will find at least three groups of people. Those in the first group, mainly city and affluent people, never think of joining the public service. Similarly, the civil service is beyond the purview of the other group consisting of poor people from remote villages. They would never pass the exam. This means middle class citizens mainly from the villages are in the government sector. We share a more or less similar socio-cultural background. Our way of thinking is similar. The network among middle-class accountants is therefore very strong'.

Another accountant made reference to why higher level officers are unwilling to challenge accountants:
'Higher level officers do not want to have conflicts with accountants. They know accountants could make their job difficult by not approving the expenses and by delaying the preparation of reports'.

The above statement shows why higher level officers are hesitant to discipline government accountants. It further confirms the 'authoritative power; of government accountants within the context of the 'dialectic of control' and their negotiating capacity in the reform process.

7. Summary and Conclusion

Drawing on the Dillard et al.'s (2004) framework which integrates the ideas of neo-institutional theory with the dynamics of structuration theory, the paper has striven to demonstrate how external isomorphic factors have played a role in initiating government accounting reforms in Nepal and how these reforms have been constrained by intra-organizational level factors (see Figure 1). Unlike other post-colonial less developed countries (LDCs), Nepal inherited no state institutions, no bureaucracy, no administrative apparatus or fundamental measures of public administration and governance from Western colonial powers. The country acquired modern administrative measures based on Westminster style government and line-item budgeting from India when it was opened up to the outside world at the beginning of the 1950s. When the country became a member of the United Nations, in the second half of the 1950s, it became 'exposed' to the UN, USAID, and World

Bank led modernization and administrative reforms, including accounting and budgeting reforms (Adhikari and Mellemvik, 2009).

One contribution which the paper makes is that it considers the involvement of international organizations in the accounting reforms of developing nations. International organizations have been promoting such reforms in developing nations since the 1980s in order to streamline governance, accountability, and transparency (Allen, 2009). This study shows that central to most of the Nepalese public finance assessment reports issued by the World Bank, the IMF, and the ADB, was the recommendation that Nepal should reform its government accounting practices. As stated in the neo-institutional literature (DiMaggio and Powell, 1983; Carpentor and Feroz, 2001; Ezzamel et al., 2007), some recommendations were coercive in that they were made subject to lending conditions (World Bank, 2002, 2007, and 2011) but others were more in the form of normative or mimic pressures embracing the support of professional accounting institutions (i.e. the SAFA and the IPSASB) and other developing nations (i.e. SAARC countries) (see Figure 1). The involvement of professional accountants in government accounting has increased in recent years through various types of support provided by international organizations and by the inclusion of professional accounting institutions in propagating reform proposals at the socio-economic, political and organizational field levels. However, as this paper has suggested, that involvement has been mainly motivated by the desire to exert an influence in the public sector rather than to improve standards in accounting.

Interesting enough, research has shown that the accounting practices proposed by the international organizations have often failed to be implemented in the manner intended by such organizations. Studies have referred to 'decoupling' whereby accounting practices based on so-called best Western models have not suited all developing nations equally well (Siti-Nabiha and Scapens, 2005; Mir and Rahaman, 2005; Uddin et al., 2011). Thus the pressure on developing countries to introduce new accounting practices has sometimes been disruptive and chaotic with the result that international organizations have been regarded as 'imperialist institutions' (Mir and Rahaman, 2005; Annisette, 2004). The case of Nepal, however, is different in that it exhibits a type of decoupling where the accounting practices proposed by the international organizations have not been introduced in actual practice. Thus, the proposals which require the interaction of the MoF, the FCGO and the international donor organizations (the primary agents at the Nepalese socio-economic and political levels) have never been institutionalized in practice; and the proposals have in some cases been superseded by new ideas (e.g. cash basis IPSAS instead of accrual accounting). In fact, it appears that international organizations are involved in championing a particular type of accounting practice in the public sector which serves their own needs and underpins their structural adjustment programmes which are based on neo-liberal principles (Uddin et al., 2011; Rahaman et al., 2004). As a result, their reform ideas and priorities tend to change over time giving rise to the question of whether such changes are the peculiarity of government accounting reforms in developing nations.

Another contribution which the paper makes is to the accounting literature based on structuration-theory (see e.g. Roberts and Scapens, 1985; Macintosh and Scapens, 1991; Uddin and Tsamenyi, 2005; Moore, 2011; Englund et al., 2011). The paper argues that Nepalese government accounting can in fact be conceptualized and understood as an interwoven social system consisting of a structure of signification, legitimation, and domination (see Figure 1). International organizations, professional accountants, and government officials have held a 'normative' view on how accounting should work and how to ensure results, outputs, and performance of development expenditures through the implication of accounting. In this regard, Nepalese government accounting is supposed to be a means of communicating the concepts and templates among the stakeholders who are considered significant in managing public expenditures. According to World Bank experts, these templates are reflected in the rules and regulations ensuring both compliance and accountability of resources used through the demonstration of results and outputs (World Bank, 2002). Acknowledging this expectation, the World Bank has also claimed that Nepal is one of the few developing countries which possess 'impressive' accounting regulations, the implication of which would have led to better accountability through the demonstration of results and outcomes of public expenditures.

The paper has also shown, however, that in contrast to the above-mentioned 'normative' expectations that accounting practices and developments have played a 'window dressing' role in Nepal in order to attempt to convince donors and international organizations of the country's commitment to embarking on public finance reforms and thereby to ensure the continued support of the international community. A number of other studies have also shown how accounting reforms have played such a role (Scapens and Siti-Nabiha, 2005; Carruthers, 1995; Oliver, 1991). Thus, by creating a façade of acquiescence, the Nepalese government, mainly the MoF, has been able to secure legitimacy, resources, and individual benefits though its external constituencies. Indeed, the guiding principles which Nepalese government accountants have adopted during their everyday practices do not comply with those formally laid down in the Nepalese Constitution and regulations. What has been covered up in the Nepalese public sector bodies in which accounting functions is the prevalence and reproduction of a culture of 'manipulation/fabrication' and 'non-compliance'. Underpinning the notion of duality, as mentioned in the structuration-theory based accounting literature (Dillad et al., 2004: Englund et al., 2011; Moore, 2011), we have envisaged the mutual dependency of this prevailing structure of significance that individuals draw upon interpretative schemes, e.g. manipulation and non-compliance, and the actions of agents at the bottom level, i.e. the organizational level.

In a similar vein, the paper argues that accounting has become a part of the legitimation and domination structures articulating the lending conditions of international organizations. Thus, in the context of Nepal, accounting reform proposals, such as accruals and IPSASs, have become a means of sanctioning development grants and aid as well as a tool for exercising power at the low levels. Despite championed reforms, there is evidence that the higher level officers at the MOF were concerned with controlling government accountants at the organizational level rather than delegating more autonomy and decision-making powers to them. Implicitly they have contributed to reproducing the 'dual-control' structure that requires government accountants to report both to the DTCOs and their relevant ministry (see Figure 2). In addition, they have managed to sustain a 'compliance accounting' culture so as to continue their hold on mobilizing both local and international resources. As a result, government accountants in Nepal tend to comply with budgetary requirements while disregarding the other important task, such as ensuring the performance of public expenditures. Like other structuration theory-based accounting studies (Englund et al., 2011; Englund and Gerdin, 2011; Burns and Scapens, 2000), we have unveiled that the Nepalese government accountants are knowledgeable agents implying their authoritative role to resist accounting reforms, e.g. budget information. Thus, they have been engaged in agential conflicts with other actors (e.g. professional accountants and the MoF) within the context of a 'dialectic of control' (Giddens, 1979, 1984).

In conclusion, a striking feature of the Nepalese government accounting system is that reform proposals, shaped by externally driven coercive, normative, and mimetic pressures, have not actually been implemented in practice at the organizational level. In our view, the prevailing structure of significance (e.g. manipulation and non-compliance) and domination (e.g. dual control), and the ‘unintended consequences’ of reforms, such as agential conflicts (e.g. government accountants and the FCGO vs. professional accountants) within the context of ‘dialectic of control’ have been the main causes for this failure. Thus, on the whole reforms have gone no further than the proposal stage or have failed at the pilot stage. This also means that accounting has become very much a routine at the organizational level, which has been sustained and reproduced overtime through the acts and omissions of government accountants and budget officers. In other words, a discrepancy exists between the practice of government accounting in Nepal and the way in which accounting has been proposed by external forces, such as the World Bank, the IMF, the SAFA, and the IPSASB. Therefore, any efforts in successfully institutionalizing government accounting reforms in future requires the empowerment and active participation of influential agents, e.g. government accountants in the formal reform set up .

Reference

Adhikari P. Government accounting in Nepal: tracing the past and the present (unpublished PhD thesis). Bodø, Norway: Bodø Graduate School of Business, University of Nordland; 2005.

Adhikari P, Kuruppu C. Public sector accounting reforms in two south Asian countries: a comparative study of Nepal and Sri Lanka. In: Åmo BW, editor. Conditions for Entrepreneurship in Sri Lanka: A Handbook. Germany: Shaker Verllag GmbH; 2011. p. 257-82.

Adhikari P, Mellemvik F. Nepalese governmental accounting development in the 1950s and early 1960s: an attempt to institutionalize expenditure accounting. Accounting Historians Journal 2009; 36(1):112-33.

Adhikari P, Mellemvik, F. The adoption of IPSASs in South Asia: a comparative study of seven countries. Research in Accounting in Emerging Economies 2010; 10:169-99.

Adhikari P, Mellemvik F. The rise and fall of accruals: a case of Nepalese central government. Journal of Accounting in Emerging Economies 2011; 1(2):123-43.

Auditor General’s Office (AGO). Government accounting and auditing improvements project. Ottawa in Association with P.P. Pradhan & Co. Kathmandu: Cowater International Inc; 1989.

Agrawal G, Bista B. Government accounting in Nepal. Kathmandu: Centre for Economic Development and Administration, Tribhuvan University; 1981.

Alawattage C, Hopper T, Wickramasinghe D. Introduction to management accounting in less developed countries. Journal of Accounting & Organizational Change 2007; 3(3):183-91.

Allen R. The challenges of reforming budgetary institutions in developing countries (IMF working paper WP/09/96). Washington DC: Fiscal affairs department; 2009.

Alvesson M. Beyond neopositivists, romantics, and localists: a reflexive approach to interviews in organizational research. Academy of Management Review 2003; 28(1):13-33.

Annisette M. The true nature of the World Bank. Critical Perspectives on Accounting 2004; 15(3):303-23.

Annisette M, Neu D. Accounting and empire: an introduction. Critical Perspectives on Accounting 2004; 15(1):1-4.

Asian Development Bank (ADB). Nepal public finance management assessment: Manila: ADB; 2005.

Ball A, Craig R. Using neo-institutionalism to advance social and environmental accounting. Critical Perspectives on Accounting 2010; 21 (4):283-93.
Bakre O. Financial reporting as technology that supports and sustains imperial expansion, maintenance and control in the colonial and post-colonial globalisation: the case of the Jamaican economy. Critical Perspectives on Accounting 2008; 19(4):487-522.
Batley, R. (1999). The new public management in developing countries: implications for policy and organizational reform. Journal of International Development 1999; 11(5):761-65.
Bergevärn L, Mellemvik F,Olsen O. Institutionalization of accounting - a comparative study between Sweden and Norway. Scandinavian Journal of Management 1995; 11(1):25-41.
Bista, L. From verification to performance. Nepalese Journal of Government Auditing (Silver Jubilee Special) 1984;15 (June).
Broadbent J, Guthrie J. Public sector to public services: 20 years of "contextual" accounting research. Accounting, Auditing & Accountability Journal 2008; 21(2):129-68.
Burns J, Scapens RW. Conceptualizing management accounting change: an institutional framework. Management Accounting Research 2000; 11(3):3-25.
Bush B, Maltby M. Taxation in West Africa: transforming the colonial subject into the "governable person". Critical Perspectives on Accounting 2004; 15(1):5-34.
Carpenter V, Feroz E. Institutional theory and accounting rule choice: an analysis of four US state governments' decisions to adopt generally accepted accounting principles. Accounting, Organizations and Society 2001; 26 (7/8):565-96.
Carruthers B. Accounting, ambiguity, and the new institutionalism. Accounting Organizations and Society 1995; 20 (4):313-28.
Chatterjee R. Report on the accounting system in Nepal. Kathmandu: Ministry of Finance; 1967.
Collier PM. The power of accounting: a field study of local financial management in a police force. Management Accounting Research 2001; 12(4):465-86.
Conrad L. A structuration analysis of accounting systems and systems of accountability in the privatised gas industry. Critical Perspectives on Accounting 2005; 16(1):1-26.
Delbridge R, Edwards T. Reflections on developments in institutional theory: towards a relational approach. Scandinavian Journal of Management 2007; 23(2):191-205.
Dillard JF, Rigsby JT, Goodman C. The making and remaking of organization context: duality and the institutionalization process. Accounting, Auditing and Accountability Journal 2004; 17(4): 506-42.
DiMaggio P, Powell W. The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. American Sociological Review 1983; 48(2):147-60.
DiMaggio P, Powell W. Introduction. In: Powell W, DiMaggio P, editors. The New Institutionalism in Organizational Analysis. Chicago: University of Chicago Press; 1991. p. 1-38
Donnalley G. Survey of his majesty's government of Nepal budget & accounting systems. Kathmandu: Public Administration Division USAID/Nepal; 1967.
Elsbach KD, Sutton R. Acquiring organizational legitimacy through illegitimate actions: a marriage of institutional and impression management theories. The Academy of Management Journal 1992; 35(4):699-738.
Englund H, Gerdin J. Structuration theory and mediating concepts: pitfalls and implications for management accounting research. Critical Perspectives on Accounting 2008; 19(1):122-34.
Englund H, Gerdin J, Burns J. 25 years of Giddens in accounting research: achievements, limitations and the future. Accounting, Organizations and Society 2011; 36(8):494-513.

Englund H, Gerdin J. Agency and structure in management accounting research: reflections and extensions of Kilfoyle and Richardson. Critical Perspectives on Accounting 2011; 22 (6):581-92.
Ezzamel M, Hyndman N, Johnsen A, Lapsley I, Pallot J. Experiencing institutionalization: the development of new budgets in the UK devolved bodies. Accounting, Auditing & Accountability Journal 2007; 20(1):11-40.
Financial Comptroller General Office (FCGO). Government accounting and auditing improvements project: proposal for re-structuring the classification of accounts for budgeting-accounting-reporting (proposal II). Kathmandu: Cowater International Inc. Ottawa (in association with P.P. Pradhan & Company); 1989.
Financial Comptroller General Office (FCGO). Consolidated financial statements of his majesty's government/Nepal. Kathmandu: HMG, Ministry of Finance, FCGO; 2004.
Financial Comptroller General Office (FCGO). Government of Nepal consolidated financial statements: fiscal year 2009/2010.Anamnagar, Kathmandu: FCGO; 2011.
Giddens A. Central problems in social theory: action, structure and contradiction in social analysis. London: Macmillan; 1979.
Giddens A. The constitution of society. Polity Press; 1984.
Goddard A. Contemporary public sector accounting research-an international comparison of journal papers. The British Accounting Review 2010; 42(2):75-87.
Gongal S. Occasional paper no. 4: foreign experts in the administration of Nepal. Kathmandu: Centre for Economic Development and Administration (Tribhuvan University Campus); 1973.
Gould F. The report on accounting and reporting system of his majesty's government of Nepal. Kathmandu: Panchyat Development and Administration Division (USAID/Nepal); 1969.
Government of Nepal (GoN). An assessment of the public financial management performance measurement framework (As of FY 2005/06). Kathmandu: Financial Comptroller General Office; 2008.
Guragain M. An important of IPSAS cash basis in Nepalese perspective. The Nepal Chartered Accountant 2008; June:10-11.
Guthrie J, Humphrey C, Olson O. Debating developments in new public financial management: the limits of global theorising and some new ways forward. Financial Accountability & Management 1999; 15(3/4):209-28.
Helden GJ van. Researching public sector transformation: the role of management accounting. Financial Accountability & Management 2005; 21(1):99–133.
Hines R. The socio-political paradigm in financial accounting research. Accounting, Auditing & Accountability Journal 1989; 2(1):52-75.
His Majesty Government of Nepal (HMGN). High level government expenditure report. Kathmandu: HMGN; 2005a.
His Majesty Government of Nepal (HMGN). Financial accountability review mission; a joint HMGN/DFID and World Bank assessment update. Kathmandu: Ministry of Finance, HMGN; 2005b.
Hood C. "The new public management" in the 1980s: variations on a theme. Accounting, Organizations and Society 1995; 20(2/3):93-109.
Hooper T, Tsamenyi M, Uddin S, Wickramasinghe D.Management accounting in less developed countries: what is known and needs knowing. Accounting, Auditing and Accountability Journal 2009; 22(3):469-514.
Hopwood AG, Miller P. Accounting as social and institutional practice. Cambridge: Cambridge University Press; 1994.

International Monetary Fund (IMF). Nepal: report on observance of standards and codes-fiscal transparency module (country report no. 07/346). Washington, DC: IMF; 2007
Irvine H. From go to woe: how a not-for-profit managed the change to accrual accounting. Accounting, Auditing & Accountability Journal 2011; 24(7):824-47.
Iyoha FO, Oyerinde D. Accounting infrastructure and accountability in the management of public expenditure in developing countries: a focus on Nigeria. Critical Perspectives on Accounting 2010; 21(5):361-73.
Jacobs K. Making sense of social practice: theoretical pluralism in public sector accounting research. Financial Accountability & Management 2012; 28(1):1-25.
Levkovsky AI. Capitalism in India: basic trends in development. Moscow: People's Publishing House; 1972.
Liguori M, Steccolini I. Accounting change: explaining the outcomes, interpreting the process. Accounting, Auditing & Accountability Journal 2012; 25(1):27-70.
Macintosh NB, Scapens RW. Management accounting and control systems: a structuration theory analysis. Journal of Management Accounting Research 1991; 3:131-58.
Meyer J, Rowan B. (1977) Institutional organizations: formal structures as myth and ceremony. American Journal of Sociology 1977; 83(2):340-63.
Miller P. Accounting as social and institutional practice. An introduction. In: Hopwood A, Miller P, editors. Accounting as social and institutional practice. Cambridge: Cambridge University Press; 1994. p 1-39.
Ministry of Finance (MoF). Nepal country financial accountability assessment. Kathmandu: MoF; 2004.
Ministry of Finance (MoF). Nepal portfolio performance review NPPR. Kathmandu: MoF (Government of Nepal); 2011.
Mir MZ, Rahaman AS. The adoption of international standards in Bangladesh. Accounting Auditing & Accountability Journal 2005; 18(6):816-41.
Moore D. Structuration theory: the contribution of Norman Macintosh and its application to emissions trading. Critical Perspectives on Accounting 2011; 22(2):212-27.
Murphy J. International financial institutions and the new global managerial order. Critical Perspectives on Accounting 2008; 19(5):714-40.
National Planning Commission (NPC). Medium term expenditures framework (fiscal year 2002/03-04/05). Kathmandu: HMGN; 2002.
Nemkul C. Emergence of project accounting practices in Nepal. Journal of Finance and Development (Rajaswa) 1998; 18(2).
Neu D, Gomez EO, L´eon OGPD, Zepeda MF. Facilitating globalization processes: financial technologies and the World Bank. Accounting Forum 2002; 26(3/4):271-90.
Neu D, Ocampo E. Doing missionary work: the World Bank and the diffusion of financial practices. Critical Perspectives on Accounting 2007; 18(3):363-89.
Neu D, Ocampo E, Graham C, Heincke M. Information technologies and the World Bank. Accounting, Organizations and Society 2006; 31(7):635-62.
Neu D, Rahaman AS, Everett J, Akindayomi A. The sign value of accounting: IMF structural adjustment programs and African banking reform. Critical Perspectives on Accounting 2010; 21(5);402-19.
Neu D, Everett J, Rahaman, A.S. Accounting assemblages, desire, and the body without organs: a case study of international development lending in Latin America. Accounting Auditing & Accountability Journal 2009; 22(3):319-50.
Oliver C. Strategic responses to institutional processes. The Academy of Management Review 1991; 16(1):145-79.
Potter B. Accounting as a social and institutional practice: perspectives to enrich our understanding of accounting change. ABACUS 2005; 41(3):265-89.

Potter J, Wetherell M. Discourse analysis. In: Smith JA, Harre R, Langenhove L, editors. Rethinking methods in Psychology.London: Sage; 1995.
Poudyal M. Public administration and nation-building in Nepal. New Delhi: NBO Publishers' Distributors; 1984.
Rahaman AS. Critical accounting research in Africa: whence and whither. Critical Perspectives on Accounting 2010; 21(5);420-27.
Rahaman AS, Everett J, Neu D. Accounting and the move to privatize water services in Africa. Accounting Auditing & Accountability Journal 2007; 20(5):637-70.
Rahaman AS, Lawrence S. Public sector accounting and financial management in a developing country organisational context: a three-dimensional view. Accounting Forum 2001; 25(2):189-210.
Rahaman A, Lawrence S, Roper J. Social and environmental reporting at the VRA: institutionalised legitimacy or legitimation crisis? Critical Perspectives on Accounting 2004; 15(1):35-56.
Roberts J, Scapens R. Accounting systems and systems of accountability-
understanding accounting practices in their organisational contexts. Accounting,
Organizations and Society 1985; 10(4):443-56.
South Asian Federation of Accountants (SAFA). A study on accrual based accounting for governments & public sector entities. SAFA; 2006.
Scott WR. The adolescence of institutional theory. Administrative Science Quarterly 1987; 32(4):493-511.
Scott WR. Institutions and organizations. 2nd ed. Thousand Oaks, CA: Sage; 2001.
Silverman D. Doing Qualitative Research. London: Saga Publications; 2000.
Siti-Nabiha AK, Scapens RW. Stability and change: an institutionalist study of management accounting change. Accounting, Auditing & Accountability Journal 2005; 18(1):44-73.
Sharma T. Program budgeting: an analysis. Nepalese Journal of Finance and Development: The Budget Special 1996.
Shrestha M. A handbook of public administration in Nepal. Kathmandu: His Majesty's Government Press; 1965.
Shrestha P. Accrual vs. cash accounting in developing countries: a dissertation submitted to the faculty of commerce and social sciences for the award of the degree of master of social science (accounting and finance). UK: the University of Birmingham; 1991.
Tsamenyi M, Cullen J, Gonzalez JSG. Changes in accounting and financial information system in a Spanish electricity company: a new institutional theory analysis. Management Accounting Research 2006; 17:409-32.
Tsamenyi M, Onumah J, Tetteh-Kumah E. Post-privatization performance and organizational changes: case studies from Ghana. Critical Perspectives on Accounting 2010; 21(5): 428-42.
Tyrrall D, Woodward D, Rakhimbekova A. The relevance of international financial reporting standards to a developing country: evidence from Kazakhstan. The International Journal of Accounting 2007; 42(1):82-110.
Uddin S, Gumb B, Kasumba, S. Trying to operationalize typologies of the spectacle: a literature review and a case study. Accounting, Auditing & Accountability Journal 2011; 24(3):288-14.
Uddin S, Hopper T. A Bangladeshi soap opera: privatisation, accounting, and regimes of control in a less developed country. Accounting, Organizations and Society 2001; 26(7/8): 643-72.
Uddin S, Hopper T. Accounting for privatisation in Bangladesh: testing World Bank claims. Critical Perspectives on Accounting 2003; 14(7):739-74.

Uddin S, Tsamenyi M. Public sector reforms and the public interest: a case study of accounting control changes and performance monitoring in a Ghanaian state-owned enterprise. Accounting, Auditing & Accountability Journal 2005; 18(5):648-74.
Wickramasinghe D, Hopper T.A cultural political economy of management accounting controls; a case study of a textile mill in a traditional Sinhalese village. Critical Perspectives on Accounting 2005; 16(4):473-503.
Wildavsky A. Why planning fails in Nepal. Administrative Science Quarterly 1972; 17(4):508-28.
World Bank. Financial accountability in Nepal: a country assessment. Washington, DC: World Bank; 2002.
World Bank. Nepal public sector accounting and auditing: a comparison of international standards. Washington, DC: World Bank; 2007.
World Bank. Public sector accounting and auditing in south Asia: a comparison to international standards. Washington, DC: World Bank; 2010.
World Bank. Project paper on a proposed grant out of Nepal public financial management (PFM) multi donor trust fund (MDTF). South Asia region: Financial Management Unit; 2011 June.