



The translation of accrual accounting and budgeting and the reconfiguration of public sector accountants' identities



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ARTICLE INFO

Article history:

Available online 25 May 2013

Keywords:

New Public Management
Public sector
Identity
Accrual accounting and budgeting
Actor-Network-Theory

Mots clés:

Secteur public
Nouvelle gestion publique

Palabras clave:

Sector Público
Nueva Gestión Pública

ABSTRACT

Under the umbrella of New Public Management (NPM) and managerialism, the last three decades have seen a widespread transformation of public sector accounting and budgeting from a cash to an accrual basis. Much of the ensuing research, however, has focused more on technical evaluations of these programmes and less on informing our knowledge of the interaction between such programmes and accountants. As public sector accountants (PSAs) are central entities in such programmes, the purpose of this paper is to focus on the reconfiguration of their identities. Using the theoretical lens of Actor-Network-Theory (ANT) and its concept of translation, this study seeks to explain how PSAs' identities were transformed through the introduction of Accrual Output-Based Budgeting (AOBB) in two German states. Our analysis shows that the change of accounting regime was not a straightforward one, but rather involved that accountants faced particular challenges responding to several interestment devices that were used to enrol them into the new practices. We link this behaviour to a Weberian facet of the PSAs' identity, which prevented serious project stagnancy and 'strategies of total resistance', but also precluded many accountants from enrolling easily into AOBB, or even developing enthusiasm. The paper suggests that several groups of accountants, rather than one, experienced different challenges in aligning with AOBB and that each assumed their compromises and investments in developing with accrual accounting.

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1. Introduction

"Our cash accounting goes back to organisational principles of the Prussian State. [...] It was tailor-made for the public sector and has worked for centuries. It is a successful model in the public sector. [...] As *Beamte* [i.e. German for civil servants] we have all sworn an oath that we will serve for the good of the nation and that we will honour justice and law. We will therefore support the new system. [...] [However], there is a certain scepticism among myself and my colleagues." (PSA-5)

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The above thoughts were expressed in an interview with a PSA who has worked with AOB¹ for several years and they indicate that reflections on his occupational tradition make it hard to fully accept it.

Taking the perspective of individual PSAs, we contribute to the literature on AOB which reflects a controversial debate. Several authors argue that the track record of AOB implementations lags behind expectations (e.g. Lapsley, 2009), and others, such as Carlin (2005) and Groot and Budding (2008), raise a technical debate about the pros and cons of AOB compared to cash-based accounting and budgeting. Lapsley and Pallot (2000), like Caccia and Steccolini (2006), Horton (2006), and Guthrie (1998), question the underlying reasons for the reforms and point to a limited impact of the reform in practice. However, how the reform poses a challenge for PSAs has not been much explored, nor sufficiently understood.

Given this paucity of prior research, we follow an actor-centric view in order to enhance our knowledge of the interaction between AOB and PSAs and seek to discover common identity patterns among key accounting employees. To this end, we borrow from Callon's (1986) work on the sociology of translation to analyse the introduction of AOB in two German states, which allows us to examine the effects of the new accounting and budgeting ideas on accountants' identities. We place particular emphasis on practicing accountants and how their identities were funnelled – sometimes quite problematically – through the obligatory passage point (OPP) of AOB as it was implemented. Our findings from the two states illustrate that PSAs are not one entity that reacts homogeneously to the reform, but rather that they consist of four different groups which vary according to their reactions towards AOB. We further demonstrate that these groups have different characteristics and that their age and practical experience with AOB are conditions of the reconfiguration of their identities. Through our comparative analysis of the two sites, we are further able to discuss the role of devices in securing the enrolment of PSAs into AOB and outline how these depend on the complexity and the trajectory of each state's reform project.

The paper is organised as follows. In the next section, we review the literature on AOB implementations, look at previous studies that take an identity view on NPM which motivate our study of PSAs' identities, and present the chosen theoretical framework. The third section describes our research method, and the fourth structures the findings of our empirical study according to the four moments of translation. The fifth section offers a discussion, while the sixth section concludes the paper.

2. Identity and public sector accounting reforms

Research exploring aspects of AOB reforms has been ongoing for several decades, and many publications have been dedicated solely to summarising this discourse (e.g. Broadbent and Guthrie, 2008). Empirical research explores what factors facilitate or hinder the introduction of AOB (e.g. Anessi-Pessina and Steccolini, 2007) and analyse the degree to which the expectations of its effects have so far materialised in practice (e.g. Groot and Budding, 2008; Kober et al., 2010). Some studies find that the benefits of introducing AOB are rather unclear for the affected employees and that the new information is neither used nor desired in practice (e.g. Connolly and Hyndman, 2006; Jones and Puglisi, 1997). Other studies argue that the usefulness of accrual accounting techniques depends on the user groups and their roles (e.g. Kober et al., 2010; Paulsson, 2006). While most of this literature does not pinpoint why such views occur, it discovers further that the reform entails various downsides, such as intense work and massive cost (Ezzamel et al., 2013; Connolly and Hyndman, 2006). This resonates with studies that show that implementations of accrual accounting techniques are often difficult (e.g. Carlin and Guthrie, 2003; Guthrie, 1998) and that the envisaged effects of reform are only realised in part or not at all (Ezzamel et al., 2013; Connolly and Hyndman, 2006; Mellett, 1997, 2002). In sum, research often concludes that “not much enthusiasm ... [is] found in favour of accrual accounting” (Groot and Budding, 2008, p. 10; similarly Liguori et al., 2012). The reasons for such outcomes, however, remain somewhat unclear; i.e. questions such as *Why is acceptance low?* or *Why is the information not used?* are rarely answered. In light of these results and the perceived pressing need to reform the public sector, the quest for the best public sector accounting method is ongoing. While the discussion continues to be controversial, we assume – as a starting point – that AOB does not integrate into public organisations as smoothly as expected.

Against this background, in the accounting literature “little attention has been paid [...] to the repercussions arising from the shaping and reshaping of identities” (Skærbæk and Thorbjørnsen, 2007, p. 247; Haynes, 2006) for organisational members. For the private sector, some research has explored the identity of management accountants (e.g. Ahrens and Chapman, 2000) or public accountants (e.g. Gendron and Spira, 2010). Given its fundamental changes in recent years and the traditionally strong presence of occupational groups, identity transformation is especially relevant in the public sector (Thomas and Davies, 2005), which is also reflected in academic interest: Certain studies examine how reforms under the umbrella of NPM with its shift towards “accountingization” (Power and Laughlin, 1992) or business-like attitudes (Ter Bogt, 2008) have affected the identity of individuals in the public sector. In fact, some commentators even identify the deliberate reduction of autonomy as a central tenet of NPM in general (Broadbent and Laughlin, 1998; Hood, 1995) and of accounting systems in particular (Abernethy and Stoelwinder, 1995), or NPM as an “identity project” aiming at reconfiguring public sector employees' identities (Du Gay, 1996a, 1996b).

¹ In this article, *cash (or cameral) accounting and budgeting* refers to the traditional public sector accounting standard and also includes cash-based budgeting procedures. Similarly, AOB refers to accrual accounting combined with a business-like budgeting process (i.e. full cost-based budgeting, product orientation, unit cost reporting) in the public sector (see Carlin, 2005). *The reform* refers to the transition from cash accounting and budgeting to AOB.

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