

Paper#: K292

ACCOUNTING FOR CARING AND ACCOUNTABILITY IN THE INSTITUTIONALIZATION OF COMPETITIVE TENDERING

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ABSTRACT

This paper analyses how the institutionalization of competitive tendering during procurement of public health care services affects budgetary accountability of public decision makers. Competitive tendering in welfare States, such as Finland, has brought considerable capital market pressures into the ways of thinking and doing of public decision makers. Local and multinational corporations have received a niche in which to use their innovative and production skills as a source of power to compete for resources that are in the hands of public decision makers. In the institutional change, the traditional decision making process, previously dominated by political and legal rationalities in public sector organizations, was expected to switch to sound business minded ways of handling public procurement bids and contracts dominated by capital market mechanisms. Previous literature documents major institutional change failures. How various circuits of power involved in public procurement processes affect budgetary accountability of public decision makers, however, remain an under-researched accounting field. This paper fills this gap by extending the institutional conceptual framework of management accounting change proposed by Burns and Scapens (2000) to the framework of circuits of power proposed by Clegg (1989). A practical motivation is to show how practitioners and policy makers can enhance accountability of public decision makers through the institutionalization of public procurement mechanisms whose outcomes in terms of costs and service quality they can control. Findings, based on intensive field research over a period of 4 years in regional city in Finland, confirm the theoretical reasoning of the paper with policy implications.

Keywords: accountability, institutionalization, competitive tendering, circuits of power, public health care