

**NETWORKS AND THE DIFFUSION OF ACCOUNTING TECHNOLOGIES:  
THE UK WHOLE OF GOVERNMENT ACCOUNTS PROJECT**

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Acknowledgements: The authors express their gratitude to the ACCA for providing funding for this research.

## **ABSTRACT**

### **Purpose:**

The paper has two central empirical dimensions. First, it investigates the process by which the UK came to adopt WGA, paying attention to the mechanisms by which various local political motivations come to be associated with international ideas, and the dynamic interactions between protagonists and recipients and their evolving roles over time. A second dimension of the paper considers the stability of networks by viewing the WGA diffusion process and its continuing failure to launch in the UK through the interactions of central and peripheral network actors.

### **Design/Methodology/Approach:**

The material and analysis presented in the paper derives from interviews with key people involved in the WGA programme, and an extensive review of official reports.

### **Findings:**

Our paper contributes to the NPM literature by providing a better understanding of the processes involved in international accounting policy diffusion and the role that expert networks, as key protagonists, play in facilitating such diffusion. Our findings affirmed beliefs that international policy diffusion occurs within expert networks through significant exchanges of ideas between donor and recipient organisations, and other mechanisms such as technology transfer in its various forms, backed by strong political imperatives.

### **Practical Implications:**

Our study enhances the understanding of how policies are diffused across countries, and highlight latent power dynamics underpinning accounting technology diffusion. A unique insight into the processes of accounting diffusion in action is offered.

### **Originality/Value:**

Our study of WGA diffusion provides a valuable site with which to illuminate core themes surrounding diffusion. We draw attention to various mechanisms by which networks are formed, focusing on the construction of meanings and attribution of roles for actors within the WGA network, and the defection of these actors to other and/or competing networks when the claims surrounding the WGA network begin to dissipate. Labelling is an important component as it enables ideas to retain their brand recognition effect even if the ideas themselves have undergone significant translation. We emphasised a particular form of labelling, namely project expansion as a corralling device to bind actors into a network surrounding claims for WGA.

**Keywords:** Diffusion, Accounting, Labelling, Actor Network Theory, Whole of Government Accounts (WGA), UK, Australia, New Zealand, New Public Management, Global Regulation.

**Paper type:** Research Paper

## INTRODUCTION

I know they [UK Treasury] have dialogues with lots of different countries so I'm sure they've exchanged experiences. It ebbs and flows, someone will be moving first on some area and then they'll have the dialogue and they'll pick the best of it and learn areas of the other and it keeps moving and evolving. The Canadians I think were extremely innovative in a number of years ago in this area ... maybe the New Zealanders took over and Australia and then the UK. (IFAC official, June 2006, parenthesis added)

This quote was made in the context of the introduction of consolidation accounting technologies (Whole of Government Accounts or WGA) in the UK public sector under New Public Management (NPM), suggesting that networking amongst Treasury officials is a device that facilitates the diffusion of NPM ideas. From the last two decades of the twentieth century onwards, the trend of governments seeking the experiences of other countries and the private sector as a source of policy ideas and administrative arrangements has been driven by increasing expectations of improved public sector accountability, efficiency and effectiveness (Guthrie, Humphrey, Jones and Olson, 2005). One area of NPM that has seen significant growth, especially in the UK, is accounting technology diffusion (Humphrey, Miller and Scapens, 1993; Chow, Humphrey and Miller, 2005).

A line of argument in the literature explains diffusion using concepts of rationality (e.g., Townley, 2002), whereby institutional isomorphism is seen as a response to various internal and/or externally generated reform pressures on governmental administration/bureaucracies (e.g., Oliver, 1991). Given that such entities do not always possess the expertise, legitimacy or technological wherewithal to carry out the desired managerial reforms, this has put various forms of experts in quite commanding positions to influence public sector reorganisation processes. The literature has highlighted various forms and categories of expert groups in the arena of NPM, including private sector accountants and management consultants (Greenwood, Suddaby and Hinings, 2002; Gendron, Cooper and Townley, 2007; Christensen, 2005; Christensen and Skaerbaek, 2010), epistemic communities (Haas, 1992; Adler and Haas, 1992; Knorr-Cetina, 1999; King, 2005) and/or international standard setting and funding institutions such as IFAC/World Bank/IMF (Loft, Humphrey and Turley, 2006; Humphrey, Loft and Woods, 2009; Botzem and Quack, 2006; 2009). There is an emerging literature which suggests that such experts are coalescing around international networks to secure a more united voice to promote diffusion of accounting technologies (Humphrey, Loft and Woods, 2009; Gendron et al., 2007; Cooper and Robson, 2006; Christensen, 2005; Laughlin and Pallot, 1998).

In such literature, it is important to emphasise that there remain crucial issues of definition, such as categorising actors and their motivations, drawing the boundaries around what is meant by a network of experts and those that exist outside this network, and the degree to which such networks influence accounting technology diffusion. For example, Laughlin and Pallot (1998) observed two groups of experts, one belonging to what they termed as 'a more intellectual community', comprising of

academics, economists working for international institutions such as the IMF and World Bank, and Treasury officials, all of whom draw inspiration from public choice theory and new institutional economics. The other group comprise of a 'more pragmatic community' led by private sector accounting and consulting firms who offer ready-made solutions for turning the public sector into private sector look-alikes (p.396). Research by Christensen and Yoshimi (2001), Christensen (2005) and Christensen and Skaerbaek (2010) suggests, however, that there are overlaps between the two groups, with the emphasis that professional accounting and consulting firms were primarily responsible for facilitating the diffusion of (accruals) accounting technology in Australia. The inclusion of professional accounting firms and consultants as belonging to a network of experts promoting diffusion, however, does not fit well with Haas' (1992, p.19) stricter definition of expert groups within a network, which he deemed epistemic communities, as he argued for the exclusion of professional firms on the basis that they are only allied to the network insofar as their common interests converge.

In addition, further difficulties in defining networks arise because actors often straddle multiple organisations with different and potentially conflicting objectives, either through previous employment and/or through concurrent board memberships. Another pertinent issue that has not received much visibility is that of contestations between various sub-groups within the expert network and tensions between the network itself and governments receiving advice. Humphrey et al. (2009) and Gendron et al. (2007) highlighted potential sources of network instability that revolve around (sometimes less than conspicuous) power struggles between disparate actors, suggesting a certain transiency to the forces that bind actors within a network. Despite the proliferation of research covering many areas of accounting diffusion under NPM (see, for example, the special issue of *European Accounting Review*, 2009: Volume 18, No.4; special issue of *Public Money and Management*, July 2009; Connolly and Hyndman, 2006; Christensen and Skaerbaek, 2010; Christensen, 2005; Guthrie et al., 2005), there are still significant gaps in our understanding of expert networks and their influence on government in facilitating the diffusion of accounting technologies. For example, existing research on diffusion have mainly concentrated on themes such as the symbolic incorporation of accounting technology, as evident in the mismatch between managerial practices versus the rhetoric of claims made in support of diffusion (e.g., Arnaboldi and Lapsley, 2009; Mellett, Marriott and Macniven, 2009; Connolly and Hyndman, 2006; Lye, Perera and Rahman, 2005); normative discussions on the suitability of public sector adoption of commercial accounting technologies (e.g., Walker, 2009, Ellwood and Newberry, 2005; Barton, 2005; Heald and Georgiou, 2000; Guthrie, 1998); implementation issues (Heald, 2005; Chow, Humphrey and Moll, 2008) and unintended consequences (Newberry, 2002; Newberry and Pallot, 2005 and 2006).

A nascent picture on the processes by which governments come to acquire, use and promote such accounting technologies is starting to emerge. Christensen and Skaerbaek (2010) and Skaerbaek (2009) adapted the idea of purification from Actor Network Theory (hereafter ANT) to describe how proponents of accounting diffusion (e.g., private sector accountants and management consultants) create a process by which the technologies were legitimated through quasi-scientific claims and where

questions over its suitability for diffusion were downplayed. The emphasis on private sector accountants and management consultants in Christensen (2005) and Christensen and Skaerbaek (2010) as key purifying agents attempting to convince sceptical Treasury officials, however, stands in contrast with the more consensual diffusion of accounting technologies seen elsewhere in the literature. For example, Chua's (1995) ANT-based study on the introduction of new accounting systems at three Australian hospitals found that while the key actor initiating technology diffusion were Commonwealth (i.e., Federal) state agencies, such actions were widely supported by other actors with minimal resistance, despite the diversity of interests amongst them. There is therefore a need to better understand network definition and contestation, two key themes that we will examine in greater depth in this paper. We contribute to the NPM literature on the diffusion of accounting technologies by using the detailed empirical site relating to the pursuit of WGA reform in the UK to study the nature of WGA diffusion processes at an international level, focussing on key actors, their involvement within WGA networks and their roles in the transmission process (i.e., how was the technology adapted and propagated), and interactions between WGA networks and government. To observe the dynamism of network interaction, both internal and external, our analysis captures real-time developments in an on-going NPM reform programme.

The site for our study is concerned with the international diffusion of accruals-based, consolidated accounting as a claimed technological improvement for the economic management of government finances. Specifically, we consider the case of UK WGA, a project whose idea can be traced back to debates amongst UK government economists in the 1980s and the Conservative government in the mid 1990s but had (then) failed to launch (Chow, Humphrey and Moll, 2007). Nevertheless, WGA was resurrected under New Labour in 1997, and hailed as a centrepiece reform that would underpin the introduction of resource accounting and budgeting (RAB), serving as a key link between accounting and the new fiscal framework introduced in the Code for Fiscal Stability (Treasury (UK), 1998a), and placing the UK at the vanguard of public sector reforms, as pronounced by the then Cabinet Secretary, (now) Lord Andrew Turnbull.

The decision to expand on the reforms started with RAB to produce GAAP-based WGA places the UK amongst the forerunners in the field of countries who are developing financial reporting to support a new enhanced fiscal framework (Turnbull, 2001, p.10).

The paper has two central empirical dimensions. First, it investigates the process by which the UK came to adopt WGA. In particular, we pay attention to the mechanisms by which various local political motivations come to be associated with international ideas, and the dynamic interactions between protagonists and recipients and their evolving roles over time, a process conceptualised by Latour (1996, p.43) as an 'assemblage' of alliances and networks that translate their divergent interests towards certain shared goals, allowing ideas to be transformed into prototype. Such assemblages, however, are by design potentially unstable as enrolment in a claim is not permanent, but is instead dependent on the balance of power amongst actors within a network (Callon, 1986). A second dimension of the paper builds on this

theme of network instability (e.g., Briers and Chua, 2001) by viewing the WGA diffusion process and its continuing failure to launch (cf. Moll, Humphrey and Chow, 2010) through the interactions of central and peripheral network actors (Knorr-Cetina, 1999; Bourdieu, 1977 and 1984; Callon, 1986).

Our research is based on a combination of archival resources, principally from parliamentary debates during the Government Resources and Accounts Bill (1999-2000), subsequent parliamentary committee hearings and other official publications, and interviews conducted with officials working for organisations and institutions with stakes in WGA. The focus of the interviews has been to trace the development of WGA, aiming to flesh out historical detail, grasp the role of key actors promoting WGA in the UK, gain insights from stakeholders' experiences with how ideas on WGA travelled and were adopted in Australia, New Zealand and the UK.

We conducted thirty-one semi-structured interviews between 2005 and 2008 with representatives from organisations such as Treasury (UK), Treasury (Queensland), Treasury (New Zealand), Chartered Institute of Public Finance Accountancy (CIPFA), Financial Reporting Advisory Board (FRAB), Office for National Statistics (ONS), International Federation of Accountants (IFAC), UK parliamentarians, Audit Commission, National Audit Office (NAO), local governments (UK), Local Government Association (LGA) and academia. For some organisations, such as Treasury (UK), Treasury (Queensland), NAO, LGA, CIPFA and IFAC, we conducted more than one interview, either interviewing the same person more than once over an extended period, interviewing more than one representative within an organisation, or both. In terms of basic demographic details, it is apparent that there are significant interlocks between the organisations we approached, with many interviewees associated with one or more organisations, either through past employment, secondments, or concurrent memberships of multiple organisations, suggesting the existence of an epistemic network. The majority of interviews lasted about an hour, though some were significantly longer, and all but one was tape recorded and transcribed. In addition to the interviews, we also attended UK-based and international conference presentations given by some interviewees on topics related to WGA and government accounting reforms. For reasons of anonymity, we only reveal the primary organisation our interviewees worked for, instead of all the organisations they are associated with (past and present), if an interviewee had links with more than one organisation.

The remainder of the paper is divided into four sections. In the first section, we develop our theoretical framework based on the role of networks in diffusing technologies. Next, we conceptualise the WGA translation process through the diffusion of earlier WGA prototypes from Australia and New Zealand and the development of a network of support around WGA. Third, we examine tensions surrounding the network's support for WGA. . The concluding section summarises the paper's principal contribution and reflects on key research implications.

## **THEORETICAL FRAMEWORK**

There are three theoretical constructs that we utilise in this paper to examine the diffusion of accounting reform: translation, contestation and labelling (fit). A major appeal of examining diffusion processes through the lens of actors interacting within a network (Callon, 1986) is that actor-network-theory makes no a priori assumptions about grouping or categorising of actors (Latour, 2007). This enables our analysis to conceive of actors' roles and motivations as fluid, where actors are free to assume different, opposing and/or multiple roles at different times. We use this approach to understand the roles of various actors within a network in facilitating the diffusion of accounting technologies as it avoids some potential limitations in developing a theoretical narrative associated with more rigid categorisations of actor's roles, as discussed earlier (cf., Christensen, 2005; Laughlin and Pallot, 1998; Haas, 1992). The advantage of allowing actors to freely associate opens the analysis to longitudinal perspectives with which to view actors' formative development of identities and evolving associations within the network (i.e., what Djelic and Sahlin-Andersson (2006, p.12) refer to as actorhood). In addition, it also permits not only observations of interpersonal networks but also how such networks articulate with other types of networks comprising of organisations, groups and other alliances (op cit., p.23).

We conceive of the network as one whereby actors with potentially divergent interests and separate agendas can and are brought together striving towards a common goal. It is this common goal, or obligatory passage point, which binds the network together, and one that also defines it. Rationales are developed through the specification of general organisational failings (e.g., Rose and Miller's (1992) notion of problematisation; see also Miller and Rose, 2008), for which a local innovation is then put forward both as a solution for the failings and to justify the need to innovate in the first place (Tolbert and Zucker, 1996). The rationales must often demonstrate that the theorisation process is complete before it will diffuse, achieved either through gaining moral legitimacy (innovating within prevailing normative prescriptions) or through pragmatic legitimacy, where the innovation is expected to be functionally superior to incumbent systems (Suchman, 1995; Greenwood et al., 2002).

Such problematisations or theorisations may require multiple iterations (e.g., translation chains, Latour, 1996) before convergence towards a stable form (e.g., institutional isomorphism) is reached. This is because 'interessement' (the corraling of diverse actors under a unifying objective) does not guarantee enrolment (Callon, 1986). Latour (1996) extends the criteria for when diffusion would occur, to also include 'false translations', where other actors accept proposed innovations (through the technical or legitimating support they receive from their support network) as a matter of political survival or strategic advantage, even if they do not consider such innovations to be sufficiently sound. Convergence, however, is not automatic. Such translation chains maybe subject to significant perturbations leading to network instability. In general, networks undergo significant realignment (dissolve) should the rationalities holding together the translation chains cease to be persuasive (Callon, 1986) or if the project struggles to sustain political momentum (Latour, 1996). Networks built on false translations are particularly vulnerable to the defection of key

actors, caricatured by Briers and Chua (2001, p.264) as 'cosmopolitans functioning as temporary locals'.

Other potential sources of system instability include frictions between collaborators within expert networks. In Knorr-Cetina's (1999) study of international scientific collaborations, she noted that such frictions arise when communitarian values, which are crucial for sustaining the shared knowledge base that defines an expert network, come into conflict with more individualistic concerns, such as competition for jobs, funding and prestige of smaller interest groups. She also observed that such conflicts have the effect of stratifying the global collaborative network into sub-groups with varying levels of importance, with incumbent sub-groups (i.e., the ones whose technology was first established) dominating the hierarchy and agenda, regardless of the level of technological superiority of more recent groups to the network. Djelic and Sahlin-Andersson (2006, p.23) also share Knorr-Cetina's (1999) view on the potential sources of network instability, in their examination of the field of transnational governance, where actors on the periphery contest those in dominant or incumbent positions for power and influence.

These notions of contestation between the dominant versus peripheral actors within a field of practice were conceived around Bourdieu's (1977, 1984) observation that peripheral actors are inclined to challenge the status quo, whilst dominant actors tend to protect and defend it, even if they have to negotiate with peripheral actors, so long as the dominant actors ultimately maintain their hold over established practices (i.e., key rules and conventions used by all). Powell, White, Koput and Owen-Smith (2005) provide vivid examples of evolving contestations over hierarchy and incumbency within the field of life sciences in the USA. Their study showed that in the race to commercialise discoveries in biotechnology, actors ranging from venture capitalists, private research enterprises, and universities can and do reconsider their roles as the network evolves, by constantly reinventing themselves and re-evaluating their linkages and position within the network in response to rapidly changing circumstances. In a study on linkages between Canadian and international accounting regulation networks, Richardson's (2009) analysis illuminated differences in the strengths of network ties resulting in peripheral actors clustering around four key groups (the Canadian professional accounting body, the Canadian securities regulator, international regulators such as IOSCO/World Bank, and IFAC). Botzem and Quack (2006; 2009) also observed similar contestations and shifting network ties within the field of international accounting regulation, noting in particular the European attempts to counter the dominance of US accounting standards through the formation of international institutions and standards (e.g., IAS), and charting the emergence of global regulators such as IFAC/IOSCO (see also Loft et al., 2006; Humphrey et al., 2009).

Ideas selected for diffusion are objectified in the translation process through its transformation into linguistic artefacts, such as labels, metaphors and platitudes (Czarniawska-Joerges and Joerges, 1990; see also Sahlin and Wedlin, 2008). Carriers of ideas operating internationally and global broadcasters tend in particular to generalise and theorise the ideas they champion, thus making them abstract and universally applicable (Strang and Meyer, 1993). Thus, the objectification and

theorisation of ideas through labelling, for example, enable ideas to travel and be translated across different institutional contexts (Latour, 1996). Ansari, Fiss and Zajac (2010) characterised differences between the original model and the observed fit into three categories: technical, cultural and political. Technical refers to the compatibility of technology in the adopting institutions, culture refers to the compatibility of values, beliefs and practices of adopters, and political refers to the compatibility with adopters' existing interests and agendas. Ansari et al. (2010) also proposed that variations in practice observed in diffusion processes can be evaluated by comparing the extent to which the diffused practice is similar to the original model (which they term as fidelity) and the degree to which elements within the original model has been applied (extensiveness). At the extremes, however, over-generalisations or over-theorisations can lead to innovation masquerading as diffusion (Strang and Meyer, 1993, p.500; for a case illustration, see Czarniawska and Joerges, 1996, p.27). Briers and Chua (2001) pointed out that the right amount of plasticity (i.e., level of abstraction and accommodation) of an accounting technology is important, as its core has to be strong enough to attract diverse actors together but yet retain sufficient flexibility to adapt to local circumstances. The ability of a diffused technology to be accepted by heterogeneous users will facilitate its diffusion, as it is being perceived as homogenising, thus acquiring legitimacy as it circulates (Busco, Quattrone and Riccaboni (2007). Circulation is critical if an idea is to maintain its viability (Briers and Chua, 2001; Latour, 1996; Sahlin and Wedlin, 2008).

## **BUILDING NETWORKS OF SUPPORT AROUND UK WGA**

In this section, we outline the emergence of ideas surrounding the adoption of consolidation accounting technologies for government accounting, and illuminate the construction of networks of support around UK WGA. In the first sub-section, we describe how the stage was set for diffusion of WGA to the UK, starting with the development of WGA in Australia and New Zealand from the late 1980s onwards. The second sub-section illustrates the formation of networks surrounding UK WGA, culminating, in the third sub-section, in the UK's role transformation from follower to leader.

### **Setting the stage for WGA diffusion**

We discuss historical developments in WGA New Zealand (NZ) and Australia as they have an immediate bearing on developments in WGA (UK). Specifically, we consider the theorisations used to sustain claims for WGA (NZ), such as its role as a key device to link accounting measures with macro-economic management and the introduction of a replacement accounting system (i.e., private sector GAAP over international systems such as SNA93), and the processes by which key protagonists within the network achieved WGA launch in NZ. We also compare and contrast developments with WGA Australia, allowing insights into translation process.

For more than three decades, international governments have been experimenting with and/or produce consolidated financial reports on an accruals basis, with the USA experimenting and subsequently publishing consolidated annual financial statements

(for the federal government only), and Canadians publishing one with partial application of accruals accounting (Dye and Bowsher, 1987; Walker, 2009, p.171). Public sector management reforms in New Zealand (NZ) during the early 1990s were heavily influenced by economic ideas, such as public choice theory, transaction cost economics and agency theory (Scott, Bushnell and Sallee, 1990; Pallot, 1998). In parallel, the emergence of consolidation accounting, specifically in the form of comprehensive financial reports, as a key technology underpinning such reforms can be traced back to these North American studies on prototype consolidated accounts carried out by Auditor Generals (Dye and Bowsher, 1987). Comprehensive financial reports was sold as an integral component within the wider programme of NPM reforms (McCulloch and Ball, 1992), being heralded with enabling better financial and economic management through showing 'the real significance and breadth of the role of government and full cost of government activities' (Ball, 1981) and facilitating better fiscal discipline and longer term economic planning (Pallot, 1998, pp.168-169).

The requirement to produce comprehensive financial reports in the form of consolidated financial statements (WGA) was made statutory by the 1989 Public Finance Act (PFA 1989), leading to New Zealand being recognised as the first country to introduce WGA reporting (Guthrie, 1998; Pallot, 1994, 1996). WGA (NZ) reports, otherwise known as Crown Financial Statements (CFS), are prepared using NZ generally accepted accounting practice (GAAP), which is a shared (i.e., sector-neutral) accounting framework for both public and commercial sectors (Pallot, 1996). GAAP is prepared independently of the New Zealand Government by the New Zealand Society of Accountants (NZSA). The choice to apply the independently established GAAP to public sector financial reporting was deemed necessary by the standing government to prevent future successors from manipulating the accounts for political gain (Pallot, 1996; Treasury (NZ), 2001), as it was thought such manipulations were more difficult if the standards were set this way (Pallot and Ball, 1996). A subsequent addition to PFA (1989) in the form of the 1993 Financial Reporting Act (FRA 1993) further reinforced the process of accounting policy convergence by stipulating that NZ GAAP be harmonised with Australian Accounting Standards (AAS). These developments point to the emergence of a network in the process of shaping developments in WGA (NZ), from private sector standard setters (NZ), government reformers, and international bodies such as Australian standard setters and key NZ individuals drawing on developments in North America.

Despite success in incorporating WGA (NZ) into the PFA, developments were not all plain sailing, as frictions become apparent over the rights to define WGA (NZ) boundaries. Parliament (NZ) delayed the initial publication of CFS and launched an inquiry, because they felt that notions of control as a consolidation criterion under SSAP 8 'Consolidated Financial Statements' was problematic (Newberry and Pont-Newby, 2009). The inquiry, led by parliament's Finance and Expenditure Committee (FEC), was set up to address two concerns: (a) definitions of the Crown reporting entity and its boundaries; and (b) selecting an appropriate method for consolidating State Owned Entities or SOEs (e.g., full consolidation or equity accounting). Early definitions of the reporting entity, based on accounting (i.e., SSAP 8) notions of control, were contested by the Department of Statistics (NZ), who saw CFS as an opportunity to shape the then nascent reforms to also cater for economic analysis in

government, in addition to its original purpose of financial reporting by the Crown (Newberry and Pont-Newby, 2009, p.237).

An implication of the introduction of accounting-based systems such as WGA into the sphere of macroeconomic management has meant that national statistical offices have begun to alert themselves of potential encroachments on their turf. Prior to WGA, in the three countries that we study, national statistical offices have monopoly over publication of national statistics based on the UN System of National Accounts or SNA 1993. In New Zealand, the Department of Statistics had to ensure that it continued to exert a sphere of influence over the production of accounting information for economic use by embracing WGA. The Department of Statistics argued that the quality, coverage and timeliness of (NZ) national accounts can be improved by adapting accounting systems developed for CFS to also be useful for national accounts purposes. This debate led to a compromise between Treasury (NZ), who wanted GAAP-based definitions of the reporting entity based on SSAP 8 notions of control, and the Department of Statistics, who wanted SNA criteria, based on the operational nature of the entity (Newberry and Pont-Newby, 2009). This meant that Crown reporting entity boundaries were determined on the basis of control through ownership interest, which initially consolidated only central government, but the boundaries have since been reinterpreted and extended to also include SOEs (Pallot, 1994 and 1996).

The other issue of consolidation method choice was also keenly debated by bodies outside of central government – who themselves were being included in the consolidation boundary under the CFS proposals. The equity method was lobbied as the preferred option, especially by SOE boards who felt that the Crown would retain too much control over their decisions should the full consolidated approach be implemented (Pallot, 1994; Newberry and Pont-Newby, 2009). Full consolidation was also less appealing because of the envisaged complexity in dealing with inter-entity eliminations under full consolidation (Pallot, 1994), and that the time and cost of preparing accounts under a full consolidation basis outweigh any potential benefits the information would provide (Treasury (NZ), 2001).

What is significant in the New Zealand case is how, despite the presence of dissenting voices from within Treasury itself, WGA (NZ) reforms had sustained sufficient momentum to proceed from proposal to publication stage. Dissenting Treasury (NZ) officials had aligned themselves at the time with other groups such as SOE boards against the implementation of CFS by the Treasury's (NZ) Financial Management Support Service (FMSS) team, who were advocating the reforms (Newberry and Pont-Newby, 2009, pp.237-8). Treasury (NZ) dissenters were then doubtful over the twin claims made for CFS, i.e., usefulness of accounting principles designed for commercial practices for public sector usage, and appropriateness of incorporating principles espoused by agency theory and information economics as the basis of public sector accounting reform (ibid.). Subsequent to this dissention, a compromise was reached, and the NZSA revised SSAP 8 to exclude the Crown and SOEs from consolidation requirements. The compromise meant that the first CFS publication in 1992-93 combined SOEs and Crown entities using equity accounting rather than full consolidation.

This state of affairs continued until 2002, when the replacement Financial Reporting Standard (FRS) 37 'Consolidating Investments in Subsidiaries' necessitated that CFS be prepared on a full consolidation basis. This new standard reflects a change in views held by standard setters who now suggest that there is significant value to preparing CFS on a full consolidation basis (Treasury (NZ), 2001). Furthermore, Treasury (NZ) argued for sector-neutrality in the application of consolidation criteria under FRS 37, given differences between commercial and public sectors are insignificant, and improvements in accounting technology are expected to reduce the costs of collecting and preparing accounts under a full consolidation basis (ibid.). These amendments now mean that the government reporting entity includes those items that are owned and controlled by the government, and CFS include both Crown Entities and SOEs consolidated and not combined, but Tertiary Education Institutions (universities) remain for now outside the CFS boundary.

Notable in the case of WGA (NZ) was how, through initial strategies of compromise (cf. Oliver, 1991), protagonists were able to convince dissenters to accept their ideas for WGA. Once accepted, it became apparent that the original intended direction of change (i.e., a CFS under full rather than equity consolidation) could be actuated when sufficient support from other actors in the form of Australian and international standard setters (e.g., IFAC) were brought into the fold. Devices used by the more recent actors drafted into the network include 'new theorisations' used to support the move to full consolidation, activated by the convergence of accounting standards across two dimensions, at the private-public sector level in New Zealand, and convergence at the international level with Australia and the world community under IFRS.

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The development of consolidated financial statements in Australia, however, differed markedly from New Zealand, in that Whole of Government Financial Reports or WGA (Aus) were introduced on a jurisdictional rather than national basis, reflecting the federal structure of Australia's constitutional and administrative composition (as opposed to New Zealand's two-tier split along central-local government structures). The rationale used for defining reporting boundaries in this way is because each tier of government is classed as a separate reporting entity under the Australian Conceptual Framework, meaning that WGRs are only prepared for the Commonwealth and each state or territorial government, but not a national WGA (Aus) that consolidates the Commonwealth government with all states (and territories) within the federation. In comparing WGA boundaries (see Figure 1) between New Zealand, Australia and the UK, it is evident that very different conceptions of what a WGA should be made up of are at play. Our emphasis here is not one of normative debates on the appropriateness of such boundaries (e.g., Heald and Georgiou, 2009; Walker, 2009). Rather, we are more interested in discussing the translation process of WGA ideas across space and time. We now briefly consider key developments in Australia, followed by an analysis of how conceptions of WGA boundaries were deliberately kept

loose to enable the ideas that have been made abstract so as to diffuse more easily (e.g., Greenwood et al., 2002). In particular, we consider how the labelling process enables ideas to be surreptitiously adapted to fit local circumstances whilst appearing to have maintained their legitimacy on the basis of original connotations associated with the labels (Czarniawska and Joerges, 1996; Sahlin and Wedlin, 2008).

Although New Zealand was the first country to produce consolidated financial statements at the central government level in 1992, the Australian state of New South Wales (NSW) had laid an earlier claim, in 1989, to be the first jurisdiction of any kind to publish such statements (Funnell and Cooper, 1998). Mellor (1996), a key Treasury (NSW) figure during the inception of WGA (Aus), noted that a consolidated balance sheet would aid macro-economic management, echoing similar claims used in New Zealand to justify/theorise the introduction of consolidation accounting technologies. Despite the pioneering work of Treasury (NSW), however, the roll out of WGA (Aus) across the entire Australian federation was not uniform but done in stages over a period of fourteen years. Only in 2003 was the roll out of WGA (Aus) complete across all nine states and territories (Wise, 2006). In the mid 1990s, three sector-neutral standards were developed by the Public Sector Accounting Standards Board (PSASB) (Australian Accounting Standard (AAS) No. 27, 29 and 31). The development of these standards drew on a range of commercial and public sector experiences, including consultations with key parties such as the Heads of Treasury and Departments of Finance, the respective Auditor Generals for each jurisdiction, the parliament's public accounts committee and other interested parties such as members of the public and regulatory agencies (Barrett, 1996; Micallef, 1997; Wise, 2006). Development of these standards was based on the Australian Conceptual Framework, Statement of Accounting Concepts (SACS), with WGA (Aus) being the main premise of AAS 31.

The convergence of accounting standards has been a central theme of developments in the regulatory framework underpinning WGA (Aus) in Australia. Parallel to developments in New Zealand, the convergence of accounting standards in Australia is taking place on three fronts: domestic sector neutrality between the commercial and private sector (as represented by the merger between the Australian Accounting Standards Board and the PSASB in 2000), international sector neutrality (as represented by the adoption and adaptation of IFRS standards by the Australian public sector), and harmonisation between Government Financial Statistics or GFS (based on SNA93) with GAAP-based standards (see Ryan, Guthrie and Day, 2007). In addition, Treasury's (NSW) pioneering of WGA (Aus) parallels its earlier adoption of accruals-based accounting systems based on commercial accounting practices. According to Christensen (2005), diffusion of accounting technologies represented a convenient political tool for a Treasury (NSW) that was primed for reform due to political pressures for improved accountability and managerial efficiency. Despite doubts by some officials within Treasury (NSW) over the appropriateness of the accruals accounting technology and systems being acquired, and the questionable methods used to persuade Treasury (NSW) of its viability, it nevertheless found itself embracing ideas promoted by a network of pro-reformers, comprising of American-based international accounting firms keen on global market expansion and certain individuals from Treasury (USA) (ibid.). These developments represent actors with

different agendas coalescing around the cooperative-competitive regulatory networks observed by Humphrey et al. (2009) and Cooper and Robson (2006).

Our starting position for the UK begins with the publication of the WGA scoping study (Treasury (UK), 1998b), as much of its history has been documented elsewhere in the literature (e.g., Chow et al., 2007 and 2008; Heald and Georgiou, 2009). The scoping study sets out the case for why the UK government wanted WGA. In 1997, the incoming Labour government saw an opportunity, as outlined in the Economic Fiscal Strategy Report or EFSR (Treasury (UK), 1998a), to introduce a raft of new economic policies (e.g., Code for Fiscal Stability, Independent Bank of England Monetary Policy Committee, RAB) to shore up its credibility in managing the economy, not always a strong suit of previous Labour governments (King, 2005; Chow et al., 2007, p.33). These new policies included an expanded role for a consolidation to not only include central government under Whole of Central Government Accounts (CGA), but to also incorporate local government and public corporations (a total of more than 1300 bodies) under the banner of WGA.

Three claims were made for WGA in the scoping study, representing the key theorisation/justification used for launching WGA in the UK. WGA is to be used for micro and macro-economic policy making, enhance financial reporting and accountability to parliament, and improve the data quality and timeliness of existing accounting information systems. The scoping study, however, was short on details of how this would work (Chow et al., 2007; Heald and Georgiou, 2009). Nevertheless, a Treasury (UK) official explained below that the scoping study represented a blueprint for WGA implementation, an inscription representing the abstract ideas that are to be fleshed out by reformers bringing their own experience into fold (Strang and Meyer, 1993).

The scoping study I always regarded as the template ... Essentially the way in which I approached delivering it was pretty much what's in the scoping study report ... which outlined what needed to be done. I think it [scoping study] didn't envisage all the various hoops that there were ... It is a major piece of practical work [to build WGA from scratch] ... The whole thing is very much the blueprint. (Treasury (UK) official #2, November 2006, parenthesis added)

The scoping study identifies the problematic nature (Rose and Miller, 1992; Miller and Rose, 2008) of incumbent accounting systems, which was seen as being inadequate to cope with the requirements of new policies introduced under the EFSR (Treasury (UK), 1998b, paras.1.5-1.15). Instead, the diverse and potentially conflicting goals of parliamentary financial reporting obligations and new (macro) economic policies were amalgamated under an obligatory passage point (Callon, 1986; Latour, 1996, p.33), where WGA was proposed as the most suitable technological solution. Treasury (UK) sought, through the scoping study, to legitimate its proposals for WGA by drawing on experiences from leading reformist countries, claiming "experience from other countries suggests that there is a general, if gradual move in the direction of preparing information on a whole of government basis, and that those countries which have taken this step have seen considerable advantage" (Treasury (UK), 1998b, p.5, para.1).

In considering such commitments, it can be seen that engagement with the views of the international network serves to assist in the acquisition of moral legitimacy (Suchman, 1995) by emphasising that WGA (UK) will conform to normative ideals established elsewhere. It is through the converging agendas of various interest groups within a network, each with their own sphere of expertise and motivations, which enable the WGA project to gain sufficient momentum to be transformed from paper to prototype (Latour, 1996, p.43). We now consider the formation of networks of support built around WGA, and illustrate the process by which various actors within such networks (e.g., professional accountants, foreign treasury officials) acquired the support of politicians and senior government decision makers to be involved with the UK WGA project.

### **Formation of networks of influence and support around UK WGA**

Our analysis of network formation traces the chronological development of WGA in three stages, beginning with the contents of the scoping study in 1998, then moving on to the parliamentary debates leading to the Government Resources and Accounts Act (GRAA, July 2000) and to the implementation stage post 2000. In particular, we explore the way in which various actors come to be associated with WGA (UK), noting their roles and contributions in the process.

In the scoping study, Treasury (UK) canvassed the views of various actors, from Treasury Departments in other more developed countries, as well as members associated with international regulators (OECD), academic experts (Professor David Heald), professional accounting bodies (CIPFA) and parliamentary representatives (Financial Reporting Advisory Board, FRAB). A survey was sent by Treasury (UK) in November 1997 to its counterparts in a number of countries to gather information about their experiences with accrual accounting reforms, including compiling consolidated accounts (cf. Treasury (UK), 1998b, pp.125-129). The inclusion of experiences from other countries in preparing WGA was used by Treasury (UK) as part of the theorisation process to build support for WGA.

In deciding whether to develop a set of WGA for the UK, we have looked at the experience of other countries who have either already embarked on this route, or have contemplated doing so. We have considered the conclusions those countries have reached in addressing issues similar to those faced by the UK (Treasury (UK), 1998b, p.125, para.G1) ... This experience, along with data collected from other sources, has been drawn on to inform the assessment of WGA in this report (para.G2).

The apparent claimed success of countries that had undergone WGA reforms were used by Treasury (UK) as evidence that such policy was worth considering.

Overseas experience suggests that significant benefits can be obtained from the production of an accurate WGA which is seen as a part of the accounting and forward planning of government (Treasury (UK), 1998b, p.125, para.G.14)

... All of the countries who produce WGA stated that they had benefited from doing so (para.G.18).

Particularly noteworthy is the claim that WGA represented a significant improvement over statistical based systems of national accounting based on the experiences of countries that are producing WGA.

It is worth noting also that countries which have adopted GAAP-based WGA have found that they have quickly established primacy over the statistically based national accounts which are still prepared to meet international obligations. (Treasury (UK), 1998b, p.125, para.G.25)

Responses to the survey were received from many countries including New Zealand, Australia, Canada, USA, Iceland, Sweden, Finland, Japan, Ireland, Switzerland, Portugal, Germany, Denmark, Hungary and Spain. Of these countries, the scoping study reported that a number of countries prepare consolidated accounts of some form (e.g., USA, Sweden and Finland). However, only New Zealand, Australia, and Canada were claimed to have produced WGA (Treasury (UK), 1998b, pp.125-126, paras.G3-G7), though closer inspection of their WGA would suggest a more ambiguous definition; the Canadian WGA is not on a full accruals basis. Such loose definitions of WGA are seen to be representative of labelling processes (Czarniawska-Joerges and Joerges, 1990) used by reformers to shore up support for their reforms, as they allow ideas to be significantly reformulated during the translation process but nevertheless retaining their original labelling to make them easy to talk about and remembered (Sahlin and Wedlin, 2008, p.226).

No further explanations, however, were given as to the underlying methodology used in the survey or how participants were invited to take part in the study. In addition to opinions garnered from government officials of other nations, Treasury (UK) also sought advice from experts experienced with the conceptual development and practical implementation of WGA, including Peter Crossman of Queensland Treasury and Jim Brumby from the Organisation for the Economic Co-operation and Development or OECD (Treasury (UK), 1998b, pp.79-82; pp.88-95). Crucially, understanding and learning from foreign experiences, particularly those from New Zealand and Australia, were key to convincing British MPs of the need for reforms, as evident in the following points made by Edward Davey MP during the House of Commons (the elected chamber of parliament) debates on the Government Resources and Accounts Bill or GRAB (1999) (more comprehensive coverage of the debates can be found in Chow et al., 2007 and 2008).

Hon. Members will know that New Zealand has led the way in implementing accruals accounting (col.605) ... Liberal Democrats believe that we should develop practices similar to those used in New Zealand, the United States, Australia and Canada. New Zealand has its Accounting Standards Review Board and the United States its General Accounting Office. We wish that this country had had such offices at the start of the process, but I hope that we can now achieve them (col.607) ... I have been studying the relatively new procedures for resource accounting adopted in the New Zealand Parliament

(col. 611). (Edward Davey MP (Liberal Democrats), 6 December 1999, GRAB 2nd reading)

Mr. Davey suggested that strong cultural links can and do facilitate policy diffusion (cf. Strang and Meyer, 1993; Ansari et al., 2010; Dolowitz, Greenwold and Marsh, 1999). This observation was also echoed by a Treasury (UK) official in response to our questions on their impressions of WGA developments elsewhere, emphasising the strong links and policy exchanges between English-speaking Commonwealth countries previously noted in the scoping study.

Experience sharing [on WGA] is definitely Australia and New Zealand, that's where we always look first ... I think New Zealand [has developed WGA to a greater extent] more than Australia is our impression. (Treasury (UK) official #1, September 2006)

This same official emphasised that while experiences in Continental Europe are considered, the primary relationship here is one between Anglophone nations when it comes to sharing ideas.

... we are also interested in what some of the other European countries are doing and how they are managing because ... they have a similar sort of problem to ours in having very entrenched historical ways of doing things, which is not so true in Australia and New Zealand ... they have more open government and their culture is more open to change ... relations with Canada seem to go in spurts ... So it is largely the kind of Anglo-Saxon community but with a bit of Europe thrown in. (Treasury (UK) official #1, September 2006)

The inclusion of professional accounting firms and standard setting bodies has also played an important role in enabling the implementation of accounting reforms. In common with NPM accounting reforms elsewhere (e.g., Canada, Australia and New Zealand), in Britain, such skills were also seen as key to sustaining initial claims to expertise, allowing accountants an opportunity to gain a foothold in the development of public sector accounting reforms through the growing acceptance of commercial accounting practices and staff transplantation (Gendron et al., 2007; Christensen, 2005; Christensen and Skaerbaek, 2010).

The case for change is very strong ... There is a consensus that the private sector should be involved in developing public services, so it does not make sense to have a different set of accounting procedures across the sectors, especially if we want to transfer staffing and experience between them. We do not want to encourage people with financial or strategic experience to spend their whole working lives in only one sector (col.621). (Bill Rammell MP (Labour), 6 December 1999, GRAB 2nd reading)

We ... have asked Sir Bryan Carsberg - the chairman of the International Accounting Standards Committee ... to head a new shadow accounts commission. It will remedy the defects in the Bill by setting out standards of national accounting practice, clear definitions and clear systems of presentation

which mirror the statements of standard accounting practice in the private sector, so that no future Chancellor ... will ever have the opportunity to mispresent [sic] the accounts and mislead the public again (col.587). (Oliver Letwin MP (Conservatives), 6 December 1999, GRAB 2nd reading)

What is apparent at the early stages of WGA development is the importance that networking can play in procuring individuals with the capacity to contribute towards developing a WGA. The network consisting of Treasury officials, professional accountants and those with regulatory experience in accounting was heavily involved in setting up the UK WGA programme. Individuals hired from the ranks of professional accountants were either identified on the basis of their prior experience with WGA (i.e., staff from foreign institutions), and/or had strong commercial and public sector accounting experiences gained from British-based institutions with stakes in WGA (e.g., large private sector accounting firms, CIPFA, local government, and the NAO).

... what happened in terms of the WGA programme, by chance I had lunch with somebody in the RAB team, summer 1998, which was when they were producing the scoping study for WGA and they gave me a copy of it at that stage which gave me the opportunity to read through all of that. Then the job came up that autumn. The fact that I got central government experience, I'd got experience around most of the public sector through the work at [a big four accounting firm], plus some private sector experience and accounts preparation experience in private sector meant that I had the sort of CV that they wanted. (Treasury (UK) official #2, November 2006)

[A Treasury (UK) official] was offered the job because of [their] background at CIPFA to help drive things forward on the local government side. (Treasury (UK) official #3, August 2006, parenthesis added)

Technologies are diffused within epistemic communities through socialisation processes such as immersion and ideas exchange (Adler and Haas, 1992) in a variety of forums, ranging from inter-governmental staff exchanges and transfers, conferences, the media, published reports and government statements (Adler and Haas, 1992; Dolowitz, 2003; Luder and Jones, 2003; Mossberger and Wolman, 2003; Christensen and Skaerbaek, 2010). We observe this socialisation process through the formation of networks coalescing around two distinct but inter-connected agendas for WGA, the first of which is practical, focussing on shoehorning commercial accounting practices into WGA, whilst the second is concerned with WGA's position within wider discourses on macro-economic policy and the international accounting harmonisation agenda (cf. Laughlin and Pallot, 1998), which parallel developments in Australia and New Zealand described earlier. During the early stages of WGA development, policy diffusion was initiated by Treasury (UK) employees visiting their counterparts in Australia and New Zealand, highlighting the importance of networking between Treasuries in Anglophone countries.

Canberra and Wellington were chosen because I had actually met the people involved in running the operations in those areas. There's an annual conference

that the Canadian and US governments run and I'd been to that. Queensland [Australia] was because we actually had someone on secondment in the Treasury so [he/she] made the introductions. (Treasury (UK) official #2, November 2006, parenthesis added)

Such visits were intended to immerse key Treasury (UK) employees into working WGA processes, enabling them to understand the practicalities and difficulties of setting up and running WGA, and in anticipation of a favourable legislative outcome for WGA during the GRAB (1999) debates.

When I went to Australia and New Zealand ... we visited Canberra, Queensland and the New Zealand Treasury and the whole focus of the trip was practical, so we weren't doing accounting policy. We were literally interested in 'how do you do it?' The problem with the whole thing is lead times ... all this stuff is about framework and getting the legislation in place, because you couldn't actually instruct partners [other UK government departments] to do stuff until you've got the legislative framework in place, so that was summer 2000 when government resources and accounts was in place, then start designating bodies, appointing consolidation officers and so on ... It was literally 'how do you do this?', 'what are the issues involved?', 'what have you done?', 'what do we do now?' or 'how do you issue guidance?' (Treasury (UK) official #2, November 2006, parenthesis added)

By borrowing (and later adapting) systems in place elsewhere, Treasury (UK) hoped to build momentum for reform that was intended to be on a significantly larger scale than anywhere else. The Treasury (UK) official's comment above suggests that from the outset, the UK had intended to adapt Australian and New Zealand models of WGA, as the focus of their visits were centred on implementation rather than policy-oriented issues. This adaptation illustrates an editing process, whereby models that are perceived as being successful are being reformulated as they circulate, with similarities emphasised but differences that may indicate inappropriate diffusion are downplayed (Sahlin-Andersson, 1996; Sahlin and Wedlin, 2008)

Treasury (UK) also saw the visits as an opportunity to offer employment to staff from their foreign counterparts with key consolidation and IT skills to work on the UK WGA project and to procure accounting systems developed in Australia and New Zealand for UK WGA use.

We have had ... senior members of the WGA team spent a fair amount of time out in Australia and New Zealand. Then, we actually poached some of the Queensland Treasury (staff) to prepare the first year of CGA for us and we are using Australian and New Zealand software, who in some respects we have modelled ourselves quite closely on, and we have had a lot of dialogue with them. I have been surprised at how much actually. It was something I was not expecting when I joined the team to deal with some of the theoretical aspects (of WGA). (Treasury (UK) official #1, June 2005)

Queensland were using version two [of the WGA consolidation IT system]. The federal people in Canberra had used the original version, version one, so we were able to combine it with not only seeing the practical aspects but actually getting some feedback on what the system was actually like, seeing it in operation ... So it was really useful getting V [a former Queensland Treasury staff member] over because ... V has been very much involved in developing the system in Queensland. (Treasury (UK) official #2, November 2006)

The effect of staff transfers from Queensland Treasury extend beyond the immediate benefit to Treasury (UK) through assisting with the development of an IT system for UK WGA, to include a wider familiarisation with efforts to promote international developments in accounting reforms and the development of global accounting standards.

The operational people are [V, who is] involved with one of the state accounts over [in Australia] ... V is kind of the person that gets [his/her] hands dirty ... I went to a CIPFA event and V came along to tell, it was a local authority accounting course for CIPFA members, teaching them what they needed to do for WGA ... V went along to tell them the nuts and bolts of it. (CIPFA official #1, August 2005, parenthesis added)

We also got hold of someone else, M, who worked at Queensland on the systems side who happened to be over in the UK and was working for IPSASs but then we recruited M into the Treasury. So the combination of M on the practical side and V on the consolidation side really helped us a lot in terms of the practical delivery of consolidation, getting the software configured ... That practical help was invaluable really. (Treasury (UK) official #2, November 2006)

It is important to note that staffs from overseas were hired mainly for their technical expertise in implementing and running WGA - at the higher levels of accounting policy choice and decisions over WGA boundaries, all key decision makers and WGA planners crucially remained within Treasury (UK) ranks. The reliance of Treasury (UK) on an international network of professional accountants with the requisite expertise in setting up WGA systems represents a crucial step by which professional accountants and their wider networks (e.g., accounting firms and the accounting professions) were able to embed themselves and their ideas within the public sector, making them – in the eyes of politicians and civil servants – trusted and innovative allies enabling and implementing the political agenda of accounting change in government.

In this respect, an embedded network of accountants within the ranks of government policy-makers served to increase the receptiveness of commercial accounting ideas being diffused, as officials drawn from the private sector (and the international network of experts in our case) rely on their prior experience to make sense of policy mandates and transform such mandates into workable practices (cf. Gendron et al., 2007). In all three WGA cases (Australia, New Zealand and the UK), new meanings were created through the reformulation of earlier experiences (e.g., deciding on accounting policy and conceptual frameworks; defining WGA boundaries; see Figure 1

for differences in WGA models). But such editing processes are by no means blank slates, but are shaped by prevailing institutional and historical mores (Sahlin and Wedlin, 2008). The quote below suggests that vetting by senior politicians was one means by which existing traditions were taken into consideration during editing

I totally re-wrote the civil service accounts. You move from a basic set of accounts to a proper set of accounts with accounting policies, which involved getting a letter out to the Chancellor of the Exchequer. So they [senior Treasury officials] saw that I had handled not only a technical situation but also a difficult political situation ... they knew I would operate in the Whitehall environment. (Treasury (UK) official #2, November 2006, parenthesis added)

### **Emerging leadership from the UK**

The significant expansion of the WGA model from central government only (New Zealand) or jurisdictional (Australia) consolidation to also include local government and public corporations (Treasury (UK), 2005) has meant that Treasury (UK) will be including virtually the entire public sector into the WGA project. Treasury (UK) therefore has to embark on an exercise to garner support of potentially sceptical stakeholders within the wider public sector for WGA reforms, reflecting a second phase of selling or theorisation (cf. Greenwood et al., 2002) to convince their potential partners of the need for WGA and to persuade them to cooperate. As one member of the WGA team emphasised:

The key thing to WGA is that you've got to get all the different stakeholder groups brought in. When you go through and list the number of stakeholder groups, it's huge. (Treasury (UK) official #2, November 2006)

The quasi-autonomous nature of UK central government departments, local government, public corporations and other stakeholders that are to be included in WGA suggests to Treasury (UK) that a persuasive rather than coercive approach is more efficient in winning the cooperation of a diverse group of stakeholders. The quote below illustrates the socialisation strategies adopted by Treasury (UK). Key decision-makers acting on behalf of stakeholders were identified, and were co-opted into the Treasury's (UK) group of experts responsible for developing WGA through mechanisms such as steering groups, linkages with other Labour government reforms introduced alongside WGA (in the example below, WGA was linked to the prudential and macroeconomic frameworks), and through other familiar networking devices such as coalition-forming and conference attendance (ibid.). Involving key stakeholders in such events allows them an opportunity to defend their interests and potentially reduce their resistance to reform (Callon, 1986).

The NHS in England had a working group on where they were going on their accounting framework and they wanted Treasury involved and I made sure that I was one of the two people from Treasury that was involved in that group, steering to them becoming part of the FRAB. CIPFA LAASAC made the contact with my predecessor in this job, brought a proposition in terms of why we thought it was a good idea from local government's point of view. Then it

was a question of working out who to work with in terms of needing to get the ODPM onside. (Treasury (UK) official #2, November 2006)

In addition, Treasury (UK) also managed to engineer a favourable role transformation. Key stakeholders (including those within Treasury (UK) itself) were 'enrolled' (Callon, 1986) into the reform project through the creation of direct linkages with other NPM reform programmes within government. Such transformations enabled various disparate interest groups within the network to converge on a common interest or obligatory passage point as encapsulated by the various claims by which WGA is being associated with.

Treasury isn't one just organisation ... it is an economic ministry and the public finance ministry. The public finance ministry isn't probably interested in the aggregation or consolidation at that level except the TME [Total Managed Expenditures] ... from their perspective knowing what the long term risks are for finance is important and you can't do that even at a central government level. The only way that you can do this sensibly is to produce whole of government and that is why when compared with Australia and New Zealand we have taken a sort of masochistic approach and consolidated everything that moves. (Treasury (UK) official #1, June 2005, parenthesis added)

[It] was fortuitous [that] ODPM were working on moving towards the prudential framework for local government, which meant dismantling a lot of the capital controls ... in moving towards a more GAAP-based approach to regulation. So by essentially making an alliance with them, that helps ... as prudential regime was being implemented you had things like local government accounting conference, so I went and did that and you had [a CIPFA official] talking about the developed prudential code then you've got somebody talking about the development of GAAP accounting in local government and then I talked about WGA, which links through into the fiscal position and so on. (Treasury (UK) official #2, November 2006, parenthesis added)

Whilst Treasury (UK) was the initial beneficiary of inward foreign technology transfer (mainly from Australia and New Zealand), we also observed, within a short space of time, its metamorphosis from learner to leader. It began to rapidly assimilate and innovate transferred technology as it pursued the path of developing a WGA information system capable of being used for economic policy-making and management, as set out in the scoping study.

There is no question that Australian and New Zealand are ahead of us ... but in some ways our thinking is somewhat more advanced ... At one point I sort of threw in what is your viewpoint on contingent liabilities? The guy [a visitor from Treasury (NZ)] was completely stumped and yet that is an area where we have done an awful lot of thinking and are very far advanced (Treasury (UK) official #1, June 2005, parenthesis added)

We asked a question at a recent interview, 'do you think that the UK has got anything more to learn from Australia and New Zealand?' because they are

always thrown up as reference points. The answer which I happened to share is that we've got to the stage where we can say we're doing what we want to do. (Treasury (UK) official #3, August 2006)

Treasury (UK) used its experience gained from developing WGA to exert influence in shaping an international agenda for WGA in particular, but more importantly, also extend its recruitment of experts into the WGA network. The quotes below illustrate its role in bringing in experts from professional accounting firms in developing UK public sector accounting standards.

I am part of the group that briefs Mike Hathorn [sic] who is the UK member and likely soon to be the chair of IPSASB, so that means I see all the IPSASB papers ... I chair the [anonymous accounting policy sub-group] here in the Treasury and that comprises representatives from actually quite a few departments and from all the devolved administrations. I've got the accountancy profession and I've got the valuation profession and we're looking at some of the big meaty issues associated with cost to capital charge with impairments, with the way in which we account for assets. (Treasury (UK) official #3, August 2006, parenthesis added)

We looked at ... Australia, New Zealand and to a certain extent what Canada were doing because they were doing it at the same time that we were ... I got involved with the IPSASB [anonymous accounting issue] committee. We were kind of learning from that but also influencing the development of standard. (Treasury (UK) official #2, November 2006, parenthesis added)

Not all countries participating at the international standard setting arena, however, contributed equally to the discussion of an emerging WGA architecture. Instead, pioneering (and predominantly more developed English-speaking) countries, used their practical experience to set the agenda, and these countries were to become the nexus of a network of technical experts surrounding WGA (UK).

Some of the countries are there just to learn, it is difficult to generalise, partly because the meetings virtually 100% in English so some countries are disadvantaged but some countries barely contribute. They sit and listen and then key players are fairly limited in number. The original players are ourselves [i.e., UK], Australia, New Zealand, USA and Canada. Those ones have been fairly active, as have Norway and Denmark ... and a little bit from Germany ... There's been a fairly limited group of people making most of the running and these national organisations have played quite a big part as well. (Office for National Statistics (UK) official, January 2006, parenthesis added)

To summarise, the UK has, within a short space of time, managed to reposition itself in a leadership role, advancing WGA technologies and promoting its views within wider international arena. Two dimensions have emerged as being critical to understanding the formation of support networks surrounding WGA (UK). In the process of translating WGA ideas to the UK context, the Treasury (UK) opted for a much larger version of WGA, compared to Australia or New Zealand. In addition to

key claims made for WGA in the scoping study (cf. Chow et al., 2007 and 2008), two further rationales are noted. First, Treasury (UK) has argued that expansion is needed to reflect the UK's unique institutional set-up, whereby high value public assets such as roads are funded by central government but are mostly recorded in local governments' balance sheets (Treasury (UK), 2005, paras.5.5-5.7), meaning that a consolidation on the basis of central government alone (e.g., New Zealand) does not reflect the assets funded out of the central purse. Second, the inclusion of a wider range of bodies in WGA also generates interaction effects with other NPM reforms, through enhancing perceptions of the cohesiveness of narratives that link WGA with likeminded programmes (e.g., macroeconomic policies such as the prudential regime and code for fiscal stability). Expansive projects appeal to governments because they can be used as an umbrella to incorporate existing programmes, confer meaning and legitimacy to new programmes about to start, and provide sufficient space to allow for future plans, dreams and designs (Czarniawska and Joerges, 1996, p.40).

The other dimension on understanding network formation reflects an emerging emphasis by the UK government in striving for international leadership, through the creation of various initiatives within the network to assert and promote technological advances in WGA, unite disparate actors through invitations to steering groups, and adopting a consensual/shared problem-solving approach. These strategies were also observed in the fields of commercial accounting and audit regulation, where a mixture of cooperative, in addition to competitive, approaches prevailed (Humphrey et al., 2009; Cooper and Robson, 2006; Botzem and Quack, 2006). In the next section, we explore the ability of key protagonists to sustain support for WGA in the face of various challenges.

## **NETWORK STABILITY: SUSTAINING A CONSENSUS FOR UK WGA**

In this section, we examine the ability of a WGA network to sustain claims made for the technology, such as greater parliamentary accountability and enhancing economic management through improved accounting information systems. These claims are important because they serve to define network identity (i.e., they are the hypothesised solutions or obligatory passage points to which actors subscribe to in becoming part of the network) and we show how its stability is conditional on continual support for such claims. We therefore consider key challenges faced in the implementation of WGA and explain how various conceptual and practical issues have been addressed or responded to in the networks of influence surrounding WGA. The first theme examines competitive pressures building around WGA in the form of competing conceptual frameworks and global institutions. The next theme assesses the effects of shifting domestic political agendas and the impact of practical problems on maintained levels of support for WGA.

### **Competing conceptual frameworks and global institutions**

In recent history, the UK has provided significant leadership in setting up global accounting and economic institutions. In the immediate post-Second World War period, British accountants and economists worked together to develop and

implement a UK national accounts system, which later became the basis for the United Nation's (UN) System of National Accounts or SNA (Suzuki, 2003), now ubiquitous as the international accounting standard for measuring national economic activity. Given the widespread adoption of SNA as an international standard and its various nationally adapted off-shoots (e.g., ESA95 for the European Union; GFS for Australia), this significantly raises the bar for any newcomers seeking to dislodge SNA from its incumbent and pre-eminent position. Nevertheless, this is what the UK government has implicitly set out to do when it (Treasury (UK), 1998b and 2005) suggested that UK national accounts data could be enhanced through the adoption of a WGA GAAP-based accounting information system, as opposed to existing (and as it is claimed, less rigorous) survey-based methods employed by the Office for National Statistics (UK) in preparing the UK's return for ESA95. Another source of competition arises from the emergence of global institutions such as IFAC, as represented by its IPSASB committee, as a key player in global accounting regulation (Loft et al., 2006; Humphrey et al., 2009). Of particular interest to us in this paper is in exploring network linkages within IFAC's IPSAS Board (IPSASB), and the implications of IFAC's actions for WGA (UK) as it seeks to secure a stake within the global regulatory network. For example, Ken Warren, a Treasury (NZ) official who wrote about New Zealand's experiences with implementing accruals accounting and consolidation (IFAC, 1994), is also a member of IPSASB and the Institute of Chartered Accountants (NZ), suggesting that he plays a pivotal role in any convergence projects (e.g., private-public sector and economic statistics versus GAAP).

There are a number of common issues that Australia and New Zealand have faced with adopting GAAP-based standards for WGA. From inception, the adoption of private sector standards (GAAP) had faced resistance from various users, ranging from government accountants, other groups within Treasury, to academics. As Pallot (1996) and Christensen (2005) show, the decision to adopt a GAAP-based accounting system was taken by a small group of proponents within the New Zealand and Australian (state and federal) Treasuries, who were sold on the diffusion of commercial accounting ideas. The decision to adopt GAAP in New Zealand has, however, been criticised since GAAP (NZ) was not designed to accommodate the consolidation of public sector bodies and consequently it offers few guidelines on how to report on key public sector areas, such as accounting for infrastructure and heritage assets, what is a suitable definition of Crown (i.e., central government) entities, and what are the most appropriate methods to use when consolidating Crown financial statements (Pallot, 1994).

Such conceptual problems have sparked debates as to whether a conceptual framework designed for the private sector can be used successfully and intelligibly for public sector. On reflection, Barton (2005) suggests that the Australian experience with this reporting approach is 'courageous ... but not particularly successful' (p.155). Barton (2002) considers the existing conceptual framework to be inappropriate because the non-market environment that most governments operate in cannot be properly accounted for using a system that is designed primarily to report business transactions and profitability (see also Challen, 2004). For example, Barton (2002) suggests that an essential distinguishing feature of the public sector is that it can have negative equity without being insolvent (see also Boston, Martin, Pallot and Walsh,

1996). In the private sector, net equity is used as a measure of the solvency, but in the public sector the government has a capacity to raise future taxes allowing them to incur liabilities in excess of their asset and as such net equity does not imply insolvency. While there may be many benefits to using private sector conceptual frameworks to underpin public sector WGA, it is also clear that there are limitations to using this framework in a public sector context as it has never been trialled by the pioneer countries. The difficulties of adopting a conceptual framework oriented towards private sector profit objectives is highlighted in the comments below made by an IFAC official familiar with accounting reforms in the antipodes, suggesting that the pioneers had to rely on adaptations to international standards such as IPSAS to deal with public sector-specific issues arising in their own countries.

[In Australia and New Zealand], each of them have issued exposure drafts of IPSAS with a national wrap around as the IPSASs start to fill holes in their requirements, segment reporting, non-exchange revenue, related party transactions etc. Those sorts of things where there wasn't – certainly in Australia and New Zealand – a standard that applied to the public sector and the private sector standard didn't translate so well to the public sector given the different objectives of profitability in the private sector. (IFAC official, June 2006, parenthesis added)

Further, during early debates on the value of WGA, the comparability of WGA statements in Australia had been called into question because of pronounced differences in the accounting policies, terminology, the levels of disclosure and quality between public sector constituents (Miley and Read, 2000). Moreover, variations in the way in which AAS 31 policies have been interpreted and reported across jurisdictions undermines the usefulness of WGA and provide ammunition to supporters of competing systems such as the economics-based Government Finance Statistics (GFS). GFS was heralded to produce more reliable reports because it is based on internationally comparable standards (Walker, 2009, p.190), which have a fixed methodology for classifying transactions for all reporting bodies (Challen and Jeffery, 2003, p.74). New Zealand also has concerns with the consistency of its WGA statements that used a mixture of historical cost, market value and replacement cost to value their assets. Boston et al. (1996) suggest that this makes net worth calculations based on the aggregation of these figures less meaningful and the statements more difficult to compare.

Walker (2009) argued, from a normative viewpoint, that such conceptual difficulties arise as there is obfuscation over the objectives of the consolidated accounts being prepared by governments, and types of information needed by users. His analysis of the largely pro-accounting reform literature produced by various international accounting standard setters (i.e., US Financial Accounting Standards Advisory Board or FASAB, the Canadian Institute of Chartered Accountants or CICA, the Australian Accounting Research Foundation or AARF, the UK professional accounting bodies and IFAC) suggested that the arguments for diffusion are often couched in such general terms that they fail to explain in sufficient detail how different types of judgements faced by individual users would be improved through the proposed changes in financial reporting systems (Walker, 2009, pp.179-181). Moreover, Walker's analysis

(ibid.) show that much of the information published under Australian WGA replicated financial information provided in other official government publications, thus diminishing its uniqueness and also leading to potential confusion when the WGA balance sheet results do not correspond with those of parallel systems such as GFS. This was also a key point noted by many of our interviewees, expressing their concern over the negative publicity generated by dual bottom line reporting (GAAP and GFS basis) on the WGA balance sheet.

Well I think it stimulated the GGS debate [on defining the general government sector boundaries] there, the media reported differing financial outcomes depending on whether or not they were going to be looking at GAAP based or statistical accounts ... There was quite a lot made of the fact that you could interpret the financial position or performance in two ways, depending on whether you looked at GAAP on the one hand or statistics on the other. That was obviously highly confusing to a large number of users. (CIPFA official #2, July 2006, parenthesis added)

To remedy these issues and in recognition of the potential overlapping roles that having two systems of national accounting may have, key WGA protagonists from Australia, New Zealand and the UK took the lead in proposing a solution in the form of standards harmonisation. The AASB set up an international taskforce in 2003 (Task Force on the Harmonisation of Public Sector Accounting or TFHPSA) involving all key players within the network, the IMF, the IASB, IFAC's public sector committee (now renamed the International Public Sector Accounting Standards Board or IPSASB), the OECD, international experts familiar with the UN's SNA and Eurostat to work on a reconciliation of the differences between GAAP versus a statistical based system of accounting for government economic activity (cf. IPSASB, 2005). The quotes by an ONS (UK) official below signalled the importance and rarity of opportunity of being in a position to shape the development of an international standard for government financial reporting by drawing together distinct intellectual groups working on similar problems.

... it was in June 2003 ... when a group has got together ... because we realised that the National Accounts manual was being updated, and there were some differences between those and the Public Sector Accounting Standards ... This was a once in a decade, or once in a lifetime opportunity to bring those two closer together ... Originally, we first had this [harmonisation discussions] in Australia, the UK and ... New Zealand because those are the countries that have done this [WGA] at the time, and we were invited to take part because we've done work on it. It has now become a worldwide thing and we are trying to move things forward ... The World Bank hosted/sponsored that first meeting. Since then it has mainly been the IMF and the OECD. Once it kicked off there was a general invitation for any country that wanted to join in the taskforce. So we invited the people that would have the most expertise to put into it first, it was then broadened and said, well anyone can join in. So people have joined in as they wish, recent meetings have had probably 20-25 countries in them. (Office for National Statistics (UK) official, January 2006, parenthesis added)

In adapting Latour's (1996, pp.175-176) metaphor, we note that promoters of technological projects such as WGA have to imagine little bridges that allow them to temporarily ensure their stability while they renegotiate the changing landscapes of a variable-ontology world. The move towards harmonisation is representative of these imagined little bridges, where new obligatory passage points are created to redefine the network's membership and goals. To this end, the AASB produced new accounting standards to reconcile GAAP-based WGA with GFS, namely AASB 1049 (first issued as 'Financial Reporting by General Government Sectors of Government', September 2006; then later as 'Whole of Government and General Government Financial Reporting', October 2007). This standard defines the boundaries of different sectors of government based on Australian interpretations of SNA93, reconciling key fiscal aggregates between GAAP and GFS, and dictating that WGA be published before GFS to avoid confusing readers and to underline the primacy of WGA for national reporting in Australia. Treasury (UK), being a key player within the network, has also become more attuned to the political risk of publishing conflicting balance sheet information in light of developments in Australia, and recognised that there are a number of important conceptual hurdles that need to be overcome before WGA can be used in the UK.

If you look at it ... Australia has put a lot of work into in the last two or three years with their GAAP/GFS convergence ... one of the lessons I learnt from Australia was that you had two competing sets of data in Australia for a while and you had the GAAP accountants and the national accountants arguing. Basically you had people in [the Australian] Treasury and ministers even saying 'What the heck is this?', 'What does it mean?', 'Why have I got two sets of numbers?', and 'Which one is right?' (Treasury (UK) official #2, November 2006, parenthesis added)

Harmonisation projects are thus vital tools in which distinct groups of experts can be marshalled towards working on a common goal, a leitmotif in the transnational governance literature. For example, consider also earlier harmonisation initiatives between SNA and the IMF's GFS (IFAC, 2000, part V); Australia and New Zealand's move towards sector-neutrality; and the current preoccupation of UK, Australian and New Zealand Treasuries with IFRS convergence. Nevertheless, despite significant attempts by key protagonists within the network to set up various harmonisation initiatives, such attempts to find a solution to accommodation different conceptual frameworks can be derailed by disagreements between dominant players, stymieing progress on the search for joint solutions for WGA.

In our final interviews with Treasury (UK) officials (as mentioned earlier, we interviewed and interacted with a number of officials over a period of four years, from 2005 to 2008), participants had a more reflective tone over the supposed advantages of using WGA to assist economic decision-making. Instead, they focused on some of the lower-level, but nevertheless important achievements such as improving accounting information systems across the public sector (cf. Chow et al., 2008). A more operational view of WGA benefits is starting to form through the extensive experience sharing with Treasury's (UK) networks in Australia and New Zealand, as

basic implementation issues had to be addressed before WGA is ready to be used for economic decision-making. The following quotation was taken from a Treasury (UK) official working on incorporating WGA information into the wider macro-economic and fiscal framework.

We have discussions with people in Australia and New Zealand ... and looked at how they ... introduced the equivalent to WGA or GAAP based accounting, they moved completely in that direction on a day-to-day politics basis but gradually you see them coming back a little bit because they realise that while it all sounds good in theory, there are some implementation problems in practice. (Treasury (UK) official #4, March 2007)

Attempts to mould WGA information for macroeconomic decision-making had also led to extensive learning and policy debate within the network. There is realisation amongst policy-makers that targeting the net worth of WGA balance sheets as a fiscal policy – a key technological advancement claimed in the scoping study – could potentially lead to erroneous decisions being made due to unresolved valuation issues.

Would you ... run the same fiscal policy objectives [in the UK using] WGA? ... they had similar questions in New Zealand and Australia where ... they ... said lets now move to a net worth target ... in New Zealand, it was a kind of measure where they took out valuation changes ... [because] that can really provide a lot of noise in your underlying data set ... Would you want to change your fiscal policy just because the market value of an asset of a national park has changed? Probably not. I think New Zealand and Australia have learned some lessons, they had the all these information and they said 'hmm, this is not how we should run fiscal policy'. (Treasury (UK) official #4, March 2007, parenthesis added)

In addition, Treasury (UK) also recognised other potential disruptive effects of net worth targeting from their discussions with Treasury (NZ), where there is a policy proposal to accumulate assets to deal with unfunded pension liabilities on the WGA balance sheet.

In New Zealand they have this idea of building up a farm against the pension liabilities which is just not going to happen here. We ... just don't see that as a sensible thing to be doing ... because you can take that decision without a GAAP balance sheet ... I don't see us sitting down with the WGA and saying now what do we do? (Treasury (UK) official #1, June 2005)

The UK followed the example of Australia and New Zealand in adapting WGA for economic policy-making but had to reconsider the form of its implementation due to observed operational and conceptual difficulties in making WGA work in the pioneer countries. One reason for these difficulties stems from a lack of extended engagement between various stakeholders whose cooperation and expertise are crucial if WGA is to be seamlessly integrated into (and seen to be improving) existing financial reporting and decision-making infrastructures. Our interviews suggest that some Treasury (UK) economists have not yet been drafted to work on the WGA

programme. From the WGA network perspective, securing the cooperation of economists is critical if WGA is to gain greater national and international acceptance, as the economists are currently in control of an internationally-agreed (and obligatory) reporting framework in the form of SNA93.

As far as I know, economists have not fed into the WGA programme ... it was understood that it would be a good idea to do it anyway. We're talking about international accounting practices ... We have been looking at WGA and in what way can we make more sense of that. I don't think we are quite there yet. As I said, you learn from Australia and New Zealand because they went all the way ... maybe not everything is superior in WGA. (Treasury (UK) official #4, March 2007)

The above quote suggests that while Treasury (UK) economists are wary of accounting innovations that have not as yet withstood significant road-testing, they nevertheless continue to monitor international accounting developments such as GAAP-based accounting systems such as WGA (and RAB) and have considered various merits/disadvantages of adopting WGA as a potential replacement or supplement for the existing SNA-based accounting information systems. The debate on GAAP and statistical accounting convergence meanwhile is on-going, where there is recognition that many (but not all) of the differences that exist between the two systems are as a result of historically different conceptual approaches that can be bridged through agreement within a joint-framework.

The reason is that the data comes from the same source data [even if] it may be compiled and presented in a different configuration for SNA than for IPSAS or, in the UK, in terms of the whole of government reporting ... if there are differences there then, for statistical purposes ... that data is going to have to be re-worked ... The question, are the differences valid and thought through or have they grown just simply because ... these groups have been working largely independently of each other? ... Because of the history, there are differences there now and it's difficult to change those differences in a short period of time. There is an acknowledgement that we need, over time, to draw them together where appropriate and also to ensure that if there are new requirements that we are in both areas, that if there are differences, these are genuine differences because they relate to our agendas in terms of financial reporting for both systems. (IFAC official, June 2006, parenthesis added)

However, it is difficult to expect that these differences to be completely resolved, as each system was designed for different user groups and purposes – a point made plain by a CIPFA official.

[The issue over GAAP versus GFS reporting] drove the interests that the Australian reporting council showed in trying to harmonise GAAP-based requirements and statistical requirements. There's a fair amount of progress being made ... but I don't think you're ever going to converge the two separate systems because they have different requirements, ... different objectives, so if you say one of them is interested in aggregates, the other in the financial

performance of specific entities. (CIPFA official #2, July 2006, parenthesis added)

Implicit in any discussion on international accounting convergence, whether on the appropriateness of public sector adoption of private sector accounting technologies, competing intellectual traditions (e.g., GAAP v statistics) or between nations (e.g., local GAAP to IFRS convergence) is a consideration of the potential loss of influence over the standard setting process and control over financial reporting requirements for a more domestic audience on stewardship issues, principally parliament holding government to account. In addition, WGA (UK) also has been grappling with basic implementation issues, which we discuss next.

### **Shifting political priorities and practical problems**

The erosion in the degree of international consensus over WGA has been followed by a shift in domestic political priorities for accounting reform within government, coupled with Treasury (UK) struggling with persistent practical problems in WGA implementation. We find that a network built around claims for WGA is starting to dissipate as it becomes subsumed within a broader set of discourses on accounting harmonisation (private-public sector convergence to IFRS; ESA95/GAAP) and, more recently (subsequent to our field-interviews) and an increasing politicisation and scrutiny of government finances. A series of developments post-2005 have served to divert attention away from WGA to wider issues on accounting reform within the UK (Chow et al., 2009). In 2006, the UK government postponed yet again the publication of a whole of central government accounts (CGA), despite pressure from FRAB and parliamentarians, on the basis that the government needed to focus its energies on moving to the next stage and developing the wider consolidation in the form of WGA, incorporating CGA, local government and public corporations. This postponement only received muted public criticism, but behind the scenes (as illustrated at the parliament's Treasury Select Committee hearing), the C&AG had expressed his disapproval over CGA delays and lack of preparedness with the consolidation (see Moll et al., 2010, for an analysis of the way in which these delays have been officially reported and debated). Post-2006 deadlines were also missed for WGA publication (ibid.), with key reasons given associated with convergence agendas, both at the domestic level, with the 'clear line of sight' project (Treasury (UK), 2009; Liaison Committee, 2009) and at the international level, with IFRS convergence affecting the government's adoption of existing UK GAAP.

At the domestic level, a recent parliamentary agenda reviving long standing concerns over the lack of parliamentary control and effective scrutiny of public accounts has received the highest political attention after the publication of a key report (The Fiscal Maze, 2006) by the parliament's Hansard Society on inadequacies of the current system of financial reporting and control and its implications for parliamentary stewardship (Brazier and Ram, 2006; Brazier, 2007). Subsequent to the publication of this report, there has been a marked shift in Treasury's (UK) accounting reform agenda. A Treasury (UK) interviewee noted that the priority was (in 2006) to focus more on the clear line of sight project (Treasury (UK), 2009), a Treasury (UK) initiative to deal with parliamentary recommendations stemming from the Fiscal Maze

report. The 'clear line of sight' project (Treasury (UK), 2009) has two broad stated aims, the first of which is to align all key financial documents presented to parliament by reconciling all financial reports to a common basis, as existing reporting mechanisms exhibit significant diversity and non-compatibility. For example, budgets are produced both on an ESA95 and GAAP basis; Supply Estimates, which require parliamentary authority for department spending, are on a GAAP basis; and Financial Reports (i.e., RAB) to parliament are produced on a GAAP basis (Treasury (UK), 2009, para.3.4). The government acknowledged that the scale of misalignment is significant, with a third of departmental spending reported in the Budget not included in the Supply Estimates, and conversely, a sixth of spending in the Estimates not in the Budget (ibid.). The second aim is to streamline the reporting format and reduce the frequency of reporting. The changing political focus on alignment reflects a diminishing (and perhaps, vanishing) emphasis on aligning WGA information to fiscal benchmarks and macro-economic indicators such as the code for fiscal stability, especially in post-2008 UK, given the costs of economic stimulus and bank bail outs. The shift of political emphasis to the 'clear line of sight' project further weakens claims that WGA (UK) represents the umbrella solution able to bind the diverse agendas of heterogeneous actors. In addition, it also serves to deflect attention away from the persistent practical problems faced by Treasury (UK) in implementing WGA (Moll et al., 2010; Heald and Georgiou, 2009), which has been the mantra of the C&AG's (UK) annual reports to parliament (C&AG, 2004; 2005; 2006; 2007; and 2008). In drawing parallels with the UK's 'clear line of sight' project with Australian experiences on dual-bottom line reporting (GAAP and GFS), such alignment issues are far from being resolved, and highlight a significant conceptual and practical challenge that was previously underplayed.

The initial excitement over WGA has now given way to the alignment project - and with diminishing political support for WGA, it could be argued that WGA will increasingly resemble "a utopia, in the etymological sense, like an idea that has no place to land" (Latour, 1996, p.120, para.2) as it struggles to locate itself within wider discourses on accounting policy reform. In this respect, it is pertinent to note the analogous nature of the original calls for a whole of central government accounts and earlier demands for accounting reform within government by the parliament's Public Accounts Committee (1990) – as with the current 'clear line of sight project', the motivating desire is to improve the transparency of government accounting and to reduce their fragmented nature.

As issues of practical problems has been discussed elsewhere (Chow et al., 2009; Heald and Georgiou, 2009), our focus here is to explore the impact that the continual failure to launch coupled with falling political support has had on Treasury's (UK) ability to maintain its leadership status in WGA reforms. The UK WGA project has suffered from significant staff turnover, both at the higher strategic level and also at the intermediate level, which only suggests a diminishing appetite for WGA, institutional memory loss (e.g., Latour, 1996, p.18; see Moll et al., 2010 for an in-depth exploration of this theme) and the general disintegration of a network key to sustaining WGA.

To be really honest, with two staff, three staff, it is just not enough ... from next [anonymous date] we'll have three and a half hopefully, and then we'll be up to five by [anonymous date] ... we're definitely lighter than we were but that's not a conscious decision, that's about people moving on ... It is not adequately resourced at the moment and we know that. (Treasury (UK) official #1, September 2006)

Key proponents such as Sir Andrew Likierman, who was instrumental in pushing for RAB and WGA and played a leading role during the parliamentary debates (GRAB, 1999-2000), resigned as Head of the Government Accounting Service in 2004 prior to the completion or publication of WGA. His replacement, Mary Keegan, who brought her expertise from the private sector (PricewaterhouseCoopers) also resigned in 2008 prior to the completion of WGA. In our interviews, staff spoke of a general struggle to cope with increasing work demands.

One of the problems is that we did have a [anonymous senior position] just working on WGA, and although I took this job, I'm increasingly realising the span of tasks is probably too wide. One of the problems I've got is that I'm losing a senior member on the WGA side at the end of [anonymous date] and he/she was dealing with a lot of the day-to-day stuff that a [anonymous senior position] would have to do. One area where there's a shortage of resource is actually at the top. (Treasury (UK) official #1, September 2006)

The majority of senior Treasury (UK) personnel working on WGA (some of them our interviewees) have either relocated to other government departments or to the private sector but can still be seen as operating within networks supportive of WGA and accrual accounting-based principles, through their association with organisations such as CIPFA and the NAO. Sir Andrew Likierman moved from Treasury (UK) to return to London Business School as a professor but subsequently took up the position of Chairman of the National Audit Office. Ian Carruthers has departed from his position as head of the WGA team at Treasury (UK) to join CIPFA, while other key figures in the WGA team such as David Watkins and Kieran Rix have also left Treasury (UK), continuing elsewhere within the UK civil service in accounting and policy-related roles. The Australian technical experts setting up WGA (UK) have also left Treasury (UK). Ian Ball, a key architect of WGA (NZ), now works for IFAC. We suspect that many more examples, across all hierarchies, of moves between the professional bodies, accounting firms, government and regulators are taking place. It is perhaps a sign of the times when the WGA project's specialist website ([www.wga.gov.uk](http://www.wga.gov.uk)) has been removed and subsumed within the Treasury's (UK) website. No mention of WGA was even made in any of the clear line of sight documents despite its clear linkage to RAB and other financial reporting-related issues under review.

## CONCLUSIONS

There is an emerging discourse in the NPM literature on the international diffusion of accounting policies. Our paper contributes to this literature by providing a better

understanding of the processes involved in international accounting policy diffusion and the role that expert networks, as key protagonists, play in facilitating such diffusion. Specifically, we elucidate processes of accounting policy diffusion, especially at the inter-governmental level, demonstrating how global policy ideas such as WGA have come to be seen as solutions to more local issues. Our findings affirmed beliefs that international policy diffusion occurs within expert networks through significant exchanges of ideas between donor and recipient organisations, and other mechanisms such as technology transfer in its various forms (e.g., staff transfers, wholesale adoption of software and systems from donor organisations), backed by strong political imperatives.

Our paper provides a framework in which to analyse the diffusion of accounting technologies. Specifically, we utilise established concepts of actor-networks in accounting (e.g., Robson, 1991; Chua, 1995; Briers and Chua, 2001; Gendron et al., 2007; Skaerbaek, 2009; Christensen and Skaerbaek, 2010) to understand the processes by which governments come to acquire, use and promote such technology. Our study of WGA diffusion provides a valuable site with which to illuminate core themes surrounding diffusion. We draw attention to various mechanisms by which networks are formed, focusing on the construction of meanings and attribution of roles for actors within the WGA network, and the defection of these actors to other and/or competing networks when the claims surrounding the WGA network begin to dissipate. Labelling (Czarniawska and Joerges, 1996; see also Brier and Chua's (2001) notion of plasticity) is an important component of a reformer's toolkit as it enables ideas to retain their brand recognition effect even if the ideas themselves have undergone significant translation (Strang and Meyer, 1993; Sahlin and Wedlin, 2008). In our study, we emphasised a particular form of labelling, namely project expansion (e.g., when comparing Australian and New Zealand WGA with the UK's model), which allowed key protagonists to accommodate the heterogeneity of actors and agendas by providing an overarching narrative (obligatory passage point) as a corralling device to bind them together. The involvement of actors within the WGA network (and other competing networks) in harmonisation projects and the creation of WGA-related taskforces increases network subscription as actors are attracted by the considerable capacity to shape the development of the project.

A critical issue therefore rests on the ability of key protagonists in maintaining the network's support for WGA. As actors within the network surrounding WGA have divergent motives, interests and capabilities, a convincing narrative (obligatory passage point) is therefore needed as a corralling device to bind them together. We illustrate two tools used by protagonists to actuate expansion: increase the size of the model to accommodate the heterogeneity of actors being included (an exemplar of Brier and Chua's (2001) notion of plasticity in action), and tie these actors into an ever closer embrace either by involving them in harmonisation projects or by creating committees in which they are given key stakes to shape the development of the project in which they are being roped into.

As the study of networks is the study of power relations between actors around a particular claim, competitive tensions can be expected to exist (Callon, 1986). Cooperation is only likely if, at a given moment in time, it serves to represent the best

strategy (of compromise through cooperation – e.g., Oliver, 1991) for any one actor. However, the dynamics of networks can be such that new ties are formed and broken all the time, leading to constantly evolving positions of actors within networks (e.g., Powell et al., 2005). It is therefore important to focus on network dynamics to observe circulation effects (Sahlin and Wedlin, 2008, p.221), because ideas become powerful when they circulate, rather than circulating because they are inherently powerful (Czarniawska and Joerges, 1996). In this regard, network stability is a proxy for the power that dominant actors are able to exert on peripheral ones to maintain status quo (Knorr-Cetina, 1999). We observe two sources of the tensions surrounding the WGA network. First, given that the WGA (UK) narrative was built on tenuous links (false translations) of expansion in order to entice important partners into accepting the diffused technology, such strategies risk leaving WGA (UK) fatally exposed to strong headwinds such as falling domestic political support and inadequate resourcing (e.g., see Briers and Chua's (2001) illustration of such consequences in a commercial enterprise setting). The issue of political support was particularly salient in Australia, as protagonists there were seen scrambling to retain the support of politicians confused over dual bottom line reporting. A second source of underlying tension reflects a fragmenting consensus for WGA in face of competition from more established systems such as economic statistics-based forms of accounting for government and contestations over conceptual frameworks underpinning WGA across its pioneering countries and the UK. The frictions between peripheral and dominant network actors over the attribution of meanings and actions taken (Bourdieu, 1977; 1984) only serve to reflect the importance for researchers of considering dynamic interactions in the field of NPM accounting technology diffusion.

We draw attention to two emerging trends from our work. First, whilst the network surrounding WGA claims may have dissipated (or lying low, waiting for a politically opportune moment to re-emerge), we note that key actors have now engaged with broader-based networks and associated discourses promoting global accounting convergence, which we conceptualised into three (probably interconnected) categories: within-country private-public sector convergence (e.g., sector-neutral reporting); between-country convergence; and conceptual framework convergence (GAAP-economic statistics). Second, key sites of influence may have shifted from governments and/or public sector auditors as protagonists for accounting diffusion to that of global standard setters. IPSASB is a much more visible and active organisation than it used to be (e.g., Humphrey et al., 2009). So, where do the above developments, experiences and analysis leave us in terms of seeking to develop our understanding of the role of the networks in aiding accounting technology diffusion?

Avenues for future research should attend to explaining the paths taken and the velocity of change (as not all countries will harmonise at the same rate and/or subscribe to similar harmonisation frameworks), taking into consideration key agents of technology diffusion and their relative power in being able to effect such diffusion. Another under-explored theme requiring further attention is the effect of institutional memory loss on networks sustaining the momentum for WGA reform. As in the case of Latour's (1996) description of the eventual demise of the ARAMIS public transport system, where political support for the project faded as new priorities emerged and as politicians seek to distance themselves from a technologically achievable but

uneconomic project, we draw attention to changing political priorities on government accounting reforms and an associated significant loss of leadership on the WGA project. While WGA resembles a project in decline, it is worth remembering, in closing, that destabilised or disrupted expert networks may in the future be resurrected when political circumstances become more favourable, or when another crisis leads governments to search for 'new' solutions to existing problems.

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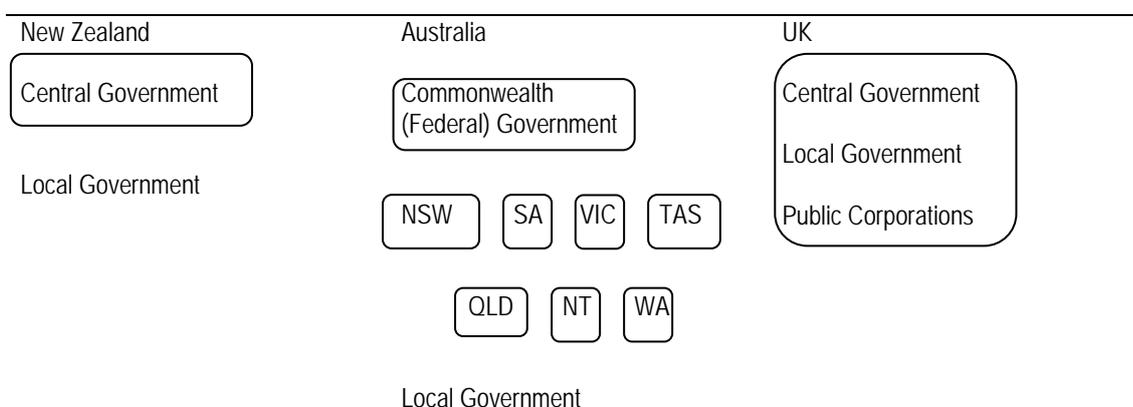
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## FIGURES

Figure 1: Different Models for WGA



Each bubble represents a WGA consolidation boundary. Bodies outside WGA are not encapsulated by a bubble. Australian States: NSW – New South Wales; SA – South Australia; VIC – Victoria; TAS – Tasmania; QLD – Queensland; NT – Northern Territories; WA – Western Australia