Accountants as institutional entrepreneurs: Changing routines in a telecommunications company

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Abstract

Purpose: The purpose of this paper is to explicate the role of institutional entrepreneurs who use accounting technology to accomplish change within a privatised telecommunication company.

Design/Methodology: The case study method is adopted. We draw on recent extension to institutional theory which gives greater emphasis to agency including concepts such as embeddedness, institutional entrepreneurs and institutional contradiction.

Findings: As part of the consequences of New Public Management reforms, we illustrate how institutional entrepreneurs de-established an older state-run bureaucratic and engineering based routine and replaced this with a business and accounting based routine. Eventually, the new accounting routines were reproduced and taken for granted by Fijian telecommunications management and employees.

Research Limitations/ Implications: As this study is limited to a single case study, no generalisation except to theory can be made. There are implications for privatisation of state sector organisations in Fiji and elsewhere.

Originality/ Value: The paper makes a contribution to elaborating the role of institutional entrepreneurs as agents of change towards privatisation and how accounting was used as a technology of change.

Key Words: Institutional theory, contradictions, institutional entrepreneurs, privatisation, Fiji.
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1. Introduction

This paper examines accounting change within Telecom Fiji Limited (TFL) as part of a new public management (NPM) style reform process. Prior to the reform process commencing in the late 1980s, there had been a dominant “engineering culture”1 (Scapens & Roberts, 1993) at TFL over many years. The paper analyses the process through which commercial business routines spread across the organisation to gain pre-eminence. It reveals that accountants and other internal entrepreneurs acted to bring about change in the way the organisation’s activities were perceived and determined. The purpose of the paper is to explicate the role of institutional entrepreneurs who use accounting technology to accomplish change. The research question being asked is: how do institutional entrepreneurs enable changes to institutional rules and routines through accounting as a technology?

The paper draws on recent extensions to old institutional economics theory which gives greater emphasis to agency in the form of institutional embeddedness and institutional entrepreneurship (Lapsley & Oldfield, 2001; Seo & Creed, 2002; Burns & Baldvinsdottir, 2005; Busco et al., 2006; Zilber, 2002; Englund et al., 2011; Ball, 2005; Oliver, 1992; Siti-Nabiha & Scapens, 2005; Abrahamsson & Gerdin, 2006; Ribiero & Scapens, 2006; ter Bogt, 2008; Sharma et al., 2010). While the Sharma et al., (2010) study, for example, employs institutional theory and demonstrates that institutional contradiction shapes embedded agents to become institutional entrepreneurs in order to bring about change, their study lacks an in-depth discussion of institutional entrepreneurs. Our aim is to strengthen the theoretical foundation of institutional entrepreneurship and the role of power in accounting change in line with old institutional economics theory (see Burns & Scapens, 2000). We contribute to a theory of action which accounts for agents’ embeddedness in their institutional environment. In doing so, we help to improve our understanding of the process of institutional

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1 Organisational routines were focused around such activities as the physical connection of telephones to customers and other engineering infrastructure issues. Accounting information was not so vital for managers in accomplishing their objectives. The focus was on levels of telephone connection, rather than levels of cost.
entrepreneurship. The paper expands on micro level of analysis, which has received relatively scant attention in studies of institutional entrepreneurship. The tensions between two contrasting institutional routines were evident as changes were introduced at Telecom Fiji Limited (TFL) with a different set of values and language that provided an alternative view of effectiveness and efficiency. Employees were mobilized to effect or resist the new accounting and economics language, which aimed to replace the previous discourse based on engineering understandings and concerns.

Pallot (1998) argues that accounting and accountants can affect the pattern of relationships including structures of power and accountability within organisations and in society at large. Using institutional theory, the paper provides an illustrative example of such changing patterns of relationships and their institutionalisation. The theorisation of accounting change using notions of institutional entrepreneurship enables us to present a theory of action in institutional theory (Burns & Scapens, 2000; Burns & Baldvinsdottir, 2005; Scapens, 2006; ter Bogt, 2008; Busco & Scapens, 2011; Englund et al., 2011; Battilana, 2006).

The paper is structured as follows: the section below provides an overview of the relevant prior work and institutional theory framework. Next, we present the research method. The paper then details the background information on Telecom Fiji Limited (TFL). This is followed by the presentation of the research findings. The paper finally, highlights some of the key messages and implications from the case study.

2. Institutional Theory and Entrepreneurs in Accounting Change

The NPM literature often suggests that an important explanation for changing the control of government organizations is the desire to improve performance, that is, to increase economic efficiency and effectiveness (Northcott & France, 2005; Lapsley, 2008; ter Bogt, 2008). However, not all scholars are convinced that organizational changes are mainly intended to increase economic efficiency and effectiveness. Some suggest that expectations and values both inside and outside the organizations and rules in society can also play a part in a decision to introduce management changes (Dent, 1991; Burns & Scapens, 2000; Burns & Vaivio, 2001; Collier, 2001; Modell, 2001; Zilber, 2002; Lounsbury, 2008; Scapens, 2006; Busco & Scapens, 2011; Englund et al., 2011; Sharma & Lawrence, 2008; Lukka, 2007; Busco et al., 2006; Cruz et al., 2009). Institutional theory offers the opportunity to explore
such influences, including the role of institutional entrepreneurs in the change process. Institutional entrepreneurs such as accountants and heads of business units can be instrumental in invoking NPM practices in order that government entities may be privatized over time.

According to Abrahamsson and Gerdin (2006), accounting can be proactively used to reshape perceptions about what employees are supposed to do/ (not) do. Accounting information typically constitutes a central part of the way things are by making some things visible and other things not, and gives meaning to organizational activities (Burns & Scapens, 2000; Busco & Scapens, 2011). According to Macintosh and Scapens (1990) accounting information has the potential to contribute to organisational change by serving as an interpretive scheme. That is, accounting technology is used by organizational participants to make sense of alternative models of social behavior.

Traditionally, new institutional sociology is seen as a theory of stability but may be extended in order to incorporate change through change agents (Burns & Scapens, 2000; Modell, 2001; Burns & Nielsen, 2006; Nor-Aziah & Scapens, 2007; Scapens, 2006; Lukka, 2007; Ribeiro & Scapens, 2006; Cruz et al., 2009). In the earlier studies, new institutional sociology theorists did not explicitly address the issue of human agency within the organizational change process (Powell, 1991; Meyer & Rowan, 1977). New institutional sociology seeks to explain why organizations in a particular field appear to be similar (Scapens, 2006). New institutional sociology indicates the various external pressures which can have an impact on the way organizations are structured and governed. However, some theorists did turn their attention to tackling the phenomenon of institutional change by using old institutional economics (Burns & Scapens, 2000; Dillard et al., 2004; Sharma & Lawrence, 2008; Johansson & Siverbo, 2009; Sharma et al., 2010; Busco & Scapens, 2011). These authors began to consider aspects of institutional change from the late 1980s, by highlighting the role that individuals play in change processes. To do so, some have relied on the notion of institutional entrepreneurship which encompasses active agency in institutional theory (DiMaggio, 1988; Fligstein, 1997; Hensmans, 2003; Dorado, 2005; Scapens, 2006; Lounsbury, 2008; Sharma et al., 2010). Institutional entrepreneurship, as conceptualized, in this study is specific to old institutional economics (Burns & Baldvinsdottir, 2005). The concept of institutional entrepreneurship has attracted a lot of interest in institutional theory.
Institutional entrepreneurs are actors who have interest in particular institutional arrangements and who mobilize resources to create new institutions or transform existing ones (DiMaggio, 1988). The entrepreneurs’ role is to shape institutional change, i.e. the destruction of one institution and the establishment of another (Weik, 2011; Beckert, 1999). Scapens (1994, p.306) defines institutions as “imposing form and social coherence upon human activity, partly through the continuing production and reproduction of habits of thought and action.” Institution comprises the taken-for-granted assumptions which inform and shape the actions of individual actors (Burns & Scapens, 2000). Institutions (i.e. settled ways of thinking and doing in a social system) are part of the old institutional economics approach to the analysis of processes of change (Burns & Scapens, 2000; Ribeiro & Scapens, 2006). Institutional entrepreneurship has been presented as a promising way to account for institutional change endogenously (Fligstein, 1997; Dorado, 2005; Battilana, 2006; Lounsbury, 2008), although this notion is still controversial among institutional theorists. The controversy surrounds the ability of actors, who are supposed to be institutionally embedded, to distance themselves from institutional pressures and act strategically (Seo & Creed, 2002; Battilana, 2006). How can organizations be changed, or individuals innovate if their beliefs and actions are all constrained by the very institutional arrangement they wish to change? This question alludes to the “paradox of embedded agency” (Holm, 1995; Seo & Creed, 2002; Englund et al., 2011; Englund & Gerdin, 2011). This paradox of embedded agency is a peculiar feature of the institutional entrepreneurship literature (Battilana, 2006; Dorado, 2005; Weik, 2011; Battilana et al., 2009; Englund et al., 2011; Kilfoyle & Richardson, 2011; Englund & Gerdin, 2011).

To unfold the roots of the “paradox of embedded agency”, it is essential to understand the dialectical nature of the relationship between institutions and human agency (Englund & Gerdin, 2011; Englund et al., 2011). Institutions do not merely give direction to the actions of human agency; they are also the product of human agency (DiMaggio and Powell, 1983, 1991). Berger and Luckmann (1967) note that the objectivity of the institutional world is humanly produced. Before being “objectivated” (i.e. experienced as an objective reality) by human beings, institutions are produced by them. Battilana (2006) points out that human
beings tend to believe that institutions have always been there because most of those who are constrained by institutions, and those who initially created these institutions, are not the same.

The “paradox of embedded agency” seems to have been partially addressed by old institutional economics (Burns & Scapens, 2000; Burns, 2000; Burns & Baldvinsdottir, 2005; Englund et al., 2011). According to Lounsbury (2008) the “gap between actor micro-processes and institutions provide an important opportunity for theoretical development and empirical insight” (p.351). Burns and Scapens (2000), for example, use old institutional economics theory to conceptualise how management accounting practice is premised in rules and routinised action which over time has potential to become a taken-for-granted (institutionalized) aspect of business activity. Rules are how things ought to be done. Routines can be defined as the way in which “things are actually done” (Burns & Scapens, 2000, p.6). Scapens (2006), Lukka (2007) and Busco & Scapens (2011) point out that the insights from old institutional economics theory is helpful to gain a full understanding of the mish-mash of inter-related influences inside the organisation.

Holm (1995) and Seo and Creed (2002) put forward the idea of institutional contradiction/inconsistency as an impetus for institutional change. A contradiction can be defined as a pair of features that together produce an unstable tension in a given system (Clemens & Cook, 1999, p.449). Ongoing social interactions at a micro level within any organization produce contradictions, generate conflicts and tensions that may shape consciousness and action to change the established order (Sewell, 1992; Clemens & Cook, 1999; Seo & Creed, 2002; Busco & Scapens, 2011). The contradictions facilitate institutional entrepreneurs to act strategically.

DiMaggio (1988) introduced the notion of institutional entrepreneurs as agents who have an interest in specific organizational structures and who command resources that can be applied to influence institutionalized rules, either by supporting existing institutions (taken-for-granted rules and routines) or by using them for the creation of new institutions. Institutional entrepreneurs can be individuals or groups of individuals within organisations (Fligstein, 1997; Beckert, 1999; Maguire et al., 2004; Dorado, 2005; Battilana, 2006; Sharma & Lawrence, 2008; Lawrence et al., 2009). However, very few studies look at individuals

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2 The social interactions are ongoing within organizational level of a company and so it relates to micro level of change.
acting as institutional entrepreneurs (Battilana, 2006; Kilfoyle & Richardson, 2011; Burns & Baldvinsdottir, 2005). Battilana (2006) contends that individuals who undertake divergent organizational changes fulfill the criteria to be regarded as institutional entrepreneurs. Beckert (2010, p.155) argues “institutional entrepreneurs can adapt [alternative structural models] and use them as templates for the design of institutional structures in different contexts.” Institutional structures, informal rules and taken-for-granted routines come under pressure from agents who recognize that they constrain more efficient outcomes. Schumpeter (1991) describes the entrepreneur as the innovator who leaves behind routines; whereas managers respond to changes by adaptation. In contrast, entrepreneurs respond creatively by destroying existing institutional arrangements and introducing innovations in the form of new institutional arrangements (Schumpeter, 1991, p.411). Although innovations destroy traditional practices, they do so by simultaneously providing models of alternative ways of fulfilling a task. Similarly, the institutional entrepreneur’s role is to create innovation in an organizational setting. Therefore, the conceptualization of institutional entrepreneurship has been a major step in the introduction and development of agency within institutional theory (Fligstein, 1997; Dorado, 2005; Battilana, 2006). Fligstein (2001, p.106) considers institutional entrepreneurs to be socially skilled actors: “the ability on the part of actors to analyse and attain such cooperation can be viewed generically as social skill.”. Institutional entrepreneurs are able to relate to the situation of other actors and, in doing so, provide them with reasons to cooperate. Because they can seldom change institutions alone, institutional entrepreneurs need to typically mobilize allies (Fligstein, 1997, 2001; Greenwood et al., 2002; Boxenbaum and Battilana, 2005; Battilana, 2006) and develop alliances and cooperation (Fligstein, 1997; Rao, 1998). According to Battilana et al., (2009) social positions can enable institutional entrepreneurs to mobilize allies to support the implementation of divergent changes. When institutional entrepreneurs’ social position does not enable them to easily mobilize others, they might try to convince actors who occupy higher status social positions to endorse their projects (Battilana et al., 2009). For the purpose of this study, institutional entrepreneurs refer to change agents located within an organizational setting. Institutional entrepreneurs include managers and accountants.

Beckert (1999) suggests that strategic action is more likely to occur in relatively highly institutionalized organizational fields. Dorado (2005) also proposes that substantial institutionalization creates room for strategic agency and thereby for institutional entrepreneurship. Fligstein (1997), on the other hand, suggests that perceived uncertainty in
the institutional order might provide opportunity for strategic action. Human agents’ social position may influence their access to resources and hence engagement in institutional entrepreneurship (Dorado, 2005). While social position is an enabling condition for institutional entrepreneurship that has received most attention, few studies have noted using case evidence how institutional entrepreneurs enable this change.

The change of rules and routines, according to old institutional economics, is affected through actors’ actions via the process of encoding, enacting, revision and objectification of patterned behaviour (Burns & Scapens, 2000). There is a shift in collective consciousness of actors from a passive mode to a reflective and active one stemming from the tensions created by contradictions. Once these actors (change agents) become active, they need to mobilize other actors and resources to bring about institutional change (Burns & Scapens, 2000; Scapens, 2006). Institutional contradiction does not only trigger a shift in actors’ collective consciousness but also provides the motivations for promoting alternative institutional arrangements (change in rules and routines) through the collective action of actors on an ongoing basis (Burns & Baldvinsdottir, 2005; Burns & Nielsen, 2006).

The institutional theory framework can also be extended to recognize the role of power in processes of accounting change. Organizational actors are able to resist change that is incompatible with their existing institutions. However, resistance to new rules and routines requires actors to have some form of power to enable them to intervene in the change process (Burns, 2000; Burns & Vaivio, 2001; Collier, 2001; Nor Aziah & Scapens, 2007). The power and interests of organizational actors can affect whether accounting changes are ceremonial or instrumental (Burns & Scapens, 2000; Collier, 2001).

Institutional entrepreneurs see the openings and draw on power and mobilize the political, institutional pillars within an organization to shape change. Institutional entrepreneurs can mobilize power to enroll others in the quest for change. The entrepreneurs can deploy strategies that are framed by the existing configuration of the circuits of power (for example, the existing rules, distribution of resources) (Clegg, 1989) and they may promote changes in these configurations. These strategies may enable new institutional arrangements being introduced in individual organizations (Ribeiro & Scapens, 2006). Key organizational decision makers could accept solutions proposed by institutional entrepreneurs, but they could also reject them. An institutional entrepreneur may introduce new devices that not only
constitute the “carriers of rules” that are likely to be resisted if they clash with existing rules, but also the disciplinary and enabling devices that have the potential to promote the following of new set of rules (Ribeiro & Scapens, 2006).

Power represents the means through which intentions are achieved and powerful individuals’ desire is exerted on others (Burns, 2000). Power is “to produce intended effects” with respect to perceived interests (Pettigrew & McNulty, 1995). According to Burns (2000), a basis of power in itself is not necessarily sufficient to achieve intended outcomes; it is vital that individuals act. According to Burns (2000), the resistance to the enactment of innovative arrangements, even when formally introduced in an organization may be due to the power of prevailing rules of meaning and membership, that are taken-for-granted and unconsciously accepted in that organisation. This is power of the institutions (Burns, 2000).

Institutional theory along with a sensitivity to the role of power provides a basis to explore and analyze the role of entrepreneurs in institutionalizing NPM-like accounting changes in a government owned business entity. Having discussed the theoretical framework, the next section outlines the research method that was employed to explore the theoretical question.

3. Research Method
To find answers to our research question, it was decided to conduct an exploratory and explanatory case study (Yin, 1994). Therefore, our research uses a case study approach with evidence collected from multiple sources. The case study method is appropriate to outline how institutional entrepreneurs enable changes to institutionalized rules and routines as the method enables us to obtain rich empirical evidence through interviews with 25 staff, as well as other sources such as annual reports and internal proprietary documents of the company. The case study is Telecom Fiji Limited (TFL). This company was the first and largest of all privatizations in Fiji. It underwent fundamental changes to its management and accounting systems over an extended period. There are external accounts of the changes that took place, but no research evidence of how processes were transformed internally. Background on the organization is provided in the following section.

To collect evidence for this project, evidence was gathered from three sources: semi-structured interviews; publicly available information, including TFL annual reports for the last 15 years, media and government reports; and internal proprietary documentation
including board papers. The interviews were carried out between 2003 and 2008; an extended longitudinal case study.

Access to TFL employees and documentation was extremely good but some documents, for example the corporate plan, were considered to be confidential and were made available in edited form. Historical information on TFL was also obtained by visiting National Archives of Fiji in Suva. These multiple data sources helped provide a more comprehensive and valid portrayal of the phenomenon compared to a single data source (Jick, 1979; Modell, 2005). TFL annual reports were used to understand the history of the organization and facilitate the interviews.

The previously formulated research question served as a guideline for the interviews. A series of semi-structured interviews each lasting one-to-two hours was conducted with 25 staff at head office in Suva and its branches in Nadi, Lautoka, Ba and Tavua. Some interviewees were visited more than once to clarify information from initial interviews. The interviews took place in formal surroundings, i.e. within the office space of employees or in the company’s board room.

While the multiple data source approach\(^3\) (Hoque and Hopper, 1997) adopted was useful in enabling us to capture a holistic contextual understanding of the social phenomena under study, it also created challenges in terms of analyzing and making sense of empirical evidence collected from various sources. To overcome this problem, we started our analysis by preparing tables listing issues frequently raised in interviews. Several themes (such as contradiction/ tensions, reform/corporatization, resistance to change, enactment of accounting control practices) were drawn from these responses. The data representing the themes were clustered together at this stage. The documentary evidence collected was subsequently matched with these themes (Tsamenyi et al., 2006). The next section outlines the background information on the case company.

4. **Background to the Case Company**

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\(^3\) Multiple data sources from semi-structured interviews, publicly available information such as annual reports, and internal proprietary documentation such as board papers, were used in the research.
Telecom Fiji Limited (TFL) was of interest to the researchers as it was the first public sector enterprise in Fiji to be fully privatized and listed on the South Pacific Stock Exchange (Amalgamated Telecom Holdings Limited, 2001). Significant efforts were made to engender organizational change, through the introduction of NPM inspired reforms, over an extended period of time. This study focuses on aspects of these change initiatives and in particular the changes in accounting technology as part of a routine change.

The Fiji government began to reform the public sector in the late 1980s and corporatized many public enterprises, including Fiji Post and Telecommunications Limited (FPTL). Under further restructuring, FPTL was split into TFL and Post Fiji Limited in 1996. In 1998 the Fiji government consolidated all telecommunications companies into one organisation: Amalgamated Telecom Holdings Limited (ATH). ATH owns all the shares in TFL. For the organisation chart of ATH, see Appendix 1. Currently, TFL is the sole provider of local and national (trunk) telephone services in Fiji and owns the only public switched telephone network in Fiji. The TFL network comprises 55 telephone exchanges throughout Fiji, connecting more than 101,000 customers (Telecom Fiji website, 2010).

TFL describes its vision as “Telecom Fiji, bringing the best of telecommunications to the Pacific” (TFL website, 2010). The mission of the company is to:

- provide telecommunication products and services that our customers value
- strive for excellence in everything we do
- develop a capable workforce by rewarding superior performance and
- grow shareholder value (TFL website, 2010).

In 2002, the government floated its stock in ATH to the general public in an initial public offering of $1.06 per share. The general public owns almost 7.2% of shares in ATH, while the government holds 34.6% of the shares. The Fiji National Provident Fund has a shareholding of 58.2%.\(^4\) ATH was formally listed on the South Pacific Stock Exchange in Fiji on 18 April, 2002 (Telecom Fiji website, 2010).

In April 2003, Internet Services Fiji Ltd (operating as Connect) was set up to take responsibility for TFL’s internet service provision at the retail level. TransTel Limited’s

\(^4\) The Fiji National Provident Fund is a superannuation company in Fiji. The employer and the employee each contribute 8% of gross wages to the Fiji National Provident Fund.
principal activity was to market and sell prepaid calling and internet cards and manage all public phone booths on behalf of TFL.

Table 1 below outlines the changes that took place over time at TFL. The introduction of NPM by the Fiji government shaped Telecom’s corporatization in 1989. The organization had undergone a number of changes in order to be more ‘business-like,’ before it could be privatized. Accountants and heads of business units acted as institutional entrepreneurs to bring about “business-like” change in the way the organisation’s activities were perceived and determined. There was some resistance to commercial business norms as Fiji Post and Telecommunications Limited was split into Post Fiji and a separate entity TFL, with the subsequent listing of TFL onto the stock market through its parent company of Amalgamated Telecom Holdings Limited.

Table 1: Changes over time at TFL

<table>
<thead>
<tr>
<th>Year</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>New Public Management style reform was introduced by the Fijian government. Fiji Post and Telecommunication was corporatized.</td>
</tr>
<tr>
<td>1992</td>
<td>Resistance to change to commercial values by Naqova and other managers</td>
</tr>
<tr>
<td>1992-1993</td>
<td>Industrial strike eventuated. Cables were sabotaged by workers and Naqova was reinstated after the board stepped down.</td>
</tr>
<tr>
<td>1994</td>
<td>New chairman sensitive to Fijian culture is appointed. New board with business expertise appointed.</td>
</tr>
<tr>
<td>1996</td>
<td>FPTL split into Telecom Fiji and Post Fiji Limited. Rothschild consultant invited to value Telecom.</td>
</tr>
<tr>
<td>1998</td>
<td>Amalgamated Telecom Holdings Limited (ATH) became the parent company and TFL its subsidiary.</td>
</tr>
<tr>
<td>2002-2009</td>
<td>ATH listed on stock Exchange. Accountants became proactive in the change process. Engineers became less important in comparison to accountants.</td>
</tr>
</tbody>
</table>

The next section presents the case findings.

5. Case Findings

Subsection 5.1 examines key contradictions and how they were overcome by institutional entrepreneurs. Section 5.2 provides explanation of the processes of changes introduced and the resulting outcomes.5

5.1 Institutional Contradictions and Entrepreneurs

5 Process of change refers to changes occurring at the micro level and how the changes were carried out by organisational agents.
The Fiji government was dependent on international financial institutions such as the World Bank and Asian Development Bank for financial assistance. In return for their assistance, the banks insisted on structural reforms to Fiji’s economy. The World Bank provides assistance by way of funding for the development projects in Fiji and operates an office at the Reserve Bank of Fiji in connection with the United Nations development programme. In addition, the Asian Development Bank assists the Fijian financial markets by providing staff for market development programmes. Their assistance entails some funding as well or in conjunction with the World Bank.

The involvement of international financial organisations is an important aspect of the institutional environment for Fijian society. They have insisted on the implementation of private sector concepts in public sector organizations, as has been the experience in other countries (Hoque & Hopper, 1997; Uddin & Hopper, 2003). The World Bank and Asian Development Bank were lenders to the Fiji government and their (World Bank and Asian Development Bank’s) general ideology was that the public sector ought to be efficient and responsive to the needs of customers. The World Bank and Asian Development Bank were a source of coercive pressure for privatization of TFL.

When the Fiji government began to reform the public sector in the late 1980s in line with NPM practices, clashes of interest between different groups began to arise. In the postal and telecommunication sector, there were institutional contradictions evidenced by clashes of interest between trade unions and management, and between engineering and accounting staff. As engineering and physical production were dominant when TFL was a government department, the infusion of business norms through privatization created tension amongst organizational participants. A Human Resource Manager commented:

As privatization was a new thing, some people went along with it. As with any introduction of new ideas, some will go along with it, some will sit on the fence and there will be some on the other side opposing the change. It will be like this whenever you start a new thing. It was little bit difficult to educate the people.

An engineering staff member stated:

With corporatization, there were mixed feelings. Some people were uncertain of their future as to what would come to them.

The above interview evidence indicates uncertainty and resistance to change by some people. There was an ongoing conflict between public service and commercial business routines.
People were so accustomed to public service routines that the change to commercial business routines was resisted.

As for labour, a senior Telecom manager recalled when asked about the role of unions in the reform process:

In Fiji, we always had militant unions. With reforms, the union considers that they will lose power and so strongly resist reforms, especially when it comes to shedding workers.

(Manager Access)

Contradiction between management and labour was present. Labour practices were governed by union protocols rather than managerial ones. The unions were resistant to change which might threaten the interests of labour. There was an increase in industrial disputes and strikes in Fiji after the Qarase Government came to power in 2001, reaching an all time high during 2002 with a record 174 industrial disputes and 25 strikes (Ministry of Industrial Relations, 2004). This industrial disputation was evident at TFL as fears arose about the effects of restructuring under a corporatized structure.

A secretary of the Telecom union when asked about the impact of organizational restructuring on TFL workers claimed:

We will not tolerate any redundancy and have not tolerated any so far as a result of restructure. Any potential redundancies need to be discussed with us. And if members wish to voluntarily take redundancy package, then this is welcome, but we do not welcome any forced redundancy. That is our stand since the reforms and we very much maintain that stance.

(Secretary, Telecom Union).

Telecom workers had been involved in various industrial disputes in the past as the union was vigilant in fighting for the basic rights of its workers. The intransigence of the unions could be interpreted as an indication of TFL workers' ability to prevent the organization adapting to exogenous jolts because of “locked in” patterns of behaviour and thought (the non-adaptability contradiction, see Seo and Creed, 2002). Thus, employees tended to resist adapting to commercial business routines and tried to negotiate for higher wage rates relative to the private sector. An interview with the union secretary revealed that TFL management teams as institutional entrepreneurs had been in almost constant negotiations with the union.

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6 We present contradiction between labour and unions here as Seo and Creed (2002) articulate that it is only institutional contradictions that will enable embedded agents to shape changes.
during this period and had given the workers small annual increments as incentives for adopting new work practices.

To effect change, a new board of directors and a chief executive were appointed. In order to inject a new type of governance at TFL, the preference was to appoint people with finance or commercial backgrounds who had been successful in the private sector. Management also recruited more accountants from the private sector (Interview with Human Resource Manager). These new recruits were brought in to transform the organization and to run the organization as a “successful business”. The previous embedded understandings and beliefs pertaining to public service norms and engineering excellence came to be questioned. Previously taken-for-granted assumptions had been brought to the fore of consciousness, compared to alternative logics and changes put into motion (Seo & Creed, 2002). This created tensions between two contrasting institutions at TFL. The new top managers introduced a new interpretive scheme (Greenwood & Hinings, 1996). A new strategy developed which looked to maintain profits through increased customer focus and cost management. An accountant mentioned: “Before we were slack on costs and our performance. Now we had to start looking at that and the customers and pay more attention to our shareholders.” The new entrepreneurial team made up of CEO, accountants and heads of business units introduced a new language of customers, sales revenue and profits which provided an alternative view to that of the existing embedded actors. The new team became central to the process through which new ways would be carved out and, eventually, became generally accepted and adopted. The new team established an image of an (economically) efficient and profitable postal and telecommunication service.

People were mobilized to effect or resist the new accounting and economics language, which was to replace a focus on mainly engineering concerns. TFL agents were infused with engineering norms, conveying and legitimating postal and telecom business to the outside constituents. Dominant routines and institutions within TFL, prior to corporatization, were engineering oriented. Changing to commercial business routines was hard, in particular how the embedded engineering norm would be altered. Traditionally, the aim was to connect as many people with telephones and costs mattered little. The new managers and the CEO raised performance concerns by creating dissatisfaction with public service routines (Interview with Strategic Manager). Seo and Creed (2002, p.226) refer to this contradiction as “technical inefficiency contradiction”. “Technical inefficiency contradiction” refers to a
situation where an organization may conform to the institutional environment in order to attract resources at the expense of efficiency. Proponents for change suggested this was the case under the public sector ethos where resources were provided to service “the public good”. There were gaps between the levels of performance from conformity to institutional prescription of public service and from the alternative ethos as a corporatized TFL where efficiency in business terms became the primary objective.

Seo and Creed (2002) also point out that a common way in which institutional contradiction facilitates a shift in actors’ collective consciousness is by creating an abrupt disruption of existing social order through institutional crisis. Once induced, institutional crisis may break down the institutional embeddedness, make the institutional system highly unstable (DiMaggio and Powell, 1991), and induce a radical shift in actors’ collective consciousness. This illustrates an example of institutional incompatibilities (Seo & Creed, 2002, p.228). For example, the donor agencies of the World Bank wanted their loans to be repaid with interest. Running TFL as a business rather than as a public service was perceived as ideal by the World Bank. Accountant and heads of business units were instrumental in enabling change to business routines through accounting technology as will be discussed in section 5.2. Accountants, hired by the CEO and the heads of business units, became powerful within TFL. The accounting changes that were imposed on the heads of business units were initially resisted by the trade unions and employees. With wider education on the change process, accountants and heads of business units shaped changes to commercial business routines.

In summary, external pressure for change to commercial norms came from the World Bank and Asian Development Bank. Clashes of interest arose as NPM was introduced. There were clashes between unions and management, and between engineering and accounting staff. As the NPM reforms took effect, the public service was increasingly rationalized as inefficient by some influential managers. These influences came together to create a view of the organization as suffering “technical inefficiency contradictions” (Seo & Creed, 2002, p.226). The accountants and heads of business units were instrumental in introducing accounting technology which enabled organizational participants to assimilate business routines on an ongoing basis. There were still evidence of some resistance despite the introduction of new accounting technologies by institutional entrepreneurs. Subsection 5.2 examines the enactment of accounting and organizational changes by institutional entrepreneurs. TFL’s case provides indications of how the strategies of specific groups
operating around the organization can enrol other actors and groups to the adoption of innovative arrangements (See Ribeiro & Scapens, 2006). Staff at all levels in most divisions’ converse using a business language.

5.2 Enactment of Accounting and Organizational Change by Institutional Entrepreneurs

In this subsection we reflect on how accountants and heads of business units act as institutional entrepreneurs, enabling the change from one form of routinised behaviors to another. The section examines how these individuals became proactive in the introduction of new accounting routines so that the government business entity TFL could be privatized. Activity at organizational level concentrated on restructuring and establishing commercial accounting systems. In the text below we describe some examples of the apparently mundane changes in controls and routines. These changes include a number of related changes in the nature of control systems but, most importantly, they also include the increasing use of accounting language and numbers in decision making and the introduction of accounting based performance measures.

Before introduction of new public management practices, accounting procedures were cash-based and no balance sheets were prepared. In the past, a Post and Telecommunications Trust account was operated in which all receipts from the postal and telecommunication services were credited and from which all expenditures, both of a recurrent and capital nature, were paid. The money was paid into the Trust account and the Permanent Secretary was empowered to apply any of the monies standing to credit of the Trust account in payment of all expenditure properly incurred in the exercise of the powers and carrying the functions of Post and Telecommunications department. The accounts were audited by the Auditor General and presented in parliament.

To assist in the overhaul of accounting systems, the Fiji government decided to seek external advice from private sector consultants. The idea was to ensure that TFL is run like a business in line with the government’s new public management policy. A consultant was hired to lead a switch to accrual accounting. He was seconded from the Australian Telecommunications Commission and advised on the establishment of a commercial accounting system for TFL (FPTL annual report, 1990). The consultant spent a year at TFL overseeing the preparation
of the TFL accounts. Staff from the Finance Strategic Business Unit were also involved in setting up the new accounting system of accrual accounting.

After corporatization, the consultant and the finance team accountants (institutional entrepreneurs) separated the accounts from the government accounting system and then prepared and presented the accounts in accordance with commercial accounting practices and in accordance with the Fiji Companies Act 1983 (FPTL annual report, 1990). The consultant, with the help of finance team accountants, evaluated assets and liabilities of FPTL which involved considerable research and consultation (FPTL annual report, 1990). Schedules of cash receipts and payments in respect of the post and telecommunication services were taken from Treasury and the Post and Telecommunication Department’s annual report from 1932 through to 1989 inclusive. The consultant identified the details of capital expenditure and constructed depreciation schedules which were built up in conjunction with the asset records (Interview with Accountant). Indices were employed by the consultant to establish the current gross replacement cost of assets, that is, the gross cost that would have to be incurred to obtain and install at the date of valuation substantially identical replacement assets in new conditions or modern equivalent assets. The external consultant was the initiator of the change through the separation of accounts from the government accounting system and preparing and presenting accounts in accordance with commercial accounting practices and the Fiji Companies Act 1983. The external consultants’ aim was to provide a change in strategy towards shareholder maximization. The strategies had been framed and facilitated by prevailing rules in modern business world (e.g. efficiency and orientation to financial results). The accountants (institutional entrepreneurs) were instrumental in enacting the changes later. For example, the heads of business units and accountants revalued fixed assets after every five years to show current investment in these assets. This is in line with private sector practices as TFL had to now operate and maximize return to shareholders. Income statement, balance sheet and cash flow statements were constructed on an annual basis.

More accountants with private sector backgrounds were recruited by the CEO and heads of business units (Interview with Manager, Finance). Accounting routines (particularly the use of commercial accounting information) had become “encoded” into the organisational system, as part of taken-for-granted assumption concerning activity in TFL (Burns, 2000; Burns & Scapens, 2000).
A few managers indicated that after corporatization, they realized that they needed the information to manage resources. The accounting system was computerized by accountants with the help of external consultants, and the system was easily accessible. TFL staff used the Integrated Customer Management System for customer care and billing; Sunytems Financials (comprising Sun Account and Sun Business) were used for accounting purposes. The TFL annual report (1997) noted that efforts to control costs and secure value for money continued at TFL. Management accounting systems (including Sun Systems financial system) were implicated in the power of a specific group of key organizational agents—the CEO and his close allies.

A manager responded:

The introduction of accrual accounting simply meant that we had to be more business-like and think more in terms of money and costs and so on.

After corporatization, with a corporate objective to operate as a successful business and maximize shareholder value, accountants became more powerful and acted as entrepreneurs in the change process (Interview with a General Manager). Accountants helped to develop strategies to enhance financial performance in each division - in effect to manage the bottom line. Planning tools such as business plan and budgeting were introduced by accountants. The business plan and budgets established new performance benchmarks by which business decisions and actions would be perceived and judged. The budgets and business plan formed a key dimension to the discourse activity that was crucial for establishing new ways of thinking as well as helping to dismantle old taken-for-granted assumptions (Burns & Baldvinsdottir, 2005). Activities were to be accounted for and justified in economic and commercial terms, rather than in terms of physical production as will be seen from the ensuing discussion.

The TFL annual report (1997) noted that three managers had completed their masters’ degree in accounting and business programmes from Australia. Training and education of existing employees was complemented by the continuing recruitment of new accounting and managerial staff. These policies enabled radical changes to existing commercial accounting practices to be resourced. There was a new employment of accounting information in decision making and so the accountants’ role became important. Specifically, accountants
constructed business routines as a potential solution to practical concerns which made these routines more attractive to TFL staff.

Enacting changes in management practices throughout the organization required the participation and “persuasion” of executive and practice managers across the various divisions of the organization. To help achieve this, the CEO, as an institutional entrepreneur, sought to problematize public sector norms as “inefficient” and that private business practices were geared towards organizational sustainability. The appointment of new CEO saw major changes in reorientation of the organization towards commercial business routines. According to a manager, unlike the previous CEO who had been employed as a government permanent secretary, the new CEO was much younger with a business background and also had been Fiji’s ambassador to the UN. According to several interviewees he was described as “extremely intelligent, has a strong personality and commands respect from staff.” In particular, through mobilizing his role over resources, the CEO attempted to influence change according to his and shareholders’ interests. Such power mobilization is shaped by the routines and institutions in TFL. Power over resources was exercised in a manner where the CEO drew on his relative authority, backed by the accountants and heads of business units to force behavior modifications in the organization.

The CEO was instrumental in setting up total quality management practices. For example, TFL’s quality manager explained that a Quality Team had been working in the “operations and maintenance” area beginning in 2007. Using data collected from the computerized system, the team identified a problem concerning how different types of faults in the operational and maintenance area were dealt with. The problems identified were overhead line faults, cable breakdowns and exchange faults which resulted in a loss of revenue for the company. The cable faults were considered to be the main problem that inhibited TFL members from operating efficiently in the operations and maintenance area. Data collected by the Quality Team illustrated that cable faults were contributed to by faults in cable joints. The Quality Team decided on preventative maintenance on all underground joints, which were subsequently renewed. According to the quality manager, joint faults were reduced by 50% in 12 months and customers were generally delighted. Subsequently, the company’s revenue improved.
As part of the concern over money, the TFL annual report (1997) pointed out that the training of TFL’s Procurement Section, at the suggestion of accountants as institutional entrepreneurs, resulted in savings of F$100,000 through the preparation of cable tenders in Fiji. This had previously been handled under a commercial arrangement by the Crown Agents in London (TFL annual report, 1997). The TFL annual report (1997) mentions that in terms of debt control in order to boost the revenue base, accountants suggested courtesy calls to customers with overdue accounts which were ultimately introduced and had positive results in debt control. Also a renewed emphasis on efficiency in resources use was introduced. An executive manager commented:

The accountants need to be convinced that there is an investment that we need to do in the people in the organization. The focus has always been on what we can cut and how to cut costs. There has to be a look at how that can happen more effectively.

(Manager, Human Resources)

In respect of cost savings, the accountants also recommended that the TFL training centre be leased out in 1997 (TFL annual report, 1997). The leasing process started for what had become an underutilized and expensive asset to maintain (TFL annual report, 1997). The accountants advised management of the need for a tender process to select the best lessee. Following an evaluation of eight expressions of interest, the terms offered by J.O.B.S Fiji/Central Queensland University was accepted. The annual lease for the land and buildings valued at F$3.0 million was set at F$300,000 per annum (TFL annual report, 1997). Accountants also persuaded management to sell 39 vehicles in 2005 and later, another 19 vehicles (Interview with General Manager Finance, ATH annual report, 2006). Accounting and Finance played predominant roles, with accountants continuing to provide vital financial decision making advice to management.

Accountants initially computed the payback period on capital projects. For example, the service of broadband access to outer islands with resorts required accountants to work out payback periods. As Fiji’s economy is reliant on the tourism industry, tourism operators required broadband access to promote and manage their resorts which are located in many small islands. For this, Aprisa Microwave Radio technology had proved a cost effective and reliable solution. The payback period calculated by the accountant was two years and the project was accepted.
Gradually, more sophisticated techniques were introduced. Management’s portrayal of running TFL as a successful business was reinforced by the introduction of accounting technologies of net present value (NPV) and economic value added (EVA), which accountants promoted. The requirement that all types of capital expenditure were to be accompanied by financial justifications signaled the shift in power away from engineers to accountants. An EVA and NPV calculation had to accompany any request for capital and included in forecasts for the company over the five year period in TFL’s business plan, which accountants promoted. For example, accountants computed NPV on public phone booths with and without windows and came up with higher NPV for public phone booths with windows. Therefore, management took up the project of public phone booths with windows. The capital investment enabled accountants to ask: can the business afford it? What were the investment options? Decision making on the basis of NPV and EVA became enacted and taken for granted at TFL.

The finance manager saw his role as, “equipping and advising management with necessary information so that they could do their jobs”. He only supported projects that yielded positive NPV and return on investments and ensured divisions kept up with the allocated budgets. Stringent cost controls were put in place and justification was sought from heads of business units if they deviated from budgetary allocations (Interview with accountant 2). The finance manager created the concept of divisional management accountants for each strategic business unit. The management accountants were responsible directly to the strategic business unit (divisional) managers. Accountants were thus located in almost all sections of the organization rather than confined to a separate section. The following interview quotes illustrate the decentralization of the accounting function:

I’m not sitting in the finance section, but in Engineering Network section- sitting next to the engineering manager and advising on costing and efficiency of telecom services.

(Accountant 2)

It’s easier to spread commercial consciousness when you’re part of operational management. If you’re there at the ground level, people will be popping their head and asking for advice.

(Financial Manager)

While the unit managers considered accountants as being experts of information, the accountants also pushed some clerical accounting tasks out to unit managers in order to instill commercial routines amongst their staff.
The new commercial objectives were fostered by accountants. These enabled TFL employees to be more commercially focused. New accounts were crafted. Gradually, through actions and interactions, the new accounts were coupled to organizational activities. An accountant noted:

All divisions/strategic business units’ members were reliant on accounting information for decision making.

(Accountant 1)

According to interviewees, profitability and accounting phrases entered the common language at TFL and this again was promoted and encouraged by the accountants in the Finance Division. In other words, the executive managers and accountants as institutional entrepreneurs were attempting to manage their business in new ways. According to interviewees, there were increased budget controls that called for new ways of running the business. Some interviewees indicated that there was an increased focus on business planning, a function new to the organization. Moving to planning, and particularly through capital investments, the accountants recast management debate into a language of bottom line. Telecom matters gradually came to be discussed as financial matters. Planning and budgeting activities through accountants began to symbolize the search for profit-maximizing opportunities. The new business rules and routines were seen by key organizational agents as “building blocks” in their strategies to enact business routines and to gain power. The CEO and the Finance team were enrolled to representation of financial orientation within TFL. Thus, the routinisation of new imposed accounting practices did occur (Burns, 2000).

The appointment of a general manager, Finance Business Unit, signaled the importance placed on accounting effort. The establishment of a new accounting system was critical in changing the organizational routines. In meetings, employees also began to talk of accounting measures such as profitability and return on investment, thus depicting the routinization of internal accounting practices. Some of the performance indicators established by the accountants were lines per employee, revenue per employee ($) and revenue per line ($). In 2000, the lines per employee was 61, revenue per employee was $125,751 and revenue per line was F$1,063 (ATH annual report, 2001). This eventually improved over the years. For example, in 2006, the lines per employee was 114, revenue per employee was $147,495 while revenue per line was $1,292 (ATH annual report, 2006). Some non-financial performance measures such as customer satisfaction and training of
employees were also promoted by accountants and business heads as institutional entrepreneurs. Staff were encouraged to upskill themselves with tertiary qualifications. The heads of business units with the help of accountants normally reimbursed employees’ tuition fees once they were successful in their studies. There were also seminars from the various operation managers, which was run by Finance Division. This was part of a ‘finance awareness program’ and focused on topics such as budget setting and management capital expenditure.

An accountant commented:

The game changed towards effectiveness. Previously we were slack on cost- could use whatever was given to us. And now the whole performance culture has changed. We are continually working towards the performance targets in terms of profit to be achieved and return on investment.

(Accountant 3)

In order to improve the bottom line, accountants recommended, with trade union assent, an agreement about voluntary redundancy. Payments of approximately F$9m were made to 300 employees in 2006 as part of the redundancy package. The Chief Financial Officer argued that although such payment may have significant impact on current profitability, the profitability will actually grow in the long term. The key business assumptions needed reorienting towards customers and cost-efficiency issues- a revolutionary change (Burns & Scapens, 2000). Certain groups and individuals, including Finance Strategic Business Unit teams, became central to the process through which new ways could be carved out and eventually become generally accepted and adopted (Burns & Baldvinsdottir, 2005). For example, in meetings heads of business units examined subsidiary accounts in terms of the “bottom line” of subsidiaries. As the managers’ purpose at TFL was to make profit, the significance of customers was revenues.

Finance played a vital role in supporting telecommunication activities.

(Accountant 2)

As accountants and accounting became a day-to-day part of organizational practices, the conditions for altering to commercial business routines for management and employees were set in place. The finance manager described how the divisional managers were beginning to rely on management accountants for accounting information in their day-to-day managerial duties. A system of “accounting buddies” (Lapsley & Pallot, 2000, p.225) was introduced whereby each operational unit had a person from accounting services assigned to it. This
person provided ongoing advice on financial matters and formed part of any project team. A management accountant commented:

The divisional managers now realize they need information to manage resources. Divisional managers feel their understanding of accounting numbers is useful in running a business.

A divisional manager commented about the management accountant:

He gives me encouragement in my business, and helps me to make business decision. He is my adviser. He makes valuable contribution to running of my strategic business unit.

(General Manager, Access)

The accountants, as entrepreneurs for privatization, encouraged and assisted operation managers to think about the financial implications of any local decisions. The business managers valued their relationships with accountants and vice-versa. Previously, the accounting function had been centralized and removed from day-to-day operations; they were housed in a separate block. The function was now decentralized and situated in the operational field. The finance manager expected the accountants to pass on their accounting routines and know-how through training and day-to-day interactions. More employees at TFL started to be “persuaded” of the need to be more business oriented. Such widespread use of accounting and their routines underpin what CEO calls a “result orientation.” The compilation and use of business plans, budgets, and other schedules underpinned the assumptions to make money and make contribution towards results. Accounting (use of accounting information) had become “encoded’ into the organization system, part of the taken-for-granted assumptions and beliefs (Burns, 2000). A manager commented:

One is rewarded to be more business-like through performance measures where you get bonus for meeting business related targets.

(Manager, Human Resources)

Business discourse began to influence management practices. The accountants, CEO and heads of business units became powerful entrepreneurs within TFL. They used their power to drive commercial business-oriented ways of thinking; and the practices at TFL were closely monitored through formal accounting mechanisms. The new accounting procedure had the potential to shift significant power over financial resources to the CEO, accountants and heads of business units. However, it was the consultant who initially drove the changes to accrual accounting at the request of the CEO, and helped to enrol heads of business units and accountants to steering change towards commercial business routines.
The path from public service ethos to commercial norms was not smooth. The commercial business routines challenged some who subscribed to old beliefs. There was a degree of resentment and hostility, but heads of business units and accountants as institutional entrepreneurs let each step settle before tackling new changes and gradually a majority of employees converted to the acceptance of commercial business routines. A few who disliked the changes left the organization. Nevertheless, the change to commercial business routines was enacted, reproduced and institutionalized over time (Burns & Scapens, 2000) as can be seen from previous discussion. The change was enacted by the CEO, heads of business units and accountants and eventually became the “taken-for-granted” way of doing things within the organization. Here, in TFL, the generalized calls for financial efficiency were translated into its day-to-day practices. The next section brings the narrative together and concludes the paper.

6.0 Discussion/Conclusion

This paper has examined a range of issues surrounding the role of institutional entrepreneurs in the privatization and long term restructuring of a major “public sector” enterprise. In particular, the paper examined how accountants and other entrepreneurs were instrumental in developing accounting practices so that a government service telecommunication entity could be prepared for privatization. The NPM reforms and restructuring were introduced by the Fiji government, under some imposition by the World Bank and other international organizations. The ostensible justification for these reforms was to increase efficiency and establish telecommunications as a profit motivated corporation.

The research has demonstrated the shifting of control and power structures from an engineering culture to one predicated on commercial values. Accountants, hired by the CEO and heads of business units, became powerful within TFL. The accounting changes that were imposed by the heads of business units were initially resisted by the trade unions and employees. With wider education on the change process and recruitment of more accountants, the change was enabled by management. The new commercial accounting procedures were eventually able to shift significant power to the accountants and heads of business units.
We adopt an extended institutional theory framework that can be used to recognize the role of power in processes of accounting change (Burns, 2000; Collier, 2001; Seo & Creed, 2002; Busco & Scapens, 2011). Our research has detailed the introduction of a technical calculus by heads of business units and accountants in the privatization process and how the CEO, heads of business units and accountants became more powerful relative to engineers within TFL. This was partly enabled by the recruitment of accountants from the private sector who helped to motivate a new debate in the language of markets and economics. The influx of more "conventional" technical accountants was accompanied by a new set of rules and routines. At the same time other accountants who were embedded in the old institutionalized way of doing things gradually embraced change and became agents of change, or institutional entrepreneurs. The introduction of business concepts, inspired by the NPM reforms, was also facilitated by external consultants and a management team comprising mainly management from the finance division and other senior managers. In this process staff both internal and external to the organization and at different levels within the organization came to act as institutional entrepreneurs and shaped the transition to enable TFL to be privatized.

The senior management including the CEO was instrumental in hiring accountants from private sector backgrounds. The accountants, heads of business units and the CEO became powerful entrepreneurs within TFL. The practices at TFL were closely monitored through formal accounting mechanisms. Gradually, as people elaborated the new logic for organizational activity, momentum was created. Capturing the emergent nature of these developments, a senior manager described the experience as “a journey of discovery and making progress.” The ongoing impact of changed business routines instigated by accountants mobilized the interests of more actors and enrolled them to become “active” co-producers of business routines.

The accounting system changed from cash basis to accrual accounting. The emergent change to accrual accounting and computerized based accounting system evolved from recognition of interinstitutional contradiction (Seo & Creed, 2002) by key (change) agents and by questioning the previously taken-for-granted routines based on physical production and a technical orientation to performance. These moves to introduce accrual accounting, economic value added, return on investment can be seen as changes in organizational rules and routines (Burns & Scapens, 2000; Scapens, 2006; Ribeiro & Scapens, 2006; Abrahamsson & Gerdin, 2006; ter Bogt, 2008). According to institutional theory, the
routines may continuously show signs of slight change as a result of daily experiences, but they are rooted in the organization’s values and traditions (ter Bogt, 2008). After a while routines can become “institutionalized” in that they become settled ways of thinking inside and outside an organization (Burns & Scapens, 2000; ter Bogt, 2008).

Influences external to TFL, from the World Bank and government, as well as inter-organizational contradictions enabled institutional entrepreneurs such as accountants and business unit heads to introduce accrual accounting and computerized accounting systems. Stakeholders appointed by the government and following advice from the World Bank created a conflict situation, thus creating these inter-institutional contradictions. A regimen of commercial business routines was introduced and followed, which accountants and business unit heads promoted. The Finance Division continually advised managers on decision making using financial metrics. The managers came increasingly to rely on this accounting information and the accountants’ role became central to TFL’s operations.

The paper makes a contribution to elaborating the role of institutional entrepreneurs as agents of change towards privatisation and how accounting was used as a technology of change. The accounting technology becomes complicit in the change. Accounting is treated as acting in the same manner as an institutional entrepreneur like the heads of business units and accountants who introduce the change in business routines. Activities were promoted by heads of business units and accountants to be accounted by TFL members in economic and commercial terms instead of physical provision of telecommunications. Telecommunication services were colonized by accounting practices, including economic value added and net present value calculations of capital replacement decisions. Institutional entrepreneurs were involved in the crafting of new commercial business accounting rules and routines. The new accounting techniques helped change people’s perceptions of the organization.

The paper has analysed the process through which institutional entrepreneurs enabled commercial business routines to spread across the organization and gain an ascendency. We have demonstrated the shifting power in an organization as accountants and heads of business units sought to redefine business norms. The legitimacy of accepted criteria for action was challenged and changed (Dent, 1991). The accountants and heads of business units acted as institutional entrepreneurs- working within existing (though evolving) institutional arrangements. Management accountants in each strategic business unit were appointed to
provide operation managers with accounting information. The consultants, CEO, heads of business units and accountants were instrumental in enacting and routinizing new accounting techniques. They demonstrate different types of institutional entrepreneurs: consultants, the CEO, heads of business units and accountants. Consultants, in particular, have been described as having a significant influence within the transformation of the public sector during the last few decades (Lapsley & Oldfield, 2001). Heads of business units were instrumental in the recruitment of accountants and subsequently the company’s demography changed towards having more accountants relative to engineers. Over time, the new accounting routines in the form of commercial accounting and computerized systems was reproduced and routinized by actors.

The management accounting literature recognizes that much institutional research focuses on the stability of organizational practices rather than change (Burns & Scapens, 2000). How embedded actors create change in accounting and control practices needs further attention (Burns & Baldvinsdottir, 2005). When, why and how can change emerge from institutionally embedded practices? Adopting Seo and Creed’s (2002), Beckert’s (1999) and Dorado’s (2005) notion of institutional contradictions and institutional entrepreneurship, we arrive at an interpretation of institutional entrepreneurs that goes some way towards explaining the interactions between institutional embeddedness and transformational action and towards a more explicit view of institutional change. Our study explicitly conceptualizes and empirically investigates how institutional entrepreneurs such as the CEO, business unit heads, consultants and accountants came to drive change and how they go about enacting such changes. The paper contributes to the literature of institutional entrepreneurship, enabling change at intra-organizational level which has been somewhat scant in the accounting literature (Burns & Scapens, 2000; Tsamenyi et al., 2006). Future research could employ the theoretical lens to carry out additional longitudinal research into the dynamics of accounting and control change processes over time.
Appendix 1

ATH Ownership Structure

Government of Fiji 34.6%

Fiji National Provident Fund 58.2%

Institutional & Individuals 7.2%

Amalgamated Telecom Holdings Ltd

ATH Technology Park Ltd - proposed owner and operator of technology park (100%)

Fiji Directories Limited (90%)

Telecom Fiji Limited (100%)

FINTEL (51%)

Internet Services Fiji Limited (100%)

Trans Tel Ltd (100%)

Vodafone Fiji Limited (51%)

Xceed Pascifica Limited (100%)
References


