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**Accounting and Accountability in Local Government:
a Critical Constructivist Grounded Theory Approach**

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Submitted for the degree of

Doctor of Philosophy

December 2008

ABSTRACT

FACULTY OF LAW, ARTS AND SOCIAL SCIENCES

SCHOOL OF MANAGEMENT

Accounting and Accountability in Local Government: a Critical Constructivist Grounded Theory Approach

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This thesis seeks to understand the interrelationship between accounting and accountability in local government in Zimbabwe. Fieldwork was undertaken in one large city council from October 2005 to March 2006 and also in February 2007.

Local government authorities in Zimbabwe are responsible for delivering a wide range of public services including housing, healthcare, waste management and water distribution.

The question, therefore, is how accountable are these organisations to their stakeholders? The exploratory nature of this study called for a qualitative approach. The methodology employed is termed Critical Constructivist Grounded Theory. This is because the study is located along a continuum with Constructivist Grounded Theory (CGT) on the one end and Critical Theory on the other, with the thesis positioned towards Critical Theory. CGT is used because the researcher agrees with Charmaz (2006: 10) who asserts that 'finished grounded theories are constructions of reality'.

The thesis gives rich descriptions of organisational micro contexts such as poor organisational culture, resource mismanagement, self-interest, the limited role of accounting information, the quality of consultations and links these to macro conditions of the political environment.

The substantive theory generated from this study is that the City Council's overarching concern was *portraying a semblance of accountability*. This core phenomenon influenced accounting and accountability practices in this organisation. The thesis suggests that genuine accountability is required in order to solve the problems faced by the organisation studied. However the study reveals that the majority of the service recipients did not have a voice in the decisions made by, neither were they able to scrutinise the performance of, this organisation. The findings of the thesis are discussed in the light of existing accounting literature as well as Jürgen Habermas's theory of communicative action and Pierre Bourdieu's notions of field and capital.

Habermas is a German philosopher and a critical theorist. His range of interests includes the concept of the public sphere, democracy and emancipation. Bourdieu was a French sociologist who was interested in many issues including culture, class and power relations, social suffering and domination. The concepts of these two thinkers are used to give a language to discuss what seems to be going on.

Dedication

This work is dedicated to my mother, Rosemary, for believing in me.

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Acknowledgements

Praise and thanks be to the LORD God Almighty, the defender of the weak, the comforter of those who weep, my strength, my rock, my fortress and my deliverer.

I also want to thank my supervisor, Professor Andrew Goddard for the guidance he gave me throughout the research project. The financial support I got from the University of Southampton's School of Management, the Overseas Research Students' Award Scheme (ORSAS) and the Economic and Social Research Council (ESRC) is very much appreciated. The pursuit of this PhD was made possible by the British Chevening Scholarship I was awarded by the Foreign and Commonwealth Office to pursue an MSc in Accounting & Finance at the University of Southampton in 2003/4.

I am very grateful to my husband, Tim Nottidge, for encouraging me, especially during the last few months of the research when writing up was difficult. He also read through the whole thesis and helped me to clarify my thinking by asking intelligent questions.

I am indebted to all the research participants who set aside time to talk to me and expressed their thoughts on the questions for which I sought answers - without them this project would not have been possible.

To my mother, Rosemary, and my siblings Tsitsi, Loyce, Douglas, Andrew, George and Fortune I say, 'Thank you for being there.' My friends Anne Francis, Cherron Lynch, Angeline Pazarangu, Sarah Odesanmi, Tuoyo and Fola Okorosobo deserve special mention for the support they gave me along the way. Other people who were with me throughout the journey are my fellow public-speaking club members at Solent Speakers in Fareham, my Bible Study group friends, Susan, Kerry, Nathan and Nathaniel; my pastors Simon and Lorrie Lawrenson; my church friends; Gill, Jo and Ashley James, Lindsay MacDonald; and my friends and colleagues at the University of Southampton: Gaspar, Gloria, Meko, Noor, Pundita, Shahnaz, Shuang Liu and Wei. Thank you all, ndatenda.

Chapter One

1 Introduction

1.1 Background to the research

This research investigates accounting, in its broadest sense, in local government in Zimbabwe. More specifically, the thesis seeks to understand the interrelationship between accounting and accountability in one large city council (also referred to as the local government authority - LGA). The thesis moves along a continuum that has the Constructivist Grounded Theory Methodology at the one end and Critical Theory at the other; and it is positioned towards the Critical Theory perspective. The findings are discussed in the light of the existing accounting literature and, at a higher conceptual level, in the light of the work of two philosophers: Jürgen Habermas (hereafter Habermas) and Pierre Bourdieu (hereafter Bourdieu).

LGAs in Zimbabwe deliver a wide range of services to the public. They are responsible for many public services including housing, healthcare, education, recreation, waste management, water distribution, roads, vehicle licensing, markets, bus termini and parking.

1.2 Why accountability?

Accounting researchers have been increasingly seeking to explore the concept of accountability. The British Royal Commission on Financial Management and Accountability sees accountability as 'the fundamental prerequisite for preventing the abuse of delegated power and for ensuring ... instead that power is directed toward the achievement of broadly accepted national goals...' (as cited in Coy and Pratt, 1998: 540). Swartz (1998) observed that public sectors in many Southern African countries have been characterised by inefficient and unaccountable bureaucracies showing little public responsiveness.

This research is driven by a need to explore this concept in the context of a developing country, Zimbabwe. The country was chosen for two reasons. First, there are very few studies on accountability in developing countries. Even though the case

study is based in Zimbabwe, the findings are useful to the general knowledge of accountability. This is because understanding the phenomenon in a particular context can highlight issues that other researchers might not have come across, thereby increasing insight and encouraging new questions to be raised on the topic. Second, the researcher is a Zimbabwean national and therefore has an understanding of the context within which the organisations studied operate.

The research therefore sets out to understand what practitioners consider accountability to be and how the organisation makes itself accountable to its stakeholders. In addition, the study also seeks to understand whether and how accounting is used in accountability and in the day to day management of the organisation.

1.3 Empirical work

The empirical part of this project was carried out over a period of seven months – October 2005 to March 2006, and February 2007. The second field trip mainly consisted of discussing findings with key interviewee participants. A total of 40 interviews were carried out.

1.4 Importance of the research

Two features of this research make it important: understanding accounting in practice and focusing on a large organisation responsible for public services in a developing country. These features are discussed below.

1.4.1 Understanding accounting in practice

This research was a response to calls which have been made for studies which explain accounting in practice as opposed to those that prescribe good accounting practice (Booth, 1993). Booth suggested that it would be fruitful to understand what actions accounting informed (or did not), who used it (or did not) – that is, understanding accounting as a situated practice.

1.4.2 Public services in a developing country context

New public sector management (NPM) reforms popularised the concept of accountability, and there is extensive literature on the subject – both in accounting and other literature. However, little research has been done in the developing world to understand this phenomenon and yet it is believed that the solution to some of the problems facing the developing world lies in improved accountability on the part of their governments (Swartz, 1998).

More specifically, little research has been done in the context of developing countries to understand accounting and accountability in LGAs. The literature review revealed that research in these organisations has been mainly in developed countries, meaning that the understanding of these organisations in developing (non-Western) social, cultural, economic and political settings is limited. This is important because understanding a phenomenon in different contexts broadens knowledge, and as Sinclair (1995: 220) asserts, '[E]fforts to improve accountability would be informed by an understanding of the diversity of ways in which managers construct, hold and enact a sense of being accountable'.

1.5 Theoretical underpinnings of the research

Theory, in this project, is used as suggested by Alvesson and Deetz (2000) - to direct attention, to give meaning to observations made, and to enable useful responses. The methodology employed is Constructivist Grounded Theory.

Tinker (2005: 112) suggests that in order to carry out empirical investigation it is necessary that there is a 'set of observational variables [which] do not spring out of thin air, but from the observer's theoretical priors about interconnections, pattern, influence etc' (see also Humphrey and Scapens, 1996; Gallhofer and Haslam, 1997; Broadbent, 2002 and Fleetwood, 2005). The researcher avoided heavy introduction of theory prior to fieldwork and Habermas's and Bourdieu's work seemed appropriate to inform and explain issues of power, politics, dialogue, and relationships – which emerged as significant in the study.

The thesis generates theory. Sutton and Straw (1995: 374) assert that, 'theory explains why empirical patterns were observed or are expected to be observed'. They further point out that 'strong theory ... often burrows deeply into microprocesses, laterally into neighbouring concepts, or in an upward direction, tying itself to broader social phenomena' (p. 378). This research is guided by this description of theory.

The grounded theory emerging from this study is 'Portraying a Semblance of Accountability'. The LGA emerged as being driven by the need to portray a semblance of accountability and accounting appeared to contribute to this need.

1.6 Overview of the thesis

This thesis consists of twelve including the introduction chapter.

Chapters two, three and four are literature reviews on research paradigms and the role of theory, NPM and accountability, and accounting research in local government. The purpose of these chapters is to explicate the different ways of approaching research and to highlight issues that have been raised by other researchers. This is done in order to identify the 'research gap' and establish the research problem that is the focus for this project.

Chapter two discusses research paradigms in accounting research. These are defined as the set of beliefs which shape the way the holder views the world (Guba and Lincoln, 1998). The researcher's view of the world influences the way they understand the phenomena they study as well as influencing the questions they ask (Laughlin, 2004; Tinker, 2005).

The chapter begins by discussing the main contributions from Burrell and Morgan (1979) which culminates in four paradigms: functionalist, interpretive, radical humanist and radical structuralist. The chapter then gives an overview of research paradigms in accounting research: mainstream, interpretive and critical. This thesis is positioned towards the critical perspective. This is because of the researcher's general interest in how the human condition can be improved, and in how public service delivery can be improved in the organisations studied. Critical research seeks to

understand the constraints under which human beings find themselves in order to evaluate their capacity for change (Cooper, 2005). This agrees with Held (1980), who sees critical theorists as seeking to analyse and expose obstacles to change. The chapter then reviews critical accounting research literature in order to establish the concerns of accounting researchers operating in this paradigm. It concludes with an observation that the concerns of this body of literature are diverse, but that the overarching concern seems to be the need to change the way institutions are run in order to create a world that is better for all.

Chapter three starts with a brief overview of NPM reforms and observes that accountability is one of the core concerns of these reforms. It proceeds to give an overview of the various ways in which accountability has been defined and described. The literature review reveals that accountability is a complex concept, with different researchers seeing it differently. For example, while authors such as Edwards and Hulme (1995) define accountability as the means by which individuals and organisations are held responsible for their actions, Sinclair (1995) sees such definitions as simplistic, arguing that 'accountability is subjectively constructed and changes with context' (p. 219). Other researchers such as Ospina *et al.* (2002) are of the view that traditional definitions of accountability do not fully capture an organisation's performance. Yet some authors categorise accountability into various elements and levels: administrative controls, social controls and self controls (Hopwood, 1976 cited in Robinson, 2003); dimensions of accountability: control, responsiveness and dialogue (Mulgan, 2000); mechanisms of accountability: formal and informal (Roberts, 2002); and accountability relationships: structural, member, political, organisational and public (Goddard, 2004).

Chapter four reviews accounting literature on local government organisations. The purpose is to highlight what accounting research has been done on this subject in order to identify possible research gaps. Issues of interest among local government accounting researchers include the content and the accessibility of financial reports, and the accounting policies on which they are prepared; performance measurement and management; accounting reforms, auditing and accountability. Some of the issues explored on accountability are: the quality of disclosures in annual reports; the

adequacy of the annual report as an accountability mechanism; and the availability of performance information to organisational stakeholders.

This chapter concludes by pointing out that research which seeks to understand accounting in its broadest sense in local government has been limited. In addition accounting and accountability have been studied mainly in the developed countries and not in the developing countries. Most importantly, the literature review triggered questions which formed the departure point in the data collection stage of this study.

Chapter five discusses the methodology employed in this research: critical constructivist grounded theory (CCGT). This methodology is not in the literature and therefore is a methodological contribution of this project. The 'Critical' refers to the fact that the research project has a critical aspect to it as it is inspired by concerns raised by critical accounting researchers (chapter two), as well as using the concepts of two philosophers, Habermas and Bourdieu's, to explain the findings.

'Constructivist' because the researcher agrees with Charmaz (2006), who sees grounded theory as 'constructed' by the researcher and not as emerging wholly from the data with the researcher being neutral. This way of using theory is similar to that suggested by Dey (2002) who gives his thoughts about how critical theory can be used in ethnographic studies in what he terms 'Critical Ethnography'. Questions used to give the research a critical edge are outlined at the end of this chapter.

The chapter also describes grounded theory procedures and briefly explains the data collection methods employed. It also explains how issues of validity and reliability were addressed.

Chapter six is an overview of the context within which this study was carried out. It explains the nature of LGAs in Zimbabwe. The country has twenty-eight urban councils and fifty-eight rural district councils. The city council studied is one of the largest local government authorities in the country. The chapter briefly introduces the macro-contextual factors facing the country when the study was carried out. It also gives an overview of a change initiative called the 'Turnaround strategy', which was being implemented before and during the time the study was undertaken. This chapter

serves the purpose of setting the scene to enable the reader to better appreciate the findings presented in the next three chapters.

Chapters seven, eight and nine present the findings from the study. Chapter seven is on open coding, which is the first data analysis process in Grounded Theory. The open coding stage of city council data analysis produced 83 open codes. These are labels resulting from the breaking up of the data to expose the thoughts, ideas and meanings in the data (Strauss and Corbin, 1998). These were then aggregated into categories. 'Events, happenings, objects, and actions/interactions that are found to be conceptually similar in nature or related in meaning are grouped under more abstract concepts termed "categories" (Strauss and Corbin, 1998: 102). Twenty-five open categories are established. The properties and dimensions of each category are listed at the end of each the description of each of the categories. According to Strauss and Corbin, '[W]hereas properties are the general or specific characteristics or attributes of a category, dimensions represent the location of a property along a continuum or range (p. 117).

Chapter eight presents the axial coding stage. This is the second data analysis stage in grounded theory. The 25 open categories are reassembled to result in 12 axial categories. The chapter describes the situated context for each of the axial categories. This context shows the location of events or incidents pertaining to a phenomenon (Strauss and Corbin, 1990).

Chapter nine discusses the core phenomenon emerging out of the study. This phenomenon pulls all the axial categories together to give an explanation of what is going on.

The central category is 'portraying a semblance of accountability' and the emergent substantive theory is that accounting is one of the mechanisms for portraying a semblance of accountability. The political environment and the largely voiceless population are the macro conditions that seemed to enable the phenomenon of portraying a semblance of accountability. This substantive theory is the researcher's construction based on the findings that the organisation did not address the negative micro conditions such as mismanaging resources, a poor performance culture and

poor relationships, but rather, employed strategies to give an appearance of being accountable. These strategies were accounting-based and dialogue-based accountability, as well as a flawed organisational transformation initiative to appear to be addressing service delivery issues.

Chapter ten is a discussion of the contextual factors influencing the findings of this study. These are discussed under political, economic, social and cultural categories. The thesis suggests that the findings of the study are strongly influenced by the contextual factors.

Chapter eleven is a reflection of the findings. It discusses the findings in the light of existing literature. This is done under seven sub-headings: accounting and the public interest, accounting and legitimacy, accounting and accountability, accounting and performance, the role of the accounting function, accounting in the developing world and change management.

It is pointed out that the organisation studied did not appear to be serving the public interest. Portraying a semblance of accountability illustrated the lack of genuine efforts to address the public interest. Legitimacy is another theme that emerges from the study. The City Council's portraying a semblance of accountability served to fulfil the need for legitimacy by the central government and accountability to service recipients was seen as weak. The role of the accountants was found to be shaped by the overarching goals of portraying a semblance of accountability.

The last section in this chapter is dedicated to discussing the findings from a critical perspective using Habermas's theory of communicative action and Bourdieu's concepts of field and capital. Communicative action is achieved when the actions of agents in a situation are coordinated through acts of reaching understanding and it is an ideal state of human interaction. The theory is used to give a 'language' to the observation that dialogue amongst the various stakeholder groups in general, and between the organisations and their service recipients in particular, was weak. This resulted in actions and activities that disadvantaged the service recipients.

'Field' is a metaphor used by Bourdieu to refer to a social arena within which struggles take place over specific resources and access to them (Jenkins, 2002). The structure of a field is based on power relations with domination, subordination or equivalence amongst participants being determined by access to various resources, referred to by Bourdieu as 'capital'. Using these concepts enabled to researcher to seek out underlying relations that shape action. It is argued that one of the causes for the poor state of service delivery lies in the poor capital endowment of the general public, in that its members are unable to demand accountability for service delivery from people acting on their behalf – in this case policy makers and officials. Accountability (as it is commonly defined) is difficult to operationalise in a situation where people are unable to ask questions because they do not understand the information presented to them; neither can they ask for information in a way that would empower them to demand greater efficiency and better service delivery.

Chapter twelve highlights the contributions of this research and the practical implications of the study, and offers suggestions for future research. Key insights emerging from this study are that whether or not accounting plays a role in organisational management depends of the skills and integrity of the decision-makers, as well as their focus on the performance of the organisation. The thesis also suggests that accounting can only be used as an aspect of performance management when an organisation has inculcated a culture of performance. It was also observed that transparency, dialogue, debate and trust-building were not actively promoted in the situation described and they were not respected values in the organisation studied.

This research demonstrates the usefulness of studies which are based on the understanding that accounting practices are influenced by the contexts within which organisations operate, and critical constructivist grounded theory is argued to be a suitable methodology for carrying out such studies.

Chapter Two

2 Research paradigms and the role of theory

2.1 Introduction

Accounting research has been classified under three categories: mainstream, interpretive and critical (Chua, 1986). These categories represent the paradigms from which a research project can be undertaken. Guba and Lincoln (1998) define a paradigm as a set of basic beliefs that shapes how the holder views the world. It defines the individual's place in the world and the way they relate to the world or a part of it.

Laughlin (1995) points out the need for researchers to purposefully decide on theoretical and methodological issues before embarking on any study (see also Hopper and Powell, 1985; Lodh and Gaffikin, 1997). Ontological assumptions (the researcher's view of reality) must be made before addressing epistemological (the researcher's view of knowledge) and methodological questions (Chua, 1986). This is because the methods used to gather knowledge about phenomena are determined by how the researcher perceives reality. Laughlin (2004) contends that different understandings come from alternative research approaches and 'holding a position means not holding another' (p.264).

In keeping with the admonition to make one's research perspective clear (Baker and Bettner, 1997), section 2.4 of this chapter declares that this research project is located under the critical paradigm.

The chapter proceeds as follows: section 2.2 summarises Burrell and Morgan's key contributions to the research paradigms' literature. Although their work is concerned with the study of society in general, it is useful in accounting research in so far as accounting can be seen as a social science. Section 2.3 focuses Laughlin's middle-range thinking, which suggests that researchers have to make choices in three areas: theory, methodology and change. Section 2.4 explains the paradigms in accounting research, highlighting the shortcomings of each. This section establishes a case for

taking a critical perspective to this research. Section 2.5 is a review of critical accounting research to identify the concerns of accounting researchers who operate in this paradigm, the purpose being to sensitise the researcher to the issues of concern inspiring these researchers.

2.2 Burrell and Morgan's research paradigms

Burrell and Morgan (1979) state that social scientists hold certain assumptions about the social world that they seek to understand through research. These assumptions can either be clearly expressed by the researcher or they can be understood from the way they present their findings. They classify assumptions made about the study of society under four categories: *ontology*, *epistemology*, *human nature* and *methodology*.

Ontological assumptions are concerned with a researcher's view of reality. At one extreme, social reality concretely exists "out there" in the world, while at the other end, reality can only be as each individual sees it. The concrete view of reality therefore sees only one social reality. However, taking the soft view of reality means that there are multiple realities, with different people seeing the world differently.

Epistemological assumptions relate to knowledge, thus the way a researcher sees knowledge will influence the way they will carry out their study. Again, Burrell and Morgan discuss two extreme views about what knowledge is and how it can be obtained. Knowledge can either be "hard" and thus exist independently of the individual mind, or it can exist only by perception and therefore not able to exist independently of the mind. The researcher who takes a subjective view acknowledges that people's experiences and perceptions shape their knowledge.

Human nature assumptions are about how human beings relate to their social environment. Do they mechanically react to it; or do they seek to mould it the way they want?

The assumptions made about reality, knowledge and human nature have influence on the methodology adopted to carry out a piece of research. Some social science researchers deal with the social world in the same way as natural scientists deal with

the natural world. In this case, the social world consists of facts which can be discovered and measured. Those who take the opposing view focus on the individual human being rather than on universal laws.

In addition to the subjective-objective view of the nature of social science, Burrell and Morgan also discuss the nature of society. They resurrect the work of Dahrendorf's (1959) work which was concerned with order and conflict. At the core of this debate lies the question of whether society tends to be orderly and stable, or, rather, is characterised by conflict, change and oppression.

However, Burrell and Morgan go further to critique Dahrendorf's work in that it takes certain "order-conflict" distinctions at surface level. For example, the distinction between consensus and coercion overlooks the possibility that shared values can result from domination. They argue that certain insights can only be gained by questioning "the-taken-for-granted". In Burrell and Morgan's words:

Consensus – however it may arise – is identified in Dahrendorf's scheme as something independent of coercion. This, we believe, to be a mistaken view since ... it ignores the possibility of a form of coercion which arises through the control of value systems (p. 14).

In an attempt to clear the ambiguity that arises from Dahrendorf's work, Burrell and Morgan suggest the use of the terms "sociology of regulation" and "sociology of radical change". Theorists in the "regulation" camp seek to understand why society is characterised by unity, while those focusing on "radical change" believe that modern society epitomises radical transformation, deeply-rooted conflict and controlling power by some people over others. This sociology of radical change is interested in how human beings can be released, "from the structures which limit and stunt [their] potential for development" (Burrell and Morgan, 1979 p. 17).

Whereas the sociology of regulation is concerned with the current state of affairs, the sociology of radical change is interested in potential and the ideal. Instead of settling for the status quo, radical change theorists want to chart ways of how things can be

done differently. The radical change viewpoint sees status quo as resulting in a lack of human fulfilment. Below is a diagram depicting Burrell and Morgan's paradigms.

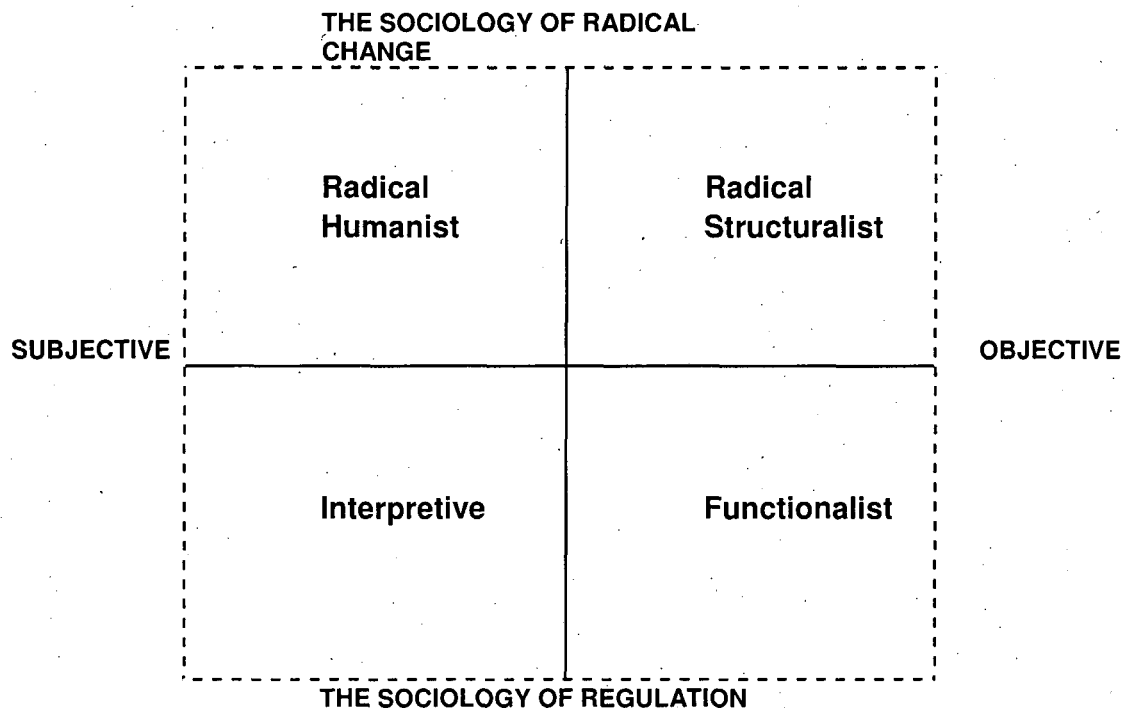


Figure 1: Burrell and Morgan's Research Paradigms

The location of the researcher in the framework influences the questions they ask about a situation, their research design and the methods they use in their research work (Burrell and Morgan, 1979; Chua, 1986)

According to Burrell and Morgan the functionalist approach 'seeks to provide essentially rational explanation for social affairs' and the interpretive one seeks explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participant as opposed to the observer of action' (p. 26, 28). The radical humanist paradigm is similar to the interpretive one but 'its frame of reference is committed to a view of society which emphasises the importance of overthrowing or transcending the limitations of existing social arrangements' (p. 32) 'Radical structuralism is committed to radical change, emancipation, and potentiality,

in an analysis which emphasises structural conflict, modes of domination, contradiction and deprivation' (p.34).

2.3 Laughlin: Middle-range thinking

Another major contribution to the debate on paradigms in accounting research is Laughlin (1995). He proposes 'middle-range' thinking which argues that the empirical world is understood from a particular viewpoint. Basing his work on the Burrell and Morgan framework, Laughlin comes up with three choices that a researcher has to make, these being "theory", "methodology" and "change" choices. Theory choices address 'ontological' and 'epistemological' matters; methodology choices relate to the role that the researcher takes and the process of undertaking the research, and change choices are concerned with how the researcher sees the 'nature of society.'

Laughlin's framework proposes that each of the dimensions be looked at on a high-medium-low continuum. Thus, research work that uses high levels of prior theory is argued to assume a material world and the principal aim of such work is to add to studies that have been conducted before. On the other hand, low levels of prior theorising indicate that the world is not material and therefore it is not possible to generalise findings from research endeavours.

Similarly, the methodology dimension has a high-medium-low continuum. Where the methods of carrying out a study are clearly defined this implies that the world is being looked at objectively and therefore the study is taken to be free from bias. At the extreme end, the researcher is not restricted by rules and regulations as to what they should see and how they should see it. In this case, the observer's perceptions and judgement are acknowledged as influencing the way the research is carried out and also the way the findings will be interpreted.

The 'change' dimension is about whether a researcher believes in high or low levels of change. High need for change means that the researcher sees every situation as imperfect and wanting; whilst being low on change implies that the researcher has no problem with leaving things as they are.

Laughlin goes on to suggest that the position taken with regard to theory will have implications on the methodology employed. Thus high levels of theory will lead to highly structured and clearly defined methods; while minimum prior theorising will require unstructured methods. The change dimension is argued to be more closely related to the theory dimension – the argument being that researchers who are ‘high’ on prior theorisation are expected to be ‘high’ on change. However, this does not necessarily hold at all times because the prior theory may become very comprehensive and complicated to the extent that no critique of the situation studied is made.

Laughlin (2004) advocates the use of a ‘skeletal’ framework in research, arguing that ‘[t]his is in marked contrast to reliance on “complete” prior theories where the empirical detail is seen only as a way to either confirm or falsify the theory’ (p.268). However, Dey (2002) points out that Laughlin’s framework is only appropriate for researchers who already have a deep understanding of the theory they would want to use in research, and not for novice researchers.

2.4 Paradigms in accounting research

Chua (1986) classifies accounting research under three categories: mainstream, interpretive and critical. This model is similar to Burrell and Morgan (1979). However, Chua (1986) does not distinguish between the radical structuralist and the radical humanist paradigms which she merges into one – critical accounting research.

Hopper and Powell’s (1985) classification is similar to Chua (1986). They classify accounting research under functionalism (mainstream), interpretive and radical (critical) accounting research. Hopper and Powell also argue against the distinctions between the radical structuralist and the radical humanist paradigms.

Mainstream

Mainstream or positivist empirical research is a significant form of research in accounting. Laughlin (1995) traces the term “positivism” back to Auguste Comte,

who advocated for the blending of rationalism and empiricism. This required that the understanding of the empirical world be clearly separated from observer bias.

According to Ryan *et al.* (2002), mainstream accounting research assumes that the social world is objective and that human behaviour is deterministic. Chua (1986) argues that traditional accounting research implicitly assumes 'a controllable social order'. This is not taken to mean that there will be no conflicts, but rather that an 'effective manager' must be able to 'remove or avoid such conflict through the appropriate design of accounting controls such as budgets, cost standards, cost allocations and divisional performance criteria' (p. 609).

Organisational conflict is not seen as reflective of deeper social conflict between classes of people with unequal access to social and economic resources. Constructs such as sustained domination, exploitation and structural contradictions do not appear in mainstream accounting literature (*ibid*).

Chua (1986) points out that mainstream accounting research is concerned with finding generalisable causal relationships. The main methods used in this type of research are questionnaires and quantitative data, and statistical methods of analysis (Hopper and Powell, 1985).

Criticisms of mainstream accounting research

An acknowledgement of the complexity of human beings and of organisations resulted in calls for alternative research perspectives in the accounting field – the interpretive and critical research perspectives. Hopper *et al.* (2001) review the historical development of management accounting research in Britain. They point out that dissatisfaction with quantitative and formal economic analysis resulted in sociological approaches and qualitative research in the field. The interest is now more with *understanding* practice rather than prescribing what practice *should be*.

Mainstream research was criticised for being, 'too narrow, obsessively mathematical, and hence of little relevance to managerial problems that involve uncertainty and complex multiple factors' (Hopper *et al.*, 2001:273). Similar criticisms were made by Baker and Bettner (1997).

Inanga and Schneider (2005: 241 - 242) are of the opinion that 'because of its algebraic structure and legalistic preoccupation, both in terms of what and how to report, accounting has imposed an intellectual straight-jacket on researchers.... the result has been research of limited usefulness, except for the academic objective of establishing a publications' record'. Similarly Charmaz (2006) argues that quantitative researchers give priority to replication and verification of studies, but in the process ignore human problems and research questions that do not fit positivistic research (see also Lodh and Gaffikin, 1997).

Interpretive

An interpretive approach to research sees the social world as subjective and researchers operating from this perspective attempt to understand the world from the frame of reference of the participants (Hopper and Powell, 1985: 432). Hopper and Powell point out that support for interpretive research has come from academics who have argued that the approach would generate knowledge about how accounting meanings are socially generated and sustained – thereby increasing the understanding of accounting practice. Research questions are purported to emerge from the research process and not be predetermined at the outset.

Interpretive researchers aim to describe, understand and interpret the meanings that participants apply to the symbols and the structures of their environments (Baker and Bettner, 1997).

Weaknesses of interpretive research

The main criticisms of interpretive research are that it does not actively seek to challenge status quo and also that it alleges to take a neutral stance. It has been argued that it is impossible for *any* researcher to have a completely neutral view to a situation studied, as values and experiences influence the way we see the world (see Morgan and Willmott, 1993; Baker and Bettner, 1997; Dey, 2002).

Critical

Laughlin (1999: 73) describes critical accounting research as:

A critical understanding of the role of accounting processes and practices and the accounting profession in the functioning of society and organisations with an intention to use that understanding to engage (where appropriate) in changing these processes, practices and profession.

Critical or radical researchers view society as being composed of contradictory elements and pervaded by systems of power that lead to inequalities and alienation in all aspects of life (Hopper and Powell, 1985). They also point out that critical research focuses on the fundamental divisions of interests, conflicts and unequal distributions of power that provide the potential for radical change and that the critical paradigm is concerned with 'developing an understanding of the social and economic world that also forms a critique of the *status quo*' (p. 450).

Critical research is essentially interpretive. However, it adopts a particular view regarding the research question, whilst interpretive research purports to take a neutral stance (Baker and Bettner, 1997). Baker and Bettner argue that interpretive research is better than mainstream research, and that critical research is superior to both interpretive and mainstream research as the quotation below illustrates:

Since it is doubtful whether any researcher can adopt a truly neutral stance, we argue that an honest critical perspective is preferable to the dishonest mainstream perspectives and the sometimes less than forthright interpretive research is preferable to the dishonest mainstream perspectives (Baker and Bettner, 1997: 293).

This thesis does not agree with labelling other research paradigms as 'dishonest'. However, it does take a critical research perspective to exploring accounting and accountability.

Weaknesses of critical accounting research

Tinker (2005) argues that 'many critical accounting studies falter because they do not properly "frame" their object at the start of their analysis and as a result, all the research activity that follows from this defect is compromised' (p.102). Tinker observes that contemporary critical research is lacking when it comes to choosing a starting point as 'it is often arbitrary and unreflective' in making this choice (p.106). Inanga and Schneider (2005) argue that accounting research is failing to improve accounting practice, citing the 'accounting research process itself' (p.227) as the problem.

Gallhofer and Haslam (1997) also suggest that it is important for critical accounting researchers to make clear what values and 'politico-ethical' position they take in their work. They argue that doing so would improve the understanding of their work and also communicate 'what visions of an enabling accounting... guide their work'.

Key insights on research paradigms

Four main thoughts emerge from the discussion up to this point.

- i. It is important for a researcher to identify their research paradigm in a particular research project as this influences the questions they ask and the way they present their findings.
- ii. The objective of a research project can be to understand the situation as it is, or to go further to explore how the situation can be changed.
- iii. A research project can seek to be highly objective and therefore very structured or it can be unstructured and acknowledge subjectivity.
- iv. None of the research paradigms is perfect, an awareness of the weaknesses of each perspective is important in order for the findings to be taken in the light of the weaknesses of the paradigm employed.

Having discussed the main categories of accounting research and having declared that this thesis is positioned towards the critical perspective, the next section gives an overview of the critical accounting literature with the aim of establishing the concerns of critical accounting researchers.

2.5 Concerns of critical accounting researchers

Given that accountability has been found to be related to performance (for example Goddard, 2005; Kluvers, 2003), this section reviews critical accounting research literature on accountability and performance. This enabled the researcher to gain an awareness of the issues that are of concern to researchers operating in this paradigm. These are highlighted in the diagram below. The picture is not neat, with the range of concerns being very wide. However, an overriding theme for all critical researchers seems to be changing the way things are done in order to make the world a better place for all. Figure 2 highlights some concerns of critical researchers identified in the accounting literature. The rest of this section reviews these concerns.

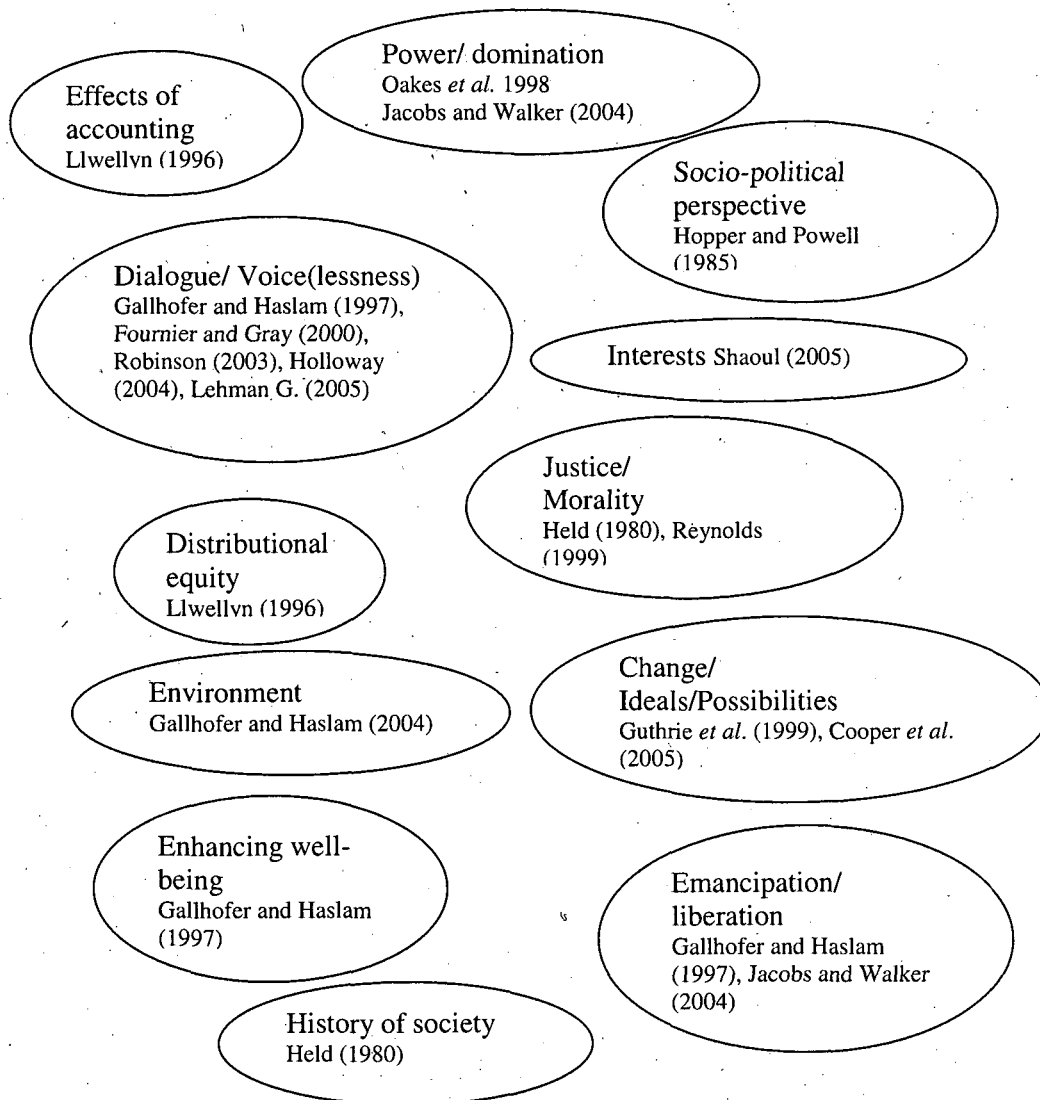


Figure 2: Concerns of critical accounting researchers

Critical accounting research endeavours to see accounting in its wider context, and as having macro-societal consequences in terms of wealth transfer. Hopper and Powell (1985) point out that radical researchers see accounting processes as interweaved with social, economic and political environments. A similar argument is made by Cooper *et al.* (2005). They see the need to take 'social interconnectedness' into account when trying to understand society. Their thinking is that:

... only when we know the ideological, economic, social and political conditions under which human beings find themselves will we be able to estimate what change is possible and by what means it can be effected. The

recognition of the holistic nature of our social world, our material conditions and ideological barriers is certainly useful in research which sees itself as progressive' (p. 959).

In other words, 'to make sense of the human capacity to change the world, we have to understand the constraints under which human beings exercise this capacity. These are both material and ideological' (*ibid*, p. 958)

The literature on accountability is concerned with the value systems that guide accounting (Gallhofer and Haslam, 2004, Lehman G., 2005); practices which are a form of domination (Jacobs and Walker, 2004); the need to question what is being produced and for whom (Oakes *et al.*, 1998); safeguarding the interests of the public (Shaoul, 2005) and giving people a voice (Gallhofer and Haslam, 1997; Lehman G., 2005).

Lehman G. (2005) argues against what he terms 'instrumental accountability' which projects a culture of calculation and control at the expense of other value systems (see also Gray and Collison, 2002; Gallhofer and Haslam, 2004). Lehman questions whether citizens are given access to the processes of accounting deliberation in liberal democratic societies, that is, for them to have a say in 'what is reported and how' (p. 984). Lehman further suggests that there is benefit in 'exploring whether a transformation in our way of thinking about accountability might create a revolution in our understanding of the effects of accounting' (p. 985)

Jacobs and Walker (2004) studied accounting and accountability for a Christian group. They suggest that contrary to the studies which concluded that accounting did not have a place in religious circles, the discipline played a pivotal role in enforcing accountability among members of the group. Accountability, facilitated through accounting for individual members' sources and uses of income, was said to be the basis of community. Jacobs and Walker, however, suggest that the accountability system could be seen 'as a process of internalised surveillance' (p. 377), thus being a form of domination. However, some members of the group saw the same system as liberating. Jacob and Walker conclude that 'the nature and role of accountability

practices, the issue of their liberating/domination potential remains an empirical one' (p. 379).

Gallhofer and Haslam (2004: 399) suggest that accounting 'can concern itself with the intangible, the non-measurable, go beyond science, put emphasis on community and respect our guardianship over the environment'. Their paper draws a parallel between Latin American liberation theology and critical accounting and they suggest that critical accountants can borrow from the liberation theology in their endeavour to bring about a better world for all.

Oakes *et al.* (1998: 257) see language and power as central to an understanding of control. They argue that while business plans can be seen as tools for cost management and accountability, they define 'what it is that is being produced and for whom' (p. 273). Their study is informed by Bourdieu's thinking, who 'like many other social theorists sees power as central to understanding how control works in modern society and organisations' (p. 273).

In a study of the Private Finance Initiative in the UK's NHS, Shaoul (2005) argues that the decision criteria of affordability (the ability to pay annual tariffs to the private finance provider) is too narrow and ignores the wider implications of the initiative on the public. She suggests that, 'accounting can also be used to provide accountability not just to the providers of finance, in whose interests these [public] policies are devised, but to stakeholders who provide the funding and for whose benefit these policies are supposedly framed' (p. 468).

Gallhofer and Haslam (1997) cast a vision of what they call 'an enabling accounting', arguing that this requires an understanding of how accounting affects critical aspects of human life. They argue that critical work should be about giving a 'voice' to the unheard, 'the "repressed" groups of people in the global community':

For us, an important characteristic of an enabling accounting is its ability to act as a force for radical emancipatory social change through making things visible and comprehensible and helping engender dialogue and action towards emancipatory change (Gallhofer and Haslam, 1997: 82).

An 'enabling accounting' would also aim to improve accountability, and support development and growth (Gallhofer and Haslam, 1997). Thus, there is need to 'question accounting through and through in the name of the more meaningful role it can have in securing and enhancing well-being' (p. 83).

The literature on performance is concerned with questioning practices aimed at attaining maximum performance (Fournier and Grey, 2000); the need for collaborative decision-making (Holloway, 2004); the need for dialogue and using reason when establishing and implementing performance monitoring systems (Townley *et al.*, 2003), and the need for public discussion in matters related to public sector performance (Robinson, 2003).

Fournier and Grey (2000) assert that non-critical management studies take performativity (the production of maximum output for minimum input) 'as an imperative towards which all knowledge and practice must be geared and which does not require questioning' (p. 17). They point out that even though critical work may be concerned with achievement, 'it seeks to uncover what is being done' in the name of 'performativity'.

Holloway (2004) proposes collaborative decision-making in organisational management, based on rigorous argument. He highlights that power which is entrenched in bureaucratic organisations can make collaborative decision-making difficult. His arguments are based on Habermas's theory of communicative action. Similar arguments are made by Townley *et al.* (2003) on their study of performance measurement in the Provincial Government of Alberta, Canada. They observed that the imposition of a performance monitoring system engendered resistance from managers who had initially embraced the idea of using measures to bring about needed change in government. They argue that *reason* is the only morally justifiable basis for achieving socially justified and coordinated action.

Robinson (2003) also takes a critical perspective to performance measurement in the Province of Alberta, Canada. He uses Latour's thinking to argue that scientific

performance measurement can detach people from their governments. Robinson quotes Latour (1999) saying:

The first meaning is that of Science with a capital S, the ideal of the transportation of information without discussion or deformation. This Science, capital S, is *not* a description of what scientists do. To use an old term, it is an ideology that never had any other use, in the epistemologists' hands, than to offer a *substitute* for public discussion. It has always been a political weapon to do away with the constraints of politics... (p. 179).

The body of critical accounting literature is diverse but there are commonalities in the fundamental concerns of researchers who take a critical perspective. For example, Held (1980) saw the work of critical theorists as having history at the centre. However, he goes on to say that 'the issues they addressed went beyond a focus on the past and embraced future possibilities' (p. 15). Held goes further to say, 'Following Marx, they were preoccupied ... with the forces which moved (and might be guided to move) society towards rational institutions – institutions which could ensure a true, free and just life. But they were aware of the many obstacles to radical change and sought to analyse and expose these. They were thus concerned both with interpretation and transformation' (p. 15).

Held suggests that critical theorists, 'believe that through an examination of contemporary social and political issues they could contribute to a critique of ideology and to the development of a non-authoritarian and non-bureaucratic politics' (p. 16). 'Theory must be oriented, in short, to the development of consciousness and the promotion of active political involvement' (Held 1980: 22).

Llewellyn (1996:116) cautions that, 'demonising accounting as inherently a servant of private gain is critical but it is also nihilistic... Critical and interpretive researchers should be prepared to debate how accounting could become a more enabling discourse – given that both material resources and the benefits which accrue from them are scarce and, therefore should be accounted for in some sense' (citing Broadbent and Laughlin, 1994). Further, Llewellyn suggests that alternative accounting researchers should articulate clearer definitions of the public interest on a

conceptual level and, at the level of measurement, they should rethink accounting as a technique which can enhance distributional equity.

Chua (1995) describes her study of the use of accounting in hospitals as 'critical' because of three reasons. Firstly, she argues that her work is, 'reflective, reflexive and ironic rather than positive, objective and methodologically formalistic' (p. 113). Secondly, the study takes an anti-positivistic approach – arguing against 'the notion of an independent reality that can be represented unambiguously by accounting numbers' (p. 114). Thirdly, Chua acknowledges the, 'complex interactions between knowledge, interests and power', positing that, 'the production of knowledge is as much about power as it is about truth' (p. 114). Further, Chua goes on to state that:

Social theorists from Marx, Habermas to Foucault have indicated that research should seek to question prevailing systems of truth and to ascertain the possibility of or work towards the constitution of a different politics of truth.

This paper is motivated by this spirit of critique (p. 114).

Reynolds (1999) summarises four principles of critical reflection. These are a commitment to questioning assumptions in theory and practice; foregrounding power and ideology, a social more than individual perspective; and an agenda of working towards just and moral ends.

The concerns of researchers established through this literature review are part of the theoretical lens that guides this research project. More specifically, the thesis is interested in exploring whether, and how, the 'public interest' is ensured in the organisations studied, how accounting is practised; and whether all stakeholders are given a voice in matters relating to the performance of the case organisations.

2.6 Summary

This chapter has presented an overview of the different research perspectives proffered in organisational and accounting research. Mainstream, interpretive and critical accounting research perspectives have been discussed and the weaknesses of each paradigm highlighted. It is important that a researcher be aware of the strengths

and the weaknesses of the research paradigm they operate from so that they can take steps to address such weaknesses.

A review of critical accounting literature on accountability and performance has established that the general concern of researchers operating in this paradigm is to enable an improved way of living for human beings. This task is carried out in various ways, including understanding and questioning the way accounting is conducted and how the interests of the public are served by organisations.

This research project is located in the critical accounting research paradigm. The methodology employed is discussed in chapter five. The next chapter gives an overview of the NPM and reviews literature on accountability.

Chapter Three

3 NPM and accountability

3.1 Introduction

Significant reforms have been made over the last twenty-five years with the aim of transforming the public sector. The core concerns have been with controlling public sector expenditure as well as improving efficiency and accountability of public sector organisations. These reforms are known as NPM. Hood (1995) observes that these reforms have been aimed at aligning public sector management techniques with private sector management.

This chapter proceeds as follows: Section 3.2 is a selective review of NPM literature. It establishes the importance of the concept of accountability. Section 3.3 presents an overview of accountability. The chapter ends by establishing a case for a study that explores accountability in local government in developing countries.

3.2 NPM

Hood (1995) points out that the term "NPM" was coined in order to label the shift that was occurring in public sector management styles. It encompassed individual countries' initiatives such as the British 'Next Steps', the Canadian 'Public Service 2000' and the French 'Projet de Service'. The general aim of NPM was to make the public sector accountable for results rather than conforming with process. Hood (1995) identifies seven dimensions of change which most commentators associated with NPM. These are;

- i. Disaggregation of public organisations into separately managed 'corporatised' units for easier manageability and increased accountability for resources.
- ii. Increased competition between public sector organisations and between them and the private sector in order to reduce costs and improve performance standards
- iii. Use of proven private sector management practices in the public sector organisations.

- iv. Discipline over use of resources, emphasising less costly ways to deliver public services, that is 'doing more with less'.
- v. Increased emphasis on visible hands-on top management so that there is clear responsibility
- vi. Establishment of clear performance measures so that there are clearly stated aims.
- vii. Greater emphasis on output measures such that rewards are based on meeting targets rather than on rank or educational qualifications.

Pallot (1999) observes that accounting has played a key role in NPM, especially in the drive towards the use of explicit measures of performance. A similar observation is made by Hood (1995) and Guthrie *et al.* (1999). Pallot (1999), however, suggests that conventional accounting does not adequately serve the purposes of public sector management due to differences in values between the sectors.

Guthrie *et al.* (1999) present the view that NPM reforms have a global reach and point out that there are differences in the way in which new public sector financial management (NPFM) reforms had been implemented in eleven countries – Australia, France, Germany, Japan, New Zealand, Norway, Spain, Sweden, Switzerland, UK and USA. What they identify as features of NPFM are similar to the features identified by Hood (1995). These are:

- i. changes to financial reporting systems
- ii. the development of commercially-oriented management systems and structures in pricing and providing public services
- iii. the development of a performance measurement approach
- iv. delegation or decentralisation of budgets and;
- v. changes to internal and external public sector audits.

Guthrie *et al.* observe that public sector financial management practices are diverse and they conclude that NPFM is a 'reforming spirit' intended to promote financial awareness in public sector decision-making (p. 222).

This brief overview of NPM shows that accountability and performance were at the core of the changes in public sector management. The next section discusses the concept of accountability, as it is central to this study.

3.3 Accountability defined and described

Accountability has been defined as, 'the means by which individuals and organisations report to a recognised authority, or authorities, and are held responsible for their actions' (Edwards and Hulme, 1995: 9). Brautigam (1991) defined public accountability, as 'the methods and practices whereby users of government and public services, and those within bureaucracies, ensure adequate levels of public service' (cited by Robinson, 1994: 40). Quirk (1997) suggests three broad purposes of accountability. Firstly, there is accountability for 'aims and intent'; secondly for 'performance and outcomes'; and thirdly for 'probity and integrity'.

Sinclair (1995:220) argues that looking at accountability as a requirement, 'to explain and take responsibility for actions', is simplistic. She suggests that the concept can be looked at in different ways: for example 'as something a person is or feels (a personal attribute or affect, something a person has been granted (an obligation bestowed or part of a job contract, something a person exchanges for authority (a property of a relationship), a more abstract and impersonal property of an authority structure or an artefact of scrutiny' (p.221). Quirk (1997) likens accountability to 'story telling' and asserts that it is about relationships, power relations and the level of trust between people. Alvesson and Deetz (2000) posit that it is not necessary to have a common definition of a phenomenon in order to understand it. Referring to the subject of leadership, they argue that the question 'what is leadership' is misleading, arguing that a better question would be 'what can we see, think, or talk about if we think of leadership as this or that?' (p. 52).

Ospina *et al.* (2002: 8) add that 'the definition of accountability has varied with time, becoming richer and more complex in recent years'. They argue that the traditional definitions of accountability which are mainly concerned with financial health, regulatory compliance and internal controls do not fully encapsulate an organisation's performance.

Other authors have established various levels, elements and categories of accountability (for example Robinson, 1994; Mulgan, 2000; Ospina *et al.*, 2002; Roberts, 2002).

Robinson (1994, p. 40) distinguishes between micro-level and macro-level accountability. He describes micro-level accountability as that which focuses on 'quality, cost, reliability and availability of public services'. Macro-level accountability is defined as, 'the way in which decisions on public expenditure are made and how expenditure is controlled and monitored through effective accounting systems, external audit and review procedures'. Robinson suggests that where these accountability mechanisms are effective, individual civil servants will be held accountable for the decisions they take.

Mulgan (2000) sees three dimensions of accountability: control, responsiveness and dialogue. Responsiveness relates to the whether public entities and officials seek to fulfil the need of their political masters and the public while dialogue means interaction between public officials and their organisations' stakeholders.

Behn, 2001 describes three elements of accountability: 'finances; fairness towards employees, contractors, clients, and citizens; and performance' (cited by Ospina *et al.*, 2002).

Ospina *et al.* (2002) differentiate between direct and indirect accountability relationships. Direct accountability occurs when authority and power are aligned, whereas indirect accountability means that beneficiaries of accountability systems have no formal authority and so cannot effectively impose sanctions on managers. The authors suggest that direct accountability relationships should be encouraged, and that this can be done by clearly defining who is served by the organisation. Thus instead of serving 'the community', the organisation will deal with 'real groups of people' - thereby increasing visibility.

The subject of accountability brings with it a question of who is actually accountable and for what (Russell and Higgins, 2004). This is important because it is possible to have a situation where on many issues no one is responsible (Quirk, 1997). Edwards and Hulme (1995) propose what an effective accountability system consists of:

Effective accountability requires a statement of goals (whether in adherence to certain rules or achievement of identified performance levels), transparency of

decision-making and relationships, honest reporting of what resources have been used and what has been achieved, an appraisal process for the overseeing authority(ies) to judge whether results are satisfactory and concrete mechanisms for holding to account (i.e. rewarding or penalising) those responsible for performance (p. 9).

On the other hand, Russell and Higgins (2004) see an effective accountability system as one that is two-way. Their study was on the educational system in California. They argue that not only should the schools be held to account, but that all levels from the classroom up to the state should be asked to account for their practices. This way, a clearer understanding will be gained with regard to the practices, processes and policies that impact on the education system.

Roberts (1991: 365) suggests that at the core of accountability, 'is a social acknowledgement and an insistence that one's actions can make a difference both to self and others.' Sinclair (1995) suggests that, while accountability is 'achievable', it is also 'unpredictable and uncontrollable.' She suggests that research into the topic should endeavour, 'to find what accountability counts for whom and why.' Edward and Hulme (1995) are of the opinion that no organisation can be perfectly accountable. However, they argue that the absence of accountability increases the possibility of ineffective and illegitimate actions (see also Kluvers, 2003).

This study acknowledges the complexity of the concept of accountability and therefore takes the suggestion made by Alvesson and Deetz (2000: 52): what is important is to understand what people, 'see, think or talk about' if they think of accountability 'as this or that'.

3.4 Summary

This chapter started with a brief overview of NPM reforms and observed that accountability was a core concern of these reforms. It proceeded to give an overview of the various ways in which accountability has been defined and described. The literature review reveals that accountability is a complex concept. For example, while authors such as Edwards and Hulme (1995) define accountability as the means by

which individuals and organisations are held responsible for their actions, Sinclair (1995) sees such definitions as simplistic. Other researchers such as Ospina *et al.* (2002) are of the view that traditional definitions of accountability do not fully capture an organisation's performance.

There is a case for studies which seek to explore accountability in organisations, and this study focuses on an organisation responsible for delivering public services. This is to increase our understanding of what it is practitioners in these organisations *actually do* in relation to accountability.

The next chapter reviews accounting research in local government. It shows the need the need for a study that seeks to understand the interrelationship between accounting and accountability, and it gives the rationale for taking an approach that is positioned towards the critical perspective to the research.

Chapter Four

4 Accounting research in local government

4.1 Introduction

The purpose of this chapter is to review accounting studies which have been conducted in local government in order to establish the rationale for the current research project. The literature review reveals that most studies on accounting in local government address issues of financial reporting and user needs, performance measurement and management, accounting reform, planning and budgeting, and accountability.

An important observation from the literature is that most of the empirical studies are on accounting techniques. The same observation is made by Hoque and Mall (2001). However, these authors point out that accounting is more than a technical phenomenon and that it is shaped by institutional, political and economic forces.

It is observed that empirical research on local government is limited and that most empirical studies in these organisations have been based on survey and secondary data. Also, most of the studies have been carried out in developed countries. There is therefore a gap in knowledge on accounting practices in local government in developing countries.

4.2 An overview of the literature

4.2.1 Financial reporting and user needs

The usefulness of local government financial reports to users has been a subject of focus for several researchers. These studies have focused on the need by members of the public to have access to financial reports, user information requirements and the mode of disseminating financial reports (Walker *et al.*, 1999; Tayib *et al.*, 1999; Laswad *et al.*, 2005).

Walker *et al.* (1999) examined Australian local councils' reporting on infrastructure. They argue that the information provided on the physical condition of assets and the

cost of bringing them to a satisfactory condition as well as annual maintenance costs, as required by the State, is more informative and relevant to external stakeholders than that prescribed by accounting standards. In this case the accounting standards require that infrastructure be reported at its current written down replacement value.

Tayib *et al.* (1999) surveyed 305 local taxpayers in three Malaysian local authorities. They found that 88 percent of taxpayers wanted annual financial accounts to be made available to the public. The taxpayers' interest was income and expenditure accounts. 92 percent of the respondents said they would be more willing to pay taxes if they were given the opportunity to study financial accounts.

Laswad *et al.* (2005) examined the voluntary Internet financial reporting practices of six New Zealand local government authorities. They found that leverage, municipal wealth, press visibility and type of council are related to Internet financial reporting. The study was motivated by a need to understand the incentives to use the Internet for discretionary disclosure in local government. They suggest that their study supports the view that a strong press can ensure greater financial accountability and transparency. Urban city councils also tended to use the Internet more than the rural ones and this is explained by the relatively lower level of access to the Internet in rural areas.

Information on performance and costs has been seen as important by ratepayers, investors and service providers (Priest *et al.*, 1999). However, it has also been found that sometimes citizens do not show interest in public sector financial reports (Jones and Pendleberry, 2004).

This section has highlighted several issues of interest to accounting researchers. Issues such as who are the users of financial reports, what are the reports used for, how useful are the reports to users and how accounting reports are made available to those who use them are important for a study interested in understanding the interrelationship between accounting and accountability.

4.2.2 Performance measurement and management

The literature on performance measurement and management has been varied. It includes factors influencing quality management, implementation and use of performance measurement systems, the cost of performance measurement systems, imposition of these systems by central government and attitudes towards performance measurement systems (Bowerman *et al.*, 2001; Davison and Grievies, 1996; Curtis, 1999; Johnsen, 1999; Kloot, 1999; Newman *et al.*, 2001; Pilcher, 2005; Siverbo and Johansson, 2006; Wilson, 2005.).

Bowerman *et al.* (2001) observed that the modernisation of local government is concerned with democratic renewal and the improvement of quality, cost effectiveness and responsiveness of local services – labelled as ‘Best Value’. The objective is to improve quality of services at a price that the community is willing to pay. Bowerman *et al.* observed conflict between ‘centralism and localism’ whereby the imposition of performance measurement techniques, in this case benchmarking, influenced behaviour in local government.

Davison and Grievies (1996) examined the factors influencing quality management in local government in the UK. They found that quality initiatives were being driven by political forces and not by customer needs analysis. They suggest that local authorities need to establish the needs of their local customers. Similar observations are made by Kloot (1999) and Alam and Pacher (2000) in relation to the introduction of compulsory competitive tendering in local government by the state government in Australia.

Newman *et al.* (2001) also note the relationship between central and local government in driving local government innovation. Innovation was seen as a socially constructed concept with national politics, incentives and rewards, expectations of service users and citizens, and partnerships with other organisations; influencing change. The capacity of local authorities to respond to local issues and agenda was seen as stifled by central government policies aimed at delivering its electoral mandate. Newman *et al.* also found that central government-imposed input or output performance measures were seen as a barrier to innovation.

Johnsen (1999) conducted an exploratory study into the implementation of Norwegian local government performance measurement systems under the NPM initiative. In a case study of four implementation projects the author found that an emphasis was placed on the decision-relevance of performance indicators. Participation in the development of these indicators was encouraged and top management were committed to the process.

Kloot (1999) studied the use of performance measurement systems in Victoria, Australia and found an increase in the use of these systems to evaluate the performance of both people and programs. This increase is argued to be related to an increased emphasis on accountability and organisational change called for by the state government. Kloot points out that in addition to financial accountability, outcome accountability measures such as customer service and quality were being developed. However, in some of the case studies financial performance was not monitored for either management control or accountability.

Pilcher (2005) analysed financial key performance indicators in local government in Australia, looking at how they were calculated, whether they were relevant, reliable and accountable, and whether they could be used to inform judgements about the performance of local councils. Pilcher found continuous inconsistent and erroneous reporting of the indicators resulting in misrepresentation of councils' true financial position.

Wilson (2005) carried out a survey in October 2003 to establish the views of chief financial officials of 150 local authorities in England on the modernisation agenda, the impact of Best Value and the advantages of Comprehensive Performance Assessment. A significant percentage of the respondents agreed that culture change was required in local authorities. There was also support for inclusiveness of, and delivering 'a better deal' for, local people. The Labour Government's view that local authorities had been more concerned with increasing spending and taxation rather than with increasing efficiency were strongly disagreed with by the participants.

Servic (2005) explored the attitude of mayors in Serbian local government authorities towards performance measurement. The paper reports that data collected from

customers through surveys and questionnaires were not used for management purposes, but to assess the perceptions of the public on service quality.

The findings from Wilson (2005) and Servic (2005) led to the researcher to seek to understand whether 'a better deal' was being sought for the service recipients, that is, was there evidence in the LGA, that efforts were being made to improve service delivery? Also, it was considered important to explore whether decisions made were in pursuit of effectiveness and efficiency in delivering services.

Siverbo and Johansson (2006) carried out a survey with the aim to describe and analyse how Swedish municipalities compare their performance against that of others using a performance management model called Relative Performance Evaluations. They point out that this is not the same as benchmarking, as this process is not followed up by a comparison of production processes but rather focuses on just comparing results. They found that this model was not used for democratic accountability, and suggest that its adoption could have been for legitimization purposes. Their questionnaire was sent to finance directors of 290 Swedish municipalities.

Yet other studies have focused on the cost of performance management systems. Boyne (2000) argues that 'Best Value' involves high costs in the government's effort to promote local diversity and innovations. This results in high regulation of the behaviour and performance of local authorities in the form of performance indicators, audits and inspections. The multiplicity of stakeholders is also seen as presenting a difficulty in establishing relevant and useful performance measures.

Curtis (1999) is a theoretical paper on performance management reforms in South Africa local government. He suggests that national context should be taken into account when designing performance management systems and sees 'monitoring through participation and word of mouth reporting' as more effective in dealing with service delivery challenges, especially in developing countries. Curtis argues for simple and low cost information gathering and dissemination techniques.

The issues raised by researchers interested in performance measurement and management are important for this research. For example, given that political forces can drive quality initiatives and not by customer needs analysis (Davison and Grieves, 1996), it was considered important to explore, for the purposes of the current study, whether and how the LGA was accountable for its performance to the service recipients. The researcher also sought to understand whether there were performance indicators and whether these were used in accountability.

The issue of performance is considered important for a study interested in accounting and accountability because these two concepts: accountability and performance are seen as related. For example, Goddard (2005) found that accountability was associated with performance; while Kluvers (2003) suggests that NPM has broadened accountability to include accountability for organisational performance.

4.2.3 Accounting reform

The literature on accounting reform in local government is mainly around changes made in order to adopt business accounting practices. Several studies are concerned with the introduction of accrual accounting in local government and its implications (Brusca, 1997; Robinson, 1998; and Barton, 2005). Others are of motives for accounting change and resistance to accounting change (Yamamoto, 1999; Seal 2003; Marwata and Alam, 2006).

Brusca (1997) undertook a survey of financial directors and auditors in local government in Spain in order to investigate the usefulness of financial reports based on accrual accounting. Most respondents were of the view that accrual accounting reports provided more useful information than cash accounting reports. This was because accrual accounting reports were seen as enabling accountability and financial control as well as providing enabling performance evaluation. Robinson (1998) and Barton (2005) see accrual accounting as not appropriate for public sector entities as they are different from private sector organisations.

Yamamoto (1999) studied the accounting system reforms in Japanese local government authorities. The study is based on a theoretical model of pressures for financial accounting, management accounting and auditing change. These pressures

consist of market, accountability and performance pressures which correspond with the need for comparison, demand for transparency and value for money concerns respectively. The public's interest in performance was seen as the driver for improved local government performance.

Jan van Helden (2000) examined the relationship between the adoption of 'businesslike planning' and financial stress in Dutch municipalities. The hypothesis is that a government organisation facing financial difficulties is likely to adopt NPM practices. The findings revealed a complex relationship between the two variables in that introduction of NPM by central government could result in culture change leading local government authorities to adopt NPM as well. In addition, the perception of the future prospects of an organisation might result in a decision to adopt or not adopting NPM.

Seal (2003) studied budget incrementalism in the fourth largest district council in England. He suggests that budget incrementalism is institutionalised and that the attempts made at reforming local government budgeting amount to deinstitutionalisation – the breaking of old habits. Seal sees budgeting not as a simple quantitative phenomenon, but as being concerned with legitimating and cognitive processes that contribute to organisations taking an incremental approach to it.

Marwata and Alam (2006) examined accounting change in Indonesian local government. They found that the changes were driven by central government ministries and not the local government units themselves. Local councils merely implemented the changes. Thus the changes were based on command and not cooperation.

With these issues in mind, the researcher set out to understand the state of the accounting system in the LGA, and to understand the factors influenced accounting processes. In other words, why is accounting the way it is, in this organisation? The study also sought to understand whether the public had any influence on accounting and whether there were any efforts to reform the way accounting was done and accounting information was used.

4.2.4 Auditing

The perceived usefulness of external audit in local government; and auditing as an accountability mechanism, have been topics of interest for some accounting researchers.

Bowerman and Hawksworth (1999) conducted a survey of local government internal auditors to find out their perceptions on the usefulness of the UK's Audit Commission. The reports produced by the Audit Commission were not seen as useful as they were perceived as having flaws. However, the authors also found that these reports were seen as potentially useful to encourage organisational learning rather being used in a rigid manner by policy-makers to label local authorities as 'good' or 'bad' performers.

Percy (2001) sees auditing as an accountability mechanism and points out that in the public sector the public are concerned with whether taxpayers' money has been spent with probity and whether value for money is being achieved. Percy is of the view that the public have confidence in the national audit bodies in the UK such as the National Audit Office, the Accounts Commission and the Audit Commission. However Broadbent and Laughlin (2003) argue that bodies such as the Auditor General and the National Audit Office are not independent voices but rather serve legitimisation purposes.

Given these issues raised in the literature, the researcher explored the role of auditing, both internal and external, in this organisation.

4.2.5 Accountability

Accountability is a theme that threads through most of the literature on accounting in local government. The literature reviewed here concerns: annual reports as an accountability mechanism (Ryan *et al.*, 2002; Steccollini, 2004); the relationship between accountability and performance (Kluvers, 2001; Goddard, 2005); and different interpretations of accounting reports in accountability relationships (Mellemvik, 1997).

Ryan *et al.* (2002) evaluated the quality of disclosures in the annual reports of 36 Queensland local governments and sought to understand possible factors contributing to the quality of the disclosures. These reports are seen as an important mechanism for discharging accountability. They designed and used a Local Government Accountability Index. They found that the quality of disclosures had improved over the three year period they analysed. However, financial disclosures were more complete than non-financial disclosures. Disclosures relating to corporate governance, remuneration of executive staff, occupational health and safety, equal opportunity policies and performance, were scant. Timeliness of reporting was also a problem. The size of the local council was positively related to the quality of disclosures, but there was no relationship between timeliness of reporting and quality.

Steccolini (2004) sought to understand the role of Italian local government annual reports as a means of discharging accountability. The study established the users of the annual report; the degree of users' interest in the annual reports from the preparers' point of view; alternative means of communicating results to users; and the amount and mix of information disclosed in the annual reports. It was unclear whether the reports were read by internal users and they played no role in communicating to external users. Steccolini also found that most compliance with legal requirements in the preparation of annual reports was the most important consideration, and information on performance was lacking. In addition, preparers were of the view that citizens did not have an interest in annual reports. The conclusion drawn was that the annual report was not a useful accountability mechanism in Italy.

Goddard (2005) studied accounting, accountability and governance in four UK local government authorities. Participants viewed accountability to be more important than governance, and budgeting practices were seen as contributing more significantly to accountability than auditing, financial reporting and other NPM and governance practices. The reason why participants saw accountability as more important than governance was that they associated accountability with performance, while governance was seen as concerned with conformance.

Kluvers (2001) studied program budgeting and its relationship to accountability in Australia's local councils. The research questions related to the availability of

performance information to councillors in order to judge management's performance and whether councillors had sufficient time to consider the information they received. The study was based on questionnaires and semi-structured interviews. Kluvers found that most city councils did not use performance indicators and therefore councillors did not have data on which to assess management's performance. Where performance indicators were used they were seen as inaccurate or inappropriate. In addition neither councillors nor staff had been involved in the development of the performance indicators, with managers performing that task. Again councillors were marginally involved in determining issues of policy such as objectives, programs and performance measurement. The result was that management was not held accountable for decisions made and the deployment of resources.

Kloot (2001) analysed the content of strategic plans for Australian local governments. These plans are required not only for management purposes but also for accountability. Kloot found that only 51% of the strategic plans studied had financial plans. Performance indicators were included in 46% of the plans albeit in descriptive form, and without targets. She concluded that the usefulness of the plans for accountability purposes was limited because they lacked performance targets.

Kluvers (2003) conducted a survey of 330 managers and councillors in Victorian local government in Australia on 'accountability for performance'. Kluvers suggests that that NPM has broadened accountability to include 'accountability for organisational performance' (p. 5). The questions asked were how important accountability is for performance, who considers themselves accountable for performance, and whether information asymmetry between stakeholders regarding performance information affects accountability. Accountability for performance was seen as increasing in importance and most respondents agreed that their council was providing useful performance information. The findings show that respondents viewed accountability as broader than performance, thus the proposition that, if a council operates efficiently then it has fulfilled all its accountability obligations, was rejected. Some respondents saw councillors as not able to understand the performance data given to them. Ratepayers were seen as interested in performance information; and councillors, managers and providers were considered responsible for the performance of contracts.

The challenges revealed by the study included information asymmetry, lack of clarity with regards to accountability relationships, and power.

Thus while Kluvers (2003) found that performance information was being produced by local authorities, Kloot (2001) had suggested that there was need for performance targets accepted by all stakeholders if accountability for performance was to be enhanced.

Mellemvik (1997) studied the way accounting was used in dialogues between a Norwegian local government and its financiers. The study found that a single accounting report was used differently, depending on the financial institution with which the city council was in dialogue. The author offers possible reasons why this could be so, including self-interest on the part of the officials, institutionalised routines and inter-organisational relations.

The issues emerging from the accounting literature on accountability raise several questions. What is the role of accounting in accountability? What form of accounting is used in accountability? What is the perception of accounting information with regards to its usefulness in accountability? Do all stakeholder groups have access to performance information in order to enhance accountability?

4.3 Insights from the literature

Various insights have been gained from the literature review. First, empirical research on accounting in local government is limited. In addition most local government literature is in the developed countries such as the UK, Australia, Japan, Italy and Norway.

It was therefore considered important to carry out a study on accounting and accountability in the context of a developing country, Zimbabwe – taking a critical perspective. Research in unexplored areas had been encouraged by many scholars including Broadbent, 1999; Kloot, 2001; and Kluvers, 2001).

The complexity of the concept of accountability has been acknowledged in the literature (Goddard, 2004; Sinclair, 1995). This has resulted in calls for alternative accounting research, other than mainstream, which studies accounting in practice (Booth, 1993; Locke, 2001). Critical research has been known to focus on issues of ideals such as democracy; governance and accountability (see Guthrie *et al.*, 1999). This is because critical research does not see accounting as neutral but being intertwined with organisational principles and meanings.

4.4 Reasons for positioning the study towards Critical Theory

The choice to position this thesis towards Critical Theory is influenced by the way the researcher sees the world, and also by the need to extend accounting knowledge through using a methodology that has not been used much in the local government research. A few papers were identified in the literature which took a critical perspective to researching local government accounting. These focused on specific issues such as central government regulation (Gill-McLure *et al.* (2003); sustainable accounting (Ball, 2004) and accounting change (Caccia and Steccollini, 2006).

Gill-McLure *et al.* (2003) studied the impact of central government regulation on the management of industrial conflict and decision-making practices in English local government. Their study was a longitudinal one of a large local authority in England. Central government policies were found to have resulted in a downward pressure on labour costs leading local decision-makers to reduce trade union influence in collective bargaining, and also 'cheapening' the professional groups. This was done to 'improve performance judged from an increasingly central definition of performance' (p. 257).

Ball's (2004) theoretical paper considers the possibility of sustainable accounting in the UK local government sector. This is argued to be important to encourage organisational decision-making that is consistent with social and ecological sustainability. Ball points out that ecological thinking needs to be combined with the traditional political concern with the social well-being of the public, if accounting in local government is to have a role in the sustainability agenda.

Caccia and Steccolini (2006) studied the processes of organisational and accounting changes on an Italian local government authority. They argue that the adoption of a 'managerial' approach to accounting led to isolation of the Accounting Department from the rest of the organisation, with the actions of the department reacting to external events and therefore fulfilling external, rather than internal, legitimacy. The accounting department was said to design more and more sophisticated accounting systems in line with managerial ideas and fashions without taking into consideration the organisational context.

Townley *et al.* (2003) studied the introduction of performance measurement in the Provincial Government of Alberta, Canada. They argue that performance measurement systems can either be based on communicative rationality or instrumental rationality (Habermas's concepts in his theory of communicative action). Thus performance measures can be used either to achieve a reasoned justification for action, or to extend managerialism into the public sector. This managerialism implies reducing the size of the public sector, cutting government expenditures, the application of free-market principles into the public sector, promoting a more customer-oriented focus, and promoting autonomy and entrepreneurship in public sector managers.

Townley *et al.* point out that the criticism of public sector reforms (of which performance measurement is one) as a preoccupation with technique and calculation, loses sight of the fact that the public sector can potentially benefit from these reforms. The authors refer to Habermas's thinking, which argues for the institutionalisation of different dimensions of reason.

The way the current study is designed helps overcome the criticisms of Critical Theory, especially with regards to Critical Theory's failure to engage with practice (see Llwelllyn, 2003).

4.5 Statement of the research problem

Having reviewed the literature on accounting in local government, and having stated that the study positioned towards the Critical Theory, the purpose of the research is

now presented. The study is interested in understanding accounting practices in the LGA studied and in particular the interrelationship between accounting and accountability. The broad questions guiding this research are:

- i. What does the concept of accountability mean in the LGA, that is, when participants talk about this concept what are they talking about?
- ii. Who participates in determining accountability practices in these organisations?
- iii. What factors influence the accountability systems of these organisations? How?
- iv. What role does accounting information play in these organisations in relation to accountability?
- v. What changes (if any) would participants want to see in the accounting systems in order to enhance accountability?

4.6 Summary

The review on accounting literature in local government led to three insights. First, limited studies have been undertaken to understand accounting in its broadest sense in these organisations. Second, the concept of accountability has been studied mainly in developed countries and not much in developing countries. There is therefore a need for studies which seek to unravel what this concept means – how it is perceived and operationalised in the developing countries. Third, that very limited research has been done on accounting and accountability from a critical accounting research paradigm. Thus the study seeks to understand why accounting and accountability are the way they are in the organisations studied, taking into account the social, political and economic environments within which these organisations operate.

The next chapter discusses the methodology employed in this research: critical constructivist grounded theory.

Chapter Five

5 Methodology: critical constructivist grounded theory

‘Theory without empirical research is empty, empirical research without theory is blind’ (Bourdieu, 1988; cited in Jenkins, 2002: 10).

Unlike various forms of naïve or empirical realism, critical realists accept that there is no (defensible) theory-neutral observation, description, interpretation, theorisation, explanation or whatever.... Whenever we reflect upon an entity (or a state of affairs), our sense data are always mediated by a pre-existing stock of conceptual resources... which we use to interpret, make sense of, understand what it is and take appropriate action. This stock is both individual (e.g. a subjective belief or opinion) and social or inter-subjective (e.g. an accepted theory, perspective or social norm) (Fleetwood, 2005:199)

5.1 Introduction

The above citations support the research methodology employed in this study. Critical constructivist grounded theory (CCGT) can be defined as constructed grounded theory that is inspired by Critical Theory. The main aspects of this methodology are constructivist grounded theory on the one end and Critical Theory on the other. Since this methodology is not in the literature, this definition is one suggested by the researcher.

This chapter begins with outlining grounded theory. A brief definition of the methodology is given and the reasons why it is chosen for this project are explained. The differences between the two originators of the methodology (Barney Glaser (hereafter Glaser) and Anselm Strauss (hereafter Strauss) are briefly highlighted in Section 5.3 and the constructivist grounded theory approach as suggested by Charmaz (2006) is also described. This is followed by an explanation of the grounded theory procedures. The research methods used are explained, and validity and reliability issues are dealt with in section 5.8.

5.2 What is, and why, grounded theory?

Grounded Theory is a research methodology whose aim is to generate theory. It was originated by Glaser and Strauss and they introduced it in their book 'The Discovery of Grounded Theory' which was published in 1967. The methodology acknowledges the researcher's subjectivity in a research project, but stresses the importance of allowing theory to emerge from the research context as opposed to being driven by pre-existing theory.

The decision to use grounded theory was based on several reasons. First, the methodology had been, and was being, successfully used by several researchers at the University of Southampton's School of Management – meaning that there was going to be support and exchange of ideas with other researchers.

Second, the methodology generates theory which is based on the real experiences of actors (Parker and Roffey, 1997). Thus the researcher goes beyond understanding 'how human beings construct their view of reality' to 'identify and articulate overarching concepts and their causal linkages as explanations for patterned behaviour' (*ibid.* p. 217). Grounded theory is appropriate for studies seeking to investigate taken-for-granted aspects of life, and aims to move qualitative research from description to an abstract and conceptual level of the phenomena studied (Charmaz, 2006). Parker and Roffey (1997:218) summarise how grounded theory works, saying:

Rather than focusing exclusively on describing field members' sense-making activities and interactions, grounded theory aims to incorporate the researcher's understandings, and attempts to develop explanatory theoretical frameworks representing structures and processes observed.

Third, grounded theory has been argued to be a more rigorous approach than symbolic interactionism and ethnomethodology, for example, due to employing multiple data collection methods (Parker and Roffey 1997).

Fourth, the methodology gives a 'voice' to respondents. The researcher's endeavour to ground the theory in the data means that the perceptions of the participants are captured.

Most importantly, grounded theory has been recommended as particularly useful where the phenomena being studied are complex and where understanding an awareness of the interrelationships among conditions (structure), action (process) and consequences is sought (Strauss and Corbin, 1998). Thus a study such as the current piece of work benefits from the methodology. It allows the researcher to tease out issues and insights in an effort to answer the 'what is going on here question'. The methodology focuses on understanding human relationships and behaviours in a situation. It is therefore an attractive methodology to researchers who see the world in a subjective way while at the same time seeking to uphold rigour in their research.

5.3 Three grounded theory approaches

The originators of grounded theory, Glaser and Strauss, have since differed in their application of the methodology. There are three areas where they differ: the setting of the research problem, the analysis of data and the verification of theory.

Glaser (1992) suggests that a researcher should only identify a broad problem area and allow the focus of the research to emerge during fieldwork. Strauss and Corbin (1998) suggest that the phenomena for investigation be established before entry to a research site.

Secondly Glaser (1992) argues for a loose emergence of categories and their properties. He believes that two ingredients are necessary for theory to be grounded in data: 'patience' and 'emergence'. On the other hand, Strauss and Corbin (1998) give a detailed guideline of the procedures that a researcher can employ in order to generate theory. Glaser (1992:3) argues that Strauss and Corbin's approach 'produces a forced, preconceived, full conceptual description, which is fine, but it is not grounded theory'.

The third difference is to do with theory verification with Glaser (1992) advocating for this task to be left to other researchers, while Strauss and Corbin (1998) argue that it is important to verify theory – even if this is only done in a provisional way.

More recently, Charmaz (2006) has advocated what she terms 'Constructivist Grounded Theory'. Charmaz is of the view that Glaser and Strauss's (1967) assertion that theory is discovered from the data, separate from the scientific observer is questionable. She says:

Unlike their position, I assume that neither data nor theories are discovered. Rather, we are part of the world we study and the data we collect. We *construct* our grounded theories through our past and present involvements and interactions with people, perspectives, and research practices. My approach explicitly assumes that any theoretical rendering offers an interpretive portrayal of an interpretive portrayal of the studied world, not an exact picture of it. Research participants' implicit meanings, experiential views – and researchers' finished grounded theories – are *constructions* of reality (p. 10) (emphasis added).

Charmaz (2006) encourages researchers to gather rich, detailed data and place them in their situational and social contexts. Further, she encourages the researcher to 'frame' certain questions to address particular issues of interest from the researcher's own perspective. She gives an example of a type of question such as, 'Some people have mentioned X experience. Have you experienced something like that?' (p. 16).

Charmaz argues that this is not forcing data, but 'generating data by investigating taken-for-granted aspects of life' (p. 34).

Charmaz distinguishes 'Constructivist Grounded Theory' from 'Objectivist Grounded Theory'. The important distinction is that the 'constructivist' learns 'how, when and to what extent the studied experience is embedded in larger and often hidden positions, networks, situations and relationships. Subsequently, differences and distinctions between people become visible as well as hierarchies of power, communication, and opportunity that maintain and perpetuate such differences and distinctions' (p. 130). On the other hand the 'objectivist' is seen by the author as

residing in the positivist tradition and sees data as real in, and of, themselves. This approach is criticised because it does not declare the influence of the researcher in the research process. Charmaz points out that excerpts in research publications do not give the reader a sense of how interviewers and their research participants produced the data.

Charmaz's approach is similar to Strauss and Corbin's (1998). For example, when giving an explanation as to how the decision on a central category is made, Strauss and Corbin (1998) say:

The central category (sometimes called the core category) represents the main theme of the research. Although the central category evolves from the research, it too is an abstraction. In an **exaggerated** sense, it consists of all the products of analysis condensed into a few words that seem to explain what "this research is all about." ... This explanation is *our* interpretation of what the research is all about... Another researcher, coming from a different theoretical orientation and having another research question, might arrive at quite another interpretation (p. 146) (emphasis in the original).

The last sentence in the above quotation acknowledges the fact that what is identified as the core category will be influenced by a researcher's 'theoretical orientation' and 'research question' or questions. However, Charmaz (2006) is more explicit in her arguments for taking a 'constructivist' approach in grounded theory. Thus it is the 'doing' of grounded theory which is similar, but the approach to 'thinking' about this research project follows the Charmaz approach.

5.4 Critical constructivist grounded theory explained

Charmaz (2006: 10) points out that, 'grounded theory guidelines describe the steps of the research process and provide a path through it. How researchers use these guidelines is **not neutral**; nor are the assumptions they bring to their research and enact during the research process' (emphasis added). Thus the researcher's perspective makes them look for certain possibilities and processes in the data, and shapes the research topic and its conceptual emphases.

In order to incorporate a critical perspective in the grounded theory study, several questions were kept in the researcher's mind during the data collection and analysis phases. These are here termed *sensitising questions*. The researcher believed that the ability to be critical is enhanced by an active effort to ask questions and make observations regarding issues of concern. This is consistent with Charmaz's (2006: 16) assertion that grounded theorists often begin their studies with certain guiding empirical interests to study, and 'general concepts that give a loose frame to these interests'. Charmaz says

For example, I began my studies of people with chronic illnesses with an interest in how they experienced time and how their experiences of illnesses affected them. My guiding interests led to bringing concepts such as self-concept, identity, and duration into the study. But that was only the start. I used those concepts as points of departure to form interview questions, to look at data, to listen to interviewees and to think analytically about the data (pp., 16 – 17)

Charmaz's approach also encourages the researcher to be aware that participants can provide an idealised picture covered in public relations rhetoric and not reflecting the realities people struggle with. Having sensitising concepts can help the researcher to explore issues that participants could not readily, or are reluctant to, talk about. However, she advises that the researcher should see his or her prior perspectives as representing one view among many and should try to avoid assuming that respondents are repressing or denying significant facts about their lives. It is important for the researcher to look for how the participants understand their situations, before judging their attitudes and actions through the researcher's own assumptions.

Dey (2002) suggests how critical theories can be used in ethnographic studies. He points out that ethnographers do not 'immerse themselves in, or interpret their experiences in the same way' (p. 108). This is because ethnography is, 'a construction cast in the theory and language of the describer and his or her audience.... [T]he interpretation of the experience is heavily dependent on the conceptual toolkit the researcher brings to the study ... [and] it relies on the personal ontological and

epistemological assumptions of the researcher, who may draw from any one or more of a wide range of theories' (p. 108). Dey is of the view that the assumption that ethnographic researchers can produce a neutral description of the way things are is dangerous and that claiming neutrality presents the possibility of deceiving the reader.

A study found in the management literature which used grounded theory methods and critical theory is Covaleski *et al.* (1998). The researchers focus on the use of management by objectives and mentoring as techniques used for control. The study was informed by Foucault, but also employed grounded theory methods to acquire deeper insight in their fieldwork, 'by continuously attending to nuances in our theoretical perspective' and in their theoretical analysis, 'by attending to nuances in our fieldwork' (p. 306). Thus Covaleski *et al.* defined the phenomena to study and employed critical theory to inform their work. The questions that Covaleski *et al.* asked 'were naturalistic in character and were designed to elicit participants' interpretations of their everyday actions and events as they pertained to the exercise of the control and social processes that enabled them to understand and survive in their work environments, using their own language' (p. 306). Since the study focused on discipline and control, and also touched on gender issues, the authors argue that it contributes to critical organisational theory.

Why critical constructivist grounded theory?

The preceding discussion leads to an argument that pure grounded theory, being an interpretive methodology, can be criticised for purporting to be neutral. Critical Theory on the other hand does not claim neutrality. However, it has been criticised for not being oriented towards empirics. Llewellyn (2003: 277) points out that Critical Theory explains the actions of organisation members:

[b]y reference to the external social "forces" that they are exposed to. Individual motivations, intentions and reasons for action are not explored nor thought to be important. Likewise, local organisational conditions and issues as a context for action are not highlighted. Moreover, meanings attributed to local conditions and issues by organisational actors are not seen as particularly significant.

This study aims to address the shortcomings of these two aspects of research by using the constructivist grounded theory methodology on the one end and moving towards Critical Theory. Fournier and Grey (2000) draw attention to the impatience arising from debates amongst critical researchers which are argued to distract them from 'engaging with organisational practices and participants' (p. 22 citing Anthony, 1998). Broadbent (2002) argues critical accounting research should seek to question the way accounting is used in organisations.

Thus, where critical accounting research has been criticised for being divorced from reality, this research project engages with the empirical world using the constructivist grounded theory methodology. Also, where pure grounded theory has been criticised for purporting to be neutral, the approach taken here acknowledges the researcher's 'personal ontological and epistemological assumptions' (Dey 2002:108).

Critical theory has been argued to be useful in accounting studies (Dey, 2002). Dey points out that although there has been controversy about using critical theories, this has *not been about whether they should be applied* to empirical research but *when they should be applied*. Dey observes that 'its [critical theory's] *timing* within the stages of the empirical work is crucial to achieve a balance between understanding and explanation' (p. 106, emphasis added).

The following section briefly outlines the sensitising questions that make this research critical in so far as they enable the researcher to explore concerns on power relationships, dialogue with all stakeholders, improving service delivery and also seeking to understand what, how and why accounting is used in the organisations studied.

5.5 Critical considerations

This research is guided by a broad vision of an improved standard of living for the developing world. One of the ways this can be done is by improving public service delivery. It has been argued that in order for public service delivery to improve, organisations must be accountable to their stakeholders. The researcher believed that a study interested in accountability would benefit from exploring the relationship

between the organisations and their stakeholders, the power relations at work in the various relationships and the efforts being made to work towards improving the lives of the people being served.

It was considered important to avoid having questions which were too prescriptive to the extent of constraining the research participants from expressing their views on the phenomena being explored. Thus the following questions, in addition to the statement of the research problem in chapter four, guided the critical thinking:

- i. What opportunities do the different stakeholders have to engage with the officials and policy-makers in the organisations studied? What factors influence the ability of the different stakeholder groups to engage with the organisations regarding the service delivery concerns they might have?
- ii. What are the power relations that are influencing the organisations? How are the interests of the 'powerless' and 'voiceless' addressed?
- iii. What vision of the future do the organisations have? What efforts are being made towards a better future for the organisation and the people served?
- iv. Does accounting play any role in stakeholder engagement, in mapping a better future, and in equalising power relations? If 'yes', how, and if 'no', why not? More broadly, as suggested by Lodh and Gaffikin (1997: 466) to accounting researchers with an emancipatory interest: 'what, how and why accounting rationale has become *purposive*, *is being used*, *is to be used*, and what are the *means* for doing so in a particular context?' (emphasis added).

These questions were arrived at by synthesising the critical accounting research literature (chapter two). Later on in the thesis, the findings are discussed using Habermas's theory of communicative action (in so far as stakeholder engagement is largely about communication) as well as Bourdieu's concepts of field and capital. Bourdieu's concept of field helped to sensitise the researcher to explore issues of power relations, and his concept of capital helped with explaining the findings of the research regarding accountability and the state of service delivery. It has been suggested that upcoming researchers 'may be more willing to triangulate different

theories and research methods ... rather than an insistence upon theoretical and methodological consistency and purity' (Hopper *et al.*, 2001: 283).

How Grounded Theory and Critical Theory are used in this research

This section serves to clarify to the reader how grounded theory and critical theory are used in this research. It has been mentioned earlier that the research used a type of grounded theory called Constructivist Grounded Theory (CGT) as proposed by Charmaz (2006). CGT was discussed earlier in this section. This research project began with CGT and it moves along a continuum towards the critical theory perspective as the diagram below shows:



It appeared early on in the project that the research would be enriched by using critical concepts to make sense of the findings; hence the use of Habermas and Bourdieu's concepts.

The 'critical considerations' presented earlier in this section enabled the researcher to explore issues of power relations, change and stakeholder engagement; which emerge as key in this thesis and which are of concern to some researchers operating under the critical accounting research paradigm, as reflected in chapter two.

The doing of the research uses CGT, while the analysis is influenced by adopting a critical perspective. It is because of this use of CGT and Critical Theory that the methodology is termed Critical Constructivist Grounded Theory. Therefore, whilst the data gathering and initial analysis follow a CGT approach, the subsequent use of Critical Theory in making sense of the findings means that the thesis moves towards a critical perspective. Consequently the position of the thesis is towards the critical theory perspective end of the continuum illustrated above.

In order to operationalise the methodology, grounded theory procedures as suggested by Strauss and Corbin (1998) are employed, and these are consistent with those suggested by Charmaz (2006). Since these methods were established by Strauss and Corbin, these authors are given credit for them and therefore the next section outlines the advantages of using their procedures.

5.6 Advantages of Strauss and Corbin procedures

The decision to adopt the Strauss and Corbin approach was based on three reasons. First, it was considered to be a more structured approach and therefore ideal for a research project that faced time and financial constraints. The fact that it allows the research phenomena to be decided in advance was also attractive because it meant that the research got focus much earlier that could have been the case with the Glaser approach. Second, for purposes of negotiating access it was easier to say what the research was about. Third, Strauss and Corbin (1998) give detailed guidelines on operationalising grounded theory. This is helpful to novice researchers as they can use the tools in a flexible way (Parker and Roffey, 1997).

5.7 Grounded theory procedures

Strauss and Corbin (1998, p. 15) define theory as 'a set of well-developed concepts related through statements of relationship, which together constitute an integrated framework that can be used to explain and predict phenomena.'

Grounded theory's main procedures are constant comparison, coding (open, axial and selective), simultaneous collection and analysis of data, memos, theoretical sampling and theoretical saturation. All these procedures culminate in theory generation. None of these procedures are prescribed. Strauss and Corbin present them as helpful techniques that the researcher can use in order to aid them in the research process.

5.7.1 Constant comparison

Constant comparison is the building of validation in the data collection, data analysis and sampling. It means that the researcher looks at incoming data and compares it against data collected in the earlier stages of the research so as to modify and add to the theory being built. Strauss and Corbin assert that only the concepts that stand up to this rigorous process become part of the theory.

5.7.2 Coding

Open coding is the procedure that allows the discovering of concepts. It is the 'opening up' of the data in order to establish the thoughts, ideas and meanings contained in it. This process involves the researcher analysing the data very closely, word by word and line by line. Events, happenings, objects, actions and interactions that are found to be conceptually similar are grouped together under more abstract concepts called categories.

Strauss and Corbin suggest that categories stand for phenomena – which they define as important analytic ideas that emerge from the data and answer the question 'What is going on here?' According to the authors, phenomena reveal the problems, issues, concerns and matters that are important to those being studied.

Axial coding establishes connections between open categories. It results in categories at a higher level of abstraction and it relates categories in order to explain the emerging phenomena. Strauss and Corbin suggest that the researcher seeks answers to the questions when, where, why, who, how, and with what consequences so as to get insight into the phenomena observed.

Selective coding is the final coding process during which the researcher identifies the central or core category. It further seeks to relate the core category to all the other categories.

5.7.3 Simultaneous collection and analysis of data

Grounded theory procedures are not carried out in a neat, linear way. As categories are identified the researcher discovers that some categories are denser and better developed than others. Decisions have to be made to collect more data to build up the

poorly-developed categories or to discard them if they are not considered as adding significant insights to the study.

5.7.4 Theoretical sampling

Theoretical sampling means that the selecting who to interview and what data to collect evolves during the research as opposed to being predetermined beforehand. Sampling therefore is aimed at developing and saturating categories.

5.7.5 Theoretical saturation

This is the stage in the research process where gathering additional data ceases to add new information about the established categories and the relationships between them (Locke, 2001).

5.7.6 Memos

These are records of the researcher's analysis, thoughts, interpretations and questions. As the research progresses, the researcher focuses on significant phenomena arising out of the data. Memos help to focus the direction that the research takes. They assist the researcher to keep track of the data analysis and provide guidance for further data collection.

5.8 Data collection methods used in this project

Hopper and Powell (1985) suggest that a researcher's values, philosophical assumptions, theoretical backing and research methods should be interrelated and should also be linked to the research aims. Elsewhere, Balogun *et al.* (2003) suggest that, 'methods can be used in different ways and similar methods may facilitate conversations across theoretic perspectives' (p. 198). This section outlines the research methods used in this project.

In line with employing a qualitative approach, data was collected through interviews, document study and non-participant observation. The interviewing sampling was 'snowball' in nature, where additional lines of enquiry were sought from an original group of respondents so as to get more interviewees (see for example Oakes *et al.*, 1998). The use of document study, interviews and observation is argued to triangulate

between espoused theory, 'what people say', and theory in action, 'what they actually do' (Argyris and Schon, 1978 cited in Collier, 2001: 471). Charmaz (2006:38) puts it differently, saying this helps to reveal consistency or inconsistency 'between words and deeds'. Observation enables the researcher to get a first-hand understanding of how systems work in practice.

All the interviews were carried out in English. Observations consisted of:

- i. attendance at the preliminary 2006 budget meeting which lasted for seven hours,
- ii. two council meetings,
- iii. the budget approval meeting lasting about four hours,
- iv. one meeting of the CEO addressing employees in the Department of Health which lasted about one and half hours, and
- v. a stakeholder meeting on the city council's 'strategy turnaround' programme.

The researcher therefore used committee meetings' minutes to complement the data gathered through non-participant observations at meetings. Other documents studied included audited financial statements and annual reports, departmental annual reports, management accounts and annual budgets. Appendix 1 shows the comprehensive list of the documents studied.

5.9 Addressing validity and reliability issues

It is important for researchers to take steps to ensure the validity and reliability of assertions resulting from their work. Readers want to know how well the researcher captured and interpreted the phenomena in the research situation, and to what extent they can trust that the data upon which the findings were based is reliable.

This research employed strategies to ensure that the findings coming from this project were valid and reliable. This was achieved through careful consideration of each of the major stages in the research project: research design, data collection, data analysis and writing up.

Research design

Research design is the stage where the researcher thinks through the whole research project – the choice of sites for empirical study, the duration of the field work, and the methods of data collection.

Spending time in the field enabled the researcher to gain an understanding of the organisation studied, the way things were done, and the behaviours and attitudes of organisational members. Informal interactions with organisational members enabled the building of trust, resulting in respondents becoming more open to share their views during interviews. These informal interactions also gave useful leads as to who to interview and where to go for information, thus facilitating theoretical sampling for data collection.

Data collection

Accuracy in data capturing was considered crucial. Thus all pre-arranged interviews were recorded except for four interviews where the respondents expressed discomfort with the idea of being recorded. Sometimes interviewees were reluctant to be recorded but when they were reassured that confidentiality would be respected they agreed to have the interviews recorded. The main reason given for refusal to be recorded was that some of the issues discussed were seen by the interviewees as very much politically sensitive, and they did not want to leave a chance of being quoted in the 'wrong places'. The other reason for reluctance to be recorded was that the interviewees wanted to 'tell me as it is.' This was not seen as preventing the interviewees from telling the truth because they were assured of confidentiality.

However, they did not seem to mind having the researcher taking notes of the interviews, which were elaborated immediately after the interviews while the discussion was still fresh in the researcher's mind.

Telephone conversations with people who had been interviewed were used to fill in gaps or to gain clarification on issues when the researcher saw the need to do so.

Permission was sought to photocopy documents which were considered important for the research, and sometimes electronic copies were obtained. Where documents were

too big to photocopy the researcher dedicated time to read through the documents and made detailed hand-written notes at the research site.

Memos, as described earlier, were used to assist analytical thinking and to identify the issues emerging from the research.

Data analysis

The use of grounded theory data analysis procedures was considered adequate to ensure the validity and reliability of data analysis. The three levels of coding: open, axial and selective mean that the researcher is constrained to stay within the data, thus ensuring that the presented findings are 'grounded' in the data.

The simultaneous collection and analysis of data meant that data collected earlier was validated with incoming data and also data gathered from observations and document study was validated during interviews. This provided triangulation between methods, and provided rich insights into the research situation. Thus, for example, where the strategic documents painted a very positive picture about the reforms which were being undertaken by the LGA, questioning interviewees on the reforms revealed how respondents viewed the reform programme.

Another technique used was host validation (Miles and Huberman, 1994). This entailed presenting the data to the informants. The interim findings and the emerging themes from the research were presented to some senior managers and middle managers in the LGA. It was not practical to present the findings to all the interviewees. However this was not considered a major shortcoming as validation had been incorporated in the whole data collection process.

The presentation made at the LGA was organised through the Finance Director. He booked a room and made available computer equipment for the PowerPoint presentation. The researcher made a forty-five minute presentation which was followed by questions and comments from the audience. The challenge faced was to do with the critical nature of the study and the 'negative' themes resulting from it. This made two members of the audience especially defensive; with the others

agreeing that the research had captured the core issues the organisation had been facing.

Writing up

The researcher uses direct quotations and 'thick' descriptions of the findings in order to satisfy the credibility requirement of research work (see Glaser and Strauss, 1967). The presentation of primary data in this way is aimed at giving the reader evidence that the conclusions derived are actually rooted in the data, as well as aiding the reader's understanding of the environment studied.

Ethical Considerations

Several ethical considerations were taken into account in this research project. The primary issues were:

- a) permission to conduct the research
- b) anonymity of the research participants
- c) accurately representing the observations made and the views of the participants

The permission to conduct research was sought through the Acting Treasurer of the LGA, who had to consult with the Town Clerk (the Chief Executive Officer). The researcher was then given a letter from the Town Clerk to confirm that permission to conduct the research had been granted. This letter was very useful, especially when contacting potential participants to ask for interviews because some of them wanted to see the evidence that the research project had been approved. During the course of the research, permission was sought to access secondary data and to attend meetings and this was granted.

Many research participants wanted to be assured that their names would not be mentioned anywhere in the thesis. The researcher assured them that their views would be treated confidentially. This is reflected in the thesis where quotations from the interviews neither give the name of the interviewee nor the specific job title of the person being quoted. The chairperson of the residents' association was happy to have his job title used.

The researcher asked for permission to record the interviews, giving the reasons that this would ensure that the views of the participants were accurately captured and that the interviewing process would be smoother with the researcher not taking notes.

Most of the participants were happy to be recorded. However, four of the interviewees were reluctant to have the interviews recorded. They indicated that they did not want to be quoted as being critical of the government, especially where they believed that the problems facing the organisation had their roots in the political situation prevailing in the country. However, when assured that the research project was for academic purposes and that the researcher would ensure confidentiality, two of them agreed to be recorded and two refused. The researcher took notes of the interviews with the two participants who did not want to be recorded, again with the permission of the participants.

The researcher endeavoured to accurately represent the findings of this research project. The application of the grounded theory procedures described earlier in this section helped to ensure accuracy in the capturing and presenting of the findings. For example, constant comparison meant that the researcher could validate new data emerging from the data collection process against phenomena observed earlier in the study. Also iterative collection and analysis of data highlighted areas where the researcher needed to ask more questions.

The preliminary results of the research were presented to a group of twelve senior and middle managers, including the CEO. This provided an opportunity to validate the researcher's interpretation of the data, and while there was some debate, there was no feedback that suggested that the researcher had not accurately represented the observations made and the views of the participants.

The researcher believes that reliability and validity concerns were addressed by employing the strategies described above.

5.10 Summary

This chapter outlines the methodology employed in this project. CCGT is defined as constructed grounded theory that is located in the critical research paradigm. The use

of critical theory(ies) in studies such as this one is supported by Dey (2002).

Covaľeski *et al.*'s (1998) study in management literature is cited as an example of a study that employs grounded theory from a critical perspective.

This thesis's concern with understanding accountability and exploring the effect of power relations and voice in stakeholder relations gives it a critical edge.

Furthermore, discussing the findings using Habermas and Bourdieu's concepts locates this thesis is located towards Critical Theory.

The chapter also describes how validity and reliability were ensured. Having discussed the methodology employed in this research, the next chapter describes the research sites where the empirical part of the research took place.

Chapter Six

6 Research context and research sites

6.1 Introduction

The purpose of this chapter is to briefly describe the context within which this study was carried out and to explain the nature of local government in Zimbabwe. More specifically, the chapter describes the case study organisation and shows the positions of interviewees on the organisation chart. It also details how the access to conduct the study was obtained. Thus the chapter paints the scene for the reader to have a grasp of the empirical situation on which this study is based.

The research project was carried out in one of the worst-performing economies in the world. Zimbabwe has experienced economic decline since the turn of the twenty-first century. The table below shows some comparative indicators between the United Kingdom and Zimbabwe to help the reader put the study into perspective.

Indicator	UK	Zimbabwe
GDP US\$ (2005 estimate)	2.228 trillion	3.207 billion
Population	60.6 million	12.2 million
GDP US\$ per capita	36,786	262
Unemployment	4.7%	80%
Size	244,820km ²	390,580km ²

Compiled from www.cia.gov/cia/publications/factbook

Table 1: UK-Zimbabwe selected macro-economic indicators

6.2 Local government authorities in Zimbabwe

Local government in Zimbabwe falls under the Ministry of Local Government, Public Works and Urban Development. The vision of the Ministry is, 'To play a leading role in national development by the provision of a sound local governance system and a quality built environment' and its mission is 'To provide sound local governance and a functional, attractive built environment'. The guiding philosophy is that 'local government is concerned with local democracy and decentralisation of designated powers and responsibilities from central government to lower tier structures' (www.mlgpwud.gov.zw, accessed October 2005).

The country has 28 urban councils and 58 rural district councils. There are four levels of urban councils. The highest level is city council of which there are six. The next level is municipal council and there are ten. Then there are town councils and of which there are eight. The fourth level is local boards of which there are four.

The provision of public services is funded mainly by charging rates and levying of various fees for services provided including sale of water and licensing of vehicles. Traditionally city councils have also received grants from the government for education, health and roads, but these have not been forthcoming as the government has not been able to raise sufficient revenues to fund city council operations.

The local government authority studied is one of the largest city councils in the country.

Election and administration system

Both the Urban Councils and the Rural District Councils are divided into wards for purposes of electing councillors and general elections are held every four years. Municipal and City Councils have an Executive Mayor who is elected by all residents to head the Council. This is a full time job in which the incumbent leads the council according to the provisions of the Urban Councils Act.

Local boards and Town Councils are headed by Town Secretaries and Municipal and City Councils are headed by Town Clerks. Reporting to the Town Clerk are various

Heads of Departments, and together they form the Executive. The Executive is responsible for the day to day running of the city council. Rural District Councils are headed by a Chairman who is elected from among the councillors, by the councillors at their first meeting following a general election which is held every four years. In addition to the elected councillors the Minister also appoints up to three chiefs from within any given Council area for the purposes of representation of the traditional leaders.

The executive functions are carried out by Chief Executive Officers and heads of departments who, in a typical council are the Treasurer, Executive Officer Administration, Executive Officer Health and Executive Officer Projects. Some Rural District Councils have established technical departments headed by graduate engineers who are also assisted by professional town planners.

6.3 Turnaround strategy in the LGA studied

During the data collection phase of this study, the LGA was in the process of implementing a change initiative termed the 'turnaround strategy'. This process had been necessitated by the need to address the deterioration in service delivery, which had resulted from many factors. The City Council's Strategy Turnaround Document, which was studied as part of the document study of this research, listed the causes of the problems faced by the City Council. These causes included insufficient focus on financial management, weaknesses in financial controls, blurred accountability and lack of responsibility, gross management of the City Council's assets and collapsed infrastructure due to poor investment decisions over a long period of time.

The Central Government had demanded turnaround strategies from City Councils in order to address service delivery issues. This led to consultants being hired to drive the change process.

As the reader will find out from chapter seven, the turnaround strategy was not being successfully implemented due to various factors including poor leadership, lack of financial resources, mismanagement of resources and a poor performance culture.

6.4 A brief introduction of macro-contextual factors

At a macro level, the political, economic, social and cultural contexts influenced the way the organisation was managed, and more specifically for this study, these contextual factors influenced the interrelationship between accounting and accountability. This study's findings are discussed in the light of these macro-contextual factors in chapter ten.

It is considered important at this stage to give an overview of the economic situation prevailing in Zimbabwe during the time this study was conducted. This will help the reader to appreciate some of the findings as discussed in chapters seven, eight and nine.

This study was carried out during a period of economic meltdown in Zimbabwe. Coorey et al (2007) highlight some of the economic indicators which show that the economy of Zimbabwe was very poor. Inflation, in February 2007, stood at 1,730 percent, the highest rate in the world at that time. The situation had rapidly deteriorated with year on year inflation being 56.9% as at December 1999; 598.5% as at December 2003; 1,281% as at December 2006; 66,212.3% as at December 2007 and 231,150,888.87% as at July 2008 according to official statistics published by the Reserve Bank of Zimbabwe (www.rbz.co.zw/about/inflation.asp - accessed November 2008). This hyper-inflationary economic environment has had negative consequences on the whole nation. Coorey et al also refer to the reduced output of the economy due to the following factors:

- i. chaotic seizures of commercial farms in a politically-motivated land redistribution programme seen as addresses colonial injustices.
- ii. price distortions due to extensive controls and regulation, especially the fixing of the exchange rate by the country's Central Bank.
- iii. collapse of investor confidence due to uncertainties surrounding property rights and the rule of law and
- iv. minimal foreign currency due to the poor relations with creditors and donors.

These poor economic conditions had a negative impact on the City Council studied because a shrinking economy meant its revenue base had dwindled. The findings of this study suggest that the problems faced by the nation of Zimbabwe in general, and

the LGA studied, in particular, lay in a lack of genuine accountability both at local and national government level. The detailed descriptions of the findings in chapter seven, which culminate in the theory generated out of the study in chapter nine, are considered as providing an account of the issues facing the city council on a day-to-day basis and how they influence accounting and accountability.

Having given that background information, the organisation chart of the city council studied is shown below:

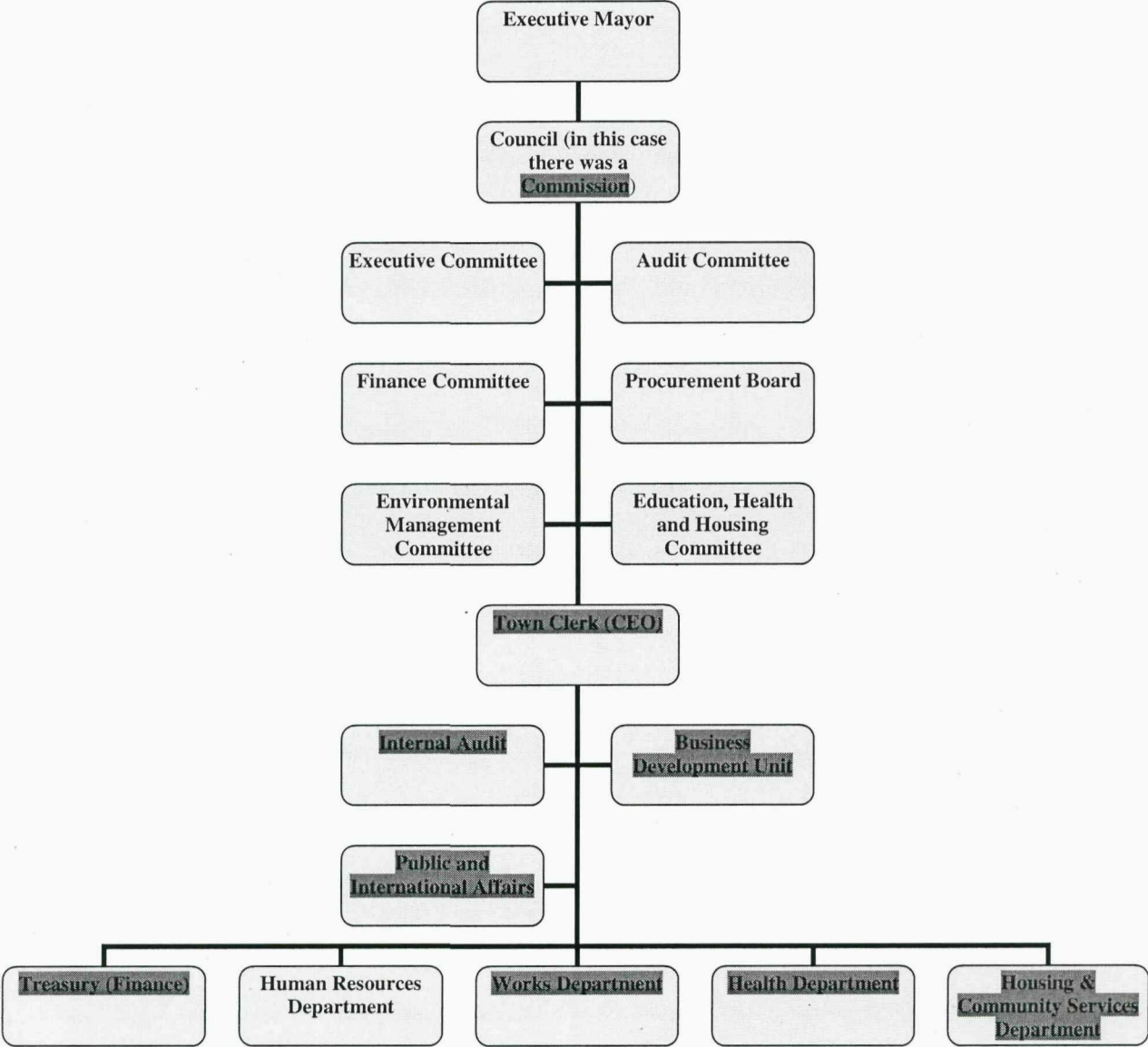


Figure 3: Organisation Chart – Local Government Authority

City council interviewees

The organisation chart above shows the key offices and departments in the city council studied. Theoretical sampling was used as consistent with grounded theory whereby the choice of who to interview, what documents to study and what meetings to attend was driven by the need to develop conceptual categories (see Strauss and Corbin, 1998; Charmaz, 2006).

A decision was therefore made to interview the Directors as highlighted on the organisation chart, as well as other interviewees who were considered relevant through the theoretical sampling process. For practicality reasons where views of a group of people were sought, representatives of those groups were interviewed. All interviews were carried out in English. Table 5 shows the list of interviewees. In order to maintain confidentiality, the thesis will refer to interviews by their level on the managerial hierarchy (for example senior manager 1, or middle manager 5) and not by their job title.

	Level	
CEO	Senior manager	1
Strategy coordinator	Middle manager	1
Chamber Secretary	Middle manager	1
Acting City Treasurer	Senior manager	1
Chief Accountant	Middle manager	1
Accountants	-	7
Acting Departmental Directors	Senior manager	3
Departmental Director	Senior manager	1
Head of Internal Audit	Senior manager	1
Internal Auditor	Middle manager	1
City Surveyor (sat on several committees)	Middle manager	1
Assistant Directors	Middle manager	3
Acting General Managers (Strategic Business Units)	Middle manager	2
Departmental Finance and Administration Officers	Middle manager	3
Costing Officers	-	2
Revenue Officer	-	1
Stores Controller and Buyer	Middle manager	1
Data Processing Manager	Middle manager	1
Data Processing Officer	-	1
Planning Officer – Department of Housing	Middle manager	1
Public and International Affairs Manager	Senior manager	1
Commissioners (There were no councillors)	-	2
Workers' Representative	-	1
Chairperson of Residents' Association	-	1
Residents' Activist	-	1
Total		40

Table 2: City council interviewees

6.5 Access negotiations

Negotiating for access to the researched organisations was a daunting task. The process started by asking friends, relatives and professional colleagues in Zimbabwe to put the researcher in touch with people they knew in LGAs so as to get initial contact. This approach was not very helpful as many telephone calls and emails did not result in any useful leads.

The access to the LGA was achieved through a former colleague at a large commercial bank where the researcher had worked before leaving for the UK to pursue post-graduate study. The former colleague happened to be a Relationship Manager for the LGA and he 'put in a word' with the LGA's Acting Treasurer (Finance Director) on the researcher's behalf.

Once granted the access, the researcher set out to build trust with managers and employees of the object organisations. This paid off, as evidenced by being allocated a desk and even an office from which to work. Informal interaction with employees and managers also assisted in the process of building trust.

6.6 Summary

This chapter described the context within which the study was undertaken and also describes the case study organisation. The process for access negotiation was also outlined.

The next three chapters present the empirical findings of research, progressing from detailed descriptions of findings in chapter seven and culminating in the substantive theory emerging out of the city council findings in chapter nine.

Chapter Seven

7 Open coding – City Council

7.1 Introduction

Open coding is the first stage of grounded theory analysis. It entails the discovery of concepts emerging from the data by opening up the text to 'expose the thoughts, ideas, and meanings contained therein' (Strauss and Corbin, 1998: 102). The 'opening up' of data involved reading the raw data documents, interview transcripts and organisations' documents, to tease out issues emerging from the data. These issues, events, happenings, and actions or interactions resulted in 'open codes'. The open codes are then grouped together under more abstract explanatory terms known in grounded theory as 'open categories'. Categories are given specificity by defining their particular characteristics. These characteristics are known as 'properties' in grounded theory. The properties of a category are located along a dimensional range.

The descriptions here are not analysed according to the different groups of interviewees. Rather, they are woven from the views expressed by individual respondents to establish a story out of the data.

The second analytic step in grounded theory is axial coding. This involves establishing relationships between the open categories. It is important to mention that these analytic stages are not linear but, rather, iterative. Selective coding integrates the axial categories 'to form a larger theoretical scheme' (Strauss and Corbin, 1998: 143). The diagram below is the researcher's visual presentation showing the progression from open, to axial to core categories through the open, axial and selective coding stages respectively.

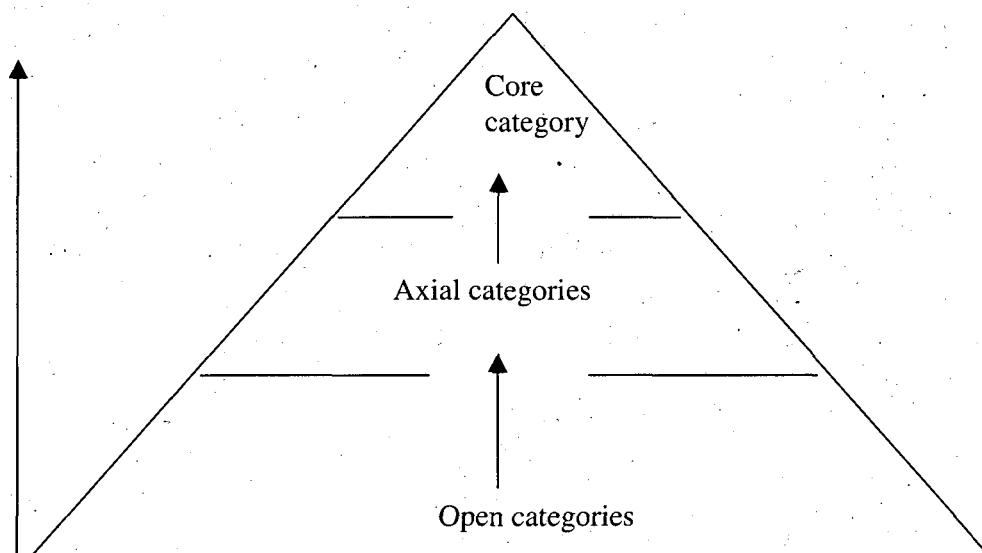


Figure 4: The three coding stages

One of the main strengths of grounded theory is the rich contextual description that results from the open coding process. Rahaman and Lawrence (2001: 156) report that they used interviews to, 'obtain a descriptive account of accounting and financial management systems; and to understand why the systems are what they are today'.

The authors report that they categorised their findings under two main themes (a thematic analysis) – technical accounting issues and socio-political issues. 'Thick descriptions' are necessary in order to get an insight into how the accounting systems feed into the management process (see Rahaman and Lawrence, 2001).

The initial coding process generated 83 open codes (See Appendix 2). These were aggregated into 25 open categories, in no particular order, as shown below:

Open Categories: City Council

1. Poor organisational performance culture
2. Attitudes towards being expected to account
3. Appropriateness of accountability mechanisms
4. Adequacy of accounting systems
5. Acting in self-interest
6. Unclear responsibility for service delivery
7. State of stakeholder relationships
8. Routine budget processes
9. Calibre of policy-makers
10. Dissatisfaction with organisational leadership
11. Managers' concerns with empowerment
12. Freedom to express views
13. Motives for, and managing change
14. Influence of political environment
15. Probity of employment practices
16. Quality of consultations
17. Resource availability and management
18. Engaging with stakeholders
19. Stakeholder power
20. Limited role of accounting information
21. The perceived importance of accountants
22. Effectiveness of internal controls
23. Ability to express views
24. Lack of a uniting vision
25. Poor management of strategy

While not much effort is made in this chapter to establish relationships between the core categories, some themes begin to emerge even at this stage. The issues emerging from the analysis are internal organisational climate, interaction with external stakeholders, influence of the macro-political and economic environment, limited role of accounting information, concerns with quality of organisational leadership and the relative power of stakeholders

Properties and dimensions

Strauss and Corbin (1998) emphasise the need to 'give a category 'specificity through definition of its particular characteristics' (p.116). This is achieved through identifying the properties and dimensions of each category. According to Strauss and Corbin,

[W]hereas properties are the general or specific characteristics or attributes of a category, dimensions represent the location of a property along a continuum or range (p.117).

One example they give in order to explain the meaning of properties and dimensions is the concept of colour, saying:

Its properties include shade, intensity, hue, and so on. Each of these properties can be dimensionalized. Thus color can vary in shade from dark to light, in intensity from high to low, and in hue from bright to dull Whenever we come across a property of a category in the data, we attempt to locate it along a dimensional continuum. Because each category usually has more than one property or attribute, we would want to locate each property along its dimensions (p.118).

Application of properties and dimensions in this thesis

Section 7.2 describes each of the 25 open categories. A table showing the properties and dimensions of each category is shown at the end of each sub-section. The properties emerge from the data. The dimension represents what the situation was, from the participants' viewpoint, while the 'ideal' dimension represents what the participants thought the situation should be. It is important to point out that the researcher did not use the terms 'properties' and 'dimensions' during interviews, but sought to understand what the situation was, and also what the changes the research participants thought to be necessary if the situation was to improve. This is consistent with the aim of this research project which is concerned not just with 'what is' but 'what should be'. The reader should note that the 'ideal' positions were not generated from existing Critical Theory literature, but from the study itself.

Another point that is useful to mention is that the label of a category, property or dimension, that is the name, 'is the one that seems to be the most logical descriptor for what is going on' (Strauss and Corbin, 1998: 114).

There were a few cases where the researcher could not establish the 'ideal' position from the data. In this case, the 'ideal' position was generated by the researcher. Asterisks are used to show where this was done.

7.2 Open categories

7.2.1 Poor organisational performance culture

This category captures the participants' view of how the various organisational players, both employees and management, approached the different duties they were employed to perform. The quotation below illustrates the views held by most interviewees on the performance culture within the LGA.

"I think the city [council] can perform much better. I think there is serious under-performance. The city [council] as I said, is a massive organisation. It has various departments: it's a regulator, it's an employer, it's a procurer of goods, it sells services, it does virtually everything. You need people, I think, who can motivate workers and get them to perform, get the best out of them. And I think in that area the organisation is unfortunately lagging, and something definitely has to be done. There is too much of a business-as-usual attitude, this is how things have been done, let's just continue like that. Sort of, you know, residents will complain, they always do; and we will attend to the complaints in due course. That is the culture we have. We really need people who can perform and there has to be punishment for those who don't. But what usually happens is that you get people being dismissed or suspended from their jobs for reasons other than poor performance. This demoralises and de-motivates the workforce." [Commissioner A]

The culture of performance was said to be very poor, with people often said to display an 'I don't care' attitude towards work. The reasons for this were varied, including the lack of incentive to perform, lack of performance monitoring, and unavailability of resources needed in order to carry out duties. Previous attempts at performance management had been discontinued. No one could really point out how the system had been allowed to die, save to say that the system failed to work because it was not linked to rewards or penalties for good or bad performance. There was no distinction between performers and non-performers.

Senior management participants kept referring to the need for a 'change in mind set' among organisational players. This was needed in order to deal with what was called

a 'business as usual' or 'laissez-faire' attitude to work which was said to be found in both the managers and their subordinates. However, the culture of non-performance became so embedded in the organisation that attempts to reintroduce the system were met with resistance from employees. Managers who wanted to introduce some form of performance management were accused of being 'over zealous'.

Another participant attributed this culture to a lack of focus on service provision, mainly because the organisation did not have a culture of service. The participant felt that the city council was haphazardly carrying out activities and it was as though everyone was groping in the dark without any clear standards of performance. Performance was not properly defined and the organisation had for a long time existed without targets to work towards. A senior manager described the organisation as having 'misguided priorities', with every division or department wanting to be seen to be doing some activity, whether or not what they were doing was making a difference to the way clients were serviced. Ultimately, customers were not being serviced:

"The service we are giving to the ratepayer is next to nothing." [workers' representative].

The poor performance culture manifested itself variously, including failure to utilise some funds which had been made available for capital projects by the central government. The reason was that the City Council departments had failed to come up with project proposals to show how the money would be utilised and what benefits would result from the projects. The inflationary environment eroded the purchasing power of the funds which had been allocated.

This carefree attitude to work was also attributed to the fact that historically jobs in the city council were for life and therefore performance was not an issue. Although section 7.2.3 reveals that councillors had been fired, employees had tended to have jobs for life. Promotion for employees was said to have been based on years of service. One interviewee said that people had 'always been paid for attendance and not to perform'. Another participant pointed out that the organisation lacked a 'work ethic'. Managers saw their subordinates as not willing to change their attitude towards

work. However, workers perceived managers and supervisors as not performing, and therefore thought that trying to introduce performance management should start with the managers themselves changing. The workers' representatives argued that if managers were going to appraise their subordinates' performance then it was only right that subordinates should appraise their managers' performance. They felt that it was important to have 'downward and upward performance evaluations'. Managers were said to have resisted this idea:

"We have seen managers being involved in scandalous activities, some of them misappropriating very expensive equipment and us workers failing to deliver. If you complain you are fired on the spot. We have some senior managers who have absolutely no qualification and they tell us they have a degree from such and such a University. But when we get into the nitty-gritty of how the system works we find that it is the junior employee who is doing the work for the manager. So it would only be fair if employees were put in a position to say what they thought of their managers' performance." [workers' representative]

Table 7.1

Property	Dimension	Ideal
Attitudes towards work	Negative	Positive
Standards of performance	Non-existent	Existent
Resistance to performance management	High	Low
Culture of service	None	Present
Performance incentive	Absent	Present
Priorities for service delivery	None	Established
Job security	High	Conditional on performance
Work ethic	Absent	Present

7.2.2 Attitudes towards being expected to account

"You ask me about the accountability procedures that the city council has in place. I would say there are none. Well there may be some, perhaps I am exaggerating. But I think that some of the practices in the city [council] show that there is no concern with accountability. People should know that they will lose their jobs if they do not perform, this would engender responsibility on everyone's part. I mean, if every worker knew that they were answerable for

certain deliverables, and that they would be called to account to ratepayers on their areas of responsibility, that would ensure that we would make good use of the resources entrusted to us. But this does not happen in this organisation. As a result, people stay in their jobs, even when service delivery is so poor.”
[middle manager 3]

“Accountability is a grey area. If we were accountable, we would be discussing issues with ratepayers so that they would know what was happening in the city council, i.e. the challenges or constraints facing the city. I think in terms of accountability there is not much happening. The [city] council is not letting people know how things are going, and most importantly, why things are the way they are. For example, we have the constant water shortages, ratepayers are not being told what exactly is happening in this area. Then there are issues of uncollected refuse. Residents are not told why things are getting to that state. I think ratepayers deserve to be told when their refuse will be collected, and they should be given explanations why their refuse is not being collected. But this is not done.” [Accountant 2]

The study revealed a general reluctance to accept accountability by people in decision-making positions, with many of them seen as taking a ‘do not hold me accountable’ stance. There was a general consensus among different participants that the organisation was not accountable to service recipients.

However, all participants were of the view that the organisation needed to make itself accountable to its stakeholders. One participant pointed out that it was necessary for the organisation to be accountable because other people are not God and therefore they needed to be told why certain decisions which affect their lives were made. This, he argued, was important because decision-making involves choices and it is therefore imperative to justify why one choice was made and not the other.

One participant believed that accountability was a complex phenomenon and suggested that there was need for a philosophical approach in an endeavour to understand and discharge accountability. This participant was of the opinion that the city council had taken a largely ‘unthinking approach’ to the phenomenon, with many

people lacking an understanding of what being accountable would entail. This participant deduced that the understanding of what accountability should entail was very poor amongst organisational players. Another participant pointed out that accountability implies having made a promise, thereby creating expectations. In the case of this organisation, nothing had been promised to service recipients.

Respondents understood accountability in different ways. Some of them equated accountability to satisfactory delivering of services. To these participants the fact that service delivery was as good as non-existent in this organisation meant that this organisation was not accountable to service recipients. Most participants however described accountability as telling how money was used. To some participants accountability was 'discussing issues', 'telling people why', 'justification of action taken', 'responsibly carrying out one's duties' and 'showing how one is using one's time at work'. Accounting for time was seen as important in an organisation where people just reported for work and thereafter attended to their personal business during work hours. Perhaps an encompassing, though simple, description of accountability was that given by a participant who saw it as 'accounting for the work and resources given to you.'

However, it was also interesting that accountability was seen as the responsibility for a job or a duty and not necessarily actual performance. In this case, a manager of a department was seen as accountable for the activities of that department even though it was clear that the manager was never called to account – or worse still, would not be called to account because he or she had no autonomy to make decisions that affected the operations for which they had oversight.

One participant who belonged to a residents' association added that true accountability involves giving room for decisions to be interrogated and this was said to be avoided in this organisation. A commissioner also echoed the same point about how genuine accountability entails debate. He felt that the senior managers and other commissioners shunned debate because they did not want their decisions to be questioned. The message that came across was that officials, especially senior managers, were unwilling to account for their actions and that whenever they did, they took a defensive stance.

“There is need for transparency, but the people we have in leadership do not want to be held to account. They say ‘you are my employee and so you cannot tell me to be accountable’. There are also individuals who behave as if they are saying ‘this is not my money’ and some do certain things because they know that nobody would ask them.... I would say the source of our problems is the failure or reluctance to engage with all interested parties, lack of communication, lack of concern on the part of leadership and lack of managerial capacity.” [Commissioner A].

It is evident from the preceding discussion that participants mostly talked about what accountability ‘should’ entail rather than what the organisation actually did, in reality, to be accountable. This is because not much was being done by way of establishing accountability mechanisms. Towards the end of the first field trip, the organisation was making attempts get stakeholders to understand the change initiative that the organisation had embarked on. Some participants at the stakeholder meeting attended by the researcher expressed the view that a lot more needed to be done in terms of getting different stakeholder groups to be interested in what the City Council was doing, because up to that period there had been a rift between the City Council and stakeholders, especially residents.

Some interviewees reasoned that the prevailing political climate did not promote accountability, in that anyone who was critical of the deteriorating state of the city was labelled as belonging to the opposition party and therefore a detractor to what the government was trying to achieve.

Overall, this lack of accountability was seen as having a connection to poor service delivery in so far as participants felt that the City Council was ‘getting away with’ on-provision of services – something which is unimaginable in situations where people in organisations are made answerable to their clients.

Table 7.2

Property	Dimension	Ideal
Necessity of accountability	High	High
Complexity of phenomenon	Not debated	Debated
Understanding of phenomenon	Poor	Good
Attitude towards accountability	Defensive	Debate-promoting
Willingness to account	Little	Much
	Avoidance	Promotion
Service delivery expectations	Not agreed	Agreed
Environment's promotion of accountability	No	Yes
Relevance for service delivery	High	High
Clarity of objectives	Low	High

7.2.3 Appropriateness of accountability mechanisms

This category brings together the thoughts that participants had on the mechanisms the organisation used in attempting to exercise accountability and their judgements of whether or not those tools were apposite. It is important to point out that in this organisation most participants had an external view to accountability, that is, how the organisation related to outside parties. This external focus may have been the reason why employees felt left out of decision-making processes and hence resisted what they saw as an 'imposed' strategy which did not serve their interests.

The participants pointed out five main mechanisms of accountability. These were: discussions with the representatives of the people, consultations during the budgeting processes, a legal provision for objections to tariff increases, audited annual financial statements and press statements.

All the mechanisms were seen as faulty in the context of this organisation. Firstly, there were no councillors in place and this had been the situation for over a year. Instead of 45 councillors there were eight commissioners. The councillors had been fired by the Minister of Local Government and replaced by appointed commissioners. The commissioners who were running the organisation were seen as representatives of the government more than representatives of the people. And they were not in a position to represent the residents in the same way that councillors are able to because they were too few in number. Secondly, although the Minister of Local Government had made it a requirement for all local authorities to consult with the public with regard to budget proposals – that being one of the conditions for him to approve the budget – the consultation process was seen as unsuccessful because of poor

attendance at meetings and also because of the irregularity with which they were held. For example, while the fieldwork was being carried out the budget process started and tariff increases were approved by the Minister without any consultation having taken place. One of the middle managers had this to say;

“A commission is not all that accountable. Commissioners owe nothing to the ratepayers. They have an allegiance to the person who appointed them. For example, the commission has not engaged with the ratepayers on the changes which are being implemented. No one has really spoken to the residents of the city. Of course there have been some press releases, but then again how many of the ratepayers read the press? Not that many, I am sure. I think communication with residents is crucial, but really no effort has been made to ensure that the ratepayers are fully engaged.” [middle manager 5]

The Urban Councils Act provides that residents of low-density areas (formally white-only areas) be given a thirty-day objection period during which they can contest proposed tariff increases. This process was said to be flawed mainly for two reasons. Firstly, objections raised in the past had been ignored as they were seen as either fuelled by opposition-party supporters or said to be unreasonable because residents refused to acknowledge that in order to deliver services City Council needed to charge ‘economic’ rates. Secondly, the fact that the objections were handled by the very same people who were seeking to increase the charges meant that there was no independence when evaluating the protestations against higher charges. Thus, although people were given an opportunity to raise objections, decisions made by the city council rarely changed.

Audited financial statements were seen as incomprehensible by many residents, and again they were never produced on a sufficiently timely basis for them to be useful.

The use of press statements, which seemed to be the preferred way for the city council to communicate with the public, was argued to be inappropriate mainly because the majority of the residents did not have access to newspapers for many reasons, including illiteracy, failure to afford the newspapers and even unwillingness to read newspapers which are perceived to be government mouthpieces.

Table 7.3

Property	Dimension	Ideal
Effectiveness of representatives (Client focus)	Low	High
Number of representatives	Insufficient	Sufficient
Depth of budget consultations	Artificial	Genuine
Number of participants	Few	Many
Credibility of objection process	Low	High
Channels of communication	Inaccessible	Accessible
Perceived objectivity of the media	Biased	Independent

7.2.4 Adequacy of the accounting systems

“An organisation as big as ours requires a robust computerised accounting system but we have had serious problems with our computers. We need an IT solution that actually addresses our needs in terms of billing, in terms of financials, in terms of costing and so forth. Our accounting system is not capable of producing accurate management reports, which are a must if we are to make informed decisions, as well as when we need to borrow money from lenders. We cannot have accurate debtors or creditors reports because the different departments have stand-alone systems and these are not linked into the main accounting system. People want us to produce accounts on time but they don’t really want to know what we go through in order to have them done.” [Accountant 6].

All participants were of the view that accounting information has a potential to assist organisational decision-making decisions. However, the accounting system had many problems. One was the outdated centralised computer system that was in place. This system was not coping with the volume of transactions to keep the data up to date. The record-keeping and accounting system was near-manual. There was also a concern with the analytical competence of the accountants and two senior managers in the Treasury Department expressed doubt over the skills possessed by some members of their department. When asked what the solution to that problem should be, the response given by one of the managers was that ‘the human resources department should address skills’ gaps’.

Accounting information was rarely, if ever, produced on time. When the research work began in October 2005, the external auditors were working on the 2003 financial accounts and the Treasury Department was under pressure to work on 2004 and 2005

accounts. This delay in finalisation of financial statements was blamed on the poor computer system. However, one accountant pointed out that the production of financial reports has always been delayed in the organisation – with or without the technical problems. He was of the view that before the crisis in service delivery no one really cared whether or not financial reports had been produced. Also, when funding had been readily available from both local and foreign financiers there was no demand for financial reports, especially from residents. Latterly, a minority group of residents had started issuing statements in the independent press asking questions why the City Council was not producing audited accounts, and saw the delayed publication of audited financial reports as evidence that the City Council had something to hide.

It also emerged that senior management was more concerned about the fact that external financial reports had not been produced and that it was necessary that these reports be produced. The belief was that these would be useful when the organisation wanted to borrow funds for capital projects. However, not much accounting information was being produced for internal decision making. Managers pointed out that they were managing without information. In all the interviews this researcher conducted with the accounting personnel they had mentioned production of management accounts as one of their main functions. Interestingly, some senior managers interviewed in the operating departments (who are supposed to be users of this information) were ignorant of whether or not the treasury function ever produced management accounts.

Further discussions with accountants on this clear malfunctioning of the internal accounting information system revealed that even the accountants themselves did not see the reports they produced as useful. One of the reasons for this was that the information was far from accurate. Apparently, most of the figures recorded as actual income or expenditure were estimates based on budgeted amounts due to the fact that the capturing of actual transactions using source documents was always behind. This resulted in having most income and expenditure lines showing little if any variances from budget and therefore rendering the reports useless for any monitoring and management purposes.

Another reason why the management accounting system was not working properly was that the reports were produced on an ad hoc basis. According to one accountant, the head of department would put pressure for management accounts to be produced whenever he thought that the accountants looked relaxed and did not have anything else to do. At the end of February 2006, the last set of management reports which had been produced was for the period ending September 2005.

Some users who received the sporadic management reports were unhappy with the quality of information they got. One interviewee, a middle manager, was of the view that the focus of the accounting reports was on money and not on output – which to him made the information irrelevant. According to this interviewee, whenever the accounts were produced their concern was on recording monetary transactions and whether or not expenditure would be within budget; instead a better and more complete way of accounting was to go further and track whether or not the tasks for which expenditure was incurred had been satisfactorily accomplished. This was not being done in this organisation.

Participants were also of the opinion that the tracking of resource consumption and allocation of overheads was poor, resulting in an incorrect picture of the performance of the various departments. It also emerged from various discussions that some managers from operating departments had little knowledge of accounting systems and processes, making cooperation on financial matters difficult and complex.

Table 7.4

Property	Dimension	Ideal
Functioning of system (technology)	Weak	Robust
Analytical skills of accountants (competence)	Low	High
Timeliness of management reports	No	Yes
Necessity of accounting information	High	High
Quality of reports – accuracy and perceived usefulness)	Poor	Good
Consistency in production of reports	Ad-hoc	Regular
Decision-making usefulness of reports	Low	High
Focus of accounting reports	Input (money)	Outcome (Service)
Tracking resource consumption	Poor	Good*
Knowledge of accounting systems	Poor	Good*

7.2.5 Acting in self-interest

This category concerns about the views put forward by participants that organisational players, particularly those in positions to influence decisions, tended to place their own personal goals first and not those of the organisation, nor of the service recipients. Self-interest emerged as one of the main causes of the deterioration in service delivery. The pervasiveness of the phenomenon was great, with participants talking about managers being corrupt, councillors seeking election for their own benefit and not to serve, and individual employees not caring about the poor state of service provision as long as they got their salaries. One middle manager saw self-interest as a problem that had existed in the city council for a long time.

“Different regimes came with their own agendas, and service delivery continued to deteriorate. Talk of councils, each council would come in and they would employ people without qualifications for the jobs they got, either their relatives or people who had helped them to get elected. The city council’s resources therefore got stretched. What we see today are cumulative effects of resource-abuse by these different regimes. It did not happen overnight. I think people believed that the [city] council resources would never be exhausted.” [middle manager 9].

Corruption was said to be rampant especially with the awarding of contracts for services, where decision-makers would award contracts only when they stood to get personal benefit. Self-interest emerged as occurring both at the individual level, such as with individual employees deciding not to put in a full day’s work, and also at group level – especially with policy-makers, who where they were said to form cliques depending on the agendas they were pursuing. Some of these agendas were for material gain and others were party-political.

Self-interest also manifested itself at a higher level, especially with politicians suppressing the increase of tariffs without any rationale, other than to get people’s votes. This was at a very high cost as the City Council became so cash-starved that even basic services could no longer be provided. One could argue that if the politicians really had service delivery and efficiency at heart, then they would not just

arbitrarily refuse to approve tariff increases without ensuring that service delivery was not compromised.

Participants also felt that because people were only interested in activities and deals that brought personal gain, it was difficult to come up with a united vision for the organisation as a whole. Thus unity of purpose was said to be lacking.

Table 7.5

Property	Dimension	Ideal
Prevalence of corruption	High	Low
Level at which phenomenon exists	Individual, Group	None*
Interests	Personal, party-political	Public*
Unity of purpose at organisation level	Poor	High

7.2.6 Unclear responsibility for service delivery

This category puts together participants' thoughts on the taking of responsibility by individual managers for effectively providing service. Senior and middle-level management participants expressed frustration over the bureaucracy of the organisation which meant that as individuals they did not make any material decisions. Key decisions were said to be made by committees. Participants felt that the over-reliance on committees meant that individuals and the organisation could 'get away' with poor service delivery as it would be difficult to hold any individual responsible for a decision that was approved by a committee. There was therefore no incentive for individuals to stretch themselves to perform, or to contribute to improved service delivery.

Interference from central government in local government activities was also said to blur responsibilities. For example, one reason for decline in service delivery given by almost all participants was the levying of sub-economic tariffs because the Minister of Local Government would refuse to approve proposed tariffs in order not to make the government unpopular with the residents. However, the residents were consistently told through the media that the City Council's poor service delivery was as a result of mismanagement by officials or poor policy decisions by councillors. However, not one official was dismissed for poor performance.

The Minister never publicly admitted or declared that over the years his ministry had kept tariffs at unsustainably low levels or that some of the tariffs being levied did not make economic sense. In this case, therefore, the local government officials, who can never think of issuing public statements against central government decisions, could only silently blame central government. On the other hand central government officials could publicly blame officials.

Participants argued that there was need for autonomy to be given both to individual officials in managerial positions and to local government institutions, so as to enhance accountability – both individual and organisational. As the situation stood, it was easy for people to pass blame on everything and everyone else but themselves. Unit heads saw autonomy for financial and operational decisions as necessary for service delivery improvement. In this situation it was difficult to pinpoint who exactly was responsible for decisions – made and not made. Some wrong decisions which had been made were costly to the organisation; other decisions which had not been made over the years resulted in a cumulative position of a complete breakdown in service provision.

Table 7.6

Property	Dimension	Ideal
Decision-making autonomy	None	Present
Incentive for initiative	Low	High
Central government's involvement	Interference and not beneficial	Supportive
Individual accountability	Non-existent	Clear
Organisational accountability	Unclear	Clear

7.2.7 State of stakeholder relationships

It emerged that the organisation was facing a major problem in trying to balance the attention given to the different parties interested in its affairs. The ordinary residents were neglected, with minimum effort being invested in building a good working relationship with them. Most participants pointed out that the residents were not involved in how the affairs of the City Council were run.

Since the beginning of attempts to change the fortunes of the city around the year 2000, 'stakeholders' of the City Council had been variously classified. For example, the strategic document of 1999 had seventeen stakeholder categories. However, one

could argue that this splitting of stakeholders was artificial, and maybe unwarranted because the basic services provided by the City Council were equally important to all of the city's inhabitants whether business, individual residents or government. This is because the different groups are constituted of people who live in the city and have need of good primary health care facilities, housing, roads, water and sanitation, and primary education.

It was apparent, however, that the different stakeholder groups had different levels of power. When asked who the stakeholders of the organisation were, participants quickly ran through a list of stakeholders, mainly central government, lenders, suppliers, the business community in general, ratepayers and employees. Participants felt that central government was the most powerful stakeholder and the input of the Minister of Local Government had a huge impact on the performance of the city council. Further probing into how the organisation related to each of these stakeholder groups revealed that most of the efforts of the organisation were driven by the need to meet central government expectations and demands – which demands were most of the time seen as hindering, and not enhancing, service provision.

The relationship between the organisation and ordinary residents was said to be negatively affected by a lack of trust. For instance, residents always resisted proposed increases in tariffs because they believed that the money would be misused by council officials. Some participants felt that this lack of trust was because no serious efforts were made to engage with the residents in shaping the direction that the city was taking. The interviewees were aware of the growing scepticism among residents and other stakeholders apart from government, on the ability of both local and central government to change the fortunes of the city.

Stakeholder meetings were arranged during the period when data was being gathered. These were poorly attended. Some participants at the meeting the researcher attended highlighted that there was a real problem with regard to the lack of interest that people showed by not attending meetings called by the City Council. Representatives of residents said that the city council's leadership related well with people who endorsed their decisions as opposed to those who interrogated them. Some senior City Council officials were of the view that attempting to get residents involved would not yield

much result because they tended to be hostile and critical instead of being constructive.

Internal relationships were strained as well, albeit in a silent way. Participants talked of there being an undercurrent of hostility within the organisation. Employees could not trust that the change initiatives would benefit them in any way. The views of one middle manager summarises the picture painted by many participants. She said,

“The workers have not really been involved in the turnaround programme. No one explained to them at the outset what this programme was going to entail and it is not surprising that their attitudes towards work have not changed. Some of the proposed changes have been met with resistance from the workers. Perhaps the strategist thought that a top-down approach to change would work but in this case it has failed.” [middle manager 8]

Senior managers were viewed with distrust as they were seen as furthering their own objectives at the expense of ratepayers and staff. Participants made reference to the presence of fear amongst employees who they felt that they could not challenge their managers for fear of victimisation. Interestingly, there was also said to be factionalism amongst employees themselves based on tribalism and party politics. This also meant that relationships amongst employee groups were tense.

Fear was also said to be very much at work among residents. According to the chairperson of the Residents' Association people avoided taking part in the Association because they were afraid of being seen as supporting the opposition political party, since the Association was seen as being anti-government. The Residents' Association had been campaigning for people to boycott paying rates to the City Council in order to press for improvement in service provision. This resulted in tension between the Association and the City Council, and the parties did not enter into dialogue to discuss the problems faced and to seek for solutions together. The tension was increased by the fact that the commissioners who had been appointed to run the City Council were seen by residents as illegitimate and representing the central government's interests and not those of residents.

Participants also highlighted a lack of openness and denial about the challenges the organisation was facing. They felt that whatever reasons were being given for poor performance were secondary to the primary factor which was lack of resources – which lack was mainly blamed on flawed central government policies. However, such utterances could not be easily made in public, in an environment that some people have described as an ‘open prison’.

The preceding discussion shows the convolution of relationships that the City Council faced. And this complexity of relationships had an impact on the proposed strategic direction of the organisation, on accountability and also on performance – both at individual and organisational levels.

Table 7.7

Property	Dimension	Ideal
Residents' involvement	Inadequate	Adequate*
Stakeholder power	Low	High*
Stakeholder trust	Low	High
Views on criticisms	Fault-finding	Constructive*
Hostility among parties(both internal and external	High	Low
Internal relationships	Fragmented	Cohesive*
	Suspicion	Trust
Prevalence of fear	High, real	Low
Legitimacy of representatives	Low	High
Openness/admission of challenges faced	Low	High
Dialogue	Discouraged	Encouraged
	Closed	Open

7.2.8 Routine budget processes

This category is a description of the activities and processes related to budget formulation, implementation and monitoring.

The City Council's budget formulation process was described as protracted. Indeed accountants repeatedly referred to this process as the single most time-consuming activity each year. For example, the 2006 budget took about four months to prepare and prior to that the accountants had spent about three months working on a supplementary budget because the City Council was failing to meet the ever-increasing cost of operations. However, despite committing so much time to the process, many participants described the budgeting process as a ‘ritual’, and budget-related meetings were seen as ‘going through the motions’. In fact, not one participant

had anything positive to say about the budget process in this organisation as it was seen to be 'time-wasting', 'just a formality' and 'flawed'.

Some interviewees felt that the budgeting process should be continuous instead of waiting for a definite period of time when everyone would literally drown in the process. Since the researcher was carrying out fieldwork when the 2006 budget was being formulated, some observations about the process were made. Accountants were at work after normal working hours and at weekends so as to produce the consolidated budget for the organisation. However, by the end of February 2006 the budget had not yet been approved by the Minister of Local government and this meant delaying the implementation of the tariffs proposed in the budget.

The disenchantment with the budget resulted from the fact that, among other reasons, over the years the City Council had had 'money on paper' (in the form of budgets) but most activities had ground to a halt because of severe cash shortages and alleged mismanagement of both resources and operations. Some participants also raised the fact that the Treasury Department amended budget submissions without contacting the originating departments. This arbitrary cut back was done despite the requests being seen as necessary and genuine by the originating departments themselves. The final budget was therefore seen as not reflecting reality and would soon be overtaken by the macroeconomic fundamentals such as inflation and a weak currency. This resulted in the budget process not being taken seriously from the outset. It was felt that senior members of the Treasury Department were 'out of touch' with the requirements of operating departments. Thus, the budget did not really affect (in the strictest sense) resource consumption and revenue collection, and this was not surprising as both the formulation and the monitoring processes were perceived as unsound.

Although efforts were made to monitor expenditure so as to ensure that departments did not overspend on their budget allocations, the system was said to have loopholes as departments would sometimes place orders for the supply of goods or services without notifying the Treasury Department. This would result in commitments which would eventually have to be honoured by the organisation. In addition, some departments had requested to hold funds which did not require going through the

stretched-out authorisation system which would have to be followed if all laid down purchasing procedures were followed. The main finding on the budget process was that organisational players did not have faith in it.

Table 7.8

Property	Dimensions	Ideal
Quality of the budget	Poor	Good
Time consumption	Protracted	Minimal
Quality of the process	Flawed	Sound
Usefulness of the budget	Low	High

7.2.9 Calibre of policy-makers

The top governing body of local government in Zimbabwe is the Council and it is made up of councillors. They are the ones tasked with making policy changes after consultations with their constituencies. Even though the studied City Council was being run by a commission, participants also discussed the way the City Council had been run over the years both under councillors and commissioners. This was seen as relevant because the prevailing deterioration in service delivery in the city had occurred over a long period of time.

Most of the interviewees were unhappy with the competence of policy-makers, particularly councillors. All participants were of the opinion that most people who put themselves forward to be councillors were seeking status and privileges, and not to serve. Also, because of the disillusionment that residents had with the ruling party they had voted for any councillor belonging to the opposition political party regardless of whether or not they were able to represent the people and come up with policies that would help to improve service delivery in the city. However, it is important to note that participants also pointed out that the problems did not start with opposition councillors as service delivery had started deteriorating well before the opposition council was elected.

Although participants felt that the commissioners were more able to run the city, mainly because most of them were professionals, they also pointed out that the disadvantage of having a commission heading the City Council was that it was not representative of the people. The reasons for this were that, firstly, they were too few in number, only eight of them in a city that normally has 45 councillors. Secondly,

they were government appointees and therefore they were perceived as promoting government agendas and not necessary addressing people's concerns.

The Minister of Local Government kept defending the commissioners through the government-controlled media, saying they were doing a good job even though service delivery was poor. For example, refuse went uncollected for months, nurses in council clinics were working without gloves, hospitals and clinics did not have medication and water supplied to residents was insufficiently treated. Service delivery had continued to deteriorate even with the commissioners having been in office for more than one year. However, they still had their term of office extended for a further six months to June 2006, and in June 2006 their term was again extended to December 2006. When the review of the terms was undertaken in 2006, the commissioners who had been said to be the best in terms of challenging decisions made at the City Council were left out and no reasons were given as to why they were not reappointed. It emerged from discussions with participants that the policy-making bodies were seen as dysfunctional, mainly due to self-interest, corruption, inexperience and incompetence.

Table 7.9

Property	Dimension	Ideal
Competence	Low	High
Experience in debating	None	High*
Motivation	Self-interest	Contributing to better service delivery
Integrity	Low	High

7.2.10 Dissatisfaction with organisational leadership

Dissatisfaction with organisational leadership emerged very strongly in this study.

Participants felt that the City Council was in desperate need of good leadership.

Accountability and performance were seen as needing drive from the Chief Executive Officer. The commissioners, most senior managers, employees and representatives of residents interviewed, were of the view that the organisation lacked good leadership.

Participants saw good leadership not just in terms of enabling the organisation to reach an acceptable level of service delivery, but in terms of intellect and morality.

There was little confidence in the intellectual ability of the current leadership to deal with the issues at hand.

There was also a sense that senior managers were seen as neglecting critical duties and delegating them to subordinate staff. This led to frustration, especially among middle managers, who felt that they were being thrown into the deep end without much needed support.

Employees lacked faith in management. For example, several interviewees were convinced that the problems facing the City Council had nothing to do with resource shortage, but rather it was poor and corrupt management that was at the core of the problem. A representative of workers questioned why management thought that raising tariffs would lead to service delivery improvements when it was clear that better deployment of resources would lead to significant cost savings. As part of the turnaround strategy programme, several initiatives were being proposed to generate revenue for the City Council, but some participants were of the view that it was not more money that was needed but more effective use of the resources available. As was suggested:

“The real issue is that we don’t have leadership within the city to come up with programmes which are creative and attracting the interest of the residents. We have the RBZ (Central Bank) telling us that we can get involved in horticulture, farming and so forth, we have been singing this all along. The workers who have the brains are there but nobody bothers to utilise those brains. We don’t need more money from the residents; we need to efficiently use the resources that we have already.” [workers’ representative]

Table 7.10

Property	Dimension	Ideal
Leadership’s competence at handling complex matters	Poor	Good
Morality of leaders	Low	High
Importance of having good leadership	High	High
Faith in present leadership	Low	High

7.2.11 Managers' concerns with empowerment

Most of the managers interviewed were concerned about the issue of resource control. At the centre of this phenomenon was that managers did not have specified financial resources under their control. While, at the budgeting level, individual departments indicated how much revenue they intended to collect and the expenditure they would incur in the following year, the actual revenue collections were put in 'one pot', and were controlled by the City Treasurer.

This was frustrating to the directors of the various departments as it meant that the City Treasurer would use his discretion on what payments to make and which to decline – based on the availability of cash. The general feeling was that the City Treasurer did not understand the priorities of the operating departments and therefore he was not the right person to control money. Again, this practice had caused departmental directors to be disillusioned with the budget as they felt that it was a 'paper exercise' which did not have any impact on actual expenditure. Autonomy in the control of resources was argued to be necessary for accountability and performance management. In this case, they felt that they did not have much say in the control of resources and therefore they could not be held accountable for performance.

The other area where empowerment was an issue related to the authority that commissioners had in reality, as opposed to what the law said was their authority. One commissioner interviewed pointed out that some of the commissioners were just 'commissioners by name'. However, they were 'supposed' to be *the* decision-makers. However, the commissioners interviewed pointed out that their team was not functioning as intended and that it was failing to make an impact.

Discussions also brought to light the feeling that some managers felt disempowered by having subordinates who had political connections. The allegation was that such managers could not effectively monitor the subordinates' performance as their own career progression could be jeopardised if the subordinates 'reported' them to the politicians. Again, it was also the case that the 'powerful' subordinates came to work with an air of superiority around them as they felt their positions in the organisation were guaranteed whether or not they performed.

Yet another concern related to what emerged as 'disempowerment tactics' on two fronts – aiming at avoiding accountability. First, the Executive Mayor of the city (who was also the Chairperson of the commission) had pushed for the withdrawal of all City Council employees from an Employment Council. The Employment Council was a channel of negotiations for employees and the Workers' Union had fought against the idea because it was going to remove what was seen as an important source of power for the workers. Second, one of the commissioners interviewed pointed out that management 'frustrated' the councillors that had been in office because they did not want to be held accountable.

Table 7.11

Property	Dimension	Ideal
Managers' autonomy over resource control	None	Yes
Authority of Commissioners	None	Yes
Manageability of 'powerful subordinates'	Difficult	Easy*
Managerial accountability	None	Yes
Performance appraisal	Downward	Two-way

7.2.12 Freedom to express views

This category is about the observations made, and opinions held by, interviewees with regard to how free they felt to express their views about the way the organisation was being run. It also encompasses the perception participants had about the lack of freedom among residents to have a voice, especially when they were critical of the City Council's failure to provide services.

Many participants expressed the view that the general public were afraid of being seen to be calling the city council to account, and they did not want to publicly associate with the residents' association as expressed by the chairperson of the residents' association;

"We enjoy a lot of support from the residents of this city. However, many of them are scared to join a residents association. They don't want to be involved in what might be seen as political work. My view is that those who label our work as 'political' are doing so as a disempowerment tactic in order to avoid accountability. They do so because they know that people will not support our initiatives for fear of what might happen to them if they are known to be

associating with us. We are entitled to be political. Our critics say that we should only focus on service delivery issues, but these issues are inextricably linked to political decisions. People use all sorts of tricks to stop themselves from being held to account. They want to silence the people. In the current climate of partisan politics, any suggestions we make are ignored because we are perceived for some reason to be part of opposition politics. We are not, we are not. What we want to see are people who take the necessary steps to improve service delivery to the residents of this city. There is a great saying by Deng Xiaoping who said, 'who cares the colour of the cat as long as it catches mice.'" [Chairperson of the residents' association].

Within the organisation itself, it was also clear that people were not free to express their views, especially political views. What became apparent very early on in the data-gathering process was how individual participants were very cautious whenever they caught themselves mentioning the political situation of the country as part of the problem. Some participants refused to have their interviews recorded because they wanted to 'tell it as it is' and they would not want to be quoted. In a few cases, individual participants pointed out that they would not want to respond to questions that were 'political'. Again some participants thought that the research topic was 'sensitive'.

One of the issues raised had to do with the 'turnaround' strategy programme that was being introduced when the research was being carried out. The 'strategist' who was responsible for this programme was said to be well connected to an influential politician. However, none of the participants interviewed were happy with the way the strategist was going about implementing the change programme as he was very commanding and did not sufficiently consult other managers and employees on the process. People who disagreed with him were side-lined and one director was on forced leave as he was said to be hindering progress. As one interviewee put it, 'dissenting voices were not tolerated'.

Commissioners who dared to challenge decisions which were being implemented were accused of being part of the 'opposition'. This was despite the fact that all the commissioners were political appointees of the ruling party. There was thus a fear of

voicing one's thoughts when not in agreement. One commissioner pointed out that a commissioner's privilege of speaking out was withdrawn if seen to be in disagreement, and this was said to be accomplished through side-lining the 'enemy' [commissioner] from important committees. It was one interviewee's thinking that this reflected the national atmosphere, pointing that Zimbabwe had become 'a society where questioning is viewed with suspicion'.

As far as the ordinary members of the public were concerned, there was a small group – the Residents' Association – that was fighting to be heard. It is important to point out that they were able to challenge some decisions taken by the city council because they had knowledge of their rights as citizens, and also knowledge of the law. However, the group remained small because, according to its Chairperson, people had genuine concerns for personal safety, pointing out that 'people don't want to be seen on the wrong side'.

The responsibility to engage with the members of the public was with the Public Relations Department. This department was said to be failing to accomplish this task. Again, some participants were uncomfortable to come across as if they were criticising this department, reflecting what the researcher termed the *spirit of voice restriction* that was evident in this organisation. For example, on being asked what the Public Relations Department was doing in order to involve citizens in City Council affairs, one director responded by saying 'That one, to be honest, I cannot fully answer because that department has its own strategy'. Such a response may be seen as not very apt, considering that directors of the organisation are expected to be concerned with how service recipients are given a voice in the way the organisation was being run.

The foregoing shows that participants acknowledged the existence of fear and its effects both within and without the organisation.

Table 7.12

Property	Dimension	Ideal
Caution when raising political issues	Common	Openness in dialogue
Attitude towards divergent views	Resistance	Tolerance
Consequences of having a dissenting voice	Real: suspensions, frustration tactics e.g. exclusion	None*
Presence of fear	Common	None*
Addressing poor performance	Avoided	Encouraged

7.2.13 Motives for, and managing, change

This category captures the views of participants regarding the change initiative: 'turnaround' strategy programme. Everyone was talking about this programme when the research was being carried out.

What came out clearly was that the change programme had been unsatisfactorily managed. First, it was believed that the initiative was insufficiently 'sold' to all the stakeholders that needed to be involved. Participants felt that employees were not only left out of the strategy formulating process, but they were also not adequately informed about the implications of the changes that were being made to the way the organisation was going to be restructured. Employees were therefore said to be 'unsure of what was being tried'. It was also said that some employees perceived the change process to be a joke that did not deserve to be taken seriously. According to this line of thinking, some employees thought that this was just an activity that was keeping people occupied for now and would soon fail. Moreover, employees were said to have failed to see the benefit of change and therefore they found no reason to be supportive of it.

Most participants believed that the change process was not sufficiently thought through and a 'piece-meal' approach was being taken. There was also reference to a privatisation initiative of one income-generating unit that the City Council had undertaken in the past, which had failed. This was making it difficult for employees to believe that, this time, what was being tried would be successful.

The organisation hired a strategist to facilitate the turnaround strategy as it was believed that an outsider would be best suited for the job. Two main problems were

highlighted as far as using an outside consultant for the task was concerned. First, the appointment had been made by the Minister of Local Government. There was a feeling that the strategist was imposed on the organisation when he was not suitably qualified for the task. Some suggestions the consultant had made were seen as ridiculous and ignorant. The interesting thing is that not many people dared to challenge these ridiculous ideas, for fear of facing “negative consequences”. Second, the strategist who was responsible for the turnaround initiative when the research was being done was viewed as tough and he was said to threaten people into implementing what he wanted done even when they were not convinced about what he was trying to do. Again some people saw him as ‘using people’ for his own ends and therefore they had no motivation to cooperate.

There was evidence of the use of force in order to drive the change process. For example, during the budget sessions it was the “strategist” who had the final say on all issues – and what he said went very much unchallenged. One of the directors said:

“I think the turnaround process itself has been brutal and I think with any turnaround it should be like that. Otherwise people will always resist change.”

Also, this director thought that toughness was necessary to make people work as evidenced by statements such as:

“I am cracking the whip on these people.”

One of the decisions that had been made to improve service delivery was to transfer the water production system to a government water authority. The reason given for the transfer was that the water authority was going to be more efficient at purifying water and increasing efficiency than the City Council. The City Council had been accused of failing to solve the water problem. However, the City Council was still supposed to distribute the water and bill the residents. The water problem of the city was not solved by this arrangement – to a large extent they were exacerbated because the supply chain became longer. One of the reasons why the water purification and distribution systems was failing to ‘deliver’ was that there had been no investment in the infrastructure over a long period of time. In fact, the Chief Executive Officer mentioned in an interview with the researcher that some of the water, ‘was just being channelled by the power of God’ as most pipes are all eaten up by rust. This decision

was not supported by any financial or operational appraisal and the water purification and distribution systems did not improve. Some interviewees believed that the transfer of the water purification system from the City Council enabled avoidance of the responsibility to address the real issue of serious underinvestment in infrastructure – which was linked to the political and economic situations prevailing in the country.

One of the implications of the 'turnaround' strategy programme was that tariffs had to be reviewed upwards. Participants did not see this as change, but rather 'playing catch-up' because of wrong and short-sighted decisions that had been made by politicians to keep tariffs suppressed when they should have been reviewed in previous years.

In summary the 'turnaround' strategy programme was not going to bring about needed change. In fact the programme was not seen as an innovative change at all but rather as one accountant put it, 'it is an effort to restore the city to what it was at independence in 1980.'

Table 7.13

Property	Dimension	Ideal
Involving all stakeholders	Poor	Good
Dialogue on change implications	Not done	Done
Cooperation from employees	Low	High
Perception of change process	'A joke'	Serious
Perception of level of thinking on change process	Shallow	Deep
Benefits of the change process	None	Visible
Approach taken to change	Piece-meal	Holistic
Historical record of change management (past experiences)	Failed	Succeeded
Hiring of change facilitator	Imposed	Fairly/transparently hired
Perceived suitability of change facilitator	Poor	Good
Mechanisms of change by facilitator	Force/ inducing fear	Debate/ gaining consensus

7.2.14 Influence of the political environment

"The residents' association is of the view that the problems of local government cannot be resolved in isolation from the problems of national government. So until Zimbabwe returns to the rule of law there can be no solution to the city's problems. We are committed to democratically-elected

councillors, to consultation and dialogue, because, frankly, it's the only way that the city can get out of the crisis it's in. At the moment there is no democratic process. The commissioners are accountable only to the Minister of Local Government, and not to the residents." [Chairperson of the residents' association]

The influence of politics is another issue emerging out of the study. This category captures the views held by participants on how the political environment was impacting the City Council.

One interviewee was concerned that the nation had become a 'partisan-politics' society where even the most basic of issues were looked at from the perspective of which political party a person supported. National politics was inextricably linked to local government.

Ordinary members of the public were said to be afraid to attend meetings arranged either by the City Council or by the Residents' Association as they were not sure whether or not the meetings would be for developmental or political purposes. However, one interviewee felt that it was not a question of political versus developmental goals. It was important that the general public was involved in developmental and political matters, but the political environment was seen as making people afraid to engage in politics. This interviewee was of the view that trying to separate politics from development was a disempowering tactic that was employed to silence the people.

Some interviewees pointed out that ratepayers' representatives, officials and commissioners who disagreed with decisions taken, or complained about the way things were done, were accused of belonging to the opposition political party. This was a big issue because belonging to an opposition party or being sympathetic to that party's cause was seen as unpatriotic and treacherous.

The perception was that politics was not a subject that could be freely discussed. Political polarisation was felt, not just within the organisation, but in the society at large. However, the general public did not have a platform to challenge decisions

which had been made for political expediency – to achieve political goals to the detriment of developmental goals and stifling public participation in public service delivery debates.

An example that was cited by many participants to illustrate decisions made for political expediency was that of the housing structures that were put up by the government after the destruction of illegal structures that people had been using for accommodation and small businesses. The houses constructed to resettle the displaced people and the small businesses did not have the necessary basic infrastructure such as water and sanitation facilities. This had the potential for causing diseases. The other example often cited by interviewees was the role played by the government in setting tariffs. The reviews made were said to be not necessarily according to a 'business case' but largely influenced by the need to get support and win people's votes.

The workers' representative acknowledged the interest of the government, saying that it was in the interest of the government itself that the City Council should succeed. In his view, the running of local government had implications for central government as far as winning votes was concerned.

Within the organisation itself, employees were said to be highly politicised, and it was evident in some of the interviews and also observations made during meetings attended. For example, the CEO spoke from a party-politics position when addressing employees and it was not difficult to deduce which political party and ideals he stood for. On one occasion, as the researcher waited for an interview with one official, there was a video being played at the reception showing the proceedings of a meeting that had been held to elect workers' representatives. The language that was being used there, and the slogans that were chanted on the video, reflected that the employees were highly politically-charged and again it was clear which political party they supported.

The implication of having decisions made based on political considerations was that accounting information lost its use. For example, even when the costs of providing certain services were known and it was clear that the City Council was not recovering

the cost of providing those services either from the residents or from central government, the Ministry of Local Government suppressed increases in tariffs. The result was continuous deterioration in service provision as no investment was made in infrastructure.

Table 7.14

Property	Dimension	Ideal
Link between local government management and 'politics'	Inextricable	Need for autonomy
Freedom of association	Restricted	Encouraged
Political discussions	Repressed	Encouraged
Political polarisation – in and outside the organisation	Real	None*
Basis of decisions	Political expediency	Developmental/service delivery improvement
Central government's decisions	Unhelpful	Supportive
Accounting	Disregarded	Used to evaluate decisions

7.2.15 Probity of employment practices

The way in which some people got employed in the City Council was seen by many interviewees as one of the reasons why poor service delivery prevailed in the organisation. Some people were said to have been employed based on political party affiliation, and these were said to be difficult to control even when they did not perform. For example some councillors, when they had been in office, were alleged to have given directives for the officials to employ people who had helped them in their campaigns for councillorship. When officials said that they did not need extra workers they had been told to 'find them [potential employees] something to do'. The quotations below highlights what was generally felt by many respondents.

"We had a skills audit around the year 2000 after we had insisted, as workers, on the need for one. It became apparent, abundantly clear, that we have certain people who got positions through other dubious means and are not qualified to hold those positions. And no action was taken. Now we have the same scenario with the turnaround strategy. We have General Manager this, General Manager that, the guy doesn't know a damn' thing about the activities which take place within the area for which he is said to be responsible." [workers' representative]

“Councillors are also a major problem. They would come in and say, ‘I was aided by a certain group of campaigners to be in power, and now that I am in power it’s payback time. You must come up with an arrangement to engage these people into council employment’. The councillors would resolve that they wanted 80 people to be employed. We as officials would say ‘where?’, and they would say ‘we don’t care. We will bring them in and you will have to find somewhere where you can make them useful’. ‘But we have no where to put them’, we would say, and we will be told ‘we are going to recruit people, find them something to do’. This resulted in a bloated organisation and we are still burdened with people that we really do not need. But the biggest problem was that most of these guys who were coming in were very big politically, so the supervising aspect suffered because of political patronage, this guy would say *inini ndiri wepolitics* (literally translated ‘I am political’). This guy could absent himself from work for hours and when you asked him where he was he would say, ‘why don’t you phone councillor so and so’. And councillors have a say in who is promoted – so as managers we were compromised.” [senior manager 1].

This situation was difficult to correct because once a person is in employment, they are protected by very strict labour laws. Also, for an organisation facing serious financial difficulties, voluntary retrenchment was not an option – though talked about.

Some participants also revealed that the criteria on which some job appointments were made were not made known to all, and they doubted the ability of some of the people who had been appointed to certain positions to ‘deliver’. This was particularly the case with some people who had been appointed as Acting General Managers for operating units that had been created as part of the restructuring of the organisation in line with the ‘turnaround’ strategy programme. Still many people were occupying supervisory and managerial positions without having even basic knowledge about the job. The result of all this was, as one accountant put it, ‘an abuse of resources through paying unproductive people’ and some interviewees believed that this was part of the reason why the resources the City Council raised would never be sufficient.

It was these unskilled workers and managers who allegedly resisted another skills audit exercise which had been suggested by some members of the workers' union. The researcher learnt that the one time when such an exercise had been carried out, the results had been disregarded, and that there was a lot of lobbying by the people who did not deserve the jobs they had, so as to stay in employment.

Table 7.15

Property	Dimension	Ideal
Basis of Employment	Political party affiliation/politicians' influence	Possession of relevant skills
Manageability of subordinates	Difficult	Professional
Labour force numbers	Excessive	Adequate*
Filling of key positions	Opaque	Transparent
Skills of some managers	Not suitable for position occupied	Relevant skills
Reaction to suggestions of a skills audit	Resistance	Acceptance
Impact of a prior skills audit	Manipulated/ ignored	Implemented
Implications of employment practices on resource management	Wasted on non-productive people	Judicious*

7.2.16 Quality of consultations

Participants considered it important that all stakeholders be adequately consulted on the City Council's affairs. Although attempts had been made to consult with members of the public, especially on the budget, the consultation meetings were poorly attended. Sometimes more council officials were at the meeting than members of the public.

The reasons for this lack of interest were many, including poor publicity of the meetings, disillusionment with council officials, perceived illegitimacy of the commissioners, and a general feeling among citizens that the consultations were to fulfil a legitimacy need – therefore not genuine. Genuine consultations would mean openness to scrutiny. The Chairperson of the Residents' Association believed that people who were invited to strategy-related meetings were those who would reinforce preconceived ideas instead of questioning proposals or decisions made. And he described the budget consultations as useless, 'just fulfilling the law'. Some participants felt that these meetings, if properly run, could potentially improve the perception that people had of the organisation.

Although some officials argue that the consultations are genuine, most felt that the consultations were merely platforms to tell people what the City Council was doing and why – informing people of decisions already made. What was said by another official concurred with this view, saying that consultations meant informing people and ‘they may not agree but they would have been informed anyway’.

It was also the view of the residents’ representatives that consultation meetings were on the city council’s terms called for as and when it suited the City Council. An example to support this would be the fact that the city council formulated and implemented a supplementary budget, as well as the 2006 budget without discussing it with the residents. The justification for this, given by some participants, was that the process was time-consuming and that in a hyperinflationary environment, it was important that quick decisions be made. Initiatives by the residents to try and get council officials and commissioners to attend residents-initiated meetings were not supported by the city council.

It was the opinion of several participants that discussions with stakeholders should be ongoing, and not just at budget time and it was seen as important to not only inform the stakeholders of the decisions already taken by the City Council, but to get their input into the decision-making process as well as reporting back to them on the results of the implementation of the decisions, as the quote below illustrates:

“Where we have had consultations, we have not done much to address the concerns of the residents. So to that extent we just want to fulfil the consultative requirements of the Ministry of Local Government and in my opinion that should not be the objective. It should be something meaningful where we should take appropriate remedial action to the issues raised.” [senior manager 3]

Table 7.16

Property	Dimension	Ideal
Stakeholders’ attendance of meetings	Poor	Good
Perceived genuineness of consultations	Negative	Positive
Reasons for consultations	Fulfilling the law	Genuine participation
Meaning of ‘consultation’	Inform	Debate

7.2.17 Resource availability and management

The organisation was suffering from a severe shortage of financial resources. Participants had different views on what they saw as the cause(s) of these shortages. Officials interviewed pointed out to the government's control of tariffs at 'sub-economic levels' as one of the reasons why there were cash flow problems to meet even basic recurrent expenditure. The withdrawal of funding by international lending and donor organisations was said to be the main reason why infrastructural development had not been undertaken.

Individual and departmental performance management was said to be meaningless because there were no adequate resources to work with - performance targets needed to be matched with resources. Some middle managers interviewed talked about how they had refused to sign performance contracts with their superiors because they did not have resources. The same argument was made on the issue of accountability - participants again saying they cannot be made accountable when they do not have resources.

Some participants thought that part of the problem lay in the fact that local government organisations were viewed as social institutions. However, they were not given government funding as should be the case with social welfare institutions - thereby resulting in a revenue and cost mismatch. With the central bank giving loans (seen as immaterial considering the task at hand) for what were termed 'bankable' projects - those projects that had potential to generate profits - social services and basic services such as primary health care did not have sufficient funding. It seemed as if there was no easy solution in sight because the shortage of resources meant that the organisation was paying workers for unproductive time.

Some respondents were of the view that City Council workers were lazy and did not want to work. Others saw this view as mistaken, because the main issue was the lack of resources which resulted in lack of motivation. In fact, one interviewee believed that it was a painful experience for employees to report for work, only to sit around because they had no tools with which to carry out the tasks they were employed to do. Sometimes, employees were forced to improvise on their jobs in order to 'at least do

something', as one middle manager put it, to rescue situations. An example was given of how workers sometimes used plastic bags to repair burst water pipes – which would burst again after a few hours. Health workers had to work without uniforms and there was a serious lack of medication in clinics. Street sweepers used makeshift brooms made of tree branches.

Budgeting and planning ceased to make sense when funds were scarce. Most plans failed to materialise due to lack of financial resources. One of the accountants interviewed talked about how 'the City Council might say this is what we want to do but then fail to get capital funds.'

However, there were people in the organisation who believed that the problem of resources was a question of mismanagement. The City Treasurer did not believe that money was the main constraint facing the city council, but self-interest, a poor performance culture as well as a 'militant workers' union', meant that performance standards were difficult to enforce. Some participants thought that there was a failure on the part of senior management to harness the resources that the organisation was endowed with.

"For instance in the undertaking there are certain concerns which we have been raising time and again and it would appear there has been no remedial action taken. It's like the hiring of equipment when we have our own equipment which needs minor repairs. For example our heavy-duty trucks and loaders are rotting there. We could have our own equipment repaired and use that, instead of spending a lot of money hiring equipment. The message we are sending out by being so wasteful is that we are saying we are awash with cash, but on the other hand we are going to the ratepayers and saying we need more money." [workers' representative].

Unscrupulous suppliers were also said to take advantage of the laxity in controls and they sometimes billed the organisation for services not provided.

Table 7.17

Property	Dimension	Ideal
Causes of financial resource shortages	Government control of tariffs	Levying tariffs to cover 'legitimate' costs
	Mismanagement of resources – human and financial	Efficient and effective management of resources
	Lack of government funding for social services	Government funding for social services
Reasons of infrastructural decay	Poor planning	Prioritised investment in infrastructure
	Withdrawal of international support	Macro environment that encourages investment*
Complexity of problem	Paying unproductive people – no resources to work with	Suggestions of flexible time
	Difficult political environment	
Impact of situation on employees	Silent resignation	Demand for change
Reaction from ratepayers	Silent resignation	Demanding better services
Perception of relevance of accounting	Irrelevant	Relevant
Control systems	Lax	Effective

7.2.18 Engaging with stakeholders

The term 'stakeholders' was common in the City Council and participants recognised the need to involve interested parties in decisions related to service delivery. It was particularly felt that it was important to involve stakeholders in prioritisation of projects and in addressing their concerns. However, there were different views on how residents should participate. A few managers said that ratepayers had been involved in mapping the change process, but most were of the view that residents had not been involved.

Poor engagement was also cited as a problem within the organisation, with some managers interviewed pointing out that they were also not fully aware of the implications of the change process. Terms such as 'I don't know', 'I'm not sure' and 'I hear that...' [referring to the change initiative] were an indication that the espoused vision of the organisation was not shared by many, especially with managers not fully understanding it. There was a 'them and us' approach. For example, one middle manager looked at the strategy process as something being championed from the top. She accused top management of failing to give copies of the strategy document to everyone in the organisation. On being asked why she had not made an effort to get a copy of the document, she responded by saying:

“Well, if I wanted, if I made sufficient effort to look for it, I would have found it. You see, these people want the document implemented and so why don’t they give it to us? It is up to them to ensure that everyone knows where the organisation is going.” [middle manager 6].

Ratepayers were said to be unaware of the challenges facing the City Council and the blame was seen to be on the City Council for failing to educate them. However, interviews with the residents’ representatives revealed that ratepayers did not just want to be informed, but rather, to be involved. Yet the thinking expressed by some senior managers is reflected in one’s opinion:

“We need to let ratepayers know how the organisation is faced with high operating costs, just like everybody else in the country – individual or business, the public do not know the background to the problems we have here, and they need to be made aware.” [senior manager 5].

One justification which several participants gave for not involving ratepayers was that things were changing very fast and there were deadlines to be met. So it was not practical to involve all the people who may need to be involved.

Employees were also said to have been left out of the ‘turnaround’ strategy programme discussions and they did not know how the proposed changes were going to impact them. A representative of the workers pointed out that employees needed facts so that they could understand where the organisation was going. He believed that the workers’ attitude towards work would change by involving them. The main concerns for the employees were job security and the reward system. They wanted to know how they would benefit from the programme. Accounting information had not been used to answer these questions.

Consultation with the other stakeholders was said to be futile if employees had not owned the process. The only way out, according to one official, was to involve all stakeholders.

Table 7.18

Property	Dimension	Ideal
Degree of involvement: numbers/ stakeholder groups	Limited	Wide
Awareness of change-related implications (facts)	Shallow	Sound
Flow of change ideas	Top-down	Lateral (involve all)
Ownership of process	None	Yes
Need to educate ratepayers	Justify why	Consult how
Reasons for poor involvement of the general public	Quick decision-making and avoiding criticism	Need to involve all stakeholders
Results of failure to involve employees	Passive resistance	Active resistance*

7.2.19 Stakeholder power

The most powerful stakeholder emerged as central government – with the Minister of Local Government frequently cited as having much control over the organisation.

There was a sense of fear among the officials as they saw themselves as unable to challenge the Minister. One senior director was of the opinion that the government was the key stakeholder and so ‘we must comply. Full stop.’ Ratepayers were described as ‘disenfranchised stakeholders’, with little say in the City Council’s matters.

Provisions of the law were not always upheld. For example, reference was made to an occasion when the Minister’s demands overrode the law by freezing tariffs after they had been published. Also, the strategist who was facilitating the turnaround process was said to have so much influence such that City Council’s 2006 budget was approved by the Minister of Local Government without consulting the residents.

Councillors, when they had been there, had been seen as powerless when it came to making policy decisions. The ruling party councillors had followed whatever directives came from the Minister; but opposition councillors were said to have been frustrated by ‘constant interference’ from the Minister. However, these councillors had also been seen as ineffective as they did not have the skills required in order to bring about any meaningful change.

The Central Bank was seen as exerting control over the decisions made by council officials. A case was cited when the bank had directed the City Council not to increase tariffs by the percentage the officials had proposed, citing that the proposed

tariffs were inflationary. The City Council officials were said to have complied with the directive, instead of arguing the case for the tariff increases they had suggested.

Table 7.19

Property	Dimension	Ideal
Central government's grip	Tight	Supportive
Respect to law provisions	Sometimes overridden	Always upheld*
Councillors' influence	Weak	Strong
Ratepayers' power	Weak	Strong
Central Bank's power	Strong	Consultative
Source of power	Political position/affiliation	Possessed skills

7.2.20 Limited role of accounting information

"They are very useless, those [accounting] reports. As the Accounts Section we just say one of our duties is producing management reports. But, we are not doing them in the way they are supposed to be done. And the way they demand them it's just to make us work but we know they don't use them. When they (referring to Chief Accountant and Treasurer) see that activity is low, that we are not working on budgets or final accounts then they just think 'Oh! Let's ask the accountants to produce management reports. But they don't use them. That's what we know.'" [Accountant 1]

Accounting did not play a major role in influencing decisions made in this organisation. It emerged to be a very small part of the 'story' of this organisation. For example, the management reporting system was described as 'reactive' where sometimes management reports would only be made available to operational departments when they had been requested – which was very rarely. Management reports were compiled by accountants who then forwarded them to the City Treasurer. However, as the quotation above shows, the accountants were of the view that the information they produced was not used.

When asked to talk about how accounting helped to shape the organisation or how they influenced accounting, participants mainly started talking about annual financial reports. The main reason why annual financial reports are produced by this organisation is because it is a statutory requirement. The Urban Councils' Act Section 305 (b) requires that they be produced and audited, 'not later than one hundred and

twenty days after the end of each financial year or such later date as the Minister may approve.' However, this did not seem to be enforced as evidenced by this organisation's 2003 financial accounts still being outstanding at the end of 2005.

Most respondents, however, believed that audited financial statements were 'strategic' and 'critical' – mainly because lenders would require those statements. Nevertheless, with the prohibitive interest rates in the money market, borrowing to fund capital projects seemed to be out of question for this organisation.

Audited financial statements were also perceived as an accountability mechanism, albeit one that was not functioning properly given the lateness in producing the accounts as well as the perceived inaccessibility of the information to the ordinary residents.

The budgeting processes, and the budget, were seen as potential accountability mechanisms in so far as ratepayers could have a meaningful input into its formulation and thereafter holding officials to account for targets agreed. In this organisation this was not happening.

The budget was also supposed to be an internal control tool to use in monitoring financial targets, and some participants were of the opinion that the budget was an important performance management measure. However, the management accounting system was not functioning, as has been described in previous sections. Moreover, some participants expressed dissatisfaction with the 'traditional way of budgeting' which was said to be unsuited to change. The financial control aspect of the budget was also not working due to the ad hoc nature of the production of management accounts, as well as the inaccuracy of the reports whenever they were produced. The result of this was that respondents saw the information as 'useless'. Remarkably, even the accountants themselves saw their output as not useful. One interviewee said;

"I think the budget is formulated because of the legal requirement that we have it. But as far as budgetary control is concerned, it has not been effective at all. I think the main problem is because we don't have [accounting] information. The computers at the treasury (the department responsible for

producing accounts) are not generating the information that we require to exercise budgetary control on a monthly basis. We have a situation where we have not received accounting reports for a very long time. I have not seen the detailed income and expenditure reports for a long time.” [middle manager 5]

Another aspect which showed that accounting information was little used in decision-making related to the ‘turnaround’ strategy programme. The accounting function was not involved from the outset – resulting in there being no financial appraisal of the initiative. Many decisions were made which had huge financial implications, and a lot of time was spent charting the way the organisation was going and very few of the decisions were implemented because there simply were no resources.

Table 7.20

Property	Dimension	Ideal
Consequences of not producing audited annual reports	Insignificant	Significant*
Perceived importance of audited financial statements	High	High
Accounting reports as accountability mechanisms	Useless	Useful
Involvement of stakeholders	Low	High
Perceived usefulness of internal accounting information	Low	High
Budgeting procedures	Irrelevant	Relevant
Management accounting reporting system	Reactive	Proactive
Evaluation/ Assessment of financial implications of proposed changes	After strategy formulation – even then inaccurate	Throughout the strategy process

7.2.21 The perceived importance of accountants

The relationship between the accountants and all the other departments of this organisation influenced the perception that respondents had of the (un)importance of accountants.

During the initial contact with accountants, the researcher sought to understand what their role was and they pointed out ‘facilitation of the external audit’, ‘giving financial advice’ to the departments they supported, ‘providing expertise on turnaround strategy programme’, ‘attending council meetings’, ‘producing management accounts’ and ‘facilitating budget formulation’ – among other duties. However, most

of these roles were not being properly discharged in practice. If someone had just taken the responsibilities as given, then they would have thought that all was well. However, getting deeper into understanding exactly how the systems worked brought out interesting observations.

On their role of monitoring expenditure, for example, it was the case that sometimes departments incurred expenditure without the knowledge of the accountants. The internal control system in place required that all orders be captured into a database to track expenditure-to-date against budget. One accountant mentioned that sometimes departments did 'their own thing' because accountants were 'divorced' from the associated operations.

Accountants also said they had been 'sidelined in the strategy processes' and therefore not involved. They felt that their role was similar to that of 'mere clerks'. Managers from operating departments held that accountants, 'did not know what happened on the ground' as evidenced by one of the acting departmental directors:

"He [the accountant] is there – just looking at figures on the table. We are saying, 'that's old-fashioned'. Accountants must be here in the operating departments. They must know how we operate, what we are doing." [senior manager 4]

On the other hand, accountants felt undervalued and under-appreciated and they believed that even their remuneration was relatively lower than that of other employees at the same grade but in other departments.

Some accountants talked about how they really did not have much work to do while other accountants complained that they were overworked. Managers, however, expressed the need for more support from accountants. There were some exceptions to the 'useless accountants' perception with some respondents viewing the accounting function as critical and the input from accountants as important.

Table 7.21

Property	Dimension	Ideal
Satisfaction with accountants' contribution	Low	High
Accountants' role in decision-making	Passive	Active
Accountants as expenditure monitors	Unsuccessful	Successful
Relationship between accountants and operating departments	Weak/ divorced	Strong
Perception of accountant's knowledge of operations	Uninformed	Understand/ appreciate

7.2.22 Effectiveness of internal controls

Respondents expressed little confidence in the internal control systems of this organisation. Systems were said to have broken down over the years, resulting in lost revenue streams for the City Council as well as wastage of resources.

The main components of internal control systems mentioned by respondents were supervision of subordinates on work outputs and expenditure of resources, the internal audit function and budgetary control. As has been alluded to in the preceding discussion, supervision was said to be slack due to a number of factors – mainly the existence of 'powerful' subordinates and also the resistance to performance management systems. Again, employees, including managers, were said to have been lacking motivation such that they no longer cared about safeguarding the organisation's resources; leading to internal control systems degenerating over time.

The internal audit function was seen as 'reactive', waiting, for example, to be called to investigate cases of fraud after the event. Respondents wanted to see a 'proactive' internal audit function, checking on adherence to policies and procedures established for the organisation.

Participants also talked about the wide abuse of the organisation's resources mainly by senior management and some commissioners, including using City Council's vehicles to carry deliveries to their rural homes. The maintenance costs for the vehicles would be carried by the City Council, as well as the fuel.

What also exacerbated some of the problems was the manual operation of a complex system of transactions, due to the inadequacy of the computer system. Only the Treasury Department had some sort of computer system, and the other departments

and district offices operated on stand alone, largely manual, information systems. An example illustrating the breakdown in internal controls was the failure to invoice for some jobs done for members of the public five years after the jobs had been done – a revenue leakage that could be easily plugged.

The budgetary control system was also not working because management accounts were not being produced on time. The researcher was told that there was considerable laxity in control issues.

Table 7.22

Property	Dimension	Ideal
Confidence in internal control systems	Low	High
Incentive to suggest improvements	None	High
Internal audit function	Reactive	Proactive
Perception on resource abuse	Rampant	No abuse
	Accepted 'as norm'	Challenged
Information system	Largely manual	Largely computerised
Budgetary control	Irrelevant	Relevant
	Useless	Useful

7.2.23 Ability to express views

It was the belief of some of the respondents that if ratepayers demanded accountability then measures would be taken to address their concerns. However, it was the view of many respondents that the majority of the residents in this city were unable to meaningfully debate with the City Council officials and policy makers.

Respondents pointed out that people who raise objections are mainly white and they believed this was because historically the white people had knowledge of the law and their rights. Thus a very small section of society (those who were 'enlightened') was able to demand accountability. As one accountant said:

"Those who demand better services are in the minority. Mainly Whites. This ends up being construed to be political. People are beginning to form residents' associations so maybe with time they can demand accountability."

[Accountant 4]

One senior manager referred to the problem as lack of 'self-governance', with most residents being ignorant of their rights. However, the demands for accountability by the Residents' Association were not resulting in building a relationship between the residents and the City Council where ideas could be debated, and the demands made went largely ignored.

Internal to the organisation, the ability to argue and present one's (or a department's) case was seen as important. One accountant gave the example of how eloquent departmental heads who could argue effectively were able to have their demands met.

Table 7.23

Property	Dimension	Ideal
Awareness of law provisions/ rights	Minority	Majority
Impact of awareness level	'Voiceless'	'Voice'
Calls to account	Limited	Widespread*
	Ignored	Heeded*
Basis of getting things done	Eloquence	Service criticality

7.2.24 Lack of a uniting vision

The need for, but lack of, a uniting vision within the City Council and between the City Council and residents was cited as a major issue. Strategy was said to be 'a recent phenomenon' in this organisation. Although there was an attempt to implement a 'turnaround' strategy programme, organisational members were doubtful of the success of the direction that was being set in order to bring about improvements in the running of the City Council. Commissioner B said;

"I have old grandmothers who are never left out when there are religious gatherings. They are so convinced about their faith. When they start preaching you can see that they are guided by an idea. They are slaves to the ideas by which they are guided. Now for a complex organisation like this city council, we cannot afford to run it without a uniting idea, people need to buy into the strategy. But if you ask many people, even those who are the leaders, they don't know what this organisation is about. They don't have a clue what is in the turnaround strategy document. So, I am that people need to be clear of what the strategic vision is. When they are clear, and they really believe it,

then their disagreements will be in the context of the vision. At the moment I don't think we care about the vision." [Commissioner B]

The lack of a clear uniting vision was seen as causing fragmentation in the organisation. It was also the perception of some respondents that different groups (both within and without) the organisation, had conflicting objectives. The problems that the City Council was facing were said to have their origins in poor planning and lack of foresight by successive policy makers (councillors and commissions) and senior management. Traditionally, planning was said to have been short term and mainly linked to the annual budget. This had resulted in insufficient investment in infrastructure, with the results of this underinvestment being evident in recent years.

The prevailing change process was said to be incomplete because of the failure to involve crucial stakeholders. There was a feeling that without involving all the stakeholders, no amount of initiatives would improve the situation. Some respondents felt that making plans without considering the availability of funding meant that the decisions were not 'strategic', implying that such decisions would not bring about the much-needed change. Most participants were pessimistic about the success of the change process, citing resource constraints and the 'dictatorial' manner in which the change was being implemented.

The organisation was seen by some respondents as lacking focus because there was no clear prioritisation of projects – this being seen as critical given that resources were in short supply. Proposed solutions were seen as short term and largely reactive, and that this was not going to help the running of the organisation in the long term. Some of the ideas for revenue generation were poorly defined, although the few participants who were enthusiastic about the 'turnaround' strategy programme seemed to believe that significant revenues would be generated out of the projects. One participant, a senior manager, after having enthusiastically told the researcher how 'a lot of money' would be raised from these 'identified' revenue streams, was asked how much would be made and his response was, 'It's neither here nor there....'

Managers largely felt they were not in control, and this affected the input that they could give into the 'turnaround' strategy process. Many factors influencing their performance were out of their control as individuals.

Table 7.24

Property	Dimension	Ideal
Objectives	Individual	Collective/Organisational
	Conflicting	Uniting
Planning	Poor	Good
	Mainly short-term	Long-term focus as well
Prioritisation of projects	None	Clear
Managers' ability to influence strategy	Limited	Open participation in debate
Accounting's role in shaping strategic focus	Passive	Active

7.2.25 Poor management of strategy

This category relates to the views that respondents had on the way strategy-related processes were handled in this organisation.

Many respondents saw change as imposed on them. There was a very tense period during the implementation phase of the strategy when the strategist who had been appointed by the Minister of Local Government was facilitating the transition of the organisation. There was a perception that the strategist was concerned about achieving the end result without caring about the process. People felt that they were being coerced into compliance with the change process. One departmental head put it this way, 'We have nice papers, but there is no effective driver.'

Several 'businesses' were talked about, under the 'turnaround' strategy programme, as potential sources of income for the City Council. These included manufacturing organic fertilisers from sludge, capturing gas from sewage treatments, quarrying, cattle ranching and horticulture, although the profitability of these business ventures had not been appraised. This is an example of how accounting did not play a role in assessing the strategic options. One respondent talked about how it was possible for the city council to rear milk cows and sell the milk to the biggest dairy company in the country or even process the milk themselves into cheese, yoghurt and various other products. Although these ideas had been talked about there were no financial and operational appraisals to show how they would work. The accounting function could have played a role in this task but that function was largely passive in the

change process. Some managers wanted the accounting function to constantly analyse the changing needs of the operating departments instead of focusing on traditional budgeting processes that were not relevant for the day-to-day running of the organisation.

Informal discussions with employees showed that they did not believe in the changes that were proposed, some of which were already being implemented. Some employees believed that the senior management themselves had no faith in what they were doing. Emotions such as 'uncomfortable, worried, afraid, concerned' were aired in relation to the strategy process, which was largely viewed as handled forcefully and lacking transparency.

One middle manager in a very important position said that although 'strategy' documents had been written in the past, most people including himself 'never really had time to look at them'. Another manager pointed out that 'strategy documents' had been compiled, but nothing ever really materialised in terms of implementation. Thus the strategy processes were seen as flawed with not much thinking through of how the problems faced would be addressed. Most importantly, the cost implications of the changes were not assessed.

Table 7.25

Property	Dimension	Ideal
Change	Imposed/ Coercion/ Manipulation	Negotiated/ Debated
Change facilitators' concern	End result	Change management process
Ideas for revenue generation	Not appraised	Evaluated
Managers' and employees' attitude towards the strategy process	Wait-and-see	Contribute

7.3 Summary

This chapter has described the open categories derived from the City Council data. Categories are abstract concepts which group together events, happenings, objects, and actions or interactions in the data (Strauss and Corbin, 1998). The categories discussed in this chapter reveal a complex situation whereby many aspects of the organisation were not promoting effective service delivery. This stage of analysis shows that accounting did not play a significant role in the management of the

organisation and many contextual factors such as poor leadership, poor performance culture, self-interest and resource mismanagement, all hindered effective delivery of services. The next chapter is on axial coding. It establishes relationships between the open categories.

Chapter Eight

8 Axial coding: City Council

8.1 Introduction

Axial coding involves establishing relationships between the open categories that emerged out of the data as a result of the open coding process. This enables the researcher to offer explanations on what seems to be going on in the situation studied.

Grounded theory analysis is iterative in nature as the researcher is immersed in the data to understand the story emerging out of the data. During axial category the researcher moves from thick descriptions of the findings to a higher conceptualisation by establishing relationships between the open categories.

8.2 The axial categories

The categories in this chapter were arrived at by aggregating the open categories as discussed in chapter seven. The labels given to the axial categories are constructed by the researcher to connect open categories. The result is shown in the diagram following.

Code	Sub-category [Open Code]	Main category [axial code]
7.2.4	Adequacy of accounting systems	Mundane accounting practices and processes
7.2.8	Routine budget processes	
7.2.20	Limited role of accounting information	The visibility of the accounting function and the use of accounting
7.2.21	The perceived importance of accountants	
7.2.1	Poor organisational performance culture	A dysfunctional internal organisational climate
7.2.9	Calibre of policy makers	
7.2.10	Dissatisfaction with organisational leadership	
7.2.15	Probity of employment practices	
7.2.6	Unclear responsibility for service delivery	Structural impediments impacting service delivery
7.2.11	Managers' concerns with empowerment	
7.2.14	Influence of the political environment	Permeating presence of politics
7.2.22	Effectiveness of internal controls	Managing resources
7.2.17	Resource availability and management	
7.2.12	Freedom to express views	The demanding of accountability
7.2.23	Ability to express views	
7.2.18	Engaging with stakeholders	The degree of stakeholder involvement
7.2.19	Stakeholder power	
7.2.5	Acting in self-interest	Individual gain at public expense
7.2.25	Poor management of strategy	Reactive and unsound organisational management
7.2.24	Lack of a uniting vision	
7.2.13	Motives for, and managing change	
7.2.7	State of stakeholder relationships	Managing relationships
7.2.16	Quality of consultations	
7.2.2	Attitudes towards being expected to account	The discharging of accountability
7.2.3	Appropriateness of accountability mechanisms	

Figure 5: Axial Categories – City Council

Below is a description of each of these categories. For each of them there is a section subtitled 'the situated context', which is defined by Strauss and Corbin (1990) as a 'specific set of properties that pertain to a phenomena; that is, the locations of events or incidents pertaining to a phenomenon...' (p. 96)

8.2.1 Mundane accounting practices and processes

The local authority's accounting function fell under the City Treasury's department. The City Treasurer headed this unit with a Chief Accountant, Principal (Senior)

Accountants, Accountants and Account Clerks, constituting the function. It appeared on the surface that accounting information was produced regularly – both management and financial reports. However, in reality this was not the case. The management accounts produced were said to be meaningless even by the accountants themselves. Participants expressed dissatisfaction with the accounting systems and related output.

The situated context

The local authority had, over a long period of time, lacked investment in technology, resulting in the use of long-obsolete computer systems which were inadequate for the volume of transactions handled. The computer system had also become highly unreliable as it broke down very often. Transactions therefore had to be processed manually or through disintegrated computer systems. A combination of these factors resulted in financial reports being up to two years behind. Management accounts constituted income and expenditure figures for the entity's numerous units showing actual and budgeted figures. It turned out that the figures reported as 'actual' were pro-rated budget figures. This rendered the variances reported meaningless.

The accounting system lacked the sophistication that is expected of organisations which are the size of this local authority in modern society. Managers of operating departments and units confessed that they had been working without management accounts for a long time. It used to be the case that when the local authority had had funding from bilateral and multilateral donors and creditors, there had not been much need to diligently manage financial resources. Participants pointed out that the organisation had had adequate resources and this must have engendered complacency, resulting in poor financial management and control.

Poor financial management was also evident in the 'crafting' and implementation of the budget. Local authorities are required to produce yearly budgets. In this City Council, budgets were formulated every year without fail. However, participants saw this as a routine that would have very little impact, if any, on the day-to-day running of their operations. It had become normal practice for the City Council to come up with supplementary budgets during the financial year to seek approval for tariff increases.

Allocation of funds to departments was not according to the budget and neither was it according to the income generated by the individual departments. This was because all funds were controlled centrally by the Treasury Department. When asked how financial resources were allocated to Departments, the response one senior manager was:

“If we are talking notionally we could say as per budget. Say if we are talking of sewerage we know that there are so many fitments, and if we charge so much at the end of the day the sewerage department will have so much and it will be making a profit of so much. But in reality we then don’t split the actual cash inflows [to reflect the actual activity].” [senior manager 2].

8.2.2 The visibility of the accounting function and the use of accounting

This category pulls together two sub-categories, the *limited role of accounting information* and the *perceived importance of accountants*. The quotation below illustrates the views held by most respondents:

“We never see these accountants and we are saying that must change. It is time they got involved in the business, not just sitting behind their desks. We are forever making decisions about our operations but we do not get any input from the accountants.” [senior manager 8].

The state of the City Council’s accounting system resulted in the accounting function being seen as one of the ‘missing links’ in the management of this organisation. Senior managers bemoaned the ‘invisibility’ of accountants and expressed dissatisfaction with the function for failing to provide support. While the potential for accounting information to aid decision-making was acknowledged, many participants wondered what the role of the accountants in this organisation was.

The situated context

The structure of the organisation was such that all accountants were physically located at the City Treasury’s building. This was the only place from where they could access the computerised accounting system. The accountants appeared busy, especially during budget time – working to meet the deadline set for budget approval by the

Minister of Local Government. However, on a day-to-day basis their role was reduced to authorising purchase orders after checking on their accounting system that the expenditure was going to be within budget. This did not necessarily result in departments operating within the budget, as the system used to monitor expenditure was not always updated and sometimes the operating units incurred expenditure without notifying the accountants.

Producing management reports (whenever this was done) involved getting print outs from the computer system from which the accountants extracted figures and entered them into standard Excel spreadsheets listing income and expenditure. There was no evidence that these reports were given to the relevant operating units. Operating managers did not even bother to ask for management accounts. A senior accountant pointed out that this was because the reports were not useful. Had they been, then the managers would have been keen to have them.

The accountants said they saw themselves as 'mere clerks' in an organisation which clearly did not seem to have any enforcement ability or sense of urgency such as to make accounting work.

8.2.3 A dysfunctional internal organisational climate

This category brings together four subcategories; *poor organisational performance culture, calibre of policy makers, dissatisfaction with organisational leadership and probity of employment practices.*

The qualification of this category as 'dysfunctional' reflects failure of the organisation to perform as would be normally expected of it. This 'climate' emerged as being very important in the researcher's attempt to understand what was going on in this organisation, and also in understanding the interaction between accounting and the rest of the organisation in areas of accountability and performance. Properties of this category included attitudes towards work, culture of service, individual competence for position held in the organisation and faith in the ability of senior management to effectively lead the organisation.

The situated context

Very early on in the data collection process the performance culture of the organisation emerged as an important factor influencing the organisation's ability to deliver service. Most interviewees knew about this poor performance culture but no concerted effort had been made to address the causes of this problem. However, probing the respondents highlighted what they saw as the causes of this state of affairs.

High on the list of causes were allegations of people occupying positions for which they were not qualified. Although most respondents did not want to mention names, some pointed out that the Chief Executive Officer did not have the skills and qualities needed to run the organisation. Unsuitable people got jobs for party-political and nepotistic reasons. Some managers and supervisors were said to have no clue about their jobs and yet they were getting a salary and all employment benefits. The impact of the interplay of these factors meant that some people in positions of authority could not be held to account for their actions, as their source of power made them 'untouchable' with no effective body able to investigate or criticise them.

The 'Calibre of policy makers' subcategory related to the skills and knowledge they possessed, as well as their moral standing. This local authority was said to have been run successively by corrupt and 'self-interested' councillors – who make up the policy-setting body of local authorities in the country. Indigenous councillors, especially post-independence, were said to have lacked the knowledge necessary to run the complex organisation, and this had led to deterioration of service provision over the years.

Again, having policy makers who were corrupt meant that policies were not adequately enforced. Ultimately, this resulted in the majority of employees not seeing the need to work with integrity as the leaders and policy-makers were not seen as providing a good example.

Accounting was not employed to establish efficiency levels of the various departments.

8.2.4 Structural impediments impacting service delivery

Respondents pointed out that some of the causes of the problems the organisation was facing were due to the structure of the organisation – the distribution of work and the delegation of authority to deliver the services for which they were responsible. Some respondents felt that in most cases it was not clear who exactly was ultimately responsible for service delivery, especially because as individuals they felt they were not empowered to make decisions pertaining to their area of work.

The situated context

This organisation operated through several committees: Executive; Audit; Education, Health and Housing; Finance and Procurement Board – with regular meetings being held by each of them. Participants saw the committees as largely ineffective and time-wasting, because the meetings did not result in improved service delivery. Some respondents also felt that there was an over-reliance on committees to make decisions, making it difficult for individuals to be held to account.

Many respondents felt there was a mismatch between the expectation on them to deliver services and the autonomy they had to make decisions. Central government, through the Ministry of Local Government, was also blamed for the problems the City Council was facing as it was seen as interfering with the running of the organisation for 'political expediency', especially with regards to setting tariffs.

Thus, even when attempts were made to use the budget to show that there was need to raise tariffs levied for services provided, the Ministry of Local Government had refused to approve the tariffs. Therefore there was a feeling of powerlessness which resulted in resignation – with people working within the structures, as it were, but being unhappy with the situation.

However, some interviewees believed that there was no excuse for the lack of responsibility. One of the acting directors said:

“Some people don't want to be accountable. They say I was told to do so and so by the policy-makers. People should be made accountable, wrongly or

rightly directed, and should recommend alternatives when not in agreement.”
[senior manager 2]

8.2.5 The permeating presence of politics

The prevailing political climate was seen as having a major bearing on the capacity and ability of this local authority to provide services to the residents. Most respondents acknowledged the influence of national policies, as established by the central government, on local government authorities.

The situated context

The political climate in Zimbabwe has been harsh since the turn of the twenty-first century. This environment has resulted in ‘capital flight’ as businesses shut down, thus shrinking the government’s tax base.

It is important to include this category because the political problems facing the nation have resulted in sanctions, donor flight, the freezing of credit lines and shrinking industry. Some interviewees blamed economic sanctions for the struggles the organisation was facing. However, it was difficult to see how the sanctions led to the people in power abusing their positions for personal gain at the expense of the general public.

People who demanded accountability or pressed for proper elections to be held for councillors or persuaded residents to boycott the payment of rates to the council were labelled as part of the ‘opposition’ and therefore working to destabilise the government. Several interviewees saw the Residents’ Association as ‘not cooperating’ with the City Council because they refused to pay rates until they had seen the council’s financial statements. The Chairperson of that Association believed that most of the problems faced by the City Council had their root in the political environment. Most interviewees were reluctant to talk about the impact of the political environment on the City Council and some of them asked the researcher not to record the parts where they talked about ‘political issues’.

8.2.6 Mismanaging resources

Participants held different perceptions of the priorities given for the funding of the City Council's different services. Many respondents, however, were of the opinion that resources had been mismanaged over time, resulting in underinvestment in infrastructure. This category combines two sub-categories – *effectiveness of internal controls* and *resource availability and management*.

The situated context

Most participants highlighted the shortage of financial resources as a major part of the service provision problems the organisation faced. In line with the grounded theory methodology, the researcher probed what factors had led to financial difficulties of such as scale that even workers were failing to get paid their salaries on time.

The reasons given included corruption within the City Council. For example, it was said that some contracts were given to individuals and organisations associated in some way to people in authority positions within the council; that tender procedures were flouted and also that there was a lack of diligence in enforcing internal controls. Some expenditure incurred by the City Council was seen as unjustified and prejudicing members of the public, especially where such expenditure was spent on luxury vehicles, and accommodation and the upkeep of the mayoral residence which was seen as exorbitant. Informal interviews with employees revealed that they knew of loopholes which were being exploited by some managers and suppliers, thereby draining the organisation of financial resources. Examples were given of suppliers who would overcharge the City Council for services provided by overstating services or quantities of items supplied, just because the controls were slack. One interviewee said:

“It doesn't make sense. You see, there are certain concerns we have raised over and over again but no remedial action has been taken. We have our own equipment like heavy-duty trucks and loaders used for filling potholes – all that equipment is sitting here and rotting while we use scarce cash resources to hire similar equipment. We cannot, therefore, go back to the ratepayers to say ‘We need to increase tariffs’, when our actions are giving an opposite message – that we are awash with cash. So what we are actually saying is that, ‘yes, we

can have trillions and trillions of dollars coming into the City [council]. The question is, are we able to manage? Do we have, in terms of good corporate governance, the culture of being able to manage that?" [workers' representative].

Accounting did not highlight these weaknesses; neither did accountants engage with departmental managers to discuss these issues.

8.2.7 The demanding of accountability

This main category captures the views of the participants on whether, and how, stakeholders of this organisation had a 'voice' in matters relating to accountability and performance. The sub-categories making up this main category are *freedom to express views* and *ability to express views*.

The situated context

Most participants were of the opinion that the organisation did not make itself accountable to its stakeholders, with members of the general public having the least voice.

Participants cited historical reasons, where (under colonialism) the majority of the people were repressed. Although Zimbabwe is said to have one of the highest literacy levels in Africa, some interviewees felt that not many people understand financial information, even if it was presented to them.

Most respondents were of the view that the residents of the city were, in the words of one senior manager, 'getting a raw deal'. Residents went for months with uncollected refuse, clinics without medicines, houses without running water – and when they got the water most of the time it was inadequately treated.

When the City Council had attempted to consult with the residents during budget times, this was said to have been mostly unsuccessful. The majority of the residents could not comprehend the thick budget documents which were said to be available for public inspection – hence the debate at the consultation meetings was said to be 'shallow'. While it was acknowledged that not every citizen could be financially

literate, the fact that there were no effective representatives for the people who could question the way the City Council was run meant that accountability was poor.

Members of the Residents' Association were actively questioning the city council and how it was operated, but they happened to be in the minority and most of them Whites – thus their concerns were easily dismissed because they were said to be supporters of the opposition political party, and therefore enemies of the nation.

Accounting was not used to enable debate with the residents – neither in budget form nor in annual financial reports. Even when tariffs were gazetted in the local newspapers, not many residents were able to question how these tariffs had been arrived at.

8.2.8 The degree of stakeholder involvement

“The level of service provision is so poor that people should not just keep quiet. But residents do not have a voice. On paper the ratepayer is said to have a voice but in reality they don't. Involving people in a genuine way could help come up with solutions.” [accountant 5].

“We make ourselves accountable to the people through consulting with them. I think if you read the [news] paper people were actually complaining that we did not consult for the supplementary budget. I think the Town Clerk explained why we did not. Because we are facing a crisis and it's difficult to consult. The consultations take very long and we could not wait.” [middle manager 9]

There was a sense in which participants saw solutions as only coming from engaging with all stakeholders. Attempts had been made to ask various stakeholder groups to come up with documents outlining what they expected from the City Council in terms of service delivery. At one point there had been input in document form from sixteen stakeholder groups. However, the needs and expectations of all the stakeholder groups were not out of the ordinary. Stakeholders generally expected basic and efficient service delivery.

The situated context

Several workshops and consultations had been held by the local authority, with the view of shaping the direction of the development of the city. Some senior managers who had attended these 'away days' pointed out that they did not come up with any solutions. The residents' representatives interviewed were of the opinion that these consultations were not genuine, but they were efforts to legitimise the way the City Council was being run.

Several rounds of strategy consultations yielded no positive change. One of the reasons for this lack of change was the fact that some *fundamental* change was needed in the politics of the country in order for funding to the City Council to increase.

However, as has been mentioned earlier, the issue of politics was not freely discussed. This was pointed out by participants at some strategy consultation meetings which were held during the period the researcher was collecting data at this organisation. The failure to address the fundamental issue of the political environment meant that the endeavours being made to improve service delivery were 'patchwork' and they did not bring about the needed improvements.

Informal interviews with employees revealed that they did not understand the implications of the 'turnaround' strategy programme on their welfare as workers.

Accountants did not play any active role to influence strategy; neither was accounting used to adequately evaluate the various courses of action proposed. This resulted in strategy that was not followed through, and service provision continued to deteriorate.

8.2.9 Individual gain at public expense

This category focuses on the phenomenon of 'self-interest' which was seen as rampant in the city council. The views of many participants are captured in what one senior manager said:

"We have a problem of people doing only what will benefit them personally - a 'what's-in-it-for-me' mentality. For example, in Department X [name identified], they go for where there is room for kickbacks. We need to cultivate a culture of commitment. For example, sometimes work is done in-

house by the [City] Council's employee during normal working hours but the output is given to a consultant who then submits it to the [City] Council as if the consultant did the work. The consultant gets paid, after having done nothing, of course, and then they share the proceeds with our employee.”
[senior manager 4].

The situated context

Corruption poses a big challenge in Zimbabwe and it is frequently cited as one of the main causes of the problems facing the nation. The Governor of the Central Bank has, in successive monetary policies, made calls to people in positions of authority – especially Ministers in government – to stop being corrupt. The organisations suffering most from corruption are in the public sector where, to win tenders, people have to pay bribes to individuals making the purchasing decision. Sometimes these decisions result in inferior jobs being done. In a country where the majority has not been questioning the authorities about poor services received, the situation continues to deteriorate.

Shana (2006:1) points out that corruption is one of the ‘most tragic and devastating crises facing our nation’ in addition to ‘the crises of national governance, national economy and ... national health delivery’.

<http://www.mpoi.org/downloads/speeches/The%20State%20of%20Corruption%20in%20Zimbabwe.pdf> (date accessed, October 2006). In his seminar paper delivered in Harare in May 2006, Shana observes that there were two cases of ‘grand corruption’ in the seven years after Zimbabwe’s independence, and he sees them as fuelled by greed. Shana goes on to observe that there were nineteen cases of grand corruption between 1987 and 2001, involving the National Oil Company of Zimbabwe, the Grain Marketing Board, the National Railways of Zimbabwe, the Zimbabwe Republic Police, the Zimbabwe Electricity Supply Authority, Harare Airport and the Zimbabwe Iron and Steel Company, among others. Shana observes that most, if not all of the listed cases involved high ranking politicians, some of whom are still active in politics and or government. However, despite the fact that cases of corruption are well known, it is rare that anybody is brought to justice. Shana is of the view that this is because ‘accountability and professionalism are now subordinated to party politics’ such that

immoral, criminal and corrupt activities serving political advantage are given immunity' (p.3).

Corruption in the City Council was cited in the area of allocating residential stands (building plots), where, again, politicians were said to give directives to the City Council for certain people to be allocated stands, despite the fact that there is a waiting list that is supposed to be followed. Some research participants said that councillors and commissioners sought to benefit from their positions, and yet they are supposedly the representatives of the residents.

Other indirect ways of siphoning money were said to be through business travel, where it was not obvious to the general public how service provision was being improved by these foreign trips.

The phenomenon of pursuing individual gain is also exemplified by a request made by the executive mayor to purchase curtains and furniture worth ZWD 35 billion (about USD200,000 at the then prevailing exchange rate) for the mayoral mansion. This was seen as unacceptable when service delivery was so poor. The decision was only reversed after the newspapers made a headline out the issue. However, this request had not been challenged within the organisation.

Ideally, accounting could be used to assess the quality of tenders submitted, challenge the inclusion of unjustified items of expenditure in the budget (which influenced the levels of tariffs proposed) and assist in the purchasing decision-making process. However, in this organisation accountants did not play a role in ensuring integrity of transactions. This compromised the organisation's accountability to its stakeholders.

8.2.10 Reactive and unsound organisational management

This main category is made up of three sub-categories: *poor management of strategy, lack of a uniting vision and motives for, and managing, change.*

The situated context

The concept of strategy is relatively new in Zimbabwe's public sector organisations, and perhaps in most of the locally-owned and locally-managed private sector organisations.

The vision of the city was to achieve world-class status by 2015. It was not clear what 'world-class' meant. A mismatch was observed between the vision and the day-to-day operations in the organisation as it was not clear from where the funding for infrastructure development would come. Although some initiatives were being suggested, especially public private partnerships (for example in the provision of housing) there was no evidence that the working of these arrangements was understood. Neither were there financial evaluations to determine viability.

Communication on what the 'strategy' entailed was perceived as poor, both within and outside, the organisation. The scale of the financial requirements was not quantified, a reflection of the year-by-year financial planning in the form of the budget, and which itself was flawed.

8.2.11 Managing relationships

State of relationships and *quality of consultations* are the sub-categories making up this main category. Most participants saw the lack of a relationship management strategy as a major problem.

The situated context

The main stakeholder groups of the City Council were seen as employees, managers, commissioners, the central government (through the Ministry of Local Government and the Central Bank), residents (businesses and households) and financials.

However, stakeholder power (another main category described above) was seen as influencing the efforts made by the organisation to satisfy the different stakeholder groups. Suppliers and financial institutions were rarely mentioned in the interviews as stakeholders.

The concept of the 'customer' was not common in this local authority, with the terms 'ratepayers' and 'residents' being used frequently. This was seen as having a bearing

on the relationship (or non-existent relationship) with the customers. It seemed that the overriding goal was satisfying the government's need to stay in power. Where consultations were conducted with residents, these were seen as not genuine and aimed at giving an impression of accountability, especially because the concerns raised by residents were not seriously considered. One acting director said:

“Yes, one could say that there have been attempts at consulting ratepayers – asking them what they want from the [city] council in the long-term. Yes, it's there on paper. Then when we come to the budget, consultations are carried out, but in terms of incorporating those concerns I would say it's not done. So to that extent we just want to fulfil the consultative requirements of the Ministry of Local Government. It should be something meaningful. I mean it should result in taking appropriate remedial action.” [senior manager 1]

Moreover there was a perception that residents, mostly those from the poor suburbs did not have an appreciation of the issues the organisation was dealing with -that the issues were 'above their heads', as it were.

Relationships within the organisation were strained, albeit mostly in a passive way. Senior management felt that the workers' union was confrontational. However, workers continued to report for work despite being paid very poor salaries. Sometimes the salaries were paid late due to the organisation having run out of cash.

8.2.12 The discharging of accountability

Attitudes to accountability and appropriateness of accountability mechanisms are the sub-categories constituting this main category. The main perception was that the senior leadership in this organisation was not only unaccountable; it did not like the idea of being called to account. The channels of accountability were seen as not effective for ensuring that meaningful dialogue occurred between the different stakeholders and the City Council.

The situated context

The cultural context of Zimbabwe had a bearing on how accountability was understood and operationalised. In the Zimbabwean culture it is almost unthinkable

for the elders to account to the younger, thus a parent cannot be accountable to his or her child. In the same way, leaders, even in the traditional sense, were never expected to explain their actions to their followers. The traditional Zimbabwean culture demands obedience and loyalty to elders and leaders without questioning. Thus accountability is a 'foreign' concept that has been filtering into the nation – mainly through organisations which have international affiliations. The concept is also used by individuals and organisations with knowledge of international politics, especially to call politicians to account and as a way of giving a voice to historically unheard groups of people. This cultural influence is reflected in the discomfort that some people within the organisation were said to manifest when the word 'accountability' was mentioned. The chairperson of the Residents' Association saw the City Council as reluctant to be accountable. He said:

"We do a lot of grassroots work explaining to people what their rights are...especially in high density areas (poor suburbs) because they are the people who need most assistance and education about their rights. The City [Council] does not like that. It is overtly hostile – they [the officials and commissioners] don't want to be held to account – which is crazy, because if you work in a public position you are responsible to the people who supply you the rates or the taxes – you need to explain what you are doing."

This was corroborated by one of the commissioners in a separate interview:

"Bad leadership brings the institution down. There are some senior managers in the City [Council] who hate accountability of any form, who cannot stand even a union member asking, 'why did I get a salary of that amount, and not this?' That person is seen as a threat. Accountability suffers....We have a problem with the leadership that we have in the city council. Not just intellectual quality but also in term of moral quality. They don't want to be asked why [they are doing what they are doing]. If that is done they retort, 'why are you asking me? Are you my mother?'" [commissioner B]

And one acting director had this to say about the issues faced when trying to discharge accountability to the public:

“Coming into council [as councillor] is on political grounds and not on merit, so it’s based on popularity. The guy knows nothing about council and yet they are the bridge between [City] Council and the public. The guy does not understand the budget, right. The guy cannot go back and explain to the people who have elected him what is happening in council. The officials can’t go to the people because they are viewed as ‘the people milking us’. You [council official] go there and you are driving a posh [car], you are different.” [senior manager 5]

The organisation could not ignore the need to be accountable, but it emerged that the efforts to be accountable were seen as legitimacy-seeking rather than as a genuine attempt to engage with stakeholders, especially in debating priorities and promoting transparency on how money was spent.

8.3 Summary

Axial coding has aggregated the 25 open categories to arrive at twelve higher conceptual categories. These axial categories established are: mundane accounting practices and processes; the visibility of the accounting function and the use of accounting, a dysfunctional internal organisational climate; structural impediments impacting service delivery; permeating presence of politics; managing resources; the demanding of accountability; the degree of stakeholder involvement; individual gain at public expense; reactive and unsound organisational management; managing relationships; and the discharging of accountability. This stage of grounded theory analysis goes some way in integrating the data to establish connections between categories. The next chapter identifies the core phenomenon emerging out of this study and presents the critical constructed grounded theory.

Chapter Nine

9 Accounting and portraying a semblance of accountability

9.1 Introduction

... if theory building is indeed the goal of a research project, then findings *should* be presented as a set of interrelated concepts, not just a listing of themes (Strauss and Corbin, 1998: 145 – emphasis in the original).

The aim of this chapter is to paint a picture of the story emerging from the city council study. The paradigm model (Strauss and Corbin, 1998) was used to give focus to the process of integrating the theory. Section 9.2 outlines the model and the core category emerging out of this study is presented in Section 9.3. The components of theory are discussed in Sections 9.4, 9.5 and 9.6.

9.2 The paradigm

Strauss and Corbin (1998) present the paradigm as a tool that a researcher can use in the process of theory development. The paradigm consists of *conditions*, *actions/interactions* and *consequences*.

[Conditions are] the structure, or set of circumstances or situations in which phenomena are embedded. [Actions/interactions are] strategic or routine responses made by individuals or groups to issues, problems, happenings or events that arise under those conditions. [Consequences are] represented by questions as to what happens as a result of those actions/interactions or the failure of persons or groups to respond to situations by actions/interactions, which constitutes an important finding in itself (p. 128).

The use of the paradigm is not prescriptive. Strauss and Corbin (1998:128) say that it is, 'nothing more than a perspective taken toward data, another analytic stance that helps to systematically gather and order data in such a way that structure and process are integrated.'

The process of choosing a core category involves identifying one category which pulls all the categories together to give an explanation of what is going on. According to Strauss and Corbin (1998: 46);

A central category may evolve out of the list of existing categories. Or a researcher may study the categories and determine that, although each category tells part of the story, none captures it completely. Therefore, another more abstract term or phrase is needed, a conceptual idea under which all the other categories can be subsumed.

9.3 Portraying a semblance of accountability – the central category

The researcher could not identify one category out of the twelve axial categories which seemed to capture the 'complete story'. The core category, *portraying a semblance of accountability*, was constructed by taking a step back from the data to make sense of what was going on in the organisation. This is in line with taking a critical perspective, whereby the researcher makes a judgement of what is happening based on an understanding of the organisational situation (see Hopper and Powell, 1985). Thus the core category should be seen as a very high level of abstraction reflecting the researcher's theoretical orientation.

The paradigm model of the City Council is summarised in Figure 6. The story is tells is that the macro conditions influence the organisation's micro conditions; and that both the interplay between the macro and micro conditions result in the organisation '*portraying a semblance of accountability*'. In order to achieve this, various strategies are employed. This results in negative consequences, the ultimate one being, deterioration in service provision.

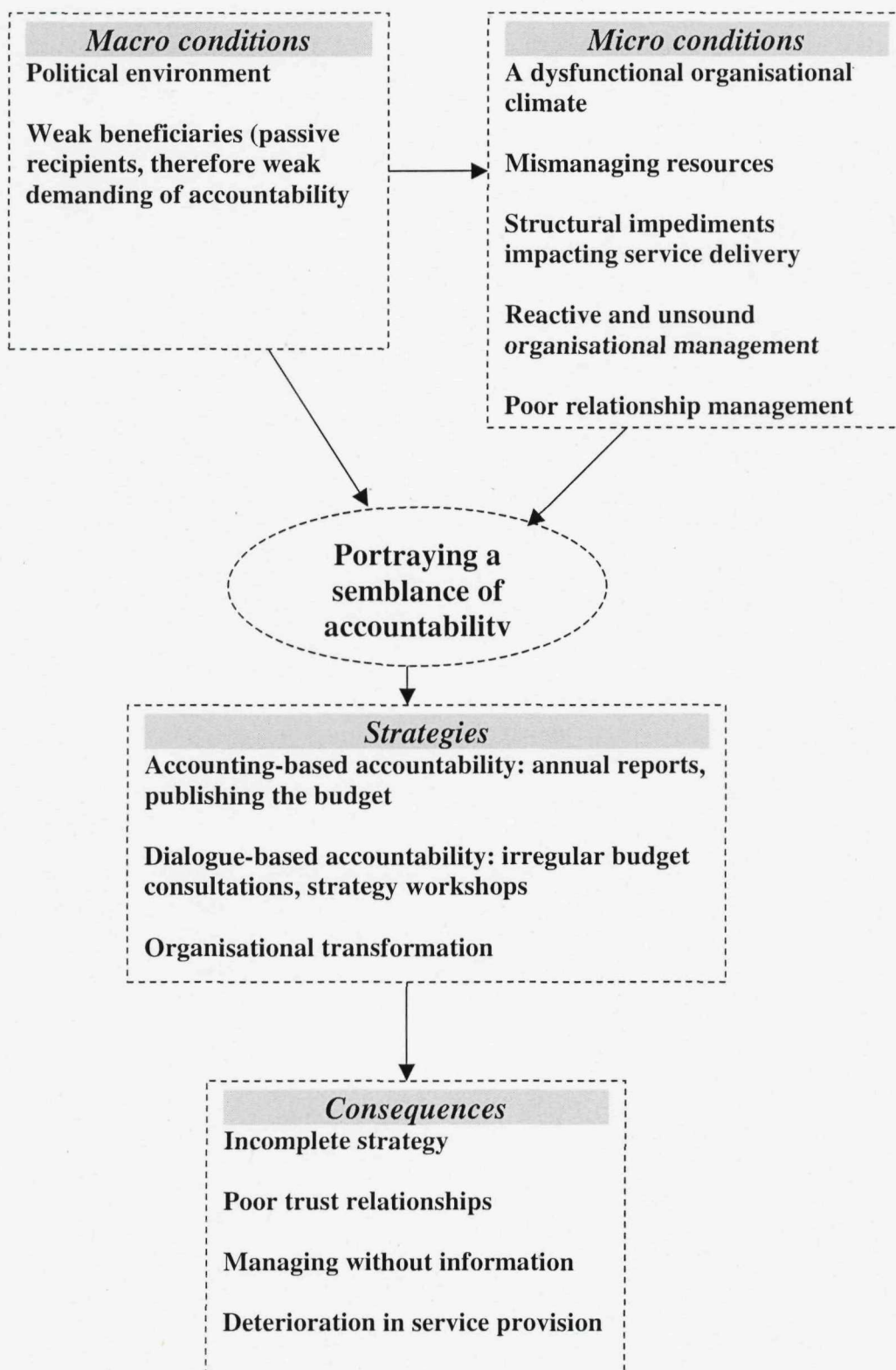


Figure 6: The Paradigm Model – City Council

Although participants had an understanding of the concept of accountability and in most cases linked it to performance (mainly service delivery but also careful management of resources), the organisation was seen as largely unaccountable. There was a sense in which its efforts at being accountable were seen as legitimising the organisation in the eyes of the disgruntled, but largely passive, public. Many respondents had an issue with the way the organisation was being managed and the genuineness of the initiatives taken to improve service delivery was questioned.

Respondents had views on the motives behind the change initiatives, based on their various experiences in the organisation. It was clear that there was pressure to improve service delivery to the city's residents, but the way in which this was being pursued, positive as it could seem to the uncritical eye, was highly questioned. The efforts to be seen as an accountable organisation included holding stakeholder meetings and budget consultations, advertising proposed budget tariffs and budgeted revenue and capital expenditure budgets in the local newspaper, and calling for objections to budget proposals. It appeared that pressure to improve service delivery came from the central government via the Ministry of Local Government, while pressure to be accountable for both financial and operational performance came from a small group of residents operating under a Residents' Association. However, the pressure from the Ministry of Local Government was seen as unreasonable because this pressure was not complemented by the much needed financial resources. Although resources were abused and mismanaged, the lack of infrastructure development due to lack of funds could not be denied.

Officials in the organisation emerged as torn between aligning themselves with the residents and aligning themselves with the central government. Although in their individual capacities they confessed to being unhappy with the state the organisation was in, they would not dare to publicly criticise wrong political decisions for the problems they faced. The result was to seek a middle ground to fulfil the letter, rather than the spirit of accountability. Real accountability was seen as service delivery, engaging with the public to agree on priorities for spending financial resources and giving an account of how money was spent. However, in this case (where a key condition necessary for improvement of service delivery was the establishment of a favourable political environment), the City Council's approach was to make itself

appear accountable. Most respondents did not see the City Council as genuinely accountable.

The organisation managed to 'get away with murder', as one interviewee put it. This sense of 'getting away with murder', while at the same time attempting to portray the organisation as accountable, resulted in the constructed core category of 'portraying a semblance of accountability'. Two conditions seemed to enable this state. First, the *demanding of accountability* from ratepayers was largely weak – with the dissenting voice of the minority of residents going effectively ignored. Where the dissenting few raised objections to budget proposals, for example, the responses they got (in writing) were justifications – by the officials who had proposed the tariffs – as to why the decisions made *were* made. Second, the *political environment* was such that the interests of central government took precedence over those of any other stakeholder, making it difficult for other voices to be genuinely considered. In a nation where there was a high degree of political polarisation, and disagreement with the policies of one political party was seen as enmity, bringing all the stakeholders to debate and negotiate on how best to address the problems facing the City Council was a difficult task. Stakeholder involvement in matters of local government was largely low and consultation efforts attracted only a few people, as some residents could not be bothered to take part in the consultations, which they saw as not taking their concerns into account, while others were said to be unaware of their rights as citizens to have their voice heard.

"It's a question of self-governance. Our people don't know this. They say politics is for politicians – no it's not. They should all be involved. Everyone must be involved. Self-governance demands that you know what is going on. You must. I remember during the Rhodesian [colonial] time, council trucks were labelled to say 'Ratepayers, this is your property'. Ratepayers knew that. But do our people know that? There is a 'them and us' mentality. They are not involved." [middle manager 1].

Although accounting processes and information were seen as essential in informing decisions and discharging accountability, in this organisation accounting failed to deliver. The budget, which took months to formulate, was seen as unrealistic – even

though it was on its basis that tariff levels were set. The external audit process was two years behind and producing audited financial statements driven by the need to assure lenders that the organisation's financial resources were being managed well in the hope of rescuing the credit-worthiness of the City Council. However, what the ratepayers were concerned about was the fact that they did not have a say in the projects the City Council embarked on, and were not in agreement with the priorities for expenditure – as well as the perceived general mismanagement of the organisation.

The elements of the paradigm model are explained in sections 9.4, 9.5 and 9.6.

9.4 The contextual conditions

Contextual conditions are defined by Strauss and Corbin (1998) as:

The specific sets of conditions that ... create the set of circumstances or problems to which persons respond through actions/interactions (p. 132).

The two sections below describe the macro and micro contextual conditions that led to the phenomenon of portraying a semblance of accountability.

9.4.1 International and 'macro' contextual conditions

Two macro conditions stood out as influencing the organisation's ability to deliver services as well as its accounting and accountability practices. These were *the political environment* (seen as intertwined with the economic environment), and a largely *voiceless populace*.

The concepts of good governance and accountability are increasingly being talked about in Zimbabwe – albeit at an activist level, and largely by civic groups interested in holding governments accountable to the general public. This interest in accountability can be seen as increasingly coming from educated Zimbabweans who have had an understanding of human rights and work in partnership with international organisations concerned with accountability, transparency and good governance. In today's international environment, the policies of national governments are not seen

as purely 'internal affairs' because increasingly there is an external interest in how national leaders' and governments' policies are impacting on their citizens.

Calls for accountability were met with attempts at *discharging accountability* – which were seen as lacking genuineness.

"In terms of accountability the people look at the government sceptically. They also have suspicions about local government. They have seen the Mayor driving a [Mercedes] Benz, they have seen officials doing certain things that they don't agree with. So they are saying, 'you people we can't trust you. You have all these luxuries and when I get home from work I drink untreated water or, worse still, there is no water'. So accountability is an issue of service delivery." [senior manager 6]

The fact that the majority of the populace did not actively engage with the local government authority meant that the organisation could fulfil the letter of the law and therefore appear to be accountable – when in fact the real issues that needed to be addressed were not dealt with.

9.4.2 Organisational 'micro' contextual conditions

Micro contextual conditions are those that are organisation specific. In this research project, they are the conditions within the organisation which support the conclusion made that the organisation was merely 'portraying a semblance of accountability.'

These are *a dysfunctional organisational climate, structural impediments impacting service delivery, mismanaging resources, self-interest, and reactive and unsound organisational management.*

A dysfunctional internal organisational climate

The views expressed by most respondents showed that the organisation was in a state of disharmony although confrontation between the different groups was minimal. There appeared to be six major groups – the CEO, the directors, middle managers, supervisors, employees and commissioners (being the policy-makers).

While it is acknowledged that the organisation faced major resource constraints, there were opportunities for improved service delivery which could result from addressing issues related to the frequently-cited poor performance culture, appointing a competent person to lead the organisation, ensuring that people were employed based on their skills and commitment to their jobs, as well as having in place competent policy makers.

The picture painted for the public was that of an organisation committed to improving service delivery, but the problems within the organisation which contributed to poor service delivery were not debated. Thus, whereas low tariffs were blamed for poor service delivery, the fact that the organisation was burdened with non-performing employees was not publicly declared as a cause of problem. Neither was the fact that infighting amongst commissioners meant that less than optimal decisions were made in the running of the organisation. In short, public scrutiny of the internal climate was very limited – making accountability efforts incomplete, and giving only a partial picture of the affairs of the organisation.

Structural impediments impacting service delivery

“The Commission should just formulate policy – approve my three year plan or whatever. End of story. Not going into the nitty-gritty of who is tendering, why this one and not that one. This is what the bureaucracy does, and there is no transparency because if I was able to make a decision as a manager I could then be asked, ‘OK, why did you buy from supplier X if there was another supplier – same or better quality and cheaper?’ That way I will be accountable for my decisions. My head can be put on the block if the decisions I made are found not to be in the interest of council. But now it is not like that. I will just say, ‘the decision went through the procurement board. I am not accountable but I am the one implementing. This is why performance management is difficult in this organisation.’ [senior manager 7].

“If I have to constantly refer to someone before I can actually do anything, it means there is no way anyone can say I failed on A, B, or C because I don’t have that autonomy to actually decide. I should be left to a large extent to

decide on issues that pertain to my operations – there shouldn't be interference. I should be allowed to decide how I will achieve my objectives and if I fail then I would be answerable." [middle manager 4].

The views expressed by the director and middle manager buttress the point that no one was made accountable for service delivery in this City Council. Hospitals and clinics were without medicines, street cleaners without basic tools, rubbish going uncollected for nearly one year, sporadic water supplies and sometimes untreated water supplies contaminated by raw sewage – this was the bad service provision that residents had to quietly put up with. While it is easy to blame the economic situation for most of the problems, there was a clear sense that the City Council could have been better managed. Again, the close link between central and local government meant that it was difficult for the Ministry of Local Government to be firm with some of the officials running the council as some of them were said to be political appointees.

Mismanaging resources

Misuse of resources was frequently cited as a major problem in this organisation. Examples given included managers and some policy makers using the council's vehicles, fuel and drivers to carry out their personal errands; hiring equipment at exorbitant prices when the council had similar equipment which needed repairs that would work out cheaper and hence ease some of the pressure on the scarce resource situation; workers not putting in a 'full-day's work'; among others.

As stated in the open coding chapter, some interviewees did not believe that the organisation's problems emanated from resource shortages but rather from poor management of the resources available. The views of a senior manager and an accountant summarise this condition:

"What we have said is that this City Council is, apart from Central Government, potentially the richest organisation in the country. I want you to note that. The type and range of skills we have, the type of equipment, the land, the buildings, we have chalets, stadiums and so on. When you look at the assets that council has, it is a scandal that we should be depending on the

ratepayers for financial support. We have council farms, and any farmer who visits our land would say, 'please give me the land'. There is no reason why we should not do cattle ranching, capture the gas from our sewerage plants, which currently is just going into the air, and use that for fuel, we could make organic manure, commercial quarry mining. We could do horticulture. I tell you if we had an educated citizenry they would question us why we are sitting on so much resources and not making use of them. They would put [City] Council management under obligation to fully exploit those resources. They don't question us and we are getting away with it. We don't have that kind of citizenry, the Whites do question – but they are in the minority. These are some of the problems you get as a result of our being banished from the political processes for a long time.” [senior manager 3].

“If you go to Department X (mentioned) and ask some people there what exactly their job involves, you will be surprised. You will be shocked. They go home with Council vehicles, they have high [job] grades but they are doing nothing. But because of politics nothing can be done. And then they cry about cash flows. You think, 'why won't we have cash flow problems when we are paying people who do nothing?'” [Accountant 7].

Self-interest

“Let's talk about councillors. Traditionally people wanted to be councillors in order to serve. They were looking at giving back to the community. But these days people go into council because they want to be able to get a plot of land and the sooner they get it the better. And if they get it secretly that's even wonderful. Now naturally accountability suffers there. Because the agenda is not what they can give but they want to get. And have they been schooled in these concepts of accountability, transparency? No. They have just been schooled in the art of looking and searching for what benefits them. They are people looking for fortune and don't give a d...m whether or not the roads are repaired or garbage has not been collected.” [commissioner B]

Self-interest was seen as impacting service delivery. The view was that the different parties involved in running the City Council were more interested in what they could

get from the organisation due the positions they occupied and the influence they could exert as a result, rather than working to ensure adequate service provision.

Reactive and unsound organisational management

“The other key problem we have in this organisation is that of poor planning and lack of coordination of projects. Capital expenditure submissions by Departments are mere wish lists. There is no prioritisation, no assessment of the feasibility of project implementation, completion, and value addition. Year in and year out we tell them, ‘it’s better to have five good projects which are implemented and not five thousand which are not implemented’. But they don’t seem to listen. This may be due to the thinking that the bigger the capex [capital expenditure] budget the more they are seen to be doing something.” [senior manager 5].

“The Minister [of Local Government] has been saying we need to look into the future and not just focus on what we can achieve in the short-term, and Departments have on paper tried to come up with their long term plans. But this has been mere paper talk and nothing happens on the ground. Maybe more so possibly because for one to actually achieve these plans one would obviously need to look at [the availability of] resources because that is a critical factor. I mean over the years we have not been able to raise much in terms of capital funding.” [accountant 2]

“In my view the whole strategy process is fragmented. Departments’ priorities are not clear, neither are priorities for the whole [city] council clear, I mean at a higher level. Resources should be allocated on the basis of priorities, but this is not being done. If they (pointing upwards) sat down [senior managers] and coordinated the process I think that would help.” [middle manager 3].

Throughout the research, many participants expressed dissatisfaction with the way the organisation was managed, especially with regard to coordination of projects and allocation of financial resources. The strategy document outlining the turnaround programme gave promises of achieving ‘world class’ status by 2015 but it did not say where the resources would come from to achieve this status. There was also a clear

disregard of the fact that the country's political situation, which had affected all sectors of the economy, would make it extremely difficult for this organisation to implement its strategy. The document was silent on this issue.

9.5 Strategies for portraying a semblance of accountability

There were a number of strategies that the organisation employed which were indicative of the need to appear accountable. These can be classified under two sub-processes – *informing stakeholders* and *organisational transformation*.

9.5.1 Informing stakeholders

Under this sub-process, two categories could be identified: *accounting-based accountability* and *dialogue-based accountability*.

9.5.1.1 Accounting-based accountability

This involved publishing audited financial statements and publishing the budget in local newspapers according to the Urban Councils Act.

The organisation had external audits carried out at the end of each financial year. This was the regulatory requirement, the purpose of which was to inform and assure stakeholders about the financial status of the organisation. However in practice the audits were not conducted on time. The representative of the Residents' Association interviewed placed a high importance on the timely availability of audited financial reports.

Budgets are required by law to be published in a local newspaper and the ratepayers and residents are given a thirty-day period within which to present objections to the City Council. The objections are supposed to be submitted to the City Council in writing. Some objections to the budget were received while the field study was being undertaken. These were given to the accountants responsible for the different service departments, to individually respond to the objectors. This was seen by ratepayers as flawed in that the responses were justifications why the proposed budget was the way it was. Also, there was evidence of a broken record between council and ratepayers as the same objections were raised each time the budget was published, and the same reasons were given to justify them.

For example, residents wanted to know why tariffs were being increased when services were not being satisfactorily provided and, in other areas, non-existent. They also wanted to know why the City Council was raising tariffs when audited financial statements had not been produced for over two years; how could the people trust that their money would be used according to their wishes when there were no councillors to represent their interests? The responses given to the objectors were almost predictable – the prevailing inflationary environment necessitated the increase in tariffs; the devaluation of the Zimbabwean currency meant that imported resources were more and more expensive. There did not seem to be a mutual understanding on what was going on in the organisation, with some senior City Council officials and commissioners seeing members of the public as critical, and failing to understand the difficulties faced by the organisation. On the other hand, the members of the public felt that the Council officials did not want to listen to their concerns and they were driven by satisfying the government.

9.5.1.2 Dialogue-based accountability

The strategies employed here were the holding of budget consultations and workshops on the strategy turnaround programme with different stakeholder groups.

Traditionally, the City Council had councillors elected to represent the interests of the residents. Although it emerged that the calibre of councillors had generally been low, the need for suitably-qualified and skilled councillors was greater in more recent years as the country went through an economic melt-down. The need for skilled policy makers has become more critical in recent years due to the scarcity of resources available to the City Council, exacerbated by the drying up of donor and other external funding. Thus it had become increasingly important for resources to be used effectively and efficiently.

When this city council had councillors in place, their role had been to consult with residents on matters related to the services received from the City Council. Most importantly for this study, there had not been councillors in place for about two years when the data collection was done. Councillors had been fired and 'incompetence' was cited as the reason for their dismissal. However, calls for fresh council election had not been acted upon and the residents' representatives interviewed were of the

view that the government was delaying elections because of fear of losing the election to the opposition party. However, one reason given by the Minister of Local Government was that the commissioners who had been appointed had embarked on a turnaround programme of the City Council, and it was therefore important for their term to be extended so that they could see the task to the end. The other reason given was that the city was to be restructured and until new wards had been established it would be pointless to hold council elections. This was seen as tactics by the central government to avoid holding elections in a city where they were likely to lose the elections to the opposition party. The councillors who had been fired belonged to the main opposition party.

It was felt that the commissioners were not, and could not, adequately represent the people's interests. This was because they were very few and also they had not been elected, but rather appointed, into office. There was also said to be division within the commission itself. One of the commissioners interviewed had this to say:

“Commissioners although reasonably qualified are fewer in number, and most of us are ZANU-PF. At least I am ZANU-PF. There is no question about that. But not all commissioners have a say. I mean caucusing is another disease that affects the running of the [City] Council. We seem to be divided according to particular interests. Do we respect each other? Ethics, integrity itself, is an issue. I am a commissioner but I don't think I am anywhere near decision-making. If I disagree with my peer he will call me MDC [opposition party]. So the level of debate is not there. And again that's where accountability comes in. If someone asked to say, 'where did this decision come from?' I can not say I was not part of it, even though I know that I did not have a say in the decision. Of course, nobody really asks... Anyway, I categorically say we are just commissioners in name, we are not part of decision-making.”
[commissioner B].

Stakeholder consultations were another strategy employed by the City Council. This mainly took the form of taking the budget to the people before it was published in the newspapers so that people were informed of the City Council's plans for the following year and, most importantly, what this meant in terms of tariffs levied for

services provided. The reason why this process failed to achieve genuine accountability was the fact that the consultations were in fact telling people of decisions already made and justifying why those decisions had been made. Where people suggested what they felt the City Council had to do, participants felt that the people's concerns were not adequately taken into account. Again, there was no feedback system to tell the people how the City Council had performed on the objectives set, or steps it had taken to address the people's concerns.

"When real consultations have been done, for example in 2002 when they used representative consultation through the residents' association, ratepayers did not complain. In 2004 we went to the various wards but some of the consultation meetings were abandoned because of poor attendance. In fact, those were not consultations. That's the wrong word to use. We were informing the residents on the decisions we had already taken. When you consult there is dialogue." [senior manager 3].

This statement was corroborated by the chairperson of the Residents' Association in a separate interview:

"In 2002 we helped set up Wednesday lunch time meetings with the Mayor. It was an open door meeting where the mayor, the councillors and Heads of Departments sat and people could come in and ask questions. That to us, was the beginning of a legitimate consultative process. It was completely swept aside when the mayor was fired. And this commission has never sought to reinstate the consultative process. Instead what they did last year, in 2004, was to develop a budget and then take it around the city, very poorly publicised meetings where it was presented as a done deal to a few people who attended. It was not a consultative process. Consultation involves asking residents what they want in their areas, taking that back and building it into the budget. We sent some of our members to attend these meetings and, at many of the meetings there were more municipal employees than residents."

9.5.2 Organisational transformation

As mentioned in previous sections, the organisation was undergoing a change process when the field work was being carried out. This 'turnaround' strategy programme was seen as unsuccessful by most of the interviewees.

"When I joined the City Council in 200X the first thing I noticed was that there was no strategy. The department I joined [named] had no performance standards and there was no sense of urgency at all. The city had aged infrastructure and there was no strategy on how we were going to address the issues of water, roads, public lighting. Now we have the 'turnaround' strategy and yes there is need for it. But then we don't agree with the way it is being implemented. I don't see it succeeding because the financial implications of whatever is in that document have not been considered. Where will the money come from? To me the Treasury Department is supposed to play a critical role in terms of budgeting and forecasting revenues. I tell you up to now that has not been considered." [senior manager 3]

"A lot of talk has been going on regarding this turnaround strategy, but if we look, the critical stakeholders, our ratepayers, do not know that the city is moving in this direction." [middle manager 11]

"I was here at the start of this strategy process. Unfortunately in this organisation communication is very poor. You find that [Departmental] Heads are the ones who attend the meetings but when they come back they do not disseminate the information. So actually what has been discussed, what is in that document, only a few people know." [middle Manager 4]

"This process is confused and confusing. We are not sure what its implications are. Also the strategy is on paper but when it comes to implementation nothing is done." [accountant 4].

The strategy was outlined in a document, showing a long-term plan of where the City Council wanted to be. However, a study of the document showed that there was

nothing radical being proposed – its basic aim was to restore basic service provision to the city's residents. There was no mention of how this was going to be achieved.

During the course of the fieldwork, stakeholder meetings were arranged to tell people where the city was and the challenges being faced. The message was that, 'we are in this together and it is important that we come up with solutions to address the problems faced'. However, there were no estimates tabled to say how much money was needed to recapitalise the city and replace the rotten infrastructure. Some participants at the meetings pointed out that the core of the problems faced emanated from the country's political situation and sour international relations.

Generally, it was felt that these consultations were late as the City Council was already underway in implementing the strategy, albeit it was clearly suffering from insufficient capital injection. Employees also felt excluded from the whole process.

"The turnaround programme has been a secret exercise. Apparently the workers have not been involved. Workers, management and the commission have to go out and explain to the residents what the turnaround is all about. Before we do that we need to understand what it is, its pros and cons. They can go out addressing churches, business leaders and what have you, but as long as the most important internal stakeholder is being ignored then there is no way that strategic turnaround can be a success." [workers' representative].

9.6 Consequences of portraying a semblance of accountability

Failure to establish genuine accountability, both at local government and national level, has had negative implications on Zimbabwe in the last decade. The consequences are there for all to see, and for the Zimbabweans to experience on a daily basis. In particular, this council faced the following consequences:

- i. Incomplete strategy
- ii. Poor trust relationships
- iii. "Managing" without information
- iv. Deterioration in service provision

Incomplete strategy

The fact that there was an avoidance of addressing tough questions resulted in what could be termed a 'half-baked' strategy which failed to clearly spell out where, and how, adequate funding was going to be raised in order to restore service provision. Strategy had been formulated and reformulated, but the discussion surrounding fundamental issues was lacking. Resource shortages in the context of the political climate emerged as a key issue, but somehow it was avoided. Other issues not properly addressed, and yet well known, had to do with dealing with unproductive staff, some of whom were untouchable due to their political affiliation. Representation of the general public, and them having a voice, was another key issue that was not addressed.

The result was a strategy process that did not take off as organisational players, especially the workers being the implementers, remained unclear how the vision spelt out in the 'turnaround programme' was going to be attained.

Poor trust relationships

The lack of genuine dialogue resulted in suspicion and hostility between the different groups. Residents believed that officials and commissioners had 'something to hide' by not producing audited financial statements within time. Relationships were strained mainly on partisan political grounds. This did not help the situation which clearly needed to be remedied, not only at organisational but also at national and cultural, levels.

Employees did not have confidence in the leadership of the organisation and did not trust that the changes proposed were transparent enough. They had concerns about their job security. Some of the interviewed officials expressed a lack of trust in some of the commissioners appointed to be policy-makers.

"Managing" without information

The absence of an effective accountability system resulted in a situation where the organisation, huge as it was, could be 'managed' without reliable, regular and insightful information. The word 'managing' is in quotes to indicate the paradoxical

nature of the statement since it is difficult to see how effective management can be performed without information – in which accounting is key.

The information generated by the accounting system could not aid decision-making. The management accounting system had broken down and the few, irregular reports produced were viewed as 'useless'.

Deterioration in service provision

The ultimate consequence was poor service provision, as discussed in earlier chapters. The avoidance of, and failure to address the core problems faced by the nation and the organisation, made it difficult to have funding available. In a country where big corporations were shutting down, citing viability problems, it took great imagination to see how a city council intended to come up with creative 'business' solutions to generate income that would fund public service provision. Also, without proper financial analysis, prioritisation, and funding; these ideas were unlikely ever to be realised.

9.7 Summary

This chapter has presented the substantive theory emerging from the City Council. The core phenomenon, '*portraying a semblance of accountability*', is a construction based on a synthesis of the axial categories established in chapter eight. The theory suggests that the accountability efforts of this organisation were not addressing the fundamental issues that the organisation needed to in order for service delivery to be improved. The organisation wanted to portray itself as accountable, whilst what it was portraying was not genuine accountability but a semblance of this concept. Accounting was part of the machinery used to portray the organisation as accountable to external stakeholders, but it was not used to aid decision-making within the organisation.

Chapter ten discusses the findings of this study in the light of the macro-contextual factors prevailing in the Zimbabwe which significantly influenced accounting and accountability. The eleven then discusses the findings in the light of existing

accounting literature and from a critical perspective based on Habermas and Bourdieu.

Chapter Ten

10 The influence of contextual factors on accounting and accountability

10.1 Introduction

This thesis has suggested that the political, economic and, social and cultural issues facing Zimbabwe influenced the theory generated by the study. The findings from this research reflect the contextual factors in a very strong way. It is suggested that if these factors were different, it is very likely that the core findings of this research would have been different.

This chapter discusses the core findings of this research in the light of the contextual factors. The thesis is based on the premise that accountability goes hand in hand with transparency and effectiveness of organisations. In the case study organisation, lack of genuine accountability meant that inefficiency, abuse of public resources and poor service delivery went largely unquestioned.

What emerges from this study is that the macro political, economic, social and cultural factors significantly influenced the local government management.

10.2 Political context

The influence of the political environment on the LGA studied came out strongly in this study. While the current political environment has an impact on accountability at national and local government levels, the findings of the study also alluded to colonial politics as having shaped accountability practices in Zimbabwe.

A thorough discussion of this issue is outside the scope of this study. However it is considered useful to give a brief overview of the historical developments of Zimbabwe's politics in order that the findings can be discussed in the light of the politics of the country.

Some academics have established a relationship between precolonial, colonial and post-colonial politics, as having influenced governance, democracy and accountability.

Writing on the developments of Human and Civil Rights in Zimbabwe, Sithole (2002) points out that 'traditional African society was marked by a deep sense of deference, not only to the political authorities, but to the elders as well' (p.21). Sithole suggests that this might explain, 'the high level of tolerance for aged and even senile leaders among Zimbabweans and probably among Africans as a whole' (ibid). Again Sithole points out that traditionally, politics was non-competitive, and competition for power was illegitimate. He concludes that the Zimbabwean political elite views 'political competition with suspicion and open hostility' (p.21). Sithole is of the view that traditional values and beliefs about authority are incompatible with democracy. Further, and more critical for accountability, Sithole points out that, '[A] high premium is placed on conformity, unquestioned obedience to elders, group solidarity and communal unity. Individual rights and liberties are of secondary importance' (p.21).

Sithole also sees colonialism as having played a part in shaping Zimbabwe's political culture because during the colonial era, political competition between the Blacks and the Whites was not allowed. He points out that, 'there was more fear than respect, deep mutual distrust and suspicion, rather than reciprocal trust' (p.22). Interestingly, Sithole sees the colonialists' practices of harassing and jailing Black political activists as entrenching pre-colonial authoritarianism.

Sibanda (1999) cites Crawford (1988), who saw colonialism as the most important factor shaping contemporary African politics, and points out that colonialism did not create democratic structures in the Third World. One of the points he makes is that when Zimbabwe gained independence from Britain in 1980, Parliament was not respected because it had been used to pass oppressive laws. He cites Sithole (1988) and Ncube (1996) who both suggested that 'the undemocratic past had an influence in the undemocratic character of the post independent state of Zimbabwe' (p. 251). The argument made is that the people of Zimbabwe inherited parliamentary structures that 'were lacking in the ethos of accountability of the government to Parliament' (p.252).

The war for liberation from colonialism is also seen as further reproducing and institutionalising a 'culture of fear, conformity and unquestioning support of the fighters' (p.22) – some of whom are in the present-day government. During the liberation struggle, whoever was seen as not supporting the struggle for independence was labelled a sell-out and therefore as deserving to be killed. Within the fighters' camps the armies were said to have been authoritarian and enemies within were 'summarily liquidated' (ibid). Sithole sees this as having entrenched fear in the society and explains why Zimbabweans do not exhibit a determined resistance to repression and exploitation, but are rather, lethargic. Sithole concludes that none of the influences Zimbabwe has had, pre-colonial, colonial and post-colonial 'works towards a culture of critical discourse and democratic praxis' (p.23).

Sithole also asserts that post-colonialism, the politics in Zimbabwe has been characterised by efforts 'to close the space for freedom of expression, association, movement and [freedom] from torture' (p.2). The author refers to the passage of two laws in Zimbabwe, the Public Order and Security Act (POSA) and the Access to Information and Protection of Privacy Act (AIPPA) in February, 2002 as 'restricting civil liberties and human rights in the most vulgar manner' (p.2). The AIPPA for example requires local journalists to be accredited by a government-appointed panel and foreign journalists are officially barred from working full time within the country. Reporting of meetings of the cabinet and other government bodies is also severely restricted. The POSA requires police permission for public meetings or gatherings of two or more people. In addition, criticising the President or other public officials in a way that the police see as causing public alarm and despondency is also not allowed. Sithole reports that according to the Zimbabwean Human Rights Trust, there were 41 politically motivated killings, 307 abductions with a political background, 2 100 cases of torture and 1 000 cases of illegal custody in 2001. It is relevant to mention these facts in this thesis as this might explain why accountability is poor.

Some of the participants in this research pointed out that there was fear amongst the general public. As a result, they did not demand accountability from their local authority. The reason for this is that the local authority is viewed as an extension of central government, and anyone who is seen to challenge the way the local government authority is managed, is seen as criticising central government. In a

country where patriotism means being on the government's side, criticising central government is not tolerated.

Makumbe (1998) studied the impact of decentralisation of the political process in Zimbabwe and suggests that, 'post-independence decentralisation was primarily purposed to facilitate the creation of a one-party, socialist state [and therefore] has not resulted in the evolution of democratic governance in Zimbabwe' (p.2). Makumbe asserts that most African states have not always operated in ways readily associated with state development in other parts of the world, with local government systems seen as neither effectively diffusing power, nor facilitating the people's participation in the planning and implementation of local development and governance activities.

Makumbe (1998) observes that while the official view on people's participation in policy formulation and development had increased post-independence, the form the participation took was 'top-down in nature... and the people's participation in the process has largely been in reaction to policy proposals from the top' (p. 37). Also, accountability suffered because appointed officials appeared to have more authority than the elected people's representatives in the local government structure. The Central Government officials interviewed as part of Makumbe's study were said to have 'justified this undemocratic situation by arguing that they were the ones who have the information on what resources the Central Government will make available' (p. 37), hence they (the Central Government officials) should make the decisions in order to obtain funding. Also, the officials in that study were said to have argued that most of the elected representatives lacked the planning and budgeting skills that were needed in order to be effective in their roles.

Makumbe's study is relevant for this study because local government is about decentralisation of public services provision, and it is supposed to diffuse power. Makumbe says, 'Local government institutions ... are expected to facilitate local social and economic development through the provision of goods and services which will result in the improvement of the living standards of the local people. The goods and services provided should, ideally, be consonant with the demands and needs of the people' (p. 42). Poor participation by the general public in local government matters emerged out of this study as one of the reasons why accountability was poor.

Makumbe's study found that decentralisation had weakened democracy in Zimbabwe because, among other factors:

- i. it had not made the government accountable to the people but only to itself.
- ii. People's views are only taken into account in Central government decision-making if they are not in conflict with the goals of the government or the ruling party.
- iii. Public servants conform to the wishes and laid down procedures of the Central Government in their operations, they are not really influenced by the policies of local authorities or by members of the public. [p.59]

Even some of the officials interviewed by Makumbe agreed that Central government was largely accountable to itself rather than to the people, in terms of both policies and actions. Local government units were seen as 'local administration' rather than being about real 'local government'. Makumbe's findings are similar to the findings of this thesis.

Almost all the respondents in Makumbe's study saw decentralisation in Zimbabwe as resulting in a 'very strong state' (p. 53), seeing the local government system as 'more of a [ruling] party structure' (ibid). Makumbe concludes by saying that 'while the current structure strengthens the ruling party, it actually weakens the State and those parts of society that are not part of the ruling party. This is because the economy is weak and governance is suffering.

Another finding of this thesis was the problem of political patronage, which had resulted in what one interviewee called a 'bloated organisation' because some jobs had been created in order to give employment to people at the request of politicians. Chikuhwa (2004) discusses the problems of political patronage at length. He gives many examples of corruption and misuse of authority and public funds by government officials and cases where lucrative business contracts were awarded to people close to those in political authority. Chikuhwa points out that 'billions of [Zimbabwean] dollars have gone into the creation of loss-making parastatals (state-owned organisations), which appear to have been set up as convenient factories for the

creation of jobs for the [ruling] party's favourite children [anyone who supports them], never mind their gross lack of expertise in the corporations' particular fields of operation... Most of them operate under the aegis of a cabinet minister, whose political agenda may be totally divorced from the company's performance. Most of these parastatals were and are quite often still being run by inept and corrupt party officials' (pp. 240 – 241).

Chikuhwa asserts that 'the government of Zimbabwe, both politically and administratively operates a well-oiled and well-rehearsed patronage system. Even the choice of private company indigenous chief executives has less to do with the candidate's respective qualifications for the job and more to do with fulfilling political or personal promises, or laying groundwork for a smooth patronage system (p.41).

Matumbike (2002) outlines the concept and purpose of local governance saying,

Local governance should directly concern all citizens, because it affects their daily lives. Its purpose is to ensure that adequate infrastructure and services are available to support people in a locality, and their activities. Local development is the basis of national development.

Matumbike suggests four ingredients for successful local governance. These are:

- i. A clear framework for local governance made up of a democratic vision, legislation and administrative arrangements.
- ii. A principled and disciplined political system.
- iii. A properly managed economic system, with investment resulting in economic growth.
- iv. Aware, willing and responsible citizens.

Matumbike points out that these essential components of good local governance are not yet in place in Zimbabwe and observes that while useful documents have been drawn up by government officials, implementation has been weak.

One of the weaknesses of the local governance structures was poor quality of participation, 'due to the reluctance of local authorities to decentralise their powers to

community level, and a *general lack of public awareness on citizens rights and responsibilities*' (Matumbike, 2002: 22, citing a 1999 discussion paper by the Ministry of Local Government, Public Works and National Housing, emphasis added). Interestingly, the discussion paper had recommended that there was need to increase 'public awareness, through civic education, of citizens rights and responsibilities ... particularly in selecting candidates carefully, and monitoring the performance of councillors' (p. 23).

Resource mismanagement emerged as an issue in this study, and the thesis has made an argument that genuine accountability would provide checks against abuse of resources. Matumbike (2002) highlights abuse of financial resources by a former council at the organisation that was the case study for this thesis. The abuses are said to have deprived residents of basic services, as well as discouraging investments. The list of abuses included:

- i. The Executive Committee appointing staff on a political rather than professional grounds, creating unnecessary personal assistant posts (the Mayor is said to have had 15 of them), and gave themselves and some officials extravagant allowances far higher than the rates set by the Minister of Local Government.
- ii. The council illegally allocated municipal land to themselves (20 out of 39 councillors got land), officials and political colleagues.
- iii. The council had a distorted sense of priorities. Instead of spending public money on building housing for the homeless, providing adequate water, sanitation and refuse collection services, and repairing roads full of potholes and broken street lights, they had spent more than \$50 million (Zimbabwean dollars) on a mayoral mansion.
- iv. They awarded contracts to themselves and their friends, and then charged inflated prices for the goods and services they were meant to provide to the City [pp 41 – 42]

The lack of accountability in Zimbabwe's local government in general is noted by Matumbike who quotes a civic educator as saying, 'Apart from paying rates and levies ... and being forced to vote for imposed party candidates, the participation of

people in local governance is minimal and questionable' (p. 76). The author attributes this problem to the destructive influence of party politics in local government, observing that many councillors were imposed and related to a political group, instead of representing their constituencies. 'They were not accountable and a lot of public money was lost through corruption' (p. 77).

The media are also implicated in the accountability discussions. This thesis has discussed the state of the media as one of the hindrances to genuine accountability, as the government has been very harsh with independent (non-state-controlled) media. Moyo (2004) is of the view that the media are central to modern democracy as primary sources of information. However, he observes that both pre- and post-independence, broadcasting in Zimbabwe has failed to promote democracy due to 'its legal status as a state monopoly' and also 'its location under the Ministry of Information which makes it a political tool in the hands of the government of the day' (p 12). Moyo is of the view that democracy requires an informed citizenry that is able to participate effectively in public debate and in the overall political process.

Moyo analyses the media laws in Zimbabwe and suggests that they impinge on the 'communicative rights' (p. 23) of the citizens. The author argues that the laws, 'in many ways, constrain the communicative space for its citizens' (ibid). For example, the Broadcasting Services Act of 2001 was seen as giving excessive powers to the Minister of Information and Publicity, who is the ultimate licensing authority for players seeking to enter the broadcasting market. Moyo also refers to the POSA of 2002, which restrict freedom of expression, movement and assembly, and makes it a punishable offence for anyone to undermine or make 'any abusive, indecent, obscene or false statement about or concerning the President or an acting President, whether in respect of his person or his office' (p. 26).

Chiumbu (2004) points out that the Zimbabwean government, especially in the wake of the crisis resulting from the land redistribution programme, has used the media to remind Zimbabweans of their past, so as to legitimise 'its brand of national identity, national pride and values' (p. 32). The author further points out that 'anyone who holds alternative views to the regime's becomes a non-citizen [in the sense that they will be seen as unpatriotic]' (ibid).

In summary, the political environment in Zimbabwe is characterised by fear, intolerance, repression, poor democracy and political patronage, and these factors do not in any way promote accountability. The inextricable relationship between national and local government means that poor accountability at national level is mirrored at local level. Portraying a semblance of accountability was meant to satisfy the minority who dared to demand accountability. However, as the thesis has pointed out, these efforts to portray a semblance of accountability are not genuine accountability, and it is only the latter that will bring about change and improvement in public service delivery by local government authorities.

10.3 Economic Context

While the thesis establishes portraying a semblance of accountability, and thus lack of genuine accountability as the core phenomenon in this study, the impact of the economic context was also a significant factor.

The Zimbabwean economy has experienced significant challenges in recent years. The media have reported on the economic decline facing the country. Coorey *et al.* (2007) reported that the Zimbabwean economy had shrunk by about 30 percent between 1998 and 2004. It is widely believed that the economic problems facing Zimbabwe stem from the political environment.

Coorey *et al.* (2007) studied countries that experienced high rates of inflation (over 1,000 percent) between 1980 and 2005, with the aim of drawing lessons for Zimbabwe. They point out that most of the countries that had succeeded in stabilising their economies had benefited from external policy advice and technical support, including from the International Monetary Fund (IMF). The findings from the LGA studied revealed lack of infrastructure development as one of the causes for poor service delivery. The complex nature of the Zimbabwean politics has meant that not much external support has been received. Coorey *et al.* note that there has been minimal foreign financing in Zimbabwe due to poor relations with creditors and donors, as well as the collapse of investor confidence due to uncertainties surrounding property rights and the rule of law.

Interestingly, one of Coorey *et al.*'s recommendations is that there was need to 'increase transparency and **accountability** and strengthen fiscal governance by having actions of a fiscal nature subjected to normal budget scrutiny and procedures' (p.10, emphasis added). The reason why this is an interesting recommendation from the point of view of this thesis is that while the lack of financial resources was an issue, poor accountability emerged as the core concern in this study. The research participants believed that improved accountability would increase trust and therefore the ability of the nation, and as a result, the ability of the LGA to attract investment. This thesis therefore argues that while the economic context was unfavourable, the fundamental solution to improving the LGA lay in improved accountability at both local and national levels.

10.4 Social and Cultural Context

The Zimbabwean culture also seems to influence current accountability practices. This section explores how the way of life, customs and beliefs influence accountability in Zimbabwe.

Accountability requires that the accountant answers the questions that the accountee presents. There is literature which portrays most Zimbabweans as unquestioning people. While, there is a minority group of the educated and some political activists who are questioning; they have not been significantly powerful to result in better accountability. An interesting observation is made by Vambe (1972) who uses a practice amongst Zimbabweans to suggest reasons for lack of development. Vambe writes that although Zimbabweans were fundamentally religious, even before colonialism, the people did not question the beliefs and religious practices they followed. He points out that after Christianity was introduced into the country, the local people could question, ridicule or reject it. However, indigenous beliefs were 'above human curiosity, particularly the curiosity of the young, who, in these matters, were essentially observers of the highly guarded secrets of the adult spirit world. Consequently I [the author], found that many of our rituals, taboos and reasons for them were wrapped in the impenetrable fog of adult silence. Any attempt to break this mystery ... was considered gross impudence, if not a sign of mental imbalance' (p. 175). Vambe points out that fear was induced into people who asked why certain

rituals and practices were imposed on them. The rituals demanded obedience without questioning.

This attribute of the Zimbabwean society can be one of the reasons why the general public do not seem to effectively challenge their local and central government, even when service delivery is in a dire state.

Another attribute of the Zimbabwean culture is a reverence for people in authority. While there is nothing wrong with respecting people in authority, it is argued here that this should not mean that the people in authority are not called to account. Vambe also discusses a well-known spirit medium in Zimbabwe in the 1920s, who was spoken of in reverential and affectionate tones, as if she was next to God. All the elders of the tribe, men and women, were said to have had an unquestioning faith in whatever she said. 'Before her, ... men and women of every rank humbled themselves as if they were of no consequence whatsoever because in their eyes she was God's lieutenant... They felt that she was above everyone throughout the country' (p. 179). This idolisation or fear of people in authority might be seen as an explanation for the weak demanding of accountability which came out strongly in this study.

Vambe also refers to witchdoctors who possessed healing knowledge. The author points out that there were genuine and unscrupulous practitioners. However, it was not customary to criticise or contradict any witchdoctor in his or her presence nor to withhold fees. Moreover, the victims of malpractices by these doctors did not have any way of getting legal protection or restitution. There are parallels that can be drawn between this and the poor demanding of accountability in a city where service delivery has almost become non-existent. It appeared from the study, that the general public were seen as not having anywhere to turn to, and had become resigned to going about their day to day lives without demanding accountability from the authorities.

Fear is another factor that was suggested by some interviewees as causing people not to demand accountability and improved service delivery. Vambe (1972) suggests that the treatment the Black Zimbabweans got under colonialism made them fearful. He recounts an incident when a White police trooper had descended upon their village to

collect taxes which had been imposed on all adult males as well as on dogs. His grandmother had asked him to lock the dogs up because they had not paid taxes on them. However, the police discovered the dogs and started abusing Vambe's family. He says how he, 'experienced here for the first time what I think has been and still is a strong factor in the reactions of colonial Africans to White people, particularly those in authority' (p.17). Vambe further suggests that the defeat of the local people in battles and their being subjected to subtle and violent control led to most of the African population caring only about self-preservation. He observes that the people in his village had accepted their lot and recalls his uncle saying that the ancestors knew why the settlers had come to take over their wealth and expressed confidence that the ancestors would care for them. Vambe says that this belief in the ancestors 'acted as a potent spiritual tranquilizer, generating a real, often instant and effective, sense of well-being and optimism, even in a crisis of a most serious kind' (p. 21).

It is suggested here that these beliefs are similar in today's Zimbabwe, where '*Mwari anoona*' (God sees) or '*Mwari anoziva*' (God knows) are phrases used to explain away the problems facing the country, and therefore the people do not take steps to demand performance from those in authority.

Sibanda (1999) suggests that democracy is largely a cultural phenomenon. In the case of Zimbabwe, Sibanda observes that traditionally, people in power in Zimbabwe had enjoyed a lot of power, and cited a former Speaker of Parliament who saw the traditional chief as the Executive, the Judiciary and the Legislature – all in one. The Speaker of Parliament is said to have compared the President's Office to that of the traditional chief and talking about the President's position said, 'This is a position which is naturally coveted and ought indeed to be held in the post independence era by a person who led the nationalist struggle for independence era, and who is almost invariably the most outstanding and influential personality in the country towering in stature above the rest of the community with an authority sanctioned in popular imagination and myth' (Commonwealth Parliamentary Association, 1990: 39 cited in Sibanda 1999: 270).

Ethnicity is also seen by Sibanda as influencing accountability in that there were cases where people voted, not in terms of the performance of the government nor on the

bases of the alternatives policies presented by the opposition, but rather on tribal grounds.

The political, economic, social and cultural context of Zimbabwe does not promote transparent and genuine accountability. This influenced the relationship between accounting and accountability in the organisation studied. It is suggested here that the use of accounting as an accountability mechanism presupposes that the accountant wants to be accountable and that the accountee has both the ability and the power to hold the accountant to account. The findings of this study indicate that a lack of accountability at national level has filtered down to local government studied.

10.5 Summary

This chapter has discussed the influence of political, economic, social and cultural factors on accounting and accountability in the LGA studied. The thesis has suggested that the contextual factors significantly shaped the findings of this study. The poor accountability culture meant that accounting was ineffective. The findings of the study suggest that poor accountability, both at the national and local government levels, was the main cause of the problems of the challenges facing the LGA studied.

Chapter eleven relates the findings of this thesis to themes emerging from the accounting literature, as well as discussing the findings from a critical perspective based on concepts from Bourdieu and Habermas.

Chapter Eleven

11 Reflections in light of literature and critical theory

11.1 Introduction

This study has focused on the interrelationship between accounting and accountability in an LGA in Zimbabwe. The purpose of this chapter is to reflect on the findings from this study under two sections. Section 11.2 relates the findings to existing literature and Section 11.3 is a discussion of the findings from a critical perspective using Habermas's theory of communicative action and Bourdieu's notions of field and capital.

The purpose of doing this is to locate the findings within extant knowledge. The critical notions of communicative action, field and capital, give a language to the findings, again enabling the discussion of the findings in the light of established theoretical concepts.

11.2 Relating the findings to themes from the literature

The discussion is classified into seven subheadings as follows:

- a) accounting and the 'public interest'
- b) accounting and legitimacy
- c) accounting and accountability
- d) accounting and performance
- e) the role of the accounting function
- f) accounting in the developing world

11.2.1 Accounting and the 'public interest'

There is a growing interest among accounting researchers to focus on 'public interest'. The Accounting, Auditing & Accountability Journal devoted a special issue in 2005 to encourage research that examines the connection between accounting and the public interest (Neu and Graham, 2005). While the concept of public interest has been said to be contestable (Uddin and Tsamenyi, 2005), with different researchers having a different notion of the concept, the main concern is with promoting actions

that are for the good of human beings. Neu and Graham (2005) point out that such research is rare and they see it as 'risky' because it does not easily 'find a home' in academic publications.

In that special issue, Cooper (2005) calls academics to engage the social world because they have an important role as public intellectuals. Cooper particularly stresses that it is important for academics to make it possible for the poor and marginalised groups to be heard – thus academics need to engage with the social world at a local level.

Dillard and Ruchala (2005) suggest the reintegration of socialising forms of accountability into hierarchical organisations and changes in the way accounting is taught in order that the public interest is promoted. Lehman C.R (2005) saw the public interest as inextricably linked to individual behaviour.

This research has unearthed actions that are argued to be against the public interest. The findings have shown that the City Council had a poor performance culture and there was a view that the leadership did not want to be held to account. Stakeholder relationships were poor and service delivery was so poor as to be 'unacceptable'. The constructed grounded theory that accounting in this organisation was an instrument to portray a semblance of accountability, indicates the lack of genuine efforts to address the 'public interest'.

11.2.2 Accounting and legitimacy

The use of accounting for legitimacy has been established in many accounting studies. Several studies in Corporate Social Reporting (CSR) have applied legitimacy theory to explain accounting disclosure practices (see Freedman and Patten, 2004; Mobus, 2005; Unerman, 2000; Wilmshurst and Frost, 2000).

Freedman and Patten (2004) found that extensive financial report environmental disclosures reduced the possible negative market reaction on pollution levels by reporting companies. Mobus (2005) studied the relationship between mandatory environmental performance disclosures and subsequent environmental performance by firms in the US oil industry. She found that managers of non-compliant firms

sought to comply with regulations in order to reduce threats to the legitimacy of their organisations. Wilmshurst and Frost (2000) conducted a study to link the importance of disclosures of environmental information to actual reporting practices by Australian companies. They found that chief finance officers disclosed the information they thought was important, leading the authors to conclude that legitimacy theory was a possible explanatory factor for disclosures. Unerman (2000) observed that most studies on CSR content analysis focus on the annual report and argues that this is an incomplete way of understanding reporting practices.

Other studies have gone further than analysing secondary data only, which is what 'disclosure' studies tend to do, to focus on the role of accounting functions and practices to obtain legitimacy. For example Goddard and Assad (2006) found that accounting in NGOs was used in a symbolic way to 'navigate legitimacy' and not so much to inform decisions. Similarly, Soobaroyen and Sannasse (2007) found that management accounting in a Mauritius NGO was used as a symbolic attempt to demonstrate rationality and gain external legitimacy from donors. In their study, accounting did not reflect the social goals of either the NGO or the donors, and the control of resources was done without reference to accounting information.

This study brings out legitimacy in a different way. The macro-political environment emerged as driving the City Council's pursuit for legitimacy. The political developments in the country have resulted in poor popularity of the ruling party, with most urban city councils being won by councillors on the main opposition party ticket. The ruling party has also become unpopular with the international community which has condemned the government as illegitimate. The last seven years have seen the ruling party facing its first ever real opposition since the independence of the country from colonial rule in 1980 and the government has made concerted efforts to remain in power. The political problems which have translated into economic problems have led to deterioration in public services. However, poor service delivery in the City Council studied has also been attributed to mismanagement of financial, capital and human resources.

The City Council responded to all these complexities by insisting that they were following all the legal requirements in the running of the organisation. However,

some participants including senior managers pointed out that most actions and decisions were taken so that the City Council could 'be seen' to be fulfilling the law so that it was not faulted. Thus audited accounting reports were produced, albeit late, and budgets were formulated on a yearly basis – although they were seen as meaningless and were not used to control the use of financial resources in a strict way to ensure accountability over resources. Accounting information was not used to highlight abuse of resources, as would have been expected in a situation where spending of public funds was used to ensure provision of services. Accounting was also not used in day-to-day decision-making. This supports Cooper and Hopper's (1987) observation that 'accounting may be significant in organisations and society even if it is not extensively used or understood' (p. 408).

11.2.3 Accounting and accountability

Goddard and Powell (1994) observed that the role of accounting in accountability is a topic that has been and continues to be explored by many accounting researchers. In that paper, the authors Goddard and Powell presented four requirements of an accountability system: giving interest groups access to decision-making and performance review; accountability for policy, programmes, performance, process and probity and legality; encompassing different accountability relationships (hierarchical, professional/client, and social/communal relationships); and the evaluation of information with the aim of developing an accounting system.

The findings of this study clearly show that accountability is not practised in this way in the organisation studied. While the majority of the participants understood what being accountable would entail, the study revealed that accountability is not systematically thought through and ensured. This might be explained by the fact that accountability in a systematically defined way as suggested by Goddard and Powell is yet to become part of organisational culture for the organisations studied, and even for the nation as a whole.

Goddard and Powell also observed that involving all interest groups in evaluation of performance information shifted the power relationships. The authors suggest that in order for accounting systems to be useful in improving service delivery they must be a key component of the organisation's broader accountability system.

In the City Council studied, accountability was selective and accountability efforts did not include all stakeholder groups. As discussed previously, accountability to the general public was weak. They were not meaningfully involved in strategy setting, nor were they adequately consulted on matters relating to how organisational resources were used. The issue of a lack of voice for service recipients was raised by many participants in the study.

Yet representatives of the city's residents expressed the need to be consulted and to have a say. Where some residents were able to raise their demands for accountability, these were said to be largely ignored by the City Council.

Some interviewees were of the perception that City Council leadership did not like to be held to account. It seemed that accountability was not regarded as part of what human beings should be doing as part of their relationships with others. The view was that being asked to be accountable was challenging someone else's authority, and that that person would do whatever they could to resist being challenged. This brings about questions of morality which have been highlighted in the literature (see for example Townley *et al.*, 2003).

The findings in this research add weight to the calls for dialogue in situations where the actions of organisations have an impact on other groups. However, the findings also show that the ability of different stakeholder groups to engage in dialogue needs to be taken into account when recommendations for improving accountability are made. This thesis therefore agrees with Unerman and Bennett, 2004, who assert that literacy and accessibility of accountability channels are important considerations if progress towards *communicative action* is to be made.

Drawing on the thoughts of Habermas, Broadbent (2002) argues that accounting is useful because it is a powerful technology that is used for control. Accounting plays a "steering" role through influencing societal actions, and not only is it influenced by diverse aspects of modernity but it also makes them possible. The point is that accounting does not simply record reality, but creates it too:

It is a steering device that can meet many needs, as a legitimator (before or after an event), as an answer machine or as a means of learning: hence it is mutable and can meet many needs. Given this trans-situational power it is unlikely that accounting in both its technological form and as a programmatic force, will be allowed to decline – it is too useful (Broadbent, 2002: 440).

The usefulness of accounting was acknowledged by participants in this study. However, in their current state the accounting systems were seen as not very useful in enabling effective decision-making. Accounting played a passive role in line with the organisation's need to portray a semblance of accountability, but was not actively used to promote transparency into the organisation's affair. Thus accounting was not being used to improve genuine accountability.

The City Council emerged as accountable mainly to central government and this could be explained by the sanctioning power of the Ministry of Local Government in approving the City Council's budget which determined the tariffs that the City Council could levy the residents. This upward accountability to central government did not seem to serve the residents at all, as service delivery did not improve.

11.2.4 Accounting and performance

Accounting studies on performance have focused on the use of performance measures and job-related tension and managerial performance (for example Lau *et al.* 1995; Chong, 1996), the use of management accounting in the implementation and monitoring of strategic plans in private sector organisations (Ittner and Larcker, 1997), and budget participation and its relationship to job performance (Nouri and Parker, 1998). These studies are based on survey data. Libby (1999) also examines participative budgeting and performance but uses an experiment.

In these studies, performance has been operationalised in different ways. For example, Ittner and Larcker (1997) conceptualise organisational performance as return on assets, return on sales, sales growth and perceived performance. Perceived performance was measured by asking the surveyed managers whether, in their opinion, the organisation was successful with scales ranging from 1 (meaning not successful at all) to 7 (meaning very successful). Nouri and Parker (1998)

conceptualised job performance as the degree to which managers and supervisors with budget responsibilities performed against their 'superior's expectations' on work dimensions such as product quality and quantity, cost reduction programs and political/public affairs. Libby (1999) measured performance as the number of tasks the experiment participants were able to correctly accomplish during the time allocated for the experiment.

Emsley's (2000) study on variance analysis and performance, measured performance of a production department of a manufacturing company in terms of output (tonnes of production) and quality (percentage of output within product specifications).

In this study, performance was taken to mean delivering satisfactory public services. 'Performance' was not a word used routinely in the organisation studied. There were no individual performance appraisals and departmental operational and financial performance was not systematically evaluated. As discussed in earlier chapters, management accounting reports were seen as inaccurate and incomplete, making them useless for decision-making purposes. The interviewees admitted that the service delivery levels were very poor but the poor performance culture in the organisation was seen as very difficult to address.

Accounting information was not used to highlight the non-cost effective decisions to hire equipment while it was going to be cheaper to repair the organisation's own equipment. Neither was accounting information used to highlight the cost of keeping non-productive employees. Another example was how the City Council's invoicing system had broken down, resulting in lost revenue. The costing clerks and a member of the audit team pointed that the problem lay in the fact that nobody cared to ensure that these systems were working and there was no penalty for non-performance.

11.2.5 The role of the accounting function

The accounting function in the City Council was not seen as adding value to the operating departments in terms of providing information for decision-making. The accountants had a dual reporting structure, reporting to the city treasurer and also being assigned to specific operating departments to assist as 'finance advisors'. In reality, however, there did not appear to be much financial advice offered to the

operating departments by the accountants. Some interviewees pointed out that accountants were behind their computers and were out of touch with what was happening in the units they were supposedly assisting. Some interviewees had lacked confidence in some of the accountants' ability to offer useful advice due to lack of skills. This is similar to Lodhia (2003), who found that accountants in Fiji were detached from decision-making and this was attributed to lack of competence on their part.

Although during the time the study was being undertaken there was an initiative to move accountants to the operating divisions so that they could focus on the operations, these are initiatives which were implemented in the United Kingdom more than twenty years ago (see Rosenberg *et al.* (1982).

The researcher also observed that accountants did not contribute much in meetings. During the stakeholder meeting attended by the researcher, although the accounting function always sent a representative, there was no presentation of the financial situation by the accountants. There were no discussions about how resources were going to be managed more efficiently, neither were there presentations about how much funding would be needed to restore infrastructure.

The budgeting and pricing continued to be made in local currency, even though it was well-known that the prices which the City Council would be charged by suppliers were determined by parallel market exchange rates – hence the need to come up with supplementary budgets to increase tariffs.

11.2.6 Accounting in the developing world

Interest in accounting in the developing world has been increasing, with topics including, but not limited to, accounting standard setting (Susela, 1999; Marwata and Alam, 2006), accountability (Goddard and Assad, 2006; Dixon *et al.*, 2006), and the use management accounting under environmental uncertainty (Kattan *et al.*, 2007).

Some of this thesis's findings are similar to those of other studies, indicating that accounting might not have reached the levels of sophistication and institutionalisation that is found in the developed world. The emergent theory of this study show that

accounting is not used for the effective day-to-day managing of the organisation studied.

Kattan *et al.* (2007) found that the stone-cutting company in Palestine they studied had financial budgets prepared at the beginning of the year, but these were not used for financial control.

In the city council the issues of the competence of the accountants was raised by several interviewees who were of the perception that some of the accountants lacked competence in providing financial advice to the operating departments they were meant to support. A senior accountant expressed the need for training in order to upgrade the skills of the accountants. The accountants were unhappy with the technological infrastructure they had to work with, which was inadequate and fragmented, with the result that the information collated from it was incomplete.

There was underinvestment in accounting infrastructure and accounting skills. However, there did not appear to be much incentive on the part of the organisational leaders to invest in accounting skills and infrastructure as accounting information was neither actively used in strategic decision-making nor was it a regular accountability mechanism.

11.2.7 Change Management

Although this study did not set out to explore the management of change of the LGA, many issues emerged regarding the turnaround strategy that was being implemented. This change initiative was seen as failing, and senior management were of the view that there was resistance to change. This section presents issues raised in the change management literature. Dovey (2008) studied change management in a South African public health organisation and found that political and structural factors undermined the effective delivery of services. The managers in the organisation studied by Dovey did not exhibit high personal creativity. The factors inhibiting them were 'the destructive power management practices of senior management (autocratic and abusive) and a deteriorating community health service over which they felt they had little control' (p. 42). Dovey suggests that in order for health services to be transformed, there is need for 'considerable courage and genuine leadership

capabilities from those who hold a stake in this service – qualities similar to those called for by Nelson Mandela in the struggle for political emancipation’ (p. 38). By this the author meant ‘qualities such as a passionate commitment to the mission of the organisation; the courage to endure personal sacrifice in the enactment of strategies that are in the collective interests; and the framing of all action by the principles and values of the organisation (p.54).

The leadership of the LGA studied was seen as weak, and most participants saw this as a hindrance to the turnaround strategy. Further, this thesis has suggested that the political leadership was making it difficult for the LGA to succeed, due to the fact that the national political environment did not encourage accountability and also it was not encouraging investment in the city resulting from having a government lacking legitimacy in the eyes of the international community.

Karp and Helgo (2008) are of the view that change initiatives fail, not because of lack of visions or designs, but because leaders do not understand the complexities involved in change programmes. The authors point out that leaders and employees view change differently, with leaders seeing change as an opportunity to strengthen and renew the organisation as a way to advance their careers, whereas for many employees, ‘change is neither sought nor welcomed ... [because] it is disruptive and it upsets organisational balance (p.88). Similar to Dovey (2008), Karp and Helgo suggest that communication about the core values and purpose of the organisation will inspire people, ‘serving an emotional and motivational purpose’ (p.92).

Karp and Helgo further suggest that ‘public services are about democracy, the public good and the collective interest’ (p.93). They go on to say that democracy is a process and process means involvement – thus people seek to have their ideas heard. The authors assert that if people are not given an opportunity to contribute and if they are not treated with dignity and respect, then they ‘will resist change regardless of any alignment tactics the leaders might use’ (p. 94).

The finding of this thesis as discussed in chapters seven, eight and nine suggest that the turnaround strategy was being implemented in a way that made certain groups of people feel uninvolved (for example, the general public, some middle and senior

managers, employees), and this was seen as one of the reasons why it was not successful. It is argued here that the lack of involvement of people affected by the LGA's strategy points to poor accountability.

11.3 The findings from a critical perspective

The findings of this research will now be discussed at a more conceptual level through the critical conceptual lens (see Irvine and Deo, 2006) of Habermas and Bourdieu.

Stone (1998) asserts that making sociologically-informed assessments of a situation helps to highlight social pressures, constraints and possibilities in different contexts.

He says:

The great sociological themes all speak to important dimensions of society that we do not routinely speak about, that we do not have an everyday language for ... [they] illuminate aspects of our social world that would otherwise go by unnoticed (p. 5).

In addition, Stone encourages the use of plurality of theoretical perspectives arguing that each theory is like a torch focusing on a 'piece of social life' and so 'the more lights we have – the more plural, creative, rigorous and systematic that sociological thought is able to be ... the more extensive will be our inventory of the social stuff we need to know' (p. 291 – 292). It is for this reason that this thesis uses Habermas and Bourdieu. Their work is seen as complementary. Calhoun (1993: 61 - 88) placed Bourdieu 'somewhat closer to Habermas' [than to other critical theorists such as Derrida and Foucault] and points out that 'both are heirs to the tradition of critical theory, not just in the Frankfurt School but extending back to Marx'.

A critical study which saw accountability as key was considered to benefit from Habermas's theory of communicative action. Bourdieu's concepts of field and capital were seen as relevant to expose and discuss the constraints on performance faced by the organisations studied.

11.3.1 Habermas

Jurgen Habermas is a German philosopher born in 1929. His concerns about society are many, including the decline of the public sphere, the conditions of rational political discussion, the critique of instrumental reason, law and democratic politics. The public sphere is a notion from the eighteenth century where the literate bourgeois took on a political role in the evaluation of contemporary affairs – in particular state policy. It was about people's need to know what the state was doing or failing to do, and then influencing the state as far as they could (Outhwaite, 1996). Instrumental reason is where 'criteria of the efficiency of means in realising explicit goals increasingly come to guide evaluations of social concern and people's approach to problems' (Turner, 1991: 264). Habermas's work is broad and the next section only gives an overview of his theory of communicative action which is applied in this thesis.

11.3.1.1 The theory of communicative action

The theory of communicative action is seen as the centrepiece of Habermas's theorising (Outhwaite, 1998). Outhwaite (1998) suggests that the theory of communicative action could also be seen as providing a theory of morality and of legitimate political authority, in so far as political institutions are justified if they are what we would still uphold at the end of an ideal process of argumentation. Outhwaite (1998: 210) points out that Habermas's basic idea is that 'any serious use of language to make claims about the world... presupposes the claims that

- a) what we say makes sense and is true
- b) that we are sincere in saying it; and
- c) that we have the right to say it.

These claims can be questioned by our hearers or readers'. Townley *et al.* (2003) go further to say that these claims 'prompt the following questions: What do you mean? Is what you say true? Are you entitled to say that? Do you really mean it? Assent on these validity claims is not given once and for all, but is redeemed through continually renegotiated practical discourse' (p. 1047).

Habermas suggests that communicative action is achieved when 'the actions of the agents involved are coordinated not through egocentric calculations of success but through acts of reaching understanding'. He goes further to say:

In communicative action participants are not primarily oriented to their own individual success; they pursue their individual goals under the condition that they harmonize their plan of action on the basis of common situation definitions. In this respect the negotiation of definitions of the situation is an essential element of the interpretive accomplishments required for communicative action' (Habermas, 1984, pp. 285-6).

In communicative action participants pursue their plans cooperatively on the basis of a shared definition of the situation. If a shared definition of the situation has first to be negotiated, or if efforts to come to some agreement within the framework of shared situation definitions fail, the attainment of consensus, which is normally a condition for pursuing goals, can itself become an end. In any case, the *success* achieved by teleological (meaning goal-directed activity) action and the *consensus* brought about by acts of reaching understanding are the criteria for whether a situation has been dealt with successfully or not. (Habermas, 1984, pp. 126-7; emphasis in the original and definition of teleological added).

Habermas argues that action in society is coordinated in two fundamentally different ways: *influence* and *consent* (Sitton, 2003). 'Actions coordinated through influence occur when one or more of the actors employs inducements other than reasons: threats of force, money, playing on emotional attachments, manipulative rhetoric, and the like.' (Sitton, 2003: 52). Such action is called *strategic action*; whereby achieving the goal is the overarching concern. *Communicative action* on the other hand coordinates action through consent. Sitton puts it this way: 'We can act together when we share assumptions about what is the case or what is or is not legitimate in the situation' (p. 52). Thus communicative action seeks agreement based on reasons while strategic action merely seeks to causally affect others (Sitton, 2003: 53). While both types of action are goal-oriented, communicative action is that which ensures the reaching of understanding.

Lodh and Gaffikin (1997: 444) identify the central theme of Habermas's work as the argument that 'societal development, be it from either a broad societal or a micro-organisational viewpoint, is traceable to the increasing linguistic skills of the societal participants' and that through these 'discursive skills ... society has moved from the mythical through to the modern'.

In Habermas's theory of communicative action, he asserts that all speech is oriented to reaching a genuine consensus. Consensus assumes the existence of what Habermas calls the 'ideal speech situation' – the ultimate criterion of the truth of a statement or of the correctness of norms. The aim is that of a life where, 'truth, freedom and justice are possible' (Held, 1980:256). The reasoning therefore is that the critical theory of society has a normative starting point – being hopeful for an ideal type of dialogue – as opposed to distorted communication. Thus, having a standard of discourse in the name of the 'ideal speech situation' makes it possible to critique deformed communication.

Habermas asserts that society needs spheres of action which are structured *communicatively* so that they can play a role in the reproduction of social life. This is seen as requiring 'an expansion of the areas in which action is coordinated by way of *communicatively achieved agreement*' (p. xxxix), that is, unconstrained communication. Further, this calls for institutions which ensure effectively functioning public spheres, 'in which practical questions of general interest can be submitted to public discussion and decided on the basis of discursively achieved agreement' (McCarthy in Habermas, 1984 p. xxxix).

The diagram below highlights what are termed here as the elements of the theory of communicative action and what are seen as necessary conditions for communicative action to be achieved.

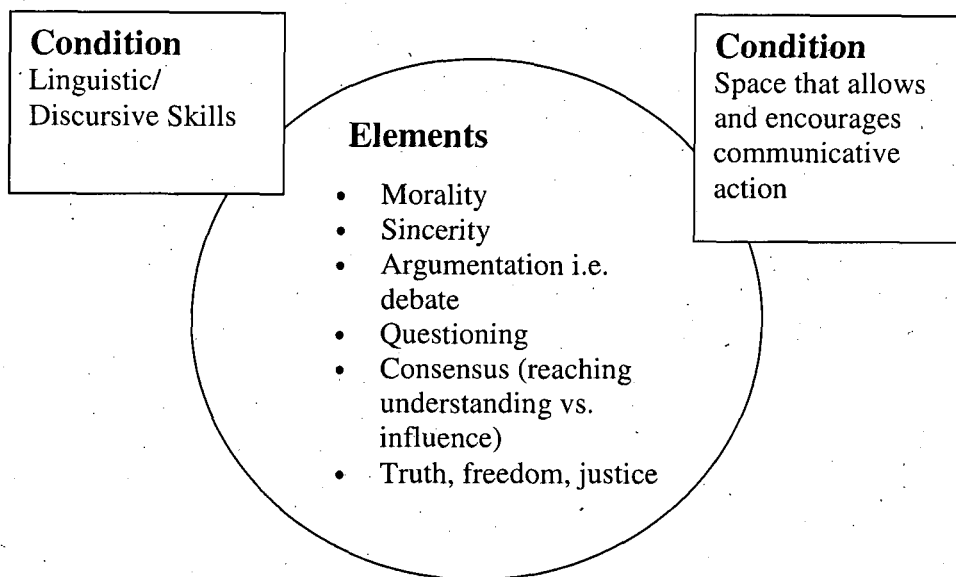


Figure 7: Elements and conditions of communicative action

The findings from this study are now discussed in the light of the elements and conditions of communicative action.

This thesis suggests that communicative action was not being achieved in the organisation studied. The substantive theory, portraying a semblance of accountability is argued as falling short of the ideals represented in the theory of communicative action. This is because debate and consensus were not encouraged, leading to actions which did not address the interests of all the stakeholder groups. A study which uses Habermasian thinking to establish an ideal against which organisational practices are evaluated is Unerman and Bennett (2004). They observe that Habermasian discourse ethics have not been used much to inform CSR studies. They use Habermas's concept of the 'ideal speech situation' to perform a content analysis study on Shell's Internet-based stakeholder dialogue 'web forum', focusing on the company's social, environmental and ethical responsibilities. Unerman and Bennett see the potential of interactive web sites in contributing to 'democratic determination of the corporate social, environmental, economic and ethical responsibilities which inform CSR' (p. 687).

Likewise, Gallhofer *et al.*'s (2006) paper on the emancipatory potential of online reporting presents critical interpretive and evaluative analyses informed by literature

from diverse fields, a survey and a case study. They see Habermas's vision of communicative interaction and enhanced democracy as possible positive outcomes of the Internet in so far as citizens can use it to counter hegemonic forces.

This thesis is not arguing for the use of the Internet to promote communicative action in Zimbabwe, but rather it is advocating genuine engagement and transparency between the organisations studied (and similar ones) and their stakeholders.

Although resource shortages due to the prevailing economic situation in the country were cited by some participants as the cause of poor service delivery, lack of *genuine accountability* emerged as the key cause of the problems faced. One of the key issues that emerged was that there was not much debate and open challenging of aspects of the organisation that were malfunctioning. This was especially the case if the views to be expressed were seen as opposing those of someone in the organisation who had political connections. For example, the 2006 budget process was seen as having been dominated by a single individual who had been appointed by the Ministry of Local Government to 'turnaround' the organisation. He appeared to have the final word in all the budget-related meetings, regardless of the fact that many organisational participants did not agree with him. The views of the residents, the largest group of stakeholders, were not taken into account in this process, even though they were the service recipients.

It was suggested that the residents lacked the ability to *demand accountability*, and that had they, the practitioners in local government would look for ways to improve service delivery. Most residents were seen as not understanding the way local government worked; they had no knowledge of the resources managed by the City Council on their behalf and so they continued to receive poor services without challenging the decision-making processes used by the practitioners. Most of them were seen as unable to understand the accounting reports in the formats and language they were produced. Even though the detailed budget was available for the public to scrutinise, only a small group of residents was able to make sense of the budget documents in order to meaningfully express their views about what the budget. In Habermasian language, this means that the residents lacked the linguistic or discursive skills needed to engage with people who were supposed to ensure delivery of public

services to them. However, it was not only the *ability to demand accountability* but also the *freedom to express views* that mattered.

The importance of giving a voice to citizens is emphasised by Gray *et al.* (1997). They explore social accounting practices and see political and social issues as embedded in social accounting. Habermas's thinking is applied in their paper in respect of the case of Traidcraft – where stakeholder dialogue was aimed to give stakeholders a voice in the organisation – resulting in what they term a 'polyvocal citizenship perspective' (PCP). They see a complete social account as one that infers, and recognises, the voices of the stakeholders, that is, reporting whether or not stakeholders have been given a voice and what those voices had to say about the organisation's accountability.

Fear amongst service recipients, and even within the structures of the organisation was expressed as one of the reasons why the core of the problems faced by the City Council would be very difficult to address. Some interview participants were very guarded in their responses because they did not want to say things that would make them sound as if they were blaming the national government for the problems faced. This thesis suggests that this fear factor meant that the debate was stifled and real solutions to the problems could not result from superficial accountability efforts.

The deterioration of service delivery had resulted in a small group of residents refusing to pay rates to the City Council. They also challenged the City Council practitioners to justify proposed tariff increases. They wanted to understand the breakdown of the costs of the City Council as they believed that this would increase transparency. Their demands were dismissed as they were seen as driven by political motivation. The struggle for power therefore interfered with the provision of accounting information for accountability purposes. Influential political appointees were seen as guarding the interests of the politicians by presenting an image of an organisation that was being run in the interest of the service recipients.

Several initiatives were embarked on in an attempt to improve service delivery, but these were unsuccessful because they did not address the fundamental problems that had resulted in the current poor service delivery. The City Council attempted to

change the structure of the organisation and came up with numerous strategy documents in order to solve the woes faced. As mentioned before, these strategy processes neither improved service delivery nor attracted the much needed investment.

There was no evidence that those in leadership positions were encouraging the organisations and all their stakeholders to work towards action that was coordinated through mutual understanding in what Habermas calls unconstrained communication. Some interviewees acknowledged that what was needed was mutual understanding on how to tackle the challenges faced, and not doing 'patchwork' in service delivery in the hope that the problems would one day solve themselves somehow.

In summary, although some steps were being taken to address the poor service delivery by the City Council, these efforts were marred by what was perceived by most respondents as lack of sincerity, stifled debate and fear. It is for these reasons that this thesis argues that until communicative action becomes part of the culture of this and similar organisations, it will be impossible to achieve lasting transformation.

What was missing was the participation by all stakeholder groups to ensure that their interests were represented as well as to agree what steps needed to be taken to ensure satisfactory service delivery. The theoretical ideal is that each person represents his or her own interests and that the interests presented are open to criticism by others. (Unerman and Bennett, 2004 citing Habermas, 1992).

The next section discusses the findings using Bourdieu's notions of field and capital.

11.3.2 Bourdieu

Pierre Bourdieu was born in France in 1930. His early works show interest in the socio-political issues of the day (Wacquant, 1998). Wacquant points out that Bourdieu's interest in social science was ignited by his encounter with the realities of colonial rule and war in Algeria. He wanted to understand disastrous social changes brought about by imperial capitalism and native nationalism. In the early 1960s in France, Bourdieu started working on the sociology of schooling, art, intellectuals and politics. The reason for this was that he sensed that *cultural capital* was a major

determinant of the life chances a person has. His argument was that the unequal distribution of cultural capital was helping to conserve social hierarchy.

Other interests of his included culture, class and power; symbolic goods such as religion, science, literature, painting and publishing; and other topics such as social suffering and masculine domination.

According to Webb *et al.* (2002: 1), 'most of the "big" theoretical issues being debated in the world of contemporary theory – gender and subjectivity, the "production" of the body, communicative ethics, the public sphere and citizenship, the politics of cultural literacy, the relationship between capitalism, culture and cultural consumption, "ways of seeing", the transformation of society through the forces of globalisation – are to some extent explicable in terms of, and have benefited from, Bourdieu's technologies of habitus, field and capital.'

Wacquant (1998) points out that one of the most constant purposes behind Bourdieu's work is to make social science a *countervailing symbolic power* to bring about social forces dedicated to social justice and civic morality. Jenkins (2002) observes that power and domination are central to Bourdieu's thinking. The concept of field has relationships at the centre. Bourdieu argued that, 'To think in terms of field is to think relationally' (Bourdieu, 1992, cited in Swartz, 1997:119). Swartz points out that Bourdieu's relational logic 'encourages the researcher to seek out underlying and invisible relations that shape action rather than properties given in commonsense categories' (p. 119).

This research benefited from using the concept of 'field' to uncover what Swartz calls 'latent patterns of interest and struggle that shape the existence of ... empirical realities' thereby helping to 'highlight ... the conflictual character of social life' (Swartz 1997:119).

11.3.2.1 Field

Bourdieu's use of the metaphor of field is summarised by Jenkins (2002: 84-5) as below:

A field, in Bourdieu's sense, is a social arena within which struggles or manoeuvres take place over specific resources or stakes and access to them. [It is] a structured system of social positions – occupied by individuals or institutions – the nature of which defines the situation for their occupants. It is also a system of forces which exist between these positions; a field is structured internally in terms of power relations. Positions stand in relationships of domination, subordination or equivalence (homology) to each other by virtue of the access they afford to the goods or resources (capital) which are at stake in the field.'

Webb *et al.* (2002: xii) put this differently, 'Power operates as a meta-field or macro-concept to describe the way in which individuals and institutions in dominant fields (such as government, the law and business) relate to one another and the whole social field.' They define a cultural field as, 'a series of institutions, rules, rituals, conventions, categories, designations, appointments and titles which constitute an objective hierarchy, and which produce and authorise certain discourses and activities' (pp. 21-22). It was Bourdieu's thinking that the position occupied by agents and the capital they possess determines the amount of power they have within a field.

Bourdieu sees power as being at the core of all social life and asserts that in order for power to be successfully exercised it must be legitimated, that is, the dominated accept as legitimate their own condition of domination (Swartz, 1997).

Bourdieu's concept of field suggests that the researcher should seek out underlying and invisible relations that shape action. His argument that at the centre of every field there is power was confirmed in this study. At the micro/organisational level it seemed that people in power, wanted to stay in power even though it was clear that the organisations they were leading were failing to deliver. Positions of power were

also used to benefit those who occupied them, and this negatively impacted on the people without power.

11.3.2.2 Capital

Capital is central to Bourdieu's notion of field (Oakes *et al.*, 1998). The positions occupied in a field are determined by the distribution of different kinds of capital (Jenkins, 2002). Capital, in Bourdieu's work, takes different forms: economic (financial or monetary assets), social (various kinds of valued relations with significant others), cultural (mainly legitimate knowledge of one kind or another – such as art, education) and symbolic (prestige and social honour). Bourdieu was interested to examine how those who are most deprived in terms of economic and cultural capital are able to express themselves in the different settings of everyday life.

Capital is argued to structure the relationship between producers, their products and consumers. 'It defines the identity of producers, the way they understand and control organisational purpose and functioning, and how they understand their work through the orientation of the field and its products' (Oakes *et al.*, 1998:261). In other words, capital determines the way things are done in a particular field.

The relevance of Bourdieu's work lay not only in informing the study, but also in the findings - whereby it emerged that certain groups of society were repressed, not only in recent years, but from cultural structures of authority and also from colonialism. Bourdieu described the reproduction of symbolic domination:

[T]he realistic, even resigned or fatalistic, dispositions which lead members of the dominated classes to put up with objective conditions that would be judged intolerable or revolting by agents otherwise disposed ... help to reproduce the conditions of oppression (Bourdieu 2000:217 as cited in Webb *et al.* 2002:23).

Bourdieu argued that the possession of a personal opinion is related to class and is related to class relations. He believed that being indifferent in political matters was a manifestation of powerlessness.

Kurunmaki (1999) applies Bourdieu's notions of field and capital to analyse and explain reforms in the Finnish health care system. She sees the *field* of health care as a site of continuous 'games' for power and control. Her study sees health professionals as having *professional capital*, while political decision-makers have *economic capital*, due to their control over economic resources. Kurunmaki observes that the reforms raised the value of economic capital over professional capital so that health care financiers would have more power than service producers.

Similarly to Kurunmaki (1999), the discussion that follows is based on the premise that social fields are sites 'of continuous games for power and control' (p. 96). In that study, Kurunmaki asserts that the chances of participants in a field to win or lose depends on their relative power, which power is determined by the capitals they possess.

The local government field (that within which the city council operates), has many players, with the main ones being politicians, councillors, commissioners (in place of councillors in the city council studied), employees, residents (households and businesses) and suppliers. These participants have different levels of capital which determine how much they benefit from this field. In the prevailing environment, it appeared that *political capital* was the most influencing type of capital in this field.

The politicians, as represented by the Ministry of Local Government, emerge as having power over the other participants in the field. The politicians and those on their side have *political capital*.

The data analysis chapters have explained how the accounting systems of the City Council were seen as not serving much purpose in terms of promoting organisational effectiveness and efficiency in order that service delivery could be improved.

Accounting existed side by side with abuse of resources, poor management of resources (such as hiring equipment instead of repairing own equipment), employees who were in their positions not because they had the skills needed for the job but because of political affiliations, poor leadership, poor performance culture and failed strategy initiatives. Many respondents expressed dissatisfaction with some senior

managers whom they viewed as incompetent, but who were protected in their jobs because they were political appointees.

The financial and management accounting processes in place, including budgeting, costing, internal and external auditing, management accounts and annual reporting, were seen as ineffective. The budgets were seen as meaningless as they were not practically used to enhance financial control. Using them for financial control would have required timely and accurate production of management accounts, but as explained in earlier sections this was not the case. The costing personnel interviewed talked about how the system had 'broken down', but that nobody cared to listen and so they had stopped making suggestions for the improvement of the system. The internal audit system was seen as reacting to issues and not actively ensuring adherence to policy and procedure, and the audited annual reports were several years behind. Some participants expressed the view that the City Council was only surviving because it was a 'government' organisation, and that if it had been a private sector company it would have been declared bankrupt and dissolved.

This thesis argues that while the state of service delivery was due to multiple factors, the underlying problem that needed to be solved was the political situation in the country which had affected, not only the economic state of the country, but also the relationship between the government, the politicians and the general public. However, in this study it appears that the City Council and, indirectly, the central government, were more concerned about maintaining their political capital, despite the fact that this had become detrimental to the ability of the City Council to attract economic capital needed to deliver public services.

It appears that the lack of social and cultural capital was one of the major hindrances to comprehensive and effective accountability relationships. The lack of demand for accountability by service recipients is argued to have cultural roots whereby people in authority did not hold themselves accountable to their subjects.

It appears therefore that accounting and accountability practices are promoted or hindered depending on the capitals possessed by the participants in the field. Thus in the local government field, as illustrated by the findings from the City Council study,

the possession and protection of political capital was pursued at the expense of service delivery. Even though attempts were being made to transform the organisation, it was clear that the change would not succeed without genuine accountability and legitimacy of leadership both at local and national levels. Yet no significant efforts were being made in this regard. Poor accountability practices seemed to be encouraged by a populace that did not demand accountability, either because of fear to confront the authorities, or because of the lack of competence to question the operational and financial decisions made.

A study which brings out similar arguments is Neu *et al.* (2008), who use Bourdieu's concepts of field and capital. They suggest that the diffusion of accounting and accountability practices in the field of higher education in Latin America depended on political and historical factors, as well as the distribution of capital in that field.

Neu (2006) also uses Bourdieu's concepts of field and capital to analyse how financial and accountability mechanisms had led to changes in the types and amounts of capital available to different social groupings in the public education field in Alberta, Canada. *Field* is used in the paper to identify the area of study: *the public education field* in Alberta. He found that accounting and accountability changes constrained some field participants while creating opportunities for other participants. The provincial government and their business allies gained influence while trustees, administrators, academic labour and parents lost influence. Neu asserts that the organisation of capitals within a field influences both patterns of interaction and the flows of information. He sees accounting as a type of *cultural capital*, suggesting that it is 'both a material resource and a way of influencing' both thoughts and actions (p. 394).

Similarly, Oakes *et al.* (1998) use Bourdieu's concepts of field and capital in their study of business planning in provincial museums and cultural heritage sites of Alberta, Canada. They see business planning as a mechanism of control which can change 'organisational identities by changing what is at stake: the capital – in Bourdieu's terms...' (p. 258).

This thesis therefore suggests that genuine accountability is necessary if organisations are to perform to standards that are satisfactory to the people they serve. However, this requires communicative action amongst people who possess capitals that enables them to engage in discussions that question decisions being made as well as reaching consensus on actions that are seen as accommodating the interests of all stakeholders.

11.4 Summary

This chapter is a reflection on the findings from this study. This is done under two sections. Section 11.2 discusses the findings in the light of existing literature. The discussion is classified under six themes: accounting and public interest, accounting and legitimacy, accounting and accountability, accounting and performance, the role of the accounting function and accounting in the developing world. Section 11.3 discussing the findings from a critical perspective, based on Habermas's theory of communicative action and Bourdieu's notions of field and capital.

The thesis suggests that the elements of, and conditions necessary to achieve, communicative action were absent in the context studied. The field of local government was influenced by the powerful stakeholder groups, and the service recipients lacked the cultural capital necessary to demand accountability. The overall result of this situation was the failure of the organisation studied to deliver the services to the city's residents.

Chapter twelve highlights the contributions of this study and it presents suggestions for further research.

Chapter Twelve

12 Contributions and conclusions

12.1 Introduction

The purpose of this chapter is to summarise the key findings of the research, having discussed these findings in the light of current literature and from a critical perspective in chapter eleven. The chapter also seeks to highlight the methodological and theoretical contributions made by this study and it outlines the practical implications of the findings.

The researcher also reflects on the way the study was carried out and suggests how the project could have been done differently. The thesis ends with suggestions for future research.

12.2 Summary of the research

This research has explored accounting and its interrelationship with accountability in local government in Zimbabwe. It extends the knowledge of accounting in practice by adding to the small, but growing, interest in accounting in the developing world.

Several insights emerge from this study:

- i. Whether or not accounting plays a role in organisational management depends on the organisation's leadership – their skills, their integrity and their focus on the performance of the organisation.
- ii. Accounting can only be used in performance management when an organisation has inculcated a culture of performance: values, ethics and a shared organisational vision.
- iii. Insufficient demanding of accountability from citizens can result in policies that do not serve the interests of the general public, leading to exploitation by those in positions of power.

- iv. Relationship management in the form of transparency, dialogue, debate and trust-building was seen as critical if sustainable development was ever to be achieved.

12.3 Methodological contributions

This research contributes to the subject of methodology in accounting research in three ways. First, the use of critical constructivist grounded theory; second the study of multiple phenomena, and third the use of multiple theoretical concepts to inform the study and discuss the findings.

12.3.1 Critical constructivist grounded theory

The use of this methodology is new and experimental. Grounded theory in accounting has largely been used in its 'pure' form, whereby researchers go out to the field without any theory. The argument for this is that it allows theory to emerge from the data without being encumbered by a predetermined theoretical framework. However, it has been argued that all research is theory laden and it is important for researchers to declare their theoretical persuasions upfront (Laughlin, 1995; Dey, 2002).

In this study the researcher sought to get the views of the participants without constraining them and therefore open-ended questions were used. However, the researcher also sought to explore issues of power, dialogue and relationships through semi-structured interviews, giving the research a critical edge. The use of semi-structured questions based on the need to understand the factors militating against satisfactory service delivery and the making of progress towards sustainable development, resulted in insights that could not have been gained by a study that was purely interpretive.

The use of the grounded theory methodology, while taking a critical perspective to research, is argued here as addressing the shortcomings of both critical theory and grounded theory. Critical theory has been criticised for failing to engage with practice (Llewellyn, 2003), and so using it with grounded theory addresses that concern as grounded theory involves having the researcher in an empirical setting, and allowing insights to emerge from data.

It is the researcher's belief that the critical research paradigm enables the researcher to be sensitive to issues respondents may not readily talk about in interviews, as well as going beyond the public rhetoric that organisations might want to portray to outsiders. Sinclair (2003:11) cited Thomas (1993) who argued that criticality is 'achieved if management is understood in its wider context, assumptions are identified and challenged, awareness is developed of alternative ways of doing things and by being more sceptical about what is presented in management dogma.'

Another strength of this research is that the use of grounded theory enabled the researcher to identify a broad range of issues at both micro and macro levels. This demonstrates the value of accounting studies that make an effort to gain a holistic understanding of accounting practices in organisations. The substantive theory proposed in this study takes into account not only micro organisational factors but it extends to the macro conditions as well in attempting to explain why accounting is what it is in the organisation studied.

12.3.2 Multiple phenomena and multiple theoretical concepts

This study has explored accounting and its interrelationship to accountability. Focusing on these phenomena enabled insights to be gained on organisational factors influencing accounting, and their implications on accountability and service delivery. Studies which explore the organisational setting in addition to accounting practices have been encouraged in the literature (see for example Broadbent and Laughlin, 1997).

The use of multiple theoretical concepts is another contribution of the study. Habermas's vision for societies which encourages communicative action, dialogue and debate is complemented by Bourdieu's concepts of field and capital – which foreground power and inequalities in human relations. This approach helps to deal with issues relating to 'how things should be' and 'how things are'. In this case the ideal situation is one of a society and organisations where individuals and groups are able to enter into spheres of discourse on issues they are concerned about and those affecting their welfare. However, in the organisation studied power inequalities and different endowments of *capital* meant that service recipients did not have much voice, and this lack of voice resulted ultimately in poor service delivery.

12.4 Practical implications of the study

Broadbent (2002) acknowledges that critical accounting work that challenges the state is 'disadvantaged'. However, she says that this should not deter researchers. This research project was carried out in a country going through political problems and where criticising the government is not encouraged. However, taking the approach of seeking to understand the reasons for poor public service provision and discussing them with practitioners is believed to be a way to open up much-needed dialogue.

In light of the problems faced by the organisation studied in particular, and the nation of Zimbabwe in general, it was important to undertake this research project with a view to unearthing the root causes of the problems, as well as exploring what needed to be done to bring about lasting and positive change.

And yet the question 'so what' is one that can be daunting for a researcher interested in change. Mouritsen *et al.* (2002: 504) pose a question, 'What, really, does it mean to change society radically or fundamentally?' and they assert that there is no 'one principle for the development of society that will explain it all' (*ibid*). They suggest that researchers need to focus on 'the relationship between the smallest elements and the linkages that make up whole networks' because this 'presents actionability' (p. 509).

This section therefore outlines practical implications arising out of this study which might be useful to people who will address the problems faced by local government authorities in Zimbabwe. The ideas presented here are seen as applicable to other public sector and not-for-profit organisations.

12.4.1 'Lateral thinking' in accounting research

This research demonstrates that there is no limit to the issues with which accounting researchers can engage. Broadbent (2002) calls for critical accounting researchers to advocate the provision of accounting information that gives visibility to 'taken-for-granted assumptions' saying:

If new "accounts" can be provided then discourses are opened up in ways that were previously not possible and new ways of thinking may well be germinated (p. 436).

It is also important to understand how political, economic, social and cultural impact on accounting and accountability. These factors were discussed in chapter ten. The findings indicate that accounting researchers need to engage with these issues as understanding them would help researchers to suggest ways in which accounting and accounting could be improved. Johnsen *et al* (2006) suggest that research in public sector and not-for-profit environments needs to understand and analyse many different social, institutional and political dimensions.

For example, in the City Council studied, pricing decisions were influenced more by political needs than by accounting information. Many examples were highlighted by participants where tariffs charged had ceased to make economic sense. However, political expediency seemed to overshadow rational decision making. Cultural issues also emerged as influencing accountability practices and therefore affecting the use of accounting in the organisation.

12.4.2 Incorporating accounting in stakeholder dialogue

Accounting could be used to improve communication, both within and outside the organisation, to improve accountability. This would bring some understanding amongst concerned parties as to the problems confronting the organisation, thereby allowing for practical solutions to be discussed. In relation to accountability, McNicholas and Barrett (2005) suggest that there is need to make visible the account for services to the people. They point out a concern which was raised by Jacobs (2000), that 'accountability systems do not usually empower those that they hold to account but those to whom accounting is given' (McNicholas and Barrett, 2005:410).

de Bruijn and Jan van Helden (2006) explored the factors determining the success, or lack of success, of performance measurement systems in the public sector. They propose that an effective performance measurement system is one that would emphasise interaction and dialogue among stakeholders. They also suggest that

societal circumstances can influence the effectiveness of performance management systems.

Similar conclusions were drawn by Johnsen *et al.* (2006), who point out that there are political and cultural divides in performance management, with Nordic countries taking a stakeholder perspective while the Anglo-American approach (as exemplified in the Balanced Scorecard) has a shareholder or managerial perspective. They see the Nordic approach as characterised by promoting an open society and dialogue.

Given that in this study, poor accountability was seen as leading to poor service delivery; it is argued that improving accountability to stakeholders could lead to improve organisational performance. However, it is important to reiterate that improving organisational accountability at local government level could only be possible if accountability was inculcated at national level.

12.4.3 Culture change programmes

Issues of morality and culture emerged out of this study, and it is considered important to work within the education system to teach morality and accountability in schools so that accountability becomes part of the culture in Zimbabwe. Some people in leadership positions were said to not like to be called to account, and this is a typical way of doing things in the Zimbabwean culture where there seems to be a failure of making them genuinely accountable to the people for the welfare of the public.

There is also a case for management education and development on the benefits of accountability. A long-term practical solution to the challenges identified in this research would be culture change programmes where morality, ethics and accountability are encouraged.

12.5 What could have been done differently

The researcher believes that this project could have benefited from having more interviewees, particularly service recipients. Perhaps group interviews could have given more breadth to the range of participants as they are less time-consuming and

can also give participants an opportunity to reflect on their own practice (see Balogun *et al.*, 2003; McNicholas and Barrett, 2005).

The setting of the research agenda could have been done differently, too. One of the criticisms levelled against the research by local government practitioners was that they had not played a part in setting the research questions. They would have wanted to have been consulted as to what their concerns were. This agrees with Balogun *et al.* (2003), who propose that the research agenda should be set 'with and by managers' as this will increase the relevance of the study to the organisation.

The research could have adopted a customers/consumer/beneficiary perspective. So instead of getting the organisations' perspective on how they interrelated with their clients, the researcher could have discussed with the various consumer groups to get their perspective in more detail, and then the customer perspective could have been reported to the practitioners for them to address the issues raised. This could have given a voice to the service recipients. McNicholas and Barrett (2005) are also concerned with the research that gives a voice to marginalised people. They suggest that critical research must endeavour to bring about positive change for the researched and not just benefit the researchers. Their paper suggests that this can be achieved making visible 'underlying assumptions that serve to conceal the power relations that exist within society' (p. 411).

McNicholas and Barrett conclude by positing that it is important for researchers to 'raise the consciousness level and to encourage the marginalised to think about what transformational changes they would like to see occur and what initiatives they could undertake to bring about these changes for themselves' (p. 412).

Finally, instead of carrying out a study on one LGA, a comparative study between two LGAs might have provided more breadth. Studying another local authority, perhaps with an opposition party leadership and influence, could have helped to extend how politics and culture influenced accounting and accountability. However, funding and time restrictions resulted in a decision being made to focus on one large LGA.

12.6 Suggestions for future research

This research has added to a small but growing body of accounting research in developing countries. While it has been suggested that accounting researchers should relate their findings to other studies (Humphrey and Scapens, 1996; Laughlin, 1999), there is need for more exploratory studies such as this one in order to widen what is known about accounting in different social-political, economic, regulatory and cultural settings (Broadbent, 1999). The City Council studied here emerged as using accounting as one of the tools to portray a semblance of accountability. More research could be done to examine the motives behind accounting practices in organisations. Such research would not only be limited to local government authorities, but could be extended to other public sector organisations responsible for health, education, transport, social services and security, among others. The research would seek to understand whether, and how, accounting is used in these organisations to ensure service delivery that satisfies their clients.

Secondly, there is scope to explore the substantive theory established in this study – ‘portraying a semblance of accountability’ in other organisational settings. This would enable the derivation of a more formal theory which can be generalised to other organisations (Strauss and Corbin, 1998). Such an attempt was not made here as that would have made the research project unwieldy.

Thirdly, there is scope to engage in critical action research, similar to the one described in Broadbent and Laughlin (1997), in public sector organisations in general – whereby the issues unearthed in this study are discussed with practitioners and their clients in a more in-depth way over a period of time in order that solutions to the problems are generated.

Finally, there is need for comparative studies in different countries focusing on the relationship between culture and accountability. This could bring more insight as to the influence of culture and the way people demand and discharge accountability.

12.7 Conclusions

Lodh and Gaffikin (1997: 464) argue that a social science researcher with an 'emancipatory' interest 'can explicate, reconstruct, and (even) deconstruct the meanings that go beyond those intended (perceived) by the real actors or which are embedded in traditions.' Thus issues that may be hidden to everyday players can be unearthed or exposed by taking a critical perspective. The researcher believes that this has been achieved somewhat in this project.

This research project has contributed, in part, to the critical accounting research agenda as suggested by Max Horkheimer, whose later work saw the undertaking of the critical theorist as that of 'remembering, recollecting or capturing a past in danger of being forgotten – the struggle for emancipation, the reasons for this struggle, the nature of critical thinking itself' (Held, 1980:25). It is hoped that those who will want to genuinely address the challenges faced by the organisations studied, and similar ones, will seek to address the issues highlighted by this study.

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Appendices

Appendix 1: List of documents studied

Document	Period
Internal audit reports	2003 – 2005
Minutes of the Audit Committee	2003 – 2006
Minutes of the Education and Housing Committee	2003 – 2006
Minutes of the Health Committee	2003 – 2006
Minutes of the Executive Committee	2003 – 2006
Minutes of the Finance Committee	2003 – 2006
Minutes of the Procurement Board	2003 – 2006
Organisation Structure	-
Turnaround Strategy Document	2004
Annual budgets	2004 and 2005
Budget preparation guidelines	2005
Departmental and Consolidated Budgets	2006
Department X Service Delivery Agreement	2005
Departmental Annual reports (unaudited)	2004
Monthly Management Accounts	2005
Audited financial statements	2000 – 2001
Urban Council's Act Revised Edition 1996	

Appendix 2: Open Codes

1. Views on Accountability
2. Need for change
3. Handling Change
4. Strategic focus
5. Acting in self-interest
6. Influence of political environment
7. Quality/Nature of consultations
8. Criticality of good leadership
9. Prioritisation of services
10. Genuineness/Nature of consultations
11. Causes of problems
12. The role of accounting information
13. Resources shortage/availability
14. Impact of macroeconomic environment
15. Organisational performance culture
16. Effectiveness of internal control systems
17. Adequacy of accounting information systems
18. Concerns with empowerment
19. Freedom to express views [Note – people have views but feel they can't express them]
20. Probity of employment practices
21. Appropriateness of accountability apparatus
22. The importance of accountants

23. Descriptions of accountability
24. Calibre of policy makers
25. Concerns with transparency
26. Civic responsibility
27. Budgetary processes
28. State of relationships
29. Historical factors
30. Ability to express views
31. Stakeholder power
32. Accountability mechanisms
33. Contextual factors
34. Degree of informational appetite
35. Coping strategies
36. Clarity of responsibility
37. Attitudes towards change
38. Working environment
39. Descriptions of strategy
40. Stakeholder involvement
41. Structural conditions
42. Legitimacy of representatives
43. Resource management
44. Project Management
45. Technology concerns
46. Executive language
47. Need for action
48. Class divisions
49. Accountability flow
50. Organisational politics
51. Approach to problems (range from emotional to practical)
52. Management style
53. Concerns with implications of change
54. Empire-building by senior management
55. Ideas on performance management
56. Customer-focus
57. Strategy processes
58. Tolerance for diverging views
59. Accounting and non-accountants
60. Collapsing management systems
61. Management practices
62. Managerial knowledge
63. Public services pricing
64. Responsibility for accountability
65. Degree of ownership
66. Nature of problems
67. The role and state of Information Technology
68. State of work processes
69. Referring to past strategy experiences
70. Incentives to perform
71. Relationship management
72. Diverging views regarding resources state

73. Imprudent spending
74. Refusing to be accountable
75. Attitudes towards accountability/stewardship
76. Communicating the strategy
77. Effects of increased consumerism i.e. protecting consumer rights
78. Charging below-cost prices
79. Managing the organisation
80. Deriving strategy
81. Consideration of future possibilities
82. Manageability of workers
83. Demands for accountability

Appendix 3: Output from this research

1. Unravelling Performance: the Case of a Local Government Authority in Zimbabwe. Conference Paper. New Public Sector Seminar November 2006
2. Accountability for Performance in Local and Non-Governmental Organisations in Zimbabwe: A Critical Perspective. British Accounting Association Conference April 2007
3. Strategy, performance and accountability in a Zimbabwean local government authority: what is the role of accounting? British Accounting Association Doctoral Colloquium April 2007