Privatization meets Fijian cultural and social impediments: A case study of a telecommunications company

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Abstract

The paper aims to illustrate a resistance to accounting change at a Fijian telecommunication company (FTL). The paper explains how change was introduced and was resisted at various levels of analysis – societal, organisational and individual. The resistance to accounting change is explained in terms of historical, cultural and political influences specific to Fiji. The globalising movement to install new public management (NPM) into public sector organisations met local resistance. The case study illustrates that political and cultural influences which are normally missing from conventional portrayals of institutional theory can stall the accounting change process. The paper describes how over time this resistance was overcome as old institutions were replaced with new routinised ways of conduct, of which accounting and control techniques were an integral part. The case study extends a cultural political economy of accounting. The cultural and political influences need to be accounted for in any explanation of change at FTL.

Key words: Organisational change; Institutional theory; cultural system; Fiji.

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1. Introduction

International financial organisations have become an important aspect of the institutional environment in Fiji. International creditor institutions and donor agencies have promoted new public management (NPM) reforms in Fiji, as in all developing countries (Ayeni, 2002). The central features of NPM include: a shift in emphasis from process accountability (input controls and bureaucratic procedures, rules and standards) to accountability for results (quantifiable outcomes, measures and performance targets); and devolution of management control coupled with the development of improved reporting, monitoring and accountability mechanisms (Awio, Lawrence and Northcott, 2007; Sharma and Lawrence, 2005; Hood, 1991, 1995). NPM involves the implementation of private sector concepts in public organisations (Graham and Neu, 2003; Gurd, 2008; Hoque and Hopper, 1997; Neu, Gornez, Ponce de Leon and Zepeda, 2002; Rahaman and Lawrence, 2001; Wickramsinghe, Hopper and Rathnasiri, 2004; Sharma and Lawrence, 2009). The prescriptions given by international agencies to overcome poor economic performance were deregulation, corporatisation and privatisation of state assets. The ‘market’ approach proposes that in addition to minimising the size of government, greater reliance on market mechanisms seemingly reduces the intrusiveness of government into the daily lifes of people (Seguti and Pitsvada, 1988; Lawrence, 1999; Gurd, 2002; Mir and Rahaman, 2007; Jacobs, 2009).

This paper aims to illustrate a resistance to change at a Fijian telecommunication company (FTL) that was privatised as part of the global trend. The resistance to accounting change is explained in terms of historical, cultural and political influences specific to Fiji. The study is based on resistance to accounting change as FTL actors transformed the organisation from a government entity to a corporatized FTL with a goal of profit maximisation rather than social welfare. The study contributes to our understanding of institutional change within a unique Fijian setting where institutional structure, cultural and political influences are slightly different from those that exist in western industrialised settings. The next section outlines Fiji’s political and cultural context, which is followed by theories of institutional change. We then provide some background on FTL and present the research method. The case findings are then presented followed by a discussion and conclusion section.

2. Fiji's historical, political and cultural context

In this section, we outline some of the historical, political and cultural aspects of Fiji as context for the case study. We need to go back to the very foundation of the colony when the first Governor General established a constitution that would safeguard the indigenous population against potential 'land grabs' by the colonisers.

The colonisation of Fiji by Great Britain was formalised with the signing of the Deed of Cession in 1874. An unusual feature of the colonisation as pointed out by Lawson (1990) was the attempt to protect the traditional lifestyle of the indigenous Fijians so that they would not experience the plight experienced by indigenous peoples in other colonies. The indigenous people in other colonies had their land taken away from them by foreign interests. Fiji's first Governor General (Arthur Gordon) wanted to ensure that this was not the plight of the Fijians. A very important feature of the first constitution was that it disallowed foreign ownership of land. All land was vested in a Native Land Trust Board which was to administer the land as a communal asset. However, some land was already alienated by European planters prior to colonisation. Currently 83% of the land is owned by the indigenous Fijians in a Trust and the rest is either state owned or freehold.

The colonial authorities enrolled Chiefs from the Eastern Confederacies to assist with administration of the new colony. The Confederacies reflect the hierarchical and pre-colonial Polynesian influence, while also illustrating territorial divisions based on past warfare. There is a strict hierarchy in Fijian society. Within the framework, the chiefs are the highest levels of authority to which commoners give their unconditional allegiance and loyalty. The structure of authority, which places importance on status and rank, has made ordinary Fijians subservient to the will of the Chiefs. The Fijian society has been labelled as a culture of silence (Nayacakalou, 1978) and Fijians are expected not to challenge the wisdom of chiefs' decisions. This culture has produced problems in establishing a democratic society in more recent times, of which regular coups are evidence. The importation in colonial times of Indians as indentured workers (Norton, 1981) has resulted in a large Indo-Fijian section of the population which is disadvantaged in terms of land ownership and political representation. As the colony's economy developed, the need for participation in commercial activities and the civil service was met from the ethnic Indian population, most of whom, having completed the period of indenture that exploited their labour in the sugar cane fields chose to stay in Fiji in order to build a better life for themselves (Chand & White 2006). Their presence in the commercial sector was reinforced by the immigration of other Indians, particularly from Gujrat, to meet the need for entrepreneurs and to some extent professionals in Fiji. As Ali (1980, p.12, 14-15) observed:

> For Indians girmit (that is the indenture system) provided a lesson and an ethos: to survive one had to make sacrifices and live a life of industry in an intensely competitive capitalist system…It provided them with the incentive, determination, orientation, acquisitiveness and individualism for success in a capitalist system.

The Indo-Fijian society embodies a loose knit social framework when compared with that of Fijians.[1] However, its members are still devoted to their ancestral and customary practices to support (either financially or socially) their immediate family members (see Ali 1980).

Political tensions have been a constant feature of Fijian society and came to a head when an Indian, Chaudhry, was elected Prime Minister. The elected government was overthrown by a coup and democracy constrained (until the most recent coup) by a stipulation that only indigenous Fijians from a chiefly family background could be appointed President and Vice President. The appointment of President and Vice President was to be by a group of tribal leaders, "the Great Council of Chiefs", which has traditionally drawn support from the Fiji government through the Ministry of Fijian Affairs, as a legacy of the colonial rule.

A fourth coup eventuated in December 2006 led by Commodore Frank Bainimarama and currently Fiji is led by an interim administration backed by the military. Bainimarama is also involved in investigating corruption in the previous administration. To this end, he has set up an investigatory anti-corruption unit. He has established a People's charter which aims to build a better Fiji, into a non-racial, culturally vibrant and well-governed society. The President has claimed that a true democracy will be established in 2014 after the electoral reform is completed.

So the Fijian culture reflects a strong communal society where the support structures inherent in the communal lifestyle manifest Hofstede's (1980) cultural characteristic of femininity.

[1] Indo-Fijians are referred to as ethnic Indians in Fiji.

This is reinforced by the Christian church which plays a significant role in the Fijian society (Halapua 2003; Chand & White 2006). The Fijian village society exhibits a rigid hierarchy: every member's role is well defined and understood by the village population (Davie, 2005). The culture, by way of its strong religious values and hierarchical system, reflects the cultural attributes of strong power distance and uncertainty avoidance society.

Both ethnic societies exhibit a strong preference for uncertainty avoidance (Chand and White, 2006). Rigid codes of beliefs and behaviours are maintained and members are intolerant towards deviant persons and ideas. Tribal loyalty and inter-tribal rivalry permeate Fijian society (Lawson, 1990; Sharma and Lawrence, 2008). One of the problems posing Indo-Fijian farmers is the security of land tenure. Indo-Fijian farmers rent approximately 62% of the land leased out by the Fijians (Premdas, 1991). These Indo-Fijian farmers want more land and longer leases so they can have more security. They fear that their livelihood will disappear once their leases expire (Premdas, 1991). Rutz (1978) argues that demand for land by Indo-Fijian farmers has led the Fijian elite to contend that the Indo-Fijians want to deprive the Fijians of their land. For example, the Taukei movement (Taukei mean "our land") prior to both May 1987 and May 2000 coups argued that the Indo-Fijians were infringing on the land rights of the Fijians. This argument demonstrates how the elite continue to manipulate the facts, because every constitution has protected the land rights of the Fijians. This creates mistrust and increases the level of tension between Fijians and Indo-Fijians.

Life in Fijian villages is conservative as the view is propagated that without strong adherence and enforcement of traditional beliefs, the Fijian culture will be irreparably damaged. Therefore the values of communalism, hierarchy and paternalism are enforced and followed. Communalism places the expectations on Fijian villages that they will work together for the benefit of the group. The belief is the proper social relations are basis for other spheres of life, including the psychological and economic aspect. Fijian villagers also continue to engage in 'kerekere' (borrowing), where members of the unit ask each other for items with the expectations that no request will be turned down (Nayacakalou, 1978). With kerekere, there is no requirement to pay back what was borrowed. Kerekere is seen by villagers as a source of pride as it shows generosity of their culture (Davies, 2004; Brown, 2009). Coulter (1942) points out:

> The social duty known as kerekere, had a place in old-time Fijian society; in the old native community, it was a kind of social security when a man lost his crops by flood

> or hurricane, he went to his relative or neighbour and asked for food or other aid. If his friend had it, he could not refuse it." (p.35).

Such traditions have been reflected in the industrial structure of Fiji where traditionally, the public sector has been dominant. The attempts to introduce features of NPM were bound to meet some kind of institutional and cultural resistance. The global movement towards new forms of governance and market organisation aims to sweep aside such local resistance. It is to this attempt at Fiji Telecom that we now turn our attention.

3. Background information on FTL

FTL was the first government institution to be corporatized in Fiji. The Fiji government issued an exclusive 25-year licence to FTL for the provision of national telephone, telegraph and telex services from the beginning of 1990 (FTL annual report 1990). FTL functions were to maintain, provide and install domestic fixed line and mobile telecommunication data transmission and telex services (FTL annual report 1996). Other services such as telecommunications apparatus and products are non-regulated and the supply of these services is an opportunity for the private sector (Opportunities for growth 1993).

Before corporatization, FTL's services were considered a public service. This reflects the typical structure of developing countries where the state is dominant and influential in 'development'. Development generally is taken to refer to an industrialization process, a global phenomenon, rather than necessarily reflecting local concerns (Perera, 1989). In non-industrialised societies, money, costs and profits are not the prime concern and appear to play a minimal role in determining the purpose and meaning of daily activity. So it was in Fiji Telecom. acceptance of the government's moral obligation to provide basic postal and telecommunication services to its citizens legitimated the creation and continued existence of a nationalised monopoly utility. FTL is the sole provider of local and national (trunk) telephone services in Fiji. The company owns the only public switched telephone network in Fiji. FTL network constitutes 55 telephone exchanges throughout Fiji, connecting more than 101,000 customers (Telecom Fiji website www.telecomfiji.com.fj. 2004).

In 1998, the Fiji government consolidated all telecommunications companies into one company, Amalgamated Telecom Holdings Limited (ATH). ATH owns all shares in FTL. For the organization chart of ATH, see Appendix 1.

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%.[2] ATH was formally listed on the South Pacific Stock Exchange in Fiji on 18 April, 2002 (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 April 2002, Internet Services Fiji Ltd (operating as Connect) was set up to take over internet service provision at the retail level from TFL. TransTel Limited was formed on April 2003 to market and sell prepaid calling and internet cards and manage all public booths on behalf of TFL.

Vodafone Fiji Limited (Vodafone) was incorporated in 1993 in the form of a joint venture between Vodafone Europe BV Holdings (49%) and TFL. The latter has assigned part of its domestic licence which deals with mobile communication to its subsidiary in which it has 51% shareholding. Vodafone has a customer base of approximately 154,000 (Amalgamated Telecom Holdings Limited annual report, 2006). Xceed Pasifica was formed in April 2003, taking over all customer premises equipment and related activities such as cabling from TFL. Fiji Directories Limited was set up as a joint venture in 1993 between FPTL (90%) and Edward O'Brien Ltd (10%) and moved to ATH in December 2002 (Telecom Fiji website, 2010). The next section outlines the research method adopted for the study.

[2] 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.

4. Research method and approach

The research approach is to undertake qualitative research which focuses on a case study strategy (see Yin 1981, 1994; Scapens 1990). We draw on institutional theory which Scapens (1994, 2006) argues is relevant for understanding organizational processes. According to Lounsbury (2008), institutional theory is one of the most dominant perspectives in organizational analysis. Institutional theory draws on a definition from the social science literature which defines institutions as "way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people" (Hamilton 1932, p.84). Institutions are settled ways of thinking common to members of an organization (Burns 2000; Burns and Scapens, 2000). Institutional principles are encoded in rules and routines which in turn are enacted in specific situations (Johnson, Smith & Codling 2000). The resulting behaviour is reproduced by organizational members and becomes objectified and institutionalized.

The actions and consciousness of embedded agents are seen as not only shaped by the existing institutional arrangement but also continuously reshaped by the inevitable by-products of institutions: institutional contradictions. Apart from embedded agents, external agents such as consultants may also shape changes in organization. The consultants are generally regarded as "carriers" of new ideas and practices in organizations (Czarniawska-Joerges, 1990). Czarniawska-Joerges (1990) calls consultants as agents of meaning, introducing new languages within organizational settings. Organisational life produces contradictions, generates conflicts and tensions within social systems that may shape consciousness and acts to change established order (Seo and Creed, 2002).

It is such contradictions that allow existing institutions to be challenged, deinstitutionalized and replaced by new routines. The process is dependent on institutional entrepreneurs who act in crisis situations to change extant routines and on managers to reestablish stability and order (see Sharma and Lawrence, 2008). In this approach, we illustrate how institutional theory can be useful as a theory of explaining organizational change, and resistance to change.

A triangulation of methods (Jick 1979; Modell 2005) has been used to gather field data for this study. The methods employed are mixed. Firstly a document study was carried out which included a study of annual reports of FTL, media articles, corporate plans and internal proprietary documents. The annual reports, in particular, provided us with background information to conduct interviews. Secondly, a series of 25 interviews was carried out with head office staff at FTL and its branches in Nadi, Lautoka, Ba and Tavua as well as the 2 union representatives of FTL located at a separate union office in Suva. Also interviewed was a Department of Communication employee who was previously with FTL and a customer of FTL with thirty years standing. Some telephone interviews and e-mails with 2 employees were also carried out to get better clarity of the information gathered. Interviewees were asked to reflect on past events surrounding the corporatization and privatization of TFL.

The interview transcripts were tape-recorded and back-up notes were made. The tapes were transcribed immediately after the interviews, and the interview transcripts were fed back to the participants to obtain a clear understanding of the issues involved. The data were gathered over a period of three years during 2004-2007. The research consisted of 25 interviews. The interviewees were selected from the organization at different hierarchical levels. The topics selected for interviews were mainly on the accounting and organizational change from a public service to a corporate FTL and how organizational actors coped under such transition. The interviews took place in formal surroundings, either within the office space of employees or in the company's board room.

The interviews varied in duration between an hour to an hour and half and took place in mostly formal surrounding, that is, office space of interviewees. Most questions were asked in an open-ended manner to encourage interviewees to respond in their own way. The aim was to generate a rich source of field evidence.

While the data triangulation approach adopted was useful as it enabled us to capture a holistic contextual understanding of the social phenomena under study (Hoque and Hopper, 1997), it also created challenges in terms of analyzing and making 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 contradictions, sales of TFL and associated tensions, entrepreneurs and process of institutionalization were drawn from these responses. The data representing the themes were clustered together at this stage. The documentary evidence collected was subsequently matched with themes (Tsamenyi et al., 2006). The next section presents the results.

5. Case Findings

This section presents the results in four sub-sections, on sale of FTL; on processual change and institutional contradictions; on institutional entrepreneurs and intrapreneurs; and on the process of institutionalisation.

5.1 Sale of FTL and associated tensions

There was controversy surrounding the sale of Fiji Telecom because of the cultural issues referred to above. The analysis in the historical development in Fiji shows that there were restrictions on the sale of land to foreigners because of communal ownership and hence privatisation is not as easy as in other countries. This was, however, overcome in Fiji's case by sale of FTL to the state-controlled Fiji National Provident Fund.[3] The Fiji National Provident Fund (FNPF) was established in 1966 to provide financial security to the workers when they retire. It is a social security savings scheme jointly supported by employees, employers and Fiji government. It provides two other main contingencies prior to retirement when the member is incapacitated and is not able to work and for the financial support of survivors in the unfortunate event of death. Over the years, the fund has evolved into a comprehensive scheme that provides a number of pre-retirement withdrawals to members for home ownership, healthcare and education (www.fnpf.com.fj/2010).

A controversial situation was created by the Fiji government through the sale of its telecom holdings. FTL had to be valued before it could be sold. The Fiji government carried out the valuation with the help of Rothschild Consultants in order to prepare the company for full privatisation. There were tensions and contradictions within FTL's environment as it was sold to the government-controlled superannuation fund, Fiji National Provident Fund

[3] Hotels in Fiji are mostly owned by overseas owners on most land leased out by the Fijian-owned statutory body of Native Land Trust Board over an extended period of time. The leases are normally renewed upon expiration.

(FNPF)[4], at what commentators claimed was an inflated price at a time when the government finances were troubled by the collapse of the National Bank of Fiji.

Accounting numbers played a role in the valuation process insofar as past revenues and expenditures were used as a basis for predicting future cash flows. According to Grynberg, Munro and White (2002), Rothschild valuation of FTL was overvalued and used by the Fiji government to sell FTL to the FNPF at F$253 million (51%). The Fijian government appointed board members of FNPF who were instrumental in purchasing the telecommunications sector. Grynberg et al. (2002) claimed that Telecom Holdings was overvalued and Rothschild used figures from a time when the economy was doing well and had not considered the Asian crisis of the late 1990s.

The valuation was based on the assumption of FTL's continuing monopoly and relied on the financial reports which involved substantial accounting assumptions and policy choices. The sales and purchase negotiations were based on assumptions of NPV calculations; most cash flow predictions were subject to a high level of uncertainty, particularly estimates of future prices and volumes and the choice of discount rates in areas where there were no comparable private sector returns.

Grynbeg et al. (2002) argue that an inflated FTL valuation was used by the Rabuka government to recover from the failure of the State's National Bank of Fiji where some F$200 million dollars were lost without adequate credit check of customers. Grynberg et al. (2002) claim that most of the loans were given to political supporters of Rabuka's party (the then Prime Minister). The Fiji government guaranteed depositors' money in this Bank: that is, if the Bank became insolvent then the government could be called to repay depositors' money, possibly through income collected from customers. The general public felt that FTL's sale was mainly to rescue the National Bank of Fiji from the brink of bankruptcy. The Fiji government dominated by ethnic Fijians and backed by the tribal leaders ensured that the local inflated sale would help to rescue the Bank. The overseas bids received were below F$100 million.

Grynberg et al. (2002) question the role of Yee who served a dual role: he was the chairman of FTL board as well as the CEO of FNPF. They (Grynberg et al. (2002) suspect that Yee

[4] The Fiji National Provident Fund is a superannuation fund in Fiji. Both the employer and the employee each contribute 8% towards this fund.

had a conflict of interest for the ATH sale transaction that took place when he (Yee) led both organisations. Yee was an eminent advisor to the Fiji government on government finances for a long time. There was general public perception that FNPF had made a misjudgement in purchasing 51 percent stake in FTL (Island Business, 1999, p.44). The other two bids were from Cable and Wireless (F$60 million) and France Telecom (F$70m). The sale delighted Fiji's then finance minister who was quoted in the Islands Business Magazine as saying:

> This sale is a gift made in Heaven. We will show surplus this year of about F$150 million which is about five percent of our Gross Domestic Product.
>
> (1999, p.44).

The Islands business Magazine reports that, according to the 1999 budget documents, the Fiji government had expected under F$100 million from the sale. The Finance Minister, however, made it public that the FNPF bid was what the Rothschild consultants had estimated its telecom assets to be worth. It is obvious that the government proceeded with sale to FNPF in order to salvage the State Bank.

A FTL union representative when asked about the sale responded:

> The sale was made at an exorbitant price to our Fiji National Provident Fund which is owned by us (the employees), and it is a bit unfair on the employees to suffer like this. The politicians gained from the sale but the poor continue to suffer because of bad decision of government.

Some government ministers and other political supporters were implicated in the outstanding lending from the Bank which was never repaid, nor defaulters prosecuted. Through such an inflated purchase by FNPF, the pensioners' returns was reduced from 8% to 6% over time (Grynberg et al., 2002). The political elite gained from the sale, while the losers the ordinary pension fund members whose returns deteriorated over time because of a bad investment decision to salvage the State bank through the sale of FTL to FNPF. The next section discusses the institutional aspects that were at play in the accounting change process.

5.2 Processual Change and Institutional Contradictions

As described earlier, there was a tradition of labour relations which was unique to Fiji. Fijians, especially the indigenous, were unaccustomed to the forces of competition implied in market and capitalist models of organization. The public sector tended to dominate the economy. The labour movement was strong. In the postal and telecommunication sector, there had been clashes of interest between trade unions and management, and between engineering and accounting staff. As a senior FTL manager recalled when asked about the role of unions in the reform process:

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

The trade unions have been a source of tension on the reform process. There had been an increase in the number of 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 number of 174 industrial disputes and 25 strikes (Ministry of Industrial Relations 2004). Chaudhry's opposition Labour Party drew its support from the trade unions. Political and union unrest surrounded attempts at the 'modernisation' or commercialization of Fijian public sector organizations. Industrial disputes and labour rallies peaked in the late 1990s.

A secretary of the FTL union, on being asked about the impact of reforms on FTL workers commented:

> 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.

Another union representative commented:

> FTL workers are well known for the industrial disputes. We are here to fight for the basic rights of the workers and will ensure that their rights are not violated. We have been doing this since the organization has been corporatized.

According to Marxist political economy, it is only labour that can produce surplus value (Wright 1999); capitalists exploit labour to extract surplus value from the production process. A major way of increasing this exploitation is through the expansion of the working day and increasing the intensity of work, which was evident at FTL. Workers forced to work in a perceived exploitative system resorted to various resistance practices. The employees not only resisted adapting to commercial business routines but negotiated for higher wage rates relative to the private sector. However, higher wages were not granted without conditions.

An interview with the FTL Secretary revealed that the management team had been in constant negotiation with the unions and had been giving the workers marginal annual increments; but the increments were dependent on management changes being accepted by workers.

A driving influence towards corporatisation and privatization was the World Bank and the Asian Development Bank. They were lenders to the Fiji government and their general ideology favoured corporatisation, involving restructuring and new accountabilities with changes to personnel at the highest level. Change agents, such as board members, would be appointed to effect the changes not only in physical terms but in cultural, institutionalized ways of behaving. Consultants from Andersen in 1992 undertook a strategic review of the company. The consultants were the "carriers" of the new ideas and practices in the organization (Czarniawska-Joerges 1990). Granlund and Lukka (1998) point out that consultants generally support mimetic processes and Andersen's report was no exception, recommending practices that overseas telecommunications companies had adopted after privatization. As the consultants were professionals, they could also be characterized as having attributes of normative isomorphism.

Andersen consultants were hired for six months and charged with introducing commercial values such as focus on profitability, return on investment and debt/equity ratio, and realigning FTL's organizational structures. Andersen's report emphasized that FTL's return on assets and profit margins compared poorly with those of other telecommunications companies in the region, and also against other large companies in Fiji (Andersen Report 1992). They noted that revenue was generated overwhelmingly by urban customers and that a large urban customer wait list needed to be improved. The report also suggested that Naqova, the managing director of the company would be unable to lead the company into corporatization unless he received further training, possibly through a secondment to a telecommunication company that had already made a transition from a government department. Andersen also recommended a division of the company into five strategic business units headed by general managers and introduced the position of chief general manager between general managers and the managing director. The carriers (Czarniawska-Joerges 1990, 'merchant of meaning') infused FTL with a new commercial language and objectives which was a challenge to the extant telecom corporate and even Fijian culture.

The tensions between two contrasting institutions were evident. A new interpretive scheme with a different language contrasted with the public service ethos, providing an alternative view of effective and efficient postal and telecommunication services. There was a clash between the two institutions, and people were mobilized to effect or resist the new language of accounting and economics taking over from what used to be mainly engineering concerns.

The FTL board appointed in 1992 had inherited an organization with a strong public service ethos, characterized by rule bound, bureaucratic management with political intervention into operational issues. With the advent of commercialisation, there was a need to strip away the civil service and engineering routines which characterised the public sector regime. Workers were used to being paid for input hours worked rather than measurable output produced. A new business-like approach demanded a cultural change. For some time, contradictory interpretive schemes were evident and this created fissures along which opposing sides lined up. Managers rationalized performance concerns by creating dissatisfaction with public service routines and political interventions.

Political favours were prevalent and supporters of the Minister would get priority in telephone connection while others could be waiting for long time. According to a FTL customer, telecommunication services were installed in some rural areas after technicians were given celebratory food and bribes. Customers did this because telephone connections came after years of waiting. Winning the hearts and minds of the workforce and changing habitual modes of thinking and behavior was a challenge. According to a manager, it became apparent to the board that after two years of corporatization, FTL's efficiency had not improved. Profits were generated by price hikes and not by improved efficiency (FTL annual report 1992). Although routines were being changed for the sake of appearing legitimate to outside constituencies, operational efficiency was unaffected.

In its attempt to introduce a commercial culture to FTL, the board met extensive resistance to change from the embedded agents including Naqova, the Managing Director, and other managers. Naqova, an engineer by profession, had been the permanent secretary for the government department of Post and Telecommunications (P&T) since 1982 and was appointed Managing Director when P&T was corporatized in 1990. When advised that the Andersen report recommended he be given overseas training, Naqova refused and was asked by the Board to resign. Naqova personified the internal contradiction introduced to FTL in which profit oriented ways of thinking conflicted with a long standing public-sector ethos.

Naqova held back the change process at FTL. The lack of acceptance of commercial norms stemmed from the top end, but reflected a Fijian cultural sense of community. It was only after the Board reassured workers that there would be no redundancies after commercialization that the management and staff became more willing to acquiesce to the change process. The workforce needed reassurance that commercialization would not result in job losses as evidenced by one of the accountant's comments:

> Where services were outsourced, staff were redeployed elsewhere in the company. Those who were shifted were assured by their bosses that the shift was because [the boss] did not like them to lose jobs. No one was made redundant immediately after the corporatization.

Uncertainties nevertheless continued to exist between management and workers. There were tensions at the highest level and these involved social, political and cultural factors specific to Fiji; local influences that may be ignored in conventional portrayals of the isomorphic tendencies of institutional theory. The new Minister for Telecommunications added to the uncertainty because of his support for the deposed Naqova. One of the managers commented:

> The minister gave an ultimatum to Lee (the chairman of the board of directors) to resign. Lee did not resign and the board said it supported Lee. Rabuka, the then prime minister, intervened and asked Lee to stay on. The board turned around and sacked our general manager, Singh, who was fiercely opposed to change. About 1,000 FTL workers went on strike in support of Singh.

Cultural influences played a pivotal role at FTL. The telecommunication minister who gave an ultimatum to Lee was from the same Naitasiri province as Naqova and did not want the managing director to lose his position. According to the local press (The Review, 1992, p.10) only when Rabuka encouraged Lee to stay on did the board decide to sack Singh, the influential general manager who, like Naqova, opposed change. Singh was a supporter of Naqova and according to the Review was also a friend of the telecommunications minister, providing him with an FTL vehicle to use at weekends[5].

[5] In Fiji, the ministers are refrained from use of ministerial vehicles for personal use. It appeared this minister did not have a personal vehicle and relied on FTL vehicle.

According to a manager, there was no sign of a resolution as workers remained on strike. This culminated in the extra ordinary event of the board stepping down "in the national interest." The telecommunications minister then threatened the Prime Minister that unless Naqova was reinstated, his and Naqova's Naitasiri province would withdraw its support of Rabuka's party. Rabuka, fearful of the loss of support, gave in to Naqova's reinstatement (The Review, 1992). The consequent unhealthy relationship between the Board and its managing director led to the board stepping down.

The cultural and political context of Fiji is thus shown to be a crucial factor in institutional change in FTL. People have close relationships and believe in a communal lifestyle; they appear to associate themselves closely with others from the same province or tribe, as was the case with Naqova and the minister. Factors such as profitability are secondary to these people. The traditional Fijian way of living does not pursue financial gain but appreciates work-life balance and communal way of life.[6] The individualistic and competitive environment is alien to the culture. Further, companies' legislation and FTL's article of association make it clear that the company's business will be managed by the directors. In reinstating Naqova, the telecommunications minister had overruled a Board decision. The next section discusses the role of institutional entrepreneurs in overcoming the cultural barrier in order to institute new commercial business routines.

5.3 Institutional Entrepreneurs and Intrapreneurs

This section examines the individuals, the human agents, involved in the introduction of institutional change. These individuals are often referred to as institutional entrepreneurs (Beckert, 1999; Seo & Creed, 2002; Dorado, 2005). Another term used for change agents within the organisation is 'intrapreneur' (Thornberry, 2002). This term refers to people within the organization who act entrepreneurially. A climate has to be established in which individuals inside the organization can act to create new ways of behaving (Brazeal, 1996).

The appointment of a new board with business expertise in 1993 required a political will. This board appointment did not include Naqova as he passed away in a fire accident in 1993. The challenge was to overcome the friction between board and management and begin the

[6] The Fijian culture is more appropriate here as it is the dominant culture in Fiji. The Indo-Fijian is a minority population and there are similarities in the two culture over a wide area such as strong uncertainty avoidance femininity and large power distance.

process of implementing the Andersen recommendations. The new chairman, Yee reported in the Review (1994, p.56):

> My first job was to stabilize the company because of internal staff friction. This has not been totally eliminated yet. It takes time. Even those who feel opposed, hopefully in time will see that if they want to be a part of the organization, they should work together towards a goal of being a profitable organization in terms of capital and assets and so on.

In order to overcome the cultural barrier to change, the chairman ensured that there was better communication and education of employees to dissipate the fear of change. There was a massive training program: a steering committee comprising of management and accountants acted as change agents.

After Naqova's death in a fire accident, a new Managing Director was appointed. A manager commented:

> the new Managing Director was result oriented and maintained strong earnings even in difficult times and was supportive of workers. He introduced TQM structure within FTL and performance bonus system.

A manager also described the managing director as a person who:

> ...took every novelty, although he may not have the vision of what to use it for.

The Managing Director took a personal interest in improving operations. An operational manager recalled how installing a customer service centre in rural areas required an economic justification which was approved by the Managing Director who invariably monitored whether it was successful. Some interviewees felt the Managing Director was a strategic thinker, an active and intuitive manager.

A new chief general manager was appointed in 1994 to effect necessary changes at FTL. With professional qualifications in accountancy and engineering, he had worked with companies in Israel, the US and Europe (The Review, 1994). His job was to introduce new practices to FTL. In the language of institutional theory, he was both a normative and a mimetic influence, bringing practices and values from previous company experience as well as professional norms. These norms were buttressed by appointment of people from business backgrounds. The board, the chief general manager and the chief finance manager then developed a strategic business plan for the company with the assistance from Telecom New Zealand consultants. The business plan identified essential benchmarks for the company in terms of expected revenue, expenditures, investment and profitability. According to a manager, the plan encouraged employees to wear the "hat of finance" and consider shareholder interests.

As commercial norms were assimilated, there was a coup in 2000 which was supported by one of FTL employees, an indigenous Fijian and a close ally of coup leader George Speight. He had been with Speight in Parliament since the takeover of the Chaudhry government. There was some uncertainty at FTL. A senior Indo-Fijian manager was removed from his position following directions from Parliament by a manager who was a supporter of the George Speight coup. The supporter of Speight, Timoci Silatolu, was a former president of the FTL union (labour.net.au/news, 11 December, 2009). Timoci was voted out of his union position of President by union members and the union had been split for a while between supporters and opponents of Timoci. Timoci was still an employee of FTL. That was his key support base among indigenous Fijians who staged a work stoppage. Indigenous workers claimed racism by an Indian manager and complained that most appointments were made to Indians at the expense of Fijians. However, FTL top managers acted quickly to diffuse the tension by appointing the concerned Indo-Fijian manager to special duties. The strikers were happy with that and returned to work. But the two races in Fiji were polarised and tensions grew.

Despite cultural and political obstacles, a new business mentality, involving results orientation in terms of customer satisfaction as well as bottom-line profitability, began to play a key role at FTL. One interviewee commented:

> After corporatization, our culture had to change. We were to be more customer focused and had to change our attitude. Before it used to be 8:00 am to 4:30pm work. Now even after 4:30pm, service is still given. The aim is to finish work. At the end of the day, it is the customer that matters.

An interviewee said that in order to accept changes, the new Managing Director, Winston Thompson, introduced total quality management (TQM) in 1997, a performance management system in order to set up routines for business and accounting norms. A new organization which was flatter was put in place. Organisation roles and responsibilities were clearly defined and managers' authority over subordinates was limited: and more importantly, an emphasis on sharing knowledge and experience resonated with the communal lifestyle of Fijian people. An employee commented:

> Unlike early days, we are clear about our duty. Our bosses are clear about our roles as we have explicit job description which emphasizes on commercial goals.

The management claimed that changes provided more effective and quicker communication, especially between divisions. Commercial criteria were developed in the form of performance incentive schemes around 1997. The commercial norms were reproduced over time and became institutionalised practice. In other words, there were changes in routines as people adapted to the new commercial environment. The next section discusses the process of institutionalization.

5.4 Process of Institutionalisation

Although initial resistance had a temporary impact, overtime FTL actors moved from an interpretive scheme based around public service ethos to one predicated on business norms within an ongoing climate of change. Improvements in operational efficiency were evident: reduced wait lists and a move into fibre optics, trunk radio and cellular networks and digital exchange technology. There were some delays in this movement because of uncertainty over the suspension of some engineers and other employees were fearful of also being made redundant. There were cultural and political influences that shaped resistance. The institutional entrepreneurs had to overcome this uncertainty through emphasising the benefits of the change and giving assurances that redundancies would be avoided. According to an interviewee, once the management convinced the workers, the employees generally took the changes well. Fiji has a large power distance society. The management are normally perceived as synonymous to the position of chiefs and generally their directions are not questioned. Once the uncertainty was removed, the management's commercial business practices were eventually routinised. An interviewee claimed:

> We are here to make profit; sometimes we don't realise that our improved performance means better sales and consequently better revenue for the company.

It took four to five years before new commercialised business rules and routines were assimilated by actors. The change reflected the global influence of the concepts of new public management (Hood, 1991, 1995). Hood (1995) points out that the basis of "new public management" lay in lessening or removing differences between the public and the private sector and shifting the emphasis from process accountability towards a greater element of accountability in terms of results.

The privatisation of line rentals and connection charges for new telephone landlines has been significant in increasing revenue. In rural areas, this can be between F$3,000 and F$10,000, making it virtually impossible for most rural inhabitants to obtain a telephone line. Bulk of Fiji's population is concentrated in rural areas. Thus, in 2005, telephone services in rural areas often amounted to one shared phone per village, as reflected in the ratio of 0.6 telephones per 100 inhabitants. This is among the lowest in the world in lower middle-income economies for fixed as well as mobile phones. It compares with telephone penetration in Fiji's urban areas of 20 per 100 population (The Fiji Times, 2005). On the matter of high rural connection charges for landlines and telephone service penetration to rural areas, a manager from the Department of Communication had this to say:

> Satellite telephone [known as Easy Tel] has been constructed to cater the needs of rural areas. However, in the rural areas the system does not work half the time. I have received a letter from Fulaga [a remote island], a complaint that satellite phone have not been working for months.

A general administrative officer commented:

> ...often in rainy season, customers complain of restoration of services as cables are laid underground and rainwater interferes with the cable thus affecting the telecommunication services.

A customer commented that often the complaint to restore service after rainy weather was not attended to and the telephone started working again when the weather became drier, which is a bit frustrating for them. This reflected poor preventative maintenance by FTL employees. It is obvious from the above that corporatisation of FTL was not in the best interest of Fijian people as scores were denied telecommunication services. Majority of the Fijian people reside in rural areas which has a ratio of 0.6 telephones per 100 inhabitants (The Fiji Times, 2005).

Nevertheless, at the institutionalisation stage, many organisational members at FTL had been exposed to commercial business routines which gradually became routinised. Interview evidence suggests that TQM practices and performance management system practices were part of the process of deinstitutionalising public sector templates and institutionalising private sector templates, a process that is continually evolving.

6. Discussion/ Conclusion

Our analysis includes societal, organizational and individual influences at work at FTL. The paper illustrates resistance to accounting changes in terms of historical, political and cultural influences specific to Fiji. The study draws on understanding of institutional contradictions, and institutional entrepreneurship, and does so within a unique Fijian setting where institutional, cultural and political influences are slightly different from those that persist in western industrialized settings. Institutional processes often create institutional contradiction or paradoxes which may be exploited by particular actors by invoking alternative templates of organizing in challenging the entrenched order (Beckert 1999; Seo & Creed 2002). In Fiji, in the late 1980s, the established public sector rules and routines were challenged by the interim government which started to reform public enterprises under the strictures of the World Bank and ADB. There were also what Seo and Creed (2002) describes as non-adaptability contradictions. Actors were locked in a public service culture and often there was a barrier between the trade union and management regarding the shedding of workers during reforms. The top-level managers had to assure the trade unions that no redundancies would be made, while slowly introducing organizational changes at FTL amidst some overt resistance from employees. The intervention by government and encouragement from overseas financial agencies created an institutional crisis which demanded cultural change. Once induced, the institutional crisis began to break down the institutional embeddedness of the public service ethic among the management and employees. While there was some initial resistance, the contradiction led to a radical shift in actors' collective consciousness.

In our interpretation, the case study shows how underlying contradictions between new business conditions and an institutionalized public service orientation incited questioning of the latter. Inside FTL, the changes were neither quickly nor universally accepted. The monopoly status of FTL contradicted the market model on which the reforms were based. There was a lack of adaptability to change. Previously taken-for-granted processes were suddenly exposed as being a problem in times of radically changing external business conditions. A manager recalled that during the early stages of corporatization, improvement in profit was a consequence not of greater customer service but of price hikes. Pallot (1998) has argued that privatization of public assets together with the pursuit of a profit objective is problematic. There were also militant trade unions which resisted any move towards redundancies at FTL. This can be ascribed to a non-adaptability contradiction (Seo & Creed 2002). During privatization, the quest for improved profit may trigger management to shed labour, but in this case such action was strongly resisted by the trade unions. The new institution may sometimes take a couple of years to fully evolve (Greenwood & Suddaby 2006). The conflict/ struggle of actors transform the embedded social actors into institutional entrepreneurs who further enable the subsequent change process. Assurance by management that workers would not be made redundant after reform enabled the top-level management to convince some workers to accept change, albeit with some reluctance. Overt resistance was often demonstrated and if such a situation arises in the future, resistance may surface again.

The case study lends support for Seo and Creed's (2002) theorization that under conditions of non-adaptability, inter-institution incompatibility, institutional entrepreneurs are likely to shape institutional change. The management team and a steering committee were instrumental in institutionalizing commercial business practices with input from consultants. The consultants were the "carriers" of the message or "merchants of meaning" who composed new translations and objects into the organization (Czaniawska-Joerges 1990). Granlund and Lukka (1998) point out that consultants promote the same "standard" solutions globally (p.167). This is a characteristic of mimetic isomorphism. Irvine (2007) note that consultants, accountants and new board appointments can be considered as normative institutional pressure (see DiMaggio & Powell 1983, 1991). Consultants and new board were entrepreneurs or change agents and valued not only for the knowledge and technical advice they provide, but for the legitimacy they bestow (Irvine 2007).

The top-level management and the steering committee and certain individuals in the Finance division acted as institutional entrepreneurs that actively exploited the perceived contradictions and shaped institutional change. However, there was uncertainty. Political and cultural issues specific to Fiji were pivotal in explaining resistance. Communitarian values and tribal obligations in the form of personal relationships at the top-management level triggered resistance and it was years before the Fiji government could stabilize the company through the appointment of a new board which introduced new business routines.

This paper contributes to both the accounting change and institutional theory literature by exploring the accounting changes over time and the influence that may affect their operation. Using Seo and Creed's (2002) concept of dialectical processes and Beckert's (1999) institutional entrepreneurs, both institutional structure and human agency have been incorporated into the understanding of stability and accounting change at FTL. The case illustrates and extends a cultural political economy of accounting. The FTL case study is unique in that cultural and political influences were pivotal in resistance to accounting change in a developing country which is normally lacking in conventional portrayal of isomorphism within institutional theory. In the literature dealing with accounting changes, this has mostly been portrayed as occurring with little resistance and has ignored cultural and political influences (Abenerthy and Chua, 1996; Soin et al., 2002; Busco et al., 2006). This paper contributes to developing country literature by showing that resistance to accounting change could be attributed to Fiji's specific cultural and political context. Such cultural and political influences may not be so pertinent in western industrialized societies. These cultural and political influences need to be accounted for in any explanation of accounting change at FTL. It was not just privatization but a challenge to Fijian way of life. With the privatization, the telecommunication charges became expensive and the majority of the population who reside in rural areas were denied telephone lines. The case study illustrates that privatization of telecommunication sector has not been in the best interest of Fijian culture where capitalist values are in opposition to their communal way of life. The spread of capitalism denied scores of Fijian with telephones as the prices escalated in rural areas. The inclusion of power and interests is an area for further development of institutional theory.

Appendix 1

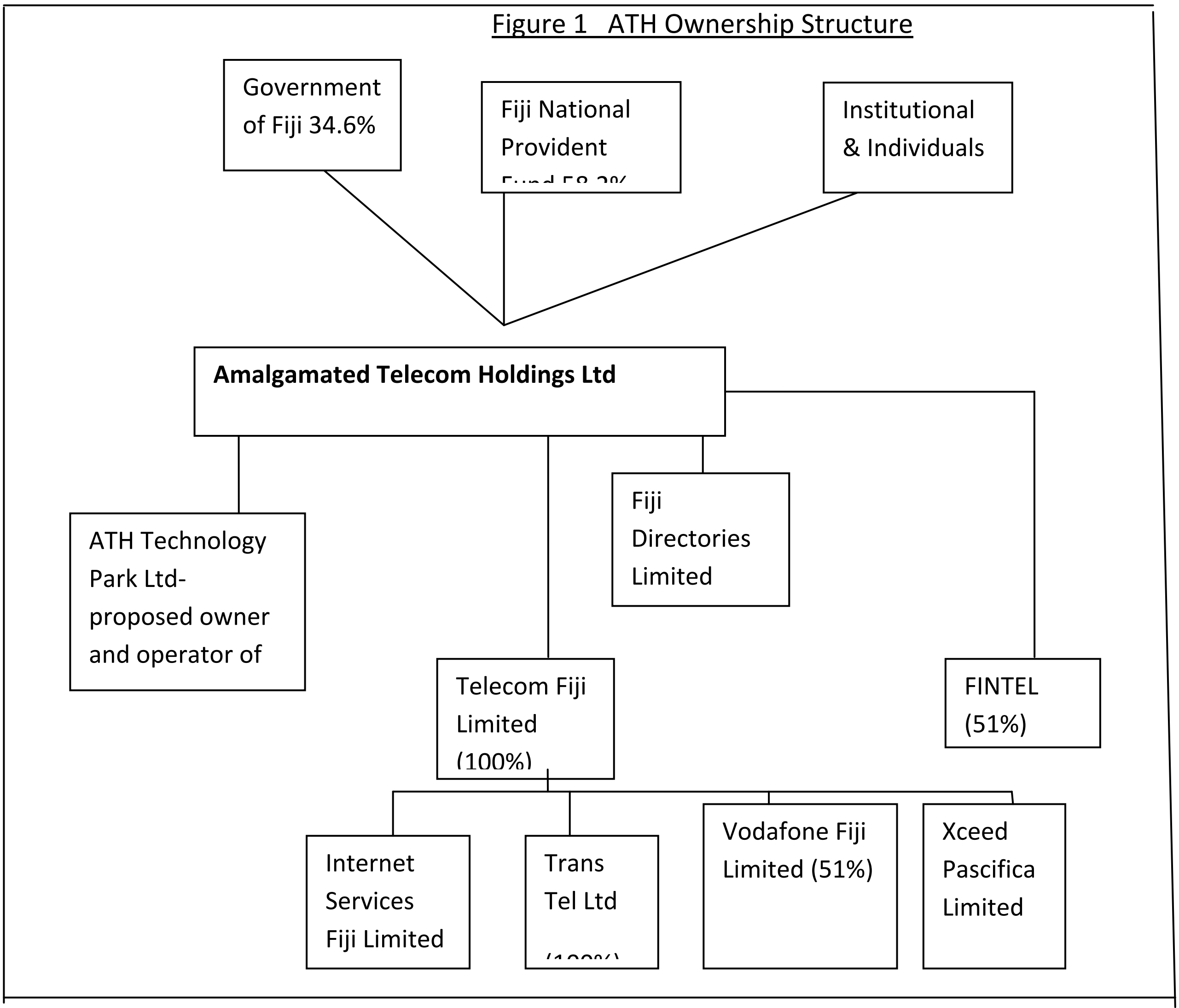
Figure 1 ATH Ownership Structure
Government of Fiji 34.6%
Fiji National Provident
Institutional & Individuals
Amalgamated Telecom Holdings Ltd
ATH Technology Park Ltd- proposed owner and operator of
Fiji Directories Limited
Telecom Fiji Limited
FINTEL (51%)
Internet Services Fiji Limited
Trans Tel Ltd
Vodafone Fiji Limited (51%)
Xceed Pascifica Limited

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