

The Diffusion of Accounting Innovations in the New Public Sector as Influenced by IMF Reforms: Actor-Network Theory

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ABSTRACT

This paper aims to explain the diffusion of management accounting innovations within the public sector in Jordan as influenced by IMF reforms. It is concerned with the diffusion of management accounting systems viewed as a process of actor-network building and translation. The paper presents an interpretive case study by drawing on Actor-Network Theory (ANT). The aim is to better understand the nature of accounting systems. The study recognizes that accounting innovations in Public Financial Management over the last decade were central to the rise of the New Public Management (NPM) doctrine and its associated ideas of Results Based Management (RBM) and public accountability, of which accounting is a key element. The study also concludes that the diffusion process implied three isomorphic interests; i.e. it created pressure for similar reforms and structural changes in many governmental aspects, especially the ways of thinking and doing. It thus provides a discernible conclusion through exploring the processes of accounting change as influenced by the tenets of ANT. Like Chua (1995), it has examined accounting change as a process of 'fabrication'. Accounting innovations are constructions (Andon et al., 2007), often built on a wide array of social, economic and political factors. There have been several studies of the public sector transformation following IMF reforms but this paper has a different focus: the diffusion and adoption of management accounting systems within the new public sector. The paper discusses the findings of an interpretive case study, which is Ministry of Finance (MOF) in Jordan. The results of the study indicate that diffusion and adopting of accounting innovations by MOF is largely affected by the government influence, and these innovations usually occurred "beyond the enterprise" as well as within it. The study contributes to both accounting literature and Actor-Network Theory by providing more understanding and explanation about the dynamics of accounting innovations in the public sector. This paper has interesting findings, but also points to the need for more studies about the diffusion of accounting innovations in the public sector.

KEYWORDS

Accounting Innovations, Actor-Network Theory (ANT), Innovations Diffusion, Public Sector Accounting

INTRODUCTION

A large amount of studies deal with the transformation of the public sector following IMF reforms (Shahid et al., 2014). "Little was known about: the diffusion and adoption of management accounting innovations within the new public sector" (Shahid et al., 2014, p. 355). This paper is very much adhered with this research agenda, and it aims to explore the manner and means of diffusion of accounting

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innovations, the obstacles to adoption, and to add value for this research agenda. In recent years, reform of the public sector has been the primary focus of policy makers and accounting systems and policies have played a key role in initiatives for change (Shahid et al., 2014, p. 355). Given the frequency with which new management accounting ideas have been advocated as a result, the way in which accounting innovations diffuse through organizations (or not) is of particular interest to researchers, policy makers and practitioners (Shahid et al., 2014, p. 355). This paper extends prior research by focusing on the manner and means of diffusion of accounting innovations, and by drawing the views of key actors in the diffusion process in the public sector.

A few number of management and accounting publications deal with the diffusion of innovation (Rogers, 1995). "An innovation is an idea, practice, or object perceived as new by an individual or other unit of adoption" (Rogers, 1995, p. 1). Diffusion of innovation attempts to determine the innovation's diffusion curve over time and to recognize the factors explaining its shape. A large number of studies with a positivist and rational approach are concerned with the diffusion of innovation. However, the models and concepts employed by most of this type of research are not easily transposed to the study of managerial innovations (Lundblad, 2003). Furthermore, positivist research in management (accounting) often prefers to ignore power struggles and conflicting logics, as well as rationalities other than technical ones, which are significantly influence the diffusion of new accounting systems and practices (Baxter and Chua, 2003). These boundaries lead us towards alternative research in management accounting, which is interpretive and non-positivist approach.

Unlike rational approach, interpretive approach examines accounting as a part of social system that is influenced by power and institutional logics. It considers accounting as a discipline of the social science and it seemed important to us to understand it in the context of a broader set of discourses from the social sciences. Baxter and Chua (2003) identify seven different research perspectives that lie outside the mainstream research. This paper follows the line of "Latourian" research. This stream of research is concerned with the fabrication of management accounting innovations by using Actor-Network Theory (ANT). Unforeseeable interactions between human and non-human actors are central to this type of analysis. In this view, accounting innovations diffuse because they translate the changing and transitory interests of various groups of actors who are looking to maintain their position and influence within organizations and society. Actors use accounting innovations to produce "inscriptions" (i.e. figures and numbers which become "facts", see Robson (1992)) and manipulate them to serve their interests.

ANT has been used in management accounting research to address two questions. First, what are the roles played by accounting innovations within organizations and society once they have reached the status of black boxes? In this respect, ANT-based research is particularly concerned with the way accounting technologies are able, once created, to "act at a distance" thanks notably to the inscriptions (i.e. accounting figures) they produce (Altbach, 2004, 2007; Shahijan et al., 2016). Second, how are management accounting innovations produced, modified and accepted (Preston et al., 1992; Chua, 1995; Jones & Dugdale, 2002, Quattrone and Hopper, 2005; Alcouffe et al., 2008)? This paper addresses the second question. The main aim is to realize how and why such accounting innovations, as Results Based Budgeting (RBB) and Governmental Financial Management Information System (GFMIS), were created and/or modified and then eventually became accepted in Jordan. To do this, this paper applies the ANT concept of translation. In doing so, it also discusses the notion of accounting change and the innovating nature of such techniques as RBB and GFMIS. It also attempts to show how accounting innovations do not operate in a vacuum but instead, are in competition with one another.

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