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UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS AND LAW

School of Management

**Accounting in Higher Education:
A Grounded Theory of Accounting Absence**

by

Khaled Fouzan Alfahad

Thesis for the degree of Doctor of Philosophy

March 2014

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF BUSINESS AND LAW

SCHOOL OF MANAGEMENT

Thesis for the degree of Doctor of Philosophy

**ACCOUNTING IN HIGHER EDUCATION: A GROUNDED THEORY OF
ACCOUNTING ABSENCE**

Khaled Fouzan Alfahad

To date, very few studies have investigated accounting absence in organisations, and only two of these have investigated the absence of accounting in higher education (HE). This has posed difficulties to the author of this thesis to identify a framework of accounting absence against which to conduct the research. To mitigate this, the Grounded Theory (GT) approach was applied and developed in this research to facilitate an in-depth explanation of the issue of accounting absence. Subsequently, the researcher extensively and intensively conducted semi-structured interviews in addition to reviewing documents that would shed light on the status of accounting in the case study.

Empirically, this study has – in depth – explored, examined and understood accounting absence in a leading and public university in Saudi Arabia which should contribute to the few related studies in HE and the public sector in general and in developing countries in particular. The origin, status and daily practices of its accounting system were described. For example, this research found that the University's antiquated accounting system had rarely been subject to any updates or developments since the rules were first established in 1956, although they are criticised for being primitive, bureaucratic and centralised.

After comparing the open and axial codes to reach a saturation stage of developing a theory, a substantive theory of accounting absence was introduced to explain accounting absence, and describes conditions that create, resist and/or sustain the absence of accounting by describing the strategies that are applied by those conditions. The consequences of accounting absence and these strategies are described, and finally, this research defined accounting absence, drawing a distinction between technical absence and functional absence.

The substantive theory is then compared with the extant literature where this research found a new type of decoupling taking place, and new practices of coercive pressure. After the comparisons, a Formal Grounded Theory was developed to achieve an abstract theory of accounting absence that should be more applicable to studies on accounting absence in general and accounting absence in the field of HE in particular.

Dedication

I dedicate this work to the one for who I undertook this research, to please him and to fulfil his dream ... to my father who sadly passed away before he could be proud of having a son with a doctorate.

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DECLARATION OF AUTHORSHIP

I, Khaled Fouzan Alfahad, declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

Accounting in Higher Education: A Grounded Theory of Accounting absence.

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission.

Signed:.....

Date:.....

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Abbreviations

AAIs	Academic Accreditation Institutions
AB	Academic Board
ABC	Activity-based Costing
BTEC	Budget to Every College
CDSI	Central Department of Statistics and Information
FGT	Formal Grounded Theory
GAB	General Audit Bureau
GFS	Government Finance Statistics
GT	Grounded Theory
HE	Higher Education
HEC	Higher Education Council
IMF	International Monetary Fund
IPA	Institute of Public Administration
MoEP	Ministry of Economic and Planning
MoF	Ministry of Finance
MoHE	Ministry of Higher Education
MoE	Ministry of Education
NGASs	New Government Accounting Systems
PC	Performance Contract
SAA	Saudi Accounting Association
SAMA	Saudi Arabian Monetary Agency
SAR	Saudi Arabian Riyal
SOCPA	Saudi Organisation for Certified Public Accountants
UC	University Council
WB	World Bank

Chapter 1: Introduction

1.1 Background

Worldwide, the Higher Education (HE) sector is a vitally important sector that is continuously and increasingly drawing the attention of politicians, economists and the public, because it represents national, social and economic investment, and is one of the key factors behind the development of a country (Cribb and Gewirtz, 2013; Materu *et al.*, 2011; Mukherjee and Wong, 2011). Mukherjee and Wong (2011) emphasised the relationship between HE and economic developments, and they stated the significant contributions of the HE sector to a country's gross domestic product (GDP). Consequently, competition between countries and HE institutions is high, particularly with the rapid growth in the HE sectors in East Asia and the increasing competition between HE institutions for financial and human resources.

For example, the HE sector in the UK has undergone numerous changes and attracted dynamic and ongoing debate and argument for the last three decades. This debate really took hold after the Conservative Group under the leadership of Margaret Thatcher won the general election. The Conservatives exerted pressure on the HE sector to apply the new public management (NPM) principles which were popular in the Anglo-Saxon countries at that time (Taylor, 2013; Parry, 2001; Deem *et al.*, 2007). The Thatcher period was notable for the cuts the government made to funding for HE institutions such as removing the free entry status of overseas students. In addition, the committee of Vice-Chancellors commissioned the Jarratt Report that called on HE institutions to exercise greater efficiency in order to cope with the funding cuts. Taylor (2013) described the influence of this Report: "[it] was highly influential in reshaping the practice of governance in UK universities" (p. 82). The performance of the UK universities was widely studied by accounting researchers, as a consequence of these cuts, and interesting findings emerged. For example, while Salford University was managing with a 40% cut in funding, Manchester University was facing difficulties in coping with such cuts, although the funding cut in this instance was only 16% (Shattock, 2008). In addition, British universities were found to apply new accounting techniques such as

Activity-based Costing (ABC), because of the Jarratt Report and pressures from governmental funding agencies.

The 1980s and 1990s were not only periods of funding cuts for the UK universities per se; the structure and governance of these institutions were also re-reviewed. The UK government commissioned the Dearing Report which proposed the supervision of UK universities by governing bodies; as a result of this initiative, the power of universities' senates was significantly reduced (Taylor, 2013). The governing body was empowered in order to achieve HE institutions' strategic direction and performance goals. In addition, the empowerment of this governing body was increased in the 2000s following the Lambert Report commissioned by the UK Treasury (HM Treasury, 2003).

Some writers such as Taylor (2013) emphasised the importance of the role of the universities' management and their senior academics in participating in the managing of the British universities, as universities should embody trust. Cribb and Gewirtz (2013) stated that HE institutions are viewed as a national, social and economic investment, and they found that the public recognises the importance of such institutions; for instance, the number of HE students has increased significantly in the UK since the 1980s. Ehrenberg (2002) and Rosovsky (1990) viewed successful experiences of world-class US universities (Cornell and Harvard) that have recruited their academics to their institutions' governing bodies. Burgan (2006) and Taylor (2013) concluded that excluding senior academics from universities' governing bodies [their study focused on the cases of the UK and the USA, respectively] would impede their creativity and success. For example, Cribb and Gewirtz (2013) found that some disciplines such as the social sciences and humanities were in danger of being closed, as funds were allocated in favour of other faculties such as engineering and business studies which had achieved a more dominant status at their institutions.

The last decade (2000s) has not been easy for the HE sector in the UK and the US; both countries have made significant state funding cuts that has negatively affected their HE institutions, particularly after the global economic crisis in 2008, whereas continental western European countries have not made any notable cuts to their HE sectors (Altbach, 2011). Following these cuts, protests and marches were commonplace against government attitudes to the UK HE

Accounting in Higher Education: A Grounded Theory of Accounting absence sector (Cribb and Gewirtz, 2013). Shattock (2013) stated that the UK HE institutions have witnessed a radical financial change during the last decade, as the average university's income from the state has fallen from 60% in 2003; to as low as 35% during the last decade, which is a significant reduction for some. These situations have led to a feeling of uncertainty among the universities which have been forced to, for instance, open overseas branches and bid for research grants. In addition, Cribb and Gewirtz (2013) and Gewirtz and Cribb (2013) showed that the cut of public funds to the universities and the influence of the *Times Higher* have led the universities to compete to attract international students and private sector investment, and to acquire prestigious international links and better positions in various highly publicised university league tables. Finally, many studies in accounting in the UK HE sector have explored and explained the influence of these circumstances in general, and cuts in funding in particular, on accounting in these institutions. They found that accounting has been developed in these institutions by applying, for instance, ABC rather than an arbitrary costing system in order to acquire better cost information; and consequently reduce their costs.

In Asia, the story is somewhat different to that in the West, as most Asian countries apart from Japan have increased funding to their HE institutions during the last decade (Altbach, 2011). For example, Saudi Arabia has increased the government spending on its HE sector from SAR 23.4 billion in 2008 to almost SAR 60 billion in 2012, and has allocated a budget of SAR 80 billion for 2014 (MoHE, n.d.a; Riyadh Office, 2013). The number of universities in the country has increased from eight in 2000 to 34 at the present time. The number of academic staff in Saudi Arabia's HE sector was around 26000 in 2005, rising to 48000 in 2011. In addition, the number of HE students increased from 573000 in 2004 to nearly 1.5 million by 2011 (SAMA, 2007; p. 200; SAMA, 2012; p. 162). In fact, most Asian governments are looking for better positioning of their HE sectors within the world. The Chinese government set a goal to develop its HE sector to compete with a number of research universities and research centres of excellence (Wang *et al.*, 2011; Wang, 2008). It is expected that half of the growth during the next 20 years in the number of HE students will be in China and India (Altbach, 2009). The number and quality of universities in Asian countries are also rapidly growing. Postiglione (2011) claimed that the Hong Kong HE sector is rapidly developing, and his case study (a Hong Kongese university) had reached the top 10 among

Asian universities in the 10 years since its establishment. Altbach (2011) stated that the economic crisis in 2008 led to funding cuts to the research universities in Western countries, which in turn stimulated a shift of the balance of strength in research from Northern America and Europe to East Asia, which generously funds such activity.

That said; the case in the African universities is quite different. Although many of the African HE institutions were established during the colonial era, this led to the affiliation of these universities with some of the colonial universities, which in turn ensured the quality of those African universities (Materu *et al.*, 2011). These universities were comparable to the European universities in terms of academic standards, culture and character that prevailed during colonial times. However, the status of these universities changed negatively after independence. Politicians in these countries were concerned with issues of free education and most importantly with controlling political dissent in those universities; consequently, the universities have suffer from economic difficulties and interference in their affairs.

The increase in the number of HE students and the continuous cuts in state funds to HE institutions have led to a rapid growth in private and privatised HE institutions. These institutions are found to focus on teaching rather than research, and tend to teach what the students want which raises concerns over the quality of their graduates (Materu *et al.*, 2011). In general, concerns over this sector hover around regulating, quality assurance and the ability of the economy to sustain more graduates (Altbach, 2011; Wang *et al.*, 2011). For example, the OECD (2008) stated that the number of HE students worldwide increased from 100 million to 150 million between 2000 and 2007. Therefore, questions are arising about the ability of markets to sustain all those graduates who might be not properly qualified.

1.2 Significance of this research

Based on the above review of the HE sector in different parts of the world, it is clear that the HE sector is a topical and changeable issue in many nations despite the differences between these nations. HE has achieved this importance and has become the priority of politicians, economists, academics and a variety of different members of society, because of the fundamental role

Accounting in Higher Education: A Grounded Theory of Accounting absence of HE in many and different countries. It is clear that the main issues affecting this sector are related to funding, governance, education and research, and most studies on this sector from different disciplines are interest in these issues. However, only a few accounting studies have investigated the HE sector, in general, and these issues, in particular, despite their direct relationship with accounting. For example, Goddard (2010) found that only 4.3% of accounting studies in the public sector are concerned with accounting in HE.

Furthermore, this research has expanded the limited focus to date on accounting research in developing countries, the public sector and HE (Goddard, 2010; Broadbent and Guthrie, 2008). Broadbent and Guthrie (2008) and Goddard (2010) are concerned about the very few studies on developing countries (1.1% of studies in Goddard's (2010) review are in developing countries). Goddard (2010) stated that,

Indeed in many developing countries it could be argued that their public sectors are even more important than those where research is vibrant, concerned as they are with issues of fundamental survival. Some of the most urgent issues in the world today are concerned with the alleviation of poverty and the public sector has a principal role to play. Accounting is a vital ingredient in this agenda and PSA [public sector accounting] can make a significant contribution (p. 85).

In addition, Hopper *et al.* (2009) insist that the study of accounting in developing countries is paramount, as they have different cultures, economies, ideologies and politics to those of developed countries, and they argued these differences might have an influence on accounting which makes it differ from accounting in developed countries. Consequently it is important that these contexts are studied. In addition, accounting in HE has more to tell, particularly in developing countries. Hence, more and intensive studies on accounting in HE sector need to be conducted.

In conclusion, studying accounting in the HE sector in Saudi Arabia would enrich the nascent accounting literature in HE not only in developing countries, but in developed countries as well. The case study of this research has similarity in its structure to the developed countries' universities, as it also has an autonomous existence. In addition, it has similarities to those universities in most developing countries where centralisation and political powers are intensive, and it similar to those universities in East Asia, as it has worked hard to achieve its status as one of the world's best universities.

1.3 Aims and objectives

The aim of this study is to discuss and understand accounting in the HE sector; and to explore and understand the factors that influence accounting in this sector, and to understand the strategies adopted by these factors to achieve their aims. It is anticipated that this study will add to the literature of accounting in the HE sector, the public sector and in developing countries. To achieve the aims of this study, the Grounded Theory (GT) approach is applied here to allow the data to speak for themselves, and to understand the relatively new area of accounting research by building a theory based on the data themselves, rather than allowing the extant literature to lead and force the findings of this research. The theory was compared to the extant literature, and a Formal Grounded Theory (FGT) was built to present an abstract and more general theory of accounting in HE.

1.4 Research questions

This study addressed the following questions:

What is the status of accounting in the HE sector, and how is it implemented/what processes are involved?

What are the reasons and factors for the status of accounting in HE sector, and what are the consequences of this status? And why?

How does the University deal with accounting, and why is it necessary to address this?

1.5 Methodology

The interpretive paradigm is adopted in this research, as it allows for a deep understanding of the phenomenon studied. The interpretive paradigm was given impetus in the late 1970s and early 1980s as accounting researchers began to study accounting in more depth and in the context in which it operates, by focusing on the constructive and interpretive actions of people (Hopwood, 1979, 1983; Chua, 1988; Morgan, 1983, 1988; Tomkins and Groves, 1983; Willmott, 1983). Hopwood (1979) showed the importance of and the need for the implementation of the interpretive approach to study

Accounting in Higher Education: A Grounded Theory of Accounting absence accounting in its field of operation. Tomkins and Groves (1983) claimed that an increasing number of interpretive studies have been applied to understand the daily life of accounting in its setting since Hopwood's 1979 work.

Ryan *et al.* (2002) argued that the interpretive approach increases the understanding of the social world and the social nature of accounting practices, and makes sense of the social character of daily life. Therefore, interpretive accounting research means that

better understanding can be obtained by investigating and analyzing what accounting actually means to participants and why certain phenomena occur rather than verifying or falsifying their existence (Alberti-Alhtaybat, 2007; p. 64).

Subsequently, the researcher carried out in-depth semi-structured interviews in order to gain deep understanding of the case study. Documents, reports and fields notes were collected to enrich the study, and to generate different types of data.

This study is applying GT as a research approach, methodology, and data collection and analysis method as it is in line with, and a useful approach for, interpretive research (Ullah, 2012; Mkasiwa, 2011; Alberti-Alhtaybat, 2007). GT is encouraged in accounting interpretive studies (Chua, 1988; Parker and Roffey, 1997; Covaleski and Dirsmith, 1990; Elharidy *et al.*, 2008). The interpretive paradigm and GT are useful for this study as they enable the researcher to explore, explain and describe what is going on based mainly on individuals' perceptions and meanings, and offers the ability to construct a theory that is grounded in the data collected (Strauss and Corbin, 1998).

The procedures and tools of Strauss and Corbin (1998) and Corbin and Strauss (2008) are applied in this study. This research adopts the Straussian approach to GT, because the researcher believes that going to the field (as per the Glasserian approach), particularly as a novice researcher, without any preconceived knowledge, might lead to an incomplete picture of the phenomenon, waste time and reduce the focus on significant issues,– consequently resulting in weak generation of theory. Furthermore, the Straussian approach offers procedures and guidelines that are very useful and essential to the novice researcher, and they are flexible (to be all applied or not based on the nature of the subject that is studied). These guidelines prevent

important steps or issues from being missed, and the procedures keep everything tidy and under control. Consequently, a comprehensive and reliable theory would emerge in this study.

1.6 Structure of the thesis

This section introduces the structure of this thesis which comprises nine chapters, including the current chapter. The GT methodological structure has been applied, where the data collection and analysis are carried out before the main literature review is undertaken. In addition, the purpose of the literature review in a GT study differs from that in qualitative research where the extant literature significantly leads the type of data collected and affects the study findings. However, the literature in GT studies is mainly compared with the GT of this study.

1.6.1 Chapter two

This chapter aims to give the researcher a general understanding of accounting in HE in order to explain the main accounting issues that facing HE institutions. The extant literature should not lead the research through preconceived theory that cherry-picks the factors to be examined in the field, as is the case with other interpretive research methodologies; however, Anselm Strauss and Juliet Corbin¹ understood that it is rare for a researcher to go into the field with no prior assumptions of the topic under study. Strauss and Corbin (1998) added that

the researcher brings to the inquiry a considerable background in professional and disciplinary literature. This background may be acquired while studying for examinations or simply through efforts to “keep up” with the field (p. 49).

Interestingly, this prior knowledge should not contradict with GT; rather it should be “used to enhance, rather than constrain, theory development” (Strauss and Corbin, 1998; p. 49). Consequently, the researcher should not “review all of the literature in the field beforehand, as is frequently done by analysts using other research approaches” (Strauss and Corbin, 1998, p. 49). Hence, chapter two aims to understand accounting in action in the HE sector,

¹ Anselm Strauss and Juliet Corbin are the main writers on GT.

Accounting in Higher Education: A Grounded Theory of Accounting absence but not at this stage undertake an in-depth review of the extant literature as this is the role of chapter eight.

The chapter shows the studies that were in accounting in HE by country and focus of study. It has referred to studies that have focused on the two accounting techniques – *cost accounting* and *budgeting* – that are the focus of this research. The following part of chapter two shows the main factors that have been found in the literature to influence accounting in HE. The last part of the chapter identifies the research gaps, and summarises the chapter.

1.6.2 Chapter three

Chapter three sets out the background information of Saudi Arabia, the Saudi HE sector, and the case study of this research. It started with a background of the Arabian Peninsula and the Ibn-Saud states. It is important to show the political system of the country and the positions of powers in the country. This is followed by an explanation of the state's economy which is almost totally reliant on oil production. The private sector is mentioned to show the developments of accounting in this sector. This part concludes with a section describing the social context in Saudi Arabia which shows the Saudi professional levels which are discussed during the analysis.

The second and third sections of the chapter give background information of the Saudi HE sector and the University which is this research's case study. The history and recent developments of the Saudi HE sector are mentioned. The University's background, facilities and resources and the University's development plans are stated; followed by a section that shows the University's hierarchy and the positions of power in the HE sector, in general, and the University, in particular. The section concludes by showing the accounting rules that are applied in the University, and stating the formal financial reports produced by the University.

1.6.3 Chapter four

This chapter explains and justifies the methodology and methods that this study has undertaken. It started with Burrell and Morgan's (1979) framework which explained the nature of social science and the nature of society. It then identifies the four paradigms based on the framework. The next sections show

the three paradigms that are used in accounting research, and finally it gives the justification for following the interpretive paradigm.

The second part of this chapter is concerned with GT. The first section sets out the history of GT, followed by an overview of GT. A further section discusses the differences between the Glasserian and Straussian GT approaches. Based on the differences, the different analytical procedures between the two approaches are examined. Before giving the justifications for applying GT, studies used GT in accounting research are reviewed.

The third part of this chapter discusses the research procedures adopted for collection and analysis of the data, and the data collection methods are presented. The chapter concludes with an explanation of the tools applied to ensure validity and reliability.

1.6.4 Chapter five

This chapter is the first analysis chapter in GT which is divided into three analysis stages by the Straussian approach. In this stage, data are analysed deeply and intensively by going through the data word-by-word, and coding them. The codes/concepts are then categorised. This chapter described the 37 open categories identified for the study.

1.6.5 Chapter six

Axial coding aggregates the open codes based on their relation to the core phenomenon of this study. This chapter briefly discusses the 13 axial codes found in this research. They represent the factors and strategies that have led or influenced the core category, and they are the consequences of the core category.

1.6.6 Chapter seven

This chapter is the last analytical stage of the Straussian approach. It starts with the release of this research's core category, which is related to the components of the paradigm model. These components then are defined and axial codes are assigned to them. The last section of the chapter sets out a storyline for the core category.

1.6.7 Chapter eight

This chapter compares and positions the emergent theory of this study with the extant literature in accounting absence and HE sector. First, it shows the importance of studying accounting absence, and defines accounting absence. The next section presents studies that explain the nature of accounting absence, particularly in HE, and these are followed by an explanation of the nature of accounting absence based on studies in the literature. The second part of this chapter compares the conditions, strategies and consequences of this research with the extant literature to build a formal GT for accounting absence. The formal GT is the third and last part of this chapter.

Chapter 2: Literature Review

2.1 Introduction

This study is using GT² as the methodological approach. GT is a recommended methodological approach, when the subject that is studied is relatively new or undiscovered by prior studies, and the setting has a great deal to disclose that normal methodologies would not ordinarily discover, as most of these constrain the possible scope of the research by the things that should be looked at. Strauss and Corbin (1998) stated that “grounded theories ... are likely to offer insight, enhance understanding [of the field], and provide a meaning guide to action” (p. 12). Based on the above, the GT approach was considered appropriate for the nature of this study, as the aim of this study is to understand accounting in-action.

This chapter does not aim to review the extant literature in great depth, as GT, briefly, aims to generate a theory that “was derived from data, systematically gathered and analysed through the research process” (Strauss and Corbin, 1998, p. 12). Therefore, a GT study should not be led or constrained by prior studies; consequently, the theory would reflect and answer the main GT question, ‘what is going on here?’ However, Anselm Strauss and Juliet Corbin³ understood that it is rare for a researcher to go into the field with no prior assumptions of the topic under study. Strauss and Corbin (1998) added that

the researcher brings to the inquiry a considerable background in professional and disciplinary literature. This background may be acquired while studying for examinations or simply through efforts to “keep up” with the field (1998, p. 49).

Interestingly, this prior knowledge should not contradict with GT, as it should be “used to enhance, rather than constrain, theory development” (Strauss and Corbin, 1998; p. 49). Consequently, the researcher should not “review all of the literature in the field beforehand, as is frequently done by analysts using other research approaches” (Strauss and Corbin, 1998, p. 49). This is

² GT is explained in the methodology chapter.

³ Anselm Strauss and Juliet Corbin are the main writers on GT.

because the researcher should not be completely influenced by prior studies in the field, and will not know in advance which salient problems and theoretical concepts may emerge in the course of the research. Hence, the literature is generally and briefly reviewed in the current chapter.

Accounting in HE is a fertile area to be studied in accounting literature. The contexts of studies that are reviewed in this chapter are from various developed and developing countries. The number of these studies per country and their respective research foci are mentioned in table 1–1. Table 1–1 shows studies that explored accounting status in HE institutions, and it shows studies that examined accounting reform and changes in different countries. In addition, table 1–2 shows the number of studies that have focused on one or two accounting techniques to be evaluated and examined, particularly the study of cost accounting and budgeting in HE institutions. The literature review revealed different status and attitudes towards accounting in HE, depending mostly on the accounting context, such as culture and the extent of external pressure. This chapter generally reviews studies in accounting in HE based on factors that have the greatest effect on accounting.

This chapter is divided into two parts. The first part discusses the studies that have focused on cost accounting and budgeting in HE institutions, as they are two of the most important and studied accounting techniques in accounting in similar setting (public and HE sectors) (Broadbent and Guthrie, 2008). Broadbent and Guthrie (2008) found that 41% of the 452 studies reviewed in public sector accounting research focus on management accounting, budgeting and financial management. However, the second part, and arguably the most important one, explains the status of accounting in HE institutions, and shows the factors that have been found to influence accounting in these institutions. This chapter is classified on the basis of the factors that have been found to influence accounting in HE; rather than classifying it based on the settings (country or developed and developing countries) or based on the area of study (costing or budgeting).

Table 1-1: The number of accounting studies in HE sector per country, and number of the studies based on their scope

Country	Number of studies	Study focus on			
		accounting status	accounting change and reform	cost accounting	budgeting and resource allocation
UK	16	7	5	8	3
Norway	1		1		
Sweden	1	1		1	
Italy	2	1	1	1	
Spain	1			1	
Belgium	2		1	1	
Germany	1	1			1
Netherlands	2		1		2
Greece	2		2		1
US	8	2	1	1	5
Canada	1		1		
Russia	1		1		
New Zealand	1	1			
Australia	3		2		2
Fiji	1		1		
Japan	1		1		
Tailand	1		1		
Malaysia	3	2	1	1	1
Indonesia	1	1			
Nigeria	2	2		1	
Jordan	2	1	2	1	1
Saudi Arabia	2			1	2
Total	55	19	22	17	18

Table 1-2: The accounting studies in the HE sector based on the focus of the studies and the country

Country	Study focus on			
	accounting status	accounting change and reform	cost accounting	budgeting and resource allocation
UK	Oduoza, 2009; Angluin and Scapens, 2000; Pendlebury and Algaber, 1997; Burnett <i>et al.</i> , 1994; Broad and Crowther, 2001; Goddard and Ooi, 1998; Mitchell, 1996	Bourn, 1993; Scapens <i>et al.</i> , 1994; Tomkins and Mawditt, 1994; Cropper and Cook, 2000; Ezzamel, 1994	Pendlebury and Algaber, 1997; Bourn, 1993; Goddard and Ooi, 1998; Cropper and Cook, 2000; Mitchell, 1996; Scapens <i>et al.</i> , 1994; McChlery <i>et al.</i> , 2007; Broad and Crowther, 2001	Ezzamel, 1994; Oduoza, 2009; Cropper and Drury, 1996
Norway		Pettersen and Solstad, 2007		
Sweden	Modell, 2006		Modell, 2006	
Italy	Arnaboldi and Azzone, 2006	Agasisti <i>et al.</i> , 2008	Arnaboldi and Azzone, 2006	
Spain			Valderrama and Sanchez, 2006	
Belgium		Christiaens and Wielemaker, 2003	Pernot <i>et al.</i> , 2007	
Germany	Liefner, 2003			Liefner, 2003
Netherlands		Groot, 1999		Savenije, 1992; Groot, 1999

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Greece		Venieris and Cohen, 2004; Spathis and Ananiadis, 2004		Spathis and Ananiadis, 2004
US	Hackman, 1985; Chase and Coffman, 1994;	Boyd, 1982	Robst, 2001	Hackman, 1985; Covalesski and Dirsmith, 1988; Boyd, 1982; Burke and Serban, 1998; Layzell, 1998
Canada		Eastman, 2006		
Russia		Timoshenko and Adhikari, 2009		
New Zealand		Coy and Pratt, 1998		
Australia		Moll and Hoque, 2011; Moll, 2003		Moll and Hoque, 2011; Walker, 2000
Fiji		Lawrence and Sharma, 2002		
Japan		Yamamoto, 2004		
Tailand		Rompho, 2007		
Malaysia	Zakaria <i>et al.</i> , 2006; Tayib and Hussin, 2003	Ismail, 2010	Ismail, 2010	Tayib and Hussin, 2003
Indonesia	Tsamenyi <i>et al.</i> , 2008			
Nigeria	Naidoo, 2006; Naidoo, 2011		Naidoo, 2011	
Jordan	Mah'd and Buckland, 2009	Abu-Tapanjeh, 2008; Mah'd and Buckland, 2009	Abu-Tapanjeh, 2008	Mah'd and Buckland, 2009
Saudi Arabia			Algaber, 1995	Algaber, 1995; Alghamedi, 1981

2.2 Cost accounting in HE

This section reviews studies which investigated cost accounting in the HE sector. However, the influential factors leading to cost accounting practices found in these studies are discussed in the second part of this chapter, and they are examined and applied to examine the case study in depth. Cost accounting has attracted the attention of many scholars (e.g. Pendlebury and Algaber, 1997; Bourn, 1993; Goddard and Ooi, 1998; Cropper and Cook, 2000; Mitchell, 1996; Ismail, 2010). They have found different and interesting status of cost accounting in every setting (e.g. Bourn, 1993; Goddard and Ooi, 1998; Scapens *et al.*, 1994). For example, Bourn (1993) found that Southampton University introduced a sophisticated costing system which used to have 22 cost drivers for the sophisticated system. However, because of difficulties and complexities of using the 22 cost drivers, the university ended up using just three cost drivers. Scapens *et al.* (1994) who studied the costing system in Manchester University claimed that the university costing system is not that of 'ABC' as claimed by the university, although it uses the same 'language' of ABC such as costs objects and costs drivers, because it is not accurately allocating costs to cost objects.

The above studies which are about cost accounting in HE institutions identified many factors either leading to or resisting accurate cost accounting (e.g. Cropper and Cook, 2000; Goddard and Ooi, 1998; Mitchell, 1996). For example, Goddard and Ooi (1998) identified some issues of political sensitivity in allocating overhead costs accurately in Southampton University's library overhead costs, because significant proportions of the overhead costs would be allocated to powerful schools in the university; therefore, these powerful schools resist such accurate allocation. In addition, Cropper and Cook (2000) found that the main reasons why universities did not implement ABC are that they had identified other priorities, or other arbitrary allocation systems viewed as simple; were reluctant to move away from their current costing system; shortage of staff, and lack of evidence of any ABC benefits. These factors are considered to be examined in the case study of this research to evaluate their influence on accounting, in addition to exploring any other factors that might influence accounting in general and cost accounting in particular.

The benefits and the factors relating to the adoption of a developed cost accounting system in HE institutions such as ABC are discussed extensively in the literature (e.g. Ismail, 2010; Cropper and Cook, 2000; Mitchell, 1996; Valderrama and Sanchez, 2006; McChlery *et al.*, 2007; Abu-Tapanjeh, 2008). No single study was found to have investigated deeply the status of cost accounting in a HE institution, or concluded that its cost system was accurate. It is often claimed that an accurate costing system would be better for the HE institutions, as it gives them more and accurate information for, among other aspects, planning, budgeting and controlling, although an accurate cost accounting is a difficult and time-consuming technique (Ismail, 2010; Goddard and Ooi, 1998). Cropper and Cook (2000) contended that the delays in implementing ABC will soon be addressed, as funding bodies and central government exert pressures on universities to adopt better costing systems. Mitchell (1996) found that British universities were required by the Higher Education Funding Council (HEFC) to have better cost accounting. These factors that influence accounting in HE institutions are discussed later in this chapter in order to have a clearer representation of them. However, cost accounting and budgeting in the case under study in this thesis are focused on to generate an in-depth and detailed understanding of accounting. Studies on budgeting are reviewed in the next section.

2.3 Budgeting in HE

This section presents studies on HE institutions' budget systems (e.g. Mah'd and Buckland, 2009; Ezzamel, 1994; Spathis and Ananiadis, 2004; Oduoza, 2009; Moll and Hoque, 2011). The aim of this section is merely to review the studies that focus on exploring the status of budget system in HE institutions; however, the factors that are identified in these studies and influence the status of accounting in HE institutions are discussed in the second part of this chapter in order to attain a detailed and broad understanding of these factors. Budgeting in general and resource allocation in particular have attracted accounting scholars to study them in HE institutions. For example, Moll and Hoque (2011) reported how accounting is applied by an Australian university to acquire legitimacy. They found that the university's vice-chancellor is using budgeting to meet external key funding agency expectations; and consequently gain legitimacy from them. The vice-chancellor has implemented

a budgeting system in the university similar to that applied by the government educational funding agency in order to convey an impression to the key funding agency that the university is managed appropriately and in a similar way to its peers. He then decoupled the funds reports to show usual annual positive surplus by “reporting a small surplus [which] required a series of interventions by the vice-chancellor to reallocate funds between schools and other administrative units” (Moll and Hoque, 2011; p. 100). He reported small surpluses because unusually large surpluses or deficits could result in the government agencies challenging the university’s financial management practices. However, the plan of the vice-chancellor would have succeeded if internal actors, namely senior academic and administrative staff, had supported him. Rather, the disaffection of academic and staff led them to engage deliberately “in episodes of under- and over-spending” (Moll and Hoque, 2011; p. 99) to make the vice-chancellor’s plan fail, because it contradicted with their values and their vision of what the university should be. Moll and Hoque (2011) thus emphasised the significant role of gaining legitimacy of accounting from internal actors.

Ezzamel (1994) examined the change from incremental budgeting system to planning, programming and budgeting systems in a UK university facing a financial crisis. His longitudinal study used Foucault’s framework of power/knowledge relation and the sociology of translation. Foucault’s framework was applied to understand the effect of power according to those who are affected by power not those who are powerful. Ezzamel (1994) found that the top managers of the university were changing the budgeting system as a way to introduce a reduction of resource allocations proportion in the university, because of its (budgeting) direct effect on resource allocation and management of the institution. Ezzamel (1994) stated that the proposed change was not deployed successfully by the university management, as groups which resisted the change were taking actual steps/actions to prevent it from happening. They used accounting information and techniques to raise arguments that showed the change as an incorrect decision; for instance, they raised doubts on the valuation of assets. Further, Ezzamel (1994) stated that these groups raised non-accounting arguments to resist the change as well, and they tried to secure allies who would show public interest in these groups’ behaviour. Other studies (namely, Hackman, 1985; Algaber, 1995; Covalleski

and Dirsmith, 1988; Pfeffer and Salancik, 1974; Salancik and Pfeffer, 1974; Pfeffer and Moore, 1980) examined the influence of HE institutions' powerful groups and individuals who use their power in resource allocation processes.

In addition, Spathis and Ananiadis (2004) examined a university resource allocation system to faculties used by the university management. They found that the university is using a certain formula which has been developed by analysing the resource allocation system for a period of 12 years. The formula is based on the number of departments in each school, and the numbers of professors and active students in each school. It has prepared to increase control, saving, fairness, improving quality and reliability of financial statements and to ensure better management and decision making. Spathis and Ananiadis (2004) believe that the formula needed modification in order to be fairer and more accepted by the academic community. For example, the formula should include more and various factors such as the publication rate. Nevertheless, in this case study, the budget system is studied in depth and in detail in order to clearly understand the status of accounting in the institution under investigation. The factors that influence budgeting are discussed in the second part of this chapter.

2.4 Factors that influence accounting in HE

This part of the chapter discusses in detail the factors that have been found in the literature of accounting in HE to influence accounting in the HE institutions. These studies have identified different factors in every setting; these factors are explained in depth in order to enhance the researcher's knowledge of the phenomena as they exist in the case under study. These factors are laws and regulations, external pressure, interested actors, internal pressure, funding, resources, accounting information, and essence of education.

2.4.1 Laws and regulations

This section reviews studies that found laws and regulations to be a main factor that affect accounting in HE institutions (e.g. Rompho, 2007; Walker, 2000; Mitchell, 1996; Moll, 2003; Pfeffer and Salancik, 1974; Mah'd and Buckland, 2009). For example, Walker (2000) found that government funding agencies in Australia introduce legislation to unite accounting statement

Accounting in Higher Education: A Grounded Theory of Accounting absence formats in New South Wales universities as a response to the differences found in every university's financial statements. Zakaria *et al.* (2006) also discovered that all Malaysian universities that are required by law to have internal audit do have this function, although they might not agree with the importance of internal auditing. Once more, Mitchell (1996) found that British universities were required by the HEFC to have better cost accounting. Mah'd and Buckland (2009) stated that the Jordanian MoHE requires Jordanian private universities to prepare their budgets based on the MoHE format, although this format does not meet these universities' needs. However, many of these universities ended up adopting the MoHE format only for legitimacy reasons, and two universities developed this format to gain benefit from it. It is important in this case study to examine the role of rules on the status of accounting in the institution under investigation. These rules are usually introduced by government or external regulatory bodies, discussed in the next section.

2.4.2 External pressure

In the literature, external pressures are found to be a significant factor affecting accounting in HE. It is usually the factor for introducing legislation which is discussed in the previous section, but to show their significant impact on accounting, they have been given separate sections for their own. However, external pressures are found in accounting in HE literature as pressures usually come from regulatory government bodies and funding agencies. These actors mostly push for the change to have a developed accounting system (e.g. Arnaboldi and Azzone, 2006; Cropper and Cook, 2000; Mitchell, 1996; Agasisti *et al.*, 2008; Valderrama and Sanchez, 2006; McChlery *et al.*, 2007; Groves *et al.*, 1994; Mah'd and Buckland, 2009; Timoshenko and Adhikari, 2009); however, some pressure groups resist the development of accounting, if these developments would, for instance, affect interested groups and parties (e.g. Modell, 2006; Venieris and Cohen, 2004)⁴. For example, Mitchell (1996) and McChlery *et al.* (2007) found that government funding agencies require universities to implement developed cost accounting systems in order to be funded. In addition, Valderrama and Sanchez (2006) said that in order for

⁴ Interested actors are discussed in the next section.

universities to receive public money, they should have reliable, useful and accurate management accounting systems which produce information that is efficient, effective and economic. These studies have shown external actors as drivers to the development of accounting in HE institutions; the next section, however, discusses the negative influence of external interested actors on accounting. For example, Modell (2006) showed how external allies to a university might resist developments of the university accounting system, if their interests in the university are affected by the change. Nevertheless, the above studies appear to suggest that externals, particularly governors, seek a developed accounting system in HE institutions, unless their own interests are affected; however, this contention is examined below in greater depth, as externals might not seek or resist developed accounting system in this case study. Nonetheless, external factors cannot be neglected in this study; therefore, these factors are taken into consideration, and data from externals, such as government bodies, were collected.

It is worth stating here that accounting literature, in general, has studied and theorised the influence of external influences on organisations in much depth. DiMaggio and Powell (1983) “developed a classification scheme for identifying mechanisms that drive organisational homogenisation or institutional isomorphism in their seminal paper” (Moll, 2003; p. 92). These types are *coercive* isomorphism which comes from society and regulatory bodies that the organisation is dependent on, *mimetic* isomorphism which happens when the organisation is at a stage of uncertainty; hence, the organisation desires to follow leading organisations in the field; and *normative* isomorphism which occurs as a result of the organisation becoming professional which might be because of formal education or professional bodies that “embody certain social expectations” (Moll, 2003; p. 93). Moll (2003) identified normative pressures such as unions, education department and office of HE in Australia that exerted pressures on the university to change its accounting control system. At the same time, Moll (2003) and others (e.g. Naidoo, 2006, 2011; Pfeffer and Salancik, 1974; Rompho, 2007) found evidence of mimetic pressures in their case studies. Naidoo (2006 and 2011) found that the private universities compete highly with public ones, although private universities do not receive any funds from the government as do their public counterparts. However, Naidoo (2006) claimed that the private universities are trying to develop their performance by developing their systems to be competitive with other private

Accounting in Higher Education: A Grounded Theory of Accounting absence and public universities. The researcher believes that this is a helpful tool to offer a clear view and understanding of the case study's surrounding environment that have generated the current status of accounting there. In this study, all three types of isomorphism are taking into consideration in order to evaluate and examine their influence on accounting.

2.4.3 Interested actors

Interested people and bodies have a significant role in the HE institutions' accounting systems. These actors might be from within the institutions (e.g. Chase and Coffman, 1994; Christiaens and Wielemaker, 2003; Moll, 2003; Ezzamel, 1994) or from outside the institutions (e.g. Modell, 2006; Timoshenko and Adhikari, 2009) or from both (e.g. Venieris and Cohen, 2004; Covalleski and Dirsmith, 1988; Pfeffer and Salancik, 1974). As stated in the external pressure section, externals might influence the accounting in HE institutions toward a developed accounting system, but there might be a resistance to this change from interested external groups or bodies who would be negatively affected by this change; therefore, interested actors might be externals, but they are not included in the external pressure section, because they are concerned about their own benefits (e.g. Ezzamel, 1994; Covalleski and Dirsmith, 1988; Coy and Pratt, 1998; Chase and Coffman, 1994). For example, Venieris and Cohen (2004) found the Greek public universities' accounting reform that was introduced by the Ministry of Finance (MoF) was resisted by the Ministry of Education (MoE) as it would decrease the control of the MoE on the universities. In addition, Pfeffer and Salancik (1974) found that powerful bodies within a university were using their power to increase their budget allocation proportion.

Furthermore, interested groups and bodies use their abilities to influence accounting in order to influence accounting in their own self-interests (e.g. Chase and Coffman, 1994; Timoshenko and Adhikari, 2009; Christiaens and Wielemaker, 2003; Covalleski and Dirsmith, 1988). Timoshenko and Adhikari (2009) studied the impact of implementing a state reform from cash- to accrual-based accounting in a Russian state university. They found that the reform did not meet the university's need, but the change had been imposed in order to portray the Russian government as modern and progressive.

Therefore, the university ended up decoupling by applying both cash- and accrual-based accounting in parallel to acquiring the suitable system alongside with legitimacy from government. Moreover, Chase and Coffman (1994) studied the criteria for choosing accounting techniques for endowment accounts in HE institutions. They stated that the choice of accounting method for endowment investments in private institutions is influenced by the managers' own self-interest. In conclusion, interested groups and bodies are a main factor found in the HE literature on accounting; therefore, this study concentrates on the role (both internal and external) of this factor. The next section presents a review of the literature that has found that internal factors have affected accounting.

2.4.4 Internal pressure

Internal pressure is the pressure that is exerted by actors within the institution to develop, change and/or influence the institution accounting system. The previous section (Interested Actors) is linked to this section and the External Pressure section, when these actors are located within or outside the HE institution respectively. However, the three sections have been separated in order to distinguish between a pressure on accounting for self-interest (interested actors) and a pressure for development, reform, change or influence accounting based on rational reasons. An example of an external pressure from a self-interested actor is the MoE in Venieris and Cohen's (2004) study, when the MoE resisted the accounting reform because it negatively affects the MoE's interests in public universities.

A few studies in accounting in HE have found internal actors as an influencing factor on accounting (e.g. Pendlebury and Algaber, 1997; Arnaboldi and Azzone, 2006; Agasisti *et al.*, 2008; Moll and Hoque, 2011). However, the author was unable to find any study that determined an internal actor as having the greatest influence on accounting (other than Moll and Hoque, 2011); rather all the studies have identified external factors that led the author to believe that they are the main factors (or at least the influence on accounting has some influence from external factors). For example, Arnaboldi and Azzone (2006) found academic managers as a factor for the implementation of ABM in the Italian universities studied; however, government plans to liberate these universities and to decrease centralisation

were also main factors that had led to this change. In addition, Agasisti *et al.* (2008) also stated that some of the studied Italian universities were forced to develop their accounting systems in order to compete with other universities in attracting students. Nevertheless, the reason for these universities being market-oriented in the first place is the government decree (external pressure) which made the universities market-oriented; consequently they develop their accounting system to be efficient, and finally attract students. Therefore, from the HE accounting literature, it can be concluded that internal actors might be a consequence of external actors; therefore, these internal actors cannot influence accounting in their own. In light of this, further investigation of internal pressures is appropriate, as there may be other, key influential factors in my setting. In this study, internal factors and the above statement are considered to show the factor behind the internal actors (if any), as it may be found that internal actors are different to what literature suggests.

2.4.5 Funding

This section sheds light on the effect of funding on accounting in HE. HE funding is one of the main factors found in the literature to influence accounting in these institutions. Some studies have found that the requirement of government funding agencies to develop accounting in order to provide HE institutions with funds is a significant motive for these institutions to change and/or develop accounting (Pendlebury and Algaber, 1997; Valderrama and Sanchez, 2006; Cropper and Cook, 2000; Algaber, 1995). Valderrama and Sanchez (2006) stated that in order for universities to attract public money, they should have reliable, useful and accurate management accounting systems which produce information that is efficient, effective and economic. Furthermore, McChlery *et al.* (2007) stated that accurate cost accounting in HE institutions was requested by the government funding agencies. The above studies have shed light on the change of fund approval criteria, as it used to be bulk amount of funds to be allocated to HE institutions, but the determinants to allocate funds to these institutions have changed, because of shortage of States money and high competition on States funds by States units. Some governments sought to develop cost efficiency by, among other initiatives, developing accounting (e.g. Cropper and Drury, 1996).

In addition, changes in the source of funds are found to be a main source to change and/or develop accounting in HE institutions (Groves *et al.*, 1994; Scapens *et al.*, 1994). Some of these changes in sources of funds are making universities become business-like entities (e.g. Agasisti *et al.*, 2008; Eastman, 2006). Eastman (2006) found that the decline of government bulk funding has led the universities to look for other alternative sources, one of which is students' fees. The view of students as customers led the universities to become profit-seeking institutions; therefore they developed their accounting systems. In conclusion, funding is a main factor that should be taken into consideration in this study.

Once more, Layzell (1998) studied a number of US HE institutions' funding criteria. He found that 75% of states are using performance indicators for funding HE institutions. Some states were found to have set goals and objectives for their HE sector, and these goals and objectives are periodically assessed by accepted indicators. Layzell (1998) believes that the main problem in implementing performance-based funding is that the selection of performance indicators and success criteria is difficult. In addition, states are suffering from a lack of incentive for those who attain the states' goals and objectives. In conclusion, the absence of incentives is found to be a significant factor in the absence of accounting performance measurements, as fund providers are unable to encourage HE institutions to develop their accounting systems. In this case study, the role of incentives to the University from externals (the MoF) and to the University subsidies (schools and staff) is examined to assess its influence on accounting.

2.4.6 Resources

This section explains the effect of resources on accounting in HE institutions based on literature of accounting in HE. Resources such as the availability of efficient and qualified staff, particularly accountants, in HE institutions play a significant role in, for instance, developing and/or applying a reform of accounting in these institutions (Timoshenko and Adhikari, 2009; Tayib and Hussin, 2003). Timoshenko and Adhikari (2009) stated that the lack of training courses for current staff of their university case study and the absence of professional accountants and consultants have led to resistance of the state project to change, from cash- to accrual-based accounting. In addition, they

found that the low wages of the Russian public sector staff, of which the university were a part, discouraged professional accountants from joining the universities (see also Al-Rehaily (1992) who finds that low wages in the Saudi public sector have discouraged professionals from joining public institutions including public universities). Furthermore, Cropper and Cook (2000) showed that one of the main barriers to the UK universities adopting ABC is the shortage of staff to implement such a longitudinal and complex system. The effect of resources is examined in this current case study to evaluate its effect on accounting in the University, and to validate the findings of previous studies in Saudi Arabian HE institutions such as those of Algaber (1995) and Al-Ghamedi (1981).

Some studies have mentioned the influence of electronic resources on accounting (e.g. Rompho, 2007; Tayib and Hussin, 2003; Algaber, 1995; Shirzadeh and Ahmadi, 2011). Algaber (1995) stated that the absence of computer systems has prevented the Saudi public universities from analysing their data easily and generating more – and accurate – information. Particularly, he blamed the absence of a computer system for the absence of accurate cost accounting. In addition, Tayib and Hussin (2003) found the Malaysian universities have a good accounting system that provides rich and unanalysed information that can be used for control and planning, but universities suffer from lack of competency in analysing these data. Tayib and Hussin (2003) suggested the improvement of the quality of information and the use of computerised rather than manual systems to analyse information in order to achieve better decision-making. In this research, the effect of computer systems in accounting is examined, and a search of such resources that affect accounting in case study is carried out.

Moreover, commitment by both top management and all levels at HE institutions are considered in some studies as a main factor that influences accounting in HE institutions, particularly when accounting systems are being changed (e.g. Moll, 2003; Venieris and Cohen, 2004; Mitchell, 1996). Venieris and Cohen (2004) found that the absence of management commitment of universities to adopt the reform of accounting in Greek universities has led to unsuccessful reform. They and Timoshenko and Adhikari (2009) identified the shortage of time available to implement the change was a main factor in the

lack of commitment by universities' actors; consequently resulting in less successful changes to the accounting systems.

2.4.7 Accounting information

This section discuss the role of information on accounting in HE institutions based on the accounting in HE literature. Studies have suggested some reasons for the effect of information, and ways in which it impacts on accounting in HE institutions such as a request from the government to increase the institutions' information production (e.g. Cropper and Drury, 1996; Walker, 2000; Arnaboldi and Azzone, 2006; Cropper and Cook, 2000; McChlery *et al.*, 2007; Walker, 2000). Some studies explained the desire of their case studies to increase the production of accounting information by changing their accounting systems (e.g. Burnett *et al.*, 1994; Ismail, 2010). Ismail (2010) showed how the implementation of ABC would provide Malaysian universities with more – and accurate – information that would improve their decision-making. In addition, Burnett *et al.* (1994) stated that the university's school of their case study was passionate about changing the traditional costing system to achieve accurate costing information. However, other studies found that although their case studies wished to change their accounting systems in order to have more and accurate information, they had yet to succeed (Valderrama and Sanchez, 2006), because an external regulator, for instance, was resistant to changing the accounting systems (e.g. Algaber, 1995; Al-Rehaily, 1992). The above studies found the change of accounting was as a consequence of the case studies' desire to have information; however, the next paragraph discusses studies that found that changes were made to accounting because of an external desire to make these HE institutions produce more and accurate information.

Most studies identified by the researcher in HE literature assigned the change of accounting in HE institutions to the need for more information by external actors such as funding agencies (Cropper and Drury, 1996; Walker, 2000; Arnaboldi and Azzone, 2006; Cropper and Cook, 2000; McChlery *et al.*, 2007) Cropper and Cook (2000) stated that funding agencies and central government were behind the ABC adoption by some UK universities to produce more and accurate cost information; however, many universities claim that there is no evidence of any benefit of ABC, as some of the universities' decisions are taken

Accounting in Higher Education: A Grounded Theory of Accounting absence based on cultural bases not on technical (accounting numbers) bases (Cropper and Cook, 2000). Nevertheless, internal and external desire for accounting information is looked in my case study to examine the influence of information on accounting in my case study.

2.4.8 Essence of education

This section discusses the studies that found some developed accounting techniques unnecessary for such education institutions, and/or operating against the essence of education (e.g. Mitchell, 1996; Lawrence and Sharma, 2002; Cropper and Cook, 2000). Some accounting studies have found that applying accounting in HE institutions would withdraw the attention from the essence of these institutions – which is education – to focus on accounting information when, for instance, making decisions. Mitchell (1996) found some British universities regarded ABC as a complex system, devoid of any evidence of practical benefit to their universities, while others are satisfied with their current arbitrary costing system. Some HE institutions believe that focusing on accounting information to manage them would badly effect the essence of these institution which is education, as the focus of these institutions' management will be on accounting numbers rather than on the educational benefits (Lawrence and Sharma, 2002; Greer and Klein, 2010). In addition, Cropper and Cook (2000) found that the reasons for universities not implementing ABC are that they had identified other priorities; that other arbitrary allocation systems were viewed as simple; that they were reluctant to move away from their current costing system; a shortage of staff, and lack of evidence of any ABC benefits. However, Cropper and Cook (2000) noticed that no university had rejected ABC on the grounds that it is technically flawed or it is not an effective decision aid; they did find, though, that there were increasing numbers of universities looking for new costing systems; and specifically ABC. Cropper and Cook (2000) believed that the slowness of implementing ABC would change as funding bodies and central government exerted pressure on universities to adopt better costing systems.

Many studies have identified advantages of developed accounting in HE institutions (e.g. Valderrama and Sanchez, 2006; McChlery *et al.*, 2007; Abu-Tapanjeh, 2008). McChlery *et al.* (2007) stated that the main reason that

pushed government funding agencies to require UK universities to implement developed cost accounting is to have better and more information for decision making, planning and control. Shirzadeh and Ahmadi (2011) illustrated three types of barriers⁵ to developed cost accounting systems in universities. One of these is behavioural barriers which are the social difficulties that impede the system, or do not use the products of the system. For example, the lack of knowledge that does not enable managers to use costing accounting information is regarded as a behavioural barrier.

However, although some studies have found that the changes to make HE institutions become business-like entities is encouraging developed accounting systems to be in place in these institutions (e.g. Christiaens and Wielemaker, 2003; Yamamoto, 2004; Tayib and Hussin, 2003), some HE institutions believe that developed accounting systems are not suitable for such educational institutions (Algaber, 1995), and others go beyond that by claiming that the treatment of students as customers and education as a product will put the essence of education in danger (Lawrence and Sharma, 2002; Greer and Klein, 2010). All these claims, which are either for or against accounting in HE institutions, are examined in this research to see if they have an influence on the case under study.

2.5 The research gap

Based on the discussion above, it can be claimed that accounting in practice is still relatively unexplored, particularly in HE and developing contexts. Studying the status and nature of accounting in practice is an encouraging area in accounting research in order to better understand accounting in 'practice'. Humphrey and Scapens (1996) drew attention to the lack of accounting studies that reflect accounting in practice by saying that there are only a "few close research studies of accounting in action" (Humphrey and Scapens, 1996, p.86). They added that, in practice, there are more advanced accounting techniques which are not discussed in the textbooks by commenting; "It is ironical given the managerialist bias of so much accounting research and its reflection in

⁵ These barriers are structural, environmental and behavioural. Structural barrier means the problems that face the system to work effectively such as unavailability of information to do the costing. Environmental barriers are the environmental obstacles that might challenge the system such as the lack of a computer system.

leading textbooks, that “advanced” techniques have had so little impact on practice” (Humphrey and Scapens, 1996, p.86). Therefore, Humphrey and Scapens (1996) called for accounting studies to deeply understand accounting in practice. Goddard (2010) showed that the majority of public sector accounting research is generated from the positivistic tradition using quantitative methods of accounting (Parker, 2008). Therefore, accounting research needs more interpretive qualitative studies that understand accounting in-depth, and show what accounting in practice is.

In order to understand accounting in practice, one needs to undertake an in-depth and unlimited exploration of it, by approaching the field through a methodological approach, such as GT, that allows for a deep understanding and explanation of a phenomenon, instead of adopting a preconceived theory or model that might limit the research to the investigation of only certain specific factors. GT is believed to develop a framework that clearly explains ‘what accounting is in practice’ by building a theory explaining what accounting is in a specific field and ‘why it is what it is’. Humphrey and Scapens (1996) stated: “Thus, accounting research should seek to develop socially-informed theories which are capable of explaining the contradictions and paradoxes of organizational accounting practices” (p. 94). Goddard (2010) found that only 1.6% of the 188 public sector studies reviewed, including in HE, applied the GT approach. Based on the above, there is a gap in the literature of accounting in the public sector in general, and in HE in particular that investigates accounting in practice, in depth, in order to reflect ‘what is going on there?’

Compared with other public sectors, accounting in the HE sector has only attracted limited study to date. Most of the few accounting studies in developing countries focused on privatisation of state-owned organisations (Rahaman *et al.*, 2004; Uddin and Tsamenyi, 2005; Tsamenyi *et al.*, 2010). Goddard (2010) found that only 4.3% of studies in the public sector are concerned with HE accounting, whereas 18.1% focus on central government, 33.3% on local government, and 13.3% on the health sector. This limited attention that has been paid to accounting in the HE sector may mean that new characteristics and nuances of accounting in this sector may have been

overlooked, or missed. Therefore, this study aims to show new facts and characteristics of accounting that have been emerged from the HE sector.

The few studies of accounting in the public sector in developing countries such as Saudi Arabia motivates accounting researchers to turn their focus to these settings which might bring different findings than in the case of well-researched developed countries (Hopper *et al.*, 2009; Goddard, 2010; Broadbent and Guthrie, 2008; Rahaman, 2010). Broadbent and Guthrie (2008) and Goddard (2010) were concerned about the very few studies on developing countries (1.1% of studies in Goddard's (2010) review are conducted in developing countries). Goddard (2010) stated that,

Indeed in many developing countries it could be argued that their public sectors are even more important than those where research is vibrant, concerned as they are with issues of fundamental survival. Some of the most urgent issues in the world today are concerned with the alleviation of poverty and the public sector has a principal role to play. Accounting is a vital ingredient in this agenda and PSA [public sector accounting] can make a significant contribution (p. 85).

In addition, Hopper *et al.* (2009) insist that the study of accounting in developing countries is paramount, as they have different cultures, economies, ideologies and politics to those of developed countries, and they argued these differences might have an influence on accounting which makes it differ from accounting in developed countries. Consequently it is important that these contexts are studied. Saudi Arabia as one of these developing countries has a limited number of studies in accounting in HE; consequently, this reveals a gap for this study to enrich the extant literature through a study in accounting in the Saudi HE sector by building a theory that explains the status and nature of accounting in a Saudi university bearing in mind the benefit of the field's background, culture and other factors in enriching the theory of this study.

2.6 Summary

This chapter has followed the GT methodology of writing the current chapter by briefly and generally reviewing the literature of accounting in HE, and it explores the main factors that affect accounting in HE institutions in practice. It starts with showing the studies that have focused on accounting in HE, then it mentioned studies that have focused on two main accounting's techniques which are cost accounting and budgeting. Before illustrating the research gap,

Accounting in Higher Education: A Grounded Theory of Accounting absence
the chapter has shown the main factors that have been mentioned frequently
in accounting in HE studies.

Chapter 3: Background of Saudi Arabia and the case study

3.1 Introduction

This chapter first sets out the background of Saudi Arabia and the HE sector in the country. Next the University that forms the case study of this research is introduced, and the authorities that are managing the HE sector in Saudi Arabia and the University are stated. In addition, the rules of the University are also shown; in particular, the rules relating to *accounting*. Some of the statements within this chapter are explained; however, some of the statistical information in the literature was inaccurate as there was some contradiction among the information from different sources. For example, the researcher was unable to establish the exact number of students at the University (which one might argue this to be a rather straightforward statistic) under study due not only to the conflicting figures but also due to the differences in the information contained in Arabic and English language sources. Therefore, while every care has been taken to employ the most accurate information, there has been difficulty in assessing the reliability of some figures. Finally, this research background and history is stated to show how this research was made up, followed by a refining of the research questions to be more specific and direct to the main phenomena of the study.

3.2 The Arabian Peninsula

The Arabian Peninsula, of which Saudi Arabia occupies four fifths of the landmass, is one of the first areas that human settled in and built civilisations⁶. Most of the strongest civilisations emerged from this part of the world, and they continue to have a very strong influence on current society. These civilisations are those of God's prophets, Abraham and his son, Ishmael, and Mohammed (peace be upon them). Abraham was the prophet who was ordered to build God's house known as Kaaba in Makkah,

⁶ There are many civilizations that have existed in the Arabian Peninsula such as Ād civilization which was in the southern part of the Arabian Peninsula in a city called Ubar and Iram. In addition, Thamud civilization to whom God's Arabian prophet was sent to the Arabians was in the Arabian Peninsula.

where God's believers have come to practice pilgrimage since the time of Abraham. However, the second and the most significant civilisation that grew in this area and which has significantly affected the world is the civilisation of Islam. God's messenger, Mohammed (peace be upon him), was born in Makkah, and it was there that he received the new religion. Islam – which was first revealed to its followers in the Peninsula – has inspired the building of civilisations and states that have extended outwards as far as Germany and France to the North, Portugal to the West, and China to the East. The importance of the Arabian Peninsula also comes from its geographical location, located in the centre of the 'old world'⁷. The Arabian Peninsula was and still an important 'junction' that links the continents together particularly for trading.

3.3 The Saudi State

Saudi Arabia has been ruled by the Ibn-Saud family since 1744. The rule of Ibn-Saud over Saudi Arabia has spread across three states. The first state which is the foundation of the rule of Ibn-Saud was between 1744 and 1818. Ibn-saud entered into an agreement with Mohammed Ibn Abd-Alwahab, an Islamic scholar, concerning calling Arabians to follow the teaching of Islam (Falgi, 2009). The main aim of the agreement was – and continues to be – the spread the teaching of Islam and to adopt the rules of Sharia⁸ in the country. The mission of Ibn-saud is the same in the second and third states, as the constitution of the country is Sharia.

The current Ibn-Saud state was founded by King Abdulaziz Ibn Saud (1880–1953) in 1932. The size of the country differs between the three states. Saudi Arabia more than nine times bigger than the UK; it covers 2.15 million square kilometres (870 thousand square miles), and the population in 2012 was estimated at over 28 million (Saudi Arabian Monetary Agency [SAMA], 2012; p. 22). Saudi Arabia as a country has unique and extremely different geographical and geological features (Algaber, 1995). It contains one of the world's largest sandy deserts, and it also has green mountains. For example,

⁷ A term for the world's continents which are Asia, Africa and Europe, before the discovery of the other continents.

⁸ Sharia is the teaching of Islam.

although the deserts are extremely hot in the summer, it is cool and rainy in some parts in the south of the country, and despite being extremely cold in the deserts during winter, it is warm in the western provinces of the country.

3.3.1 The political system

Saudi Arabia is a monarchy state where the King who is the prime minister has full control over the country. The first King of the state was King Abdulaziz, and he is followed by his male descendants (Alghamdi, 2012). The three fundamental powers/authorities – namely executive, judicial and legislative – are assigned to the King who is expected to follow the teaching and guidelines of Islam. The constitution of the country is claimed to be the Quran and Sunnah⁹. The Saudi government is not elected, but it is appointed by the King who has absolute control of the country. Although there is no parliament or anything similar to a parliament in the country, there is a council called *Majlis As-Shoura* which is a council that provide the government consultations.

Saudi Arabia is one of the leading countries in the region and in the world, because of its Islamic position and its economic power. It is one of the Group of Twenty (G20) which includes the world's largest economies. Saudi Arabia is a founder of the United Nations and Organization of the Petroleum Exporting Countries (OPEC), and leader of the Arab League and Gulf Countries Council.

3.3.2 The economy

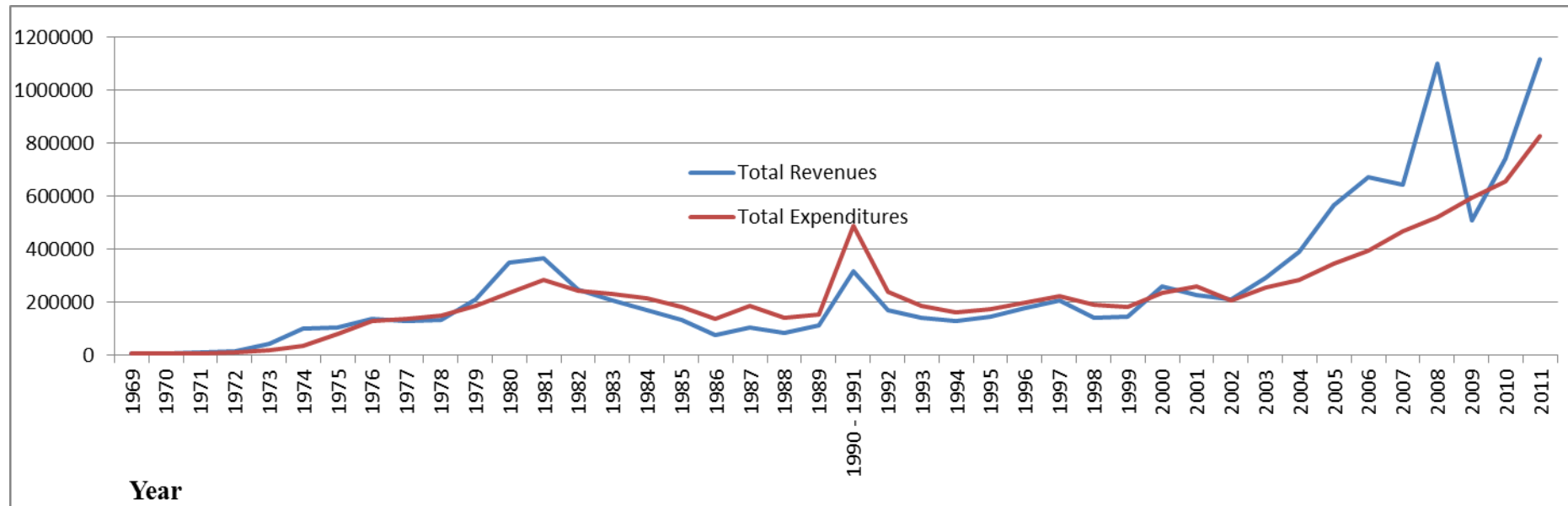
Historically, Saudi Arabia was one of the poorest countries in the world. Its economy used to depend on pilgrimages to the country's holy places, and on a few add-ons to the economy such as agriculture and goods transportation (Alghamdi, 2012). The government used to generate its income from charges on services provided by the government and customs charges. However, the discovery of oil has dramatically changed the economic status of the country. Now, Saudi Arabia is the world's biggest producer of oil, and holds 25% of the world's oil resources, and the government income has increased notably.

⁹ Sunnah is the sayings and deeds of the prophet Mohammed (PBUH).

For example, the government income in 1970 was SAR¹⁰ 7 billion, while it was SAR 100 billion in 1974. By 2011, 92.5% of the government income and 57.5% of Gross Domestic Product (GDP) comes from oil revenues (SAMA, 2012; pp. 22–24). Figure 1 and appendix A show the significant changes in the government income and expenses from 1969 to 2011.

¹⁰ 1 Sterling Pound equals to 6 Saudi Riyals (2013).

Figure 1: Total government revenue and expenditure from 1969 to 2011 (in SAR million) Adapted from SAMA (2012)



*There was no budget in 1991 as the budget of 1991 was merged with the budget of 1990.

**the budget includes spending salaries for 13 months.

Note: since 1987 the financial year starts from the tenth day Capricorn, and it finishes at the ninth day of Capricorn of the following year (it means starts on 31 December and finishes on 30 December of the following year). Previously, the financial year starts on the first day of month Rajab¹¹, and finishes on the last day of month Jamad-Alakher¹².

¹¹ Rajab is the seventh month of the Hijri calendar.

¹² Jamad-Alakher is the sixth month of the Hijri calendar.

Appendix A shows the two periods during which oil prices increased most significantly. The first period was in the second half of 1970s and the first half of 1980s; and the second period is from 2003 to the present day. These increases might explain why Saudi HE has undergone two periods of revolution that took place during the same periods as the oil price increases. The HE development periods are discussed in the next sections.

After the increases of oil prices in the 1970s, the Saudi government set out five-year development plans in order to organise and manage the country's resources more efficiently (Alkhtani, 2010; Basheikh, 2002). Every government unit must prepare and submit a five-year plan to the Ministry of Economy and Planning (MoEP) which will review it, and draw up the national plan to be submitted to the Ministers' Council for approval. The development plan sets out the plans and aims of the country and of every government unit for the duration of the plan. The importance of the plan is that it is taken seriously in approving government units' budgets, including those of universities. Therefore, if the university's projects in the budget are not in the five-year plan, then they might be refused. The first development plan was implemented between 1970 and 1975. The current five-year-plan in place is the ninth.

3.3.3 Private sector accounting

The Saudi private sector has dramatically developed along with the public sector, as it moved from being poor to a rich and oil producing country. The first company in the country was Aramco, the American oil producer in the 1930s (Basheikh, 2002; Alkhtani, 2010). However, the number of licenced companies in Saudi Arabia is 67992 at the end of 2011, and they have a combined capital of SAR 2002 billion. The number of listed companies in the Saudi stock market was 77 in 2003; this increased to 150 in 2011 (SAMA, 2012).

There were, however, no laws or regulations that organise local companies in Saudi Arabia until 1965 (Alkhtani, 2010); consequently, companies used to apply other countries' rules and regulations. In 1965, the Saudi Ministry of Commerce issued the Company Law which was mainly concerned with the formation, registration, partners, and procedures, among others, of

companies, but there were limited accounting and auditing regulations. For example, the Ministry was asking companies to prepare balance sheets and income statements in general and without guidance. Al-Mogbel (2003) argued that the Company Law has no article that deal with accountancy and accounting standards.

In 1974, the government amended the Income Tax and Zakat Law which was first issued in 1950. This law required individuals and enterprises who work in investment or commercial activities to keep organised accounts in order to have clear accounts for Tax and Zakat purposes. However, the two abovementioned laws were criticised as they are not covering all accounting aspects (Al-Mogbel, 2003; Alkhtani, 2010). The University has played a great role in the development of accounting in the country due to the expertise of its academics and its numerous activities such as conferences and workshops that work to develop accounting in Saudi Arabia (Alkhtani, 2010).

As a consequence of the workshops and conferences, the government has established the Saudi Accounting Association (SAA) which aimed to develop the Saudi accounting concepts, and to encourage accounting professionals to contribute to accounting in the country. Finally, it aims to develop accounting in Saudi Arabia by organising accounting activities and giving consultations (Al-Mogbel, 2003; Alkhtani, 2010). The SAA managed to produce the first Saudi accounting standard which was on 'General Presentation and Disclosure Standards' (Saudi Organisation for Certified Public Accountants [SOCPA], 2007).

The Saudi Organization for Certified Accountants (SOCPA) was issued in 1992, and all authorisations that fell under the SAA regarding the setting of accounting standards were withdrawn from the SAA and given to SOCPA. In addition to setting the Saudi accounting standards, SOCPA was the only organisation in the country to certify accountants in Saudi Arabia; and it regulates accounting offices that need to be certified in order to be licenced. However, SOCPA was criticised as its accounting standards do not cover all aspects of accounting, and they limit multi-national companies which sometimes were forced to apply two accounting standards (Saudi accounting standards and IFRS). Furthermore, SOCPA was unable to enforce its accounting standards within all companies in Saudi Arabia. For example, accounting in

Saudi banks was monitored by SAMA which applies IFRS. Nevertheless, the Ministry of Commerce has announced a change from the Saudi accounting standards to apply the IFRS to overcome all the defects of the former.

3.3.4 Social life

All Saudi citizens are Arabs and Muslims. They are Bedouins or civilians living alongside one another with their tribes and extended families. Literacy was very low before the discovery of oil and before the building of the new country. However, this has changed dramatically after the government plans to educate Saudis and move Bedouins from deserts to live in urban areas in order to educate their children. However, clan relationships are very strong in the Saudi culture, despite the dramatic changes in the economic and educational status of the country. Table 3-1 shows the dramatic change in the education status of Saudis from 1974 to 2007 (Central Department of Statistics and Information [CDSI], 1992; 1999; 2001; 2004; 2007). Illiterate was 66.2% among Saudis in 1974, while it changed to 28.4% and 13.7% in 1992 and 2007 respectively (CDSI, 1992; 2007). The table shows the education status for each gender between 1974 and 2007. Saudi females were focused upon by the government. The percentage of female illiteracy had dramatically dropped from 81.2% to 40.2% in less than 20 years between 1974 and 1992. The majority of illiteracy percentage come from those of old generations who still uneducated, while most of new generations are literate.

Table 3-1: Education status of Saudis (aged 10 years old and over) in Saudi Arabia between 1974 and 2007. Adapted from CDSI 1992; 1999; 2001; 2004; 2007

Education status	Year	1974	1992	1999	2001	2004	2007
Illiterate	Total	66.20%	28.40%	20.30%	19.90%	14.60%	13.70%
	Male	52.30%	16.90%	11.70%	11.10%	8.10%	7.30%
	Female	81.20%	40.20%	28.90%	28.50%	21.20%	20.20%
Read and write	Total		23.30%	18.30%	16.30%	14.60%	14.20%
	Male		25.15%	18.40%	16.60%	13.90%	13.70%
	Female		20.50%	18.30%	15.90%	15.43%	14.80%
Secondary and below	Total		43.15%	25.60%	54.90%	57.70%	58.30%
	Male		51.10%	59.50%	62.20%	63.90%	64.12%
	Female		34.90%	45.70%	47.90%	51.50%	52.30%
Higher education	Total		5.00%	8.80%	8.70%	12.80%	13.70%
	Male		6.70%	10.50%	10.00%	13.90%	14.70%
	Female		3.20%	7.20%	7.50%	11.70%	12.59%

3.4 HE in Saudi Arabia

This section presents the history of HE in Saudi Arabia, and the status of HE in Saudi Arabia currently. Next, it describes the history and some facts of the University that forms the case under study in this research. This part of the chapter also describes the duties of the authorities who are leading the University. Finally, it previews the rules, particularly the financial ones, that are applied in the University.

3.4.1 History of HE in Saudi Arabia

The Saudi Ministry of HE (MoHE) was established in 1975. However, the first two HE institutions in the country were colleges which were established in

Makkah and Riyadh in 1949 and 1953. These colleges were meant to graduate teachers in religious, Arabic and social science qualifications (Algaber, 1995). It was not too long after this that the first university in the whole of the Arabian Peninsula was established in 1957. Since then, seven other universities have been established and some colleges and polytechnic colleges were founded as well. However, the status of HE has changed dramatically during the last decade after the explosion in oil prices which the Saudi economy depended on and still depends on during this time. The next section discusses the changes and the status of HE in Saudi Arabia.

3.4.2 The current development of HE in Saudi Arabia

During the last decade, the government has focused on developing the HE sector in the country. The number of universities in the country has increased from eight universities in 2000 to 34 universities at the present time. The number of academic staff in Saudi's HE sector was around 26.000 in 2005, rising to 48.000 in 2011. In addition, the number of HE students has increased from 573.000 in 2004 to nearly 1.5 million by 2011 (SAMA, 2007; p. 200; SAMA, 2012; p. 162). Furthermore, the number of Saudi HE students studying abroad and sponsored by the government increased from 14,283 to 171,651 between 2001 and 2011 (MoHE, 2002; 2012). The government spending on education and the human resource sector rose from SAR 48 billion in 2002 to SAR 210 billion in 2014 (MoF, 2014a, 2014b). In addition, the government spending in the HE sector was SAR 23.4 billion in 2008, and rose by 155% to SAR 59.9 billion in 2012 (MoHE, n.d.a), and its budget for 2014 is planned to reach SAR 80 billion (Riyadh Office, 2013). In the meantime, the researcher cannot find any development or change in the accounting systems that are adopted in the Saudi public HE sector. The public universities are applying the government accounting system without any change or amendment during the current development period mentioned above. This has raised concern and identifies a research gap for this study to study accounting in Saudi HE sector.

3.5 The University

This part of this chapter focuses on the University that represents the case study of this research. First, it explains the background of the case study,

followed by an overview of the University resources and development plans. This part of the chapter gives a description of the hierarchy and the rules governing the University; and finally it shows the financial reports and statements produced by the University.

3.5.1 Background of the University

The University is one of the first universities in the Arabian Peninsula. It was founded in the 1950s. It is regarded as one of the leading universities in the country as it is one of the oldest and the mother of many other universities which used to be branches of the University before they become independent institutions. The University is regarded as one of the biggest in the country as it contains all specialties and professions (MoHE, n.d.b; p.30). In accounting terms, the University has played a great role in the development of accounting in the country due to the expertise of its academics and its numerous activities such as conferences and workshops that work to develop accounting in Saudi Arabia (Alkhtani, 2010). The University is home to the SAA which held accounting workshops and conferences that led to the establishment of the Saudi Organisation of Certified Public Accountants (SOCPA)¹³ and the development of accounting in the country (SOCPA, 2007; Al-Rehaily, 1992; Alkhtani, 2010; Alsultan, 2003).

3.5.2 The University facilities and resources

The University currently comprises 22 colleges which have in total 147 academic departments, which offer diplomas and Bachelors, Masters, Fellowship and Doctorate degrees (MoHE, n.d.b). It also has 23 administrative departments employing 8000 administrative staff. In addition, the University has two hospitals that have 1630 beds serving the public. For example, the University hospitals serve more than two million patients every year, and serve almost 300,000 dental patients in the University dentist centres which is equal to 50% of Riyadh's dentist centres. The number of inpatients was 38,546 in 2008 (Information and Statistics Management [ISM], 2008). In addition, in 2008, the number of surgeries in the University hospitals was 13,553. The

¹³ SOCPA is the organisation responsible for awarding Saudi public accountants, and for setting Saudi Arabia's accounting standards.

University has many medical centres and one of the world-renowned centres for heart diseases is located there. Finally, the University is working to establish a new hospital in Riyadh as part of its development plan in order to increase its capacity to 1800 beds.

The University has 19 research centres, 92 research chairs, 36 academic associations, nine academic journals and one weekly newspaper. Most of these facilities have been established during the last 10 years as part of the University's ambitious management strategic development plans. The strategic plan which started in 2010, to run for the next 20 years, aims to make most of these centres and facilities self-funded by the University endowment account which is described next.

3.5.3 The University development projects

The University has worked hard to develop itself, particularly since the appointment of its Rector in 2007. This section describes some of the University's development projects being undertaken by its ambitious new management.

The University's new management has introduced an endowment account that aims to bring new resources to the University, and to ensure the best use of available resources in order to most efficiently develop the work of the University (University Endowment, 2009, 2013). The Endowment Account's higher council is led by the Crown Prince and Deputy Prime Minister who give the account power, and encourages businessmen and commercial companies to donate. As at 2011, the endowment account had collected SAR 3.75 billion, and it aims to collect SAR 93.75 billion by 2040 in order to ensure that 30% of the University's income is stable and guaranteed. Currently, the investments projects of this account are in a land area of 180000 square metres. This land contains 11 towers, three of which are rented to the world-famous Hilton Hotel Company (University Endowment, 2011).

Other examples of the University's development projects are the International Scientific Twinship Program (ISTP), the International Expert Program (IEP), and the Nobel Prize Program (NPP). The aim of these programmes is to develop the academic side of the University and to link the University with the world's well-known institutions and scholars. The ISTP aims to create a twinship the

University with the best universities, academic institutions and research centres in the world. The IEP and NPP aim to polarise scholars from all over the world to join the University, and to transfer their experiences to the University academics and to society by holding, among others, training courses and workshops (Information and Statistics Management [ISM], 2009).

Furthermore, the University has invested in the training of its academic and administrative staff. In 2008, for instance, the University has supported and sponsored more than 3000 of its staff to attend and participate in more than 1100 conferences, workshops and training courses internally and internationally (ISM, 2008). The new ambitious management has already overseen a remarkable development of the University. For example, the University has increased its sponsorships to its academics to study in the best HE institutions in the world from 470 in 2004 to 785 in 2008, an increase of 66% (ISM, 2008).

Finally, the University has focused on the development of its infrastructure, following the appointment of its new management. The University budget focused on the infrastructure projects in its 2008 budget. Infrastructure projects consumed 44% of the University's budget in 2008, while it was only 10% of the University's budget in 2007 (ISM, 2008). Figure 2 shows the allocation of the University budget to the budget's four chapters. For example, the University is working to build a new campus for the colleges of its female students on a land area of 1.2 million square metres. The University has been acknowledged by the government for its good work which made the University income increases dramatically since 2008. Table 3-2 shows the budgets of the case-study University and those of other universities to show how the ambitious, new management has brought funds to the University.

Figure 2: Changes in the University budget between 2007 and 2008 Adapted from (ISM, 2008)

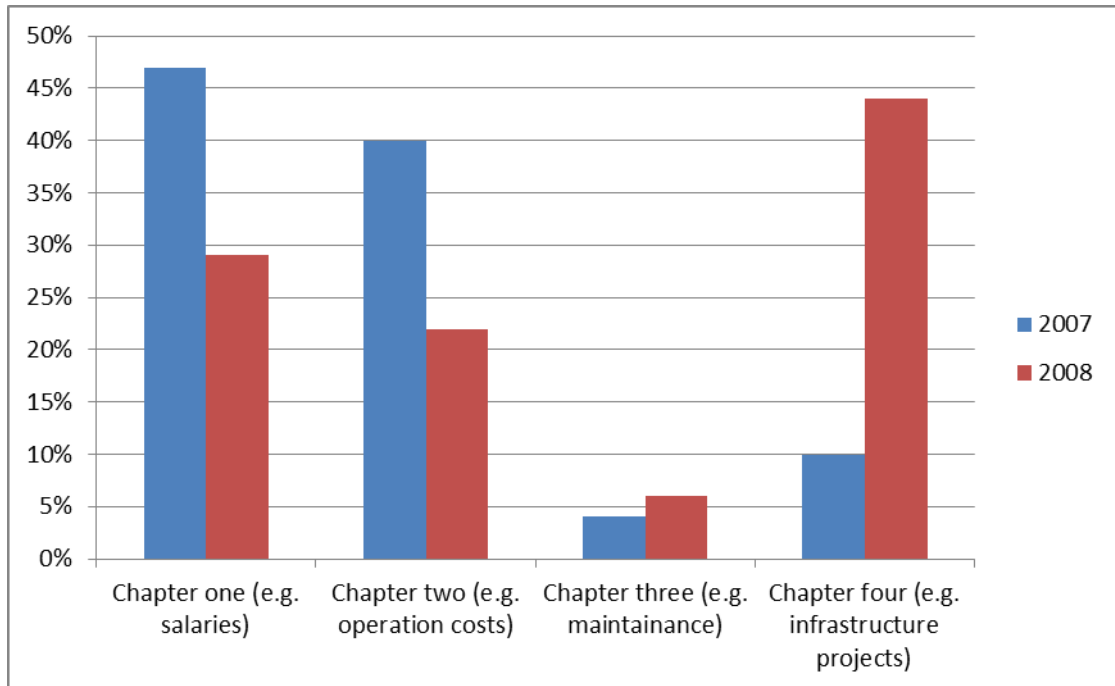


Table 3-2: The University and other public universities budgets from 2005 to 2013 (in SAR million) Adopted from MoF (2013)

Name of the universities	Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
The University	2608.3	3117.5	3188.9	3698.2	5423.8	7338.6	7843.4	8625.5	9424
King Abdulaziz University	1620.9	1903.6	1894.7	2467.7	2906.6	3493.8	3916.1	4471.3	5710
King Fahd University of Petroleum and Minerals	681.5	781	784.9	822	921.1	1038.5	1124.3	1244.9	1345
Imam Muhammad bin Saud Islamic University	1223.2	1500.2	1629.3	1866	2192.7	2516.6	2723.3	2850.7	3815
Islamic University	317.6	407.1	407.1	431.1	493.9	602.2	655.7	828.4	1005

3.5.4 The University staff

The University has 659 professors, 839 associate professors, 1536 assistant professors, 690 lecturers, 1102 instructors and 126 teachers and 8000 administrative staff (MoHE, 2013). The University has many scholars in different fields, and it has 14 professors who hold Nobel prizes. The University works to become one of the best universities in the world by, among other strategies, developing its academic and administrative staff. It offered more than 1100 conferences, workshops and training courses both internally and internationally for more than 3000 staff in 2008 (ISM, 2008). The University also offers sponsorships to its academics to study in the world best institutions in order to increase the efficiency of its staff. Finally, the University has introduced a programme called the Polarizing Program that aims to polarise the best scholars to join the University.

3.5.5 The University students

The University's student numbers (at 2013) are currently around 51168 (MoHE, 2013) comprising 60% males and 40% females who are studying Diplomas, Bachelors, Masters, Fellowships and Doctorates. Overseas students sponsored by the University account for 3% of the students, coming from 76 countries (ISM, 2009). The University is currently building a new campus for its female colleges on an area of land covering 1.2 million square metres. The campus can accommodate 27,000 students and 3000 academics and administrative staff.

3.5.6 The University's hierarchy and governance

The top position of the University is that of the Rector who is appointed by Royal Decree (Higher Education Council [HEC], 2007). He is followed by vice presidents who are appointed by the HE Council (HEC). Every college and administrative department is headed by a dean appointed by the MoHE (HEC, 2007). However, the power and decision making in the University do not lie solely in the hands of its top management such as its Rector and deans; rather the University is led by two councils and a board; in addition to the rules that have been issued externally such as accounting rules by the MoF. These

Accounting in Higher Education: A Grounded Theory of Accounting absence councils are the HEC and the University Council (UC), and the board is the Academic Board (AB).

The HEC is the country's highest HE authority apart from military HE (HEC, 2007). The council is led by the Prime Minister, and has the following membership:

- Minister of HE as a vice-president
- Minister of Education
- Minister of Finance¹⁴
- Minister of Labour and Social Affairs
- Minister of Economy and Planning
- President of General Presidency of Girls' Education
- Minister of the Ministry of Civil Service¹⁵
- Universities' Rectors

The duties of this council are:

1. Guiding the HE to the plans;
2. Supervising the development of HE;
3. Coordinating between the universities, particularly in the academic departments and in the degrees;
4. accepting establishment, merging, closing colleges, institutions, academic departments, research centres and supporting departments;
5. Setting the rules of establishing museums, scientific association and journals;
6. Issuing the universities' unified regulations (codes);

¹⁴ Its name used to be the Ministry of Finance and National Economy when the council rule was published.

¹⁵ Its name used to be General Association of Civil Service when the council rule was published..

7. Issuing the regulations (codes) of universities', staff (Saudi and non-Saudi) including academics. These regulations (codes) must be made by the MoHE, MoFNE and GACS;
8. Issuing the general rules of employing, upgrading Saudi academics, and delegating and hiring them out to work internally and externally, and setting the rules to bring them back;
9. Issuing the financial regulations (code) of the universities including the rules relating to students' and others' allowances and funds, after the MoHE and MoFNE have set these parameters;
10. Approving the rules for encouraging and rewarding professionals who are not in the universities to give lectures in the universities' colleges and institutions, and to undertake specific research initiatives in the scientific research centres;
11. Suggesting amendments to the HEC and UC Act (law);
12. Negotiating and discussing the annual report of every university, and sending them to the Prime Minister;
13. Approving the rules of establishing courses and majors, and the rules of self-assessment and external academic accreditation for undergraduate and postgraduate programmes;
14. Approving the rules of establishing private HE institutions and licencing and supervising them;
15. What the head of the council transfer to it to be discussed.

The second council is the UC which is led by the Minister of HE, and has the following membership:

- The University Rector as a vice-president
- The universities' vice-presidents
- General Secretary of the HEC
- Deans

- Three experts appointed by the Minister of HE for three years.

The Council is responsible for managing the academic, administrative and financial affairs of the University, and managing the University in general (HEC, 2007). The Act (law) has mandated this Council with certain specialisms:

1. Approving the plan of training and scholarship;
2. Suggesting the establishment of, amending the name, merging and closing colleges, institutions, departments, research centres and supporting departments;
3. Approving the academic majors and the postgraduate programmes;
4. Awarding degrees to university graduates;
5. Awarding Honorary Doctorates;
6. Giving details of the starting and ending dates of the academic calendar, and selecting the breaks within the year in accordance with the framework of the starting and ending the study;
7. Dealing with borrowing academics and lending academics to others; dealing with delegating them for academic purposes, and retiring them;
8. Approving curricula, course plans, textbooks and literature based on the suggestion of the Colleges and Institutions Council;
9. Suggesting the students' allowances and funds;
10. Approving the University's budget, and sending it to the Minister of HE;
11. Approving internal regulations (codes) that do not result in financial or administrative benefits;
12. Suggesting and amending the University's regulations (codes);
13. Negotiating and discussing the University's annual report in order to be presented to the HEC;

14. Deciding and selecting the allocated funds for every independent college, institution, supporting department and research centre to be spent based on financial regulations (codes);
15. Negotiating and discussing the final account of the University in order to send it to the Prime Minister;
16. Approving the plans for non-academic activities of the University;
17. Approving the appointment of academics based on the AB's suggestion;
18. Accepting endowments and donations, etc, unless they contradict with the University's fundamental mission;
19. Setting the rules of visiting and transferred students from and to the University;
20. Recognising any issue that is raised by the Minister of HE, the University's Rector, or any member of the council.

The two councils which are led by externals from the University have the power over many of the University affairs. Therefore, the top management of the University has less authority over the University's affairs, as significant decisions and plans are taken by the HEC and few to UC, but the top management is left to deal with daily work. However, the University has an AB which focuses on the academics' affairs and the affairs of research and publishing. In addition, every college and academic department has its own council which can only make suggestions to higher level councils and boards (such as the UC and the AB). However, these councils and board deal more with daily work rather than as decision makers.

The University has a financial monitor who is directly linked to the University's rector. The monitor has the authority to supervise and decide on the University's financial transactions before a transaction can proceed. However, the UC has to appoint one (or more) external auditor similar to the ones in commercial companies (HEC, 2007). In addition, the University is monitored and audited by external public organisations such as the MoF and the General Audit Bureau (GAB) (Alsharif and Alimam, 2002). Furthermore, its budget and planning must be approved, followed and audited by public government

Accounting in Higher Education: A Grounded Theory of Accounting absence organisations such as the Ministry of Planning, the MoF and GAB. Therefore, the University is not completely autonomous, although it is a unique entity to other government units, as it is a public institution¹⁶; rather its main councils which lead the University are led by externals such as the Minister of HE.

3.5.7 Funds to the University

Most of the University's income is allocated from the government in addition to the revenues of practices allowed by the government rules¹⁷, and the endowment account revenues. Every public university should submit its budget to the MoF which prepares the national budget to be presented to the Ministers' Council for approval. Universities – which are regarded as *public institutions* (not normal government units) – can have their unique and own budgets. However, some government units have their budgets included on higher level government unit. For example, the Saudi Immigration Agency's budget is contained within the Ministry of Interior's budget.

Nevertheless, the University must follow the government rules of spending the budget, and follow accounting rules for the funds that have been allocated by the government. The University must submit its accounting statements to the MoF at the end of the year in the format of the MoF. However, the University has autonomy from any rules, including accounting ones, for funds that come from other sources such as endowment account which uses the same developed accounting system as commercial companies do. Later in this chapter, the financial and accounting rules are discussed.

Recently, the government has increased the budgetary proportion of education in general and HE in particular. The proportion of HE in the government budget was 6.9% in 2012, and the government increased its spending in the HE sector from SAR 23.4 billion in 2008 to SAR 59.9 billion in 2012 (an increase of 155%) (MoHE, n.d.a). Specifically, the government spending on the University has dramatically increased during the last five years as table 3-2 shows. The

¹⁶ This type of government unit is given different statutory entity, because it has a unique economic nature or it is subject to extra regulations, because of its circumstances and financial situation (Alsharif and Alimam, 2002).

¹⁷ Universities in Saudi Arabia are public institutions - not normal government units. This gives the universities some privileges from other government units such as consuming some of their revenues, while other government units must deposit their revenues to the government (Alsharif and Alimam, 2002; Alhoaiml and Alhussain, 2005; Alsultan, 2003).

increase of the government spending in the University is because the University has worked hard to secure funding for some infrastructure projects such as building colleges and new campuses for girls.

3.5.8 The rules of the University

This section briefly describes the rules that the University is bound by, particularly the financial ones. As stated previously, the University is not completely autonomous, although it is regarded as a public institution not a government department. Most of the general rules that the University follows come from different government organisations. For example, the general rules followed by the University in appointing the Rector are issued by the HEC which is in turn led by the Prime Minister. In addition, the accounting rules are published and monitored by the MoF and the HEC. Moreover, administrative staff affairs rules such as appointing administrative employees are issued and monitored by the Ministry of Civil Service. Therefore, only very few freedoms is left to the University to rule itself and issue its own rules in addition to the freedom to operate the daily work of the University. Table 3-3 shows some of the external Acts (law) and regulations (codes) that are applied to the University.

Table 3-3: Some of the external Acts (laws) and regulations (codes) that are applied in the University

Name of the rule	Number	Date	Issued by	Level of the rule
HE and Universities	M/8	17 November 1993 (4/6/1414AH)	Royal decree	Act (law)
Civil service	M/49	26 June 1977 (10/7/1397AH)	Royal decree	Act (law)
The financial Directives of the budget and accounts	---	1956	The MoF	Regulation (code)
The universities regulations for financial affairs	6/2	4 November 1995 (11/6/1416AH)	HEC	Regulation (code)
The studying and examination regulation (code) for undergraduate degree	13/27/1423AH	5 January 2003 (2/11/1423AH)	HEC	Regulation (code)
Employing non-Saudi academics	3/4/1417AH	23 June 1996 (7/2/1417AH)	HEC	Regulation (code)

3.5.9 The financial rules of the University

Since the establishment of the current state of Saudi Arabia, the governments have focused on developing the government accounting system. The first accounting system and rules in the country were introduced in 1939; these were changed by the current rules in 1956 as the country's financial situation became complex and significant (Alhoaiml and Alhussain, 2005). The 1956 rules have been slightly updated, and the updates do not meet the current

expectations of government accounting¹⁸ (Alsultan, 2003). Al-Rehaily (1992) stated that Saudi rules in general and accounting rules in particular are inadequate. Many scholars who have studied the Saudi government accounting system which is applied in the University concluded that it has been influenced by the foreign experts who have constructed it; in addition to those foreigners who worked in Saudi Arabia for decades, while there were very few qualified Saudi accountants working in the field (Alsharif and Alimam, 2002). These foreigners are blamed for having influenced the Saudi accounting system by implementing norms, rules and routines that are not appropriate to the Saudi context. Algaber (1995) stated that

the government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

In addition, Al-Odan (1979) stated that “the system that exists today is, in fact, a conglomerate of systems derived from many countries” (p. 28).

The University is ruled by two financial and accounting rules; namely, the financial directives of the budget and accounts which were issued by the MoF, and the financial regulation (code) which was issued by the HEC. The University’s financial and accounting rules are almost the same in all government units. The University is applying the government accounting rules like every government department in any sector. However, there are slightly differences among government units, as universities have a financial regulation (code) issued by the HEC. For example, all universities are exempted from the jurisdiction of the MoF supervisors who monitor every transaction in government units; rather the universities have an internal financial monitor and external auditors who are appointed by the University.

¹⁸ The expectation of government accounting and an evaluation of the government accounting is discussed later in this thesis.

The accounting rules that are imposed by the HEC and MoF are not an Act (law)¹⁹ which it should be; rather they are a lower level of legislation, as they are regulations (codes) and directives. These rules were issued by the MoF in 1956, and they have only been slightly updated since then (Alhoaiml and Alhussain, 2005; Alsultan, 2003; Al-Rehaily, 1992). However, these rules require the University to prepare few, and undetailed, financial reports. There are two types of these reports – *general* reports and *specific* reports. The specific reports are prepared when there is an identified need to prepare them (Alhoaiml and Alhussain, 2005). For example, if a government unit wants to transfer money from one account to another, it needs to prepare an expenses report for the current status of its expenses accounts in order to take decisions based on the information in these reports. On the other hand, the general reports are compulsory and fixed in terms of time and requirements. These financial reports are not detailed and are not concerned with totals. However, the general reports that are required by the accounting rules are:

1. *The binders*: Binders contain statements of every chapter²⁰. These binders show detailed information of financial transactions in every chapter. They are prepared monthly for GAB (Alhoaiml and Alhussain, 2005);
2. *The monthly report*: This is a monthly financial report that is drawn up at the end of the month after accounts are closed. It is brief, and it contains revenue and expenses statements, monthly accounts balance and accounts adjustments statements;

¹⁹ Acts (laws) are significantly different from regulations (codes) in Saudi law (Almarzogi, 2004). Acts (laws) are issued by the legislative authority in the country, and they have lower status than the country's fundamental Acts (laws) in statutory terms. However, regulations (codes) are usually issued by the executive authority, and hold a lower status than Acts (laws) in term of power. For example, if the accounting regulations (codes) contradict with the Civil Service Act (law), the latter will be taken just because it is an Act (law), while the accounting rule is only regulations (codes). In addition, it is easier to change and amend accounting regulations (codes) than an Act (law), because the ability to change them is given to the executive authority such as the MoF and monitoring bodies. The monitoring bodies such as courts and GAB have the ability to refuse or change such regulations (codes), while Acts (laws) which are approved by the country legislative authorities and issued by a Royal Decree are obligatory to judicial and executive authorities. Therefore, regulations (codes) do not seem to be stable and powerful like Acts (laws). In conclusion, the statutory nature of the government accounting has a significant meaning to those studying law. Finally, I have to clarify that I have not stated all the differences between Act (law) and regulation (code) as it is beyond the scope of this research.

²⁰ The chapters are the four chapters of the government format of budget. The government budget is divided to four chapters which are explained below in the budget section.

3. *Balancing statement*: This is a two-sided accounts statement done to confirm the accounts balance. It is drawn up after making the monthly report (Alhoaiml and Alhussain, 2005);
4. *The final account*: This is an annual report that contains information of expenses, revenues and adjustment accounts. It includes records of cash inventory, balance statements with the government units, transfers²¹ decisions, "and other important information that is required by the directives" (Alhoaiml and Alhussain, 2005; p. 344).

3.5.9.1 The budget

The University, like any independent²² government unit, must prepare its budget every year. The MoF sends letters to all government units, including universities, requiring them to prepare their detailed budgets which estimate their revenues and expenses for the forthcoming year based on the rules of preparing these budget, and the MoF gives them any new directives to this preparation (Alsharif and Alimam, 2002; Alhoaiml and Alhussain, 2005; Alsultan, 2003). After preparing the budgets, every government unit, including universities, send their budgets to the MoF to deeply negotiate these budgets with their government units (Alsharif and Alimam, 2002). Based on these negotiations, the MoF suggests the ways to balance the revenues with expenses; either by increasing the revenues or reducing the expenses – or both. The MoF, then, presents its estimations (budgets) and suggestions to the Ministers Council which negotiate and amend them; and the council issue an order to approve the budget; consequently, a Royal decree is issued to approve the national budget. The University's budget is included in the national budget.

The Royal decree includes the rules of spending the budgets, and "the MoF issues its detailed directives and what should be considered when executing the budget" (Alsharif and Alimam, 2002; p. 70). These rules and directives cover all aspects of the spending the budgets leaving a small space for government units to have control and power over their budgets. For example, a government unit cannot transfer any money from one budget's account or a

²¹ Transfers here means the money transferred from one account to another.

²² Independent in terms of the fact that it has its own budget - not included in other government unit budget.

project to another unless it is approved by the Minister of the ministry to which the government unit belongs to or to the head of the government unit, if the government unit has its independent budget such as the University, and in some cases the approval of the Minister of Finance is required to transfer money.

The budget of every government unit is divided to four chapters. The first chapter is about the temporary and permanent employees' salaries and allowances. It includes also the temporary and permanent available positions that the government unit can employ in or upgrade to (Alsharif and Alimam, 2002). The second chapter is for operating expenses such as rewards, transportation, renting, furniture and office's equipment expenses. The third chapter is for operating and maintenance contracts and projects such as buildings' cleaning contracts (Alhoaiml and Alhussain, 2005). The fourth chapter is for the allocated budgets for continued projects and new projects for this year such as building new campuses to government units (Alsharif and Alimam, 2002; Alhoaiml and Alhussain, 2005; Alsultan, 2003).

It is important to state that the classification of the budget (the four chapters) is the classification of the government units' accounts; consequently, the government units' financial statements' formats are based on the budget classification. In other words, the government units' financial statements are classified into four chapters, and every chapter has accounts that are the same as the budget chapters and accounts; therefore, the financial statements, for instance, are not a balance sheet and income statement where the reader can know how much is spent on employees; rather, spending on employees, for instance, is distributed across the four chapters.

3.6 The background of this research

This research began as a study of a cost accounting system in the Saudi HE sector, but after a pilot study in the field, the researcher has learnt that cost accounting, in particular, and accounting, in general, have a unique and differing presence in the discourse. Subsequently, the researcher turned his attention to an investigation of the status of accounting in less-studied fields; the HE sector, the public sector and the case in developing

countries (Goddard, 2010; Broadbent and Guthrie, 2008). The Saudi government accounting system which is currently applied in Saudi Arabia's public universities was introduced almost 60 years ago, with only limited adjustments and updates since then. This system suffers from being primitive, centralised and having an inability to cope with government units' needs. It is claimed that government accounting is missing some accounting techniques such as depreciation and/or has under-developed accounting techniques such as cost accounting; consequently, some of the required accounting information cannot be produced either because of the lack of accounting techniques, or because the accounting techniques are not sufficiently developed to provide the information required by the organisation. Therefore, the researcher focused on studying the status of accounting in one public Saudi university in order to investigate and understand accounting in practice in depth.

The case study University is one of the leading bureaucratic and public universities in Saudi Arabia. This University has been chosen for a couple of reasons: the University is one of the oldest Saudi universities²³; therefore, the status of accounting is not reflecting a process of routinising accounting – rather it is already routinised and bureaucracy is well established. Consequently a study of accounting would reflect the dominant powers that have made accounting what it is. However, if the study of the status of accounting had been carried out in one of the *new* public universities, the theory of the status of accounting in the HE sector would not reflect a routinised and bureaucratic accounting system which might be useful when the aim of the study is to study of the status of accounting during its emergence in an institution.

Another reason for choosing one university is that all public universities in Saudi Arabia, as shown before, are applying the same government accounting rules, and they have the same operating rules which makes them more or less similar in terms of their accounting practice. Although these universities might have different reactions to the implementation of shared rules, the researcher believed that having multiple case studies

²³ 70% of the public universities in Saudi Arabia are 10 years old or less (MoHE, 2014).

which would generate general and similar statements would be less informative than having one case study, which would enable the researcher to undertake a more in-depth investigation and thus acquire a much greater understanding of accounting in the case study. Therefore, the researcher has intensively studied the status of accounting in the selected University by collecting the data from different sources and various people in the University and relevant bodies such as the MoF.

3.7 Refining the research questions

After reading the literature on accounting systems, with a particular focus on Saudi government accounting systems, and conducting the pilot study, the research questions have gone deeper and become more specific to the main phenomena. The strategies of reviewing the literature and conducting a pilot study are recommended in GT (as explained in the next chapter) because this focuses the attention of the researcher on the main areas under study, rather than expending valuable and often limited time on data collection to explore the basics. However, it must be stated that these strategies do not destroy the main essence of the GT approach which builds a theory from the field, and the research questions are still broad and general rather than focused on specific issues. The refined questions are as followed:

What is accounting and its roles in the Saudi HE sector, and how is it applied/carried out?

What are the reasons and factors for the absence of accounting in HE sector, and what are the consequences of this status?

How is accounting absence dealt with, and why is it necessary to address this?

3.8 Summary

In this chapter, the researcher described the context of the case study. The discussion started with background information on Saudi Arabia and explained its political, economic and social life contexts, which helps the

reader of this thesis to clearly understand the issue of accounting in the case study. The second part of this chapter stated the background information of the HE sector in Saudi Arabia, and illustrated the recent HE sector development plans. A background of the University was then given, including an overview of the University's resources and facilities. This part of the discussion set out the University's development plans in order to provide examples of some of the strategic initiatives taken by management to develop the University in general, and accounting in particular. The University's hierarchy and governance rules were illustrated to determine the positions of power in the University. The last sections stated the University's funding sources; the official financial reports produced by the University and finally set out the background to this research and the research questions.

Chapter 4: **Methodology**

4.1 Introduction

This chapter explains and justifies the methodology and methods that this study has undertaken. It starts with the Burrell and Morgan (1979) framework. Paradigms on accounting are discussed followed by the justifications behind choosing this study's paradigm. The second part of this chapter explains GT, and concludes by justifying the applying of GT in this study. The final part discusses the research method of this study. It sets out the methods conducted to collect and analyse the data; and procedures to ensure validity and reliability.

4.2 Research paradigm

There are different definitions of 'paradigm' in social science research, but they are consistent in that the paradigms set boundaries for researchers when undertaking their work. For example, Schwandt (1997) defined research paradigms as a set of beliefs and values that are shared between researchers in the same paradigm. Guba and Lincoln (1994) defined paradigms as "the basic belief system of world view that guides the investigator, not only choices of method, but in ontologically and epistemologically fundamental ways" (p. 105), while Burrell and Morgan's (1979) definition of a paradigm is a set of perspectives which binds researchers in a way which ensures they are consistent in how they approach social theory.

Burrell and Morgan (1979), however, stated that "all social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated" (p. 1). The Burrell and Morgan's (1979) paradigms are interpretive, functionalist, radical humanist and radical structuralist. Therefore, these paradigms are consequences of assumptions that distinguish between the paradigms; and thus the methodology of a research. These assumptions are constructed by two independent dimensions. The first dimension explains the study's assumption/belief of the nature of social science, and the other dimension explains the study's assumption/belief of the nature of society.

4.2.1 Nature of social science

The nature of social science in a study is based on the assumptions of ontology, epistemology, human nature and methodology. It must be stated that one cannot assume a strict dichotomy between two points in any assumption, whereas things are generally more relative along a spectrum; however, the following paragraphs are forming dichotomy between views in each assumption to clarify the differences and for explanation reasons.

Ontology concerns the assumptions of the nature of reality; whether it is subjectively socially constructed (nominalism), or independent from individuals and objective (realism). Nominalists believe that everyone makes his own reality, while realists believe that there is only one reality, and that it exists without any influence from individuals (Burrell and Morgan, 1979).

Epistemology refers to the basis of knowledge. The assumptions of epistemology are presented by positivists and anti-positivists. Positivists believe that there is one knowledge which is hard and tangible; therefore, reality is one thing that cannot be understood differently and individuals understand the same reality equally. However, anti-positivists argue that knowledge is 'soft' and subjective to a researcher's understanding and personal experience. Therefore, positivists seek to understand what is happening by being guided by prior theory, while anti-positivists seek to understand why something happened based on individuals' own understanding and viewpoints.

Human nature refers to the nature of 'being human'; to humanity itself. It determines whether humans are 'machines' guided by their environment (determinism), or whether they have free will and decision-power, and their environment is controlled by them (voluntarism). The former assumption is held by determinists while the latter is held by relativists and grounded in voluntarism.

Methodology is influenced significantly by the previous three assumptions. Methodology is concerned by the way that one obtains knowledge about a social world. If a researcher conceives the social world as hard, real and external to the individual, then the researcher mostly is looking to test relationships and regularities between different elements included. On the

other hand, if the researcher believes that the social world is soft and a product of individuals' consciousness; and seeks to understand the social world based on individuals' understanding, then the researcher is not conceiving the social reality as general and universal (ideographic); rather he/she would seek an understanding and explanation of the social world based on individual consciousness of the world (nomothetic). For example, interview and observations (ideological methods) based on an individual's inner world are used by nominalist, anti-positivist and relativist researchers to investigate a social world, while surveys and other statistical methods are used by realists, positivists and determinists.

4.2.2 Nature of society

Assumptions of the nature of society are the second dimension in Burrell and Morgan's (1979) framework. The nature of society seeks to understand the status quo of society; whether it is fixed and affirmed or whether it is changeable. Burrell and Morgan (1979) set two extremes of the nature of society; namely, sociology of regulation and sociology of radical change. Researchers who believe in the 'sociology of regulations' tend to consider society as fixed and given; therefore, they seek to analyse how society is actually constructed, while researchers believing in the 'sociology of radical change' seek to examine a change in society, as they believe that society exists in conflict, characterised by coercion, hostility, division and change.

4.2.3 The paradigms

Burrell and Morgan (1979) identified the paradigms based on the two dimensions described above. A researcher finds his/her paradigm based on the phenomenon he/she is studying in the subjective-objective dimension (nature of social science) and in the sociology of regulation – sociology of radical change dimension (nature of sociology). A combination of subjective viewing of social science with the sociology of radical change constructs the 'radical humanist', while the combination of the former with sociology of regulation creates the 'interpretive' paradigm. The objective position in the nature of the social science dimension forms the 'radical structuralist' and 'functionalist' paradigms, when it correlates with the sociology of radical change and regulation respectively.

The functionalist paradigm views the social world in an objective way, and assumes the status quo as structured, in order, in consensus; and the external reality is hard; therefore they do not question the status quo. Realists, positivists, determinists and nomothetics approach their studies via this paradigm. Therefore, researchers who subscribe to this paradigm conduct their research by examining the relationships between factors that are already discovered by prior studies in a deductive way.

The interpretive paradigm positions itself on the subjective side of the assumptions of the nature of the social science dimension, and it shares the same view of the nature of sociology as functionalists; therefore, the status quo in this context is unquestionable. However, the subjective belief makes interpretivists seek to understand, in depth, why things happened and the relationships of these things in an inductive way. Researchers in this paradigm deeply investigate their case studies to have deep understanding based on individuals' consciousness, and they usually allow for new phenomena to grow from the field, in contrast to functionalists who usually approach the field with preconceived theories and models to be tested regardless to individuals' experiences and new phenomena that might emerge in the field.

The radical humanist paradigm subjectively approaches a study in a similar way to the interpretive paradigm, but it does not recognise status quo as affirmed, although it does question it. Therefore, the societal aspects are believed to be able to be changed radically by humans. Researchers in this paradigm tend to study the modes of emancipation, domination, potentiality and deprivation based on individuals' consciousness.

The radical structuralist paradigm shares the same assumptions of the nature of sociology with the previous paradigm, and it approaches a study with an objective viewing of the social science. It is

committed to emancipation and potentiality, but in a way that emphasises structural conflict, modes of domination, contradiction and deprivation. Radical structuralists concentrate upon structural relationships within a realist social world (Tillmann, 2003; p. 13).

Therefore, radical structuralists does not consider individual consciousness, as they conceive reality as hard and unaffected by individuals.

4.2.4 Research paradigms in accounting

Accounting scholars such as Hopper and Powell (1985) and Baxter and Chua (2003) have extended Burrell and Morgan's (1979) framework to build a particular paradigm for accounting research (e.g. Hopper and Powell, 1985; Chua, 1986; Ryan *et al.*, 2002). They deconstructed Burrell and Morgan's (1979) assumption of the dimensions of the nature of social science in terms of radical approaches for accounting research. Consequently, they have built three accounting research paradigms – *mainstream*, *interpretive* and *critical* – which are discussed next.

4.2.4.1 Mainstream

The mainstream paradigm is similar to Burrell and Morgan's (1979) functionalist paradigm. It is the traditional and dominant accounting and finance research paradigm (Ryan *et al.*, 2002). Ryan *et al.* (2002) recognise this as a paradigm that believes that society is a single system of interrelated elements serving specific functions; consequently, the exploration of the nature of these functions is the role of the researcher. The mainstream paradigm believes in an objective stance of the nature of social science, and a deterministic nature of human behaviour (Chua, 1986). Therefore, this paradigm holds a deductive position, with research based on prior theories or model to be formulated to hypothesis in order to be examined and tested in the field (Gill and Johnson, 2002). This paradigm usually applies quantitative methods for data collection which results in statistical generalisation which is claimed to be one of the limitations of this paradigm, as it focuses on generalisation rather than having deep understanding of a phenomenon (Parker, 2008).

This paradigm is criticised for limiting the research on a hypothesis that has been found in prior studies or being developed from a theory. It does not allow an in-depth understanding of the phenomenon by allowing actors in that phenomenon to express their views, which would in turn enrich the understanding of the phenomenon (Miller and Napier, 1993). Parker (2008) argued that this paradigm fails to understand intra-organisational issues such as power, behaviour, culture, morals and beliefs.

Therefore, in the 1980s, accounting scholars called for alternative accounting research approaches (Tomkins and Groves, 1983; Morgan, 1983; Willmott, 1983) as the mainstream paradigm is inappropriate for certain problems, because of its limited ability to offer insight into these problems (Chua, 1986). These criticisms increased the application of the interpretive and critical paradigms in accounting research to understand accounting's

impact on individuals, organizations and societies ... Hence, it is important that accounting research make greater use of interpretive and critical perspectives which are better suited to understand accounting's pivotal role in shaping our turbulent society (Baker and Bettner, 1997; pp. 305 and 307; 308).

4.2.4.2 Critical

Accounting scholars have criticised Burrell and Morgan's (1979) division of radical humanists and structuralism (e.g. Chua, 1986; Hopper and Powell, 1985). Hopper and Powell (1985) stated that:

The mutually exclusive division of radical theories by Burrell and Morgan carries a danger that concerns of radical structural analysis are seen as incompatible or irreconcilable with those stressing consciousness, rather than seeing both as dialectical aspects of the same reality (p. 451).

Therefore, accounting scholars such as Hopper and Powell (1985) removed the action–structure debate of objective–subjective to combine the radical paradigms of Burrell and Morgan (1979), and they produced the paradigm of critical accounting research (Ryan *et al.*, 2002).

Above all, Hopper and Powell (1985) appreciate this paradigm as it increases knowledge of a phenomenon by examining and criticising the status quo; rather than accepting it as given. Thus, critical accounting research offers a platform for improvement, change and critique (Baxter and Chua, 2003). Therefore, Laughlin (1999) stated that critical accounting research aims to change accounting practices in general by questioning the role of accounting. However, critical accounting research is criticised for not examining the phenomenon studied from different angles as it takes a certain position in the researched phenomenon during investigation (Baker and Bettner, 1997; Mzenzi, 2013).

4.2.4.3 Interpretive

The interpretive paradigm was given an impetus in the late 1970s and early 1980s as accounting researchers began to study accounting in more depth and in the context in which it operates, by focusing on the constructive and interpretive actions of people (Hopwood, 1979, 1983; Chua, 1988; Morgan, 1983, 1988; Tomkins and Groves, 1983; Willmott, 1983). Hopwood (1979) showed the importance of and the need for the implementation of the interpretive approach to study accounting in its field of operation. Tomkins and Groves (1983) claimed that an increasing number of interpretive studies have been applied to understand the daily life of accounting in its setting since Hopwood (1979), as the interpretive paradigm focuses on understanding the meaning of the everyday accounting participants (Ahrens and Mollona, 2007).

Ryan *et al.* (2002) argued that the interpretive approach increases the understanding of the social world and the social nature of accounting practices, and makes sense of the social character of daily life. Therefore, interpretive accounting research means that

better understanding can be obtained by investigating and analyzing what accounting actually means to participants and why certain phenomena occur rather than verifying or falsifying their existence (Alberti-Alhtaybat, 2007; p. 64).

4.2.5 Rationale behind choosing the interpretive paradigm

There are two main reasons for choosing the interpretive paradigm in this research. Firstly, this research aims to understand the status of accounting in the HE institutions in Saudi Arabia, in particular, and in developing countries, in general, by inductively developing an understanding of the perceptions of the social, political and cultural actors in the case study (Ahrens and Mollona, 2007; Ahrens and Dent, 1998). In order to deeply understand such a phenomenon, an interpretive paradigm should be considered (Hopwood, 1979; 1983, 1987; Chua, 1988; Humphrey and Scapens, 1996; Ahrens *et al.*, 2008; Colville, 1981; Hopper and Powell, 1985; Tomkins and Groves, 1983). Goddard and Assad (2006) stated that “accounting is a component part of social and institutional interactions, affecting and being affected by human interactions and institutional conditions” (p. 396). Consequently, the interpretive paradigm

is recommended in order to interpret the research data and achieve a deeper understanding of the phenomenon.

Secondly, this study is not intending to examine the status quo of accounting in the case study, but it seeks to understand and examine accounting in the field studied. Consequently, the critical research approach would not be as suitable as an interpretive approach, which understands the phenomenon from different angles. This makes this study unsuitable to be conducted via a mainstream approach, as this approach requires a deeper understanding of actors' perceptions (Chua, 1988). In addition, the researcher has no prior theories or models to be tested similar to those in mainstream studies; rather the study seeks to inductively approach the field, to understand the status of accounting in the field; and then build a theory grounded on the data.

4.3 GT

This part of the current chapter explains GT, and provides justifications for applying it in this study. This part starts with a brief history and origin of GT, and then it gives an overview of GT. The process of GT is explained; and consequently explaining and showing the differences between Glasserian and Straussian²⁴ approaches are shown. GT in accounting is previewed; and finally justifications of applying GT are stated.

4.3.1 History of GT

GT was introduced by two American sociologists, Barney Glaser and Anselm Strauss, in their seminal publication, *The Discovery of Grounded Theory*, in 1967. They introduced the GT approach after they undertook research in an area that had not been previously investigated, and they were unable to identify an appropriate research framework (Glaser and Strauss, 1967). In order to clearly understand the emergence of GT, one should review the backgrounds of the two founders of GT. Glaser graduated from the University of Columbia, a quantitative and empirical research-based institution, (Tillmann, 2003). Strauss, on the other hand, studied at the University of Chicago where he had been influenced by some scholars of symbolic

²⁴ Glasserian is a term for Glaser's approach to GT research, while Straussian belongs to Strauss and Corbin's approach to conducting a GT study.

Accounting in Higher Education: A Grounded Theory of Accounting absence interactionism (Ullah, 2012). Symbolic interactionism claims that people react to their issues based on the meanings they attach to them (Strauss and Corbin, 1990). Based on the above backgrounds, I can note that Glaser was behind the continuum comparisons of data in GT (Strauss and Corbin, 1990), while Strauss encouraged the focus on respondents' views and values to generate concepts and theories.

The above explains the emergence of the main concepts of GT that ask, "What is going on?" (Glaser, 1978, 1992, 2004; Strauss and Corbin, 1990; Cutcliffe, 2000; Tillmann, 2003; Ullah, 2012). GT attempts to generate theory *inductively* from data rather than verifying prior theories based on the collected data (Rennie, 1998; Locke, 2001; Greener, 2008; and Alberti-Alhtaybat, 2007). In other words, GT facilitates the understanding of social reality, and lets the data tell their story (Glaser and Strauss, 1967). The concepts of GT are discussed in greater depth below.

Since 1967, GT experienced many developments, mostly driven by the two originators. They wrote several books and journal articles on the theory (e.g. Glaser, 1978, 1992, 2001, 2004; Strauss, 1987; Strauss and Corbin, 1990, 1994, 1997, 1998; Corbin and Strauss, 1990, 2008). Differences between the two founders of GT appeared after Strauss collaborated with Corbin to introduce data analysis procedures in their 1990 book; however, Glaser criticised such procedures arguing that they limit the story the data has to tell. It is worth noting here that the main idea of GT – which is to generate theory from data – has not been addressed by either founder. However, the differences and diversity between Glaser and Strauss are illustrated in a forthcoming point.

4.3.2 Overview of GT

Methodologically, GT is part of the interpretive paradigm which this research is applying, and it follows the qualitative approach (Ullah, 2012; Mkasiwa, 2011; Alberti-Alhtaybat, 2007). In Grounded Theory, the data are analysed qualitatively, line by line or even word by word in order to reach the saturation stage of building a theory. GT is a "complex process of inductive and deductive thinking" (Strauss and Corbin, 1990, p. 114). It is both an inductive approach when it acquires the data (Gill and Johnson, 2002; Greener, 2008; Mkasiwa,

2011), and a deductive approach when it analyses what the data are 'saying' to generate a theory (Glaser, 2001, 2003; Ullah, 2012).

Other methodological approaches tend to have a research framework; after this is identified, then the data collection and analysis are conducted. Their main aim is to verify the already discovered theories in the literature rather than try to explain what the data are, and reflect the social reality in a theoretical way. These types of studies would neglect the emergence of new variables or categories of data (Parker and Roffey, 1997; Tillmann, 2003). Unlike the traditional streams, GT starts with no preconceived theoretical framework and it focuses on interpreting the data rather than reporting them in order to understand what is going on (Glaser, 2004; Ullah, 2012; Tillmann, 2003). It is worth stating that the traditional GT starts with no research questions (broad research questions based on the Straussian approach), and questions emerge as the theory emerges. GT draws on and compares the relationships between the case study (or studies') variables and data concepts/categories, until they reach a saturation position in their relationships. This will enable GT to build a solid theory that explains what is 'in there' (Glaser, 1978). Parker and Roffey (1997) state that

rather than focusing exclusively on describing field members' sense-making activities and interactions, GT aims to incorporate the researchers' understandings, and attempts to develop explanatory theoretical frameworks representing structures and processes observed (Parker and Roffey, 1997, p. 218).

As stated above, Glaser and Strauss introduced GT when they were unable to apply a suitable theory to a study they undertook. Subsequently, they developed GT as a methodological approach that its mission is to find a methodological approach that enables a novice researcher to understand a phenomenon accurately and build a reliable theory grounded on data without limiting himself/herself by prior theories in the discipline. This theory, which should be continuously reviewed, would reflect the reality that should be fully explored and explained as it is (Senik, 2007; Strauss and Corbin, 1998). Therefore, the main aim of GT would be to reach an answer to the GT main question: What is going on? (Ullah, 2012; Rennie, 1998; Locke, 2001). Mkasiwa (2011) sets out the definitions of GT according to Strauss and Corbin and Glaser as:

Strauss and Corbin (1990) defined grounded theory as a qualitative research method that uses a systematic set of procedures to develop and inductively derive grounded theory about a phenomenon. Glaser (1992) defined grounded theory as a methodology of analysis, linked to data collection, which uses a systematically applied set of methods to generate an inductive theory about a substantive area (p.70).

In addition, Strauss and Corbin (1998) defined theory as

a set of well-developed concepts related through statements of relationship(s), which together constitute an integrated framework that can be used to explain or predict phenomena (p. 15).

GT is expected to reflect the reality and give a clear understanding of the phenomenon to clarify the gap between the theory and practice by providing a meaningful guide to action (Strauss and Corbin, 1998; Senik, 2007). Humphrey and Scapens (1996) emphasised the importance of developing a socially-informed theory that has been developed directly from data by the researcher (Alberti-Alhtaybat, 2007), if we want to face the issues of accounting in practice. In this regard, Humphrey and Scapens (1996) stated: "Thus, accounting research should seek to develop socially-informed theories which are capable of explaining the contradictions and paradoxes of organizational accounting practices" (p. 94). The main difference between GT and other methodologies is its focus on data rather than having a preconceived theoretical framework beforehand. This focus is meant to enhance the reflection of what is going on there, and to have theorised data that have had direct contact with a complex social world (Strauss, 1987; Mkasiwa, 2011; Alberti-Alhtaybat, 2007). Therefore, GT gives a better understanding of the phenomenon and consequently closes the gap between theory and practice. Parker and Roffey (1997) attested to the privilege of using GT in accounting research, whereby GT is able to describe a complex, social world.

GT differs from the traditional approaches that follow the sequential stages. These traditional approaches start with identifying phenomena, and then finding the research problem, collecting and analysing data, finding results, and setting out discussion and conclusion (Senik, 2007). On the other hand, as GT finds the phenomenon being researched and generates theory that is driven from the data (Tillmann, 2003), GT is distinct in the way that it follows an iterative and repeated process of data collection and analysis until the study reaches a point of theory saturation. It is important to state that the research questions continuously change during data collection and analysis as the

research gets narrower as it gets closer to the core phenomenon²⁵. Creswell (1998) described the data collection stage as “a ‘zigzag’ process; out to the field to gather information, analyse the data, back to the field to gather more information, analyse the data, and so forth” (Creswell, 1998, p.57).

Grounded theorists are required to focus their study at a very micro level in order to have a full and detailed understanding of the phenomenon by interpreting the data not reporting it (Glaser, 2004; Tillmann, 2003). The analysis of the data should follow a line by line, or even word by word focus in order to discover the concepts that are the ingredients of the phenomenon under study (Ullah, 2012). The analysis and the development of the phenomenon and theory start on completion of the first interview/s. The first interview/s would identify the main issues to be focused on in the analysis, and would lead the rest of the interviews to focus on discovering these issues. The analysis usually starts with an extensive coding²⁶ of the data. There are two main types of data analysis in GT, and these are discussed later on. The researcher should carry out in-depth analysis to acquire a full understanding, and in case more information is needed, an additional data collection process is required, until theory saturation is reached and theory is built.

4.3.3 Glasserian and Straussian approaches to GT

The founders of GT worked separately after they published their 1967 GT book. Glaser (1978) published a book that develops theoretical sensitivity to hidden meanings in data (Ullah, 2012). However, Strauss (1987) focused on developing qualitative analysis procedures in GT. Later, he collaborated with Corbin, and they produced their first book, *Basics of qualitative research: GT procedures and techniques* in 1990 which is recognised as the starting point of the changing trajectories of the interests of the two authors of GT. The message of this book is to give the novice researcher step-by-step procedures and guidelines to undertake a GT study. They produced more editions in 1998 and 2008 (Strauss and Corbin, 1998; Corbin and Strauss, 2008). A Straussian

²⁵ There are differences between Glaser’s (Glasserian) and Strauss’ (Straussian) approaches to a GT study regarding research questions. Straussians believe that a researcher would have initial and broad research questions which will be reformed and concentrated during data collection and analysis, while the Glasserian approach holds that the researcher should conduct the data collection with no specific, or with broader, research questions.

²⁶ Coding is defined as “the operations by which data are broken down, conceptualized and put back together in new ways. It is the central process by which theories are built from data” (Strauss and Corbin, 1990, p. 57).

researcher should follow the procedures and guidelines to approach the research, and to conduct data collection and analysis such as open, axial and selective coding. However, the Straussian approach is not inflexible, and the researcher can omit any step, if it is not deemed of benefit to the study; as Strauss and Corbin (1998) stated, “analysis is not a structured, static, or rigid process. Rather, it is a free-flowing and creative one in which analysts move quickly back and forth” (p. 58). In addition, they added that “techniques and procedures are tools only. They are there to assist with analysis but never should drive the analysis in and of themselves” (p. 58).

On the other hand, Glaser was not happy with the Straussian approach in his book in 1992 (Glaser, 1992), as he claims the approach is rigid, and it forces theory. He believes that the study should flow freely without setting instruments that might bias the theory or at least force it to emerge. The theory, in Glaser’s view, should be left to be analysed in the way that the researcher considers best for it. Glaser went further by not recognising the Straussian approach as GT; he contended that the Straussian approach “... produces a forced, preconceived, full conceptual description, which is fine, but it is not grounded theory” (Glaser, 1992, p. 3). Both methods of GT are described in the following section.

Scholars have found a number of differences between the two approaches. Parker and Roffey (1997) showed three main divisions between the Glasserian and Straussian approaches, in terms of *research issues*, *analytical methods* and *verification*. Both streams have a different approach to how the research is addressed. While the proponents of the Glasserian approach believe that the researcher should go to the field with very broad (or almost none) research questions and preconceived knowledge of the phenomenon studied, the Straussian suggest that the researcher should have a general knowledge of what is going on in the literature and broad research questions. In addition, the Straussian approach allows for personal experience and background knowledge to influence the research (Parker and Roffey, 1997; Locke, 2001). The second main difference is that the Glasserian method claims that analysis should be open and flexible, and be analysed in traditional GT procedures to enable issues to emerge freely (Locke, 1996, 2001). However, although the Straussian approach encourages the emergence of issues, it also provides the researcher with specific procedures and prescriptions that should be followed

to find the main issues of the research and to collect and analyse the data (Alberti-Alhtaybat, 2007). Furthermore, the Glasserian approach leaves the verification and testing of the theory to future quantitative studies (Parker and Roffey, 1997), while on the other hand, the Straussian approach holds that the study should be verified and tested whenever possible during the course of the research study. Glaser (2007) argues that FGT should be left for other quantitative studies to validate the theory, and he believes that substantive theory can provide higher levels of generalisation (Mzenzi, 2013). However, Straussians believe that FGT is a helpful tool for validity and to give the theory higher levels of generalisation. Corbin and Strauss (2008) stated that “the idea is to raise the concept of the study up to a more abstract level where it can have broader applicability but at the same time remain grounded in data” (p. 102).

These differences, however, are recognised as evolutionary differences. Parker and Roffey (1997) believe that the changes between the two approaches are technical and in their method, and the main essence of theory construction is still there in both approaches. Cutcliffe (2000, p. 1483) shows that

... providing the researcher explains what she/he has done and how she/he did it, straying outside of the boundaries of one particular version is less of an issue than limiting the potential depth of understanding that strict adherence to one version would produce.

4.3.4 The process of GT

Glaser remains wedded to the original GT in terms of methodology, method and data analysis. As mentioned above, Glaser rejects any preconceived theory or notions before the completion of data collection and analysis in order to avoid the theory being forced to develop. Glaser (2004) emphasised that GT should be implied as a whole in order not to lose its conceptual power. Based on the Glasserian approach, everything is data, and data can be acquired both from interviews or informal chats. However, the Glasserian approach refuses the recording or transcribing of data such as from interviews because the aim is to conceptualise it not to report it.

In terms of analysis, Glaser upholds the GT's traditional two stages of data analysis and not the Straussian's three stages. Glaser was against forcing theory to develop by the extra questioning of the data, such as where, what,

Accounting in Higher Education: A Grounded Theory of Accounting absence when, how and why, as Straussian suggested. The Glasserian and Straussian analysis procedures of GT are described in the following sections.

4.3.4.1 Glasserian approach

The first stage of Glaser's data analysis technique is the open coding. This stage should indicate the research problem by reviewing and coding the initial data line by line or so. Conceptualisation and comparing the data and codes are the foundation of GT. The researcher should continue coding and comparing the data until the study reaches the highest level of codes and conceptualisation. The concepts and compared codes are observed (not interacted with) to answer the questions of what is happening there? What is the data telling us? (Glaser, 2004).

After the highest levels of conceptualisation and codes are identified, selective coding starts and the main phenomenon is identified. At this stage, the researcher would start coding again, and might need to collect new data that relate to the core phenomenon. Compared codes and categories should be developed and assigned directly or indirectly to the core phenomenon. Glaser called the process of relating the categories and codes to the core phenomenon or theoretical framework as constructing *theoretical core families*. Finally, although the analysis process seems to be linear, it is not the case in practice, as the researcher needs to go forward and backward between data collection and analysis, and between data analysis stages in both the Glasserian and Straussian approaches, which is described next.

4.3.4.1.1 Straussian approach

The Straussian research approach, on the other hand, starts after a broad review of the literature and prior studies has been undertaken, to enable the researcher (and particularly the new ones) to identify the general area of research. In this approach, researchers are encouraged to deductively influence the study by their prior knowledge and experience. However, the study should not be forced and led by the pre-existing theory or notions; instead it should be driven to have a clearer view of the main phenomenon (Mkasiwa, 2011). The Straussian approach sets three iterative data analysis stages; these are *open*, *axial* and *selective* coding (Strauss and Corbin, 1990, 1998; Corbin and Strauss, 2008).

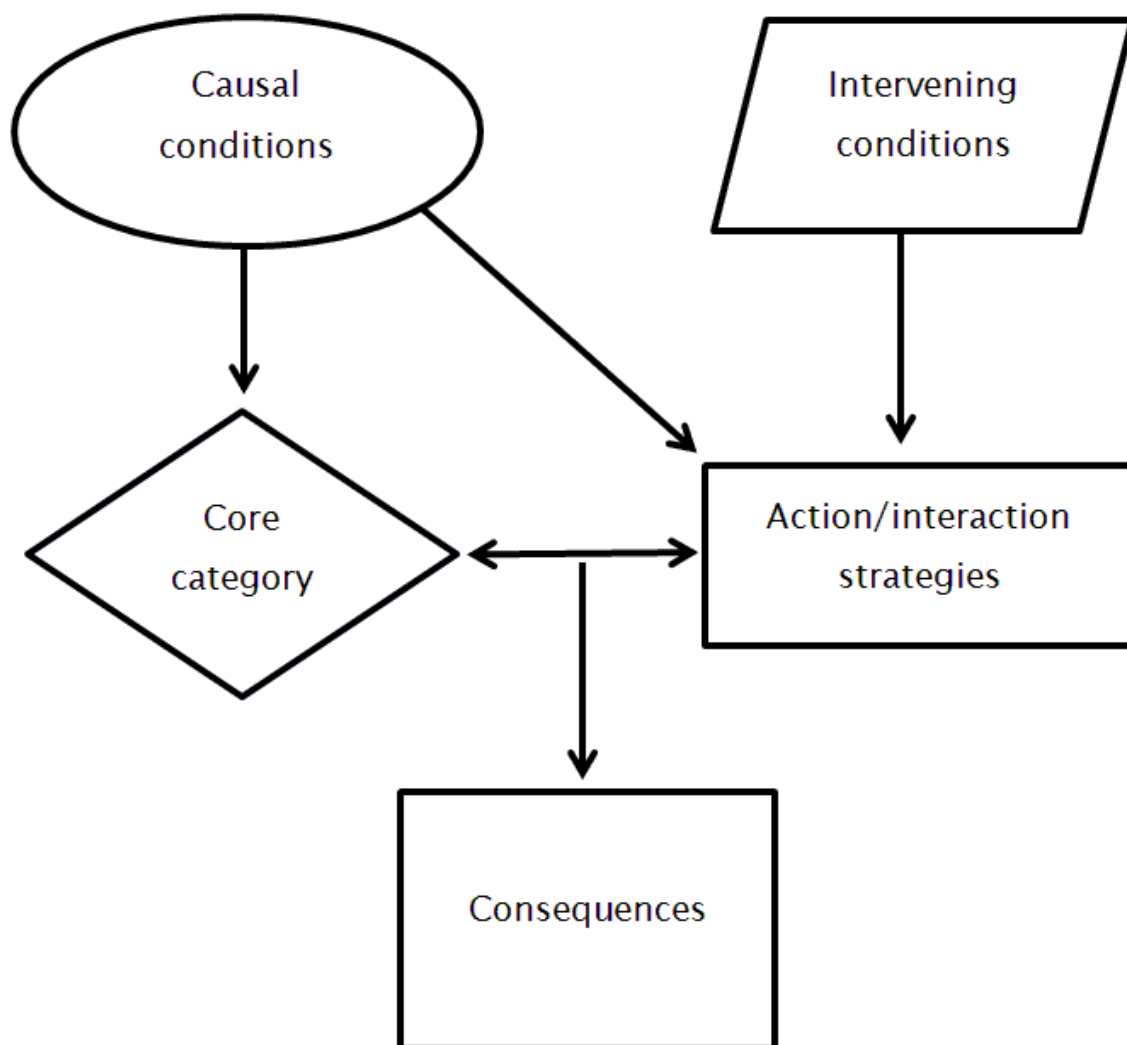
Strauss and Corbin (1990) defined open coding as “a process of breaking down, examining, comparing, conceptualizing, and categorizing data” (p. 61). Open coding is the stage when phenomena and concepts are identified, named and related to generate the open codes/categories based on their properties and dimensions. Codes/categories are “concepts that stand for phenomena” (Strauss and Corbin, 1998, p.101). Properties are the “general or specific characteristics or attributes of a category, dimensions represent the location of a property along a continuum or range” (Strauss and Corbin, 1998, p.117). The researcher should read and review the data as accurately as possible to identify and understand any significant ideas, concepts, events, objects and so on.

Concepts and codes should emerge from the first phase (either first data or first data collection journeys) of the data. These initial concepts and codes form the emerging theory direct the attention and the focus of the study. Then the stage of theoretical sampling is due, when the researcher relates, traces and compares the new data to the above codes/categories and concepts. Theoretical sampling also leads the researcher to deeply identify important issues to be extensively explored by undertaking, for instance, more interviews with different people. In this stage the researcher should have creativity and theoretical sensitivity in order to ask questions that enrich the study and clarify the phenomenon (Strauss and Corbin 1998; Strauss and Corbin, 1990; Glaser and Strauss, 1967). As the comparison is a foundation of GT, codes and concepts will be constantly compared, and the researcher should work to find relationships between codes and concepts in order to reach theory saturation at the end of the analysis procedures (Ullah, 2012).

Axial coding is the stage when codes/categories are refined and related based on their properties and dimensions. In this stage, the researcher inductively reads and reviews the open codes/categories or even reads and reviews the data for further clarification. Based on this, they should deductively find the core phenomenon or phenomena and its/their contextual status, condition and consequences. Strauss and Corbin (1990) illustrate the process of axial coding thus: “together in new ways after open coding by making connections between codes ... utilizing a coding paradigm that involves conditions, context, action/interactional strategies and consequences” (p.96).

The Straussian approach recommends that researchers build a paradigm model which aims to relate structure to process in order to strengthen and verify the relationships between codes. *Structure* refers to the conditions and circumstances in which a phenomenon happens. *Process*, on the other hand, represents action/interaction strategies undertaken by people or organisations in response to a particular phenomenon or issue (Strauss and Corbin, 1998). The paradigm model is comprised of five elements: these are casual conditions, intervening conditions, core phenomenon, action/interaction strategies and consequences (Strauss and Corbin, 1990; Corbin and Strauss, 2008). Conditions are the things that make or prevent the core phenomenon. *Casual* conditions are the main conditions that affect all elements, and they might have created or destroyed the core phenomenon. However, *intervening* conditions are the factors/codes that positively or negatively affect the core phenomenon. The *core phenomenon* is the issue that explains the whole process. *Action/interaction strategies* are the actions that have been taken by some actors in the case study to tilt the core phenomenon to their side. Finally, *consequences* are the output and result of the core and strategies. Figure 3 shows the process of the paradigm model. However, the researcher should not try to fit the codes to the model if they do not work with it. Rather, the model should be left in order to portray the case (Strauss and Corbin, 1998).

Figure 3: The process of the paradigm model



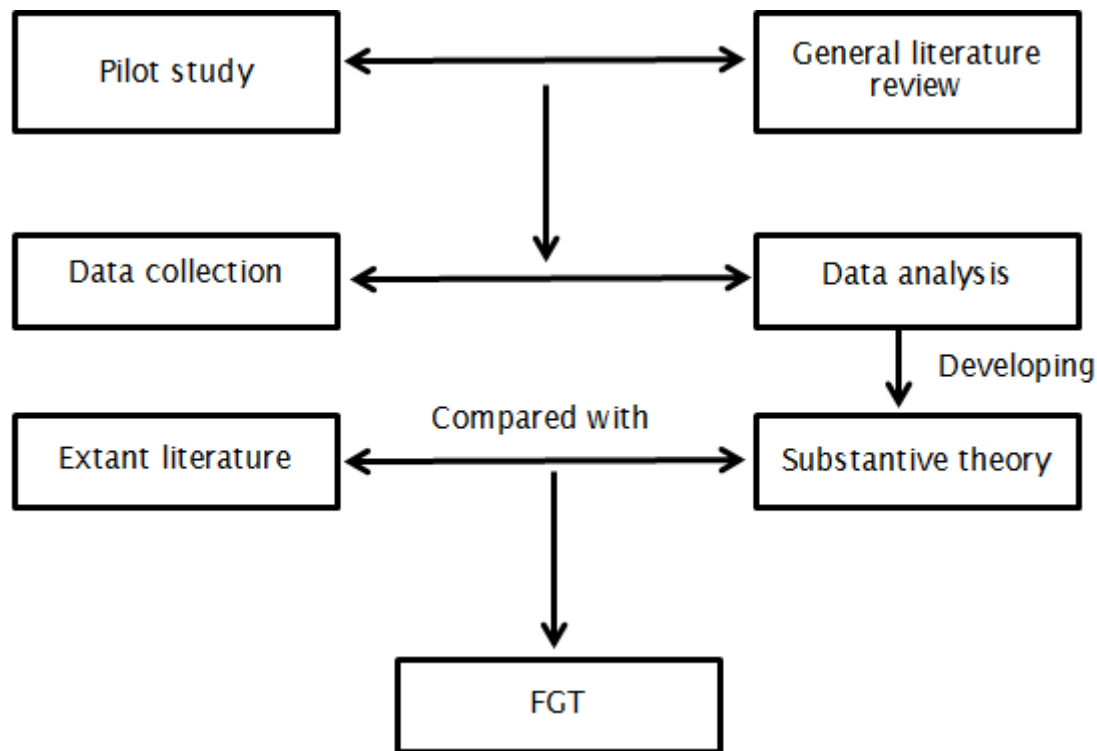
The last stage of analysis is the selective coding which is hard to differentiate from axial coding. The main aim of this stage is to identify the core phenomenon, to relate it to axial codes, and to verify and close any gap between codes. Strauss and Corbin (1990) defined this stage as “the process of selecting the core category, systematically relating it to other codes, validating those relationships, and filling in codes that need further refinement and development” (p. 116). At this stage, the theory is complete, and the story of the core phenomenon and its relationships with other categories is clear, as Strauss and Corbin (1998) state; “if theory building is the goal of the research project, then findings should be presented as a set of interrelated concepts not just a listing of themes” (p. 145). Corbin and Strauss (2008) suggest the writing of a storyline in order to achieve a theoretical integration. This researcher has written a storyline in order to explain the theory of this study.

Finally, the researcher builds a more abstract and higher-level FGT based on the discussion and comparison of the substantive theory and extant literature.

For this study, GT is applied mainly because the study phenomenon (accounting absence) has only attracted limited attention in the literature. Therefore, a comprehensive research framework is unavailable. In addition, my aim is to explore, explain and understand the status of accounting in the Saudi Arabian HE sector, for which GT is one of the approaches that reflects what is happening in the field. Further justifications for the use of GT are set out in a following section.

This research adopts the Straussian approach to GT, because the researcher believes that going to the field (as per the Glasserian approach) particularly as a novice researcher without any preconceived knowledge, might lead to an incomplete picture of the phenomenon, waste time and reduce the focus on significant issues, consequently resulting in weak generation of theory. Furthermore, the Straussian approach offers procedures and guidelines that are very useful and essential to the novice researcher, and they are flexible (to be all applied or not based on the nature of the subject that is studied). These guidelines prevent important steps or issues from being missed, and the procedures keep everything tidy and under control. Consequently, a comprehensive and reliable theory would emerge in this study. Figure 4 shows the process of this research which started with a pilot study and general literature review of accounting in HE, followed by the data analysis which was conducted during the process of the data collection journey. After the data collection, the data would still be analysed to reach a saturation stage for developing theory. The substantive theory is then compared with extant literature in order to strengthen this research theory and to develop a FGT.

Figure 4: The process of this research



4.3.5 GT in accounting

Since the introduction of GT, it has not merely been applied in accounting research. It has expanded for use in different disciplines (e.g. management, engineering, education and healthcare). The increasing use of GT, and particularly the Straussian approach in accounting during the last decade, has added to the accounting research. In addition, GT in accounting, which was first used by Tomkins and Groves in 1983, is used in various sectors such as the private sector (e.g. Jönsson and Grönlund, 1988; Gibbins *et al.*, 1990; Yoshikawa *et al.*, 1995; Slagmulder, 1997; Nixon, 1998; Greenhalgh, 2000; Fearnley *et al.*, 2002; Norris, 2002; Holland, 2006; Efferin and Hopper, 2007; Tillmann and Goddard, 2008, the public sector Covalleski and Dirsmith, 1983; Covalleski and Dirsmith, 1986; Covalleski and Dirsmith, 1988; Goddard, 2004, 2005; Wickramasinghe *et al.*, 2004; Lye *et al.*, 2005), in charitable and religious-focused and/or non-governmental sectors (e.g. Abdul-Rahman and Goddard, 1998; Lightbody, 2000; Parker, 2001, 2002, 2003; Goddard and Assad, 2006), and in different settings e.g. in the UK (Norris, 2002; Goddard,

2004, 2005), in Australia (e.g. Lightbody, 2000; Parker, 2001, 2002, 2003), in Malaysia (e.g. Abdul-Rahman and Goddard, 1998), in Tanzania (e.g. Goddard and Assad, 2006), and in Indonesia (e.g. Efferin and Hopper, 2007).

In this paragraph, a brief illustration of similar studies to the current study is given. Using both the Glasserian and Straussian approaches, Lye *et al.* (2005) studied the change from cash-based to accrual-based accounting in a government entity in New Zealand and they found that the core phenomenon is a synergistic of key people, axial principles, communicating ideas, contextual determinants, ethos, and knowledge to precede the change. However, the main reason for this change is to provide control and measures to decision-makers. Following the original 1967 GT, the three studies of Covalleski and Dirsmith (1983, 1986 and 1988) that studied the complexities of budgeting in the health sector found that budgeting became not only a controlling tool, but it is also a negotiation and political advocacy tool. Parker (2003) investigated the strategic decision-making process in a charitable organisation's board using both the Glasserian and Straussian approaches. He found that the core phenomenon is strategic mission financing that "can best be summarised as strategic deliberations aimed at maintaining and developing the financing of the organisation's mission" (p.353). Furthermore, a Straussian approach used by Parker (2001,2002), when he studied strategic management accounting in charitable churches, found that strategies are highly reactive to internal and external factors in order to ensure the satisfaction of all interested parties (reactive planning is the core phenomenon). Another Straussian approach was applied by Abdul-Rahman and Goddard (1998) in a religious setting in Malaysia where they found that Islamic values are more important than conventional perceptions and accountability in influencing the setting's culture and accounting. A further two Straussian approach studies combined with Bourdieu's concept of habitus that help to generate more formal theory were undertaken by Goddard (2004, 2005) where accountability and governance perceptions held by participants is the core phenomenon. Goddard (2004) looked at the relationships between accounting, accountability and governance, and he found that budget as an organisational process is more important than accountability, and accountability over governance is contributed to by budgetary practices. Finally, Norris (2002) used the Straussian approach to examine the use of activity-based techniques in two banks. He concluded that the levels of experience, education and commitment

are the main reasons for the success or failure to adopt an activity-based technique. Finally, one cannot draw a line between the Glasserian and Straussian approaches as accounting scholars are combining the two approaches based on the needs of the study. Strauss and Corbin (1998) acknowledge this; they wrote that “we know that readers will treat the material in this book as items on a smorgasbord table from which they can choose, reject, and ignore according to their own “tastes”–and rightly so” (pp. 8–9).

Based on the researcher’s review of accounting literature that has applied GT, one can assert that GT has not yet been used widely in accounting in public and HE sectors, or in developing countries and specifically in Saudi. The importance of accounting studies that are applying GT is to understand what accounting in practice is. Humphrey and Scapens (1996) drew attention to the lack of accounting studies that reflect accounting in practice by saying that there are only a “few close research studies of accounting in action” (Humphrey and Scapens, 1996, p.86). They added that, in practice, there are more advanced accounting techniques which are not discussed in the textbooks by commenting; “It is ironical given the managerialist bias of so much accounting research and its reflection in leading textbooks, that “advanced” techniques have had so little impact on practice” (Humphrey and Scapens, 1996, p.86). To the best of this researcher’s knowledge, this is the first study of its kind to adopt a GT approach to investigating the absence of accounting. The use of GT in this study contributes to the few studies of the public and HE sectors that have applied GT in accounting studies. Once more, this study contributes to those limited studies of GT in accounting that were applied in developing countries and specifically Saudi.

4.3.6 Justification for using GT

This study started by focusing on cost accounting in Saudi HE institutions, until the researcher went for his first field visit, when he found out that cost accounting was absent at that time, and accounting in general was almost absent. The researcher went back to the literature to find similar circumstances, but accounting absence in accounting research was poorly studied; consequently, there were limited resources to preconceive a theory to be examined in the Saudi HE sector or more generally in HE. Therefore, GT was found to be suitable as it grounded the theory from the data, and was not

Accounting in Higher Education: A Grounded Theory of Accounting absence preconceived by any prior research framework. This can stand alone as a reason to apply GT, since the essence of GT, which is “the central process by which theories are built from data” (Strauss and Corbin, 1990, p. 57), is there.

The researcher tried to make sense of the limited literature on accounting absence. For example, the limited literature on accounting absence has different and greatly varying definitions and concepts of what accounting absence is. This motivated the researcher to use GT in order to build a theory for accounting absence that reflects what is happening in the field, and to offer definitions and understanding of the nature of accounting absence; therefore, contributing a framework to study the phenomenon of accounting absence in the discipline. Humphrey and Scapens (1996) emphasised the importance of developing a socially-informed theory that has been developed directly from data by the researcher (Alberti-Alhtaybat, 2007), if we want to face the issues of accounting in practice. Humphrey and Scapens (1996) stated that, “thus, accounting research should seek to develop socially-informed theories which are capable of explaining the contradictions and paradoxes of organizational accounting practices” (p. 94). Goddard (2010) found that only 1.6% of the 188 public sector studies reviewed, including in HE, are applying a GT approach. Based on the above, there is a gap in the literature of accounting in the public sector in general, and in HE, in particular, in terms of in-depth study of accounting in practice in order to reflect ‘what is going on there?’ This study is applying GT as a research approach, methodology, and data collection and analysis method as it is in line with, and a useful approach for, interpretive research (Ullah, 2012; Mkasiwa, 2011; Alberti-Alhtaybat, 2007). GT is encouraged in accounting interpretive studies (Chua, 1988; Parker and Roffey, 1997; Covalleski and Dirsmith, 1990; Elharidy *et al.*, 2008). The interpretive paradigm and GT are useful for this research as they enable the researcher to explore, explain and describe what is going on based mainly on individuals’ perceptions and meanings, and offers the ability to construct a theory that is grounded in the data collected (Strauss and Corbin, 1998).

4.4 Research method

This part of this chapter explains the research method of this study. The research method refers to the various ways that data can be collected and analysed (Strauss and Corbin, 1998; Parker and Roffey, 1997; Alberti-

Alhtaybat, 2007). This part starts with the sampling techniques applied in this research. Then the data collection methods are discussed, followed by a discussion of the data analysis procedures. Finally, a section is provided to show the steps taken to ensure validity and reliability.

4.4.1 Sampling

This research has applied some sampling techniques to enhance the understanding of the nature of accounting in the HE sector. Purposive sampling is applied to find the most suitable time and place to apply this study. A definition of purposive sampling is that “[it] enables you to use your judgement to select cases that will best enable you to answer your research question(s) and to meet your objectives (Saunders *et al.*, 2012. p.237). The best sampling technique for qualitative and GT research is claimed to be purposive sampling (Charmaz, 2003; Saunders *et al.*, 2007, 2012). Purposive sampling is recommended for qualitative studies, although they do not aim to make generalisation or sample inferences. The University in this case has been chosen as it is one of the biggest and oldest universities in Saudi Arabia; because it is the mother of many universities which used to be part of it; and above all, accessibility to this University for this research was granted. The researcher looked for agencies that influence the phenomenon of this study in order to investigate them. It is with gratitude that the researcher was granted access to the MoF, the GAB and the MoEP. Similar to purposive sampling, snowball and theoretical sampling techniques were applied to narrow down the choice of interviewees, for instance, who would contribute to the study (Parker and Roffey, 1997, Collis *et al.*, 2003). Snowball sampling is a technique that allows the researcher to ask more about cases that are ambiguous or not yet understood, and a technique that is applied to discover more cases (Saunders *et al.*, 2012). These have increased and enriched the understanding of the nature of accounting in the setting.

Theoretical sampling and sensitivity are taken into consideration from the start of data collection until the end of data analysis. The researcher has followed all steps²⁷ to ensure that all important issues are investigated and confirmed until the stages of data and theoretical saturation were reached (Parker and Roffey,

²⁷ Steps of theoretical sampling and sensitivity have been described in section 4.3.4.1.1.

1997). For example, the researcher usually confirmed and focused on the data he considered important, by discussing these with the interviewees, by reading different reports, or by interviewing others to confirm important statements made by the first group of interviewees.

4.4.2 Data collection

There are different sources of data that can be used for qualitative research. They depend mainly on their availability and their suitability for the research and the research questions (Corbin and Strauss, 2008; Ullah, 2012). This study has utilised interviews, informal chats, field notes, reports, journals/magazines and laws and regulations to collect the data required.

4.4.2.1 Interviews

This study has depended significantly on semi-structured interviews, because they are in line with GT, and because they generate rich information (Ullah, 2012). Indeed, interviews are used significantly and recommended in qualitative research (Yin, 1994, 2003, 2009; Corbin and Strauss, 2008; Strauss and Corbin, 1990; Saunders *et al.*, 2007; Greener, 2008). Interviews were conducted during the whole data collection period – the four months from August to November 2011. All interviews were conducted at the place of the interviewees. The researcher tried to select those interviewees who would contribute to the study (theoretical sampling) (Parker and Roffey, 1997), by, among others, asking and searching about the interviewees before conducting the interview. For example, the researcher asked each interviewee for suggestions on who else to interview.

The researcher ensured that all barriers between him and the interviewees were removed by, for instance, ensuring that the interviews were conducted in a friendly manner, and that they were not formal, which may lead the interviewees to be questioned by their employers. The researcher started every interview with an explanation of the importance of the research for the society and discipline to encourage the interviewees to cooperate, and he commenced with subjects designed to gain their interest and enthusiasm. As a result they talked more freely, although some of the subjects they discussed were irrelevant to this study. Finally, the researcher used clan and friend relationships to gain access to the data, particularly interviews. It is interesting

to note that many of these relationships were built on and strengthened during the data collection period.

All interviews were conducted in Arabic because it is the mother tongue of all interviewees, and most of them do not speak English. Conducting interviews in English would make it more difficult for interviewees to express their interpretations which are essential for qualitative research, particularly a GT study. Ullah (2012) who conducted some interviews in English with interviewees whose first language was not English stated that “this [interviewing in English] raised issues as the respondents were unable to express their true feelings in some situations” (p. 45).

The researcher conducted a pilot study between August and September 2010, and the main data collection was undertaken from August to November 2011. The pilot study consisted of 11 informal interviews with participants from different job/position levels in the financial departments of three public universities in Saudi Arabia, and with the managers of accounts and budgeting departments in the MoF. The aim of the pilot study was to explore the main issues of accounting in the Saudi HE sector in order to focus the main data collection period on one or multiple key issues. The data that were collected during the pilot study has not been integrated with the main body of data acquired during the main data collection period.

The number of interviews conducted during the main data collection phase of this study was 52; of these, 45 were recorded and transcribed. Interviews lasted between 30 minutes, and two hours and 24 minutes, depending on the availability of the interviewees and theoretical sensitivity criteria. Appendix C shows the institution, department and the hierarchical level of every interviewee. Appendix B shows the form used during the interviews to write the field notes. The University Rector would have been one of the key sources of data due to the fact that he is the driving force behind changes within the University. However, despite numerous requests by the researcher for an interview, this did not take place. However, the researcher offset this by interviewing two of the University vice presidents and the assistant of the University’s vice presidents.

4.4.2.2 Documents

The researcher acquired a number of documents that enrich the understanding of the nature of accounting in Saudi HE. Reports, laws and regulations, and journals/magazines were collected. Four laws and regulations were acquired; namely, the basic laws, the regulating authority of the Kingdom of Saudi Arabia, the financial directives of the budget and accounts and the act (law) of HE and universities. In addition, table 4–1 shows the reports that the researcher had access to. The researcher managed to access statistical reports, financial statements and budget projects, although they are very sensitive and confidential²⁸ and many of the University staff, including college deans, do not have access to them. However, personal relationships and trust-building during the months of data collection helped the researcher to acquire such documents. Finally, the researcher has two magazines which were issued endowment account.

Table 4–1: The details of documents collected in this research

Name of the document	Year of issue
The University budget	2006
The detailed report of auditing the final account and the balance sheet	2005
The University (name of the University) – glimpses and facts	2009
The University (name of the University) – The annual report	2008
The financial Directives of the budget and accounts	

²⁸ They are confidential because mainly they have information of the allocated funds for each project, and if they become publicly accessible, suppliers will know the University's estimates and apply prices based on the allocation, and not based on the cheapest price that they can provide.

The University's endowment account special magazine	2009
The University's endowment account special magazine	2010
The University's endowment account special magazine	2011
The University's endowment account towers Status Report	2013
The University strategic plan for the next 20 years	2010

4.4.3 Data analysis

This study has followed the Straussian approach, particularly in terms of data analysis. This section described the procedures that have been done to follow the Straussian approach and ensure quality for this research. The researcher went through all data at least twice in order to ensure that no data were missed. Notes were taken as soon as every interview was conducted. A break was usually taken after every interview in order to initially analyse the previous interview and build questions for the second interview. All recorded interviews were transcribed in Arabic to avoid missing any information that might be translated differently, and to avoid losing the meaning of any information through mistranslation. Ullah (2012) who conducted interviews in different languages to English expressed that “it was hard to find relevant words and sentences for the exact jargon used by respondents” (p. 45).

Transcriptions were coded by MAXQDA (qualitative research software). MAXQDA was chosen because of its superior and easy-to-use tools for this research, but primarily because it was the only available software that accepted Arabic transcriptions at the time. All important and useful statements in the data, including quotations of interviews, were translated carefully by the researcher and edited by his linguistic colleagues. The dictionary was used to reduce the risk of changing the meaning of these data (Ullah, 2012).

In addition to the guidelines provided in the Straussian section, this paragraph previews the main procedures that have been followed for the analysis of the

data collected for this study. As stated, the researcher prepared some broad questions to be asked at each interview, after he read about his and the role of his interviewee. However, the researcher allowed the data to tell its own story without forcing it to certain topics or factors to be discussed. After every interview, the researcher immediately wrote notes about the interview. After the first phase of interviews were conducted, the researcher started to analyse the data to find the main themes, phenomena and problems that are going on in the field in order to focus upon, explore and deeply understand them during the next phases of interviews (theoretical sensitivity). Strauss and Corbin (1998) emphasised the focus on certain concepts rather than focusing on everything, as they suggest the analysis of the “interesting or relevant analytic materials”; otherwise “that would take forever” (p. 70). After transcribing the recorded interviews and collecting relevant documents, the researcher repeatedly re-read the data to ensure he had acquired an in-depth understanding of the case study. Following this, he coded them, and compared them against each other (theoretical sampling). These codes/concepts were then categorised (open coding stage), and these categories were compared and verified. The data were read again to enrich and/or verify the categories. Axial coding and selective coding were applied to refine these categories, and to examine the evolving theory to identify any missing aspects that needed to be enriched. They aim to focus the theory to one phenomenon, or a few phenomena, to be the centre of the emergent theory. The researcher classified the axial categories to be a condition, a strategy and/or a consequence of the core phenomenon of the study. Finally, the researcher used some strategies to verify and make his emergent theory clearer such as building a paradigm model or explaining the theory as a storyline.

4.5 Validity and reliability

Validity is defined as tools to ensure that the described, explained or theorised phenomenon and its features are accurately represented (Hammersley, 1987), whereas reliability ensures consistency of findings (Gill and Johnson, 2002). Validity and reliability are argued to be evaluation tools of positivists by quantitative studies (Chua, 1986; Ahrens and Mollona, 2007; Gill and Johnson, 2002) as qualitative studies lacks rigour and scientific precision (Yin, 2003; Mzenzi, 2013). However, Gill and Johnson (2002) called on qualitative

management researchers to develop tools and skills to assess the quality of their research. In addition, Locke (2001) favours 'plausibility' and 'trustworthiness' for qualitative research rather than validity and reliability as they stated that "in the theory building mode ... claims are made about plausibility of the theorized element – not about the extent of their expression in a population" (p. 39).

Strauss and Corbin (1998) recommended a concurrent and iterative data collection and analysis process in order to ensure validity and reliability. The researcher has repeatedly analysed the data by, for instance, writing notes explaining what has been said and what happened right after every interview, listening to recorded interviews at least twice, typing recorded interviews himself and reading notes and transcriptions at least twice. In addition, earlier interviews are reviewed before conducting the latter ones, the aim of which is to confirm statements made in the former. The researcher carried out more interviews with the same interviewees and with equivalent interviewees such as two vice-presidents of the University and the manager of financial department and his deputy until he was confident that all issues were confirmed and covered. Lastly, the researcher carried out interviews within the same sector (finance, academic and administrative interviewees) throughout the data collection period in order to ensure iterative data collection and analysis and theory building (Ryan *et al.*, 2002). For example, interviews with academics were not all held at the same time (for instance, in one week); rather they were split over the four-month data collection period.

Furthermore, multiple sources of data were accessed to ensure validity. The researcher acquired informal field notes, magazines/journals, documents and reports including statistical reports, financial statements and budget projects. In addition, this study has made use of the rules applied in the University to support the understanding of the status quo. Finally, interviews were conducted at different levels and in different places. Interviewees were held with lower, middle and higher levels equally, and this has enriched the study by understanding the daily routine of the setting (usually from lower-level) and understand in depth why their daily life is as it is etc. (from middle and higher-levels). Data were not only collected from the University; external and related agencies were also settings for data collection, such as the MoF, the GAB and the MoEP, in order to ensure validity and reliability.

4.6 Summary

This chapter explained in detail the methodology approach and the research methods for this research. It showed the main research paradigms of social science disciplines before it explained research paradigms in accounting research. The first part of this chapter concludes with the rationales behind choosing interpretive paradigm. The second part of this chapter explained in-depth the history and the nature of GT. It then showed the two approaches of GT, namely the Glasserian and the Straussian approaches. The differences between them and the processes of each of them are described. Before stating the justification of using GT in general and Straussian approach in particular, a section showing GT in accounting research was developed. The third part of this chapter showed the research methods of this research. This part starts with the sampling procedures that have been considered in this research. This research ensured that the theoretical sampling and sensitivity procedures were followed to maintain means of validity and reliability of this research. Sections of data collections were introduced. Detailed information of the data collected was given in these sections followed by the data analysis procedures of this research. This chapter concludes with the means of validity and reliability procedures that have been taken in this research.

Chapter 5: **Open Coding**

5.1 **Introduction**

The open category chapter is the first analysis chapter in GT, and it works as a foundation for the forthcoming two chapters. It is a descriptive chapter explaining *generally* ‘what is going on?’ in the field, while axial and selective chapters are more specific to the development of the study’s core phenomenon/phenomena in the case study. Therefore, this chapter might seem vague and not clear towards the core phenomenon of this study as it is the essence of GT that collect unspecific data and generate theory from this data. It must be known that the three analysis stages, namely, open, axial and selective coding, start and finish at relatively the same time. Strauss and Corbin (1998) stated that “although axial coding different in purpose from open coding, these are not necessarily sequential analytic steps” (p. 124).

This chapter is divided to two parts where the first part is concerned upon elaborating the procedures of developing the open codes, and the second part discusses every open codes/category in a unique section.

5.2 **Codes/concepts and the generation of the open category/codes**

This section describes the emergence of codes, and the process of generating open codes. Data which is interviews transcriptions, documents and field notes are examined and analysed paragraph by paragraph, sentence by sentence, line by line, word by word and event by event in order to code them. Codes are “labels placed on discrete happenings, events and other instances of phenomena” (p. 61) (Strauss and Corbin, 1990). These codes are compared and examined repeatedly “for similarities and differences” (p. 73) (Corbin and Strauss, 2008). Similar codes, eventually, are assigned together in order to produce higher-level descriptive open categories.

Next, every open category is described alongside interviewees’ testimonials and documents’ information in order to support and explain these codes.

5.2.1 The status of the University accounting system

This code presents the data explanation of the University's accounting system. It explores the accounting system, and shows how it works in the University. The data showed that the University applies only the Saudi government accounting system; no others are applied other than the abovementioned one, although the University has the authority to implement other accounting systems. However, this point of applying other accounting systems is discussed later in the chapter.

"The job of this department [Finance Department] is the same as any finance department in any government unit. We receive the University budget, and spend it based on the rules and approved programmes and projects from the Ministry of Finance." UFM2

The University take its accounting system from the MoF's regulations (codes) and directives:

"The spending of the University budget and the record of the University financial transactions and the production of financial reports ... is based on the financial regulations (codes) and directives that are produced by the regulatory body which is the MoF." UFM2

The Finance Department at the University only produces the official reports and statements that are required by external regulatory bodies and auditors such as MoF and GAB. In addition, the department produces reports and information that can be produced from the government accounting system and the computer system for the University use:

"We here [Finance Department] produce information and official reports that are required by external monitors ... The reports are the monthly statement and the final account ... and any reports required by the University's management." UFM2

However, the MoF enables all government units to apply any accounting system that they want, but all reports and statements that are sent to the MoF must be based on the MoF's formats:

"The MoF says 'thank you, we do not want lots of information, but we want what we require only in our format' ... This means that the MoF enables all government units to apply whatever accounting system they wish to apply, but the MoF only wants the information that it requires ... it gives us flexibility ... it is an injustice to say that the MoF prevents any government units from applying anything other than the government accounting system." UFM2

However, some interviewees, particularly in the Finance department, believe that it is too difficult to apply two government accounting systems, especially as required incentives to the University's employees are not available and not legal in government units:

"Applying two accounting systems ... The work will be duplicated which will generate delays and stress on employees who would feel aversion to the work ... you know we only have a few tools that we can use to attract and motivate employees." UFM2

In order to make the presentation of the case study clear, the issue of implementing another accounting system is discussed in other codes later on in this chapter.

In order to help the Finance Department at the University, the University developed a computer system called MADAR, one of the aims of which is to produce more information:

"The distinctive feature of our latest computer system is that it enables us to filter and categorise the data. Furthermore, we could now have the info transferred to Microsoft Word and Excel and as a Pdf. Therefore, as we could take the data to Excel, we could select a particular cell and leave the others in order to analyse the data... with these abilities with MADAR we could choose the cost driver and have accurate costs." UFM2

However, the production of accounting information through MADAR faces many challenges, one of which is that MADAR is designed to produce the official and required government information and very little other information; therefore, it is almost impossible to produce more information that the government accounting system:

"At the time when we ordered and designed MADAR, we only looked at information and reports that will be required by external bodies such as the MoF reports and statements ... the designer is willing to make MADAR produce any information ... but this would come at a cost." UFM2

"MADAR is not an accounting system ... it is an administrative system. MADAR only takes the numbers and prints them out as they are without analysing them ... we tried to add depreciation on MADAR, but we could not, because depreciation needs a sub-contract MADAR is the same as what we used to do manually!" UDH3

Below, the researcher addresses the issues of MADAR and discusses its impact on accounting in other codes.

The Saudi government accounting system does not have developed accounting techniques that can produce helpful information for the government units' managements. For example, the University has no depreciation for its assets, although the cost value of its assets is equivalent to SAR 13 billion (£2.24 billion):

"The costs of University's assets are SAR 13 billion." UDM2

"We asked the MoF to have and run depreciation ... but they said that deprecation is for commercial companies ... and it needs complicated computer programs ... I think it is okay to be implemented at the University, as we have lots of assets that must be depreciated." UDH3

"I [the government] do not have profit to have depreciation and other accounting techniques." GAM1

After reviewing the University statements and reports, and based on many interviews, the University accounting system at the Finance Department is only deducting the total expenditures from total revenues for each account. The government accounting system which the University applies neglects, for instance, the difference between revenue and capital expenditure, as external regulatory and monitoring bodies do not require extra, analysed, classified and clear accounting information in their formats. The only information needed is

Accounting in Higher Education: A Grounded Theory of Accounting absence the balance of each account at the budget, the total expenditures in this account and finally the balance of the account after expenditures.

"The MoF asks only for what is approved, and spent, and the closing balance." UFM2

"The accounting system at government units is only revenues and expenditures." UFL2

"The government accounting system has not designed to differentiate [differentiate between capital and revenue expenditures], because we do not have profit or loss as we are a unit that provides services without return." UFM2

Therefore, the primitive design of the Saudi government accounting system made the production of information from the government accounting system extremely difficult. For example, the expenditures in one account will be the total of capital and revenue expenditures which cannot be separated:

"We want to improve our accounting system at the University ... to have information quickly and easily, and to not overlap accounts [and] I will not say to stop faults, but I will say to reduce faults." UFH1

Nevertheless, there are no accounting departments in all the University's departments and colleges, as the University has one centralised Finance Department:

"I do not have an accounting unit here [college]. There is not even an accountant." UA6

"We work only on academic issues." UA5

"We have neither an accounting nor a financial department." UA3

From the above, it is clear that colleges and departments at the University have no accounting departments; although they have accounting works as will be shown extensively later on:

"There is no accounting or financial department at the college, but there is accounting work." UA4

"I bring the documents and receipts, and I calculate them myself." UA6

*"There is accounting work which is recording the University's assets."
UDM3*

One of the most reasons for the absence of an accounting department at the colleges and departments is that the Universities Act published by the government has prohibited the creation, change or removal of the approved hierarchy without acquiring approval from the highest level in the government:

"We [college] have no right to add to the hierarchy of the college, and the University's management also cannot do this." UA4

For example, I interviewed the head of the Budgeting Department, and asked him why his department is called the General Department of Planning and Budgeting, although there is no planning section in his department. He said:

"The department is called the General Department of Planning and Budgeting, but we do not have planning. Planning is now in another department, but the name of the department remained the same as the University cannot change it." UBH1

The University's Finance Department has no careful auditing which would reduce the danger of errors. The absence of internal auditing opens the door to faults, which are only found by chance. The reasons behind the weak auditing at the Department are that the classifications in government accounting accounts are vague; it is difficult to produce helpful information for auditing from the government accounting system, and, finally, there is a shortage of professional auditors at the University.

"There is no internal auditing. Transactions go to the department's [Finance] manager, and he reviews them. However, the final audit is carried out by GAB." UFL1

".. Sometimes transactions with faults flow at the system and at the department [Finance Department], although they have been audited by a number of auditors ... they go, and no one catches them... Sometimes they catch them at the time of spending cheques, although they have passed all these auditors!" UFH1

However, the University has a financial monitor who audits all transactions at the University, but his auditing is to check if all paper documents are there, and he does not pay attention to the performance or efficiency of the transactions. Once more, the financial monitor auditing takes place before the contract is agreed upon, and/or before the payment is sent to supplier. The limited remit of the financial monitor reduces the efficiency of his job as an auditor, and does not make him a replacement for an internal auditor:

“... We do the job of the financial monitor who comes from the MoF to some government units, and we do not do the job of the internal auditor.” UFH1

Based on a Minister's Council order, the University should have an internal auditing department that should be ruled by a well-qualified auditor who have abilities to audit the financial face and the performance face of the University:

“A Decree has been issued by the Ministers' Council to all general institutions such as the University to set up an internal auditing department ...” GAM1

“A large part of the internal auditor's duties is a performance audit. He should look to how work is done, and what obstacles there are to the flow of work. The internal auditor would study the financial and administrative problems that impede the work, and try to ease and develop them. In contrast to the financial monitor, he does not audit documents significantly unless he suspects a fault.” UMH3

Nevertheless, the absence of incentives and attractive offers has put off such qualified auditors from working at the University, although the Decree was issued a couple of years ago:

“We have an internal auditing system at the University, but it has not taken on all its duties yet, because of the shortage of professionals available ... because of the absence of incentives at the University ... such a qualified person would choose to go to the private sector which would offer him a better financial offer.” UFH2

“The University is looking for specific and highly skilled professionals to fill this job [internal auditor] ... but, you know, the demand for such

persons is very high. So, he most probably goes to commercial companies rather than coming to us ... we offer him grade 12, and you know what the financial return of grade 12 is!" UMH3

"There should be an internal auditor at the University, [there] is not any there!?" GAM1

Therefore, the one who undertakes the auditing for the University is GAB, and the University depends largely upon GAB as an auditor, although GAB auditing is a documentary and performance audit in sample bases:

"There is no internal auditing. Transactions go to the Department's [Finance] manager, and he reviews them. However, the final audit is carried out by GAB." UFL1

"We [GAB] do financial and performance auditing ... by taking samples ... We monitor purchases and projects' specifications and descriptions, building and work, the quality of the work, and the applying of the specifications and contracts of transactions." GAM1

However, GAB is criticised because it only audits the documents rather than the performance; its rules are old, and it cannot cope with the current era needs:

"We at the performance auditing do not look for faults! We aim to develop and improve the work of the University!" GAH1

"... sometimes you see five companies apply for a project. These companies have different owner names, but they belong to one person [they apply in different names, because there is a minimum number of applicants to every project otherwise the projects must be relisted on the market]. We know these companies belong to one person, but we cannot do anything because it is documentary, okay?!" GAM1

"One of the major obstacles in our work which prevents us most of the time from doing our work is monitors' bodies' notices which are based on very old rules that cannot cope with today's needs." UFH2

".. they monitor a residual printer by a very bureaucratic procedures, and forget about the millions that has not been thought about." UDM2

5.2.2 Reasons behind the status of the current accounting system

Some of the interviewees believe that the government accounting system is perfect for the University, and it meet the needs and requirements of the University:

"The government accounting system has not designed to differentiate [differentiate between capital and revenue expenditures], because we do not have profit or loss as we are a unit that provides services without return." UFM2

"The government accounting system that is in Saudi Arabia is certified globally ... there is no change or development to the system ... because there is nothing to be added. It is not like banking accounting, petrol accounting or cost accounting." UFM2

"We [the University] are perfect now ... there are only small bits that need updating." UFM1

"We [the University] do not need accounting like that in the companies, because they aim to make profit, whereas we have a different scenario. The government accounting is revenues minus expenditures; therefore, the output is different." UFM1

"The government accounting is very good, and there are no problems ... I [the government] do not have profit to have depreciation and other accounting techniques ... I [the government] am like a father spending on his son who is not supposed to pay back." GAM1

Nevertheless, there were only a few interviewees who are persuaded by the government accounting system, and their opinions are presented in other codes for reasons of continuity. However, the applying of the government accounting system happened for two main reasons. First, the rules require the University to apply the government accounting system. Second, the University's major fund comes from the MoF which requires reports and statements that the government accounting system can produce:

“Article 38: the university [public universities] has accounting system that is applicable with financial directives of the budget and accounts. The system must enable the internal monitoring, and produce reports for the management and related agencies.” HEC-6/2-11/6/1416AH-p124

“Even if I have the management and the budget, I have to follow the regulations (codes) ... we are regulated by high-level government regulations (codes), and we are part of this government.” UA4

“The job of this department [Finance Department] is the same as any finance department in any government unit. We receive the University budget, and spend it based on the rules and approved programmes and projects from the Ministry of Finance.” UFM2

5.2.3 The difficulties of the current accounting system

This open code states the main criticisms of the Saudi government accounting system. This code is divided to five subcategories; namely primitive accounting system, absence of some accounting techniques, sterility to produce accounting information, unclear procedures, and absence of auditing, monitoring and control.

5.2.3.1 Primitive accounting system

One of the most common and significant criticisms are that it is an old system, and it does not meet today's needs:

“The government accounting system is very old, and cannot cope with the improvements in this era. The University's needs today and the financial management needs required to lead the University have changed from the time the government accounting system was first produced. For example, the University has large ambitions, but the government rules which are very old challenge them about having flexibility and authorisation to use them freely as they like.” UFH2

“The government accounting system seriously needs updating. It cannot cope with current needs ... For example, after we applied the electronic collection of revenues, we could now know immediately how much each government unit collects today... in addition, the revenue has increased,

and we get rid of the delays of collectors to deposit revenues to the MoF's bank accounts.” MAH2

The government accounting was issued in 1956 without any significant update or change since then. It is claimed to be ancient. In addition, the government accounting system has been issued as a regulation (codes) not as an act (law), which it should be. The statutory characteristic of the government accounting has a significant meaning to those studying law, as acts (laws) tend to be issued by the Ministers' Council, and are ordered by a Royal Decree, but regulations (codes) which is supposed to be implemented to describe the act (law), are usually issued at Ministry level. It is worth mentioning that a regulation (code) is more flexible to change by the Minister of the Ministry that has produced it than an act (law) which can only be changed by the Ministers' Council, and ordered by a Royal Decree. However, to have flexibility, the system has been issued by the MoF as regulations (codes) without act (law). Apart from the statutory meanings of this action, this might give us a clue as to the importance of accounting in Saudi Arabia:

“The Saudi government accounting is not an act (law) that has been described by regulations (codes). It is only the MoF's directives that are weak, and it is able to be ignored ... one of the main defects of these directives is that it has been issued to be temporary. So, it is not complete and much accounting information is missed.” MAH1

“We do not have an accounting act (law), but we have directives ... if you read these directives, you will definitely find defects in them ... but there will be an accounting act (law) soon issued by GAB.” MAM1

“There is no accounting act (law), but there are directives ... the needs led to the demand for an accounting act (law).” GAH1

“An act (law) cannot be overcome by the MoF, but regulations (codes) enable the MoF to overcome them because the MoF has issued them... For example, the MoF can say ‘do not spend incentives in A account’, and then it might say ‘now you can spend’, and I will spend, because this a regulation (code). However, if it is an act (law), I will not spend because this is a law, like the Quran that cannot be touched... because the extent of accounting in Saudi Arabia, and to make the work flow and

have flexibility, government accounting has been issued as regulations (codes).” UFH2

However, GAB is working now to produce a new government accounting act (law) which is mentioned later on in different code:

“The need for an accounting act (law) had been mentioned in GAB’s annual report. Therefore, this recommendation had been adopted by Majlis Alshoura, and the Majesty position has agreed on it.” GAH1

5.2.3.2 Absence of some accounting techniques

To clarify the case of government accounting system, this sub category gives some examples of the defects of Saudi government accounting system. The Saudi government accounting system is criticised for the absence of many accounting techniques such as depreciation, although the high cost value of the University assets is SAR 13 billion (£2.24 billion):

“There are no calculations for depreciation. We do not even have a depreciation system.” UDM3

“We asked the MoF to have and run depreciation ... but they said that depreciation is for commercial companies ... and it needs complicated computer programs...” UDH3

Consequently, the absence of depreciation has two major consequences. First, some assets would be recorded in the University book at their cost value without depreciation, although they have been used for many years or they might be residual. In addition to the defect whereby the University’s assets book shows unfair value of some of its assets, the University faces legal obstacles with governing bodies such as the MoF and GAB, if it wants to sell these assets, as the rules do not allow these assets to be sold unless at their book value:

“... for example, you could not sell a machine that has been bought for SAR 20.000, if it is not sold for SAR 20.000; otherwise it will stay at the University’s book!” UDH3

The second consequence is that the insurance of these assets will be overestimated, as the University is using the cost value as the fair value for its assets.

"We now insure some assets at their purchase value, although the cost of insurance is higher than the value of these assets." UDH3

Furthermore, the government rules do not allow the University to write off any residual assets, if they are not sold at the same price as the book value. Since the book value is the cost (historical) value, most used assets will not be sold at the book value. As a consequence, the rules state they should not be sold; in addition the University should insure its assets. Therefore, the University ends up insuring some assets based in their book value, and even they are no longer exist in practice, but they are still to be recorded in the University books.

"... and some assets are being insured, but they no longer exist as the University disposed of them, but they are still recorded in the University's books ... For example, Charles [Air Conditioning machine] is still recorded in the University books and is insured, but it does not exist anymore, and it was replaced many years ago!" UDH3

5.2.3.3 Sterility to produce accounting information

The Saudi government accounting system is criticised as it is primitive and does not classify spending. For example, the government accounting system focuses on ensuring that all expenditures are recorded in their accounts based on the budget's accounts without classification of expenditures. For example, at the beginning of the year the University receives fund for equipment account in its budget. At the government accounting accounts, the account entitled *equipment* will be traced with all expenditures spent from the equipment account in the budget without classifying these expenditures, for instance, as capital or revenue expenditures. Furthermore, these expenditures would not be allocated to the institution that is responsible for them, such as a college and academic department. This makes the production of information in the government accounting system difficult, and the only information and statements that can be produced are the government official reports and statements which are criticised as vague and undetailed. It is worth mentioning that the University is trying to modify the government accounting system in

order to generate information, such as increasing cost centres and cost drivers in order to have accurate cost information.

"The accounting system at government units is only revenues and expenditures." UFL2

"The government accounting system has not designed to differentiate [differentiate between capital and revenue expenditures], because we do not have profit or loss as we are a unit that provide services without return." UFM2

"The Saudi government accounting system does not look to the type of expenditures - whether it is capital or revenue expenditures - simply, it sums all expenditures to deduct them from all revenues in total." GAH1

Therefore, the government accounting system that the University currently adopts is criticised for not being able to produce the required information, and for the fact that its output is not detailed. The University instead currently focuses on producing the information that is required by the external regulatory bodies such as the MoF and GAB:

"We want to improve our accounting system at the University ... to have information quickly and easily, and to not overlap accounts [and] I will not say to stop faults, but I will say to reduce faults." UFH1

"The government accounting system does not help to analyse the financial data and produce all information needed." UFH2

"There are defects in the report. As an accountant, the government accounting system does not give decision maker clear picture against which to take decisions. It does not give the true and clear picture.... I personally know some government units that have two accounting systems, one to produce official reports for the government, and the other for decision makers." UFM2

"...sometimes the kind of reports and information that are required [by the University] are not applicable to be produced based on our accounting and computer system... the University has improved hugely and it focuses nowadays on quality, but our accounting system and

computer system is mainly applicable for official government reports. Therefore, we cannot meet the requirements of decision makers on most occasions.” UFM2

“The government accounting system is very old, and cannot cope with the improvements in this era.” UFH2

“The information provided by the Finance Department is clear, but it is not detailed.” UBL2

“We here [Finance Department] produce information and official reports that are required by external monitors ... The reports are the monthly statement and the final account ... and any reports required by the University’s management.” UFM2

Although the production of accounting information is discussed in the following code, the main reason why the University is not able to produce this accounting information besides the sterility of the Saudi government accounting is that the University cannot have another developed accounting system working in parallel. The prohibition of incentives to employees working at the University is adding fuel to the fire, as having another accounting system will increase the work of the Finance Department:

“Applying two accounting systems ... The work will be duplicated which will generate delays and stress on employees who would feel aversion to the work ... you know we only have a few tools that we can use to attract and motivate employees.” UFM2

“GAB says ‘do not be afraid of us, because we [GAB] treat you differently’, but we [the University] are frightened of them ... I see their [GAB] notices which say ‘you [the University] made a mistake as the military did in 1396 AH (1976) ...’ You must not treat me as the military. The University has developed and has many projects such as joining a union with other universities ... my [the University] employees are the foundation of the University improvement, and if I [the University] do not attract them with attractive financial offers and incentives, they will not join the University... GAB sends a notice saying, for instance, that the act (law) that has been issued in 1390 AH (1970)

prohibited government units from honouring their employees! So, who will honour them then!? If an employee wins a Nobel Prize, I should not honour him/her!? The government accounting and budget accounts are old and do not cope with current-day needs, and the rules as well... They [GAB and other government bodies] say 'give them [transport] tickets or overtime!' Are you [GAB and other government bodies] teaching us to cheat and corrupt!?!..." UFH2

Therefore, the aversion to work at the University arises mainly from two reasons; first, the absence of incentives and honour system, and second, the government accounting system is bureaucratic, has long procedures and is complicated:

"We want to improve our accounting system at the University ... to have information quickly and easily, and to not overlap accounts [and] I will not say to stop faults, but I will say to reduce faults." UFH1

"A defect of the government accounting is that it is bureaucratic and has long procedures." UA6

"There are long procedures in Saudi rules, especially, in the government accounting system ... and to do a job, the system asks you for many demands such as many supporting documents." UMH3

5.2.3.4 Unclear procedures

What adds fuel to fire is that there are no manuals or single definitive description of the rules relating to accounting. This results in accounting rules being described differently by the University, and by other government units and regulatory bodies such as GAB and the MoF:

"There should be a manual telling you how to do things. For example, Jordan has manuals for everything. If you want to buy something, there is a manual that tell you what to do step by step." MAH2

"Sometimes GAB sends me a notice saying that you [the University] have made a mistake. I say 'no, it is not wrong', and he [GAB] says 'no, the meaning of the Majesty Position order is different than your description!' So, we [the University] have to ask the MoF or the Majesty

Position to give us permission or explanation... the weakness of the government work comes from the lack of a book that tells us how to work. The work at the government is based on measurement.” UFH2

The Saudi government accounting system is criticised for the application of its techniques to all government units despite the differences and diversity of these units and their accounting needs:

“We suffer from the fact [rules and government accounting] that whatever is applied to the military units, for instance, is applied to us, although if anyone says we differ between government units, I know that universities have different mission and aims such as scientific research, and consequently I have flexibility with them. However, they [external regulatory bodies such as MoF and GAB] apply the same rules and regulations to all government units ... The application of the same rules and government accounting system challenges the University in its attempts to be distinctive.” UFH2

5.2.3.5 Absence of auditing, monitoring and control

The last and most significant deficiency noticed in the Saudi government accounting system is the auditing and monitoring. Despite the existence of external auditing by GAB, auditing and monitoring is almost entirely absent internally at the University.

The University's Finance Department has no careful auditing which reduce the danger of mistakes happening. The absence of internal auditing opens the door to the occurrence of faults and errors, but these are found mostly by chance. The reasons behind auditing being weak at the Department are that the classifications in government accounting accounts are vague; it is difficult to produce helpful information for auditing from the government accounting system, and, finally, there is a shortage of professional auditors at the University.

“There is no internal auditing. Transactions go to the Department's [Finance] manager, and he reviews them. However, the final audit is at GAB.” UFL1

"The University does not have an internal auditor, but it has the financial monitor, and this is a kind of internal monitoring and auditing." UFM2

".. Sometimes transactions with faults flow at the system and at the department [Finance Department], although they have been audited by a number of auditors ... they go, and no one catches them... Sometimes they catch them at the time of spending cheques, although they have passed all these auditors!" UFH1

The University, however, has a financial monitor who audits all transactions at the University, but his auditing remit is to check if all paper documents are there, and he does not pay any attention to the performance or efficiency of the transactions. Once more, the financial monitor auditing is carried out before the contract is agreed upon, and/or before the payment is sent to the supplier. The status of the financial monitor reduces the efficiency of his job as an auditor, and does not make him a replacement for an internal auditor:

"... We do the job of the financial monitor who comes from the MoF to some government units, and we do not do the job of the internal auditor." UFH1

The University should have an internal auditing department that should be ruled by a well-qualified auditor who has the abilities to audit the financial and performance faces of the University:

"A Decree has been issued by the Ministers' Council to all general institutions such as the University to set up an internal auditing department ..." GAM1

"A large part of the internal auditor's duties is a performance audit. He should look to how work is done, and what obstacles there are to the flow of work. The internal auditor would study the financial and administrative problems that impede the work, and try to ease and develop them. In contrast to the financial monitor, he does not audit documents significantly unless he suspects a fault." UMH3

Nevertheless, the absence of incentives and attractive offers has put off such qualified auditors from working at the University, although the Decree was issued a couple of years ago:

"We have an internal auditing system at the University, but it has not taken on all its duties yet, because of the shortage of professionals available ... because of the absence of incentives at the University ... such a qualified person would choose to go to the private sector which would offer him a better financial offer." UFH2

"The University is looking for specific and highly skilled professionals to fill this job [internal auditor] ... but, you know, the demand for such persons is very high. So, he most probably goes to commercial companies rather than coming to us ... we offer him grade 12, and you know what the financial return of grade 12 is!" UMH3

"There should be an internal auditor at the University, is not any there!?" GAM1

Therefore, the one who undertakes the auditing for the University is GAB, and the University depends largely upon GAB as an auditor:

"There is no internal auditing. Transactions go to the Department's [Finance] manager, and he reviews them. However, the final audit is carried out by GAB." UFL1

GAB auditing is a documentary and performance audit in sample bases:

"We [GAB] do financial and performance auditing ... by taking samples ... We monitor purchases and projects' specifications and descriptions, building and work, the quality of the work, and the applying of the specifications and contracts of transactions." GAM1

GAB, however, is criticised because it only audits the documents rather than the performance; its rules are old, and it cannot cope with the current era needs:

"We at the performance auditing do not look for faults! We aim to develop and improve the work of the University!" GAH1

"... sometimes you see five companies apply for a project. These companies have different owner names, but they belong to one person [they apply in different names, because there is a minimum number of applicants to every project otherwise the projects must be relisted on the market]. We know these companies belong to one person, but we cannot do anything because it is documentary, okay?!" GAM1

"One of the major obstacles in our work which prevents us most of the time from doing our work is monitors' bodies' notices which are based on very old rules that cannot cope with today's needs." UFH2

".. they monitor a residual printer by very bureaucratic procedures, and forget about the millions that has not been thought about." UDM2

5.2.4 Issues of accounting information

Accounting at the University is centralised in the University's Finance Department. No colleges and departments at the University should have its own accounting department, and should not do any accounting work – at least officially. Therefore, accounting is centralised under the University management, and the only one who can produce accounting information is the Finance Department:

"Please note that the Finance Department is centralised here [the University]. The Finance Department serves all units [the University units]." UFM2

"I do not have an accounting unit here [college]. There is not even an accountant." UA6

"We work only on academic issues." UA5

"We have neither an accounting nor a financial department." UA3

Only a few of the interviewees were satisfied with the accounting information that they receive:

"All the information that we want is available. The Finance Department sent us the approved projects in the budget ..." UDL1

"No financial information is omitted. All information that we want from the Finance Department is provided." UDH1

However, many interviewees expressed their dissatisfaction over the lack of information at the University; they blame two factors for this. The first factor is the sterility of the government accounting system that does not help to produce information. The second factor is that the data are not analysed or produced by the University's computer system, MADAR, which is discussed in forthcoming codes. Ones who criticised MADAR are from all sectors of the University, even the Finance Department:

"There might be some statistical information such as how much was spent in this account and how much is left, maybe, but an analysis is not there. Here [at the University] we produce only two things - the monthly statement and final account ..." UFH1

"Some information is only partly available, because it is not fully analysed. In other words, it does not exist!" UA9

"The government accounting is unable to produce accounting information such as student cost and colleges' portion in the budget ..." UMH2

"Yes, some information is missed, because some information cannot be analysed or produced using the government accounting system ... We sometimes produce some information, and analyse it outside the government accounting system." UFH2

The University sends its budget to the MoF every year for the coming year. This budget should include the University's demands and projects along with justifications for these demands and projects. Some interviewees criticised these justifications, as they are not made up of solid accounting information and statistics. Therefore, deficiencies in the University's budget do exist. For example, the University might request at its budget SAR 100 million for a project, but it receives only SAR 10 million, after the University negotiates with the MoF. The budget system at the University and its defects is shown in forthcoming codes.

"The budget is made up of sweet dreams. They [the University] go to the MoF saying 'we want money, because of this and that', without a solid ground for their orders. The MoF will ask, 'based on what do you order these?' However, if it [the University's budget] has shown real and accurate factors, numbers and statistics, no one at the MoF can refuse or reject this budget But with the absence of this information, the case now involves negotiations and persuasive skills. Therefore, if you verbally persuade the one on front of you, you will get what you want; otherwise you will get nothing even if you are right." UDH4

Furthermore, the government accounting system is unable to produce even simple accounting information such as students' costs at the University. Nowadays, students' costs are not calculated at the University's Finance Department, but the University has asked the Budget Department to calculate them this year, because the Finance Department is unable to calculate it with the government accounting and MADAR.

"We [college] do not know about students' costs and such things." UA9

"Mr. Mohammad XXX has calculated the cost to every college ... we [the University] calculated the costs in a 'reverse engineering' approach. Why? Because we [the University] do not have the correct accounting system." UMH2

"The government accounting system allocates costs only to the University cost driver, and not to the colleges ... Therefore, the work has been moved to us [the Budget Department] to calculate the costs for every college." UBH1

The Finance Department expresses that it is currently working to produce such information, and the reasons for the absence of this information are that MADAR is new, and the absence of incentives in the government rules has reduced the employees' productivity:

"It [cost information] should be produced from the system [MADAR] ... but we are working now to produce it [cost information] in the future, and we are looking for accurate cost drivers." UFH2

"Every year we increase the number of accounts and develop our system [MADAR], and we work to solve its problems ... sometimes we [Finance Department] are asked to produce some information, but we apologise for not being able to produce such information, because MADAR is unable to do so. However, we are working in our system [MADAR] to make such orders are available next time we are asked for them." UFM2

"Our problem is with the user [users of MADAR at the Finance Department]. We cannot manage this user. We have quantity but not quality. The way employees are employed at the University does not differentiate between candidates, and the University cannot change this, because it is enforced by the government in the Civil Service Act (Law). The government rules do not treat creative and well-working employees any differently to those who are less productive than them... Some employees do not have the willingness to even search for the cost driver. He [the employee] opens and sees a file of transaction that belongs to the Education College. He would not search for the Education College's cost centre, if he cannot remember it, but he will allocate it to the University's cost driver! ... you know we only have a few tools that we can use to attract and motivate employees" UFM2

Many interviewees complain about the lack of accounting information that they receive in their colleges and departments:

"We [college] do not receive any accounting information at all." UA6

"Sometimes we [college] receive accounting information which is within, for instance, the strategic plan or latest statistics, but they are not periodic." UA4

"The information provided by the Finance Department is clear, but it is not detailed." UBL2

"Yes, the rules are on our side [the rules allow departments to acquire needed information], but they say verbally no! They say there is 'reticence to this information'! We order meetings with the University's deputy and the rector to discuss such issues, but we enter in a bureaucratic whirlpool and officials' philosophy." UDM4

"The college unofficially sometimes produce some accounting information, but nothing comes from them." UA9

"The flow of information in the University's units is absent ... We [the department] miss a great deal of information from the Finance Department." UPM2

Some interviewees stated that the accounting information is not used for decision making inside colleges and departments, as it is only extra information for decision making.

"Cost information is not used for decision making." UA4

"Accounting information is not used for decision making ... We [academic department] deal only with academic work." UA5

"We [college] have no contact with accounting. We do not know about students' costs and such things." UA9

"I do not think that the Finance Department takes the cost of students in the college into consideration for decision making." UA7

The lack of accounting information is spread all over the University, even extending to the University's management:

"MADAR has eased accounting information analysis and speeded up the time taken to receive the information ... but not all information is available in MADAR ... because MADAR is new and in the process of development." UMH3

"Some decisions [in the University] are based on some visions [of officials] that suffer from a lack of realistic analysis, statistics and measurement ... an official comes and sets up certain plans and works on them, and after he moves, another one comes, destroys the former work, and starts from zero!" UA9

"The system [the government accounting system and MADAR] is built to produce official government reports. Therefore, if a decision maker asks for technical reports ... we cannot." UFM2

Some interviewees claim that there is a monopoly over information in the University by the University's management and information holders across the University. It is stated that the University's management does not disclose some accounting information for public interest. For example, the discourse of how much has been allocated to every college would generate conflicts. Therefore, the University's management ensures such information is hidden to avoid conflicts between colleges. In addition, self-interest and the power of information holders in the University lead them to make the acquisition of information difficult. Therefore, the information holders would lose their importance at the social life in the University, if information is acquired easily and without permission from them.

"... at the end I tell you that the financial affairs are vague at the University. No one knows except the rector, the University's deputies and the Finance Department ... I [the department] do not know what is allocated to me. I demand funds, but I do not know what I have been given." UDH4

"The disclosure is not that easy. You are talking about a university whose budget is SAR 8 billion. So, it is not this easy." UA7

"Some people think that it [information] is a source of power, and it is indeed a source of power. He [information holder] feels that if you want information about students' welfare without referring back to the Students' Welfare Department, I [the Student Welfare Department] have lost my prestigious and important position... Self-interest needs to be critically solved by the University management, but the rector tries to avoid clashing with powerful groups." UDH4

"... He [information holder] wants you to say 'I hope you will be generous to us' and 'I hope you deign us'; and 'I am thanking your Excellency'. He wants to do a favour for you. So you owe him this favour." UDM5

Some interviewees believe that there are two reasons behind the lack of accounting information. The first reason is the sterility of the government accounting system and MADAR.

"Right, right, the government accounting system is not producing the demanded information." MAM1

"MADAR does not analyse and produce helpful information ... MADAR has not served me." UBH1

"It [costs information] should be calculated by MADAR." UFH2

"MADAR does not analyse data ... it is only a move from manual to electron ... but MADAR has mixed up data, and then it generated the wrong information." UDH4

"The old [old computer system] system was better ... One click [in the old computer system] to receive the information ... MADAR does not filter expenditures and spending to every college ..." UBM1

Furthermore, officials at the Finance Department believe that the production of information under the sterility of government accounting is not easy on the one hand. On the other hand, however, they think that MADAR has eased the workflow and has facilitated the development of accounting information production.

"It is not easy to acquire information with the government accounting system ... but MADAR made it simple, and easier than before." UFM1

"The distinctive feature of our latest computer system is that it enables us to filter and categorise the data. Furthermore, we could now have the info transferred to Microsoft Word and Excel and as a Pdf. Therefore, as we could take the data to Excel, we could select a particular cell and leave the others in order to analyse the data... with these abilities with MADAR we could choose the cost driver and have accurate costs." UFM2

"MADAR has eased the acquisition of information for decision makers during the last two years." UMH3

The University's management and the University's Finance Department want to solve MADAR's defects, and develop it to produce more accounting information:

"The time taken to get information with the old computer system is too long. During the last years, the work [the production of information] is right, because of MADAR ... we [MADAR] do electronic archiving of the finance transactions to produce information, and this needs time." UMH3

"Every year we increase the number of accounts and develop our system [MADAR], and we work to solve its problems ... sometimes we [Finance Department] are asked to produce some information, but we apologise for not being able to produce such information, because MADAR is unable to do so. However, we are working on our system [MADAR] to make such orders available next time we are asked for them." UFM2

"The University's deputies always ask for reports and accounting information ... and general managers ..." UFL2

5.2.5 The rules applied in the University

This open category discusses the influence of rules on the University accounting system. As mentioned in chapter 3, many of the rules that are applied in the University are issued and controlled by government agencies that restrict the University from controlling these rules such as the Universities Act (law) that was issued by the Royal Decree number 8/M dated 4/6/1414AH (18/11/1993). This Royal Decree contains the general rules of the public universities such as appointment of universities' rectors, deputies and deans and the role of the rector at a university. In addition, the University adopts other governmental rules that are issued and/or monitored by different government agencies such as the Academics Regulation (code) which has been issued by the HEC and the Civil Service Act (law) which falls under the remit of the Ministry for Civil Service for administrative employees at the University. Many of these rules are specific as they do not give the University any choices. For example, the way employees are appointed, and their salaries, number of vacation days, incentives and sanctions are all set by the Civil Service Act (law). Consequently, many of the University rules have been issued by the government, and are monitored by different government agencies.

"The spending of the University budget and the record of the University financial transactions and the production of financial reports ... are

based on the financial regulations (codes) and directives that are produced by the regulatory body which is the MoF.” UFM2

“The biggest obstacles to the University’s freedom are the regulations (codes) and acts (laws) that the University has to follow, and cannot avoid ... and the link of the University to the MoHE and the University Committee that is headed by the Minister of Higher Education.” UA4

“There are internal and external regulations (codes) such as the Academics Regulation (Code) that belongs to the MoHE, and the Civil Service and Finance Regulations (Codes) ...” UDH4

“The way employees are employed at the University does not differentiate between candidates, and the University cannot change it, ... because it is enforced by the government in the Civil Service Act (Law).” UFM2

5.2.6 The negative role of the rules on the University’s accounting system

This open code shows data views on the defects of the rules applied in the University. There are many criticisms of the rules that govern the University, as they hinder the University’s freedom and development. In this open coding, I show prominent disadvantages of the government rules in general and the government accounting regulations (codes) in particular. I start here with the first defect among the government rules; which is that the government rules are antiquated, and have almost never been updated or developed.

“There are lacunas in the rules ... an old system [rules] has been imposed on them [government units] for 22 years, although the atmosphere and the needs have changed. It [the rules] has neither given your needs, nor has it made things easier for constructors and users of the system. It neither made things easy - nor made anything!” UDM2

“The government accounting system still has had only 10 accounts for 50 years. Nothing has changed.” UFH1

“We [the University] developed the Higher Education Regulations (codes) 15 or 16 years ago, but what is needed from the University and the

Higher Education has changed ... but the Regulations (codes) have never changed ... Universities have a pioneer role in developing the country and government institutions. The United States is driven by its universities ... the top 20 US universities lead the country, and they produce and generate the country's strategies." UMH2

"The government accounting system is very old, and cannot cope with the improvements in this era. The University's needs today and the financial management needs required to lead the University have changed from the time the government accounting system was first produced. For example, the University has large ambitions, but the government rules which are very old challenge them about having flexibility and authorisation to use them freely as they like." UFH2

The Finance Department manager has given an example that shows how the rules are outdated and difficult to employ nowadays:

"We [the University] have received a notice [from GAB] saying that we gave loans [loans to departments and colleges for miscellaneous items] that exceeds the loan limit which is SAR 25,000! ... The University's budget used to be SAR 1 million. Therefore, it is reasonable that the loan limit is SAR 25,000, but now the University's budget is SAR 8 billion and the purchase power has decreased since the rules relating to such loans were issued." UFH2

Some government rules are criticised for the existence of defects which have been known of for years, but where no action has been taken to rectify them:

"The rule might have not have covered some aspects ... as a consequence, there is a fault." MBH2

"I will give you an example. We [the University] had to furnish a college, and the cheapest supplier was a well-known company ... but it always manufacture furnishing locally, and labels them 'made in Italy' ... cheating, but there is no evidence. So, when we started to furnish another building, we decided to cancel our order with this company. They [those responsible which I think the Purchase Department] refused

to cancel the company, because there is no evidence! ... Consequently, it brings the cheapest, and writes 'made in Italy'." UA6

The legislators in the government are aware of these defects, and of the corruption that takes place under these rules, but nothing seems to be done as a response.

"GAB does not say anything, if the prices that a government unit is taking are exaggerated ... because the rules have been made silence to it ... sometimes you see that five companies apply for a project. These companies have different owner names, but they belong to one person [they apply in different names; because there is a minimum number of applicants to every projects otherwise the projects must be relisted on the market]. We [GAB] know these companies belong to one person, but we cannot do anything because it is documentary, okay!" GAM1

"We [MOF] know that some prices can be exaggerated by almost double their original price." MAM1

"There are no rules for corruption, but any such action or inaction depends on the integrity of the person." MAH2

"It is all about accountability which is not enabled. We have never heard that a person has been punished, because he has done something wrong or corrupt." UPM1

"Have you ever seen a minister who has been called to account?" UDH6

Some interviewees claim that the government rules have long procedures that made the workflow very slow, and delays are expected.

"Because of the long procedures, our [College] purchases get delayed for months ... to spend SAR 1, I have to get permission from the rector and ..." UA6

"There are long procedures in Saudi rules ... and to do a job, the system imposes many demands on you, such as many supporting documents." UMH3

"Sometimes we [the University] buy devices, especially medical devices, and they are delayed for one or two years. After all that time, once you finally receive it, it has lost its value because a more developed device is now available on the market ... and the maintenance and the spare parts will be no longer produced... as a consequence, some people stop the supplier from producing the old version, and ask the supplier to provide them with the new version ... GAB will ask why you have changed, and we have to write down the reasons..." UDH3

The University also suffers from the inflexibility in these rules and their centralities. For example, in order to transfer funds from one account to another, long procedures and permissions from high levels such as the MoHE and/or MoF are usually required.

"I do not believe that there is flexibility in the budget." UMH1

"I [the University] cannot transfer funds from account to another unless via the Ministry [MoF], but in some cases I could do it through the Minister of Higher Education. The University as an independent entity still cannot arrive at such position [being able to transfer between accounts] of independence." UBL2

"I [legislator and governor such as MoHE and MoF] make sure that everything done through me is to monitor and control you [the University]." UBM1

In addition, some interviewees stated that the problem with the rules is not only the inflexibility to the University, but that the University suffers from the fact that these rules are overlapping, and they are meant to achieve their legislators' and/or governors' aims. This has made the University more of a service provider, not an independent institution that has its own decision-making powers.

"One of the things that have made our work unorganised is the overlapped rules... There are internal and external regulations (codes) such as the Academics Regulation (Code) that belongs to the MoHE, and the Civil Service and Finance Regulations (Codes) ... You [the University]

are governed by more than one rule. In the private sector, they set their rules based on their needs.” UDH4

“The University is part of the MoHE which is part of the government. The government might have its politics, views and aims which would be imposed on the University. For example, the government might increase the number of students accepted at the University without negotiation with the University. Therefore, colleges are service providers not decision makers.” UA4

Furthermore, some interviewees stated that the government accounting system is not an act (law), but it is a set of regulations (codes). This point has been mentioned in the Defects of Current Accounting open code, and I have stated the consequences of this issue.

“The Saudi government accounting is not an act (law) that has been described by regulations (codes). It is only a MoF directive that is weak, and can be ignored ... one of the main defects of these directives is that it intended to be temporary. So, it is not complete and a great deal of accounting information is missed.” MAH1

It is worth stating that complaints about the inflexibility of rules and the centralisation of these rules also come from the colleges' level. Some interviewees claim that the internal and external rules had made the University centralised. For example, a college cannot have its own purchase or finance departments, as any change in the hierarchy should be approved from the government.

“We [college] have no right to add to the hierarchy of the college, and the University's management also cannot do this.” UA4

“The department is called the General Department of Planning and Budgeting, but we do not have planning. Planning is now in another department, but the name of the department remained the same as the University cannot change it.” UBH1

“We [college] do not receive funding - we are allocated a budget. For example, they [the University] tell us that we have SAR 2 million for laboratories and equipment, and they ask what your needs are. We

respond 'we want this and this, and the specifications are these'. Then they purchase them centrally...' UA4

"We [college] do not do anything; because the University's management is the only one with the ability to buy for us. We send our demands to the management ... and it decides what our needs are." UA2

However, the University and the University's Rector seek to develop its system, and to override the obsolete rules, despite the challenges they would face in doing this.

"XXX [the name of the Rector] is the change and development leader. He changed the University a great deal, and he imposed the changes, but he is bounded by the rules from all four sides...[but] if there is any way to make changes, he will take it." UPM3

"The biggest obstacle is the rules ... the existing of the open-minded rector who is trying to make things easy in any way possible...For example, you might request the University to employ an excellent academic who would require a high salary and incentives, but they refuse, because the salary is unified and set by the Academic Regulations (Codes). The University does not have the authority to amend these regulations, because the only authority to amend is held by the King via the MoHE... However, the University has created an account called the Attracting Account which is financed by the approved ways to generate self-income. This account pays some of the required excellent academics' salaries and incentives, as the government offers do not attract them ..." UA9

"The problem of XXX [name of the rector] is that he pulled us, and launched us as a rocket that goes faster than our expectations. The rules surrounding him do not help him, but he is going anyway." UFH2

5.2.7 Absence of incentives

The absence of incentives is important enough to be excluded from the previous open code, because of its significant effect on the University accounting system. The meaning of incentives here is the financial and moral

incentives. Many interviewees showed that the incentives that are based on effective and efficient standards in many government rules are clearly absent. Incentives are absent in the case study for two levels which are the University level and employees' level. For example, data have shown that the government budget system does not reward government units, if they do well. This makes them discouraged about improving their work.

"We [MoF] do not have a norm that we give incentives to encourage government units... if the government unit does its duties on time, and it provides accurate information with transparency ... it might be taken into account at the time when choosing its projects, but the MoF cannot increase the budget of a government unit, because of this and that... no way ..." MBH2

The second level of incentives absence is the absence of incentives to the University's employees. The data show that the financial rewards to employees are not based on, for instance, efficiency and effective standards; rather government rules base the salary and financial rewards on the hierarchy level of the employees and other standards; and the University must follow these standards. Therefore, the University cannot offer incentives to excellent employees more than the government rules have stated; and consequently, the University cannot punish or sanction its employees, as the government rules do not allow it. Many interviewees believe that government rules on incentives are not attracting excellent staff, and does not encourage them to excel as the salary and rewards will never change. This issue has disincentivised them, and killed their motivations.

"... my [the University] employees are the foundation of the University improvement, and if I [the University] do not attract them with attractive financial offers and incentives, they will not join the University... GAB sends a notice saying, for instance, that the act (law) that has been issued in 1390 AH (1970) prohibited government units from honouring their employees! So, who will honour them then!? If an employee wins a Nobel Prize, I should not honour him/her!? The government accounting and budget accounts are old and do not cope with current-day needs, and the rules as well... They [GAB and others]

say 'give them [transports] tickets or overcome!' Are you [GAB and others] teaching us to cheat and corrupt!?..." UFH2

"The rector said the first colleges and academic departments that gain accreditation will be rewarded with SAR 1 million and SAR 300,000 respectively. However, at the time of payment to these colleges and departments, the University's Finance Department refused to pay as there is no account for incentives." UA6

"... an official called me saying that we [the college] will start to offer fellowship certificates, and I said to him, 'I suggest you give the student rewards ...' However, you cannot give rewards by law., and you cannot change the law... You [the college and the University] cannot deduct from the employees' dues, and you cannot fire an employee unless for a serious reason, and this should be based on a Decree from the Ministers' Council." UA7

"There is no motivation. He [employees] has no motivation inside him to work." UDH6

"Applying two accounting systems ... The work will be duplicated which will generate delays and stress for employees who would feel aversion to the work ... you know we only have a few tools that we can use to attract and motivate employees." UFM2

In addition, these rules decide the University's employees' salaries and all their financial dues. The Civil Service Act (Law) and the Academics Regulations (Codes) have the grading system and salaries of all administrative employees and academics at the University respectively. This makes all administrative staff and academics financially equal in most government units including public universities.

"There are clashes. Dr. XXX [the Rector's name] encourages the development and liberation ... but obsolete rules challenge you to improve your work. For example, you want to bring a distinctive academic from the US or Britain ... How much does he want? He might be looking for SAR 100,000 or 150,000. However, you apply to the University for this distinctive academic. They will say his grade is

assistant professor, and he has five years' experience. And they will say, 'okay, his salary is SAR 8000!!' So, how can you bring such distinctive academics, and how can you motivate people to be motivated, if your rules are so inflexible!? ... This is what makes the University fail in this point." UPM1

"The University is looking for specific and highly skilled professionals to fill this job [internal auditor] ... but, you know, the demand for such persons is very high. So, he most probably goes to commercial companies rather than coming to us ... we offer him grade 12, and you know what the financial return of grade 12 is!" UMH3

"The main reason behind the absence of 'engineering value' is the absence of offers and incentives that make an applicable engineer want to be employed in the government units ... He would not come for SAR 10,000 or 15,000, he wants something like SAR 40,000 or 50,000." GAM1

As a consequence, the absence of incentives created three problems for the University. The first consequence is that this absence has made the employees careless. The second consequence is that the University has almost no authority to punish careless employees. Finally, the absence of incentives has led professionals and well-skilled staff to join the private sector, because their skills are better appreciated.

The University uses unofficial methods to reward its employees in order to motivate them, and develop its accounting system. For example, as the government rules do not allow the University to give its employees financial rewards, the University has unofficially contacted the operator company of MADAR to reward the Finance Department's staff in terms of free courses and financial incentives, at the time when they used to have another computer system working in parallel.

"Applying two accounting systems ... The work will be duplicated which will generate delays and stress for employees who would feel aversion to the work ... you know we only have a few tools with which to attract and motivate employees." UFM2

"GAB says 'do not be afraid of us, because we [GAB] treat you differently', but we [the University] are frightened of them ... I see their [GAB] notices which say 'you [the University] made a mistake as the military did in 1396 AH (1976) ...' You must not treat me as the military. The University has developed and has many projects such as joining a union with other universities ... my [the University] employees are the foundation of the University improvement, and if I [the University] do not attract them with attractive financial offers and incentives, they will not join the University... GAB sends a notice saying, for instance, that the act (law) that has been issued in 1390 AH (1970) prohibited government units from honouring their employees! So, who will honour them then!? If an employee wins a Nobel Prize, I should not honour him/her!? The government accounting and budget accounts are old and do not cope with current-day needs, and the rules as well... They [GAB and other government bodies] say 'give them [transport] tickets or overtime!' Are you [GAB and other government bodies] teaching us to cheat and corrupt!?!..." UFH2

5.2.8 Positive opinions toward the rules

On the other side, some interviewees think that the rules are not inflexible; rather, they are flexible and work toward efficiency and high performance.

"The Purchases Act (Law) said ... the best prices not cheapest prices ... this means you take the best goods at the cheapest price, and this can be done when you set clear specifications and terms to the goods that you want... If you are forced to take goods that do not meet your expectations, this means you have not set up accurate terms and specifications in the first place." MAH1

"There is no exaggeration in the University's purchases. In contrast, we take the cheapest, because we buy large quantities... usually I find that the prices that the University has taken are cheaper than in the high street." UFM1

"Usually if we stated the reasons for choosing the more expensive product over the cheapest, the University agrees." UA2

5.2.9 MADAR

MADAR is a computer system that links together eight units and departments of the University as one network and computer system. The main aims of MADAR are to speed up the work by ensuring that data are entered just once, and to increase the accuracy; and to keep information safe from being lost; and to generate more information. Therefore, MADAR stores and analyses the University's data.

"It [MADAR] combines the University's eight departments." UDH3

"Any computer system is a store of databases, and the difference lies in the tools used to analyse the data ... we [the University] are developing MADAR daily to increase information." UFM2

"The old computer system was unhelpful. There were no cost drivers. It has nothing. It was sterile." UFL2

"With the old system, we [the University] used to do the analysis manually ... but MADAR does it now." UFM1

Therefore, MADAR has produced more information, and has made access to information easier.

"We used to work hard to get information [with the old computer system]." UFM1

"We [the Finance Department] concentrated on the financial reports and statements that are required by external agencies [such as GAB and MoF], but the designer is willing to make MADAR produce any information as long as the database is available." UFM2

MADAR is in the process of continuous development to produce more information.

"Every year we increase the number of accounts and develop our system [MADAR], and we work to solve its problems ... sometimes we [Finance Department] are asked to produce some information, but we apologise for not being able to produce such information, because MADAR is

unable to do so. However, we are working in our system [MADAR] to make such orders are available next time we are asked for them.” UFM2

5.2.10 Reasons behind adopting MADAR

As stated previously, the most important reasons behind the implementation of MADAR are to link the eight University units together in one computer system which is meant to reduce the number of faults, and mean that data are entered just once. The last but not least reason is to generate more and reliable information from MADAR.

“Previously [with the old computer system], we gave every transaction a number, and every department at the University gives it different number, and records it in its computer system. Now with MADAR it is different, because all transactions come with a unified and unique number. Now, I can enter the number of an employee to see all his transactions... the payroll, for instance, might come with a mistake from HR, and you [Finance Department] pay to the employee, as you cannot find the mistake! However, now it is different; all transactions come after being carefully reviewed ... MADAR does not let you enter false information ...” UFL1

“Honestly, MADAR has made access to information easy during the last two years. There are long procedures in Saudi rules, especially, in the government accounting system ... and to do a job, the system asks you for many demands such as many supporting documents... but the University has benefited from MADAR by letting it analyse and produce information ... for decision making.” UMH3

“MADAR has reduced the work load of many of our [Finance Department] work.” UFL3

5.2.11 The defects of MADAR

There are many criticisms of MADAR. Many interviewees criticise MADAR for being not able to produce the required information. Moreover, some interviewees believe that the old computer system was better than MADAR in the accuracy and production of information.

"MADAR is not an accounting system ... it is an administrative system. MADAR only takes the numbers and prints them out as they are without analysing them ... we tried to add depreciation on MADAR, but we could not, because depreciation needs a sub-contract MADAR is the same as what we used to do manually!" UDH3

"The old computer system is better ... Years ago, it could give you better information." UBH1

"MADAR does not serve us ... I should now complete the job manually!" UBL2

"Some information is only partly available, because it is not fully analysed. In other words, it does not exist! ... The officials should be provided with a file that includes all information." UA9

"It [costs information] should be calculated by MADAR." UFH2

Another criticism of MADAR is that it mixes up data. Consequently, some information was found incorrect.

"... there is no accuracy in the information produced by MADAR, because there was a mistake in the migration of data to MADAR." UDH4

"It [MADAR] is so bad ... It gives incorrect information." UBH1

Officials who supervise MADAR at the Finance Department admitted that MADAR is designed to meet the requirements of the external users, and the Finance Department had given little attention to internal users' requirements.

"At the time when we ordered and designed MADAR, we looked only to information and reports that will be required by external bodies such as the MoF reports and statements ... the designer is willing to make MADAR produce any information ... but this would come at a cost" UFM2

However, many interviewees believe that MADAR is developing and attaining a level whereby they are more satisfied with it.

"Finally, it has started to become a bit better." UBH1

5.2.12 The Current Budget System

In this open code, I illustrate the status and main phenomena in the University's budget. It is worth stating that the budget is the main accounting technique that is practiced in the University. So far, it is clear that accounting is practiced in order for the University to gain legitimacy and funding from externals. Therefore, the University has to follow the instructions of funders in order to have legitimacy which is consequent on funds to the University. The main source for the University's budget is the government five-year plan which the University sets up every five years; the plan is reviewed by Majlis Alshoura and approved by a Royal Decree.

"The Development Planning Department draws up an operational plan for the forthcoming five years, and sends it to Ministry of Planning ... We [Budget Department] largely depend on this plan to produce our budget." UBH1

The dependence on the government's five-year plan in the production of the budget is because there is a Royal Decree that says all budgets must be based on the plan. As a consequence, if a project in the budget is not from the plan, it will most probably be excluded.

"We [the University] were forced two years ago to include all the University projects in the plan, and then state these in the annual budget." UBL2

"The main determinants to accept budgets' projects are ... the first determinant is that your [government unit] projects are approved in the five-year plan, or at least near to it with 10 to 15% differences." MBL1

However, many interviewees at the University believe that the MoF's refusal of a project in the budget because it is absent in the plan is only an excuse to refuse the project and to minimise the budget. Otherwise, why does not the MoF accept projects at the same cost as in the plan, and why they negotiate the costs in the first place?

"There are no determinants of accepting the budget. It depends on the mood of MoF ... For example, you [the University] bring a good project, but they might refuse it because it is not in the plan! ... He [MoF] would

say the Royal Decree refuses projects that are not in the budget ... Even if it is in the plan, they [MoF] will give SAR 50 million, although it is SAR 300 million in the plan! If you say anything, they say leave the plan which is exaggerated and has mistakes!" UBM1

"They [MoF] collaborate with us [the University], because there is surplus of money nowadays, and the government is supporting the development of Higher Education sector. However, generally, the approval of budgets depends mainly on the relationships with them ... and sometimes depends on the mood of the responsible person at the sector [civil service sector at the MoF's budget department]." UMH2

"Some projects are completely refused by us [the MoF], Even if he [government unit] say it is in the plan ten times [because MoF believe these projects should not be approved] ... even if it is in the plan, I say no because the Economic Committee and MoEP [who has approved the plan] does not know because they are far from the picture." MBL1

Nevertheless, the MoF thinks that the plan has mistakes, because the MoEP is missing the information that helps them to make decisions. In addition, the projects at the plan suffer from insufficient information; consequently, the MoF reviews it.

"Projects in the plan are submitted as one page! Where is this and that? Where is the detailed information? Where are the forms which we have sent? Why have you not filled in the forms?" MBH2

Many interviewees in the MoF and within the University stated that government units' budgets usually do not have helpful information that enables the MoF to make the right decision.

"Government units sometimes demand a lot of projects [without a feasibility study], although the rules say you cannot apply for a project without a Preliminary Study ... but many government units do not comply with the rule. Therefore, delays happen." MBH2

"The budget is made up of sweet dreams. They [the University] go to the MoF saying 'we want money, because of this and that', without a solid ground for their orders. The MoF will ask, 'based on what do you order

these?’ However, if it [the University’s budget] has shown real and accurate factors, numbers and statistics, no one at the MoF can refuse or reject this budget But with the absence of this information, the case now involves negotiations and persuasive skills. Therefore, if you verbally persuade the one on front of you, you will get what you want; otherwise you will get nothing even if you are right.” UDH4

“The absence of accounting has led to giving unconvincing words [budget’s demands] and unreliable reasons for your [government unit] demands such as numbers and statistics ... Convincing information should be attached with the budget. I [the University] should say, for instance, if you stop funding this, this and that will happen, and it will cost us this amount of money. At this time, he [MoF] has no choice other than to agree, because he wants to protect himself from any blame that might happen, if something goes wrong.” UDH3

“Some government units submit their projects in their budget devoid of required and detailed information ... Their feasibility studies have no information ... he [government units] demands a piece of land 60.000 m2. Later, you find out that the number of employees at the unit does not require all this space. Why did you not undertake this study to save my [MoF] time and your [the government unit] time, as you know that we will negotiate, and you will withdraw this project!” MBH1

However, interviewees at the University’s Budget and Finance Department stated that the University’s budget is always supported with all needed information and data. Otherwise, no project will be approved in their budget, as the MoF is strict on this.

“It is not true [that the budget is devoid of information]. He [MoF] requires all information for each demand. If you [the University] do not attach the information, he will ask for it. For example, if you require SAR 40 million for employees’ salaries, he will ask for a statement of all employees including their grades and this and that, before he gives you the fund. But if you do not state all required, supporting information, he will not give you the funds.” UBL2

"We [the University] apply for projects without all supporting documents and information." UBH1

"We [the University] have no problems in having our projects approved ... because, firstly, our projects are deeply studied and justified, and have followed the MoF's directives... Therefore, the budget is fully completed ... but how far they [MoF] are convinced in the budget depends on the ability to persuade them." UMH2

I believe that what the interviewees from the University mean by saying that the budget is full of needed information is that they are referring to the information that the MoF requires. This information is in itself negotiable, as the MoF does not ask for much information, as stated elsewhere in this chapter, particularly, when we take into consideration that the MoF uses other determinants to approve the budget than the accounting information. Therefore, the criticism that has been raised for the lack of accounting information is still valid and agreed with by most interviewees.

"The MoF says 'thank you, we do not want lots of information, but we want what we require only in our format'. The MoF asks only for what is approved, spent and the closing balance" UFM2

"I [the University] depend on [at the time of preparing the budget] forms that are from the MoF who will not approve them for my request, if I do not fill them in." UBM1

However, interviewees at the MoF stated that they review the budget of all government units in order to avoid any fault or careless misuse of the country's resources, and to gain public benefit by achieving the country's aims and goals.

"I should not depend on the five-year plan, because there are things that cannot be approved anyway ... For example, you see the budget for a university that has campuses in different cities, and you notice that there are many projects in one city, and the other city has no projects! ... and after concentration and reviews you find out that the one who submitted the budget is from the first city or from the tribe that lives in the first city ... and he does not do any good for the second city! ... Here,

it is my turn [MoF] to exert pressure on him to move some projects to the second city.” MBL1

“There must be a development for the administrators in the country ... if you look at budget departments in the government units, you will find 25 staff in them, but only two or three who are working.” MBL1

“There is carelessness in some government units, as they do not submit all required information ... but because some projects are so important... MoF has to beg them for the information in order to start these projects.” MBH1

“One of the important factors relating to budgetary decisions is the government units’ negotiators who come to MoF to negotiate about their institutions’ budgets... Some negotiators have integrity, honesty and loyalty to their institutions, and they [negotiators] do their best to achieve the government units’ goals and aims... and there are negotiators who are selfish, arrogant and lazy, who do not want to make any effort in order to achieve the goals. If this year is his upgrade year, he will be willing to sacrifice three quarters of the unit budget in order to add new grades this year to his unit. The problem is that his government unit is sleeping, and they know nothing.” MBL1

“Sometimes unimportant and unstudied projects are approved ... because a man from a Bedouin group wears his Arabian cloak, and goes to a Minister to order a school, road or a hospital for his area.” MBH2

Therefore, the MoF sees its role as essential in achieving the public benefit and the country’s goals.

“During the last six years, we have concentrated on the infrastructure, after the dramatic increase in the government revenues... and the vision of the Custodian of the Two Holy Mosques to develop the infrastructure of some counties that used to have less attention than the other counties have made us spend in them... I [MoF] do not have enough for everyone” MBH2

“The MoF assesses things based on the public interest.” MBH1

"The MoF has its plans, and does not care about the government units' plans." UBM1

"There are many ways to negotiate your [government units] budget... the easiest way is to say 'I have been told that the budget this year will increase by 15%. So, instead of SAR 500 billion, it is SAR 575 billion'. Hence, I tell them [government unit] that as your budget this year is SAR 800 million, it will be SAR 977 million next year. However, I do not say this in real, but I know where we are going to." MBL1

The MoF seeks to develop the performance of government units and to avoid corruption via working efficiently. In order to work efficiently, the MoF takes the role of reviewer of the government units' budgets, and it professionally negotiates every part of these budgets.

"As the government unit presents its budget in a reasonable, convincing and supported way, the MoF has nothing other than to agree." GAH1

"They [MoF] negotiate, add and deduct until they arrive at the result [the budget]. They do not say 'no' just like this without reasons." UBL1

"We have a scientific debate in the negotiation meetings." MBL1

The existence of the MoF of this process is to choose and review in depth the budgets in order to avoid any problems in the budgets, as there are some government units that experience corruption and/or are careless.

"One of the important factors relating to budgetary decisions is the government units' negotiators who come to MoF to negotiate about their institutions' budgets... Some negotiators have integrity, honesty and loyalty to their institutions, and they [negotiators] do their best to achieve the government units' goals and aims... and there are negotiators who are selfish, arrogant and lazy, who do not want to make any effort in order to achieve the goals. If this year is his upgrade year, he will be willing to sacrifice three quarters of the unit budget in order to add new grades this year to his unit. The problem is that his government unit is sleeping, and they know nothing." MBL1

"For example, one [government unit] comes with a project in the budget, although he has one similar that has been approved last year, but they have not listed it until the end of the year. I [MoF] say to him, 'why you have asked for it, despite you having a similar one that has not been listed yet?' He directly writes it off." MBL1

I believe one of the reasons behind adding a project in the budget without listing it on the market to be done is to transfer the funds to projects and accounts that MoF would not otherwise fund. This issue is discussed in a forthcoming open code.

However, the University's budget official at the MoF is satisfied with his Ministry, as the workflow and the treatment with the government units have dramatically developed.

"Our department [the budget department in the MoF] is incomparable with before. We now live in a 'budget spring' as the 'Arab Spring' ... the thinking, the increase of financial resources, the respect of government units and the people in this sector [civil service sector at the MoF's budget department] have all changed dramatically ... 40% of us at the sector are from different professional backgrounds such as engineering and statistics. So, the thinking of the department has changed." MBL1

"There are no delays in our department. The mechanism and modern means have helped a lot in the connection with government units." MBH2

In contrast, many interviewees believe that the MoF is seeking to minimise the budget as much as it can, and sometimes it even reduces the budget without reason, which has a negative impact on the University.

"We [the department] apply for six projects ... we went to the MoF for the negotiation meeting ... they [MoF] made reductions without any justifications ... I wish there was a place where the MoF studies these projects to know the real cost of them rather than making unreasonable reductions." UPM3

"The MoF strategy is to make reductions as much as it can." UBL2

"The MoF has its plans, and does not care about the government units' plans." UBM1

Therefore, the MoF's aim is to make the government units' budgets equal to the amount the government is looking to spend. As a consequence, it reduces these budgets in unprofessional ways regardless of these units' priorities.

"There are many ways to negotiate your [government units] budget... the easiest way is to say 'I have been told that the budget this year will increase by 15%. So, instead of SAR 500 billion, it is SAR 575 billion'. Hence, I tell them [government unit] that as your budget this year is SAR 800 million, it will be SAR 977 million next year. However, I do not say this in real, but I know where we are going to." MBL1

One of the main reasons why the MoF deals with the government units in such a way is the difficulty in dealing with the significant number of government units. Therefore, the budgets are not read in detail. As a consequence, the chances of an error being made in the MoF decisions happen are high.

"We [MoF] cannot study budgets in detail, because we have more than 400 government units. Municipalities equal to 260, and the other units are almost 160." MBH2

"I [MoF] review your [government unit] projects generally ... one by one ... by the name of the projects, not in detail" MBL1

All these defects of the budget are shown and discussed in forthcoming codes.

To avoid these defects, the MoF invites all government units to negotiation meetings, after it has studied their budgets.

"If they [government units] do not come to the negotiation meetings, it means they will send many files that need a huge trolley to carry them ... so, the negotiation meetings are meant to be a mode of communication." MBL1

This stage is very important, because it answers the MoF's concerns, and speeds up the process of approving the budget. Finally, it gives government units a chance to choose their priorities.

"The main determinants to accept the budgets' projects are ... The second is that he [negotiator] has the willingness to defend the differences, not me [MoF]." MBL1

However, some interviewees believe that the reason behind the negotiation meetings is that the MoF has neither the time nor the ability and professionalism to review these projects.

"Let me tell you something. In my opinion, the projects, costs and liquidity depend on two essential factors which are the country's budget and the personality of the person [in MoF] who negotiates with you." UBM1

As a consequence, some interviewees believe that the personality, experience and mood of the official at the MoF are significant determinants for the approval of a budget. If the negotiator at the MoF is not interested in the benefit of the government unit, or moody, the government unit would face huge problems, even if its budget is reasonable and well-studied.

"The negotiation meetings are one-sided meeting ... They [MoF] collaborate with us [the University], because there is surplus of money nowadays, and the government is supporting the development of Higher Education sector. However, generally, the approval of budgets depends mainly on the relationships with them ... and sometimes depends on the mood of the responsible person at the sector [civil service sector at the MoF's budget department]." UMH2

Therefore, the University's Rector is keen to attend this meeting, as these few hours have a great impact on the MoF's decision.

"His Excellence the Rector had taken 20 officials with him [to the negotiation meeting] last year." UBM1

Finally, there was a directive eight years ago to all government units to start applying 'engineering value' to all its budgets. Engineering value means that project is studied in a reliable and accurate method, but this does not exist at the University, because of the same reasons that hindered the internal auditing. The absence of an attractive offer and incentives has led professional engineers and others to go to the private sector rather than the public sector.

In addition, the University does not think there is any significant to the existence of engineering value in the decision of MoF.

“There are no engineers that have the professionalism to do ‘engineer value’ ... an engineer at this level of professionalism would go to the private sector not to us ... In addition, if I give him a project that was studied in an engineering value way, would he accept it? I do not think so ... the MoF has its plans, and does not care about the government units’ plans.” UBM1

5.2.13 Difficulties in implementing an effective budgeting system

This open category identifies the defect of the University budget based on the data. This open category is divided into two sub-categories. These sub-categories are the role of the MoF on the defects of the University budget system and the role of the University management in the defects of the University budget system.

5.2.13.1 The negative influence of the MoF on the University budget system

As stated in chapter 3, each government unit that take its budget from the government should submit its budget to the MoF every year. The MoF reviews these budgets, and prepares the unified budget for the country to be presented to the Ministers’ Council to be approved by Royal Decree. Although the role of the MoF is to organise the budgets to generate a single unified one, the MoF plays an essential role in the acceptance and refusal of the government units’ budgets. The role of the MoF is as supervisor of all government units, and it can impose its visions in the government units. The question is whether the MoF plays the role of organising government units’ budgets or whether it accepts, changes, refuses or imposes the goals for the government. I believe the MoF is playing the second role.

The first obstacle that the MoF faces is that it does not have the abilities that enable it to behave like the reviewer and determiner of government units’ budgets.

“If the Cost Analysis Department does not analyse and study projects that cost less than SAR 100 million, this is a disaster.” MAM1

"To improve our [Budget Department at MoF] work, and make our projects work well ... a department that analyses data to generate reliable information should be set up. This department should give all information about the government units ... you might see me working with a government unit for ten years, and they have found a mistake, but they have kept silent, and have never told me... I do not have the ability to analyse their data. Even if I have the ability to analyse it, I do not have time to analyse their data ... They [MoF] should increase the number of staff to enable me to work perfectly ..." MBL1

"The question is that the MoF is a single Ministry that manages all the financial works of all sectors; do they have enough time to read all these things?" UPM1

"I believe that the MoF is the biggest obstacle to the development of the Kingdom of Saudi Arabia. I believe that the MoF is playing the role of prime minister, although he is not qualified for this role. He changed from being a treasurer to becoming a manager. Do not you notice that the Ministers' Council's decrees help with big dilemmas ... but the MoF does not comply with these decrees ..." UDH6

The Budget Department at the MoF has neither the time nor the professionalism to review all projects that are submitted by government units.

"We [MoF] cannot study budgets in detail, because we have more than 400 government units. Municipalities equal to 260, and the other units are almost 160." MBH2

"I [MoF] review your [government unit] projects generally ... one by one ... by the name of the projects, not in detail" MBL1

"The cost analysis department [at the MoF] does not analyse projects that costs less than SAR 100 million." MBL1

"We [the University] had a project that is a service tunnel. We submitted this project twice in two budgets, but they [MoF] have refused it. However, Dr. XXX [one of the University's former deputy name] invites them, and he told them, 'let's take a tour'. As soon as we arrived at the service tunnel, the engineer [from MoF] said 'okay, okay, let's go back to

the office'. He finally agreed! Why not visit us before, if you are not convinced about the project?" UBM1

"... I do not have the ability to analyse their data. Even if I have the ability to analyse it, I do not have time to analyse their data ... They [MoF] should increase the number of staff to enable me to work perfectly ..." MBL1

In contrast, some interviewees claim that the MoF is working efficiently, and they have the ability to follow up all 400 government units.

"I have only three universities. If you cannot manage three universities, what is the need of you? ... our sector [civil service sector], for instance, is 11 persons." MBL1

"Listen to one side and listen to the other. If I [MoF] order information from you [government units], and you do not provide me with it, who is causing the delay? Me or you?" MAH1

Nevertheless, some interviewees criticise the MoF for its reliance on the negotiation meetings to determine the government units' budgets, although the budgets are full of information that explain these projects. However, they claim that the MoF uses the negotiation meetings because of its lack of ability to study projects in detail.

"It is not true [that the budget is devoid of information]. He [MoF] requires all information for each demand. If you [the University] do not attach the information, he will ask for it. For example, if you require SAR 40 million for employees' salaries, he will ask for a statement of all employees including their grades and this and that, before he gives you the fund. But if you do not state all needed and supporting information, he will not give you anything." UBL2

As a consequence, some interviewees think that the MoF's decisions are based on the vision and goals of the government and the government's cabinet, and are based on its aims and visions of the MoF itself.

"The MoF has its plans, and does not care about the government units' plans." UBM1

"The negotiation meetings are one-sided meeting ... They [MoF] collaborate with us [the University], because there is a surplus of money nowadays, and the government is supporting the development of Higher Education sector. However, generally, the approval of budgets depends mainly on the relationships with them ... and sometimes depends on the mood of the responsible person at the sector [civil service sector at the MoF's Budget Department]." UMH2

Other interviewees believe that the MoF seeks to balance government units to the government unified budget. They think that the way the MoF is currently balancing the budgets is wrong, because it does not have the ability to do so without making huge mistakes.

"We [MoF] receive budgets for SAR 2 trillion, but the budget should be 570. So, how can we deal with this?" MBH2

"There are many ways to negotiate your [government units] budget... the easiest way is to say 'I have been told that the budget this year will increase by 15%'. So, instead of SAR 500 billion, it is SAR 575 billion. Hence, I tell them [government unit] that as your budget this year is SAR 800 million, it will be SAR 977 million next year. However, I do not say this in real, but I know where we are going to." MBL1

The main defect of making the decision of whether to approve the budget or not with the MoF is that this decision significantly depends on the negotiators from the MoF and from the government units.

"One of the important factors relating to budgetary decisions is the government units' negotiators who come to MoF to negotiate about their institutions' budgets... Some negotiators have integrity, honesty and loyalty to their institutions, and they [negotiators] do their best to achieve the government units' goals and aims... and there are negotiators who are selfish, arrogant and lazy, who do not want to make any effort in order to achieve the goals. If this year is his upgrade year, he will be willing to sacrifice three quarters of the unit budget in order to add new grades this year to his unit. The problem is that his government unit is sleeping, and they know nothing." MBL1

"I should not depend on the five-year plan, because there are things that cannot be approved anyway ... For example, you see the budget for a university that has campuses in different cities, and you notice that there are many projects in one city, and the other city has no projects! ... and after concentration and reviews you find out that the one who submitted the budget is from the first city or from the tribe that lives in the first city ... and he does not do any good for the second city! ... Here, it is my turn [MoF] to exert pressure on him to move some projects to the second city." MBL1

"Let me tell you something. In my opinion, the projects, costs and liquidity depend on two essential factors which are the country's budget and the personality of the person [in MoF] who negotiates with you. If the sector manager is horrible and bad, he will give you nothing, and he will not have the willingness to discuss anything with you, especially if he has not got a deep thinking, and as I told you, how far the area is, is a central determinant ... some of them [in MoF] look to their own interests and relationships with officials" UBM1

Consequently, some decisions are thought to be taken not because of their benefits, but because of the personal convictions of the negotiator at the MoF. The power and name of the president of the government unit and the area of the project are also key determinants. A large city that the King and other high officials usually visit would attract more attention from the MoF than others. Finally, the decision might as well be taken, because one of the locals has demanded a project in his/her area.

"We [the University] had a project that is a service tunnel. We submitted this project twice in two budgets, but they [MoF] have refused it. However, Dr. XXX [one of the University's former deputy name] invites them, and he told them, 'let's take a tour'. As soon as we arrived at the service tunnel, the engineer [from MoF] said 'okay, okay, let's go back to the office'. He finally agreed! Why not visit us before, if you are not convinced about the project?" UBM1

"I remember I went with a delegation from XXX [name of a university in the far north] to negotiate the project of building a building for college

with the MoF ... the MoF has given them SAR 30 million. I told him look at other universities which have taken at least SAR 150 million ... He said, 'do not worry XXX [name of interviewee], it is okay for them in the north' ... He opened his files, and could not find any project similar to this that is less than SAR 90 million ... Riyadh is different. Riyadh is near. It is near Prince Salman [Former ruler of Riyadh district], and Prince Naif [Crown Prince]. Princes come to open projects here, not like the north." UBM1

"Sometimes unimportant and unstudied projects are approved ... because a man from a Bedouin group wears his Arabian cloak, and go to a Minister to order a school, road or a hospital for his area." MBH2

"In general, the president of the government unit is taken into account without any doubt." MBL1

Another defect of the MoF is that it makes illogical and unjustified reductions to the government units' budgets. Some interviewees think that there are no real bases for these reductions such as accurate and correct information and statements.

"We [the department] applied for six projects ... we went to the MoF for the negotiation meeting ... they [MoF] made reductions without any justifications ... I wish there was a place where the MoF studies these projects to know the real cost of them rather than making unreasonable reductions." UPM3

"He [MoF] has an addiction to reductions. He loves reductions. Every year, the MoF makes reductions in the salary account, although we have provided him with all information of our current employees! Anyway, he will support it during the year, even if there are surpluses in other accounts... The question is why you have reduced this account, and have wasted my time in writing to you and providing you with information and reports, as at the end you will support the account..." UBM1

As a consequence, many government units tend to exaggerate the costs of their budgets in case reductions happen.

"We [the University] know the mechanism of how they [MoF] work. So if you order SAR 150 million, they will give you SAR 50 million... when we want to order a project that would cost SAR 100 million, we order SAR 200 million or 300 million" UMH2

"He [government units] orders SAR 100 million, and after the negotiation he takes SAR 10million." MBL1

"I know a government unit that has been to the negotiation meeting. The MoF asked them how many projects do you have? They said 20. The MoF said, we will give you 10% of each project. The government unit said 'okay', and signed the budget... The idea is to start the project in the first year in order to make the MoF obligated to complete the projects. So every year it will give them 10 or 15% of their costs until they are completed." PBM1

As a consequence of these reductions, many important projects were missed. Some of them were delayed for many years, and the cost of implementing them nowadays has doubled many times over, as stated in one interview. In addition, the University was sometimes forced to buy lower-quality goods, because of the shortage of funds.

"We [the University] have a project that was approved for SAR 9 million 16 years ago. We used to ask them to increase it to SAR 17 million, and they [MoF] refused. They tended to increase it every year by 10 and 20% ... At the end, we have listed it for SAR 70 million. Who can be blamed for that?" UBH1

"Now I have this printer which has been bought for SAR 700, but it is always breaking down, and it asks for ink more regularly than the quality printer that cost SAR 1500, which would last much longer and be more economical." UPM1

In order to solve the problem of shortage of funds in a project during the year, and to make flexibility in the budget the system has enabled the transferring of funds from most accounts. However, some interviewees criticise the transfer service as it is a long process and takes time.

"But how does the transfer happen? It needs lot of work." UMH1

"The transfer from the MoF takes a very long time, but the ones from the Rector do not take so long." UFH1

As a result of the delays in transfers which might not be approved before the financial year end, some government units tend to spend on less important items from surplus accounts, although there are more important things that should funds be spent on; however, their accounts are in deficit. The reason behind spending whatever in the account is that the account will be reduced next year, if there had been any surplus left in the account for the current year.

"The success of a government unit is to spend everything that is in the account. If it does not spend it all, it will have a deficit next year... and the MoF will reduce the accounts that have not been spent fully." UFL2

"You see them [government units] asphaltting roads during the last three months. Where are they during the year? ... They [MoF] give you money, and if you return anything, they will reduce it." UBL1

Another reason that makes government units not refund any surpluses is because of the absence of incentives to government units that achieve their goals.

"We [MoF] do not have a norm that we give incentives to encourage government units... if the government unit does its duties on time, and it provides accurate information with transparency ... it might be taken into account at the time when choosing its projects, but the MoF cannot increase the budget of a government unit, because of this and that... no way ..." MBH2

In contrast, the MoF's interviewees responded to these criticisms by saying that some government units add very important and excellent projects in their budgets, when they submit their budgets, but they never implement them. They intend to transfers the budget for these approved projects to projects that the MoF would never accept in the first place, if they have been included in the submitted budget. Therefore, the MoF tends to refuse these transfers as much as it can, as some transfers are authorised by the government units themselves or by other parties.

"It is obvious that some expenditure in the fourth chapter [the infrastructure chapter in the budget] is required to be transferred to administrative expenditures at the end of the year. There is freedom and self-interest. Sometimes, some - not all - government units deliberately delay important projects until the end of the year in order to send their order with some justifications to the MoF to transfer this money. They spend them on administrative requirements such as incentives, travel, cars, etc... we are suffering from this." MBH2

"For example, they sometimes order funds for furniture, and we [MoF] give them SAR 10 million which they do not need. The aim is to transfer these funds to buy cars, after we approve the funds for furniture. They buy cars for the HR Manager and the Finance Department Manager, although there is no need for these... Therefore, you [MoF] refuse important projects, because you know their intention." MAH2

In addition, the MoF blames some government units for the delay in approving their projects, because they do not provide the MoF with the sufficient information.

"Government units sometimes demand a lot of projects [without a feasibility study], although the rule says you cannot apply for a project without a preliminary study ... but many government units do not comply with the rule. Therefore, delays happen." MBH2

"Some government units submit their projects in their budget devoid of required and detailed information ... Their feasibility studies have no information ... he [government units] demands a piece of land 60.000 m2. Later, you find out that the number of employees at the unit does not require all this space. Why did you not undertake this study to save my [MoF] time and your [the government unit] time, as you know that we will negotiate, and you will withdraw this project!" MBH1

"I believe that the MoF asks government units to hold negotiation meetings, because what is on paper does not explain the budget." UPM1

"The information is scarce. It is so scarce." UBH1

In any case, I do not believe that my case study has all these criticisms such as using its budget for illogical purposes. It is worth showing that many interviewees in the MoF have complimented the University many times; in fact, they consider it as one of the best government units.

“There are people [in the University] that are working hard. They work day and night. They work on Thursday and Friday [the weekend days in Saudi Arabia]. Some say XXX [name of the University] is spoiled! What is spoiled? No, they shy away from the MoF, and they follow up their stuff. Ermmm some of them...” MBL1

“Wait a second. You are saying this because you are thinking of XXX [name of the Rector] . Do not put XXX [name of the Rector] in your mind, and think of anybody to give him SAR 8 billion. I beat you, if you agree to give him... Are all people XXX [name of the Rector]? I will put the fingerprints of all my fingers and toes to sign that he is not a thief. I believe that he does not put a penny in his pocket... There are levels of honesty. For example, if you give someone SAR 8 billion, and he steals SAR 5 million, I consider him honest. My brother, you give someone [the Rector] SAR 8 billion, and he spends SAR 6 billion, and refunds the rest to me [MoF]. You know or do not know?” MBL1

“I could be persuaded to give the University its budget as a total with great freedom over it, but 60 or 70% of the government units - no.” MAH2

5.2.13.2 The role of the University management in the defects of the University budget system

The criticisms of the budget are not only between the University and the MoF, but there are calls coming from within the University such as colleges which criticise the University management. The approved budget is dealt with and spent by the University management and the centralised departments in the headquarters such as purchases and projects departments. The colleges, for instance, do not have their own full budgets. It is worth stating that currently, the University's colleges have little freedom in some accounts; the University may inform the colleges of their allocated budget in their equipment or

laboratory accounts, but in fact, the funds are never actually released to the colleges.

"We [college] do not receive funding - we are allocated a budget. For example, they [the University] tell us that we have SAR 2 million for laboratories and equipment, and they ask what your needs are. We respond 'we want this and this, and the specifications are these'. Then they purchase them centrally..." UA4

The reason behind the colleges not having budgets and supporting departments such as purchases and finance departments is the government rules which do not allow such things. For example, the college cannot even open a bank account.

"We [college] have no right to add to the hierarchy of the college, and the University's management also cannot do this... I am telling you that there is no budget in the college. The rule even says the college has no authority to open a bank account... if we want a staff member, we place the order with the University management, and a person comes to us. So, we cannot employ anyone independently..." UA4

In addition, many academic interviewees are dissatisfied with the determinants that the University management are applying and the way they are doing this, when some accounts are allocated to colleges. They have stated that the personality of the college's dean, the college's power and productivity, the basis of 'first come first served', and favouritism are all playing a great role in the allocation processes.

"'First come first served' has some reality. Secondly, the college reputation, the power of the dean and the relationship with college and University managements all work together." UA3

"The budget is spent based on 'first order first served'." UA2

"I will not hide on you. This is not the behaviour of academics. Deans should not occupy his colleagues' budget." UA6

Furthermore, the colleges are wondering why the University is allocating the funds some accounts only, and why they cannot transfer from these accounts.

As a consequence, the college finds itself forced to spend the funds on relatively unimportant things, although it needs urgent purchases, but it cannot buy them, because their accounts do not have sufficient funds.

"I do not know why they give, for instance, SAR 2 million for purchases, and I have to spend it on purchases. I might want to spend it on hiring staff. Sometimes I have some money in an account, and I do not need to buy anything, but we think that we shall spend this money, as we might receive nothing next year at the time we are in need. However, we end up leaving our purchases in stores, and no one uses them." UA4

However, some interviewees think that the University cannot give colleges their budgets; cannot transfer from one account to another, because the government rules prohibit these actions. The University seeks to distribute resources to those who are ready to spend them, because the University budget will be reduced, if the year ends and the accounts still have funds in them.

"There are some people [colleges] who prepare their budgets in advance. Consequently, they become ready, when the University budget arrives. However, others do not start working until the University budget arrives. Therefore, the former spend the budget during the year, but the latter might have delays until the end of the year. At the same time, the University has a budget that must be spent. So, they withdraw it from the latter and give it to the former." UA6

5.2.14 Criticisms to the MoF

This code has been generated, because of the importance of the MoF in the University's government accounting system and budget. This code will show the defects of the MoF.

Some interviewees criticise the MoF which has set up the government accounting regulations (codes) for not updating and developing them, since 1956 when they were first implemented, there have only been a few, small changes.

“... Accounting for the government is still at its level, and it is applied based on the MoF’s rules which have never had revolutionary update.”
MAH2

“The government accounting system is very old, and cannot cope with the improvements in this era. The University’s needs today and the financial management needs required to lead the University have changed from the time the government accounting system was first produced. For example, the University has large ambitions, but the government rules which are very old challenge them about having flexibility and authorisation to use them freely as they like.” UFH2

Many have complained about the inflexibility and centrality of the MoF’s rules, as they cover all government units without any exception for any of them based on their needs. There is no flexibility for government units, and they must refer to the MoF for permission for most things.

“The MoF is rigid, and has set inflexible rules. The MoF intervenes in everything.” UPM2

“I [legislator and governor such as MoHE and MoF] make sure that everything done through me is to monitor and control you [the University].” UBM1

“We [the University] cannot stop using the government accounting system, because you [the University] are linked with the MoF, even in the University budget and its timing.” UFM1

Therefore, some interviewees in the University believe that the MoF is strongly centralised which prevents the University from being creative and independent.

“You [MoF] are centralised. We do not have independence. The loans are the only thing that you have freedom in them, but they are still should be from certain accounts.” UA9

“I believe that the MoF is the biggest obstacle to the development of the Kingdom of Saudi Arabia. I believe that the MoF is playing the role of prime minister, although he is not qualified for this role. He changed from being a treasurer to becoming a manager. Do not you notice that

the Ministers' Council's decrees help with big dilemmas ... but the MoF does not comply with these decrees ..." UDH6

Some interviewees in the MoF admit that there is a large shortage of employees which would affect their work. In addition, the absence of professionals from different disciplines to understand the government units' needs has led to wrong decisions being taken.

"To improve our [Budget Department at MoF] work, and make our projects work well ... a department that analyses data to generate reliable information should be set up. This department should give all information about the government units ... you might see me working with a government unit for ten years, and they have found a mistake, but they have kept silent, and have never told me... I do not have the ability to analyse their data. Even if I have the ability to analyse it, I do not have time to analyse their data ... They [MoF] should increase the number of staff to enable me to work perfectly ..." MBL1

"If the Cost Analysis Department does not analyse and study projects that cost less than SAR 100 million, this is a disaster." MAM1

"We suffer because of the MoF. We order quality goods, but they say take the cheaper and they do not know the differences and the cost value of the goods." UBH1

5.2.15 Advantages of the MoF

Some interviewees indicated the importance of the MoF role in the country's financial aspects. In general, the MoF is working as the country's umbrella of all financial aspects to organise the government accounts. Therefore, the role of the MoF is to organise the financial aspects of the government regardless to the benefit of a single government units.

"The problem is that everyone [government units] has his aims and dreams, and works to achieve them, but this is wrong. The MoF is an umbrella for everyone, but it cannot achieve everyone's demands. My [MoF] resources are limited." MAH1

"The International Monetary Fund (IMF) and the World Bank (WB) are following the budget of every country to undertake an assessment of every country ... So, they would say that dealing with this country is our responsibility, because its financial system is okay... As the more revenue expenditures are in the budget, the less the assets projects are there; therefore, your [the country] assessment will be low in the estimation of the IMF and the WB." MBL1

As a consequence, in order to give the Saudi budget a higher rate in the IMF and WB, the MoF tends to reduce the funds to revenue expenditures accounts, some of which is fixed, and is valued beforehand in the government units' budgets at the beginning of the year. In other words, although some revenue expenditure accounts are well-known and valued one year before such as salaries and maintenance contracts accounts, the MoF reduces these accounts in the published budget at the beginning of the year in order to make the percentage of infrastructure and assets accounts higher than the accounts of revenue expenditures.

"Operational expenses and salaries must be reduced to publish a country's budget that has a great percentage of assets ... Imagine that the government budget has 80% of salaries and operational expenses, and 7 or 8% for operation and maintenances... Finally, 10 or 12% only are for projects. Projects are the assets... they [the IMF and the WB] will put questions marks over the country with these percentages." MBL1

In addition, the MoF sometimes concentrates more on some sectors than others, or funds one government unit over another unit, because the government's current policy focus is on supporting this sector such as the Education sector. Consequently, the MoF increases the spending in this sector or government unit to achieve the government's aims and goals.

"They [MoF] collaborate with us [the University], because there is a surplus of money nowadays, and the government is supporting the development of Higher Education sector. However, generally, the approval of budgets depends mainly on the relationships with them ... and sometimes depends on the mood of the responsible person at the sector [civil service sector at the MoF's budget department]." UMH2

"During the last six years, we have concentrated on the infrastructure, after the dramatic increase in the government revenues... and the vision of Custodian of the Two Holy Mosques to develop the infrastructure of some counties that used to have less attention than other counties have led us to spend in them... I [MoF] do not have enough for everyone"
MBH2

Some interviewees in the MoF stated that the role of the MoF is to make suggestions and recommendations to government units to improve their work. The MoF seeks quality and efficiency by offering alternatives to government units.

"... You cannot say 'do not buy this equipment, because you do not need it'. They [government units] know their needs... but I [MoF] can say, 'why have you [government units] bought it from this site? Why did you not buy it from this site which is cheaper?'" MBH1

"His Excellency, the Minister [of MoF] asks the Cost Analysis Department to adopt the highest standards to study the projects, and he asked government units to provide full studies for their projects." MAH2

However, those interviewees added that the MoF cannot monitor and review everything in the government units, because this exceeds their abilities.

"You [MoF] monitor and review everything, because you would say to them [government units] go and I will do the job for you..." MBH1

Furthermore, some interviewees believe that the MoF is flexible, and responds to government units quickly, if they ask for permission to avoid or solve a problem with government accounting or any other issue. Moreover, government units are not forced to use the government accounting system as long as they provide the MoF the required statements and reports in MoF formats.

"The MoF makes exemptions to those [government units] who cannot work with MoF rules. They are not Quran [Expression used to say it is not changeable] ... if the system is not working with you, ask for exemption, and you will be exempted." MAH1

"The MoF says 'thank you, we do not want lots of information, but we want what we require only in our format' ... This means that the MoF enables all government units to apply whatever accounting system they wish to apply, but the MoF only wants the information that it requires ... it gives us flexibility ... it is an injustice to say that the MoF prevents any government units from applying anything other than the government accounting system." UFM2

"Previously, the transfer permission must be acquired by the MoF, but the permission was given to government units two or three years ago." MAH2

Moreover, it has been confirmed that the MoF has worked hard to operate professionally.

"Our department [the budget department in the MoF] is incomparable with before. We now live in a 'budget spring' as the 'Arab Spring' ... the thinking, the increase of financial resources, the respect of government units and the people in this sector [civil service sector at the MoF's budget department] have all changed dramatically ... 40% of us at the sector are from different professional backgrounds such as engineering and statistics. So, the thinking of the department has changed." MBL1

However, most interviewees in the MoF believe that the role of the MoF is critical to avoid corruption and misuse of public resources:

"Some government units sometimes have credits that will be spent anyway, even though the projects are not useful... It is difficult to give funding to some government units, because they will misuse it. You will find it spent on journeys to Europe and hotel bookings" MAH2

In addition, some government units suffer from a lack of professionals. This lack means that their budgets and financial statements are incomplete and insufficient for decision making.

"There must be a development for the administrators in the country ... if you look at budget departments in the government units, you will find 25 staff in them, but only two or three who are working." MBL1

"Projects in the plan are submitted as one page! Where is this and that? Where is the detailed information? Where are the forms which we have sent? Why have you not filled in the forms?" MBH2

5.2.16 Self-interest and power

This open code demonstrates the role of self-interest on the University accounting system. Self-interest and power is one of the reasons behind the absence of the University freedom and development. It is instead centralised and prolongs the work at the University. I have found three types of self-interest which are defended by the powers of those concerned. The first type of self-interest comes from external parties and people such as the MoF and the MoHE.

"No one wants others to take his permission ... he wants to control everything ... If universities become flexible and independent, what is then the role of MoHE!?" UA9

"The MoHE needs to give some permission for universities to have the freedom to develop, but will the MoHE withhold some of its permissions? ... There will be conflicts of interest. Everyone will say 'no, because we want you [the University] to listen to what I say'... these permissions are their [external parties] power... the MoF wants to intervene in everything, even in the prices of importing barley." UMH2

The second type of interest is the University high-ranking officials who use their power to uphold their self-interest.

"Even at the level of the University management, they do not want to give colleges the freedom to make any of their own decisions." UA9

"Some people think that it [information] is a source of power, and it is indeed a source of power. He [information holder] feels that if you want information about students' welfare without referring back to the Students' Welfare Department, I [the Student Welfare Department] have lost my prestigious and important position... Self-interest needs to be critically solved by the University management, but the rector tries to avoid clashing with powerful groups." UDH4

"There is freedom and self-interest. Sometimes, some - not all - government units deliberately delay important projects until the end of the year in order to send their order with some justifications to the MoF to transfer this money. They spend them on administrative requirements such as incentives, travel, cars, etc... we are suffering from this." MBH2

The last type of those who have self-interest is general staff and academics in the University. They use their power to resist any change or development that would affect their interests.

"The obstacle to the Performance Contract (PC) is that there is no involvement from the staff with the University goals... People here have a big problem. They do not feel that the University belongs to them, and that its development and success is theirs. There is no loyalty to the University ... This has happened, because the University does not give them the feeling that it is theirs." UDH6

"Some staff are careless. They do not seem to care about providing information unless the manager has asked them to do so.... His interests will not be affected, if he does not provide others with their needs" UDM5

"We [the University] faced great resistance from staff and academics when we implemented academic accreditation, because they argued it would increase their workload ... but they got used to it, especially after they realised its benefits." UDM5

5.2.17 Introduction of the New Government Accounting Systems (NGASS)

During the interviews I conducted, I heard reference to a NGAS for Saudi Arabia. Interviewees in GAB and the MoF expressed the need for a NGAS that meets today's requirements, and they were working on it. In contrast, I listened to many interviewees who criticised the government accounting system, but I did not hear about an upcoming accounting system for the University.

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GAB has stated the need for NGASs in a seminar and in its annual report. As a consequence, Majlas Alshoura and the Ministers' Council have given GAB the green light to prepare government accounting rules.

"The need for an accounting act (law) had been mentioned in GAB's annual report. Therefore, this recommendation had been adopted by Majlis Alshoura, and the Majesty Position has agreed on it." GAH1

"GAB was given the job [make government accounting rules] two or three years ago, after it held a seminar about the government accounting. We [MoF] have participated with it... It [the government accounting rules] is almost ready, but it has not been officially issued." MAM1

The MoF, SOCPA, the Institute of Public Administration (IPA) and some consultants have participated with GAB to prepare the new government accounting.

"They are a group. GAB, the ministry [MoF], SOCPA, IPA and consultants..." MAM1

An interviewee has disclosed that the government system has been set up and is just waiting for official approval and issue. However, the old government accounting system is the only one in practice currently.

"The system has been sent to the Majesty Position, and might take six or seven months." MAM1

In contrast, there is no work at the University to acquire a new accounting system, despite the significant criticisms in the University of the government's accounting system. However, there are some movements within the University to develop and change some accounting techniques such as budgeting and cost accounting. These two techniques in particular will be discussed in forthcoming codes.

The University has not sought to implement a new government accounting system, since the Universities Act (law: p124, Article 28) says, "A university must implement an accounting system that follow the finance directives of the government budget and accounting." Nevertheless, none of the interviewees

mentioned that the rules do not prevent the use of any accounting system at the University from working in parallel as long the University provides the MoF with the requirements in the MoF's formats.

"The MoF says 'thank you, we do not want lots of information, but we want what we require only in our format' ... This means that the MoF enables all government units to apply whatever accounting system they wish to apply, but the MoF only wants the information that it requires ... it gives us flexibility ... it is an injustice to say that the MoF prevents any government units from applying anything other than the government accounting system." UFM2

5.2.18 Motivations to have the NGASS

This open code explains the reasons behind the introduction of NGASSs. During my data collection, the Saudi government accounting system which was introduced almost 60 years ago was significantly criticised. It is clear in the system that it is bureaucratic, unproductive and lacking in information.

"The government accounting system is very old, and cannot cope with the improvements in this era. The University's needs today and the financial management needs required to lead the University have changed from the time the government accounting system was first produced. For example, the University has large ambitions, but the government rules which are very old challenge them about having flexibility and authorisation to use them freely as they like." UFH2

"The government accounting system needs serious updating. It cannot cope with current needs ... There were two or three accounting developments, but the problem is that the development is based on the original accounting system not based on what the modern accounting is." MAH2,

Therefore, government accounting needs a revolutionary change not a basic update.

"If we [the country] say we will change this part and this part, we will not solve the problem... Since the Saudi Universities are required to

compete with the best 100 universities in the world, you should see the finance system of the top 200 universities, and apply the same, is not it?" UMH1

"The government accounting system needs change ... It should be looked into again." UMH3

"The sterility methods in managing the finance aspects have proved that they are unproductive." UDH6

"This era is motivating us to be developed, compete, fast, quality and control; and to use the latest technology." MAH2

One of the advantages of having a developed accounting system is to find the absent accounting techniques and computer systems in order to improve the work, and override the current disadvantages in the government accounting. For example, some interviewees criticised the government accounting system as it does not pay any attention to depreciation and cost accounting.

"There are no calculations for depreciation. We do not even have a depreciation system." UDM3

"The government accounting is unable to produce accounting information such as student cost and colleges' portion in the budget ..." UMH2

"This era is motivating ... to use the latest technology... When we have the electronic collecting of revenue, a government unit which used to collect SAR 5 billion annually is now collecting SAR 7 billion." MAH2

The current government accounting is criticised as it has lengthy procedures. Therefore, there are wishes to have NGASSs that have less routine and bureaucratic procedures, and makes the achievement of tasks much quicker.

"We want to improve our accounting system at the University ... to have information quickly and easily ..." UFH1

"It [government accounting system] needs to make procedures simple." UMH3

"Routine and bureaucracy is diffused in the government finance transactions." UA7

Another reason for the calls to have NGASs is to produce more accounting information. This point of producing more information has been explained previously; therefore, it will not be discussed again here.

"The government accounting and budgeting systems are not helping the University to produce its needed information... as an independent institution [the University], it should set its rules itself..." UMH2

One obstacle to the production of information is the interference with accounts in the government accounting system. Therefore, it is normal to find one account that is for many, and different, purposes. For example, the salary account in the Ministry of Defence is for the salaries of soldiers and officials in the ground forces, navy and air forces, as well as for the salaries of doctors in the military hospitals, engineers and others. Therefore, it is extremely difficult to know the salaries of doctors, because all these salaries are allocated in one account.

"For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the salary account]. You cannot say how much doctors at the hospital cost." MAM1

"The categorisation of the government accounting is vague. Account number 101 is for civilian salaries. Civilians are the rector, cleaners, academics and administrators. All of them are civilians and their costs go to the same account. Can you classify the costs? ... You go to the second account which is for cars. Can you distinguish between the cars that are for administrators' use and the cars for academic researchers? ... How can you know the cost of colleges if you cannot have this information?" MAH1

"We want to improve our accounting system at the University ... to not overlap accounts ..." UFH1

In addition, the developing of the government accounting system is believed to control the work and reduce faults. Consequently, it makes following and controlling the government units easier for the MoF. Moreover, it will increase the efficiency, as information will be available to the decision maker(s).

"We want to improve our accounting system at the University ... to have information quickly and easily, and to not overlap accounts [and] I will not say to stop faults, but I will say to reduce faults." UFH1

"We [MoF] are working to make the deposit of funds to constructors electronic rather than giving them a cheque manually. So, an employee might put it in his drawer, and procrastinate rather than giving it directly to the constructor. It is believed to reduce the corruption level... In contrast, I want the development. I wish the finance transactions are electronic, so, the MoF can check online to see everything." MAH2

Another motivation to implement the new accounting system is because of international influences. In order to cope and compete with international universities, the accounting system should be satisfactory. In addition, the Academic Accreditation Institutions (AAIs) require some accounting information that cannot be produced unless the University has a developed accounting system.

"The National Commission for Academic Accreditation and Assessment require the cost of students in order to certify the University. The cost information is available. Consequently, they have done this study [the study of the cost of each college]." UBH1

"If we [the country] say we will change this part and this part, we will not solve the problem... Since the Saudi Universities are required to compete with the best 100 universities in the world, you should see the finance system of the top 200 universities, and apply the same, is not it?" UMH1

In addition, the University as an independent institution wishes to have its own accounting system, and get independence from external parties. The University

is looking for a system that is applicable to, and meets, its needs, since the current government rules are issued from different parties, and represent interference, which makes the work much more complex.

“One of the things that have made our work unorganised is the overlapped rules... There are internal and external regulations (codes) such as the Academics Regulation (Code) that belongs to the MoHE, and the Civil Service and Finance Regulations (Codes) ... You [the University] are governed by more than one rule. In the private sector, they set their rules based on their needs.” UDH4

“The government accounting and budgeting systems are not helping the University to produce its needed information... as an independent institution [the University], it should set its rules itself...” UMH2

Finally, some interviewees believe that there is the ability and required professionals to implement a developed accounting system.

“There is no concern about the lack of professionals for a developed government accounting system. Accounting is accounting. The debit is debit, and the credit is credit. Therefore, a developed accounting system will not be complex [to government units].” MAM1

“We [the University] developed the Higher Education Regulations (codes) 15 or 16 years ago, but what is needed from the University and the Higher Education has changed ... but the Regulations (codes) have never changed ... Universities have a pioneer role in developing the country and government institutions. The United States is driven by its universities ... the top 20 US universities lead the country, and they produce and generate the country’s strategies.” UMH2

5.2.19 Internal and external influences

This open code identifies the pressure that influence accounting in the University. During the interviews, very few respondents were against the introduction of a developed accounting system for the University; most expressed their wish to see this system implemented to meet the needs of the University and the country as a whole.

"I do not believe that there is anybody that does not wish to see such development either in the University or outside." UDH3

"Everybody requires it [accounting information and statistics]. Everybody wants it." UDH4

However, normal resistance is expected, particularly with the absence of incentives:

"PC will not fail. We [the University] faced great resistance from staff and academics, when we implemented academic accreditation, because they argued it would increase their workload ... but they got used to it, especially after they realised its benefits." UDM5

"Applying two accounting systems The work will be duplicated which will generate delays and stress on employees who would feel aversion to the work ... you know we only have a few tools that we can use to attract and motivate employees" UFM2

The absence of incentives has been showed in a previous open code. Consequently, I will not discuss the absence of incentives at this stage.

In contrast, the AAls are one of the strongest motivations to the University to generate more information. The AAls require a great deal of accounting information and many techniques to be available for use in the University. Therefore, the University has been working in producing information that had not been produced before the AAls, such as student costs. The AAls require every college to have its own budget which the University is working on. I show the cost accounting and budget programmes to every college in different codes later on in this chapter.

"The academic accreditation requires that diffusion of accounting information at the University... and it [academic accreditation] requires every college to have its budget ... and to have the cost of each student in every programme." UMH2

"I [Finance Department] receive orders from colleges asking about some accounting and financial information for academic accreditation." UFH2

In addition, many interviewees claim that neither the government nor the MoF and GAB opposed any development in the accounting system.

“Will the MoF ask why you have depreciation? No, but this would be welcome.” UDH3

“The MoF says ‘thank you, we do not want lots of information, but we want what we require only in our format’ ... This means that the MoF enables all government units to apply whatever accounting system they wish to apply, but the MoF only wants the information that it requires ... it gives us flexibility ... it is an injustice to say that the MoF prevents any government units from applying anything other than the government accounting system.” UFM2

In contrast, others think this is impossible as the rules refuse any implementation of any accounting system other than the government one.

“We [the University] cannot stop using the government accounting system, because you [the University] are linked with the MoF, even in the University budget and its timing.” UFM1

5.2.20 The University ambition

This code was written because I felt that there are extraordinary ambitions and works in the University management to make the University distinctive.

“However, the University is the most university that order changes and developments. As a member of the University Council, I see the University request a change in a regulation (code) in every meeting...” UA9

The University believes that a developed accounting system that generates helpful information for efficient management is critical in order to develop the University, and make it a global competitor.

“There are people [in the University] that are working hard. They work day and night. They work on Thursday and Friday [the weekend days in Saudi Arabia]. Some say XXX [name of the University] is spoiled! What is

spoilt? No, they shy away from the MoF, and they follow up their stuff. Ermmm some of them..." MBL1

"... See, we [the University] are transparent. The University is working hard. All our approved projects in the budget are done. So, the MoF gave us a huge budget. Other universities ask the MoF to give them the same budget as ours, but the MoF replied to them saying, 'work as XXX [name of the University] and we will give you the same budget'. Other universities have been working, for instance, on projects for the last five or six years, and they have not yet finished them." UBH1

One of the reasons behind the revolutionary change and development at the University is the rector. Almost all interviewees believe that he is working hard for change and development. They claim that he is ambitious and decentralised, despite the significant challenges facing him.

"The problem of XXX [name of the rector] is that he pulled us, and launched us as a rocket that goes faster than our expectations. The rules surrounding him do not help him, but he is going anyway." UFH2

"The rector said that every dean is XXX [name of the rector] in his college, and you are responsible in your college... This is what the rector is working for. He works to make every college independent." UDM5

"Wait a second. You are saying this because you are thinking of XXX [name of the rector] . Do not put XXX [name of the rector] in your mind, and think of anybody to give him SAR 8 billion. I beat you, if you agree to give him... Are all people XXX [name of the rector]? I will put the fingerprints of all my fingers and toes to sign that he is not a thief. I believe that he does not put a penny in his pocket... There are levels of honesty. For example, if you give someone SAR 8 billion, and he steals SAR 5 million, I consider him honest. My brother, you give someone [the rector] SAR 8 billion, and he spends SAR 6 billion, and refund the rest to me [MoF]. You know or do not know?" MBL1

In general, the University's management is keen to develop the University in general and the accounting system in particular.

"The University's deputies always ask for reports and accounting information ... and general managers ..." UFL2

In response to the active work of the University, the government trusts the University. Therefore, the independence of the University might be more probably possible.

"The government told the University to implement any idea, and prove its benefits, and the government will apply it." UMH1

"I could be persuaded to give the University its budget as a total with great freedom over it, but 60 or 70% of the government units - no." MAH2

5.2.21 The University's Endowment Account

The aim of this code is to give an example of the ability of the University to be completely independent, and apply the developed accounting system. The University's endowment account which has assets valued more than SAR 3 billion (£500 million) is controlled completely by the University which applies the developed accounting system to deal with this.

"Higher Education rules said conditional and unconditional endowments and grants should be deposited in an account independent from the government accounting accounts. The rules have no influence on this account, and the endowments and grants should be spent according to their conditions... We [the University] have written to the MoF saying that the Higher Education rules said this and that, and is there any obstacle to opening an account for endowment and grants? They replied, 'no no no, we [MoF] are not related to this money, because it is not from the government budget.'" UDH6

"Having costs information and information on the return of these costs to assess your [the University] performance is a determinant to becoming a university of distinction. We [the University] are not interested in the ceremonial control of the University, as to check who has signed a cheque, for instance, rather than check whether we had applied the highest efficiency in this transaction or not." UMH2

This account has helped the University to override the obstacles of the inflexibilities of government rules. The University now can finance its important projects, even if the MoF is not convinced about them or if the rules do not allow them. At the same time, the University is applying efficiency, economy and effectiveness.

"We [college] suffer from it [government rules] more than you might imagine. You [college] ask the University to employ a distinctive academic, but they [the University] refuse, because the salary is too high. The rules [that is imposed on the University] have set fixed salaries for all academics based on their grade and experience... during the last two years, the University has found a program called 'Attracting Outstanding Faculty and Researchers Program' which pay the extras to academics from the University free fund. For example, if a college wants an academic, and the University offer which is based on the government rules is too low, the program will pay the rest to let the academic join the University." UA9

"There are clashes. Dr. XXX [the rector name] encourages the development and liberation ... but obsolete rules challenge you to improve your work. For example, you want to bring a distinctive academic from the US or Britain ... How much does he want? He might be looking for SAR 100,000 or 150,000. However, you apply to the University for this distinctive academic. They will say his grade is assistant professor, and he has five years' experience. And they will say, 'okay, his salary is SAR 8000!!' So, how can you bring such distinctive academics, and how can you motivate people to be motivated, if your rules are so inflexible!? ... This is what makes the University fail in this point." UPM1

5.2.22 Resistance to the NGASSs

Some interviewees believe that the current government accounting system meets the needs of the University, and the University does not need to implement the developed accounting system. The main reasons behind this are that the University is a service provider not a profit seeker, and the current system is comprehensive.

"We [the University] are perfect now ... there are only small bits that need updating" UFM1

"We [the University] do not need accounting like that in the companies, because they aim to make profit, whereas we have a different scenario. The government accounting is revenues minus expenditures; therefore, the output is different." UFM1

"The government accounting is very good, and there are no problems ... I [the government] do not have profit to have depreciation and other accounting techniques ... I [the government] am like a father spending on his son who is not supposed to pay back." GAM1

However, some others claim that one of the greatest obstacles faced by NGAS is the government rules and self-interests which have been shown in a previous code. I have read in the Universities Act (law: p.124, Article 38) that "A university must implement an accounting system that follow the finance directives of the government budget and accounting."

"We [the University] cannot stop using the government accounting system, because you [the University] are linked with the MoF, even in the University budget and its timing." UFM1

"The MoHE needs to give some permission for universities to have the freedom to develop, but will the MoHE withhold some of its permissions? ... There will be conflicts of interest. Everyone will say 'no, because we want you [the University] to listen to what I say'... these permissions are their [external parties] power... the MoF wants to intervene in everything, even in the prices of importing barley." UMH2

"This is not a MoF decision [to give freedom to some government units]. This is controlled by the government rules which need permission from the government to be changed." MBH2

"The University is part of this government, and cannot apply anything other than the government rules, but I think the government gave permission to the University to apply any methods, and prove its benefits. Therefore, the decision maker [the government] will apply

these methods. I believe that the government will apply the developed accounting system, if the University can prove its benefit.” UMH1

One of the greatest obstacles to having a developed government accounting system is the budget accounts. The budget accounts are the same as those in the government accounting. These accounts include more than one type. For example, account number 101 is the salaries account which includes all civil employees at a government unit, whether the salary is for the minister, general manager, staff, teachers or doctors. Therefore, it is very difficult to calculate too much information in such accounts. For example, the salaries of doctors will not be easily calculated, if the government wants to know the cost of health. Consequently, changes to the government accounting would require a change in the budget accounts as well.

“For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the salary account]. You cannot say how much doctors at the hospital cost.” MAM1

“The current budget system says account number 221 is for tables, chairs, computers, printers, etc. It gives you 50 kinds of expenditure in one account. You see the account number 224 which is for equipment, devices, computers and printers. What is this? It is duplication.” MAH1

“We want to improve our accounting system at the University ... to not overlap accounts ...” UFH1

“The cost information [in the University] is not accurate, but it is cost accounting at least. We [the University] applied a form of reverse engineering to implement it, why? Universities do not have the right accounting. Our accounting is based on chapters and accounts [the budget classification] which is not right.” UMH2

Furthermore, the absence of incentives in the government rules makes the application of a developed accounting system or another accounting system to the government one, difficult.

“Applying two accounting systems The work will be duplicated which will generate delays and stress on employees who would feel aversion to the work ... you know we only have a few tools that we can use to attract and motivate employees” UFM2

“I [college or the University] gave rewards for research. The problem is that the rewards are prohibited here. It is not allowed to give your colleague a reward.” UA6

The University use unofficial methods to reward its employees in order to motivate them, and develop its accounting system. For example, the University has unofficially contacted the operator company of MADAR to reward the Finance Department's staff at the time when they used to have another computer system working in parallel.

“Applying two accounting systems The work will be duplicated which will generate delays and stress on employees who would feel aversion to the work ... when we implemented MADAR, we had to use the old system in parallel to compare the output. The staff were averse to this, but the MADAR company helped us and, motivated our staff ... you know we only have a few tools that we can use to attract and motivate employees” UFM2

“GAB says ‘do not be afraid of us, because we [GAB] treat you differently’, but we [the University] are frightened of them ... I see their [GAB] notices which say ‘you [the University] made a mistake as the military did in 1396 AH (1976) ...’ You must not treat me as the military. The University has developed and has many projects such as joining a union with other universities ... my [the University] employees are the foundation of the University improvement, and if I [the University] do not attract them with attractive financial offers and incentives, they will not join the University... GAB sends a notice saying, for instance, that the act (law) that has been issued in 1390 AH (1970) prohibited government units from honouring their employees! So, who

will honour them then!? If an employee wins a Nobel Prize, I should not honour him/her!? The government accounting and budget accounts are old and do not cope with current-day needs, and the rules as well... They [GAB and other government bodies] say 'give them [transport] tickets or overtime!' Are you [GAB and other government bodies] teaching us to cheat and corrupt!?!..." UFH2

Some interviewees claim that there is a lack of professionals at the levels of the country and the University. Therefore, it is difficult to apply a developed accounting system.

"There must be a development for the administrators in the country ... if you look at budget departments in the government units, you will find 25 staff in them, but only two or three who are working." MBL1

"Sure, there is a shortage of professionals and culture. There is no balance between the level of the government projects and the experience gained by Saudi citizens working in the government units." MBH1

In contrast, other interviewees believe that the country and the University have the ability and professionals to implement a developed accounting system, particularly, if they receive training.

"The University has professionals. The University has more employees than it needs. How many employees are at the University?" UPM2

"The professionalism of finance staff in government units is low... They will be okay, if they get trained." UMH3

5.2.23 The University's costing system

This open code shed the light on the process of cost accounting in the University. The University has not yet started to allocate costs to colleges as a cost centre rather than the University. The University is manually calculating the costs for the year before my data collection, but the Finance Department is automatically allocating costs to colleges through MADAR the year of data collection. The University did not need to know the student costs before. Therefore, there was no motive to produce such information. Previously, the Budget Department used to visit the Finance Department to try to calculate

students' costs. It used to have three cost centres: humanities students, scientific students and medical science students.

"We [the University] are allocating costs to colleges, but we used to allocate them to three categories of students - humanity, science and medical science students." UBH1

However, the AAls which the University is seeking requires the production of cost information. Consequently, the University has set up a committee to calculate the costs for the year before my data collection, and the budget department was given the task to calculate them.

"...the work has been moved to us [the Budget Department] to calculate the costs for every college." UBH1

"It is a committee that I am part of, and it is headed by the Assistant Deputy. The task of the committee is to allocate costs to cost centres, because the system [MADAR] is under construction." UFH2

"Mr. Mohammad XXX has calculated the cost to every college ... we [the University] calculated the costs in a 'reverse engineering' approach. Why? Because we [the University] do not have the correct accounting system." UMH2

It is worth mentioning that the department at the University that is calculating currently the costs is the Budget Department, not the Finance Department. However, the Finance Department is making sure that every cost is accurately allocated to the right cost centre.

"We are always, me and Mr. XXX [name of the Finance Department manager] turning to the second page of all transactions to check that they are allocated to the right cost centre." UFM2

"We [Finance Department] have just started to allocate expenditures to colleges since the beginning of the year. We used to allocate it to the University cost centre." UFL2

MADAR has enabled the University to allocate costs to colleges, since MADAR has increased the accounts tree in the computer system. The work is in progress to make MADAR able to analyse and generate cost information.

“MADAR has helped us to go down in the level of accounts. It helped us to expand our accounting tree... The distinctive feature of our latest computer system is that it enables us to filter and categorise the data. Furthermore, we could now have the info transferred to Microsoft Word and Excel and as a Pdf. Therefore, as we could take the data to Excel, we could select a particular cell and leave the others in order to analyse the data... with these abilities with MADAR we could choose the cost driver and have accurate costs.” UFM2

Previously, the obstacle to producing such information is that the accounting system was not classifying and categorising the University's expenditures. The accounting system does not distinguish, for instance, between revenue and capital expenditures. This obstacle has been explained before. Therefore, I will not expand on this. However, this obstacle makes the production of information more difficult.

“For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the salary account]. You cannot say how much doctors at the hospital cost.” MAM1

“The categorisation of the government accounting is vague. Account number 101 is for civilian salaries. Civilians are the rector, cleaners, academics and administrators. All of them are civilians and their costs go to the same account. Can you classify the costs? ... You go to the second account which is for cars. Can you distinguish between the cars that are for administrators' use and the cars for academic researches? ... How can you know the cost of colleges if you cannot have this information?” MAH1

However, the MoF is working to implement a programme called Government Finance Statistics (GFS) which aims to increase the number of accounts. For example, it might increase the salary accounts to 20 in order to classify them more accurately. It is believed that the current 100 accounts will be increased to 1500. This should make the production of accounting information, in general, and cost information, in particular, easier and possible. I will explain the GFS programme in the forthcoming codes.

"It [GFS] enables more accurate information. If you currently ask for expenditure on employees, we [MoF] cannot give you more than their monthly salary; we cannot see other expenditures." MBH2

"They [GFS] have increased the number of accounts." MAM1

"Go and see the current accounts. They are vague. Account number 101, for instance, is for much expenditure... Now with GFS, they will categorise all expenditures. So, you will see a category called employees which will have underneath it all the expenditures on the employees... with the current system, in every account you would find expenditures on employees. Therefore, it is impossible to know how much was spent on employees... the new system will increase the chapters of the budget from 4 to 8 chapters, and the 100 accounts that we currently have will increase to 1500 account under the GFS ... we can have 300 accounts from one account of the current system" MAH1

5.2.24 Reasons behind the Costing System

This open code identifies the reasons and factors that have effected to the presence of cost accounting at the University. I have found that the AAls are the most important reason that drives cost accounting in the University.

"The academic accreditation requires the diffusion of accounting information at the University... and it [academic accreditation] requires every college to have its budget ... and to have the cost of each student on every programme." UMH2

"The National Commission for Academic Accreditation and Assessment require the cost of students in order to certify the University. The cost

information is available. Consequently, they have done this study [the study of the cost of each college].” UBH1

In addition, MADAR has helped with the calculation of costs, as MADAR has increased the accounting tree which raises the number of accounts and classifies the accounts in the University's computer system. Therefore, the University is able to calculate such information.

“MADAR has helped us to go down in the level of accounts. It helped us to expand our accounting tree... The distinctive feature of our latest computer system is that it enables us to filter and categorise the data. Furthermore, we could now have the info transferred to Microsoft Word and Excel and as a Pdf. Therefore, as we could take the data to Excel, we could select a particular cell and leave the others in order to analyse the data... with these abilities with MADAR we could choose the cost driver and have accurate costs.” UFM2

“It is a committee that I am part of, and it is headed by the Assistant Deputy. The task of the committee is to allocate costs to cost centres, because the system [MADAR] is under construction.” UFH2

Furthermore, the MoF and Planning Department at the University require the costs information. However, they do not require this information as accurate as the AAls do. As stated before, AAls require the costs to be allocated to colleges, but MoF and Planning Department do not mind, if it is allocated to three cost centres which would not generate accurate cost information which would not generate accurate cost information. These cost centres are humanities student, scientific student and medical science student.

“The academic accreditation, for planning, for budget and MoF are all asking for the cost of information.” UBH1

“We [the University] are allocating costs to colleges, but we used to allocate them to three categories of students - humanity, science and medical science students.” UBH1

Therefore, the University management is keen to produce cost information for the above users and for efficient decision making.

"The University management asks for costs information of the colleges ... in order to allocate the budget to colleges." UBM1

"We [Finance Department] have been asked by the University management to do this [to allocate costs to colleges], and this is the right way." UFL3

"The cost information helped me to assess the price value of the University's modules. For example, I [the University] will stop a module, if the graduates of this module cannot find a job after graduation and the costs of this module are too high." UMH3

"Of course, every dean and the University should know the cost of students in every college and every module... You should ask how much does a student cost in order to know the feasibility of the module... and to assess the efficiency and effectiveness of the module... We are looking to the economic standards as we are looking for the academic standards. So, how can we spend the Riyal that comes to the University in efficient and economical ways?" UMH2

"For example, I should send my dentistry students to the US to study there, if the costs there are less than in the University, where a dentistry student costs ... \$90.000 a year." UPM1

"I [the University] should not be seeking profit maximisation to apply cost accounting ... I will need such information to persuade the MoF of my budget, when the country revenues go down, and the MoF starts to be cautious in approving budgets." UDH3

Moreover, the cost information is important to the programme of Budget to Every College (BTEC) which is discussed later on in this chapter.

"I [the University] find difficulties in allocating the budget to colleges, because I do not know the last-year costs of students in every college." UFH2

5.2.25 Problems of the costing system

I could not find any defect of the cost accounting at the University apart from the fact that colleges complain that the cost information does not arrive for them. In addition, some decision makers stated that they do not know the cost information. I felt that this information is made mostly to meet the requirements of AAls and external users such as the MoF.

“The college’s main roles are teaching and research, but we [college] see it [cost information] in some reports that have part for cost information ... and we do not always have the cost information ... We do not use it for decision making.” UA4

“The colleges do not receive any cost information.” UA9

“I do not know the students costs in my college, and I do not care about this information.” UA2

“This information [cost information] is not yet available, but we have hunches.” UMH1

5.2.26 Obstacles to the Costing System

The greatest obstacle to have cost accounting at the University is the link of the University’s accounting system’s accounts with budget accounts. The problem with the budget accounts is that they are not classified and categorised in a way that makes information easily produced. As stated previously in other codes, the budget accounts, for instance, do not distinguish between revenue and capital expenditures, and even in the revenue expenditures, they aggregate many different expenditures in one account.

“For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the

salary account]. You cannot say how much doctors at the hospital cost.”
MAM1

“The categorisation of the government accounting is vague. Account number 101 is for civilian salaries. Civilians are the rector, cleaners, academics and administrators. All of them are civilians and their costs go to the same account. Can you classify the costs? ... You go to the second account which is for cars. Can you distinguish between the cars that are for administrators’ use and the cars for academic researches? ... How can you know the cost of colleges if you cannot have this information?” MAH1

In addition, the low professionalism of the Finance Department staff who are claimed to be lazy and careless means they allocate costs to colleges rather than to take the easy way by allocating them to the University.

“Our problem is with the user [users of MADAR at the Finance Department]. We cannot manage this user. We have quantity but not quality. The way employees are employed at the University does not differentiate between candidates, and the University cannot change this, because it is enforced by the government in the Civil Service Act (Law). The government rules do not treat creative and well-working employees any differently to those who are less productive than them... Some employees do not have the willingness to even search for the cost driver. He [the employee] opens and sees a file of transaction that belongs to the Education College. He would not search for the Education College’s cost centre, if he cannot remember it, but he will allocate it to the University’s cost driver! ... you know we only have a few tools that we can use to attract and motivate employees” UFM2

However, the Finance Department management is looking this year to allocate all costs to the appropriate cost centres. Therefore, they revise all transactions to make sure that the costs are allocated accurately. Nevertheless, they suffer from the limited tools in their hands to motivate and punish their team, as the employing system in government units has some quality defects, and it limits the University control over its employees.

"We are always, me and Mr. XXX [name of the Finance Department manager] turning to the second page of all transactions to check that they are allocated to the right cost centre." UFM2

"You know we only have a few tools that we can use to attract and motivate employees." UFM2

Furthermore, some interviewees, some of whom are academics, claimed that the cost information does not reach them because of confidentiality reasons.

"Look, the level of transparency is not high." UA7

"There is a phobia of spreading information, even within the University. Some people think it is dangerous to publish any information." UDH4

5.2.27 The PC

The PC is a project that the University is proposing to the government to enable the University to become completely independent. PC is one of the University's eight aims in its Strategic Plan which was produced in 2010. On the administration side, the University is seeking to be liberated from the government rules such as the Civil Service and Universities' Acts (laws) and government accounting regulation (codes). On the finance side, the University is keen to gain complete control over its budget. The University would be working as it wants to. The University will have a contract with the government that states the agreed outputs the University should meet such as number of graduates or papers that are published. The University should be assessed based on these outputs which will determine the University's fund for next year. Consequently, the fund will be increased or decreased, if the University has done well or not so well, respectively.

"His Excellence the rector talked about PC at the launch of the University's Strategic Plan.... He said we want to follow the path of Singaporean universities which had been made public, and were liberated... The University should be assessed by the government. If I [the University] have achieved the requirements, I take full control over my budget. If not, punish me." UPM3

"The University is working now to draw up contracts with the government ... the government should be assessing our quality and the service we provide... With PC, the budget will not be classified to accounts, after the MoF approves them. No, PC will make the government give us our entire budget." UMH3

"In order to succeed in PC, the University must be a public institution that set its regulations (codes)." UMH2

The University is working on this project. It is seeking to set up an environment for this project in the University, and it is working to write up its rules.

"The University has people like you that are ambitious and goal-seeking ... They have asked us to set finance rules and directives." UFM2

However, there are many people in the University that have not heard of or participated in PC either within or outside the University, although the project is supported by the University management and many interviewees.

"What is PC? ... I do not know anything about it." MAM1

"PC is not in the role of deputy of health specialisations... but we know the University management is working in it." UMH1

The reason behind PC not being implemented yet is maybe it needs further approval from, and convincing by, the MoHE in particular and the government in general, as such a project will make a distinctive change in the rules of government units.

"PC would change lots of things. Many decrees will be issued as many rules will be changed." UMH2

"It [PC] needs hard work to get the approval. First, it should be approved by the Universities Council headed by the Custodian of the Two Holy Mosques [the King]." UFM2

5.2.28 Dynamics behind the PC

This category previews the reasons behind PC. The main reason that has led the University to work with the PC project is the centralised and bureaucratic

Accounting in Higher Education: A Grounded Theory of Accounting absence government rules that are believed to obstruct the development of the University. PC will give the University the freedom to set its own rules. On the accounting side, the University will be able to implement any accounting system that it believes is appropriate. As a consequence, more information would be produced, and there will not be a shortage of information for decision making.

"PC has many benefits, one of which is the reduction of bureaucracy. Transfers will become easier, as the rector will have the rights to make such decisions. The funds will not be spent unless there are determined and clear goals and aims... PC gives flexibility, and as a return there will be accountability. It means that you will ask me at the end of the year - this is the aims and goals, how many have you achieved?" UMH3

"They [government rules] do not allow you to develop, do not allow you to transfer, do not allow you to be free... PC will set up a contract that says you [the University] should graduate 200 GP, 500 engineer, blah, blah, blah, and a number of published papers, and I [the University] should be in the top 300 in Chinghai... ermmm ...and in the top 200 in this and that. You [government] should give me better rules. I have employees that I cannot punish or fire them, although their productivity is zero." UMH2

"The government accounting and budgeting systems are not helping the University to produce its needed information... as an independent institution [the University], it should set its own rules ... The employees are employed forever, and the University cannot fire them. There should be contracts with the academics based on their performance..." UMH2

It is believed that the independence of the University and the freedom to implement the rules that suits it will improve its performance and efficiency.

"First, I believe that the change to this way [PC] is important, if we want to develop. We cannot succeed without this [PC]. Second, is its implementation going to be easy? I think it is like any other thing in life. The first days will attract some resistance as it will be something strange to people here, but I think the University has the ability to deal with all of these problems very quickly." UMH1

"We [the University] are not interested in the ceremonial control of the University, as to check who has signed a cheque, for instance, rather than check whether we had applied the highest efficiency in this transaction or not." UMH2

"The flexibility of the Riyal with PC will be high. I believe a flexible Riyal has more purchase power than an inflexible Riyal... I believe that our projects will not succeed if we do not have financial freedom and flexibility." UMH1

"This [PC] is called projects budget, whereas we have the accounts budget. In the former, XXX [name of the University] is a project, where accounts budget says you [the University] order and we approve your budget. The defect of the latter is that it might miss buying best projects ... In my opinion, projects budget has more advantages than the other budget, if there is follow-up and assessment of their performance." GAH1

The existence of the PC's environment, ability and professionalism at the University is motivating the University to implement PC. It is claimed that the University currently has a young generation of employees who can cope with modern life and technology, particularly the academics most of whom have graduated from the best Universities in developed countries such as the US and the UK.

"In the next few years, you might not see any change, because the colleges are ruled by an old generation who are over 60 years old... but I think there will be changes in the future, when a new blood come into power. Old people do not like change." UA2

"The culture of freedom does exist in the University, but it is restricted by the bureaucracy of the rules... the MoHE rules." UA9

"If the Majesty Position agrees [to PC]... Yes, we can with no doubt. We [the University] have the ability to be free and independent. What makes a university like King Abdullah University become an independent one, yet our desire for independence is resisted? How come a University that

was founded three months ago become independent, while we cannot?"
UMH2

"The real life and the needs have led the University to PC. If you talk to anybody, he will tell you that there must be flexibility and administrative and financial independence for the reliable institutions. If we have trusted the University to teach our children, how cannot we trust it to deal with its administrative and financial aspects?" UA9

5.2.29 Problems of the PC

Some interviewees claim that PC is not possible, because there is lack of professionalism and abilities in government units. They are afraid that the government units might misuse these sources.

"Sometimes a government unit asks for a 500-bed hospital for SAR 500 million, and we approve it... After the approval, we are surprised that it asks to transfer the fund to build an employees' club or they want to pay for travel to Europe. The government unit thinks that these things have a positive impact on the doctors and employees, but the MoF thinks differently; it has different priorities." MAH2

"The variances in the projects budget [PC] are higher than the accounts budget. Consequently, it is dangerous to have a project budget as government units might misuse the public funds. Therefore, we stayed with the account budget." GAH1

"Some government units will... ermmm ...spend on some things and leave very important projects." GAM1

"There must be a development for the administrators in the country ... if you look at budget departments in the government units, you will find 25 staff in them, but only two or three who are working." MBL1

Some interviewees believe that there will be misuse of these sources and self-interest.

"PC will be implemented after 50 years Allah willing... the absence of development for administrators in the country ... has led to

administration corruption... and has led to defects in the administration work in the government.” MBL1

“He distributes it to his account as he likes and based on his needs. This is what made XXX [the rector name] happy. I am not talking about XXX [the rector name]... ‘Oh guys let go this summer to visit Alfahad [me]. How much will it cost? SAR 300?’ ... No one can ask him how much is the third of the three [Expression that means no one can accuse him for what he has done].” MAM1

5.2.30 Factors hindering the PC

The main obstacle to PC is the current government rules that the University cannot change. The University needs the government to change these rules and approve PC. It is claimed that the MoF, MoHE and other interested parties will resist this project as it affects their interests in the University.

“The University is part of the country’s economy. It is part of the government budget. It is impossible to give its budget as a total.” MAH1

“This [PC] disrupts the rules. It disrupts the government budget rules.” MBH2

“I believe that the MoF is the biggest obstacle to the development of the Kingdom of Saudi Arabia. I believe that the MoF is playing the role of prime minister, although he is not qualified for this role. He changed from being a treasurer to becoming a manager. Do not you notice that the Ministers’ Council’s decrees help with big dilemmas ... but the MoF does not comply with these decrees ...” UDH6

“The MoHE needs to give some permission for universities to have the freedom to develop, but will the MoHE withhold some of its permissions? ... There will be conflicts of interest. Everyone will say ‘no, because we want you [the University] to listen to what I say’... these permissions are their [external parties] power... the MoF wants to intervene in everything, even in the prices of importing barley.” UMH2

Some interviewees believe that there is a lack of honesty and ability in the University. Therefore, PC is not appropriate, unless excellent rules are set up, and accountability is activated.

"He distributes it to his account as he likes and based on his needs. This is what made XXX [the rector name] happy. I am not talking about XXX [the rector name]... 'Oh guys let's go this summer to visit Alfahad [me]. How much will it cost? SAR 300?' ... No one can ask him how much is the third of the three [Expression that means no one can accuse him for what he has done]...Will he say I have put this money in my pocket? He will say I have spent it on this and that based on my vision and priorities!" MAM1

"You cannot give anything freely without determination, but in my opinion, projects' budget has more advantages than the other budget, if there is a follow-up and assessment of their performance... There must be accountability otherwise it is wrong... The management should be capable for such freedom." GAH1

"If you can give me 20 government units that can be free, I will think two of them are okay and the other not. Do not lie to each other... If you go to any university, we will see all their finance and administration managers are academics. How can an academic understand finance or accounting?" MAH1

"If you ask me as an academic, I will say that we cannot be like western countries. First, professionalism of the public employees is too low, and accountability is missing. Third, we [in Saudi] focus on the documentary audit, not on the performance audit, while in the west they focus more on performance." UMH32

In addition, the risk of resources misuse is higher in PC, particularly when the rules and accountability is absent.

"The variances in the projects budget [PC] are higher than the accounts budget. Consequently, it is dangerous to have a project budget as government units might misuse the public funds. Therefore, we stayed with the account budget." GAH1

"Have you ever seen a minister who has been called to account?" UDH6

Finally, the last obstacle that resists PC is the absence of the ability to make assessment.

"Will he say I have put this money in my pocket? He will say I have spent it on this and that based on my vision and priorities! ... Some projects needs more than one year to be completed, and ready to be assessed. So, how can we assess them?" MAM1

5.2.31 The BTEC

The BTEC is a project that aims to gradually give every college the freedom to control its own budget. The BTEC is believed to give the colleges the freedom to manage themselves as they best know their needs. The University introduced the BTEC in its 20-year strategic plan which was drawn up in 2010. The AAls are the main reason for the BTEC project. The reasons behind BTEC will be explained in a coming code.

As the rules prevent colleges from having their own budget and to add any administrative department to the college such as the budget or accounting department, BTEC is working at the University's colleges unofficial and informal. Officially, the budget is dealt with by the University management in centralised administrative departments.

"The colleges now have freedom. XXX [name of the rector] always says clearly that every college dean is XXX [name of the rector] in his college... He [the rector] motivates people to work without any financial restrictions. However, everything should go through the official procedures. In other words, if you want to buy something, you can, but you have to complete all the MoF's requirements before purchasing them." UPM1

"The University started to give its units their operational budgets ... but you [the University] do not give them, because the government rules say that the spending must be done by the University management. We are now treating every college as if they have a minister who can spend the budget." UFH2

"We [college] have no right to add to the hierarchy of the college, and the University's management also cannot do this... I am telling you that there is no budget in the college. The rule even says the college has no authority to open a bank account... if we want a staff member, we place the order with the University management, and a person comes to us. So, we cannot employ anyone independently..." UA4

"I do not have an accounting unit here [college]. There is not even an accountant." UA6

BTEC is not complete yet as the colleges have power in some accounts such as the equipment account. However, the furniture account, for instance, is centralised under the University's management, because the University buys furniture in large quantities and for every unit in the University. Nevertheless, BTEC is in its early stages, but will eventually be applied to all accounts at the University.

"The rector said that every dean is XXX [name of the rector] in his college, and you are responsible in your college... This is what the rector is working for. He works to make every college independent." UDM5

"Every college has its freedom. They [colleges] have an account for research that can be distributed as they like. However, some accounts are dealt with centrally. Therefore, they ask, and we allocate to them." UMH2

"Some colleges are given some accounts. For example, some colleges need to buy drugs or equip laboratories." UBM1

"I [dean of the college] have SAR 200.000 as a loan... I can spend this loan as I like, but there are some restrictions. For example, I cannot buy furniture because we [the University] have a furniture account... However, this loan is flexible to some extent and has freedom." UA6

The colleges receive these accounts in total, and they choose the goods they want, and deal with dealers, after which they give the transactions to the purchases department at the University to complete the official work.

"We [college] receive the budget in total, after we submit our needs... We decide the goods that we want, and we buy them based on the government rules." UA2

In addition, many academic interviewees are dissatisfied with the determinants and the ways that the University management are applying these, when some accounts are allocated to colleges. They have stated that the personality of the college's dean, the college's power and productivity, the basis of first-come first-served, and favouritism are all playing a great role in the allocation processes.

"'First come first served' has some reality. Secondly, the college reputation, the power of the dean and the relationship with college and University managements all work together." UA3

"The budget is spent based on 'first order first served'." UA2

"I will not hide on you. This is not the behaviour of academics. Deans should not occupy his colleagues' budget." UA6

Furthermore, the colleges are wondering why the University is allocating the funds to some accounts only, and why they cannot transfer from these accounts. As a consequence, the college finds itself forced to spend the funds for unimportant things, although it needs urgent purchases, but it cannot buy them, because their accounts have not sufficient funds.

"I do not know why they give, for instance, SAR 2 million for purchases, and I have to spend it on purchases. I might want to spend it on hiring staff. Sometimes I have some money in an account, and I do not need to buy anything, but we think that we shall spend this money, as we might receive nothing next year at the time we are in need. However, we end up leaving our purchases in stores, and no one uses them." UA4

However, some interviewees think that the University cannot give colleges their own budgets, and cannot transfer from one account to another, because the government rules prohibit these actions. The University seeks to distribute sources to those who are ready to spend them, because the University budget will be reduced, if the year ends and the accounts still have funds in them.

"There are some people [colleges] who prepare their budgets in advance. Consequently, they become ready, when the University budget arrives. However, others do not start working until the University budget arrives. Therefore, the former spend the budget during the year, but the latter might have delays until the end of the year. At the same time, the University has a budget that must be spent. So, they withdraw it from the latter and give it to the former." UA6

However, the colleges are now almost free to use and spend the loans. A college's dean can have SAR 200.000 at one time.

"I [dean of the college] have SAR 200.000 as a loan... I can spend this loan as I like, but there are some restrictions. For example, I cannot buy furniture because we [the University] have a furniture account... However, this loan is flexible to some extent and has freedom." UA6

"The dean has SAR 200.000 which can be used freely. A vice rector can have a loan of SAR 500.000, and SAR 1m is for the rector." UBM1

The budget is still at the level of colleges, not academic departments. Academic departments do not have any budget, or even a loan.

"Accounting information is not used for decision making ... We [academic department] deal only with academic work." UA5

5.2.32 Reasons behind the BTEC

The main reason that has led to the implementation of the BTEC project at the University is to meet the AAls requirements. In addition, the current failure to implement PC so far has led the University to meet the minimum requirement for the AAls, which is BTEC.

"The University is trying to negotiate PC with the MoHE, the Ministry of Civil Service and others to give the University complete independence over its budget, but it has not succeeded yet. Therefore, it might implement it [PC] internally. The colleges now have freedom." UPM1

"The academic accreditation requires the diffusion of accounting information at the University... and it [academic accreditation] requires

every college to have its budget ... and to have the cost of each student on every programme... In contrast, every unit participates in preparing the University budget, as it is one of the academic accreditation requirements." UMH2

"Commissions of academic accreditation require that the finance system ...ermmm ...the colleges have their own budgets. The dean should be able to spend the budget, buy goods, and make contracts in his/her college... This does not exist, and is not thought of." UDM5

Furthermore, there is a conviction among the University management to give its colleges their budget, as they better know their own needs.

"I believe that it is impossible to develop the academic side, if we isolate it from the administration and finance sides... Consequently, any strategic plan that does not mention financial issues is dreams." UMH1

"Colleges know better about their needs." UA5

In addition, many academics and colleges seek to have their own independent budgets; although some of them think that it will withdraw them from their essential aim, which is the academic aim.

"I am asking to have all our [the college] money... For example, I say to the University management why have you reserved the research chair's funds? Give me these funds... The rector does not have any objection to giving us these funds." UA6

"We have asked too many times to have our own budget." UA2

"The current system has advantages and disadvantages ... The advantages that come to my mind are that the University management takes the difficult jobs off the colleges' shoulders. The University buys for us, and makes direct contact with dealers and others. Therefore, if the colleges take on this role, many central departments that are currently located in the University management will move to the colleges. This will waste much of our time and power which should be focused on the colleges' essential work which is teaching and research... I am happy now as we are like customers to the University management

which provides us with all our needs... but the main disadvantage of this system is that it has imposed many restrictions on us.” UA4

Many interviewees believe that the University has the ability, the professionals and the environment to implement a successful BTEC. BTEC is believed to give efficiency, effectiveness and economy to the University operations as BTEC will enable flexibility to the rules and freedom to colleges to spend their budget.

“If you give me SAR 5 million to spend it as I like, we [the college] will spend it efficiently. Efficiency increases when there is decentralisation.” UA4

“The flexibility of the Riyal with PC will be high. I believe a flexible Riyal has more purchase power than an inflexible Riyal... I believe that our projects will not succeed if we do not have financial freedom and flexibility.” UMH1

“If the Majesty Position agrees [to PC]... Yes, we can with no doubt. We [the University] have the ability to be free and independent. What makes a university like King Abdullah University become an independent one, yet our desire for independence is resisted? How come a University that was founded three months ago become independent, while we cannot?” UMH2

BTEC would reduce the bureaucracy level and procedural times which are currently caused by the centralised departments at the University, and it will remove some defects from the current rules.

“BTEC reduces or removes the bureaucracy. Imagine that there is one department for furniture, for instance, in the whole University. The University has 7000 academics, 70,000 student and some thousands of administrators. This imposes huge pressures in the departments. As a consequence, there are delays and mistakes.” UA4

“Some departments sign that the ordered equipment and goods have been brought and installed by dealers, although they have not yet arrived at the University, because they want to acquire as much funds as they can, before others get their hands on it. The University says that if you do not take the funds and spend it in a very short period of time,

the funds will be allocated to someone else. This puts huge pressure on us, and we have no other option than to carry out illegal practices.” UA2

“We [college] hope that we can buy for ourselves in order to visit the factory and check the goods... We have received computers that the University management has bought. We discovered that the computers have unoriginal parts, because we are engineers. We refused to take them, but other colleges have taken them... What happened? They come after one academic term. Therefore, we sometimes accept low quality and cheap prices to make our work flow.” UA6

5.2.33 Resistance to the BTEC

The main resistance to the BTEC project at the University is the government rules. Government rules do not allow the University's colleges to have their own budgets, and to extend their hierarchy such as launching finance or purchase departments in the colleges. These departments should be centralised under the University management based on the government rules, and any change should be granted approval from the Majesty Position.

“We [college] have no right to add to the hierarchy of the college, and the University's management also cannot do this... I am telling you that there is no budget in the college. The rule even says the college has no authority to open a bank account... if we want a staff member, we place the order with the University management, and a person comes to us. So, we cannot employ anyone independently...” UA4

“The rule is an obstacle [to BTEC]. The financial rule is an obstacle.” UA7

“I do not have an accounting unit here [college]. There is not even an accountant.” UA6

However, the University is trying to give the colleges the freedom and the right to take decisions as much as it can. It gives the colleges this permission unofficially, as all official documentary and routine jobs are done by the centralised departments under the University management.

It is believed that BTEC will deflect colleges' attention away from their essential aims, which are teaching and research.

"The current system has advantages and disadvantages ... The advantages that come to my mind are that the University management takes the difficult jobs off the colleges' shoulders. The University buys for us, and makes direct contact with dealers and others. Therefore, if the colleges take on this role, many central departments that are currently located in the University management will move to the colleges. This will waste much of our time and power which should be focused on the colleges' essential work which is teaching and research... I am happy now as we are like customers to the University management which provides us with all our needs... but the main disadvantage of this system is that it has imposed many restrictions on us." UA4

However, some others claimed that BTEC is an important project, and there is no resistance to it.

"I do not think there is any resistance to BTEC, as the college will benefit from it... If a [academic] department want to buy something, it would apply to its college's dean or college council who will approve it. However, it should apply to the University management with the current system which will take a very long time to be done." UDM5

"I believe that it is impossible to develop the academic side, if we isolate it from administration and finance sides... Consequently, any strategic plan that does not mention financial issues is dreams." UMH1

5.2.34 The GFS

The GFS is a statistical program that restructures governments budgets imposed by the IMF and the WB. In 2011, the MoF justified its use for implementation in the Saudi national budget. The main aim of the GFS project is to generate more statistical information from governments' financial data, and to harmonise the governments' financial data around the world. GFS is proposed by the IMF and the WB. One of the main reasons behind the GFS is to make the national budget readable and comparable with other countries' national budgets.

"GFS is a statistical system, not an accounting system ... Statistical systems come from the IMF ... It classify expenditure." MAM1

"The most important thing that GFS has brought is that your budget [Saudi budget] can be read by other countries." MBL1

In addition, GFS enables the categorisation and classification of the country's expenditure. For example, account number 101 in the current budget account is for civilian salaries, whether they are doctors, engineers, teachers or other civilians. The current system also does not distinguish between salaries of primary and secondary school teachers. Therefore, it is sometimes impossible to produce the required information. However, expenditure will be classified and categorised in a way wherein information will be easily produced with GFS by increasing the number of accounts. It is claimed to increase the number of accounts from almost 100 accounts to more than 1500 accounts, the information production would be significantly easier.

"For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the salary account]. You cannot say how much doctors at the hospital cost." MAM1

"The categorisation of the government accounting is vague. Account number 101 is for civilian salaries. Civilians are the rector, cleaners, academics and administrators. All of them are civilians and their costs go to the same account. Can you classify the costs? ... You go to the second account which is for cars. Can you distinguish between the cars that are for administrators' use and the cars for academic researches? ... How can you know the cost of colleges if you cannot have this information?" MAH1

"Go and see the current accounts. They are vague. Account number 101, for instance, is for much expenditure... Now with GFS, they will

categorise all expenditures. So, you will see a category called employees which will have underneath it all the expenditures on the employees... with the current system, in every account you would find expenditures on employees. Therefore, it is impossible to know how much was spent on employees... the new system will increase the chapters of the budget from 4 to 8 chapters, and the 100 accounts that we currently have will increase to 1500 account under the GFS ... we can have 300 accounts from one account of the current system" MAH1

The implication of the implementation of GFS is not only to the government budget, but it is to the government accounting system in general and cost accounting in particular. As it has been stated before, the government accounting system depends largely on the budget accounts as they are the accounts to the government accounting. Therefore, as the budget accounts will increase and become clearer so that more information is produced, and the government accounting accounts will increase as a consequence, and more information will be produced as well.

5.2.35 The factors behind the existence of the GFS

As stated above, the main two reasons that made the MoF work on GFS are to comply with IMF and WB requirements as it makes the national budget comparable with and readable by other nations. In addition, GFS will offer and enable the production of more accounting information.

"The MoF is behind, and supports, GFS." MAH1

"The Minister and the departments [of MoF] demand the implementation of GFS." MDM1

"GFS will help XXX [name of the University] by producing more information, if they want to take decisions." MAH1

"It [GFS] enables more accurate information. If you currently ask for expenditure on employees, we [MoF] cannot give you more than their monthly salary; we cannot see other expenditures." MBH2

In addition, GFS enables the categorisation and classification of the country's expenditure. Expenditure and all other accounts will be classified and categorised in a way whereby information will be easily produced with GFS.

"For example, how much has been spent in healthcare? I challenge anybody to know how much. Although we have the Ministry of Health and the Red Crescent, we do not know. No one can say this is the right amount. Even if anyone says this is the right amount, another one will say it is not. You know why? Because the National Guard has healthcare, right? A small programme is in the National Guard budget. The Public Security has also a hospital. All salaries go to the first chapter [the salary account]. You cannot say how much doctors at the hospital cost."
MAM1

"The categorisation of the government accounting is vague. Account number 101 is for civilian salaries. Civilians are the rector, cleaners, academics and administrators. All of them are civilians and their costs go to the same account. Can you classify the costs? ... You go to the second account which is for cars. Can you distinguish between the cars that are for administrators' use and the cars for academic researches? ... How can you know the cost of colleges if you cannot have this information?" MAH1

"Go and see the current accounts. They are vague. Account number 101, for instance, is for much expenditure... Now with GFS, they will categorise all expenditures. So, you will see a category called employees which will have underneath it all the expenditures on the employees... with the current system, in every account you would find expenditures on employees. Therefore, it is impossible to know how much was spent on employees... the new system will increase the chapters of the budget from 4 to 8 chapters, and the 100 accounts that we currently have will increase to 1500 account under the GFS ... we can have 300 accounts from one account of the current system" MAH1

However, GFS will make the budget projects more specific, as it creates an account for each, or a collection of, expenditure types. For example, the furniture account in the current budget accounts is for many different types of

Accounting in Higher Education: A Grounded Theory of Accounting absence furniture. Therefore, asking for a type of furniture and buying a different type is not problem with the current budget system, as they are all under one account. However, GFS would make accounts for every small collective of expenditure type. As a consequence, it will be difficult for government units to ask for something and then buy something different, after the budget is approved by the MoF. An interviewee stated that GFS will reduce the variances in the budget to 5% from 25% with the current system.

"If the budget accounts increase, the need to transfer will reduce. The variance percentage will decrease from 25% to 5%." MAM1

5.2.36 Problems of the GFS

The main defect that has been found in GFS is that it will increase the centralisation of the budget accounts. As stated in the previous code, GFS will classify the budget accounts, some of which might be divided to 100 accounts. In other words, the account that used to be for many expenditure types might be divided into more than one account. With the current system, the University can spend on any type of expenditure in the account, even though the fund is approved for a specific form of expenditure in the account. However, GFS will not allow the University to do the same, as every type of expenditure has a different account. Therefore, the University will need to apply for transfer which is criticised for its bureaucracy and long procedures. In brief, GFS is believed to increase bureaucracy, complexity and inflexibility.

"Who said that GFS will increase centralisation and transfer orders? Is he from the Ministry [MoF] or from outside? [I said it is from outside the Ministry] They used to play as they like [with the current system]. They buy anything in the furniture account, but GFS will make them buy what they have ordered from the MoF. This is the reason why I asked if he is from the Ministry or not." MAM1

"I think it [GFS] will increase the accuracy, but it will reduce the efficiency." UMH1

5.2.37 Resistance to the GFS

I have not found any resistance to the GFS. It might be because GFS has not yet introduced in the government units which is expected to resist it. Some interviewees think that there might be resistance from employees, because the budget will be more difficult and complicated. In particular, currently, employees' professionalism is not capable with GFS, but other interviewees claim that training programmes will solve such obstacles.

"Employees have not got used to GFS. They will resist it... There will be some obstacles. If GFS is implemented, you [MoF] will face huge obstacles." MDM1

"There should be training courses for the government employees in order to make GFS succeed." MBH2

5.3 Summary

This chapter is the first stage of analysing data through GT. Data are read and examined repeatedly and carefully to be coded. These codes are compared for similarities and differences to generate main themes that make the open codes/categories. Although these open codes are the foundation of the next two chapters, they are vague enough to not tell the reader a clue of the essence of this research as it is yet the role of the coming two chapters to find specifically the core phenomena and finally the core phenomenon of this study.

Chapter 6: **Axial Coding**

6.1 Introduction

The axial coding stage is not significantly different from open coding stage where the researcher reviews the data and labels (coding) it intensively; rather axial coding is the process “of reassembling data that were fractured during open coding” (Strauss and Corbin, 1998; p. 124). In this stage, a researcher aims to reassemble the open categories that form an axis around the research phenomenon/phenomena in order to present and reflect what is happening. This stage should refine the data in a way to build and show solid and clear categories that have caused, have affected, or are caused by the research phenomenon/phenomena which is discussed in the next chapter. The categories of this chapter are the component of the paradigm model²⁹.

The analysis of a GT study is not a linear process that follows one single direct way from generating codes until developing the emergent theory; rather it is a circular process wherein all three stages³⁰ are working together in parallel, and each one affects the others. Strauss and Corbin (1998) stated that “although axial coding different in purpose from open coding, these are not necessarily sequential analytic steps” (p. 124).

6.2 The axial codes

In this part of the chapter, axial codes are described along with the open codes that have generated every axial code. In some cases a single open code is repeated in multiple axial codes, because these open codes might have an influence to multiple axial codes.

6.2.1 External pressure

This axial code shows the influence of external factors on the University’s accounting system. This code is based on the following open categories: ‘self-interest and power’, ‘internal and external influences’, ‘resistance to NGASs’,

²⁹ The paradigm model is defined and explained in section 7.3.

³⁰ The three stages are open, axial and selective coding.

‘reasons behind the costing system’, ‘factors hindering the PC’, ‘reasons behind the BTEC’ and ‘the factors behind the existence of the GFS’.

The external influence on the University’s accounting system is either to develop it or to keep it as it is. Two types of external influence on the accounting system were found here. The first type is the influence on the accounting system as a whole to be changed or kept as it is. The second type of external influence is on some parts of the University’s accounting system; for instance, to change the University’s budget system.

As stated in the previous chapter, the development of the government accounting system in general and the University’s accounting system is a demand expressed in most of the interviews in this study. Many interviewees in the MoF and GAB expressed their opinions about the need to issue NGASs, which are currently under construction, as stated in the previous chapter. In addition, AAls were found to be one of the significant external factors to change and develop the University’s accounting system and its techniques. For example, AAls are the main reasons behind the calculation of the University’s colleges’ costs and implementation of BTEC. Moreover, IMF and WB have influenced the MoF to implement GFS, which is going to dramatically change the government accounting system, and is expected to produce more and accurate accounting information.

In contrast, it is stated in the above open categories that there are some external barriers to develop or change the government accounting system in Saudi Arabia, in general, and the University’s accounting system, in particular. The previous chapter has shown that there are some interviewees who believe that the government rules that control the University are the main barriers to a development or change in the University’s accounting system or any of its techniques such as a budget system. Moreover, the self-interest of some government bodies such as the MoF and the MoHE is also a barrier to the University experiencing freedom in controlling its accounting system. For example, the University has so far failed to implement PC, whereas it is challenged in its intention to adopt BTEC, as these programs would decrease the control of these regulatory bodies on the University. However, some interviewees thought that these government bodies refuse to give the University its freedom not because of their self-interest, but because the

University is unable and not ready to have autonomy. These issues have been discussed in depth in the open category chapter.

6.2.2 Internal pressure

This axial code presents the internal factors that influenced the accounting system applied in the University. This axial code is presented by eight open codes; these are 'the difficulties of the current accounting system', 'issues of accounting information', 'the negative role of the rules on the University's accounting system', 'self-interest and power', 'internal and external influences', 'resistance to the NGASs', 'reasons behind the costing system' and 'reasons behind the BTEC'.

Based on the previous chapter, the reason most often given to change and/or develop the government accounting system and its techniques is because the accounting system is antiquated, and cannot meet the needs of government units in general and the University in particular. The inability of the government accounting to produce accounting information and the lack of some accounting techniques such as depreciation made accounting change an important action. The University management and colleges are found to be the significant internal factors that are looking to develop the University and gain autonomy and flexibility from the government.

On the other side, some interviewees are satisfied with the government accounting systems, as it meets the government units' needs such as the University. In addition, some of them refuse any development of it or any of its techniques such as the budget system in the government units, because developed accounting systems would withdraw their attention from their essential aim which is providing a service, not making profit or minimising cost. For example, it is shown above how some interviewees claimed that implementing BTEC will withdraw colleges' attention from the academic works which is their key remit/focus. Therefore, a case of new- and old-generation conflicts arise, where the former group are motivated and excited to change to new and developed systems, while the old generations resist any changes that will affect their routines which in many cases have been in place for years.

In addition, it has been stated that there is some resistance to develop the accounting system from interested parties. For example, some interviewees

said that there are some officials at the University do not want the spread of information in the University, as it would limit the control of the University's management over colleges' budgets, and it would make them concede some of their leverages.

6.2.3 The ambition of the University

This axial code presents the open codes that showed the influence of the University's management in general and its rector in particular on its accounting system. These open codes are 'the difficulties of the current accounting system', 'the negative role of the rules on the University's accounting system', 'motivations to have the NGASs', 'the University's endowment account', 'the University ambition', 'reasons behind the costing system', 'problems of the costing system', 'Dynamics behind the PC', 'problems of the PC' and 'reasons behind the BTEC'. These open codes showed two different views about the reasons behind the demand of the University management to develop its accounting system. The first view believes that the University management are dissatisfied with the current government accounting system, as it is unable to meet the University requirements and needs. Therefore, the University is looking for a better accounting system that would make the University processes efficient, effective and economic. Interviewees of this view claim that the University management is seeking and working in developing the University accounting system, as it has applied a developed accounting system for its newly endowment account. Therefore, they think that the University has a successful management that is trusted by the government which might allow it to have autonomy such as allowing the adoption of PC.

In contrast, the other view believes that the University is unable to have such freedom, and it would misuse the public resources, if it is allowed to run itself autonomously. In addition, they claim that the University's management is developing the accounting system just to meet the requirements of external stakeholders. For example, the main reason behind the calculation of accurate cost information in the University is the AAls' requirements. In addition, the Finance Department at the University is currently producing the accounting information that is required by externals such as the MoF and GAB, and only limited information is provided to colleges and decision makers.

6.2.4 The availability of resources

This axial code portrays the influence of the University's resources on the University's accounting system. The meaning of resources here is the financial and non-financial resources, such as the professionals at the University. This code emerged from the following open codes: 'absence of incentives', 'resistance to the NGASs', 'obstacles to the costing system', 'dynamics behind the PC', 'problems of the PC', 'factors hindering to the PC', 'reasons behind the BTEC', 'resistance to the GFS', 'the University's costing system', 'the difficulties of the current accounting system'. These open codes have shown the significance of resources on the University accounting system. For example, the production of costs information in the Finance Department was challenged by the level of professionalism of employees in the department and the absence of incentives to these employees. In addition, the prohibition of incentives to the University and its employees by the government rules have led the University to find other ways to acquire funds, even if it is illegal, in order to improve itself. For example, the University has asked the company that is operating MADAR to pay incentives to the University's employees, since the government rules prevent such incentives.

In contrast, the above open categories have shown that the University has the ability and professionals that enable it to develop its work. They stated that the University has the largest budget among universities, and is trusted at a high government level to approve the validation of any change to be officially approved. Some interviewees claimed that the University can implement a developed accounting system to work in parallel with the current government accounting system.

The previous chapter has shown the increase of accounting information after the University has applied MADAR. In addition, MADAR eased the acquisition of information which is currently more accurate. For example, MADAR has enabled the University to calculate its colleges' costs which was impossible in the previous computer system.

6.2.5 The influence of rules

This axial code portrays the effect of government rules that are imposed on the University, on the University's accounting system. This code is based on

the following open categories: 'the rules applied in the University', 'resistance to the NGASS', 'positive opinions towards the rules', 'factors hindering the PC' and 'resistance to the BTEC'. The previous chapter showed that many rules that the University is following are government rules which are issued by government such as the accounting rules and the rules of academics affairs. Therefore, the University has no right to change, replace or develop them. In addition, some of them are centralised in a way that they have little flexibility, and are controlled by external agencies such as the MoF and the Ministry of Civil Service. Furthermore, it has been shown before the effect of rules on resisting the University's accounting change in general and some programs that would have an effect on the University accounting system such as PC and BTEC.

In contrast, some interviewees from and outside the University stated that the government rules are reasonably flexible and efficient, and its centralisation has many advantages to enable it to achieve the government's and the University's goals. In addition, some interviewees believe that the rules allow the University to apply any accounting system as long it does not contradict the rules.

6.2.6 Regulatory bodies

This axial code is part of the external pressure axial code, but it is separated because of the significant role of the regulatory bodies in the government accounting system in Saudi Arabia in general and the University in particular. These bodies has an extreme influence upon the University accounting system, as some of them are the ones who had issued the government accounting regulations (codes) and other rules that effect the University's accounting system. The open codes that made this axial code are 'the negative role of the rules on the University's accounting system', 'absence of incentives', 'difficulties in implementing an effective budgeting system', 'motivations to have the NGASS', 'reasons behind the costing system', 'dynamics behind the PC', 'the factors behind the existence of the GFS', 'problems of the GFS', 'resistance to the BTEC' and 'self-interest and power'.

In the open coding chapter, many criticisms of regulatory bodies such as the MoF and GAB regarding the accounting system were stated. These bodies were

Accounting in Higher Education: A Grounded Theory of Accounting absence criticised for not developing and updating the government accounting system, and not giving government units flexibility and control over their accounting systems. They are centralised and bureaucratic, as they control most government units, although they do not have the ability to control them. In addition, these bodies are criticised for using unprofessional ways to do its work. For example, the MoF is using inefficient determinants to approve projects of the government units' budgets such as applying the approach of 'leaders' eyes' as a determinant. In addition, the self-interest of some government bodies such as the MoF and the MoHE is a barrier to give the University its freedom in controlling its accounting system. For example, the University has so far failed to implement PC, whereas it is challenged to adopt BTEC, as these programs would decrease the control of these regulatory bodies on the University.

In the above open categories, however, the essential roles of these bodies were shown, as one of its roles is to ensure that the general government goals are met in the government units. In addition, these bodies are believed to help government units such as the University to achieve their aims by helping the government units to do their works, especially, some interviewees believe that government units do not have the ability to achieve their aims. It is stated that these bodies are not centralised or bureaucratic, and they are flexible and efficient. Moreover, these regulatory bodies seek to develop the accounting systems in government units, and to produce more and accurate information.

6.2.7 Introduction of accounting techniques

This axial code aggregates open codes that talked about action and interaction strategies that the University, the MoF and GAB have considered to overcome the defects of the government accounting system. These open codes are 'the University's costing system', 'reasons behind the costing system', 'the PC', 'the BTEC', 'the GFS' and 'the factors behind the existence of the GFS'. It is stated in the previous chapter that the University is proposing three projects which are PC, BTEC and cost accounting that would have a significant effect on the University accounting system. As PC has not yet been successfully implemented in the University, BTEC is partly and unofficially implemented, because of some constraints such as the government rules. However, accurate cost accounting is the only project that has been successfully adopted, and the

University is working to improve it, although all three projects are led by the requirements of AAls.

In addition, the MoF is keen to implement GFS, as it is required by IMF and WB. The effects of GFS are described in detailed in the open coding chapter. One of the main effects of GFS is that it will increase the number of accounts in the government accounting system. Therefore, it is claimed that more and accurate information will be generated from the government accounting system. However, the lack of abilities and professionals at government units are found to pose most resistance to the GFS.

6.2.8 Manipulation of absence

This axial code focuses on the actions that the University has taken to overcome the defects of accounting. This code has little difference from the code 'introduction of accounting techniques', but it is separated just to give more attention to the action of manipulating processes to have accounting present. This code is made by the following open categories: 'the BTEC', 'the University's costing system', 'reasons behind the costing system', 'problems of the PC', 'MADAR', 'Reasons behind adopting MADAR' and 'the defects of MADAR'.

As the University is unable to change the government accounting system, and it wants more and accurate information, the University had implemented MADAR which is one of its aims is to analyse and produce information that cannot be produced from the government accounting. In addition, it is stated in the previous chapter how the University implemented BTEC, when it cannot implement PC, as the government rules prohibit such a program. BTEC is also prohibited, but the University partially and unofficially implemented BTEC. Moreover, the University's Budget Department was ordered to calculate the colleges' costs, as the Finance Department was unable to do that in order to achieve the AAls requirement.

Although all these tools were to overcome the defects of the government accounting system, some interviewees believe that these are only present to satisfy external stakeholders such as the academic accreditation. For example, some people showed resentment toward MADAR, as it does not increase the

Accounting in Higher Education: A Grounded Theory of Accounting absence volume of accounting information produced, because it is designed only to provide information for external official users such as the MoF and GAB.

6.2.9 Preparation of proper accounting

This axial code presents the efforts of regulatory bodies to set and improve the government accounting system. This code emerged from the following open codes: 'introduction of NGASs' and 'the GFS'. In the above open codes, this thesis showed how GAB presented the need for a new and proper government accounting system in a seminar, and it succeeded in gaining approval from the authority to create a new government accounting system. However, it has not yet been issued.

In addition, the MoF has positively reacted to the external pressures by IMF and WB to implement GFS. The GFS program which is for the government budget is believed to make a dramatic change in the government accounting system, because the government accounting accounts are significantly linked to the budget accounts. Therefore, the increase of the number of the budget accounts will increase the number of accounts of the government accounting.

6.2.10 Primitive accounting

This axial code shows one of the consequences of the government accounting that is applied in the University. These open codes that influenced this axial code are 'the status of the University accounting system', 'the difficulties of the current accounting system', 'the negative role of the rules on the University's accounting system', 'the current budget system' and 'the University's costing system'. These codes show the defects of the government accounting system which is ancient and primitive, and it is regulations (codes) not acts (laws). As a consequence, one of its most important and clear defects is that it does not produce the information that the University needs. Therefore, decision makers at the University were forced to build their decisions without many accounting information which is needed in order to have accurate decisions. The issue of not using accounting information is discussed in forthcoming code called 'neglecting the use of accounting'.

In addition, one of the defects of the primitive government accounting system is that it misses some accounting techniques such as depreciation to the

University's assets. The effect of the absence of depreciation was shown in the above open codes as higher insurance quotes the University should have as a consequence. Other information that cannot be produced from the University accounting system is costs information which is required for academic accreditation.

6.2.11 Absence of sufficient accounting information

This axial code presents the consequences of the government accounting in the information production. This code emerged from 'issues of accounting information', 'absence of incentives', 'MADAR' and 'reasons behind adopting MADAR'. During the interviews, the researcher found that many of the decision makers, the University's officials, colleges and departments suffer from the lack of accounting information. They blame the government accounting system for this lack as it is unable to provide them with the information needed. In addition, the dynamic of spreading accounting information, the low level of professionalism among the University's employees and the absence of incentives were blamed for the lack of producing and delivering accounting information.

Some interviewees who stated that MADAR has increased the production of accounting information believe that MADAR has resolved the defects of the government accounting system in terms of information. However, others claim that the quantity of information produced is low, and they are produced only for external stakeholders, as in the case of costs information which is to meet the requirements of academic accreditation.

6.2.12 Neglecting the use of accounting

This axial code shows the effect of the government accounting system on the extent of using accounting and accounting information in the University. This code emerged from the following open categories: 'the status of the University accounting system', 'the current budget system', 'difficulties in implementing an effective budgeting system', 'criticisms to the MoF', 'problems of the costing system', 'issues of accounting information' and 'resistance to the BTEC'. Based on the defects of the government accounting system, the University usually do not use the accounting information in its works. For example, it is stated that the University's budget lacks accounting information,

Accounting in Higher Education: A Grounded Theory of Accounting absence as the University accounting system is unable to provide it with the information needed. As a consequence, the University attaches other types of information that is unreliable and/or not enough with its budget in order to persuade the MoF of its budget. Therefore, the MoF cannot base its judgement on a reliable foundation, as the picture of the University's budget is not clear. Consequently, the MoF tends to use unprofessional ways to accept or reject the University's projects which might be very important.

In addition, the prohibition of change on the colleges' hierarchy by the government rules has led colleges to be unable to have accounting information about their colleges, particularly since the partial implementation of BTEC. Therefore, although colleges currently have part of their budgets, they cannot have accounting or budget departments. Consequently, colleges are left to deal with their accounting works which need professional accountants in order to work efficiently, effectively and economically. Furthermore, the lack of professionalism in the government units has disappointed the MoF which has led to a delay in the implementing of the GFS. The effect of this on government accounting is discussed in detail in the previous chapter.

6.2.13 Manipulation to acquire accounting

This axial code presents how the University seeks to manipulate the accounting rules and the government rules that control accounting in the University by looking for ways to change its accounting systems, although the rules prohibit such change. The open codes of this code are 'the University's costing system', 'reasons behind the costing system', 'the GFS', 'reasons behind the BTEC' and 'the BTEC'. It was stated above how the University implemented BTEC unofficially, because the rules prohibit BTEC. Moreover, although the rules prohibited incentives to employees, the University requested that the MADAR company pay incentives to the University's employees, because the employees had expressed resistance to this work, and the only way to motivate them is by reward them.

The University has also tried to find other ways to overcome the difficulties it experiences in developing its accounting system which are caused by the rules. For example, the University had asked the Budget Department to calculate its colleges' costs, although this job is actually the role of the Finance

Department. Nevertheless, the Finance Department could not calculate the costs for the previous year (2010–2011), because of the lack of professionalism among its staff, although it is calculating the costs for this year (2011–2012).

6.3 Summary

This chapter has combined the related open codes in several abstract axial codes in order to explain their relation and affect to the study's core phenomenon that will be revealed in the next chapter. The axial codes form the cause, affect or consequence of the study core phenomenon; and they are all the components of the paradigm model which is shown in the next chapter. It is important to state that GT analyses' stages are not undertaken one after the other; rather they start and finish almost at the same time. Strauss and Corbin (1998) stated that "although axial coding different in purpose from open coding, these are not necessarily sequential analytic steps" (p. 124).

Chapter 7: **Selective Coding**

7.1 **Introduction**

Selective coding is the final stage of GT analysis process. This chapter reveals the study's core phenomenon, and it relates the core phenomenon to other axial codes which may have caused, affect or consequence the core phenomenon. As suggested by Strauss and Corbin (1990), the paradigm model is used to clarify and examine the relation between axial codes and the core phenomenon. As stated before, GT analysis is not a linear process; rather it is a circular process wherein all three stages are working together in parallel and each one affect the others.

The structure of this chapter is threefold. First, the core category is defined and explained. The paradigm model and its components are shown and discussed. Finally, a storyline is drawn "to condense the whole analysis into [a] few paragraphs" (Ullah, 2012; p. 126) that explain the emergent theory of the research.

7.2 **The core category**

In its abstract form, the core category should build a theory that can answer the GT main question which is; 'What is going on here?' The identification of the core category/phenomenon is not a simple task, although it became clear at the beginning of the data analysis. The difficulty of identifying the core phenomenon lies in the criteria suggested for this task by Corbin and Strauss (2008); they stated that the core phenomenon should be found frequently in the data, should be compatible with the data and should be able to display a consistency that offers an in-depth understanding of the problem under investigation.

The absence of accounting was chosen as the main phenomenon in the case study's accounting system. It is believed to be compatible with Corbin and Strauss' (2008) criteria of a core phenomenon, particularly as it can explain the accounting problem in the case study. Absence of accounting has two characteristics which are explained in the literature review in the next chapter. These two characteristics are the *technical* and *functional* absence of

accounting in the University; both currently exist in the University's accounting system. The technical absence means that accounting does not exist in a tangible form. It was stated in the previous two chapters how some accounting techniques are absent such as depreciation, some accounting information and accurate cost accounting. In the meantime, the functional absence of accounting in the University infers that accounting is not used in the University's daily operations and decision-making processes. In other words, the functional absence of accounting is that the accounting is not taken into account in the University decision making, for instance, although there is accounting in the University. For example, some cases in the University where accounting information is not used for decision making were stated above; some of these relate to financial decisions on projects on the University's budget, among others.

This main category was built based on the following open codes: 'the status of the University accounting system', 'reasons behind the status of the current accounting system', 'the difficulties of the current accounting system', 'issues of accounting information', 'the negative role of the rules on the University's accounting system', 'the current budget system', 'difficulties in implementing an effective budgeting system', 'advantages of the MoF', 'self-interest and power', 'motivations to have the NGASSs', 'resistance to the NGASSs' and 'the University's costing system'.

A storyline is drawn in a forthcoming section in order to explain the core category and to link the core category with factors that surround it; consequently, the storyline is believed to explain the theory of this study. The following section explains how accounting is absent by giving examples of a technical absence and a functional absence that exist in the case study.

As stated in previous chapters, most Saudi government units including the University apply the Saudi government accounting system. This system is a regulation (code) issued by the MoF in 1956. The University only applies the Saudi government accounting system and no other accounting system operates in parallel with it, although the University wants to introduce another developed accounting system. This type of system has brought many defects which are explained next.

In the previous two chapters, the defects of the government accounting system are presented in depth. For example, the government accounting system does not distinguish between revenue and capital expenditures. This makes information generation difficult. This absence of information has meant the University has had to base its decisions on non-accounting information; therefore, accounting becomes functionally absent at the University. In addition, because the government accounting system was introduced in 1956 and has only undergone minor updates since, its accounting efficiency is not up to date, and is not useful for today's needs. For example, it has been stated in previous chapters how the government accounting system is primitive, bureaucratic, and time-consuming, and has detailed, lengthy procedures. This makes it difficult for the busy Finance Department at the University to produce accounting information. The researcher has shown how the Finance Department was unable to calculate the colleges' costs, as the government accounting system was not able to produce such information, and as it was busy with the lengthy and bureaucratic procedures of the government accounting, the Budget Department undertook the calculations for them. Another example of the absence of technical accounting is the lack of some accounting techniques such as accurate cost accounting and depreciation.

This study has concentrated on two accounting techniques which are the University's budgeting and costing systems in order to gain a deeper understanding of accounting in the case study rather than to just understand accounting in general. This has helped the researcher to explore the flow and the processes of two large and important accounting techniques in the University.

As stated in the open coding chapter, the University budget has a shortage of accounting information and statistics; these are urgently needed to support the University's demands. It is claimed that the government accounting system is unable to produce such information. This weak budgeting system works as an obstacle to the University being able to persuade the MoF of the University's budget. In the meantime, the absence of accounting information in the University's budget makes the budget unclear to the MoF. Therefore, the MoF uses other ways and tools to assess the University's budget; however, these are criticised as being unprofessional and sometimes unfair. For example, it is claimed that the MoF approves projects that high-ranking officials such as the

King would be interested in or would passed by it, but the University cannot prove this claim as these projects do not have enough information to identify those have priority and those that have less importance regardless to accounting information that might clarify a one project is better than the others.

In terms of cost accounting at the University, it was stated in the open coding section how costs were allocated to three cost centres which divide students to three types. This information was not used by the University as it is inaccurate and unrealistic, but it was produced to meet external requirements such as the requirement by the MoF. However, the University worked to improve this calculation by changing its computer system and increasing the cost centres, which are now the colleges. This information is now used for decision making, as it is reliable and represents the real costs.

In conclusion, the above statements show that accounting is absent in the University, although it has some sort of accounting or elements of accounting. This section distinguishes between two characteristics of accounting absence which all do exist in the case study. The first characteristic which is called functional absence is the absence of the use of accounting for daily operations in the University. However, the second characteristic which is called technical absence is the absence of accounting techniques which do not exist in reality. For example, the study has shown that all colleges and departments at the University have no individual accounting department, as the government rules allows only one central finance department in the University's main office.

7.3 The paradigm model

The paradigm model is an important means of showing and describing the relationship between the core phenomenon and factors, strategies and consequences that are interacting, as shown in figure 5. Moreover, it explains the GT main question: 'What is going on here?' Corbin and Strauss (2008) defined the paradigm model as an "analytical strategy for integrating structure with process" (p.87). The axial codes in this study present the causal and intervening conditions, action and interaction strategies and consequences that explain, with the core category, 'What is going on here?' Next, causal and

Accounting in Higher Education: A Grounded Theory of Accounting absence
intervening conditions, action and interaction strategies and consequences are defined, and axial codes are allocated to them.

7.3.1 Conditions

The conditions are the main factors that have led to the action/interaction strategies, and they have led to the existence of the core category in the first place. Strauss and Corbin (1998) defined conditions as “sets of events and happenings that create the situations, issues, and problems pertaining to a phenomenon and, to a certain extent, explain why and how persons or groups respond in certain ways” (p. 130). A straight line between the causal and intervening conditions is problematic, because a condition can be causal and intervening at the same time. However, the next two sections define causal and intervening conditions, and identify their features and the factors that contribute to their presence.

7.3.1.1 Causal conditions

Causal conditions are those factors that construct the core category, and enable it to continually exist. Strauss and Corbin (1990) defined causal conditions as “events or incidents that lead to the occurrence or development of a phenomenon” (p.100). The causal conditions of this study are ‘resources’, ‘regulatory bodies’ and ‘the rules’. Although ‘external pressure’ has a role as a causal condition, it is stated in the axial coding chapter that the condition, ‘regulatory bodies’, is taking the ‘external pressure’ causal condition role.

7.3.1.2 Intervening conditions

Intervening conditions are those factors that lead to action/interactions strategies taking place, or constrain them from taking place (Strauss and Corbin, 1990). The intervening conditions of this study are ‘external pressure’, ‘internal pressure’ and ‘the ambition of the University’. A description of how the model is working will be shown after the axial codes are positioned according to their type in the model.

7.3.2 Action/interaction strategies

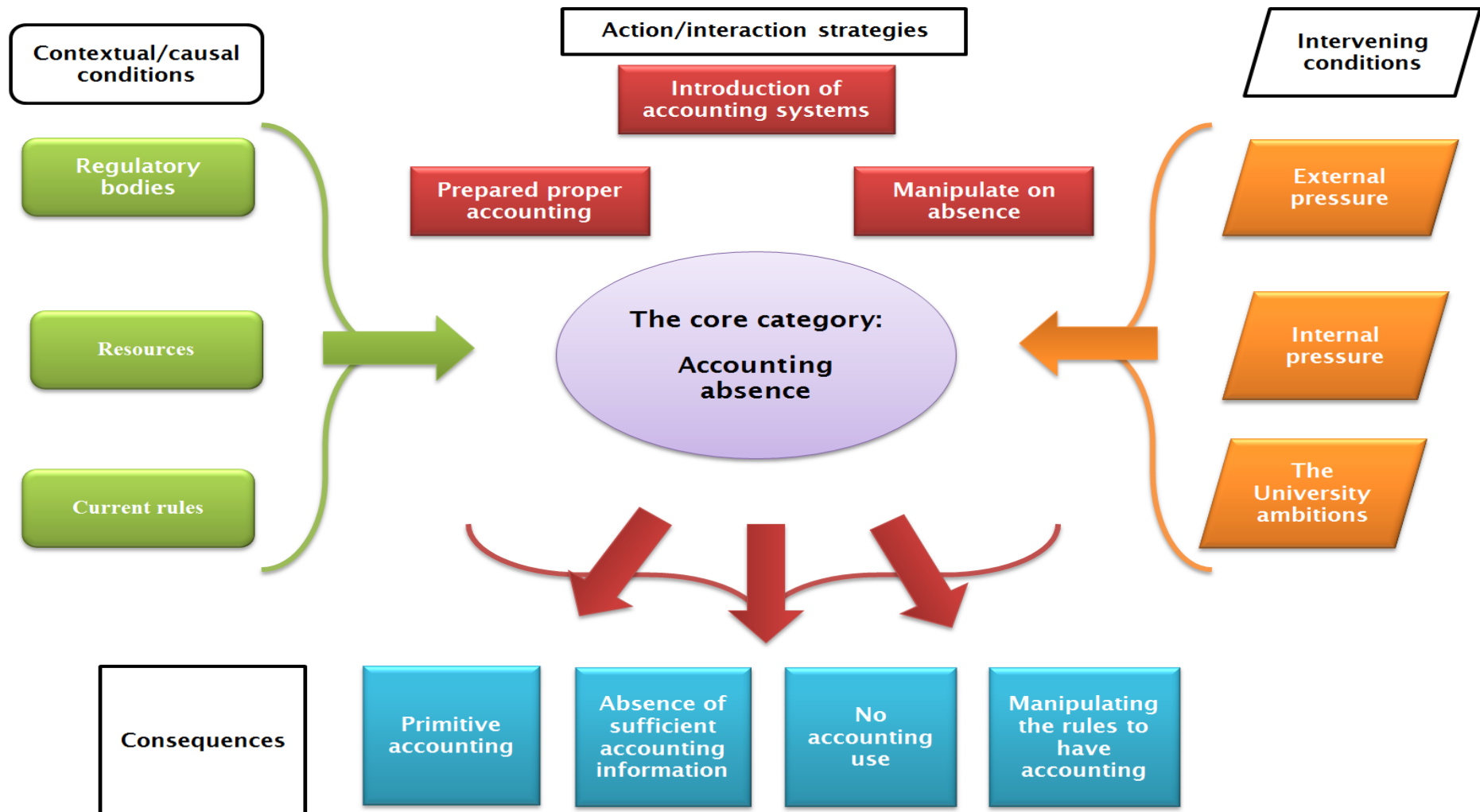
Action/interaction strategies are those actions that are done in response to the main (core) phenomenon. These strategies usually aim to change the main

phenomenon or seek to overcome it. The action/interaction strategies that were found in this study are 'introduction of accounting techniques', 'manipulation on absence' and 'preparation of proper accounting'.

7.3.3 Consequences

Consequences are those that result following application of, or failure to apply, the above strategies. The consequences of the interplay between the core category and strategies and conditions are 'primitive accounting', 'absence of sufficient accounting information', 'neglecting the use of accounting' and 'manipulating to have accounting'.

Figure 5: The paradigm model



7.4 The Storyline

A storyline for a GT case study is recommended, as it helps to link the component of the paradigm model, and to generate and validate the core category. Strauss and Corbin (1990; 1998) claim that the storyline method would generate the core category/ies. In this section, a story of this thesis is presented as it answers the GT main question: 'What is going on here?' This story shows the case of the core category and the interaction between the core category and the other paradigm models' components.

The last two chapters have shown how accounting absence was led and supported by some negative national cultural practices that are applied from outside and inside the University. For example, there are criticisms of the overlapping government rules that are enforced on the University which encounters difficulties in dealing with such centralised and contradictory rules and regulating bodies such as the MoF and the Civil Service Ministry. These rules and regulations and controlling government bodies are described as centralised, in much the same way as a father deals with his children's affairs. For example, the MoF needs to check, monitor and approve all the University's budgetary components which, consequently, generates a lack of trust in the University to manage its affairs. In addition, this study has shown that there is a lack of sustainable plans that are applied within the University departments regardless of the personalities of the managers of these departments. This study found that there is a culture within the University that allows new managers to restructure the department plans when they take over the running of these departments.

The Saudi government accounting system was produced by the MoF in 1956. Since then the government accounting system has not undergone any significant changes. Therefore, it remains an antiquated system that does not cope with current needs. In addition, defects of the government accounting have been stated before in this thesis; i.e. it is bureaucratic and does not produce the required information that is required by decision makers.

In addition, accounting absence is fuelled by the lack of coordination between the University departments. Some decision makers in the University criticise the lack of cumulative communication between the University departments to

exchange information that is essential for decision making. However, the University introduced MADAR, where one of its aims is to link most of the University departments through a computer software package in order to exchange information between them. Nevertheless, interested agents within the University resist information flow from their departments to others as such information is regarded as reflecting the power they hold.

In this study, the researcher has focused on the budgeting and costing systems in the University in order to establish a deep understanding of the accounting in the University. It has been shown that the absence of some accounting information has led the University to produce unconvincing budgets to the MoF, which in turn is criticised for its centralisation and lack of professionals and ability to review all government units' budgets. The public budgeting system in Saudi Arabia has many defects, one of which is that the approval of government units' budgets by the MoF is not based on effective and efficient standards. For example, the MoF approves some projects not because they are particularly of benefit, but because they are scrutinised by the country's leaders. Hence, the MoF will approve these projects that the King is interested in or is going to visit, representing a situation referred to by the researcher as 'leaders' eyes'. Furthermore, another example of the budgeting defects is that the MoF may manipulate the budget by accepting or refusing requests for project budgets based on the national interest; for instance, it may reduce revenue expenditures in contrast to capital expenditure to increase the percentage of the latter. The MoF are criticised for making unexplained reductions which might be regarded for the lack of accounting information that to justify the University demands; therefore, the University tends to exaggerate the cost of projects in the budgets to avoid any unreasonable and illogical reduction by the MoF.

Furthermore, the University wishes to have its autonomy and full control over its budget, but the government rules that govern the University do not allow the University's colleges to have an independent budget. Moreover, the government rules prohibit any college from having its own budget or financial department, as any change in the colleges' hierarchy should be ordered by Royal Decree. These rules which are imposed in the University are recognised as the main barrier to any change in the budgeting system at the University.

Regarding the cost accounting at the University, the University did not produce any cost information apart from arbitrary cost information that is for external use. This information was not being used internally by decision makers, because it was not entirely accurate information, and does not portray the real costs. Recently, in order to comply with the AAIs requirements, one of which is to calculate cost information accurately, the University established a committee to produce this information by adding colleges as the cost centres rather than having only three arbitrary cost centres. Moreover, the University has developed its computer operating system (MADAR) in order to calculate and produce cost information for the upcoming years. Interestingly, the researcher found that decision makers at the University have become interested in knowing this information, and they showed its potential use and importance for decision making.

It has been shown above that many interviewees in the University are looking to develop and/or change the accounting system in the University. However, at the time of data collection, the researcher did not witness any movement in the University to change the accounting system or to apply a developed accounting system to work in parallel with the government's accounting system. Nevertheless, the MoF and GAB seek to develop the government accounting system, and they are working to issue a new and developed government accounting system that copes with current needs and external requirements from bodies such as the IMF and the WB. However, the NGASSs have not yet been issued or applied, even partially. This might be because there are no resources such as professionals that would help to successfully apply a sophisticated accounting system in government units.

Although the researcher did not witness any movement in the University to replace the current government accounting, the University is significantly motivated to change the budgeting and costing system. The University has introduced a program called PC, the main focus of which is to dramatically change the University's budgeting system which would change the government accounting system, as a consequence. The reason the University worked to apply PC which focuses on the budget system rather than directly changing the government accounting system might be because the budget is the main source of the University's incoming funds, and if the University does not have autonomy over its financial resources, most of its development plans would

Accounting in Higher Education: A Grounded Theory of Accounting absence not succeed. However, PC has never been approved, and it has not yet been applied, mainly as a result of the government rules and interested parties who do not want to relinquish their power over the University, and because of conflict between the new and old generations within the University and regulatory bodies who do not believe in new methods of regulating government units. As a result, the University introduced the BTEC programme which is supported by the accredited institutions in the same way they support PC. BTEC is discussed below.

The BTEC program aims to give every college full control over its budget. The ambition of the University to be distinctive and the AAIs requirements are the main factors that have led to the introduction of BTEC. However, the government rules, interested parties and lack of resources are the main constraints to applying BTEC. Therefore, the University had to decouple these constraints and apply BTEC unofficially and informally by manipulating the government's rules which prohibited colleges from having their own budget, in order to meet the AAIs requirements. The colleges currently have some control over some accounts which can be spent by the colleges, but only unofficially, as all official documents should show that the University central is the one who spend these accounts. As a result, BTEC is partially applied, but in an unofficial way, as interested parties, and government rules in particular, constrain BTEC.

In addition, the MoF which is highly criticised because of its centralisation, unreasonable methods of approving government units' budgets, and, in general, dealing with government units within a 'fatherhood' model is also looking to change the budgeting system. The IMF and the WB are the main factors that support the change to apply GFS which is believed to have a significant influence on the government accounting system in Saudi Arabia. GFS will increase the categorisation and the number of accounts in the budget which have the same accounts as in the government accounting system. The increase of accounts is believed to make the production of information easier, and make any information clearer and useful as it is less likely to be purely arbitrary information. GFS has not yet been applied in Saudi Arabia, despite the external pressure by IMF and WB and the support from the MoF which is a regulator and powerful party.

In conclusion, this story has shown the core category of this study, which is the absence of accounting in the University and its interaction with the paradigm model's components in a form of a story line. It showed how there were some strategies in place to overcome this phenomenon; i.e. the introduction of BTEC and GFS. These strategies were supported and/or constrained by conditions that were explained above such as the government rules and external pressure. In addition, this story showed how some strategies to change the University's accounting system were successful, such as developing the cost accounting. However, other strategies were only partially successful, as they were not fully applied. One such strategy is the BTEC program. In contrast, other strategies have not succeeded or been applied yet, as significant resistance from some conditions does not allow the application of these strategies, such as PC and GFS, although there is significant motivation at the intervening conditions to apply them.

7.5 Summary

This chapter is the final stage of the GT analysis. The core phenomenon has been revealed, and axial codes are assigned to the paradigm model as conditions, strategies or consequences. The research's emergent theory was explained in a story line to ease the understanding of the relationships between core phenomenon and axial codes and between the axial codes themselves.

Chapter 8: The Emergent Theory within the Extant Literature

8.1 Introduction

As stated in the introduction of chapter 2, the main review of the literature on GT studies is undertaken after the emergent theory is developed from data, in contrast to mainstream methodologies, where the literature leads and constrains the data, analysis and findings. Therefore, GT researchers are expected to visit the field without any influence from the literature in order to capture, reflect on and answer the GT main question. ‘What is going on in the field?’ Strauss and Corbin (1998) stated that “a researcher does not begin a project with a preconceived theory in mind ... Rather, the researcher begins with an area of study and allows the theory to emerge from the data” (p. 12). However, Anselm Strauss and Juliet Corbin³¹ understood that it is rare for a researcher to go into the field with no prior influence that will affect the research in some ways. Strauss and Corbin (1998) further added that

the researcher brings to the inquiry a considerable background in professional and disciplinary literature. This background may be acquired while studying for examinations or simply through efforts to “keep up” with the field (p. 49).

Interestingly, this prior knowledge should not be regretted or contradict with GT, as it should be “used to enhance, rather than constrain, theory development” (Strauss and Corbin, 1998, p. 49). Consequently, a general and brief review of prior studies on accounting in HE was undertaken in chapter 2. The aim of this chapter was to carry out an in-depth review of the literature in order to compare and position the theory, which was introduced in the selective coding chapter, against the extant literature.

Hence, the aim of this chapter is to compare and position the theory and the core category of this study with the extant literature. Only a very limited number of studies on accounting absence were found in the literature. They were subjected to a rigorous review in order to overcome the lack of prior studies. The researcher believed that it would be of benefit to this study to

³¹ Anselm Strauss and Juliet Corbin are the main writers on GT.

refer to as broad a range of studies as possible on accounting in higher education as in chapter 2.

The first part in this chapter explains the importance of studying absence, following which it explores the definitions and types of accounting absence that have been found in the literature in order to compare these with the definition of accounting absence that this study has adopted. Following the introduction to accounting absence, the next section presents studies that explain the nature of accounting absence, particularly in HE, and these are followed by an explanation of the nature of accounting absence based on studies in the literature. The second part of this chapter compares the conditions, strategies and consequences of this research with the extant literature to build a formal GT for accounting absence. The formal GT is the third and last part of this chapter.

8.2 The importance of studying the absence of accounting

This section shows the importance of studying accounting absence as it is believed to contribute to accounting literature. Only a limited number of studies have investigated accounting absence (e.g. Belal and Cooper, 2011; Bougen *et al.*, 1990; Rasyid, 2008), although Choudhury (1988), one of the first in the accounting field to shed light on accounting absence, wrote about the importance of studying this phenomenon. Choudhury (1988) called on accounting researchers to study and explain “what is not happening as well as what is” (p. 551). He claimed that the absence of accounting has the same richness as the study of accounting presence; moreover, it is believed that the study of accounting absence would also tell us more about accounting presence (see also Catasus, 2008; Munro, 1995 and Rasyid, 2008). Choudhury (1988) further stated that “like the Holmesian dog that did not bark, the absence of accounting may tell researchers a lot about the nature of accounting and its existence.” (p. 550). Moreover, Jacobs and Kemp (2002) posited that exploring accounting absence will give a better understanding of the fundamental question, ‘why do we do accounting?’ Scholars (e.g. Catasus, 2008; Choudhury, 1988 and Rasyid, 2008) suggested that understanding the characteristics and social and environmental factors surrounding the absence of accounting enriches the accounting literature and nature of accounting.

These scholars are more or less contending that a theory explaining the characteristics, social conditions and environments surrounding accounting absence is needed to, first, understand accounting absence and, second, to understand accounting, in general. The researcher is confident that the theory of accounting absence that this study suggests will enrich the accounting literature and the nature of accounting.

Scholars have questioned whether accounting absence be regarded as a defect. Choudhury (1988) classified the need for accounting in an entity into three levels; need-, awareness- and possibility-based. Whilst most normal profit-seeking organisations generally need accounting, others view accounting as a tool that makes them aware of or gives them some financial possibilities that would not necessarily have an impact on their decisions. For example, decision makers do not pay much attention to accounting in some inevitable projects such as defence or medical projects, where accounting is perhaps undertaken for nothing more than to raise awareness or to open up possibilities. Consequently, the absence of accounting might, therefore, be a positive situation (see also Catasus, 2008). Jacobs and Kemp (2002) challenged the so-called assumption that accounting is inevitable. They stated that “by further exploring absences we challenge the assumption that accounting is inevitable and therefore a universal good”. In addition, Bougen *et al.* (1990) added that “the appearance of accounting, the role it plays and its social receptivity too frequently are taken for granted”. For example, Rasyid (2008) showed how the focus on producing quality products has distracted management from the importance of accounting, in the sense that information on its costs, for instance, is not relevant to the decisions related to the product. Roberts (2012) showed how ignorance might be beneficial and intentional in order to, for instance, preserve stability. She claimed that the organisation might find its way regardless of its ignorance of the unknown which, in this study, is accounting. In another words, the unknown about something might not be a negative point in an organisation, as it might achieve its aim without access to the unknown. Roberts added that

managing the unknown is not merely about eliminating ignorance through learning and new knowledge production. Within organizations, ignorance may be used in various ways, including: to preserve stability and working practices, to economize on cognitive resources through specialization, and to stimulate innovation. In the external environment, business organizations seek to manage the ignorance of their

competitors through trade secrets and to exploit the ignorance of customers through the supply of products and services designed to allow them to either overcome, or live happily with, their own ignorance. Indeed, ignorance can be used as a strategic ploy to retain and develop markets (p. 12).

The claims of Roberts (2012) conform to the view of some interviewees who believe that accounting is not relevant to the University as the University is not a profit seeker, and it provides services regardless of their costs. Therefore, based on Roberts' (2012) above typology, accounting absence may not be a negative feature of the University if such accounting information has no effect on the University's management and decision making processes, as it is a public institution that is providing services to the public regardless of cost. Based on the classification proposed by Roberts (2012), the University case based on some interviews' views shows 'ignorance of the unknown' (that is, it ignores accounting activities that University staff do not know about] in order to achieve] in order to achieve what is required by the University, regardless of what accounting information is shown. For example, Rahaman (2010) found out that the public sectors in emerging countries focus on providing services regardless to their costs. Other studies have found that accounting was absent, because using such information for decision making in HE institutions is believed to negatively affect the essence of education (see section 2.4.8). Consequently, accounting absence might not be always a negative issue.

On the other hand, the absence of accounting might be a consequence of the ignorance over the potential positive impact of accounting for the organisation (see for example, Jacobs and Kemp, 2002 and Belal and Cooper, 2011); in these cases, the absence is regarded as negative (Catasus, 2008; Choudhury, 1988; Jacobs and Kemp, 2002). For example, Belal and Cooper (2011) found that the lack of awareness of the potential benefits of applying CSR in their case studies has led to the absence of CSR. In addition, Bougen *et al.* (1990) claimed that the reasons for the accounting absence are not because of dissatisfaction with accounting information; there may instead be some factors which resist the existence of accounting. In the context of this study, and based on the theory of the researcher, accounting absence may be a positive or a negative situation. On one hand, the University is a public university that receives its funds from the government, where accounting information might not influence its proportion of funds, and the University is also a service provider that will provide its services regardless of what accounting

Accounting in Higher Education: A Grounded Theory of Accounting absence information indicates. Therefore, accounting absence might be regarded a positive situation. On the other hand, internal and external factors in the University impose significant pressures for the presence of accounting. For example, academic colleges require the disclosure of resource allocation information. In addition, AAls push for the existence, amongst other factors, of accurate cost accounting and BTEC; consequently, accounting absence is a negative situation. Finally, it is stated that the presence of accounting would improve the University in many ways; one way in which this could be achieved is that it justifies the University budget which suffers from a complete lack of acceptable justification, including accounting ones.

8.3 Definition of accounting absence

After reviewing the literature, it was not possible to pinpoint a clear definition of accounting absence, as the meaning of 'absence' differs from one study to another. This section, therefore, previews the meaning and definition of accounting absence, and it explains the two types of accounting absence; technical and functional absence. Thereafter, it identifies the definition and type/s that this study has considered. On studying accounting absence, the first question raised is what the meaning of 'accounting absence' is, particularly when the study is not only concerned with the technical absence of accounting. Rather, it studies the absence of the use of accounting such as neglecting the use of accounting information for decision making. Accounting absence is sometimes conceptualised as the technical absence of accounting (e.g. Belal and Cooper, 2011; Jacobs and Kemp, 2002; Skæbærk and Melander, 2002). Some studies consider the absence of accounting as the absence of the functions, effect and role of accounting (Catasus, 2008; Choudhury, 1988).

Interestingly, the Cambridge Dictionary gave two definitions of absence; one appears to refer to *technical* absence, while the other appears to refer to the *functional* absence. The Cambridge Dictionary regarded absence as a technical absence, when it is says "[absence is] the fact of not existing"; however, it regarded absence as a somehow functional absence, when it defined absence as "the fact of not being where you are usually expected to be". However, Rasyid (2008), Roslender (1992) and Bougen *et al.* (1990) defined accounting absence as a functional absence. For example, Rasyid (2008) defined accounting absence as "the un-present of accounting-in-action" (p.1).

Roslender (1992) distinguished between accounting and bookkeeping which is merely the recording of transactions. However, he considered accounting to be concerned with the communication of the financial state of an entity. Bougen *et al.* (1990) described it as “how accounting was what it has not become” (p. 150).

Furthermore, some of these studies combine the two types of accounting absence. Choudhury (1988) who adopted this approach stated that

they [researchers] will ask themselves: “Why do we find no accounting here? The answer is likely to be embedded in not merely the technical but in the shared meanings and socio-culturally constructed realities of organisational participants (p. 552).

However, Choudhury (1988) defined accounting absence as “where accounting was expected but is not” (p. 549). On the other side, Catasus (2008) referred to accounting absence as the technical absence of accounting. He defined accounting absence as the “absence relates to those properties of accounting that are missing” (p. 1009). Munro (1995) defined the presence of accounting as being when “accounting is reported financially, attends to more than specific areas and is characterised by systematic routines”. Therefore, Munro (1995) clarified that any presence of accounting that does not match his above definition – which is technical and functional presence – is regarded as accounting absence.

To conclude, the definition of accounting absence is not yet clear in the very limited extant literature; therefore, it is difficult to select one of the extant definitions, as they still do not reflect the whole picture and meaning of accounting absence. This study defines accounting absence as the technical and/or functional absence of accounting. Therefore, as accounting is regarded to be absent, when it (or any of its techniques) is not ‘there’, it is also absent when accounting is not functioning in a setting regardless of being technically present.

8.4 The technical and functional absence of accounting studies

This part reviews studies that have investigated the technical and/or functional absence of accounting; their findings are then compared with the emergent

theory that is postulated later in this chapter. These studies explained the nature of accounting absence, and identify interesting factors for or against the absence of accounting. These factors are compared with the factors that are found in this current study's theory, but the comparisons drawn are examined later in this chapter for reasons of presentation. Some studies have looked at the technical absence of accounting, not the functional absence of accounting. For example, Belal and Cooper (2011) studied the technical absence of corporate social responsibility (CSR) reporting in Bangladeshi companies by interviewing 23 senior corporate managers. They suggested that the lack of awareness of the potentiality of CSR by their case studies, and the lack of legal requirements, in addition to the perception that CSR is a costly and unneeded system for such small businesses, have resulted in CSR being technically absent from these case studies. Jacobs and Kemp (2002) studied the absence of accounting (which in fact had never existed) in three firms. They found that the absence of external requirements of accounting was a main factor in the absence of accounting in their case studies, as in these cases, accounting was not perceived as necessary. However, Jacobs and Kemp (2002) discovered the literacy is also a main factor for accounting to be present. Skæbærk and Melander (2002) investigated the influence of powerful interested groups on ignoring or dispensing with accounting during the privatisation process of a government-owned ferry company. The perceptions of the importance and potentiality of accounting as reported in their case study were not absent, but the interest of a small, powerful group which controls the government's critical resources, and has strong networks and relationships, has constrained the technical presence of accounting in the company. The current study has shown the conditions that facilitate and/or resist the technical absence of accounting in the University; e.g. external pressures and government rules. In fact, these factors, particularly the external ones, have a significant influence on the absence and presence of accounting in the University. For example, government rules are found to oppose some accounting techniques such as depreciations in the University's assets. The internal factors are also significant. For example, the University has reached a stage when the BTEC programme is nearly fully and formally implemented, because the University has the ambition to achieve academic accreditation, which requires such a programme to be in place. However, this section does not focus on the factors that enable or constrain accounting absence, but it

only shows how accounting is technically absent in the University. These factors, and others, are discussed later in this chapter.

In addition, other studies have investigated the functional absence of accounting such as those of Alawattage and Wickramasinghe (2008) and Ballas and Tsoukas (2004). Alawattage and Wickramasinghe (2008) looked at the political hegemony over accounting in Sri Lankan tea plantations. Accounting was not used for developing and controlling the plant, and it was not a feature of the daily operations of the plant; rather, accounting information was produced for external reporting and political benefits. When Sri Lanka was a colony, the colonists had brought foreigners from another colonial country to work and live in Sri Lanka. These ethnic people were treated as a second-class group, which fuelled a civil war. This form of political treatment and controlling is still used by the plant rather than using accounting as a control tool (Hopper *et al.*, 2009). Alawattage and Wickramasinghe (2008) stated that

the roles of accounting have been confined, on the one hand, to the reproduction and representation of everyday practices of 'the nature of tea-making' and their hegemonic control and, on the other hand, to information processing for financial control and external reporting (p. 293).

Therefore, accounting was present technically in order to provide external stakeholders with financial reports; however, accounting was absent from being used for controlling the plant – rather the plant tended to exert control by the application of cultural tools.

Furthermore, Ballas and Tsoukas (2004) who studied the absence of accounting in the Greek health system found that politics has played a primary role in controlling the health sector, whereas accounting plays a secondary role. They regard this secondary role as a result of

the historically high politicization that has characterized the Greek political system has tended to overshadow the economic-cum-managerial dimension of running public bureaucracies, favouring overtly political evaluation criteria of organizational and individual performance (p. 661).

They found that relationships with politicians and general relationships would grant legitimacy to the Greek health system, while accounting would not. In the case of the current study, functional absence of accounting is noted. For example, politics and governor bodies have a significant impact not merely on

Accounting in Higher Education: A Grounded Theory of Accounting absence the functional absence but on the technical absence of accounting. For example, the notion of 'leaders' eyes' found in my study is regarded as being more influential in the decision of the MoF on the University's budget than the accounting information and financial justification that is contained in budget requests. Therefore, accounting was technically there, but it is not functioning, as the MoF is not using its information in a rational resource allocation processes.

Another study on the functional absence of accounting is by Bougen *et al.* (1990) who examined the presence and absence of accounting information in the coal industry in the UK during two periods – the 1870s and the beginning of the twentieth century. Accounting was actively involved in the employees' wages negotiation meetings between the coal companies and miners' unions in the first era, while it was neglected in the second era. Bougen *et al.* (1990) suggested that this absence of accounting "cannot be explained by some dissatisfaction with the calculative deficiencies of accounting. Rather, it is only by examining the problems and priorities of the participants actively involved in the situation" (p. 149). It was suggested that accounting had brought information that was politically sensitive to powerful participants of the wages negotiation meetings. There are numerous cases of accounting being functionally absent in the current case study, where accounting information was not provided in order for the University management to make decisions freely. For example, the University management hides information on the budget allocated to colleges from other colleges. This point has been raised by interviewees in colleges who claimed that the University management hides some accounting information in order to have greater freedom on how much the management wants to allocate to each college. This action is believed to be taken in order to reduce conflicts among the colleges, and between colleges and the University management, if the former was to become aware of other colleges' proportions of the budget. In addition, a similar case emerged in the negotiation between the MoF and the University over the latter's budget. Some interviewees have stated that the MoF is not interested in any data including the accounting ones, because the MoF has its own criteria and determinants against which to accept and/or reject projects in the University's budget.

Similar to this research, one study that looked at both the functional and technical absence of accounting was undertaken by Munro. Munro's (1995)

case study which is called Bestsafe is a “highly successful organization where management accounting control is conspicuously absent” (p. 434). Bestsafe suffers from some primitive accounting techniques, as Bestsafe aggregated some numerical information such as the amount of work done, and reported it to the management; however, Munro (1995) did not recognise this as accounting. He claimed that statistics that are not turned into financial numeric do not reflect accounting. Munro (1995) stated that, “Specifically, Bestsafe did not use budgeting for forecasting, authorization, planning and management control” (p. 445). In addition, information on other accounting techniques was neglected by the case study’s management. This study’s core category is similar to that in Munro’s case study which has some accounting techniques that are completely absent. These absences show what the literature refers to as a technical accounting absence. In addition, the functional absence in this case study is present as accounting information, for instance, is significantly neglected in many of the decision-making processes, and it is also absent in the University’s colleges and a significant number of departments. Therefore, the accounting absence investigated in the current study includes both *technical* and *functional* absence.

8.5 Accounting absence on studies in HE

It is not unexpected that only two studies have focused on accounting absence in HE, if the area/discipline of accounting absence has, in general, not yet been studied in sufficient depth enough to explore its nature. The only studies found on accounting absence in HE are by Pettersen and Solstad (2007) and Tsamenyi *et al.* (2008). The former studied the absence of the use of accounting in a Norwegian university by key decision makers. In fact, in this case study, accounting was present technically and in a developed format, but the use of accounting information was limited. Accounting information is merely used for some administrative tasks, while accounting is absent from the university’s main academic works of which the university head office is part of. Accounting information is produced for two types of stakeholders; externals such as funders and those that give the university legitimacy, and administrators for some administrative tasks. However, the university, in general, is applying cultural and other academic professional norms and values to manage the university rather than using accounting information for decision

Accounting in Higher Education: A Grounded Theory of Accounting absence making and management. Some academics who are also decision makers do not receive accounting information, while others cannot interpret and understand accounting information as they do not have the financial background. Pettersen and Solstad (2007) stated that,

The cost per credit or student/courses was completely unknown, and decisions on resource consumption are taken without relevant cost information. We found that there were different cultures which exist inside the institutions ... accounting was considered as a necessary evil in the academic world (p. 148).

Moreover, Pettersen and Solstad (2007) claimed that the way the university exercised control is through a clan-style of management where communal value bases of control are used to allocate responsibilities to workers rather than responsibilities being allocated to individuals, as is the case in the market-style of management (Ouchi, 1979). For example, Pettersen and Solstad (2007) found that the university is using accounting to gain legitimacy from external bodies that require accounting information, and the university sometimes manipulates this to gain legitimacy. They stated that there is a loose coupling situation in the university, as the budget which is based on accounting is different from the actual budget which is based on academic norms and culture. A similar situation has been found in the case under study in this research, when the University introduced BTEC not to develop accounting practices in the University but to satisfy AAls. BTEC was not permitted by the laws regulating the University; therefore, the University had to apply it informally, while formally the University follows the government rules. This has led to a situation of decoupling³² in the University. However, reflecting the findings of Pettersen and Solstad (2007), the Saudi government accounting, in general, and the University, in particular, are found to sometimes neglect the use of accounting. For example, the University management ignores accounting information for decision-making. In addition, it is claimed that the University's budget formats do not require much accounting information that can help *demanders* to justify their demands and *deciders* to approve demanders' demands.

³² Mzenzi (2013) explained the meaning of and differences between decoupling and loose coupling by saying "The literature offers different but closely related interpretation of the words 'loose coupling' and 'decoupling'. Loose coupling is when the external and internal structures/procedures are different but are closely interdependent while decoupling is when the internal and external structures/procedures are distinct and separate (Basu *et al.*, 1999; Fogarty and Rogers, 2005)" (p. 188).

The second study on accounting absence in universities investigated the absence of accounting control tools. The case study, which is a family-owned university, is using social and cultural values to control rather than accounting which exist for external legitimacy purposes. Tsamenyi *et al.* (2008) stated that

Formal accounting appears to exist for ritualistic purposes, as most decisions are made with little regard for formal accounting data. For example, formal budgeting systems were rarely followed in practice. Also, the creation of the internal audit control department was mainly to satisfy the Education Ministry's requirements (p. 71).

The university put its trust in the ethics of its employees and the cultural values, which provide the needed control, while no attention was given to accounting techniques such as performance measurements. For example, the power in the university lies in the hands of the elders, even if the elder is hierarchically lower. The CEO was older than the head of the foundation who had to obey the former guidance. Another example is that the culture of the ethnic group of the university gave the CEO the authority to remain highly centralised, and not open to question over his decisions. This study has found many norms and values that are taken as managing and controlling tools of the University such as the consideration of 'leaders' eyes' on decision-making rather than accounting information.

8.6 The nature of accounting absence in extant literature

This section discusses studies that explain the characteristics of accounting absence. In a study evaluating the Saudi government and private accounting systems, Al-Rehaily (1992) stated that Saudi rules in general and accounting rules in particular are inadequate. Many scholars, who have studied the Saudi government accounting system which is applied in the University, concluded that it has been influenced by the foreign experts who have constructed it; in addition to those foreigners who worked in Saudi Arabia for decades, while there were very few qualified Saudi accountants working in the field (Alsharif and Alimam, 2002). These foreigners are blamed for having influenced the Saudi accounting system by implementing norms, rules and routines that are not appropriate to the Saudi context. Algaber (1995) stated that

the government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

In addition, Al-Odan (1979) stated that “the system that exists today is, in fact, a conglomerate of systems derived from many countries” (p. 28). The claim that the government accounting system is inadequate and does not meet current needs, and as a consequence is functionally absent, has been shown previously in this study. Al-Rehaily (1992) claimed that the government accounting system has never been updated since its first release. He stated that “the government accounting guidelines and system of classification of accounts which were established in 1956 are still used today, with very little amendment.” (p. 290). In addition, Algaber (1995) believed that the government accounting is outdated and primitive; he wrote

...current government accounting is becoming obsolete and outdated because of the sharp increase in government revenues. At the present time, the government accounting systems in Saudi Arabia depend upon elementary, routine type processes such as simple accounting, evaluation and control (p. 214).

In addition, Alsultan (2003) wrote that

The one who are following the Financial Directives for the Budget and Account³³ that was issued in 1956 finds out that it is not more than a set of practical hypotheses and directives. Thus, it does not uplift to the level of general principles and concepts... most of these directives have been amended by new directives and publication, but they are still practical directives ... and the new directives have been set without referencing to the 1956 directives. This issue has made many problems to an accountant in government units, an auditor in GAB and to any researcher concerning in development (pp. 27–28).

Alsharif and Alimam (2002) stated that the current accounting rules cannot meet the current days requirement as the current size of the country administrative system, the country budget and the government bureaucratic system shows that the accounting rules which might had been suitable for

³³ The Financial Directives for the Budget and Accounts is the name of the Saudi government accounting rule.

periods ago must be changed. Al-Rehaily (1992) gave an example of the situation of accounting in Saudi by saying that

the government accounting systems, procedures, format and classifications are lengthy and complex. For example, payment vouchers have to go through various departments, be checked, and rechecked, and the signature of various officials have to be obtained before the amount is finally paid (p. 290).

Furthermore, Al-Ghamedi (1981) who studied the budgeting system in a Saudi university illustrated that the rapid growth of the university has not been reflected in a development in the rules, procedures and administration on and in the university. The current study's findings agree with the above studies in their descriptions of the antiquity and primitiveness of the Saudi government accounting systems, although the most recent of those cited was undertaken almost 20 years ago. In fact, the researcher posits that there is no change between the three mentioned studies in Saudi, where accounting seemed to be stable without any development, although the time between these studies is almost 15 years. Yet until this study and based on the findings of the research, accounting is still the same as the above-mentioned studies noted, other than slight changes that have not changed the essence of Saudi government accounting. Many criticisms of the Saudi government accounting systems have been shown in previous chapters, which explain how the primitiveness of the government accounting systems made accounting absent. More criticisms from the literature that focus on the context on Saudi Arabia are discussed below.

Studies in government accounting in Saudi Arabia show that it is both time-consuming and complex. Algaber (1995) stated that "the government accounting systems, formats, procedures, and classifications are lengthy and complex" (p. 214). Al-Rehaily (1992) illustrated this with an example that explains how government accounting is primitive and has lengthy procedures; "the budget is still a traditional or "line-item" budget, which includes certain economic functional classifications, without further useful breakdown and evaluation into programmes, activities and projects." (p. 291). Therefore, he concluded that the Saudi government accounting system is still a long way from producing accounting information that is useful for decision making, particularly if we take into consideration that the limited information that is produced has a very low accuracy. In other words, Al-Rehaily (1992) and others confirmed the absence of accounting information; that the government

accounting produced is not only about the quantity of information, but it is about the quality and accuracy of information that makes it useable by users – as a consequence, accounting is functionally absent in decision-making procedures. This current study also showed how accounting in the University is primitive, complex and lengthy; in addition to producing inaccurate information which made accounting information unreliable for decision making and controlling, as it does not reflect the reality, such as the case of students' costs.

Skæbærk and Melander (2002) stated that their case study made accounting absent because the management has other tools and plans to manage the organisation other than accounting. Tsamenyi *et al.* (2008) also found that the university manages itself based on social and cultural norms and values which have been shown above. In addition, Rasyid (2008) also identified that accounting was functionally absent because his case study focuses on producing quality products regardless of their cost information; therefore, accounting information is found irrelevant to the management. Moreover, Alawattage and Wickramasinghe (2008) identified other accounting tools of controlling; these are cultural tools which are inherited from the colonial era. Belal and Cooper (2011) indicated that one key reason behind the absence of accounting is the view of their cases that they are not large businesses; consequently, they can be controlled without accounting. This study has referred to the scholarly views that believe accounting information is irrelevant to decision making. For example, project approval in the budget depends mainly on the availability of funds from the government, and also depends on the need for this project regardless of its cost.

Algaber (1995) found that the absence of a computer system to record and analyse accounting transactions in order to generate accounting information has negatively affected the development of, and thereby the information generated by, the Saudi universities' accounting systems. In addition, Tayib and Hussin (2003) found that the Malaysian universities have a good accounting system that provides rich and unanalysed information that can be used for control and planning, but that these universities suffer from lack of competence in analysing this data. Tayib and Hussin (2003) suggested the improvement of quality of information and the use of computerised systems to analyse information rather than using manual ways in order to have better

decision making. This current study found, however, that the introduction of MADAR has positively affected the quantity and the quality of information produced by the University; however, it is expected to influence accounting even more positively than it has done to date. Nevertheless, the influence of electronic resources is discussed in the resource section in this chapter.

8.6.1 Studies focused on budgeting

Many academic studies have focused on budgeting in HE around the world (e.g. Algaber, 1995; Groves *et al.*, 1994; Oduoza, 2009; Mah'd and Buckland, 2009; Ezzamel, 1994; Tayib and Hussin, 2003; Boyd, 1982; Savenije, 1992; Groot, 1999; Covalleski and Dirsmith, 1988; Pfeffer and Salancik, 1974; Pfeffer and Moore, 1980; Doyle and Lynch, 1979; Cropper and Drury, 1996; Walker, 2000; Burke and Serban, 1998). Budgeting and resource allocation in HE institutions is an interesting subject that has attracted the attention of accounting scholars because they play a major role in the daily workings of these institutions. Therefore, this study has given them a significant focus in order to acquire a detailed understanding of their influence in accounting, and to enable the researcher to delve deeper in order to understand all aspects of budget in the case study; and consequently, have a better understanding of accounting. Hence, this section reviews studies on budgeting in HE in order to compare their findings with the theory of this study.

Saudi studies, as stated previously, have shown how the absence of accounting or one of its techniques such as cost accounting can affect the government units' budgets. For example, Al-Ghamedi (1981) found out that the university which he studied had a poorly justified budget that lacks sufficient, accurate accounting information that justifies its demands on the budget. Al-Rehaily (1992) stated that "the budget is still a traditional or "line-item" budget, which includes certain economic functional classifications, without further useful breakdown and evaluation into programmes, activities and projects" (p. 291). Pettersen and Solstad (2007)³⁴ found out that the budget of their case study (a university) is the previous year's budget plus "new activities, capital expenditures and increases in process and wages" (p. 146). This current study

³⁴ This study is not about Saudi Arabia, but the researcher considered it useful to refer to it in order to enrich the discussion, particularly as the case study University is facing almost the same issues.

has found how the University budget suffers from the absence of accounting information that justifies the University demands; however, data showed that the criteria for MoF approval of the University's budget depends on determinants other than just accurate justifications. One of these determinants is almost the same as those identified by Pettersen and Solstad (2007).

Studies in universities had explained accounting information absence and the centralisation of these universities' management who do not disclose such information to lower levels such as their colleges. Algaber (1995) and Al-Ghamedi (1981) showed how the Saudi universities' budgets are only dealt with by the universities' management levels, while colleges have no other option than to ask the management to afford their needs as they have no budget of their own; nor they are able to choose their purchases which are purchased centrally by the universities' management. The management teams have the authority to accept or reject the demands of colleges, and do not tend to allocate budgets to colleges; hence, neither colleges nor their deans know or control their proportion of the budget. Tsamenyi *et al.* (2008) identified also that the university was centralised by the CEO who inherited his power and centralisation from the local social and cultural norms. The above two studies in addition to that of Pettersen and Solstad (2007) found out that accounting information does not reach some decision makers such as colleges' deans. Therefore, colleges tend to demand as much as they can, and as fast as they can, to secure their demands before other colleges apply for the limited resources. In the current study, accounting information is available to deans, although some information is hidden as the University centrally controls the accounts of some budgets that are believed to be a cause of sensitivity between colleges on the one hand and between colleges and the University management on the other, if colleges are allowed to know others' proportions of these accounts. However, this study does not conform to Al-Ghamedi (1981) and Algaber (1995) regarding full centralisation over the University's budget by the University management as BTEC and the new University management have enabled colleges to deal freely with some budgets' accounts.

8.6.2 Studies on cost accounting

Cost accounting is an interesting subject in accounting studies on HE. Many scholars have investigated the status of cost accounting in HE institutions (e.g. Pendlebury and Algaber, 1997; Goddard and Ooi, 1998; Cropper and Cook, 2000; Mitchell, 1996; Ismail, 2010; Bourn, 1993; Scapens *et al.*, 1994). In addition, they have explained the factors that facilitated or resisted accurate cost accounting in HE institutions. For example, Algaber (1995) believed that the cost information produced by Saudi universities is inaccurate and does not reflect the real costs; and as a consequence it is misleading and not useful for decision making. Pettersen and Solstad (2007) stated that academic deans are unaware of the cost information of their colleges. Their findings are compared with the theory applied in this case study regarding cost accounting. However, the present study has mentioned the change of cost accounting in the University and how such information became relevant for decision making. It showed how the old cost information was irrelevant and does not reflect the real cost; therefore, it was neglected, or in other words, functionally absent. However, since the University increased its cost centres which generated more accurate cost information, cost accounting has become functionally present.

8.7 Paradigm model elements within the extant literature

This part of the chapter compares the extant literature with the conditions, strategies and consequences that affect accounting absence, or where accounting absence is a consequence of it. The extant literature comprises these studies on accounting absence and studies that were concerned with the limitations of accounting in HE. These comparisons are followed by a formal theory of accounting absence in HE. This part of the chapter looks at regulatory bodies, rules, resources, external actors, internal actors, the University's ambition, introduction of accounting systems, manipulation on absence, preparation of proper accounting, primitive accounting, absence of accounting information and no use of accounting, and manipulating the rules to have accounting.

8.7.1 Regulatory bodies

This section describes what the theory of this study suggests about the effect of regulatory bodies on the core phenomenon – *accounting absence* – and action/interaction strategies as a response to this phenomenon. The previous three chapters have explained in some depth the influence of such bodies as the MoF, GAB and the MoHE. This section compares the findings on regulatory bodies with the extant literature.

These bodies are criticised for applying undeveloped and outdated rules, including accounting ones. For example, in this study, those regulatory bodies have been found to be refusing to change or to develop these rules which are claimed to be inadequate and which limit the University from working efficiently. These findings have been agreed upon in the Saudi Arabian accounting literature (e.g. Al-Rehaily, 1992; Al-Ghamedi, 1981), but the researcher has been unsuccessful in identifying any study from another country where government bodies have resisted the development of accounting in HE institutions. Al-Rehaily (1992) and Al-Ghamedi (1981) believed these rules are inadequate and unsuitable for the Saudi context and the current needs of today, but the government continues to enforce them. Algaber (1995) indicated that

the government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

In addition, Al-Rehaily (1992) stated that “the government accounting guidelines and system of classification of accounts which were established in 1956 are still used today, with very little amendment.” (p. 290). Alsultan (2003) claimed that the current accounting rules is no more than practical directives and hypotheses rather than being general concepts and principles. He added that the changes that have been done in the accounting rules are still directives, and they have been made without any referencing to the 1956 directives; therefore, these directives contradict each other; thus an accountant in a government unit or an auditor in GAB is facing many barriers to overcome

such contradictions (Alsharif and Alimam, 2002; Alsultan, 2003). However, other countries' studies have found that regulatory bodies, particularly funders, are a main factor to develop accounting in HE institutions (e.g. Zakaria *et al.*, 2006; Arnaboldi and Azzone, 2006; Cropper and Cook, 2000; Mitchell, 1996; Agasisti *et al.*, 2008; Valderrama and Sanchez, 2006; McChlery *et al.*, 2007; Groves *et al.*, 1994; Mah'd and Buckland, 2009; Timoshenko and Adhikari, 2009). For example, Mitchell (1996) found that British universities were required by the HEFC to have better cost accounting.

In addition, this study has reported criticisms of some regulatory bodies such as the MoF and GAB for applying the same rules and formats to all government units regardless of the significant differences between them. For example, the rules, including accounting ones, on military units are almost the same as those in HE institutions, although they have to be governed differently in terms of, for instance, level of flexibility and centralisation. Algaber (1995) stated that all Saudi government units, including universities, have to follow the same government accounting format with slight differences that will not change the defects of applying the same rules to all government units regardless of their differences. Mah'd and Buckland (2009) stated that the MoHE requires Jordanian private universities to prepare their budgets based on the MoHE format, although this format does not meet these universities' needs. However, many of these universities ended up adopting the MoHE format only for legitimacy reasons, and two universities developed this format to gain benefit from it.

This study has identified some actions by the University to overcome the disadvantages of the government accounting system. The previous chapters showed how the University implemented BTEC and accurate costing. However, some of the development programmes, one of which was BTEC, were not legal, and bodies like the MoF and GAB would have prohibited them. Therefore, the University applied some of these programmes informally in order to achieve, for instance, the AAls requirements, while it followed the rules formally. This procedure is called decoupling in the accounting literature. Decoupling and loose-coupling have been discussed in accounting literature. Timoshenko and Adhikari (2009) studied the impact of implementing a state reform from cash-to accrual-basis accounting in a Russian state university. They found that the reform did not meet the university's need, but the change had been imposed in

order to make the political government of Russia as a modern and progressive government. Therefore, the university ended up decoupling by applying both cash- and accrual-bases in parallel to have the suitable system alongside with legitimacy from government. Moreover, Pettersen and Solstad (2007) found that the university is using accounting to gain legitimacy from externals that require accounting information, and the university sometimes manipulates these accounts to gain legitimacy. They stated that there is a loose coupling situation in the university, as the budget which is based on accounting is different from the actual which is based on academic norms and culture.

Furthermore, the theory of this study has shown how such regulatory bodies have a self-interest that leads them to oppose any development of accounting. The self-interest of some government bodies such as the MoF and the MoHE is also a barrier to the University having freedom in controlling its accounting system. For example, the University has so far failed to implement PC, whereas it is challenged to adopt BTEC, as these programmes would decrease the control of these regulatory bodies on the University. Studies on accounting HE institutions have shown similar scenarios, when governor bodies are barriers to developed accounting for the sake of their interests (e.g. Timoshenko and Adhikari, 2009; Venieris and Cohen, 2004). Venieris and Cohen (2004) found the Greek public universities' accounting reform that was introduced by the MoF was resisted by the MoE as it would decrease the control of the MoE on the universities.

This study has found regulatory bodies to apply non-rational rules that make accounting absent. For example, the effect of 'leaders' eyes' on the decision of approving government units' budgets by the MoF is found more significant than the accounting information which is claimed to be absent from these budgets. It is claimed that this absence of information from the budget is a consequence of not recognising accounting information as a determinant of budgets' approval by the MoF. Al-Ghamedi (1981), who studied the budgeting system in a Saudi university, illustrated that the rapid growth of the university has not been reflected in a development in the rules, procedures and administration on and in the university.

Accounting literature has discussed in great depth the influence of externals on an organisation in general, and on its accounting system in particular.

DiMaggio and Powell (1983) “developed a classification scheme for identifying mechanisms that drive organisational homogenisation or institutional isomorphism in their seminal paper” (Moll, 2003; p. 92). These types are *coercive* which comes from society and regulatory bodies that the organisation is dependent on, *mimetic isomorphism* which happens when the organisation is at a stage of uncertainty; hence, the organisation desires to follow leading organisations in the field; and *normative isomorphism* which occurs as a result of the organisation becoming professional which might be because of formal education or professional bodies that “embody certain social expectations” (Moll, 2003; p. 93). Hence, the researcher believes that coercive isomorphism can explain the role of regulatory bodies such as the MoF and MoHE in the University; and consequently in the University accounting system. Indeed, the University follows the requirements of such regulatory bodies to gain many benefits such as legitimacy and funding.

8.7.2 Rules

This section discusses what the theory of this study suggests about the effect and interaction of one of its contextual conditions – that is, current rules – on the core phenomenon, *accounting absence*, and on the action/interaction strategies as a response of this phenomenon. The previous three chapters have explained in depth the effect of these rules such as the government accounting and Civil Service rules. The next stage is to compare the findings regarding the rules with those reported in the extant literature.

On one hand, rules are found to be a main factor behind the presence of accounting both technically and functionally (e.g. Jacobs and Kemp, 2002; Walker, 2000). For example, Jacobs and Kemp (2002) identified that accounting was absent because, amongst other factors, there is no demand for accounting from externals such as the government. In addition, Walker (2000) found that government funding agencies in Australia were introducing legislation to unite accounting statements formats in New South Wales universities as a response to some missing accounting information in universities' financial statements.

On the other hand, rules in general and government ones in particular were found to be a main factor which disables the presence of accounting both technically and functionally in my case study. For example, some interviewees

in my case study claimed that the government rules are one of the main barriers to having a depreciation system or developing the University accounting system; consequently, accounting is technically absent. Moreover, government rules do not allow the University to change the antiquated structure and procedures or anything in the government accounting system which is claimed to produce, for instance, inaccurate and unusable information for decision making; consequently accounting is functionally absent. Many studies on government accounting in Saudi Arabia agree on the finding of my study (e.g. Al-Rehaily, 1992; Al-Ghamedi, 1981; Algaber, 1995; Al-Odan, 1979). Al-Rehaily (1992) and Al-Ghamedi (1981) believed these rules are inadequate and unsuitable for the Saudi context and the current needs of today, but the government continues to enforce them. Algaber (1995) believed that the government accounting is outdated and primitive; he wrote,

current government accounting is becoming obsolete and outdated because of the sharp increase in government revenues. At the present time, the government accounting systems in Saudi Arabia depend upon elementary, routine type processes such as simple accounting, evaluation and control (p. 214).

Al-Rehaily (1992) gave an example of the situation of accounting in Saudi by saying that

The government accounting systems, procedures, format and classifications are lengthy and complex. For example, payment vouchers have to go through various departments, be checked, and rechecked, and the signature of various officials have to be obtained before the amount is finally paid (p. 290).

Furthermore, Al-Ghamedi (1981) who studied the budgeting system in a Saudi university illustrated that the rapid growth of the university has not been reflected in a corresponding development in the rules, procedures and administration on and in the university.

In addition, some interviewees criticise the harmonisation of some government rules, particularly accounting ones, to all government units including public universities. For example, the rules, including accounting ones, on military units are almost the same as those in HE institutions, although they have to be governed differently in terms of, for instance, level of flexibility and centralisation. Algaber (1995) stated that all Saudi government units, including universities, have to follow the same government accounting process with only slight differences that will not change the defects of applying the same rules to

all government units regardless of their differences. Mah'd and Buckland (2009) stated that the MoHE requires Jordanian private universities to prepare their budgets based on the MoHE format, although this format does not meet these universities' needs. However, many of these universities ended up adopting the MoHE format only for legitimacy reasons, and two universities developed this format to gain benefit from it. In addition, Zakaria *et al.* (2006) also discovered that all Malaysian universities that are required by law to have internal audit do have internal audit, although they might not agree with the importance of internal auditing.

In addition, Al-Rehaily (1992) stated that "the government accounting guidelines and system of classification of accounts which were established in 1956 are still used today, with very little amendment" (p. 290), and he also suggested that, in the government accounting system section, Saudi rules in general and accounting rules in particular are inadequate. Alsultan (2003) claimed that the current accounting rules is no more than practical directives and hypotheses rather than being general concepts and principles. He added that the changes that have been done in the accounting rules are still directives, and they have been made without any referencing to the 1956 directives; therefore, these directives contradict each other and thus an accountant in a government unit or an auditor in GAB is facing many barriers to overcome such contradictions (Alsharif and Alimam, 2002; Alsultan, 2003). Many scholars who have studied the Saudi government accounting system which is applied in the University concluded that it has been influenced by the foreign experts who have constructed it; in addition to those foreigners who worked in Saudi Arabia for decades, while there were very few qualified Saudi accountants working in the field (Alsharif and Alimam, 2002). These foreigners are blamed for having influenced the Saudi accounting system by norms, rules and routines that are not appropriate for the Saudi context. Algaber (1995) stated that,

The government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

In addition, Al-Odan (1979) stated that “the system that exists today is, in fact, a conglomerate of systems derived from many countries” (p. 28). The claim that the government accounting system is inadequate and does not meet current needs, and as a consequence it is functionally absent, has been shown previously in this study.

8.7.3 Resources

This section reviews the effect of resources in accounting absence based on extant literature in order to compare it with the theory of this study. Most studies in accounting absence and in Saudi government accounting have found the lack of resources poses a main barrier to the presence of accounting. A number of studies found that developing countries have in general absence of competencies which fail developed accounting techniques (Hammond *et al.*, 2012; Uddin *et al.*, 2011; Sian, 2006, 2007, 2011; Gujarathi and Dean, 1993; Hammond *et al.*, 2009). These resources, which are found influential in this study and/or in the literature of accounting in HE, are funds, availability of and motives of professionals, cost-benefits, and capabilities. Each one of these resources is discussed below.

In the literature, funding is found as one of the most powerful and influential factors on accounting. Studies have witnessed a change in accounting of HE institutions, because of funding issues (e.g. Mitchell, 1996; Agasisti *et al.*, 2008; Eastman, 2006; Groves *et al.*, 1994; Scapens *et al.*, 1994; Layzell, 1998; Pendlebury and Algaber, 1997; Valderrama and Sanchez, 2006; Cropper and Cook, 2000; Algaber, 1995). McChlery *et al.* (2007) stated that accurate cost accounting in HE institutions was requested by the government funding agencies. However, funding to the University has never been an issue to influence accounting. For example, the University witnessed a time when its budgetary proportion was very low (£616m in 2008) compared with other times when funds reached extreme highs (£1437m in 2013); therefore, funding has never influenced accounting in the University as, despite the significant fluctuations in the amount of funds available to the University over time, this has not led to the presence of an accounting system since the establishment of the case under study. This issue can be simply explained by saying that the University’s main funders who are the MoF have not required accounting to be present in the University. The researcher has shown how the

University budget and annual financial statements are almost devoid of accounting information other than some basic numbers. This happens because funders sometimes base their decisions on determinants other than accounting such as 'leaders' eyes' or the government's goals.

As funders are not relying significantly on accounting information, some of the interviewees in this study believe that applying developed and sophisticated accounting is without any benefit as it is costly and time consuming. Actually, Cropper and Cook (2000) found that many British universities were not applying developed and accurate costing systems because they had not experienced any benefits. In addition, Belal and Cooper (2011) found that their case studies resist CSR, because they perceive CSR as a costly and unneeded system for such small businesses.

The availability of professionals including accountants is a negotiable subject amongst the interviewees, as some believe that the University and related bodies such as the MoF have professionals including qualified accountants who can build and work with a developed accounting system (Alsharif and Alimam, 2002; Alsharif, 2002). However, others are divided into two groups; the first thinks that there is a shortage of professionals, while the second believes that there are professionals but they are not capable of developing accounting systems because they are not motivated. However, the literature has explored the influence of professionals on the status of accounting (e.g. Timoshenko and Adhikari, 2009; Tayib and Hussin, 2003; Cropper and Cook, 2000; Pettersen and Solstad, 2007; Jacobs and Kemp, 2002; Rasyid, 2008; Belal and Cooper, 2011; Al-Rehaily, 1992; Al-Ghamedi, 1981; Algaber, 1995). Timoshenko and Adhikari (2009) stated that the lack of training courses for current staff of their university case study and the absence of professional accountants and consultants have impeded the state project from changing from cash- to accrual-based accounting. Cropper and Cook (2000) showed that one of the main barriers to the UK universities adopting ABC is the shortage of staff to implement such a longitudinal and complex system. In addition, Pettersen and Solstad (2007) stated that accounting is absent in the university because of the lack of managers who have a background of accounting. In Saudi Arabia, Al-Rehaily (1992) found that the absence of leaders with an accounting background in government units has discouraged the use of accounting information. Moreover, he identified the "shortage of

Accounting in Higher Education: A Grounded Theory of Accounting absence qualified manpower” (p. 319) as one of the main barriers to the presence of accounting (see also Alsharif and Alimam, 2002; Alsharif, 2002). Algaber (1995) indicated that

the government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

Therefore, the absence of professionals and the lack of managers with a background in accounting render an institution unaware of the potential of accounting; and consequently, accounting becomes absent. Rasyid (2008) and Belal and Cooper (2011) indicated that the lack of awareness and knowledge of the potential usefulness of accounting leads to the absence of accounting. For example, Venieris and Cohen (2004) found that the absence of management commitment of universities to adopt the reform of accounting in Greek universities has led to unsuccessful reform.

The lack of motivation of those professionals is the main factor in the absence of accounting. The previous three chapters have revealed many facts that show the link between absence of incentives and absence of accounting. For example, the University financial department management team has claimed that the department has qualified accountants, but the team is unable to ask them to work in more developed and complex accounting techniques such as accurate costing, because the government rules do not allow the team to give incentives to the employees. Previous studies have discussed the influence of incentives on accounting status. Layzell (1998) explained how the states in the US failed to implement performance-based funding to HE institutions, because of the absence of incentives to those who achieve the states’ aims and goals. Timoshenko and Adhikari (2009) found that the low wages of the Russian public sector staff of which the university staff are part discourage professional accountants from joining the universities. Also, Al-Rehaily (1992) stated that low wages in Saudi public sector have discouraged professionals from joining public institutions including public universities (see also Alsharif, 2002).

Some studies have mentioned the influence of electronic resources on accounting (e.g. Rompho, 2007; Tayib and Hussin, 2003; Algaber, 1995; Shirzadeh and Ahmadi, 2011). Shirzadeh and Ahmadi (2011) have classified the barriers to developed accounting system. One of the three barriers is the environmental barriers which might challenge the system such as the lack of an adequate computer system. Algaber (1995) stated that the absence of computer systems has prevented the Saudi public universities from analysing their data easily and generating more and accurate information as a result. Particularly, they blamed the absence of computer systems for the absence of accurate cost accounting. In addition, Tayib and Hussin (2003) found the Malaysian universities have a good accounting system that provides rich and unanalysed information that can be used for control and planning, but universities suffer from lack of capability in analysing this data. Tayib and Hussin (2003) suggested the improvement of quality of information and the use of computerised system to analyse information rather than manual ways in order to have better decision making. My study has found, however that the introduction of MADAR has positively affected the quantity and the quality of information produced by the University, and MADAR is expected to positively influence accounting over and above the extent to which what it has already.

8.7.4 External actors

This section reviews the influence of external actors in accounting absence based on extant literature in order to compare it with the external actors of this study. External actors who are identified in this study are those who are from professional bodies and who wish to develop accounting systems. Based on DiMaggio and Powell's (1983) classification scheme, they come under the influence of *normative and mimetic isomorphism*. Indeed, external factors are a major factor that the researcher has identified to influence accounting. It is clear in the previous chapters how AAls encouraged the University in order to develop its cost accounting, and to apply BTEC. In addition, it was noted that external organisations, namely the IMF and the WB, motivated the MoF to apply GFS which is expected to have a dramatic impact on the development of the quantity and quality of accounting information. In terms of mimetic isomorphism, the University was motivated to follow in the footsteps of the World's Universities of Excellence, such as Harvard University and the National University of Singapore, as mentioned in the interviews. Jacobs and Kemp

(2002) identified that accounting was absent because, amongst other factors, there is no demand for accounting from externals. Pettersen and Solstad (2007) and Tsamenyi *et al.* (2008) found that their case studies supported the fact that the presence of accounting is to achieve legitimacy and funds from externals. Uddin *et al.* (2011) questioned the usefulness of the *imported* accounting initiatives to developing countries which have an absence of competencies. Tsamenyi *et al.* (2008) wrote that “the creation of the internal audit control department was mainly to satisfy the Education Ministry’s requirements” (p. 71). Other studies such as those of Uddin and Tsamenyi (2005), Uddin and Hopper (2003) and Tsamenyi *et al.* (2010) found that some developing countries develop their public sector accounting system in order to satisfy international organisations such as the IMF and the WB which might fund these countries; however, these developments have less or almost no advantage to these countries and their people (see also Rahaman *et al.* 2004).

8.7.5 Internal actors

This section reviews the role of internal actors in accounting absence based on extant literature in order to compare it with the role of internal actors of this study. Internal actors in the University are usually involved with the development of accounting; however, the researcher has identified some actions that show these actors are against the presence of accounting. For example, resource allocation information is dealt with confidentially for political reasons. This section previews the role of internal actors in accounting absence in the University.

The most common reasons to change and/or develop the government accounting system and its techniques are because the accounting system is antiquated, and cannot meet the needs of government units, in general, and the University, in particular. The inability of the government accounting to produce accounting information and the lack of some accounting techniques such as depreciation made accounting change an important action. The University management and colleges are found to be the significant internal factors that are looking to ensure the presence of accounting. For example, the University is working to implement BTEC, PC and has developed cost accounting. Literature of accounting in HE showed some studies that found internal actors as a main factor for the presence of accounting (e.g. Moll and

Hoque, 2011). For example, Arnaboldi and Azzone (2006) found academic managers a factor for the implementation of ABM in the Italian universities studied. Agasisti *et al.* (2008) also found that the competition for students by Italian universities prompted the latter to develop their accounting systems.

On the other side, a few interviewees reported they are satisfied with the government accounting systems, as it meets the needs of government units such as the University. In addition, some of them oppose any further development to the system or to any of its techniques such as the budget system, because developed accounting systems would deflect the University's attention from its essential aim which, the interviewees argue, is providing services, not making profit or cost minimising. For example, it is shown above how some interviewees claimed that implementing BTEC will withdraw the colleges' attention away from their academic works which should be their main focus. Many studies in accounting literature have found that HE institutions believe that accounting is unnecessary for such educational institutions (e.g. Mitchell, 1996; Greer and Klein, 2010; Lawrence and Sharma, 2002; Cropper and Cook, 2000). Rahaman (2010) stated that public sector institutions do not care about the costs as they are services providers. Mitchell (1996) found some British universities regarded ABC as a complex system that was devoid of any practical benefit to their universities, and he found some universities are satisfied with their current arbitrary costing system. In addition, Cropper and Cook (2000) found that the reasons why universities did not implement ABC are that universities had identified other priorities, other arbitrary allocation systems viewed as simpler, and lack of evidence of any ABC benefits. However, Cropper and Cook (2000) noticed that no university had rejected ABC because it is technically flawed or it is not an effective decision aid. Belal and Cooper (2011) indicated that one key reason behind the absence of accounting is the view of their cases that they are not large businesses; consequently, they can be controlled without accounting.

In addition, this study has shown that accounting information is not actually needed. For example, the University does need much accounting information to approve, for instance, its budget by the MoF, as the MoF is using other determinants for approving the budget such as the government goals and 'leaders' eyes'. Furthermore, some interviewees believe that the spending in the University is based on need not on a cost-benefit basis. For example, the

University would meet its needs whatever the cost of these needs, because it is a provider of important services. This situation of how important accounting is was discussed by Choudhury (1988) who classified the need for accounting into three levels; need-based, awareness-based and possibility-based. Furthermore, Ballas and Tsoukas (2004) found in their case study that legitimacy is obtained by relationships with politicians and general relationships, not by accounting.

Skæbærk and Melander (2002) stated that their case study made accounting absent because the management has other tools and plans to manage the organisation other than accounting. Tsamenyi *et al.* (2008) also found that the university manages itself based on social and cultural norms and values which have been shown above. In addition, Rasyid (2008) also identified that accounting was functionally absent because his case study focuses on producing quality products regardless of their cost information; therefore, accounting information is found irrelevant to the management. Moreover, Alawattage and Wickramasinghe (2008) identified other accounting tools of controlling; these are cultural tools which are inherited from the colonial era.

In addition, it has been stated that there is some resistance to develop the accounting system from interested parties. For example, some interviewees said that there are some officials at the University who do not want the spread of information in the University, as it would limit the control of the University's management over, for instance, colleges' budgets, and they would have to concede some of their leverages. Such a centralisation of power by interested internal actors has been investigated in the accounting absence literature (e.g. Skæbærk and Melander, 2002; Tsamenyi *et al.*, 2008; Algaber, 1995; Bougen *et al.*, 1990). Skæbærk and Melander (2002) investigated the influence of powerful interested groups on ignoring or expelling accounting during the privatisation process of a government-owned ferry company. The perceptions of the importance and potentiality of accounting as reported in their case study were not absent, but the interest of a small, powerful group which controls the government's critical resources, and has strong networks and relationships has constrained the technical presence of accounting in the company. In addition, Bougen *et al.* (1990) showed that accounting was absent in their case under study because it has disclosed information that is not welcomed by powerful agents. Tsamenyi *et al.* (2008) and Algaber (1995) found that the university's

management works centrally and have full control over all aspects in the university, in general, and over the budget, in particular, without any freedom being granted to the colleges.

8.7.6 The University's ambition

This section reviews the role of the University's ambition in accounting absence based on extant literature in order to compare it with the role of the University ambitions of this study. The previous chapters have explained the ambitions of the University management, in general, and its Rector, in particular, to change and develop the University in many aspects, one key aspect of which is accounting. For example, the University has recently undertaken large construction projects that would change its geographic picture; in addition, the University management encouraged the calculation of accurate cost accounting and the development of MADAR which are believed to dramatically change the quantity and quality of accounting information produced. However, the University failed so far to apply many of its projects and aims such as PC and having freedom from regulatory and governing bodies, and it faced significant barriers to applying others such as BTEC. These constraints have not made the University management give up; rather it has continued to try to persuade the governors, and sometimes it decouples to apply them such as the case of BTEC.

The researcher, however, was unable to find any study in the literature of accounting absence and accounting in HE that has found that the organisation has an ambition to develop its accounting system, but that there are external government barriers to such development. Nevertheless, similar studies to this study have been found (e.g. Mah'd and Buckland, 2009; Ezzamel, 1994; Arnaboldi and Azzone, 2006; Agasisti *et al.*, 2008); although these showed that their HE institutions wants developing accounting systems, the encouragement of such development is not to merely have a developed accounting system (e.g. Ezzamel, 1994; Moll and Hoque, 2011) and is not as a consequence of internal pressures (e.g. Arnaboldi and Azzone, 2006; Agasisti *et al.*, 2008). Ezzamel (1994) examined the change from incremental budgeting system to planning, programming and budgeting systems in a UK university which was facing a financial crisis. Ezzamel (1994) found that the top managers of the university were changing the budgeting system as a way

to introduce a reduction in the proportion of resource allocations in the university, because of its (budgeting) direct effect on resource allocation and management of the institution. In addition, Moll and Hoque (2011) found that the university has implemented a new budgeting system and was decoupling the financial reports in order to meet external funding agency's expectations. Arnaboldi and Azzone (2006) found that academic managers were an influencing factor for the implementation of ABM in the Italian universities studied; however, government plans to liberate these universities and to decrease centralisation are also main factors that had led to this change. In addition, Agasisti *et al.* (2008) also stated that some of the Italian universities studied were forced to develop their accounting systems in order to compete with other universities in attracting students who are regarded as an internal factor. Nevertheless, the reason for these universities being market-oriented in the first place is the government decree (external pressure) which made the universities market-oriented; consequently they develop their accounting system to be efficient, and finally to attract students.

8.7.7 Introduction of accounting systems

This section reviews one type of action/interaction strategy that is applied to overcome the absence of accounting. These strategies are compared with similar strategies, discussed in the extant literature, that have been adopted to overcome the absence of accounting. BTEC, PC, cost accounting and GFS are some of the strategies that would affect accounting absence in Saudi government units, in general, and the University, in particular. The University introduced such strategies in order to overcome the absence of accounting and to persuade the government to allow it to have freedom from regulatory and governing bodies. For example, the University has found that the introduction of an accurate cost accounting system has made cost information more accurate and usable. Furthermore, the University proposed PC and BTEC, which are encouraged by AAls, to gain freedom from the bureaucratic government; consequently, centralisation decreases, and developed projects – of which developed accounting techniques are one – are applied. In addition, interviewees from the MoF believe that GFS would dramatically and implicitly change the government accounting system; and as a consequence more, and accurate, information would be produced from the government accounting system. However, not all these projects have been fully applied, or succeeded.

For example, the University is unable to apply PC, because the government rules and the interests of some regulatory and governing bodies are rejecting such plans. BTEC faces similar barriers, but the University managed to apply it informally by decoupling the government rules. However, accurate cost accounting is fully implemented. Mah'd and Buckland (2009) found that two private Jordanian universities developed the enforced MoHE budget formats in order to benefit from them. Moll and Hoque (2011) applied a new budgeting system and decoupled the financial reporting in order to gain legitimacy from external actors.

Most, if not all, these projects, namely PC, BTEC, accurate costing and GFS, are encouraged by external bodies such as the IMF, WB and AAls. These external bodies were the key motivators for the University and the MoF to apply these strategies in the first place. Such normative pressures are discussed in the literature (e.g. Moll, 2003). Moll (2003) identified normative pressures such as unions, education departments and offices of HE in Australia that exerted pressures on the university to change its accounting control systems. Other studies such as those of Uddin and Tsamenyi (2005), Uddin and Hopper (2003) and Tsamenyi *et al.* (2010) found that some developing countries develop their public sector accounting system in order to satisfy international organisations such as the IMF and the WB which might fund these countries; however, these developments have less or almost no advantage to these countries and their people (see also Rahaman *et al.* 2004). Uddin *et al.* (2011) questioned the usefulness of the *imported* accounting initiatives to developing countries which have absence of competencies.

In conclusion, the literature is lacking in strategies that can be compared with the ones discussed above. The reasons for this may be because it is rare to find a university that seeks to change its accounting system, and which is overseen by government bodies that resist such development plans. To date, the researcher has not read a study that replaces the development of accounting as a whole with some changes here and there in accounting techniques.

8.7.8 Manipulating accounting absence

This section compares the strategies of the University to overcome the absence of accounting with the case in the extant literature. Although some strategies here are described in the previous section, they are referred to again here because of the significant role they play in helping us to understand the core phenomenon of this study. The previous three chapters have explained how the University has to unofficially and sometimes illegally take actions in order to overcome the bureaucratic government rules and centralised regulatory bodies. For example, the University has asked the company that is operating MADAR to unofficially pay incentives and rewards to the University's employees to motivate and encourage them to work more, in order to generate more, and more accurate, accounting information. The University asked the MADAR Company to do this because the government rules prohibited such payments to the University's employees, and governing bodies such as GAB would be questioning such actions. Similar actions are repeated in the University, and it seems to be part of the University daily routine; however, the researcher has not identified any study that has identified such actions to overcome accounting limitations and absence.

Another example of manipulating rules to overcome absence is explained in the previous three chapters, when BTEC is discussed. AAls required BTEC to be applied in order for them to accredit the University. However, the government rules prohibited any unique entity to be allocated to the University's colleges; therefore, BTEC which gives every college its own budget (among others) is not permitted by the government rules. Hence, the University decoupled the government rules by giving every college freedom to have its budget, but all related paperwork was formally dealt with in the University's head office. The cases of decoupling and loose-coupling are discussed and commonly found in accounting literature (Moll and Hoque, 2011; Lukka, 2007; Pettersen and Solstad, 2007; Timoshenko and Adhikari, 2009). Timoshenko and Adhikari (2009) studied the impact of implementing a state reform from cash- to accrual-based accounting in a Russian state university. They found that the reform did not meet the university's need, but the change had been imposed in order to make the political government of Russia appear modern and progressive. Therefore, the university ended up decoupling by applying both cash- and accrual-bases in parallel to acquire the most suitable system

alongside legitimacy from the government. Moll and Hoque (2011) found an Australian university decoupling its funds reports in order to gain legitimacy from key funding agencies; however, the disaffection of internal actors made those actors deliberately work against publishing these reports in such format that is not transparent the reality. Furthermore, Lukka (2007) found that management accountants prevented their organisation's rules from being changed by legitimising informal routines of the organisation's performance.

8.7.9 Prepared proper accounting

This section compares the strategies adopted to make accounting present with similar strategies in the literature. These strategies are the ones that aim to change accounting from being absent to being present; or at least those strategies that aim to dramatically change the accounting absence, such as GFS.

The open coding chapter explained the government programme to apply NGAS which would change the current government accounting. However, the lack of professionals in some government units is believed to challenge the successful implementation of such accounting systems. In addition, the MoF is also working to develop and apply GFS which is supposed to dramatically change accounting, and increase and make accounting information more usable for decision making, but the lack of professionals and government bureaucracy have delayed the implementation of such system. The lack of resources (such as professionals) is normally found in accounting literature to be a barrier to applying developed accounting techniques (for example, Cropper and Cook, 2000; Mitchell, 1996 in cost accounting in HE institutions, and many others such as Timoshenko and Adhikari, 2009; Tayib and Hussin, 2003; Cropper and Cook, 2000; Pettersen and Solstad, 2007; Jacobs and Kemp, 2002; Rasyid, 2008; Belal and Cooper, 2011; Al-Rehaily, 1992; Al-Ghamedi, 1981; Algaber, 1995). Timoshenko and Adhikari (2009) stated that the lack of training courses available to current staff of their university case study and the absence of professional accountants and consultants has impeded the state project from changing from cash- to accrual-based accounting. Cropper and Cook (2000) showed that one of the main barriers to the UK universities adopting ABC is the shortage of staff to implement such a longitudinal and complex system. In addition, Pettersen and Solstad (2007) stated that accounting is absent in the

Accounting in Higher Education: A Grounded Theory of Accounting absence university because of the lack of managers who have a background in accounting. In Saudi Arabia, Al-Rehaily (1992) found that the absence of leaders with an accounting background in government units has discouraged the use of accounting information. Moreover, he identified the “shortage of qualified manpower” (p. 319) as one of the main barriers to the presence of accounting (Alsharif and Alimam, 2002). Algaber (1995) indicated that

the government accounting system in Saudi Arabia has been influenced by a range of practices from other countries. For example, in 1951 a group of US financial experts was invited to Saudi Arabia to develop its financial system. Also, the lack of skilled human resources forced the government of Saudi Arabia to employ many Egyptians. These countries have used several theories of government accounting. The implementation of a multiplicity of theories and systems has resulted in a higher degree of complexity and confusion (p. 214).

8.7.10 Primitive accounting

This section compares the first consequence of the core category with studies that have found similar consequences. The previous three chapters have explained how the current government rules, particularly accounting ones, made accounting primitive and for no use, as it is not producing enough, required and accurate information. Algaber (1995) found that government accounting that is applied in Saudi public universities “depend[s] upon elementary, routine type processes such as simple accounting, evaluation and control.” (p. 214). In addition, Alsharif and Alimam (2002) stated that the government accounting rules need to be looked at as it is not providing the minimum requirement such as producing information to the government unit management. They added that the primitive accounting rules which make auditing and monitoring unable to supervise government units lead to bureaucratic procedures in government units such as requiring multiple signatures on documents and multiple recording of financial transactions; consequently, such procedures become a barrier in the work. Al-Rehaily (1992) gave an example of the situation of accounting in Saudi by saying that

the government accounting systems, procedures, format and classifications are lengthy and complex. For example, payment vouchers have to go through various departments, be checked, and rechecked, and the signature of various officials have to be obtained before the amount is finally paid (p. 290).

Furthermore, Al-Ghamedi (1981) who studied the budgeting system in a Saudi university illustrated that the rapid growth of the university has not been reflected in a development in the rules, procedures and administration on and in the university.

In addition, Al-Rehaily (1992) stated that “the government accounting guidelines and system of classification of accounts which were established in 1956 are still used today, with very little amendment.” (p. 290). Alsultan (2003) claimed that the current accounting rules are no more than practical directives and hypotheses rather than being general concepts and principles. He added that the changes that have been done in the accounting rules are still directives, and they have been made without any referencing to the 1956 directives; therefore, these directives contradict each other and so an accountant in a government unit or an auditor in GAB is facing many barriers to overcome such contradictions (Alsharif and Alimam, 2002; Alsultan, 2003). It seems that government accounting in Saudi Arabia has never sharply changed, developed or being present since it was first published in 1956, as studies since 1956 to the date of this study have reported a primitive government accounting system.

8.7.11 Absence of accounting information and no use of accounting

This section compares two consequences of accounting absence, namely, the absence of information by the Saudi government accounting system and the neglect of using accounting, with studies that have found similar consequences. The primitiveness of accounting in the University meant that accounting information was limited and inaccurate. Therefore, the University neglected such information for its decision-making processes. For example, the University started thinking of the benefit of some courses, while the newly accurate costing system showed that some courses are extremely expensive. However, an academic mentioned that student costs are not taken into consideration for decision making at the department level. In addition, it is stated that the University budget which is submitted to the MoF for approval has very little actual accounting information. Al-Ghamedi (1981) reported similar findings; he found out that the university which he studied had a poorly justified budget that lacked sufficient, accurate accounting information that justified its demands on the budget. Al-Rehaily (1992) stated that “the budget

Accounting in Higher Education: A Grounded Theory of Accounting absence is still a traditional or “line-item” budget, which includes certain economic functional classifications, without further useful breakdown and evaluation into programmes, activities and projects” (p. 291). Pettersen and Solstad (2007) found out that the budget of their case study (a university) is the previous year’s budget plus “new activities, capital expenditures and increases in process and wages” (p. 146).

8.7.12 Manipulating the rules to have accounting

This section compares one of the consequences of accounting absence which is manipulating the rules with studies that have identified the same situation. This has been stated in section 6.2.8, which discusses manipulation of absence of some actions by the University to overcome the absence of accounting. Such actions are illegal according to the government rules, but the University seems to have routinised and institutionalised such actions for specific reasons. However, the comparison of such actions has been done in section 6.2.8 – manipulation of absence – so it is not going to be repeated here.

8.8 Moving from substantive theory to formal theory

This section moves from the debate on substantive theory to a more formal stance that suggests a more abstract and generalised theory of the core phenomenon. The aim of developing a FGT is to make the theory more applicable to different settings rather than constrained to the case of the University or HE institutions. Corbin and Strauss (2008) stated that “the idea is to raise the concept of the study up to a more abstract level where it can have broader applicability but at the same time remain grounded in data” (p. 102). Glaser (2007)³⁵ stated that “FGT ...is just about the general implications of a core category generated from a substantive theory, which is a core variable with ‘grab’ and just pressuring to be generalized” (p.103). It is located here in the chapter, after linking the theory with extant literature, in order to narrow it down and make it more solid, in order to arrive at a more mature and FGT.

³⁵ Glaser (2007) argued that formal grounded theory should be left for other quantitative studies to validate the theory, and he believes that substantive theory can provide the higher level of generalisation (Mzenzi, 2013).

Arguably the best – or at least the strongest – formal GT emerges after studying the same phenomenon in different and various contexts in order to come up with a more reliable, mature and tested theory. Corbin and Strauss (2008) stated that

the concept chosen for study usually is derived from and builds upon a researcher's previous line of research, though it need not be... For example, Strauss (1978) wanted to formulate a formal theory of "negotiations." He began with a concept of negotiations between representatives of nations, judges in law courts, political machines, clans and ethnic groups, and also insurance companies and their clients. By comparing and contrasting these various groups for similarities and differences, he was able to identify the components of the negotiation process that transcended all groups, providing a more abstract and broader understanding of negotiation. At the same time, he was able to identify those aspects of negotiation that were particular to each group, showing the wide range of variation between groups (p. 102).

In addition, Glaser (2007) viewed that formal GT is formulated when the researcher continues doing "his research into other studies in the same or other substantive areas" (p.111). However, as this study of accounting absence is a relatively new area of study, and not many studies have explored and theorised such a phenomenon, it is acceptable to build a theory of this accounting absence based on one GT study, although it may not be strong enough alone to lend further support, as hoped, for further studies that strengthen the theory of accounting absence. Corbin and Strauss (2008) acknowledged the formulating of a formal GT foundation in one context, as they stated that "a researcher interested in concept development at a substantive level of negotiation would confine data collection to one main group, for instance negotiations between buyer and seller in a housing transaction" (pp. 102–3).

8.8.1 Definition of formal GT

The first researchers to suggest the building of formal theory were Barney Glaser and Anselm Strauss in 1967. They posited that the aim of formal GT is to make the implications of a theory more general and applicable for more than the context/s that has/have been studied. Glaser and Strauss (1967) stated that

since substantive theory is grounded in research in one particular substantive area, it might be taken to apply only to that specific area. A theory at such a conceptual level, however, may have important general

implications and relevance and become almost automatically a springboard or stepping stone to the development of a grounded formal theory (p. 79).

In their recent work, Corbin and Strauss (2008) shared the same aim of formulating formal GT as they stated that “the idea is to raise the concept of the study up to a more abstract level where it can have broader applicability but at the same time remain grounded in data” (p. 102).

The next section formulates the formal theory of accounting absence in order to make the theory of accounting absence more applicable for further studies which are believed to consolidate the theory of this study and overcome its limitations, because the current theory is showing a relatively new and undiscovered area of accounting discipline.

8.8.2 Formal theory of accounting absence

This section explains the abstracted formal GT of accounting absence. The components of the paradigm model are used here in order to find relationships between the main phenomenon of this study with these components; namely conditions, action/interaction strategies and consequences. Finally, a new and abstracted paradigm model is drawn.

This study suggests that the coercive pressures that are coming from government are the main reason for making accounting primitive and inaccurate and lacking in some accounting techniques and information. Therefore, accounting becomes technically and functionally absent. In addition, the lack of some resources such as qualified accountants is also another contextual condition for the absence of accounting. For example, this study has shown, after comparison with findings from previous studies (namely Algaber, 1995) how the introduction of a new accounting computer system has improved and developed the accuracy of accounting information produced.

Regulatory bodies are found to seek to make accounting present, but they faced a lack of resources such as professionals and incentives, and are also restricted by the bureaucratic processes of the government. For example, the applying of NGAS is facing long processes that might take years to be approved.

In addition, internal actors including the motivated management of the University are found to encourage the presence of accounting by, among other factors, reducing the centrality of regulatory and governing government bodies that sometimes have self-interests in controlling the University. Therefore, these interested bodies oppose any freedom that is given to the University. It is important to mention that there are also internal self-interested groups and individuals including even the University management, and they work against any presence of accounting, if such a presence would affect their self-interest or plans.

Internal pressures alone, however, are not strong enough to lead to the presence of accounting, unless it is accompanied by normative and mimetic pressures. For example, the University had not changed the absence of accurate costing and centralised budgets to its colleges, until such changes were required by AAIs. The University may overcome all barriers that constrain the requirements of AAIs. For example, the University manipulated the rules by asking the MADAR Company to pay incentives and rewards to its employees in order to motivate them to work longer hours than the government rules required them to. Another example is that the University has decoupled the rules by informally applying BTEC to gain accreditation from AAIs, while it follows the rules formally in order to not to experience problems with government rules and regulatory and governing bodies.

In conclusion, the absence of accounting has had unfortunate consequences for the University. As the current accounting practices are primitive, less and – and less inaccurate – accounting information is produced by the system. Hence, the limited accounting information that is produced is not used as it is not accurate, is misleading for decision making. Furthermore, the University sometimes had to manipulate and decouple the government rules by taking some illegal actions in order to make accounting present both technically and functionally. For example, the University worked hard to motivate its staff to apply costing which was found to be accurate, and the management started to use such information as they found it was usable and reflecting the reality.

8.9 Summary

This chapter has compared the substantive theory of this research with the extant literature. The components of the paradigm model were compared individually with similar cases in the literature. Based on the comparison, the researcher was able to develop the FGT for accounting absence to have a more abstract and applicable GT of accounting absence.

Chapter 9: Conclusion, Summary, Contribution, Limitations and Further Research

9.1 Introduction

This chapter consolidates with the background, summary and contributions of this study. The first part stated an introduction of this research, and how this research was conducted, and it shows the methodology and findings of this study. The second part summarised the finding of this research. The third section stated the theoretical and methodological contributions followed by the research limitations and possibility of further studies.

9.2 Background of the research

This research started as a study of a cost accounting system in the Saudi HE sector, but after a pilot study in the field, the researcher learnt that cost accounting, in particular, and accounting, in general, have unique and differing presence. Subsequently, the researcher turned his attention to an investigation of the status of accounting in less-studied fields; the HE sector, the public sector and the case in developing countries (Goddard, 2010; Rahaman, 2010; Broadbent and Guthrie, 2008). This research has studied the status of accounting in a Saudi university. The general objective of this study was to understand the status of accounting in a HE sector in a developing country; and consequently construct a theoretical framework that tells us: i) what accounting is; ii) how it is applied; iii) the reason for its current status, and iv) what has happened to change what it was.

This research has been conducted in one public university in Saudi Arabia. The University is one of the leading, bureaucratic and large public universities in Saudi Arabia. This University was chosen for a number of reasons: it is one of the oldest Saudi universities³⁶ so the status of accounting is not reflecting a process of routinising accounting; rather accounting is already routinised and

³⁶ 70% of the public universities in Saudi Arabia are 10 years old or less (MoHE, 2014).

bureaucracy is established. Consequently a study of accounting would reflect the dominant powers that have made accounting what it is. However, if the study of the status of accounting was undertaken in one of the new public universities, the theory of the status of accounting in the HE sector would not reflect a routinised and bureaucratic accounting system which would be useful when the aim of the study is to study of the status of accounting during emerging.

Another reason for selecting one university as a single case study is that all public universities in Saudi Arabia, as discussed previously, are applying the same government accounting rules, and they have the same operating rules which makes them more or less similar in terms of accounting. Consequently, the researcher believed that having multiple case studies which would generate general and similar statements would be less suitable than having one case study, which would enable the researcher to undertake a more in-depth investigation and acquire a much greater understanding of accounting in the case study. Therefore, the researcher has intensively studied the status of accounting in the University by collecting the data from different sources and various people in the University and relevant bodies such as the MoF.

In order to reflect what accounting in practice is, as suggested by accounting scholars (Baxter and Chua, 2003; Humphrey and Scapens, 1996), and to reflect the status of accounting in HE sector a theory is constructed to explain what is happening. GT approach was adopted in this study, because it allows the data to 'speak' with less influence from preconceived theories and models. GT is a helpful methodological approach, when the research is about a less researched area – *accounting absence* (Choudhury, 1988). A theory of accounting absence in the case study has built, and a FGT was also developed after comparing and integrating the theory of this study with the extant literature in order to make the theory more relevant and general to the HE sector and accounting absence discipline.

The GT data analysis followed the Straussian approach. The data were subject to open, axial and selective coding. These tools and procedures are very helpful for a novice researcher, as they are structured and creative, but not too rigid, and they can be avoided. The Straussian approach suggested the

constructing of the paradigm model and FGT, and describing the emergent theory in the form of a storyline.

This research has built a substantive theory of accounting absence, which has added to the accounting literature in HE, developing countries and government accounting. The theory of this study shows the conditions and factors that have led to the accounting absence; in addition to the strategies that are applied to either retain or to overcome the absence of accounting. This theory concludes with the consequences of the absence of accounting such as the existence of primitive accounting and manipulation of the rules to have accounting in place.

The researcher then compared and integrated the emergent theory of this research with the extant literature. Although, there is very limited research on accounting absence, the researcher was able to fit the emergent theory within the extant accounting literature; and consequently, a FGT was designed to move the theory of this research from being specific to the case study to being more generalised and usable to HE literature in particular and accounting literature in general.

9.3 Summary

The University's accounting which is the Saudi government accounting was produced almost 60 years ago with very limited adjustments and updates since then. The government accounting system effectively suffers from being primitive, centralised and unable to cope with government units' needs. Government accounting is claimed to be missing some accounting techniques such as depreciation or having undeveloped accounting techniques such as cost accounting; consequently, some of the required accounting information cannot be produced either because of the lack of accounting techniques or because the accounting techniques are not developed to give the required information by the organisation. The current government accounting system was established at the time of establishing the state, when the illiteracy rate was high and the bureaucracy and complexity of government spending and general transactions were in a nascent stage. Consequently it is argued that the government accounting rules were temporary and only suitable for that era; however, they continue to be applied today. Based on the above, the

researcher identified two characteristics of accounting absence, despite the fact that accounting in general is widely practiced. The first type of accounting absence is *functional* absence where accounting is there, but it is not used and/or useful. For example, the University has a budgeting department; it does its budget annually and the budget has some helpful accounting information which can give the reader an understanding of the next year's plan; however, the information is ambiguous and irrelevant, as the University believes that the MoF relies on sources other than accounting information when it approves the budget. Consequently, accounting becomes functionally absent. Another example of functional accounting absence is the use of sources other than accounting information for decision-making and the lack of accounting information access, because the information holders do not want to lose their powers by giving others accounting information. The second type of accounting absence is *technical* accounting absence where some accounting techniques are totally absent. For example, this study has shown how the costs of insuring the University's assets have been dramatically exaggerated because of the absence of depreciation. Finally, this research has suggested a definition for accounting absence, after consulting the very limited literature available on accounting absence.

In order to understand why accounting is absent, this research aimed to build a theory of accounting absence. The theory shows the factors that have led to this phenomenon (accounting absence), and it stated the strategies that are applied to retain or overcome this absence. Finally, it shows the consequences of this phenomenon for a University in Saudi Arabia. The researcher elected to undertake an in-depth investigation of the status of accounting by the GT rather than a broad investigation of the phenomenon under study. Consequently this approach allowed the researcher to dig deeper to identify those factors that made the apparent factors influence accounting absence. For example, the researcher found that the University management and the colleges have ambitions to have cost information, and they were the main dynamic supporting the presence of accurate cost information; however, the researcher found out that external bodies (AAIs) were behind this information in order for the University and its colleges to be awarded academic accreditations.

This research has described the factors that have made, keep, influence and/or resist accounting absence. In addition, it shows the strategies that have been employed by these factors to make accounting present or to overcome accounting absence. For example, the government rules and authority have been found to be the main cause behind accounting absence, as they prohibit any change or development in the University accounting systems; or, at the very least, they do not help in developing the accounting systems, as they prohibit incentives to the University's employees.

Government agencies are also found to support accounting absence, when the presence of accounting would threaten their interests. Some interested actors within the University make accounting functionally absent, as they believe that the spread of accounting information might lessen their importance.

On the other hand, the University management's ambitions in general and those of its Rector, in particular were the dominant factor behind the efforts to make accounting more present; in addition to the IMF and WB which required the MoF to develop the government budgeting system and develop GFS. The University was ambitious to win academic accreditation from international AAIs which required developments in the University accounting that would make accounting present. The efforts of the AAIs have led to the implementation of an accurate cost accounting system that produces information that is now used, unlike the old system. Indeed, the ambition of the University and its colleges to have accreditations from AAIs have led them to decouple the rules to have BTEC which was able to be implemented informally, not like PC which the University was not able to implement, as it contradicted with the government rules. Therefore, the University was keen to make accounting present, if that was possible, as the GAB project to have NGASs and the MoF project to have GFS were yet not approved by the government. Finally, the accounting absence has consequences in that there is a lack of accounting information, and a subsequent lack of using accounting information for decision making. This situation led the University to manipulate to the accounting absence to have accounting present.

The researcher compared the theory of this study with the extant literature to strengthen the theory and to build a FGT. The extant literature has explained some strategies that have been found in this study to overcome accounting

absence. For example, the University and the MoF were found to work to make accounting present in order to satisfy external specific organisations, namely AAls, the IMF and the WB. This situation has been negotiated in the accounting literature, as it is a normative isomorphism which argues that an organisation applies a change just to satisfy professional bodies. In addition, the manipulation of accounting absence by applying BTEC informally, while formally accounting is what it is, as the rules prohibit BTEC. This case has been described in the literature as a situation of decoupling (e.g. Moll and Hoque, 2011; Lukka, 2007; Pettersen and Solstad, 2007; Timoshenko and Adhikari, 2009). Overall, the researcher concluded by drawing a FGT that is more abstract in order to be as much as general as it can be in the context of accounting absence.

9.4 Contributions

This section of the chapter describes the contributions of this study; the first section states the theoretical contributions of this study to the field, and the second section explains the empirical contributions of this research. This is followed by sections on its methodological contributions which are divided to data collection and analysis contributions.

9.4.1 Theoretical contribution

This research is in an accounting area of study that has, to the present day, been given little if any attention. Accounting absence – which is argued to enrich accounting research as the study of accounting presence (Choudhury, 1988) – is studied in great depth in this research, which has described and defined accounting absence, and shown the two types of accounting absence. This study has contributed to the accounting absence discipline by distinguishing and defining *functional* and *technical* accounting absence, and based on this, offered a firm definition of accounting absence.

Furthermore, this research has built a GT of accounting absence that shows the factors (and their strategies) that support and/or resist accounting absence. In addition, this study has shown the consequences of the absence of accounting in an organisation. This study has described the University and external actors such as the MoF in depth, and examined the AAls strategies in place to

overcome or sustain the absence of accounting such as introducing the GFS and manipulating the government rules to make accounting present such as the case of adopting BTEC. Therefore, the theory of this study has provided a detailed description of the nature of accounting absence, and a detailed explanation of the action/interaction strategies adopted to deal with this absence. In addition, this theory has explained the consequences of this absence and the strategies that are employed to support or resist accounting presence.

This research has revealed the application of a new type of decoupling in accounting research in general. The University was unable to develop some of its accounting techniques and apply some projects such as PC and BTEC, because the rules and interested actors opposed them. However, the University applied BTEC informally in order to gain accreditation from AAls; consequently, a situation of decoupling arises. The new type of decoupling is found in this research, as all reviewed studies on decoupling by the researcher found that the external actors are the ones who require the change, and they are looking for good practice of accounting. However, in the case of this study, the change was required by the actors from the University as they wanted to develop some of the University's accounting to satisfy the AAls. Indeed, the University was decoupling to satisfy two different external actors.

Furthermore, this research has built a FGT that is different from the substantive theory in the application level: while the substantive GT is focused on the current case study, the FGT is abstracted to be more general and suitable to the HE accounting systems and accounting absence discipline overall. The FGT was introduced after reviewing all available research in accounting absence and relevant disciplines such as accounting, in general, and accounting absence in HE in particular.

9.4.2 Empirical contributions

This research expanded the very limited accounting research in the following contexts: developing countries, the public sector, and the HE sector, with a specific focus on the case of Saudi Arabia. Broadbent and Guthrie (2008) and Goddard (2010) expressed concern about the very few studies on developing countries (1.1% of studies in Goddard's (2010) review are in developing

countries). Most of the few accounting studies in developing countries focused on privatisation of state-owned organisations (Rahaman *et al.*, 2004; Uddin and Tsamenyi, 2005; Tsamenyi *et al.*, 2010). Goddard (2010) stated that, arguably, in the case of several developing countries, their public sectors are considered of greater importance than research-active sectors because of the emphasis on survival in these limited economies. The public sector plays a major role in many of the key challenges the world faces, such as widespread poverty. Efficient accounting is vital in this context, and public sector accounting can contribute greatly to this. In addition, Hopper *et al.* (2009) insist that the study of accounting should be undertaken in developing countries as they have different cultures, economies, ideologies and politics to those of developed countries, and they argued these differences might have an influence on accounting which makes it different to accounting in developed countries; and consequently important to be studied.

This research aimed to achieve an in-depth understanding of accounting in the HE. It developed a GT that reflects what accounting in the field is. The theory explored and explains how accounting absence does exist, and it found multiple characteristics of accounting absence. In addition, it explained in detail how the University and other players deal with accounting in HE, and it showed the strategies adopted by those players towards accounting absence either to sustain accounting absence or make accounting present. Finally, the consequences of the accounting absence and the strategies are described by the empirical data.

The accounting absence theory of this research has a distinction in that it has been constructed based on data that were collected from a variety of players. The researcher interviewed all possible players that have an influence on accounting in the University, particularly those of dominant power such as the MoF. He also collected the data from different components of the University such as administrative and academic staff. The researcher ensured that there were variations between interviewees from the same background. For example, academic interviewees were from all categories of colleges such as science and humanities schools, and the interviewees were from different hierarchical levels. Indeed, such variations disclosed different attitudes towards accounting absence, and enriched and strengthened the theory, as data were collected

from different internal and external players in accounting, such as interviewees from the GAB.

9.4.3 Methodological contributions

This section shows the methodological contributions of this study, broken down into two subsections: *data collection* and *data analysis* contributions. Before describing the contributions, the researcher contends that this study adds to the very few interpretive and GT studies in accounting research (Goddard, 2010). This research has contributed an in-depth study of accounting absence in HE.

9.4.3.1 Data collection contributions

As this research followed the GT approach, the researcher might not be informed on all issues in the field, as the researcher does not have a preconceived theory that had already discovered these issues. For example, the interviewer would not know about the effect of ‘leader’s eyes’ on budgeting until this specific point was raised by one of the interviewees; however, other methodological approaches would more or less identify the case of ‘leader’s eyes’ beforehand (during the literature review), and they would then ask about it or test it during data collection. To avoid omitting important issues and information, and because of using GT, the researcher identified some strategies to overcome such an issue. For example, as Saudi Arabia has a strong relationship culture that sometimes called for relationships to be first developed with the interviewees before they would divulge information for such a detailed interpretative study, the researcher worked to build personal relationships with some actors in the field, and he tried to find and invest in the similarities between him and his interviewees. In a country such as Saudi Arabia where clan-relationships in particular and relationships in general are very strong, the researcher looked at and approached those who are from, for instance, his original city and tribe, and those who share the same views and backgrounds as the researcher, such as accountants. Those interviewees and people were very helpful and generously gave information that would not have been disclosed if the person was not interested in benefiting the researcher. For example, one of the University’s employees who happened to be an old friend of the researcher was met by chance in the University lift. This friend was of unlimited benefit to the research as he openly advised the researcher on

what to look at and ask about; who should be interviewed; and what the suitable times were to interview different interviewees, based on their characteristics. This information was based on the friend's knowledge of the personality of some interviewees. Another relative of the researcher was very generous in using his relationships to introduce the researcher to important and busy interviewees. The researcher, indeed, did not miss this opportunity by asking him to give access to those who would not be willing to conduct the interview and/or to persuade them to freely express their opinion and give information without reluctance.

Further, after the pilot study, the researcher built personal and/or informal relationships with some of the actors who needed extensive time to be interviewed, and it was not suitable to interview them for five or 10 hours at a time on the same subject. Instead, some information was gathered later, informally, when talking about different subjects. Last but not least, during the meetings, the researcher raised issues of interest to the interviewees in order to encourage them to talk. For example, the researcher talked about the importance of research and its benefit to the community and the country as a developing country that would not solve its social problems before it had developed certain other aspects, such as research and education. In addition, the researcher tended to support the interviewees in their discussions around their departments' sensitive issues in order to encourage them to talk. These activities and strategies strengthened [U3] the theoretical sampling and sensitivity techniques which are emphasised in GT. However, these strategies were avoided in some interviews to avoid similar data being given, and in order to triangulate the data.

9.4.3.2 Data analysis contributions

This research has followed Strauss and Corbin's (1990) prescriptions, procedures and tools to analyse the data. In their 1990 book, Strauss and Corbin showed how a novice researcher can analyse his/her data in three stages (open, axial and selective coding). They developed their procedures in their next editions in 1998 and 2008. However, these procedures are not compulsory, and they should be omitted, if there is no identifiable advantage in using them or some of them (Strauss and Corbin, 1998), because in some cases they seem to be restrictive and uncreative. For example, the researcher could not name and assign a specific property and dimension to every code; he

found that doing so would restrict the meaning of this code to a single property or dimension, or multiple ones. In addition, these properties and dimensions would pose boundaries around each code, and would thus limit the codes to certain meanings and make them only relevant to certain matters. Consequently, these properties and dimensions pose the risk of killing both the *creativity of the data*, and the *creativity of the interpretive researcher* who believes that there is more than one reality to everything. The matters of properties and dimensions are more debatable, when the area of study is less focused on in accounting research such as accounting absence. Studying accounting absence introduced the researcher to totally new issues and areas, which he faced difficulties in identifying in order to set properties and dimensions for them in the early stages of open coding.

In addition, this research has divided the position of the paradigm model; it was grounded first in axial coding, and then drew on selective coding. Strauss and Corbin (1990) recommended the building of a paradigm model in the axial coding; however, the researcher argues that the completion of the paradigm model in the axial coding stage before the release of this research's core category would not be useful, as all paradigm model components should be assigned to the core category of this research which is accounting absence. Therefore, the paradigm model was drawn in the selective coding chapter in order to construct a robust GT, but the components of the paradigm model were shown in the axial coding stage; namely conditions, strategies and consequences.

As stated in chapter 4, the researcher used MAXQDA software to analyse the data, as it was the only known software for analysing the data in Arabic. In chapter 3, the researcher justified the retaining of the data in their original language, and avoided translating it which might change the meaning of statements during the translation process. MAXQDA, which the researcher is extremely grateful to the School of Management, University of Southampton, for purchasing the software used for the current research. However, the researcher did not use the software for the entire analysis process; rather, he found that there are certain stages when manual processes are more creative than running the data through MAXQDA. For example, the researcher printed out all the codes/concepts in order to read and scan them repeatedly, and to intensively meditate on them for a couple of days before assigning them to the

open codes. The same was the case when assigning the open categories to the axial codes.

Finally, the above strategies to analyse a GT data have contributed to GT analysis strategies, in general, and to the Straussian approach, in particular. This study has kept within the Straussian approach, as Strauss and Corbin (1998) stated, “analysis is not a structured, static, or rigid process. Rather, it is a free-flowing and creative one in which analysts move quickly back and forth” (p. 58). In addition, they added that “techniques and procedures are tools only. They are there to assist with analysis but never should drive the analysis in and of themselves” (p. 58). Therefore, the researcher has adopted the analysis approach in order to have the best of the data without conflicting with the GT; instead the strategies have contributed to the GT.

9.5 Limitations and further research

The discipline of accounting has very limited studies on the absence of accounting in general, and on the case in HE, in particular. In general, studies on accounting in the public sector, developing countries and the HE sector are still low in number (Goddard, 2010; Broadbent and Guthrie, 2008). This weak background did not give the researcher a solid foundation to have a preconceived understanding of accounting absence before conducting the study, and even when he started analysing the status of accounting, most of the information was new to the researcher. For example, the researcher had to distinguish between the different types of accounting absence, and consequently, he set his definition of accounting absence. However, the researcher suggests that more GT studies on similar cases would strengthen and confirm the GT of this study; and he believes that there is more to be discovered on accounting absence in Saudi Arabia’s HE sector.

The study of accounting absence should be conducted in different public sector organisations. The public sector is vast and diverse, and has different characteristics even with accounting in very restrictive countries such as Saudi Arabia where government accounting is the same in most government departments. Other developing and developed countries should be targeted to study accounting absence in their HE sectors and public sectors. The GT

approach is recommended when the aim is to acquire a deep understanding of an untouched area of study – such as accounting absence.

Little is known about accounting absence, even in those sectors – such as the private sector – where studies abound compared to the public sector. The private sector has significant differences to the public sector where the former aims to making profit which is usually measured by accounting; therefore, studying accounting absence in such a sector would certainly find totally different scenarios to those in the public sector. Some studies discuss accounting absence in private sector (e.g. Jacobs and Kemp, 2002); however, to date, no study has focused on understanding accounting absence in the private sector and building a GT.

Another suggestion for further study is to focus specifically on one or two accounting techniques such as budgeting. One important question that can be asked in this current case study is – Why the budgeting is absent in the University, although it is one of the very important or the most important accounting technique in the University? To address this, the researcher can construct a GT that specifically shows the factors that lead to or resist budgeting absence, their strategies, and the consequences of this absence. In addition, the absence of some of the accounting techniques can be studied in different settings in the public and private sectors.

In addition, the researcher found that studying the consequences of accounting absence was of great interest. This study has found an unique story of decoupling as the University was unable to make accounting present, but governing bodies and rules were against any development in the University's accounting systems. Similar stories and new consequences might be found in studying accounting absence in further case studies.

Based on the above, and after investigating and initially understanding the issue of accounting absence, more qualitative and quantitative studies that are based on preconceived theories and models are required to deeply understand accounting absence and to test the results. Qualitative case studies are suggested after developing more GT studies to deeply and specifically study every component of the theory developed by GT. On the other hand, it is believed that testing the theory of accounting absence through quantitative studies will enhance the understanding of this issue. Therefore, the researcher

suggests that comparison studies are carried out on accounting absence between universities and between different sectors to show, and learn more about, the different types of accounting absence.

9.6 Summary

This chapter has restated the background of this research, and how the research was developed. A summary of the findings was presented, and theoretical and methodological contributions were stated. Theoretical contributions were to the accounting absence discipline in general and to some phenomena in accounting such as decoupling and normative isomorphism in particular. Methodological contributions were divided into two types; the first relates to data collection procedures, while the other relates to data analysis contributions. Finally, this chapter has acknowledged the limitations of this research, and made suggestions for future research.

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Appendices

Appendix A The Saudi government revenues and expenditures

Year	Total Revenues			Total Expenditures		
	Oil Revenues	Other Revenues	Total Revenues	Current Expenditure	Capital Expenditure	Total Expenditures
1969	5119	549	5668	3853	2175	6028
1970	7122	818	7940	3989	2304	6293
1971	9685	1435	11120	4756	3374	8130
1972	13480	1888	15368	5654	4504	10158
1973	39285	2420	41705	8470	10125	18595
1974	94190	5913	100103	15207	19832	35039
1975	93481	9903	103384	37931	43304	81235
1976	121191	14766	135957	73621	54652	128273
1977	114042	16617	130659	71417	66631	138048
1978	115078	16427	131505	83488	64484	147972
1979	189295	21901	211196	102448	83277	185725
1980	319305	28795	348100	132661	104094	236755
1981	328594	39412	368006	113636	171014	284650
1982	186006	60176	246182	102248	142664	244912
1983	145123	61296	206419	124052	106134	230186
1984	121348	50161	171509	121696	94667	216363
1985	88425	45140	133565	119865	64139	184004
1986	42464	34034	76498	98894	38528	137422
1987	67405	36406	103811	134419	50500	184919
1988	49400	36200	85600	116283	24573	140856
1989	75900	38700	114600	118303	36567	154870
1990 - 1991	246297	70342	316639	377205	110220	487425
1992	128790	40857	169647	162350	76637	238987
1993	105976	35469	141445	184878	3012	187890
1994	95505	33486	128991	161380	2396	163776
1995	105728	40772	146500	148776	25167	173943
1996	135982	43103	179085	171258	26859	198117
1997	159985	45515	205500	218880	2392	221272
1998	79998	61610	141608	171163	18897	190060
1999	104447	43007	147454	167195	16646	183841

Khaled Fouzan Alfahad

2000	214424	43641	258065	216958	18364	235322
2001	183915	44244	228159	223508	34632	258140
2002	166100	46900	213000	203500	3000	206500
2003	231000	62000	293000	223530	33470	257000
2004	330000	62291	392291	247649	37551	285200
2005	504540	59795	564335	284173	62301	346474
2006	604470	69212	673682	322411	70911	393322
2007	562186	80614	642800	347199	119049	466248
2008	983369	117624	1100993	388839	131230	520069
2009	434420	75385	509805	416594	179840	596434
2010	670265	71351	741616	455043	198842	653885
2011	1034360	83432	1117792	550500	276200	826700

Appendix B

الرقم:13..... | Number:13.....

Time: ...1:30... الساعة: الجامعة/وزارة: The University/Ministry:

Date: 2011/ 10 / 1 - 1432/ / التاريخ:

Name: ...XY..... الاسم: Job title: manager مسمى وظيفي: Department: Finance قسم:

Recorded/non recorded تسجيل/ عدم تسجيل

Subject: العنوان:

- He avoids to directly criticising the accounting system of the University, but he stated that a lot should be done to develop the University accounting system.
- Whenever I asked about the shortage of accounting information produced, he tried to pull me to obstacles of GAB.
- He is focused on financial accounting, but he doesn't consider management accounting as an important accounting techniques.
- Auditing is in the accounting department.
- He wasn't willing to conduct the interview before I tried to attract him by subjects of interest.

Notes: ملاحظات: Interview period:45 min..... مدة المقابلة:

- He was very very nervous and temper.
- WS320015

Appendix C Interviews' details – sorted by order of interviews

Interview No	Place	Department	Level	Title
UFL1	The University	Finance	Low	Accountant
UFM1	The University	Finance	Middle	Section Manager
UFL2	The University	Finance	Low	Accountant
UFL3	The University	Finance	Low	Accountant
UDH1	The University	Project	High	Department Manager
UDM1	The University	Purchases	Middle	Section Manager

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UDM2	The University	Maintenance	Middle	Department Manager
UDL1	The University	Maintenance	Low	Engineer
UDM3	The University	University's Assets	Middle	Department Manager
UDH2	The University	Purchases	High	Department Supervisor and the University's President's consultant
UDL2	The University	Purchases	Low	Section manager' assistant
UDH3	The University	University's Assets	High	Department Manager
UDL3	The University	University's Assets	Low	Insurance
UBM1	The University	Budgeting	Middle	Department manager' assistant

UBL1	The University	Budgeting	Low	Chapter 3 specialist
UBL2	The University	Budgeting	Low	Chapter 1 specialist
UPM1	The University	Development and Planning	Middle	Dean's Deputy
UPM2	The University	Development and Planning	Middle	Dean's Consultant
UBH1	The University	Budgeting	High	Department Manager
UPM3	The University	Development and Planning	Middle	Department Manager
UDH4	The University	Information Centre	High	Dean
UDH5	The University	Information Centre	High	former Dean

UDM4	The University	Information Centre	Middle	Department manager' assistant
UA1	The University	Faculty	Faculty	Dean's Deputy of Agriculture college
UDH6	The University	Endowment	High	Department Manager
UA2	The University	Faculty	Faculty	Dean of Science college
UA3	The University	Faculty	Faculty	Dean of Architecture and Planning college
UDM5	The University	Quality	Middle	Dean's Deputy
UA4	The University	Faculty	Faculty	Dean of Computer Science college
UA5	The University	Faculty	Faculty	Lecturer in Accounting

UA6	The University	Faculty	Faculty	Dean of Engineering college
UA7	The University	Faculty	Faculty	Dean of Teachers college
UA8	The University	Faculty	Faculty	Dean's Deputy of Teachers college
UA9	The University	Faculty	Faculty	Dean of Arabic language centre
UBM1	The University	Budgeting	Middle	Department manager' assistant
UBL3	The University	Budgeting	Low	Cost Accounting
MDM1	MOF	Information Centre	Middle	Senior Economists
MBH1	MOF	Cost Analysis	High	Department Manager

MAH1	MOF	General Accounts	High	Department Manager
MBH2	MOF	Budgeting	High	Department Manager
GAM1	GAB	Accounts Auditing	Middle	Section Manager
MAH2	MOF	General Monitoring	High	Department Manager
MAM1	MOF	General Accounts	Middle	Department manager' assistant
MBL1	MOF	Budgeting	Low	MOF's representative at the University
UMH1	The University	University's management	High	University Vice President for Health Specialisation
PBM1	MoEP	Education planning	Middle	Section Manager

UMH2	The University	University's management	High	University Vice President for Development and Planning
GAH1	GAB	Performance Monitoring	High	Department Manager
UFH1	The University	Financial Monitor	High	Department Manager
UFM2	The University	Finance	Middle	Department manager' assistant
UFH2	The University	Finance	High	Department Manager
UMH3	The University	University's management	High	Vice President's Assistance of Financial Affairs

Appendix D

The Axial Codes	The Open Codes
External pressure	Self –interest and power
	Internal and external influences
	Resistance to the NGASs
	Reasons behind the costing system
	Factors hindering the PC
	Reasons behind the BTEC
	The factors behind the existence of the GFS
Internal pressure	The difficulties of the Current accounting system
	Issues of accounting information
	the negative role of the rules on the University's accounting system
	Self –interest and power
	Internal and external influences
	Resistance to the NGASs
	Reasons behind the costing system
	Reasons behind the BTEC

The Ambition of the University	The difficulties of the current accounting system
	the negative role of the rules on the University's accounting system
	Moivations to have the NGASs
	The University's endowment account
	The University ambition
	Reasons behind the costing system
	Problems of the costing system
	Dynamics behind the PC
	Problems of the PC
	Reasons behind the BTEC
the availability of resources	Absence of incentives
	Resistance to the NGASs
	Obstacles to the costing system
	Dynamics behind the PC
	Problems of the PC
	Factors hindering the PC
	Reasons behind the BTEC
	Resistance to the GFS
	The University's costing system
	The difficulties of the Current accounting system

The influence of rules	The rules applied in the University
	Resistance to the NGASs
	Positive opinions towards the rules
	Factors hindering the PC
	Resistance to the BTEC
Regulatory bodies	the negative role of the rules on the University's accounting system
	Absence of incentives
	Difficulties in implementing an effective budgeting system
	Motivations to have the NGASs
	Reasons behind the costing system
	Dynamics behind the PC
	The factors behind the existence of the GFS
	Problems of the GFS
	Resistance to the BTEC
	Self –interest and power
Introduction of accounting techniques	The University's costing system
	Reasons behind the costing system
	The PC
	The BTEC
	The GFS

	The factors behind the existence of the GFS
Manipulation on absence	The BTEC
	The University's costing system
	Reasons behind the costing system
	Problems of the PC
	MADAR
	Reasons behind adopting MADAR
	The defects of MADAR
Preparation of proper accounting	Introduction of the NGASs
	The GFS
Primitive Accounting	The status of the University accounting system
	The difficulties of the Current accounting system
	The negative role of the rules on the University's accounting system
	The current budget system
	The University's costing system
Absence of sufficient accounting information	Issues of accounting information
	Absence of incentives
	MADAR
	Reasons behind adopting MADAR
Neglecting the use of accounting	The status of the University accounting system

	The current budget system
	Difficulties in implementing an effective budgeting system
	Criticisms to the MoF
	Problems of the costing system
	Issues of accounting information
	Resistance to the BTEC
Manipulation to acquire accounting	The University's costing system
	Reasons behind the costing system
	The GFS
	Reasons behind the BTEC
	The BTEC