INVESTMENT DECISIONS IN DEVELOPMENT PROJECTS: A CULTURAL POLITICAL
ECONOMY OF DEVELOPMENT ACCOUNTING

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Rathnayaka Mudiyanselage Chathurani Lakmini Kumari Rathnayaka

Student ID- 169034878

University of Leicester

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Abstract

Accounting for development has recently gained attention in the extant literature, advancing a research agenda considering structural issues and their impact on accounting practices of both in state and private sector institutions. The role of politics and power in accounting and accountability, especially on resource allocation has been studied with different theoretical frameworks with increasing focus given to the divergent roles of culture and politics, and how these can influence organizational budgeting and resource allocation mechanisms. However, the role of politics in accounting and accountability structures in development agendas, especially in development projects has only been addressed intermittently. By focusing on the management accounting controls and accountability mechanisms in development projects, particularly infrastructural, this thesis tries to fill the gap identified above. It takes a Cultural Political Economy perspective to theorize case study findings of accounting and accountability in development context. The finding exemplifies that donor-funded development projects produce neo-colonial relationships through multi-level patronage politics and ambiguity in management accounting controls and accountability mechanisms. The power relations infused by patronage politics captures the different forms of power within and beyond the state which subsequently, result in departures from ideal types of management accounting controls, perpetuating violation of management accounting controls. This thesis contributes to the debate in the (cultural) political economy of accounting research in Less Developed Countries and development studies.

Key words - Accounting, Accountability, Development projects, Politics and Power, neo-colonial relations

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Author's declaration

I declare that, except where explicit reference is made to the contribution of others, that this thesis is the result of my own work and has not been submitted for any other degree at the University of Leicester or any other institution.

Abbreviations

ADB	Asian Development Bank
ASD	Additional Secretary (Development)
COPA	Committee of Public Accounts
COPE	Committee of Public Enterprises
DoV	Department of Valuation
DS	Divisional Secretary
DSO	Divisional Secretariat
E-code	Establishment Code
ERD	External Resources Department
FR	Financial Regulations
GoSL	Government of Sri Lanka
ICTAD	The Construction Industry Development Authority
IMF	International Monetary Fund
IRR	Internal Rate of Return
JICA	Japan International Corporation Agency
LAC	Land Acquisition and Resettlement Act
LARC	Land Acquisition and Resettlement Committee
LRC	Land Reform Commission
MoHRD	Ministry of Highways and Road Development
NIRP	National Involuntary Resettlement Policy
NPA	National Procurement Agency
NPB	National Procurement Bureau
NPV	Net Present Value
PMU	Project Management Unit
RDA	Road Development Authority
SLARC	Land Acquisition and Resettlement Special Committee
SPU	Special Project Management Unit
STDP	Southern Transport Development Project

Meaning of Non-English terms used

Innala	A type of potato grown in Sri Lanka
Light-line	An electricity line
Seettu	It is an informal method of investment within the community. The invested money is returned to the investor on an agreed date in terms of money (without interest) or any agreed product or method.
Nikaya	Monastic divisions of Teravada Buddhism
Maha Nayaka Thero	Chief Monk of the respective Nikayas
Pohoya Geya	Place within the temple for disciplinary activities of monks (Teravada Buddhism)
Katina Ceremony	One of the major annual religious ceremonies of Teravada Buddhism
Grama Niladhari	Officially appointed representative of the village

CHAPTER 1: Introduction

1.1 Background

This thesis studies management control practices and accountability mechanisms in a 'developing country context' from a cultural political economy perspective. This thesis studies investment decisions and explains how international development funders create a form of governance and control, and also produce and reproduce neo-liberal policies in Sri Lanka. This explains how international development funders create a form of governance and control, and also produce and reproduce neo-liberal policies. This perspective enabled the analysis of several aspects: the influence of power on management accounting, control practices and accountability relationships. For this I used the work of Jaqueline Best, and power, colonization and accountability in general. This chapter explains the structure of the thesis outlining the motive, research aims and questions of the study.

1.2 Motive of the study

This study began with the intellectual interest of the researcher in the field of accounting, particularly management accounting in less developed countries (LDCs). The choice of the research setting was particularly where I am from. For instance, management controls and accounting practices have been studied in Sri Lanka, taking the social, cultural and political factors into account. But these have focused on how controls are implicated within LDCs employing structural Marxism. More recently, cultural factors are used in understanding and exploring how management accounting practices are developed in LDCs rather than employing structural Marxism. But some of the factors are yet to be explored in this context in relation to development projects. Also, how LDCs address the issue of accountability is an established field of study in management accounting and controls research, but many of these studies explore the accountability of accounting and control dynamics in non-government organizations (NGOs), leaving room to explore the role of

accountability and its dynamics in development projects. Secondly, the methodological choice was guided by how I see the world. As this study was particularly on one specific infrastructural development project, the study employed an interpretive epistemology coupled with a socially constructed reality which is subjectively experienced by individuals engaged in the development project. This led to the choice of case study method for the data collection.

1.3 Situating the research

After over 400 years of colonization, Sri Lanka became an independent state in 1948. After gaining independence, Sri Lanka started projects to develop rural areas including agriculture industry in Sri Lanka, for example the Mahaweli project, which was developed to generate hydraulic power, controlling flood, making irrigation facilities for dry zone cultivation, settlement of landless and unemployed families by constructing and developing physical and social infrastructure by using the water of the Mahaweli river. But political instability became a major roadblock to this development agenda. This situation worsened during the early 1980s, as differences in cultural and political ideologies in major ethnic groups became hostile, and in turn an ethnic war lasted for 30 years within the country until 2009. This stopped all the development agendas as security was of the upmost importance within the country. The internal transportation system was highly damaged during the ethnic war due to bomb blasts, and daily travelling and the tourism industry were highly affected too. Development projects started during this period were also highly affected by periods of insurgency. This includes the Southern Expressway project, which was initially planned in 1996 (project appraisal report) and completed in 2011.

During the war, Sri Lanka as a developing country did not have enough funds for development activities internally, and also externally investment in Sri Lanka was not very attractive for donors due to security reasons. Structural conditions imposed by the International Monetary Fund (IMF) and World Bank –

as two regular donor agencies – made the Sri Lankan government find alternative donor agencies to fund developing agendas. For example, according to the IMF, Sri Lanka has already reached its maximum credit/borrowable amount, and beyond that the IMF does not approve any loan. Instead they keep a close eye on the government overdraft each month. Thus, a new set of actors have become important and relevant in the Sri Lankan development context.

Despite the war, the government was able to find donors to fund the project, and this is where non-Western agents became key actors of investment decisions in Sri Lanka. Thus, there was a shift of emphasis from Western donors with Western management accounting and controls to non-Western agents with their own control mechanisms and their consequences, including accountability dynamics. Therefore, development projects seemed to be an interesting case to study in management accounting and control research, including accountability structures and dynamics.

The last two decades witnessed a growing interest in research on accounting in LDCs. It has become an important field of research, though it is in its infancy, particularly critical accounting scholarship in the area of management accounting. Recently, research in LDCs has become an interesting field to explore various dynamics in management accounting associated with globalization and neo-liberal reforms. An insight from discourse theory which is prominent in social sciences, but little considered in management accounting research, is that language conveys particular depictions of the world which inevitably denies the others. As such, management accounting research reproduces a world where managers (or decision makers) in corporations, including transnationals, and in the state accounting calculations and controls the characteristics of their organizations, for its employees and environment to further organizational ends and objectives. This invariably ignores the exploration of how and why power and influence are distributed unevenly, how it is used for political capitalization

of accounting and in turn how it reproduces a sanitized version of management accounting and controls and the world it dwells in. Even though Foucauldian work shows that power and knowledge are inextricably linked, and consequently knowledge produces and reproduces how we conceive the world, globalization processes and neo-liberal reforms made a space beyond this where the socio-cultural political landscape becomes an important sphere in understanding the role of accounting in development programmes in LDCs.

While research in accounting and development is now becoming an established field, its cultural political economy hue has made important theoretical developments (Hopper et al., 2012b; Wickramasinghe & Hopper, 2005). Exploring these developments, this research aims to address how states, multitudes of controls and political and cultural institutions are implicated in permeating an eclectic form of accounting for investment decisions in mega projects in Sri Lanka's development.

Cultural political economy research in accounting has reported several case studies to illustrate how political and cultural factors are relevant to understanding the functioning (and malfunctioning) of management accounting and control systems in developing countries (Alawattage & Wickramasinghe, 2008, 2009; Hoque & Hopper, 1994; Tsamenyi et al., 2007; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004). In particular, this agenda of research has enhanced our understanding of how these macro factors gave rise to unintended idiosyncrasies in the mundane practices of management accounting and controls. This development has extended not only the scope of political economy research in accounting (Cooper & Sherer, 1984; Hopper & Armstrong, 1991; Tinker, 1980), but also made an interesting contribution to political economy research in the social sciences by connecting the macro to the micro through the trails of complexities of accounting (Polanyi, 1944; Taylor, 1979; Williams, 1958).

This research takes this literature as a point of departure and explores infrastructural development projects in Sri Lanka to investigate whether and how accounting, auditing and control procedures, government accounting practices, investment decisions and cultural institutions are interrelated and, in turn, produce an eclectic form of development accounting. The notions of culture, as Hofstede (1980) observed, 'could be defined as the interactive aggregate of common characteristics that influence a human's response to its environment', or, as Williams (1958) observed, 'it's ordinary' that every human society has its own shape of culture, its own purpose and its own meaning. Further, the notion of development accounting, as Hopper et al. (2012) observed, encompasses spatially and historically varying calculative practices and accountability mechanisms operating at multitudes of the development discourses linked to state actors, political and cultural spheres, and practices of accounting. An elaboration of these aspects in relation to the execution of development projects within the recent development agenda will be an avenue to make a theoretical contribution to the above literature on the cultural political economy of accounting.

1.4 Theoretical underpinning and research questions

The 1980s witnessed an emphasis on political and economic factors in understanding accounting and gave rise to the political economy of accounting (Cooper & Sherer, 1984; Hopper et al., 1987; Hopper et al., 1986; Tinker, 1980). Hopper and his associates extend this agenda to developing countries since the late 1990s (Alawattage & Wickramasinghe, 2008, 2009; Hoque & Hopper, 1994; Jayasinghe & Wickramasinghe, 2011; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004). Both research communities were critical of functionalist approaches to accounting research, which assume that accounting is effective, functional merely through better technical, procedural and organizational configurations (Hopper, 1985). Political economy researchers, in contrast, argue that accounting operates in a broader (than its technical and procedural) context, giving rise to complex

issues in mundane practices. For example, Wickramasinghe and Hopper (2005) illustrated that, despite its market and engineering rationalities for more rational production budgets, village ethnicity and culture shaped the ways in which budgets were to be prepared and how they were to be executed. This practice was also coupled with political and ideological influences through trade union mechanisms linked to the post-colonial fashion of national politics in the country. Thus, this particular research paradigm has emphasized the importance of the 'culture' in political economy research in accounting.

In line with that, 'Cultural Political Economy' is the broader framework which embraces and explains how cultural practices shape a political economy. I have used this framework to explain the exercise of power over mechanisms of governance and control as a primordial cultural practice that shapes the political economy of capital investment decisions. In doing so, I explain how power is intermediated in accounting controls, producing and reproducing a form of governance and control in less developed countries.

Although functionalists believe that Management Accountings Controls (MAC) are presumed to be purposeful, effective and unproblematic, seen from the above cultural and political angles, such practices are questionable and problematic. Applying modes of production theory (Taylor, 1979), cultural political economy researchers justified such predicaments in that imposing capitalist mode of production (MOP) on the context of traditional culture with non-capitalistic MOP can bring a conflict between traditional way of life and belief, leading to cultural dissonance, hence it may result in unanticipated consequences (Wickramasinghe & Hopper, 2005). Although MACs are key to planning, control and accountability in state-led central planning, constitutionally, the state is the controller of the regulatory systems, which provides considerable power to bureaucrats and politicians to pursue personal agendas. Political pressures, struggling for party advantage and pressures for political survival in the state drive politicians and their agents to get involved in enterprise affairs (Wickramasinghe & Hopper, 2005). Hence political

criteria dominate decision making and control. While this is an important development in this ilk of research, such research has, however, paid little attention to how development and development projects are shaped by forms of accounting and controls in relation to changing rationalities of development discourses and associated practices (van Helden & Uddin, 2016).

One of the classical, and basic, perceptions supported by neo-classical economics suggests that increases in a country's output provides the basis for further growth when part of that output gets reinvested. According to this claim, countries with higher income levels were, therefore, able to save more and were subsequently more likely to be able to reinvest greater amounts. Thus, the problem of underdevelopment was one of not having progressed far enough along 'the path' of countries with higher income. This implies that underdevelopment was a cycle perpetuated by a lack of saving and lack of reinvestment that needs to be broken (Hettne, 1983; Van der Merwe & Dodd, 2019). Critiques of this functionalist view explain that early development economists rarely considered structural factors, and instead favoured the idea that growth would carry on continuously if a certain formula was followed (Hettne, 1983).

Development research, on the other hand, has followed neo-classical modelling and econometrics methods, ending up with either so-called hypothesis tests or arms-length prescriptions (Kirkpatrick, 1981; Lélé, 1991) rather than exploring mundane complications related to development trajectories that would give rise to unintended forms of accounting and control issues. Although there was a branch of critical development research (Escobar, 1993; Taylor, 1979; Wallerstein, 1991), researchers had inadvertently ignored accounting issues associated with micro-level idiosyncrasies that were also not captured by functional development research above. Insofar, the effect of globalization is explored with respect to its protecting corporate interests, while ignoring its effect on employee issues

including gender, race, conditions of work, job satisfaction and stress, unionization and industrial relations (Hopper & Bui, 2016b).

By locating accounting in a 'critical development' sphere and by theorizing accounting practices as a form of cultural political economy, I believe that those idiosyncrasies could be captured and, in turn, a form of development accounting could be articulated. While 'critical development' here is aimed at understanding development beyond its discourses, jargons and taken-for-granted institutions, cultural political economy is inclined to reveal the pragmatics of accounting and development practices in terms of the structural rationalization of decisions, actions and their consequences (Taylor, 1979; Wickramasinghe & Hopper, 2005). I will thus aim to offer a theoretical analysis of how accounting operates in a development context by analysing critical development literature (Escobar, 1993; Taylor, 1979) and by re-analysing the cultural political economy of accounting.

Such a development emphasis was little appreciated in the cultural political economy of accounting, but the researchers in this ilk acknowledged the conditions imposed by development discourses and practices (Hopper et al., 2009; Wickramasinghe & Hopper, 2005). They referred to how the World Bank and similar transnational financial agencies had imposed loan conditionalities including accounting reforms on developing countries. Although such impositions would have shaped how government accounting, auditing and control practices should be changed and how decisions and actions are taken accordingly, there has been little research examining how this actually occurs. As a result, little is known about structural rationalization of investment decisions in development projects, of their execution and actions at mundane levels, and of intended and unintended consequences of such events and processes. The proposed study is thus important in that it can contribute to developments in cultural political economy research in accounting, on the one hand, and critical development theory and its implications for policy impacts on such development projects, on the other.

In order to produce such a piece of 'development accounting' research, I have chosen to study the processes and mechanisms of accounting, controls and accountability in infrastructural projects in the context of the Sri Lankan development agenda. The term 'development accounting' has been defined and addressed in accounting, particularly in management accounting literature in less developed countries addressing the changing mechanisms of resource allocation (see, for example, Hopper et al., 2017; Jayasinghe & Wickramasinghe, 2011). Development discourses including development accounting from economic perspectives promote and justify development interventions, particularly from the macro-policy levels. Economics, as a discipline, concerns 'development accounting' incorporating macro-economic policies, particularly how development is met by implementing macro-economic policies. In contrast, development accounting concerns how development is achieved at the micro level. But, when it is seen from the micro level, these interventions are coupled with unintended consequences (Wickremasinghe, 2005). Thus, it produces and reproduces contradictions between development logics and cultural political logics. This is predominantly due to political, social and economic dissimilarities in less developed countries. Thus, mundane practices including accounting constitute and reproduce within a set of material and discursive relationships rather than empowering the poor, development objectives or certain competing structural logics. In line with the same logic, in this study I intend to understand development accounting as how resource allocations are made, particularly the role of accounting and accountability practices therein where global development agencies, political states and communities interact. Thus I use the notion of development accounting as an academic phrase as well as a professional engagement. As an academic phrase, I use it to denote how the notion of development is materialized through accounting, governance and accountability. As a professional engagement, I use the term to describe various forms of calculations, measurements, grading, ranking and so on

which make development visible and governable to the processes of democracy as well as to the eyes of global finance.

The initiation of projects in the context of developing economies has become the primacy of attaining development through infrastructure developments. They have often made the relationship between the global and the local while highlighting national indicators of development within national and regional development strategies. These mega projects represent extremely large projects owned by the private or public sector with 'initiatives that are physical, very expensive, and public' (Altshuler & Luberoff, 2002). They 'transform landscapes rapidly, intentionally and profoundly in very visible ways' (Gellert & Lynch, 2003). However, as developing economies are far from being rich enough to invest in these projects with their own capital, they have naturally to look for international funding which imposes conditions on the practices of accounting and accountability that are implicated in wider reforms in state apparatuses.

This leads to a form of 'projectification', pointing to the handling of complex tasks through a series of restructurings by which traditional functional structures are gradually transformed into different forms of practices (Maylor et al., 2006; Midler, 1995). Traditionally projects have focused on forms and vocabularies for planning and control supported by varying calculative practices (such as discounted cash flow techniques) as well as visual and imagery tools such as Gantt charts and network diagrams. However, transnational funding agencies have asked for further controls and accountability mechanisms, including the ideas of risk management, environmental screening, stakeholder management and the like.

Concerns have been raised as to whether these development projects in developing countries are akin to newly imposed accounting and accountability practices. Anecdotes in the public domain suggest that there are cultural and political predicaments that hinder the expected aims of these projects. As a result, as Al Darmaki (2008) observed, project executions suffer the

negligence of systematic management and controls and the delivery of expected accountabilities. Despite such anecdotes and observations, there is a lack of analysis of the roots of such negligence that led to a particular form of 'development accounting'.

Therefore, a cultural political economy framework provides a lens to address the theoretical gaps in management accounting and controls research, particularly exploring the following research questions:

1. What are the techno-political roles that accounting plays in infrastructural development and how do politics complicate the accounting's roles therein?
2. How accountability and practices are constructed and discharged in a techno-political project of an infrastructural development?

In addressing the two research questions, this study shows how government accounting practices, multitudes of controls, auditing procedures, state apparatuses, the investment decision process, political institutions and cultural institutions permeate an accounting analysis by which I could make contributions to the ongoing conversations in both cultural political economy of accounting and critical development literature. That said, it explores how these aspects are complexly interrelated with cultural and political factors in relation to the implementation of development projects in LDCs. In doing so, this study articulates how structural rationalization (for example control over state power and external accountability demands) and post-structural rationalizations (for example implicit and explicit objectives of the project) give rise to an eclectic form of development accounting.

In sum, the research intends to achieve the following aims:

1. To explore the ways in which accounting intervenes, regulates and manifests the techno-political dynamics and interactions between the

global development funding agencies, the political state and the local communities.

2. To explore the ways in which accountability relationships are produced and reproduced in a political context of infrastructural development where global development funding agencies, the political state and their administrative wings, and the local communities interact.

The first research aim intends to respond to the first research question addressing the wider role of accounting in development projects where global development projects, political states and communities interact. While the second research aim responds to the second research question by exploring the role and influence of accounting and accountability practices in infrastructural development projects and how these are produced and reproduced in a cultural and politically dynamic environment where global development agencies, political states and communities interact. The findings of this study shed light on the development context of Sri Lanka, in which competing tensions to fulfil political obligations to the population co-exist with obligations to satisfy external agents, and how tensions shift the focus of management controls, and distort accountability mechanisms.

Consequently, the research theoretical framework draws on theoretical notions from the cultural political economy framework; 'ambiguity', 'power relations' and 'accountability' to explore the consequences; reproduction of ambiguity and neo-colonial relationships and perpetual violations and departure of management control systems.

1.5 Structure of the thesis

This thesis comprises eight chapters. **Chapter 2** explores the literature on the dynamics of development and role of accounting in development while identifying the research gap in the context of development agendas particularly in LDCs. This review of the literature identifies research gaps:

first, the role of accounting in development projects in the presence of complex involvement of state and non-state actors: secondly, how accountability relationships interact in the face of competing structural and post-structural objectives in the context of LDCs which are not adequately addressed in accounting literature from the cultural political economy landscape.

Based on the identified research gaps, **Chapter 3** outlines the theoretical framework to explore the research questions outlined at the outset. The theoretical framework consists of the theoretical notions of cultural political economy, ambiguity, power relations and accountability, which are used in certain ways in the literature, but not under one theoretical framework.

Chapter 4 presents the choice of methodology and methods in conducting this study. This chapter explains my philosophical position and methodological position, and case study as the choice of research design. It also presents how I ensure the validity and reliability of data and findings of the study, which is always a challenge for qualitative, case study research. Furthermore, this chapter explains how I conducted the fieldwork: from accessing the field to encountering challenges. Finally, the chapter presents how I theorized the findings of the fieldwork.

Chapter 5 presents the context of the project. This chapter presents information and data on the project, which is an introductory chapter for **Chapter 6** and **Chapter 7.** This chapter particularly presents the context and the history of the project, including major decisions which were influenced by various power relations, and how accounting and accountability interacted in the Southern Expressway Project.

Chapter 6 is the second empirical findings and discussion chapter, but it extends the discussion with the theoretical notions of ambiguity and power relations. This chapter explains how perpetual management controls departures and violations occurred as a result of ambiguity in management

and accounting controls and how it reproduces ambiguities, various levels of power relations, and colonial relationships.

Chapter 7 presents the second and final empirical data findings and discussion chapter, which explains the dynamics of accountability in the Southern Expressway project. This chapter explains how competing accountability demands are prioritized in the face of competing power relations. Also, this chapter explains how far the project met the structural and post-structural objectives of the project by linking it to theoretical notions of 'accountability'.

Chapter 8 concludes the research project by recapping and summarizing the thesis, presenting the study and the contributions to the body of knowledge, particularly to management controls including accounting and accountability research in development accounting in LDCs. Finally, the chapter concludes with theoretical and methodological limitations, and how future research might overcome them and provide avenues for future research directions.

CHAPTER 2: Context of Accounting for Infrastructural Development

2.1 Introduction

The previous chapter introduced the thesis, outlining the background of the study, motivation of the thesis, research questions and aims. In doing so, the chapter introduced the notion of 'development accounting' and how the thesis is going to explain the role of accounting in less developed countries using a cultural political economy framework.

It is evident that accounting plays an important role in organizations and societies (Burchell et al., 1980). Societies need development, i.e. economic development which supports the social progress of the society (Wickramasinghe, 1996). Thus, how investment decisions are made, how power and politics are implicated in accounting, including capital accounting, plays an important role in less developed countries. Even though the accounting including accountability and development are different, (un)related disciplines, accounting has an important role in organizations in promoting socio-economic development in which accounting becomes and is seen as 'development' for both national and international actors.

Thus, the aim of this chapter is to review the literature on accounting and development in order to identify the role of accounting in a developing context. In doing so, first, this chapter presents the notion of development and its divergent role in less developed countries. Second, the chapter explains how the hegemony of global finance in development impacts less developed countries. Finally, the chapter presents the notion of accounting and how it is implicated in wider development agendas focusing on less developed countries.

2.2 What is 'development'

The main thrust of the enlightenment critique of development is that irrational thinking pervades all social spheres keeping human beings in a 'backward' state and limiting their capacity in realizing their full potential. In other words, rationality and reason are the drivers to develop the potential as human beings. Thus, in that sense, the 'past' and 'present' of the Western societies was labelled as 'rational' and 'irrational' or 'backward' and 'modern' respectively. The same critique later on emphasized rational and scientific knowledge, which in building upon empirical facts and reason would lead the way from 'backwardness' to 'civilization'. Instead of presumptions, new lands were conquered, and people were provided with first-hand information to re-contract the 'past' of the West. Understanding and absorbing the key characteristics of the West in modern times and striving to achieve them, the conquered try to speed up their progression towards the civilization which had already been achieved by the Western regions. This redefinition of social evolution provided a powerful theoretical foundation to comprehend the 'present' in the 'West' and other locations in a new way. On the other hand, the 'past' has been labelled as the 'dark age' of human history, an era dominated by irrational thinking such as superstition and widespread ignorance. The non-Western societies (in literature these are known as traditional societies) at present are presumed to be equal to the 'dark age' of the West. Hence, this social evolution is a process of human evolution moving from 'irrational' to 'rational', 'superstition' to 'scientific knowledge' and 'backwardness' to 'civilization'. Primarily, this process was heavily based on science as its goal is to liberate 'primitive' and 'backward' people from superstition, ignorance, irrational thinking and behaviour. Hastrup (1995, p. 68) explained that 'reason' had to be liberated from 'imagination'. Hence, enlightenment critique and subsequent theoretical constructs of human evolution from anthropological studies divide intellectual history of mankind into two key phases; 'before' and after enlightenment.

The term development poses the question of what is 'developed' and what is 'not' or what is 'less developed'. As mentioned earlier, Western societies which are called 'developed' are considered as redeemed from backwardness and irrationality which has led them to become modern and progressive and later on to be called Western societies. Their current state of affairs shows the highest level of social evolution to which mankind could aspire. This ethnocentric perspective of mankind was supported by the political and economic power of the Western countries that built empires in Asia, Africa and other continents. In the case of non-Western societies, which became colonies of the Western powers, these were labelled with the characteristics of backwardness and irrationality or sometimes as 'traditional'. This radical categorization of all human societies created a powerful scheme of social stratification which in turn provided a rationale for subsequent theories of growth and development. Consequently, social anthropology identified three clusters as primitive and simple societies, advanced and complex societies and societies in-between these two ends.

The writing of Karl Marx (1818-1883) presented an explanation of evolutionary theory which demonstrates that all societies evolving eventually pass through all the stages of 'primitive communism' to 'industrial capitalism' and he assumed that Europe would be the first among all the others which would transform to socialism, the highest stage of socialism. In a similar vein, Durkheim (1864-1920) argued that societies are transforming from 'primitive' to 'modern'. According to him, primitive societies are characterized with a low level of division of labour, segmented social structure and a strong sense of 'collective consciousness'. In contrast, modern societies manifest an organic solidarity characterized by specialized division of labour, independence between component parts, differentiated social structure and 'individualistic' orientation. But the neo-Marxist and dependency-oriented critique of development labelled the third world as 'underdeveloped'. Hence, for them it is a political process, the result of an exploitative, capitalist, world economic system (Amin, 1976; Frank, 1967, 1978; Wallerstein, 1974).

Frank (1967) argued that the transition to capitalism in the North separated producers from the means of production, but this process was matched by one in which they were reabsorbed into the production process as wage labourers. Cowen and Shenton (1996) explain that this second part of the process did not take place in the South. Hence, according to Frank (1967), what developed in the South is 'underdevelopment'. Aseka (1993) believes that 'underdevelopment is a historical process derived from the way that less developed environments were integrated into the global economy and how the subsequent decisions which followed eroded their prospects for independent and sustainable development' (Van der Merwe & Dodd, 2019, p. 18). By drawing on the examples from Africa, Aseka (1993, p. 195) asserts that 'western colonial and neo-colonial interventions were inhibitive and retrogressive in character and therefore suffocated, distorted, and relocated African economies and militated against the environment as to create conditions of perpetual socio-economic dependence and socio-cultural breakdown'. The comparative experience is similar in Latin America and the Asian context as well. For example, Topik (1987) argues that underdevelopment in Latin America was the product of European development. This suggests that underdevelopment in the Global South negatively correlates with development in the Global North, that is such development or transference is the result of the exploitation of the South (Topik, 1987, p. 549).

On the other hand, some writers note the futility of intentional development. They argue that capitalism is a reactionary force which causes poverty, but not a solution. According to that, development projects and aids become a means of perpetuating exploitative economic structures (see, for example, Hayter & Watson, 1985; Lappé et al., 1980). This critique shows how 'development' became a hegemonic idea. Drawing on the concept of 'logocentrism' of Derrida (1930-2004), Manzo (1991) explained how people naturally expect hierarchical forms such as the East should become like the West, the South like the North and traditional like modern.

Theoretical discourses of development or progress affirm that human reasons for development are the same for all subjects, nations, all epochs and all cultures. As mentioned earlier, the ethnocentric division and theme, Western (Western science and knowledge-induced wisdom) and non-Western (the rest, with varying degrees of ignorance and barbarity, or peripheral), continued from the eighteenth to the twentieth century and even after, in different identities. Colonization was one of the major interventions and a social influence on colonized to aspire to become modernized through a process of cultural contact with the West. Elites of non-Western societies are the catalysts of this process who emulate their masters by adopting their region, education, cultural practices and 'rationality' in administration. Apart from the allegiance, their key role is to disseminate Western values, beliefs and capitalist markets into their own traditional societies, thereby facilitating the process of becoming modern among the communities.

Preston (1985) identified three ways of implanting capitalist systems in colonies by colonizers namely, (a) administration, (b) trade and development, and (c) legal and social regulations. Parallel to the expansion of colonial rule, colonial states introduced several programmes to the colonizers to civilize and develop the colonized. Among them, Christian missionary schools, charity organizations, Western education and democratic governments were important interventions. The main purpose of the colonial states was obviously fulfilment of the necessary social and economic conditions to enable implanting and developing the capitalist economic and social systems in the subjugated territories. From the eighteenth century to the end of formal colonialism, the widespread view was that because of the empires, the colonized could attain the progress and become civilized by emulating their masters. As mentioned above, this role was played by the local elite group who were educated in Western knowledge and language and were given limited power to administer their natives as representative of their masters.

The emergence of the development discourse coincides with the collapse of colonial empires and the emergence of new nations in Asia, Africa and Latin America in the twentieth century. Western interest in the non-Western became extensive parallel to the development of capitalist economic systems in the West, and, consequently, capitalist forms of production, trade and finance penetrated traditional non-Western societies. After World War II, non-Western societies gradually became 'development partners' who depend on their former colonial master for development assistance in triggering the economic growth in their countries and to become 'modern' and 'developed' by absorbing scientific knowledge and technology of the West. As a result of this transformation, the former colonizers and powerful Western nations were interested in continuation of their dominance in non-Western countries either for political, economic or strategic reasons and have taken a new role of dictating new nations on how to evolve democracy and human rights in their countries, while deliberately breaking them in their own dealings with new nations, for example in the case of Iraq and Afghanistan. In some cases, for example Sri Lanka and India, such political interference takes the form of cultural, economic and development programmes, thereby re-enacting and reproducing economic colonialism in non-Western countries through different Western ideologies such as privatization and Western calculative practices (Wickramasinghe & Hopper, 2005). Goonatilake (2006) notes the emergence of international NGOs and bilateral donor agencies are examples of this new wave of neo-colonialism towards reproduction of economic colonialism.

Banda (2013) argues that 'development' is one way of entering an alien transnational culture into a remote rural community in the non-Western world and development is not a set of actions primarily aimed at gaining growth and welfare, but rather an external force penetrating into a community from outside with powerful ideologies (p. 17). The debate on development and underdevelopment are further clouded by the fact that the concept of development has decidedly different subtexts in the North and South. Olutayo et al. (2008, p. 100) argue that 'development is conceptualised by foreign

history and is viewed as a forward march towards the Western model'. This claim implies that development interventions in less developed countries or underdeveloped environments which are led by developed actors may unfold in ways which are not tailored to, or are even patently ignorant of, their local conditions – inevitably creating further cycles of underdevelopment.

2.3 Hegemony of global finance in less developed countries

The definition of LDCs is 'fraught and problematic' (Hopper et al., 2009, p. 471) as poverty may not be a universal within the country, development rates may vary and it is not continuous. Moreover, poverty is not a universal truth only for LDCs. LDCs are not characterized by low per capita income, capital formation and value added. Hence, development is not merely measured by economic indicators, but also with other indicators such as environment degradation, child welfare, quality of life, citizen empowerment, governance, etc. But as explained by Hopper et al. (2009), Rao (1991) and Munck and O'Hearn (1999), global financial institutions such as the World Bank and global political and development giants such as the United Nations have particular currency in defining what constitutes development.

How the notion of 'hegemony' is defined, particularly in the face of development and global finance is problematic as it is implicated in terms of control and power. Either multilateral[i] or bilateral[ii] global finance institutions exercise hegemony over the recipient countries. Powerful states, particularly donor countries, powerful institutions such as the IMF or ADB, and powerful disciplines such as economics exercise their power largely by 'framing', which limits the power of radical ideas of achieving change. The exercise of framing consists of two parts: one, drawing attention to a specific issue, e.g. unemployment; two, determining how such an issue is viewed. A successful

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[i] Funding agency is constructed with more than one member country and all member countries contribute to the funds of the agency.
[ii] Funding agency is constructed with only one agency or country.

framing will cause an issue to be seen by those that matter and ensure that they see it in a specific way. One of the strong views for this argument is that the most powerful multilateral institutions, in terms of resources at their command, are controlled by the donor countries, promote neo-liberal ideas, are dominated by the economic perspectives and any challenging new views or ideas that arise, if not refuted, are distorted. Another claim is that multilateral institutions are necessarily consensual and technocratic, and new ideas are diluted during the process of gaining the broad acceptance for them. In this context, hegemony is formed by which controls are imposed.

In contrast, according to Gramscian theorizing, hegemonic power is different compared to what is usually associated with material dominance, and it is linked to 'intellectual and moral leadership' via ideology, which has the same energy as a 'material force' (Gramsci, 1971, p. 377). Taylor (2004) argues that even though it is true that the dominant economic class can (and does) exercise sheer coercive force, this factor alone does not account for its control; thus, alliances are required with other fractions if this is to be achieved on a stable and lasting basis. By drawing on the work of Cox (1992), Taylor (2004) explains that maintaining hegemony is not only dependent upon exercising coercive power, but also attaining the consent by acting as the 'moral' leaders of society and thereby framing using an ideational frame of reference. Cox (1992) explained:

> *Hegemony derives from the ways of doing and thinking of the dominant social strata of the dominant state or states insofar as these ways of doing and thinking have inspired emulation or acquired the acquiesce of the dominant social strata of the other states. The social practice and the ideologies that explain and legitimise them constitute the foundation of the hegemonic order. Hegemony frames thought and thereby circumscribe action (Cox, 1992, pp. 178-179).*

Cox (1992) further explains that the essential function of international institutions is the justification and the defence of their politico-economic project. In acting a particular way they promote certain values which are

comparatively fixed and appear as natural. Taylor (2004, p. 125) quotes the work of Cox:

> *The rules and practices and ideologies of a hegemonic order conform to the interests of the dominant power while having the appearance of a universal natural order of things which gives at least a certain measure of satisfaction and security to less powers (Cox, 1989, p. 825).*

Taylor argues, achievement of hegemony of a particular set of ideas depends on their success in wider ideological contests, limiting the boundaries around which 'legitimate' and 'realistic' policies may be formulated. Thus, international institutions are a combination of material and ideological wishes; 'the aggregation of influence on issue-areas which far overflow their own institutional boundaries' (Cox, 1980, p. 393). This complex process is facilitated by international financial institutions, particularly donor agencies, while co-opting national elites in the periphery, and also possesses the strength to assimilate opposing positions.

According to Gramscian lenses, this assimilation takes on the forms of passive revolution whereby particular elites who are sympathetic to neo-liberalism, money capital and outward orientation attain power without rupturing the social fabric (Taylor, 2004). This 'transformiso' (Taylor, 2004, p. 126) serves to absorb possible counter-hegemonic elements into the dominant elites (in the globalized world, the transnational elites through donor agencies) through a process of compromise and amalgamation. This kind of passive revolution always heads off counter-hegemonic impulses, integrating into broader consensus. 'Individual political figures [...] are incorporated individually into conservative-moderate "political class"' (Gramsci, 1971, p. 58). Thus, creating a political class through individual political figures within the recipient state through a process of compromise and amalgamation, which ultimately pushes back the wishes of counter-hegemonic ideologies. This new political class supports world elites to establish within the recipient states in

the face of aid by compromising and amalgamating the neo-liberal and counter-hegemonic wishes.

2.4 Accounting and development policies

In a review of management accounting research in underdeveloped countries (UDCs) by Hopper et al. (2009), they found that various factors influence development policies. Important global financial institutions included international financial institutions (especially the World Bank and IMF) and their followers, e.g. the African Development Bank and UN agencies. In this review Hopper et al. (2009) have found that the accounting has wider coverage which includes financial accounting, and thus professional accounting bodies (indigenous and international), transnational accounting standard setters, the accounting industry especially the Big Four accounting firms, foreign donor countries, NGOs, businesses, especially multinational organizations (MNOs), the local state, especially its regulatory and legal institutions, and the civil service. Thus, accounting operates in a dynamic environment of international and domestic policies where issues such as culture, ethnicity, political leadership and civil society bear upon the implementation of policies emanating mainly from external institutions.

Not surprisingly, most of the UDCs tend to be ex-colonies with a resultant colonial legacy and ties and are aid dependent. Historically, these states are sensitive to changing policies emanating from the WB, IMF and UN. Marxist scholars such as Frank (1972) and liberal economists such as Rostow (1990) provided different theories of development. Marxists emphasized the industrialization through state central planning, public ownership of major enterprises and economic protection through tariff and currency controls. In contrast to that view, Rostow (1990) illustrated how development occurred in Northern economies, stressed the free trade, markets and capital accumulation sometimes linked to democracy, which is pursued in larger countries, often with an abundance of natural resources. This had little resonance with most African and Asian economies, lacking capital and being

predominantly rural, traditional and agricultural. Consequently, after gaining independence from colonial rule, many adopted socialist regimes, often following external pressure and advice, but also due to their indigenous ruler's ideological attachments to socialism and for pragmatic reasons such as private capital, underdeveloped product markets and limited human and physical resources. Many underdeveloped countries took advantage of the Cold War and Northern donor countries to secure aid which was often oriented more towards securing the allegiance of political leaders rather than poverty alleviation. However, both these development approaches were seen as economic, linear and modernist, but at the same time local tradition and culture was perceived as an impediment.

Seidler (1967b, 1967a) emphasized the need for timely and reliable accounting information for investment and operational decisions by the state, for businesses and for national economic planning. Thus, financial reports should trace economic transactions; monitor the performance of the state-owned enterprises, through the reports to the respective minister, parliament and potentially the public; audits should monitor and determine the accuracy of financial records and whether expenditure was sanctioned in private and public enterprise similarly; internal accounting systems should provide economic data for rational decisions and monitor managers' achievements of plans; and budgeting between enterprise and planners should be the lifeblood of iterative central planning (Hopper & Tanima, 2017). As mentioned earlier, much of the accounting systems in place in the LDCs adopted and supported legislations stemming from colonial times, while former colonial ties continued to be influential. Enthoven (1982) considered accounting as vital as it 'assists development programming in determining and improving efficiency and productivity' (Hopper & Tanima, 2017). Hence, this is a call for accounting in wider socio-economic aims. Thus, accounting is reproduced and reinforced through legal-rational authority and bureaucratic values to promote economic efficiency and growth industrialization.

2.5 Role of accounting controls in development

In the 1970s, there was minimal emphasis on the role of accounting in development. As explained by Wickramasinghe (1996) in his thesis 20 years ago, only a few studies (e.g. Enthoven, 1973; Scott, 1970) were on this area, but they did not stress the importance of the role of accounting controls in wider socio-economic and political contexts. Recent literature (e.g. Alawattage, 2011; Alawattage et al., 2018; Alawattage et al., 2007a; Alawattage & Wickramasinghe, 2008, 2009; Hopper et al., 2015; Hopper et al., 2017; Hopper et al., 1987; Hopper et al., 2009; Hopper et al., 1986; Hopper et al., 2012b; Hoque & Hopper, 1994; Jayasinghe & Wickramasinghe, 2011; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004; Wickramasinghe, 1996) has witnessed the 'real' role of accounting and controls in development and developing economies called 'less developed countries' (LDCs). Although these studies address the issues of accounting, accounting controls and development, their emphasis was on structural aspects of society, for example, class struggle, labour exploitation. The emphasis on the role of accounting in wider development projects which influence post-structural ramifications was minimal or neglected in the wider socio-economic and political context. There are two claims on this. On the one hand, some researchers assumed that contexts are given their relationship with accounting is unproblematic (Wickramasinghe, 1996). Wickramasinghe (1996) provides an example from Enthoven (1973) and explains that most countries are able to practice accounting in a 'narrow stewardship', 'but will have to visualize accounting as [a] dynamic information measurement and reporting system used for macro-economic activities and decisions' (p. 14). According to this claim, Enthoven argues that macro-economic activities are operated in unproblematic contexts and accounting information can be used as a means of improving their performance. This is more of a functionalist view on accounting and control, where they assume that accounting (management) controls are presumed to be purposeful, effective and unproblematic. But if it is seen from cultural and

political angles such accounting practices are questionable and problematic. On the other hand, there are some researchers who showed that development researchers have less knowledge in accounting, e.g. Scott (1970). As per his explanation of development economists, accounting is given, unalterable and inadequately explained with the development agendas. It shows that, historically, researchers were not aware of the relationship with accounting controls and socio-economic and political contexts. So, this was the (classical) condition 20 years ago.

2.5.1 Accounting in development projects: role of donors in development

Hopper and Tanima (2017) explain that direct aid simply treats the symptoms rather than causes of poverty, which vary between countries, which is the same claim made by scholars in development studies. According to their claim, causes can be unstable/ineffective governments, poor infrastructure, inadequate education and expertise, corruption, dependence on foreign governments, etc. Thus, development goes beyond merely economic growth and its benefits need to leverage up the resources of the poor, not just with respect to income but also inter alia their prospects of employment, an improved quality of life, education and literacy, and participation and influence in local and national politics.

In line with the same discourse, a much developed version can be observed in recent studies, which explain the role of accounting in a development context where dynamic socio-economic and political environments exist. Hopper et al. (2009) define accounting as being involved in the accountability of all the constituents in society and providing required information for better planning and control directed at broader development goals. Thus, they see accounting not just as an economic tool, but also as a social and political means of helping to improve the quality of life of poor people and enabling them to gain greater participation in the democracies. This cannot be elicited in the formal financial reports and the financial flows, but from the social interactions and the social and environmental factors.

At first sight accounting seems peripheral to achieving development goals due to inattention paid by researchers in both development studies and accounting on indigenous politicians with more pressing matters in hand and, to a lesser degree, external institutions providing aid and finance. The dilemma arises when we think of the purpose of accounting with development goals. Is it to improve efficiency or development? Accounting is presumed to consist of techniques that provide objective, value-free measurements that render individuals and organizations controllable and accountable; a traditional and functionalist viewpoint. This lies on the formality, legal-rational bureaucracy and efficient use of resources. Due to the view that accounting as a pre-defined technology has validity, many of its techniques and systems appear portable across countries, whether rich or poor, developed or underdeveloped. Research has not discovered accounting systems which are unique and applicable to LDCs. This causes a series of issues, however, including the alleged bias of such systems to particular Northern ideologies and interests, not least those of large multinational corporations; insufficient recognition of indigenous circumstances, needs and participation; implementation problems, inequities of power and an orientation towards financial rather than development needs. Throughout the observations, research found that accounting is socially and politically constructed, and its practices are intervened by culture, local and global politics, institutional and economic factors. Instead, Fyson (2012) explains that transparency and accountability are not just 'technical matters'; the judgement on the effectiveness of accounting cannot be given based on efficiency and profitability criteria. Everett (2012) explains that accountability and transparency should be appraised against its contribution to broader development aims, for example corruption can flourish in functioning market economies and starvation can exist alongside abundance. Development projects have a wider role to play in the context of LDCs in terms of development goals, but failure to involve local participants and to tailor accounting systems and decisions to local circumstances leads to

unanticipated and unsought consequences. For example, Hopper et al. (2012b) explained that privatizations encouraged by global financial institutions such as the IMF and the World Bank have encouraged management accounting systems that enhance enterprise efficiency and profitability, not necessarily the development goals such as increased government revenue, more equitable income distribution, less corruption, greater employment, a better quality of working life, and more transparent and accountable governance. The literature explains that there are significant asymmetries of power between LDCs and external transitional institutions, for example global financial institutions. Graham and Annisette (2012) explained that transnational institutions have shaped accounting in the Global South. This is done indirectly through imposing several conditions on the recipient country including accounting standards, auditing standards, etc. For example, Siddiqui (2012) explained that the World Bank and the IMF assess whether national auditing standards and institutional environments are consistent with international standards on auditing established by the International Federation of Accountants (IFAC). Though these actors are separate players in global finance, transnational institutions are complex institutions, yet they shape the key accounting players indirectly. These attempts are less favourable to LDCs. For example, the 'Big Four' accounting firms may be over-represented on the transnational institutions' boards and committees despite their conflicts of interest in setting standards for their own work, and they develop liberal trade policies which favour large financial services firms which rarely represent LDCs. Further, membership of international accounting and auditing standard setting bodies and representatives of transnational institutions often overlaps. All of these factors are less favourable for LDCs as their interests are different to those of developed nations. Transnational institutions are also part of a broader category of global finance, which includes other global financial institutions, either regional or bilateral. One of the arguments in favour of global finance is that the institutions work hard to achieve the level they expect and they formulate consistent standards which

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facilitate development and reduce the risk for the donor acting at a distance, either geographical or cultural. But the counter argument is that these global finance institutions shape accounting for their own purposes, making aid contingent on adoption of liberal trade agendas and policies, associated accounting practices and passing the local democratic process, which ultimately follows with negative consequences to LDCs as it may undermine traditional social norms, inhibit cross-pollination of practices, destroy convivial work relationships, and produce hybridized and unexpected arrangements (Graham & Annisette, 2012; Siddiqui, 2012). For example, the World Bank and the IMF made privatization policies an inescapable condition of loans made to LDCs (Hopper et al., 2012a). Thus, solving poverty will not reside primarily in better accounting, but it is an essential, if neglected or taken for granted, cog in the mechanism of development. Hence, many accounting policies recommended and/or imposed by external institutions fail in many underdeveloped countries (Andrews, 2013).

Despite the influences on the recipients, local governance and the control systems including accounting, many LDCs still depend on financial aid from external donors including transactional institutions, foreign government agencies and NGOs. All donors want an accounting system which monitors that the funds granted to the recipient LDCs are used as intended, reduces the donor's fiduciary risk, and ensures better accountability, planning and control especially in the public sector. Fyson (2012) explains that donor agencies' stringent accounting requirements are principally for their own accountability purposes. On the one hand, these requirements help LDCs to improve governance systems by establishing good practices, demonstrating how development priorities can be determined by cost benefit analyses, developing better data for decisions on development issues and increasing civil society and stakeholder involvement. On the other hand, external aid providers, frustrated by bureaucratic, inefficient and sometimes corrupt public sector organizations, have increasingly turned to NGOs to deliver services either by contracting with them directly or insisting that governments

dispense aid through them. As a result, the number, scale and scope of NGOs in LDCs have dramatically increased over the last three decades, and literature claims that NGOs represent the 'Third Way' of delivering development as they are neither private nor government entities. NGOs claim that they represent, advocate for and deliver services to poor and marginal people, and seek to increase the involvement of civil society and to influence democracy. But these goals might be different to bilateral donor funding or some regional funding which emphasizes a particular sector of development in the recipient country, for example, Road Development, Education, Health. Regulations and financial reporting requirements under conventional accounting for funding organizations (i.e. donors) has been neglected by policy makers and researchers. This needs to be redressed, but the commitment of, for example, NGOs is at a broader level with social goals, their accountability goes beyond the conventional accounting methods to money and power, which is in turn, funders and state (Graham & Annisette, 2012); hence maintaining the structural power relations. That means conventional accounting systems may divert the donor agencies from their development goals and may fail to reflect criteria pertinent to funders' socio-political mission. As these global finance (development) institutions claim to represent, advocate for and act on behalf of the civil society, especially the poor and the marginalized sectors, the accountability towards the beneficiaries is also important. Hence, failure in this shows their charges of hypocrisy, that what is promised is different from what they practice in reality. This is important in accounting in development contexts. For example, Unerman and O'Dwyer (2012) present a rights-based approach that incorporates downward and holistic accounting, raises social, ethical and environmental issues, and monitors whether these development projects are enhancing these expectations and promises. Further, Molisa et al. (2012) explained that accountability systems provide access to civil society, especially giving beneficiaries a greater 'voice', 'advanced' 'pluralistic'

democracy, and overcome differences in power, language and literacy between constituents.

2.6 Summary and conclusion

This chapter discussed the notions of development, hegemony and how it interacts with accounting in less developed countries in the face of development interventions and global finance. In doing so, first, this chapter explained how the notion of 'development' is framed in less developed countries in contrast to Western societies. In the context of less developed and traditional societies, development is understood as to what extent the societies are progressive and modern contrasting their status, particularly, by wealth, culture, practice, etc. Secondly, this chapter explained the dominant role of, and how hegemony is constituted and constructed by, development interventions through accounting controls. Gramsci's notion of hegemony is useful in understanding and framing the hegemony of global development finance and agencies. However, I identified gaps in the literature in how hegemony is framed, particularly in developing countries when power and politics are implicated in investment decisions. Therefore, I framed the notion of hegemony created by global finance agencies as achieved through moral leadership.

The next chapter presents the theoretical framework of the study to explain how power is exercised in producing a form of governance and control system in less developed countries. There I have particularly used the work of Jaqueline Best and notions of power, accountability and neo-colonialization in general.

CHAPTER 3: Cultural Political Economy of Accounting

3.1 Introduction

The previous chapter presented an empirical discussion of literature on the notions of development and how it is framed in non-Western societies in contrast to Western societies. Additionally, the previous chapter presented the role of accounting in development, particularly in employing neo-liberal policies in less developed countries and societies emphasizing the 'hegemony' and dominant role of donor agencies in global finance.

This chapter develops the theoretical framework to explore the research aims and research questions outlined in Chapter 1, which are presented in the next section, and to provide theoretical explanation of the data in the study. To do this, section one of this chapter re-visits the research questions, emphasizing the significance of the notion of 'culture' in accounting in a development context. It provides a rich account on 'why' culture is important and how it is embedded in political economy studies, particularly in accounting and decision making. The second section discusses the 'Cultural Political Economy' framework as a holistic framework by revisiting political accounting literature in political economy studies, particularly drawing on the Marxist and Foucauldian interpretations of Accounting and studies in order to situate the study in the wider Cultural Political Economy of Accounting framework. Section four presents and develops a Cultural Political Economy Framework for development accounting to analyse how power is exercised in producing and reproducing a form of governance and control in less developed countries. The theoretical notions are derived from wider academic disciplines such as International Political Economy, Development Studies, Critical Geography and Accounting. In that notions of ambiguity, the work of Jaqueline Best, power, accountability and neo-colonialization have been used to construct the theoretical framework of the study. The final section summarizes and concludes the chapter.

3.2 Revisiting the research questions

In Chapters 1 and 2, I have problematized an area of research in accounting and development that was not given adequate and/or intermittent attention in management accounting research. In those chapters, I have highlighted the issue in the role of accounting in development and development projects in LDCs, and issues of theorizations through Western theoretical lenses which are capitalist in nature. It also raises concerns about the consequences of accounting decisions in changing, discharging and delivering accountability towards both state and non-state actors when non-state actors are involved in development projects as a principal donor intervening in state decision making. Thus, the research questions framed at the outset are as follows:

(1) What are the techno-political roles that accounting plays in infrastructural development and how do politics complicate the accounting's roles therein?

(2) How accountability and practices are constructed and discharged in a techno-political project of an infrastructural development?

3.2.1 Culture and accounting in the development context

The term 'culture' has originally come from anthropology, where there is no universally agreed definition on its meaning. This is because of its diversified application in different disciplines. Earlier anthropological literature considered culture as a collection of traits with certain meanings in the context of evolutionary stages influencing social institutions and local systems, then later on symbolic anthropology; it was considered as how people's mental constructs guide their daily lives and practices (Alexander et al., 2011; Geertz, 1973). Williams provided a very crucial point for understanding a culture in his manifesto, 'Culture is ordinary', and it is both traditional and creative:

> *A culture has two aspects; the known meanings and directions, which its members are trained to; the new observations and*

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> *meanings, which are offered and tested. These are the ordinary processes of human societies and human minds, and we see through them the nature of a culture: that it is always both traditional and creative; that is both the most ordinary common meanings and the finest individual meanings. We use the word culture in these two senses: to mean whole way of life – the common meaning; to mean the arts and learning - the special processes of discovery and creative effort. Some writers reserve the word for one or other senses; I insist on both, and on the significance of their conjunction (Williams, 1988).*

Best and Paterson (2009) explain that culture stands in for cultures and cultures suggest multiple systems of meaning and meaningful interaction. Crang (1997) noted 'the language of culture does point us to a 'generic' fact of human life bound up with the human competencies to make the world meaningful and significant' (p. 5).

With respect to accounting, there are only a handful of studies (Adhikari et al., 2013; Adhikari & Mellemvik, 2010; Nagendrakumar et al., 2015; Nagirikandalage & Binsardi, 2015; Subasinghe & Fonseka, 2009; Yapa & Ukwatte, 2015) that have been carried out for understanding accounting and culture, especially in developing countries or emerging economies such as Sri Lanka, Nepal etc., yet the emphasis on the effect of culture on accounting in Sri Lanka has been minimal apart from the studies carried out by Trevor Hopper and his colleagues (Jayasinghe & Wickramasinghe, 2011; Wickramasinghe & Hopper, 2005) and Nagirikandalage and Binsardi (2015). However, Lin and Yu (2002) explained that resistance to organizational changes does not seem to be an issue for successful implementation of cost accounting systems. Nagirikandalage and Binsardi (2015) argue that most studies have been carried out in developed contexts rather than developing contexts and therefore their findings may not be applicable to developing countries due to factors such as lower accounting literacy rates, traditional processing, less advanced technology, economic imperfections and more importantly cultural, political and social differentials (Carvalho et al., 2012; Lin & Yu, 2002). This is because developing countries are structurally

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different compared to developed countries, as explained by Nagirikandalage and Binsardi (2017), especially in South Asia. For example, Sri Lanka has always been characterized by ad-hoc changes in industrial policies as a result of changes in governments that always swing between two main political parties with their conflicting and different political ideologies (Attygalle, 2012). The political, economic and cultural dynamics had extended even further due to 30 years of civil war making the country politically, economically and culturally unstable. These factors were the root causes for post-conflict development challenges due to the lack of information on infrastructure and systems (Destradi, 2012). As explained in the previous chapter, limited literature is available on accounting and development other than a few studies in financial and management accounting in developing countries (Abdul-Rahaman et al., 1997; Hopper et al., 2009; Jaggi, 1973; Samuels, 1990; Wallace, 1990) in which the emphasis on the culture is still limited.

As very limited literature is available on culture and accounting in Sri Lanka, Fonseka et al. (2005) noted that there is an imminent need to investigate the impact of culture on the implementation of Cost Accounting Systems in Sri Lanka, and this claim shows the lack of studies in management accounting in the context of Sri Lanka. But, over the years, many studies (e.g. Adhikari et al., 2013; Nagendrakumar et al., 2015; Nagirikandalage & Binsardi, 2015; Yapa & Ukwatte, 2015) have been carried out in institutions and companies in Sri Lanka with an emphasis towards implementing more efficient accounting systems, especially management accounting (Nagirikandalage & Binsardi, 2017). Adoption of management accounting systems can be explained using institutional theories such as institutional isomorphism and institutional heterogeneity which had been categorized as triggers in facilitating adoption of management accounting techniques and systems within the organization (Nagirikandalage & Binsardi, 2017). In contrast to this claim, earlier studies (Gray, 1988; Nobes, 1983; Violet, 1983) in accounting, i.e. financial accounting and reporting, indicate that regardless of the triggers, there are

barriers which impede the success of the adoption of accounting in a developing context because of the cultural aspects, but precisely the cultural resistance (Nagirikandalage & Binsardi, 2015; Nagirikandalage & Binsardi, 2017). Apart from the above-mentioned two institutional theories, Nagirikandalage and Binsardi (2017) developed a theoretical framework drawing on the work of Clifford Geertz's cultural theory of cultural resistance in order to explore and understand the barriers to the adoption of management accounting, cost accounting systems in particular, in Sri Lanka. This particular theoretical framework has tried to capture the rationalistic explanation of institutional and individual behaviour in the adoption of management accounting systems, which are embedded in larger cultural and political domains.

Nagirikandalage and Binsardi (2017) state that earlier institutional homogeneity theorists argued that organizations facing similar institutional pressure as a consequence of strong environmental influence will eventually adopt similar strategies. Hence, 'by being embedded in society' (Nagirikandalage & Binsardi, 2017, p. 467, who cite the works of Westney, 1993), organizations (including multinational) are influenced by their stakeholders; more specifically, government, industry competitors and consumers. These influences are not only based on competition and efficiency, but socially constructed beliefs and systems of rules also render considerable control over organizations (Nagirikandalage & Binsardi, 2017, p. 467, who have quoted the works of Popadiuk et al., 2014), and hence the culture of the society. Scholars (Burns & Scapens, 2000; Chapman et al., 2009; Humphrey & Scapens, 1996; Miller, 1994; Scapens, 1994) argue that social and institutional practices, hence the culture, also impose barriers in the adoption of similar kinds of accounting systems other than the degree of competition. Senaratne and Gunarathne (2010) explain that institutional theories, especially homogeneous isomorphism theory, suggest that organizations adopt new rules, codes of conduct and systems, for example new policies and procedures in decision making depending on the environment around them.

The cultural expectations have played a major role in organizational strategies and systems where 'culture' has been identified as an essential component of accommodating changes in social systems, as social systems themselves influence the norms and values of group or individual behaviour (Geertz, 1973).

The relationship between national culture and accounting in general has been analysed by drawing on the work of Gray (1988), Geertz (1973) and Hofstede (1980, 1991), yet much focus had been given to financial accounting, especially financial reporting. Nagirikandalage and Binsardi (2017) argue that the theoretical frameworks of these studies have been developed based on cultural theories rather than empirical accounting theories, hence such studies are isolated from empirical key themes and named as 'multidisciplinary' research, which borrows theories from other disciplines outside of the specific subject area. This paper explains how cultural theorists understood and appreciated the 'thick description' of the cultural reality (p. 469), and this term has been used to explain the cultural perception and behaviour of a shared community through contextual understanding, as cultural behaviour is meaningful and understandable to outsiders. Cultural perceptions and behaviours are semiotic in terms of symbols, processes, designations, likeliness, metaphor, signification, communication, etc. Hence, this semiotic nature of culture affects organizational systems and processes, e.g. accounting. Accordingly, by explaining the implication of culture on accounting, Geertz (1973) argued that the internal relationships, underlying structures and people should be examined in order to interpret the cultural implications. Later, this research agenda was extended by scholars (Gray, 1988; Nobes, 1983; Violet, 1983), which influenced the group culture on accounting systems (Nagirikandalage & Binsardi, 2017); and they revealed that group cultural values permeate the organizational subcultures which in turn either facilitate or obstruct the adoption of accounting systems in organizations.

Furthermore, Nobes (1983) introduced the judgemental classification scheme to show the origins of accounting. According to this classification, Sri Lanka was classified as 'full disclosure' as it was a British Colony. In this cluster, accounting systems are oriented towards the needs of the large investors and creditors. Hence, as a part of this cluster, Sri Lanka also shares the same accounting systems. However, the problem arises when the countries in the cluster, i.e. United Kingdom, Sri Lanka, Malaysia, Singapore, Pakistan, Ireland, Zambia, New Zealand, have different national cultures and dissimilar economic developments. Hofstede (1980, 1991) defined national culture as the collective mental programming of the human mind, which distinguishes one country from another. He argues that mental collective programming influences a human's perception and behaviour, which in turn is reflected in the meaning people give to various aspects of life. Extending the same idea, Nagirikandalage and Binsardi (2017) suggest that this phenomena applies to cost accounting systems in organizations as well. Further, drawing on the work of Hofstede (1980, 1991), Sri Lanka is a hierarchical and collective society, known in the literature as 'vertical collectivism' in which people have a sense of responsibility towards larger groups and extended families, taking care of the overall group in exchange for group loyalty. As a consequence of British Colonialism, the accounting systems in South Asian countries mirror Western accounting systems, especially in financial reporting and cost accounting despite the fact that they are culturally and economically different.

Hence, in summary, the above discussion explains how different frameworks, i.e. institutional theorists developed a sociological view by drawing on cultural theories (naming it as multidisciplinary studies) of organizations to explain the implications of culture in accounting, but this is particularly for financial accounting and reporting, except for a few studies in Sri Lanka; for instance, Nagirikandalage and Binsardi (2017), Fonseka et al. (2005), Subasinghe and Fonseka (2009), which were on cost and management

accounting systems in Sri Lankan organizations, particularly private sector organizations.

However, the role of accounting in the context of (cultural) political economy in less developed countries, which are known as 'emerging economies' in the literature, has been an important research agenda in recent literature. This particular research agenda has been largely extended by Hopper and his colleagues (e.g. Alawattage et al., 2007a; Alawattage & Wickramasinghe, 2008; Capps et al., 1989; Hopper et al., 1987; Hopper et al., 1986; Hoque & Hopper, 1994; Hoque et al., 1994; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005; Wickramasinghe, 1996) by drawing on Marxist ideas on political economy and revisiting Foucault's concept of 'governmentality' (Foucault, 1977, 1984b, 1991; Foucault, 1995; Lemke, 2002), and later on they have extended it further by incorporating the local culture, which will be further discussed in the next sections.

3.3 Cultural Political Economy as a holistic framework

The need to combine culture with political economy is not a new attempt, and it has been identified in many different contexts such as anthropology, geography and sociology. Cultural Political Economy (CPE) links the cultural dimension of the economy, the economic aspect of the culture and the political aspect of both. Polanyi (1944, ch. 4) explained that before the advent of the market society, economic practices were connected to social norms which are organized around the principles of reciprocity, redistribution and subsistence production (Best & Paterson, 2009). Such traditional practices had to be uprooted and social relations were subjected to the logic of the market in order for the self-regulating market economy to be born. However, this process was morally as well as socially disruptive due to social issues such as religious views and constraints; i.e. charging interest and the necessity of the notion of 'price' replaced with a concept of market value (Hirschman, 1977; Kettler & Hirschman, 1977). Hence, as Best and Paterson (2009) point out, the free market economy is the product of this slow process. According

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to this argument, the economy that we are experiencing now is a disembedded system in which the economic sphere confronts political, social and cultural realms. It is limited only to theory or ideology, but the reality is much more complex regardless of the numerous efforts taken to maintain, for example, the distinction between culture, politics and economics, cultural characteristics of economy. The debate and discourse presence is not only by academics, but also in politics, including global financial institutions and NGO activists. Hence, 'disembedding' of markets is only an ideology, which is not 'culture' free. Hence, as suggested by Best and Paterson (2009), the cultural political economy framework produces a space to understand the 'economy' with reference to specific people which inhabit and produce it; its culture, and the forms of power embedded in it; its politics, which is an extension, a contribution and a revitalization of the classical political economic thoughts, debates and research agenda of Smith, Richado and Marx.

Political economy research has been a popular research agenda and subjected to debate in different fields other than economics, such as (critical) geography and sociology, for example, by Ray and Sayer (1999) and du Gay and Michael (2002). This important body of work in cultural economy sheds light on the conceptual and methodological dualism of culture versus economy (Davies, 2010). Extending the same, attempts were noted in the literature in different disciplines in theorizing culture as a 'constative' element of the market, for example Miller (2001) and Callon (1998).

Political economy serves to articulate the greatest ambitions and values in 'the West', for example to draw a list from Adam Smith and his followers: wealth, social stability, ethical refinement, peace, equality and freedom. As David Hume (1985) suggests,

> *'industry, knowledge and humanity' are linked with each other by inseparable chain, and are found, from experience as well as reason, to be peculiar to the more polished, and what are commonly denominated, the more luxurious age' (David, 1985. p, 271).*

He adds,

> *'law, order, police, discipline: these can never be carried to any degree of perfection, before human reason has refined itself by exercise, and by an application to the more vulgar arts, at least, of commerce and manufacture' (David, 1985. p, 273).*

As David (1985) explains, political economy emerges from a cultural partitioning or division where others serve as a kind of negative benchmark relative to which modernizing Europe is wealthy, civilized and rational. These others 'developmentally anachronistic are poor, barbaric, and irrational'.

Political economy and culture are usually treated as oppositions. As stated by Best and Paterson (2009), Crang (1997) mentioned that it is difficult to fix the relationship between economics and culture because 'the economic and the cultural have long between cast as 'self' and 'other', each defined by what the other is not'. It has been noted that cultural critics usually place the blame on economists. For example, Bourdieu (2005) claims that economic concepts are inappropriately applied 'outside of any reference to the work of historians or social anthropologists' (Best & Paterson, 2009). Jackson (1993) indicates that 'mainstream economists never stray beyond core theoretical assumptions which eschew cultural ideas' (p. 453). Furthermore, Jackson (1996) claimed that 'individualistic, rationale- choice theorizing obscure the role of culture'. In addition, Blaney and Inayatullah (2010) claim that concepts of efficiency and equilibrium are theoretically relevant to all times and places. This anecdote shows how culture is traditionally detached from economics or political economy. This discussion further extended into the field of international political economy too. Standard neo-classical economists also insist that economic laws operate regardless of cultural landscapes (Best & Paterson, 2009). Hence, combining culture with political economy creates a tension where general laws are less relevant and result in unintended consequences.

Both Hegel and Marx tend to believe that the economy has an ethical purpose. For Hegel, the capitalist economy promotes individuality, equality and freedom, while for Marx these promises are largely unfulfilled, but he agrees that capitalism promotes pluralized interests and promotes or encourages individual initiative and action (Best & Paterson, 2009). They both claim that modernity destroys the past form of life. Hegel argues that placing the market at the centre of civil society creates a contradiction; it produces progress, but at the same time it tends to isolate many from the society; it fulfils the people's growing needs, but it also creates poverty (Best & Paterson, 2009). Hegel believes that this tension can be resolved through colonization where the socially disadvantaged may achieve a life of freedom in a colony. However, this solution comes at the expense of disadvantaged people, and as a result, this solution seems to be a deferral to the problem and it causes capitalism and wealth creation, which then undermines colonizers. For Hegel (1991, sections 182-183, 187), the market is the central institution of the civil society which promotes individual self-expression and self-seeking in which each individual is a 'particular' each with her or his own set of needs and interests for whom these needs and interests are her/his primary end. However, Hegel recognizes that an economy does not stand alone as a technical, asocial set of practices, but rather, the market is embedded within a wider set of social institutions comprising a specific ethical order (Dickey, 1987; Polanyi, 1944). Blaney and Inayatullah (2010, p. 47) agree with Hegel (1991) that self-seeking can be actualized only:

> *Within a system of all-round interdependence, so that the subsistence and welfare of the individual and his rightful existence are interwoven with, and grounded on, the subsistence, welfare and the rightful existence of all, and have actuality and security only in the context (1991, section 183).*

Hence, pursuit of self-interest is possible in relations of mutual dependence, entailing the recognition of the rights and needs of others, but this process does not guarantee the ethical promise of the civil society. Modern civil society, with expanded division of labour, may produce prosperity and

individuality for many, but there are at least some societies that still have relative 'privation and social deformity' (Blaney & Inayatullah, 2010, p. 42). Consequently, drawing on the work of Hegel (1991, section 243), Blaney and Inayatullah (2010) explain that when the capacity to meet the increased human needs is expanded and when the activity of a civil society is not restricted, the specialization and the limitation of the work also simultaneously increases, same with dependence and the want of the class which is tied to such work. This in turn leads to an inability to feel and enjoy the wider freedom and spiritual advantage of civil society. Hegel recognizes that providing state support in terms of livelihood undermines social respect as state support cannot substitute for the integrity that comes from individual initiative. As mentioned earlier in the same discussion, Hegel proposes export of civil society via colonization as a remedy for poverty. This is instead of exaggerating the impoverishment which threatens the stability of the society. He argues that industry will expand overseas, and colonies will be established, through which freedom of the civil society can be established for the people. In support of Hegel's (1991) argument, Siemens (1997) explains that unleashing a civil society to the world (via colonization) appears to be a solution for the internal problems of civil society, while at the same time advancing the backward cultures, but this export still 'carries the problems; and inner dialects of civil society remains unchanged when transposed to the world stage' (Blaney & Inayatullah, 2010, p. 43).

Marx, as opposed to Hegel, provided pre-eminent critique on the logic of capitalism, however, it still avoids the rich logic of culture over the logic of structural (political) economy. For Marx, a capitalist society is very important as it creates wealth to fuel the social advance, and at the same time it transcends capitalism (Marx, 1973). Analysing the work of both Hegel and Marx, Blaney and Inayatullah (2010) explain that Marx (1973) partly agreed with Hegel and explained that freedom and equality are not the only things to be respected in the domain of exchange, 'equality and freedom are thus not only respected in exchange based on the exchange values, but also, the

exchange of exchange values is the productive, real basis of all equality and freedom' (Marx, 1973, p. 325). Marx, in his argument, emphasizes that freedom and equality are central to economic and social life in a capitalist society and points out that 'free individuality' is the central inspiration in this form of society (Marx, 1973, p. 158). At the same time, Marx shows that capitalism does not provide what it actually promises, freedom and equality, which is the darker reality of capitalism. He explains that individual independence depends on the 'objective dependence' of the worker in a capitalist society, which offers different experiences to the worker and the capitalist in terms of freedom and equality. Marx sees capitalism as providing a space in expanding human possibilities and the development of rich individualities at a cost in terms of poverty, alienation and domination, yet he regarded it as essential to the eventual emancipation of humanity (Blaney & Inayatullah, 2010). Capitalism, in one way, fosters a massive process of social destruction that sweeps away the regressive social practices of traditional societies/communities (known as 'semi-civilized' or 'semi-barbarian' communities in literature) and imposes capitalist relations of production, resulting in a social revolution beyond capitalism and gives universal shape to human culture as a precondition for the full realization of human capabilities of communism. These structural political economy studies of Marx explain that Bourgeois society produces progress, but at the same time it produces exploitation and alienation. He notes that wealth, freedom and individuality remain aspirations for many states, at least until they act politically to collectively make wealth their own.

Political economy as a cultural project reveals what is not seen from the cultural and economic critics. Institutionalization of technical rationalities is central to the wealth creation and by promoting freedom, equality and individuality, the apparently asocial practice of instrumental reason cannot be separable from the wider system of social meaning and purpose.

3.3.1 Cultural Political Economy in accounting studies – revisiting the history

Until the 1960s, accounting research was based on a techno-functional tradition which tried to provide solutions to technical and policy problems (Baxter & Davidson, 1977). This emphasis then gave way to a generic research approach that privileged the use of economic science and statistical tools, which is referred to as positive accounting research (Watts & Zimmerman, 1978, 1979). At the beginning of the 1980s, the naturalistic turn in accounting research emerged as a challenge to the mainstream of accounting research (Hopwood, 1983; Tomkins & Groves, 1983a, 1983b).

The origins of cultural political economy studies in accounting can be thought of as social movements - an ideology structured action mobilizing in different social settings to challenge a number of dominant ideologies and established practices, routines and rituals (Davis et al., 2005). Within this movement, accounting academia started to resist the dominant mainstream research tradition or paradigm which was dominated by root disciplines such as psychology, neo-classical economics and system theory (Wickramasinghe & Alawattage, 2017). These frameworks pervaded prescriptions and model building in order to enhance the effectiveness, efficiency and efficacy of organizational processes. The social movement emerged to challenge these frameworks and identified an alternative – cultural political economy.

3.3.1.1 Marxist interpretation of political economy of accounting

The use of political ideology was started as a framework on accounting importing Marxism. The origin of this perspective can be identified back to the introduction of the labour process perspective in the field of management studies, which includes accounting and industrial sociology where the notion of management and control started to attract neo-, anti- and post-Marxist interpretations. Braverman's (1974) text, *Labour and Monopoly Capital; The*

Degradation of Work in the Twentieth Century, made Marxist concepts of social production, historical materialism and dialectics become part of the key aspects in management and accounting research, especially in critical studies (Wickramasinghe & Alawattage, 2017). Early studies informed by Marxist theory include Tinker (1980), Tinker et al. (1982), Neimark and Tinker (1986), Cooper and Hopper (1987) and Hopper et al. (1987). Well known frameworks of this tradition are labour process, relations in and of production, surplus value, circuits of capital, and historic dialects. These frameworks then evolved into a distinct stream of accounting research, which provides an insight into political economy interpretations of accounting practices.

Political economies of accounting largely drew on Marxist ideas, but not exclusively (Hopper et al., 2015). In addition, they are not concerned with development issues (Puxty, 1993). As a social theory, Marxism provided accounting researchers with a distinct political economic logic in order to analyse the political role of accounting. This logic is fundamentally structural, meaning that it tries to position within the political structure of capitalism, especially class conflict, capitalist hegemony, state politics and historic discussion gap (Wickramasinghe & Alawattage, 2017). The logic of political economy addresses development issues, particularly in LDCs. Accordingly, capitalism and its historical discussions developed as a contextual parameter in which accounting phenomena were positioned and interpreted. As a result, accounting started to receive a different political meaning as a technology, which speaks of and for capitalism (Wickramasinghe & Alawattage, 2017), but how accounting and accountability are seen in the context of development has not been addressed from the same perspective in relation to development interventions. Accounting was seen, interpreted and critiqued in different ways. For example, technology of capitalism, as a calculative practice of exploitation, as a technology through which the real use of labour was materialized, and as a historical force which originated from and facilitated the emergence and the growth of capitalism. However, how it reproduces

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power relations beyond class relations, particularly in LDCs, is yet to be explored.

Alawattage et al. (2017) notes that due to reasons such as structuralist ontology, economic reductionism and overemphasis on class politics, subsequent research after the 1980s derived as a critique of Marxism. As a result, critical interpretations of accounting started to receive political interpretation or meaning beyond class politics.

3.3.2 Foucauldian interpretation of accounting

One of the key theoretical explanations and critiques of Marxism was provided by Foucauldian social theory, which was popularized and attracted attention and was supported in the mid-1980s. This led to the emergence of a politico-ideological critique of capitalism and the role of accounting. There has been growing interest in the contribution of the work of Michel Foucault to understanding organizations, accounting and the control of work (McKinlay & Starkey, 1997). This particular research tradition reflects the influence of postmodernism on organization theory and social science in general (McKinlay & Starkey, 1997). Foucauldian social theory provided an alternative perspective on the historical dynamics of capitalism and modernity including accounting. Importantly, Foucault emphasizes the process of objectivation and subjectivation rather than exploitation and domination which is the focal point of Marxist interpretation (Wickramasinghe & Alawattage, 2017). For Foucault (1998, p 459), processes constitute conditions, under which certain relations are formed or modified between subject and object, insofar as these relations constitute possible knowledge (Wickramasinghe & Alawattage, 2017).

According to the Foucauldian perspective of accounting, as explained by Wickramasinghe and Alawattage (2017), it is not exploitation and alienation in considering class conflict, but it is subjectivation and objectivation that underpins social processes of domination and control; it is not within

structural parameters of class conflict, but it is within disciplinary apparatuses of the microphysics of power and knowledge. Key concerns of Foucault were the relationship between power and knowledge and the genealogy of organizations. Within organization theory, Foucault is traditionally associated with Jeremy Bentham's utilitarian scheme for the construction of the Panopticon penitentiary, which is identified as the ideal prison, and extended this concept to disciplinary society rather than disciplined society.

In summary, the term control has been reinterpreted with the terminologies of discipline and governmentality. The idea of disciplinary power, the central idea of Foucault's work and the works of Marx and the labour process school share common focus on control and resistance in the capitalist workplace. The distinction is that control through discipline is applied not in the factory but also in a variety of state institutions. Marx and Foucault conceptualized the term control in different ways. In the Marxist perspective, control is concerned with economic and non-economic domination, coercion and exploitation, which includes hegemony. In contrast, for the Foucauldian perspective (2002), control is exercised through the mechanism of regimes of truth and knowledge, which are called 'disciplines', and their associated disciplinary institutions in the era of modernity which resembles a prison. McKinlay and Starkey (1997) argue that disciplinary power is more effective and efficient when it operates through administrative rules rather than force majeure.

Even though political economy of accounting is rooted in structural Marxism, later on it was influenced by the work of Foucault. The CPE framework in the context of development interventions in relation to power and control is not just Marx and Foucault, but beyond them, which should incorporate wider perspectives of power relations in terms of control and accountability and how these are implicated in accounting, particularly in management accounting practices and controls in the development context.

3.3.3 Cultural Political Economy of accounting – as a wider theoretical framework

Political economy was popularized as a theoretical framework for accounting since the 1980s. Political economy in accounting, following Marx and early political economists outlined above, is concerned with the following: division of income, the distribution of power in society, the social-political and institutional structures that reflect the distribution of power (Tinker, 1980). Wickramasinghe (1996) explains that accounting researchers started to draw on Marxist analysis concerning capital and its relationships, with a view to supplementing the marginalist analysis with political and social concepts (Cooper & Sherer, 1984; Hopper et al., 1987; Tinker, 1980). The accounting literature is less concerned with understanding social realities in the third world countries. Wickramasinghe (1996) cites the work of Cooper and Sherer (1984), and notes that researchers tend to believe that the political economy approach, as a theoretical choice for accounting, does not necessarily need to be modified when applying it to different societies.

Political economy of accounting is largely driven by Marxist ideas and traditions, but is not limited by them (Hopper et al., 2015). The central theme of this particular research agenda is how accounting practices create inequality by facilitating a privileged capitalist class to exploit labour and how it leads to expansion and capital accumulation (Hopper et al., 2015). In classical Marxism, human actions and institutions are determined by economic factors and conditions. Decreasing rates of profits and socio-economic contradictions cause class struggle, and as a result communism supersedes capitalism (Hopper et al., 2015). This classical Marxism has been heavily criticized due to its 'deterministic ontology' and 'realist scientific epistemology' for not materializing its predictions (Hopper et al., 2015). It is also criticized because the representation of class identity is no longer valid. In addition, its under-estimation of the capacity of capitalism supported by the state to deal with crises (Hopper et al., 2015). However, it does not

ignore subjectivity where ideology and consciousness are understood with their dialectic relationship with socio-economic superstructures. The recent neo-Marxist work including the Frankfurt school (Habermas, 1991), labour process theory (Braverman, 1974; Burawoy, 1979) and Gramsci (1971) on dominance and civil society, is less deterministic and less convincing from a socialist endpoint and is more focused on individual agency, but all these studies remain critical of capitalism and inequality. This work often engages to identify how work resistance, subjectivity and identity, contingent factors and developments are important and central to accounting changes and practice within the firm. However, such micro factor analysis cannot provide sufficient explanation on how they are related to the international division of labour and global restructuring, for example when production is moved to low-cost (wage) economies.

The 1980s witnessed the emphasis on political and economic factors in understanding accounting and gave rise to the political economy of accounting (Cooper & Hopper, 1987; Cooper & Sherer, 1984; Hopper et al., 1987; Hopper et al., 1986). As stated by Hopper et al. (2015), Tinker (1980) questions the validity of neo-classical economic theorization on capital and profit distribution by relating accounting measurement to the creation of surplus value, socio-economic problems and crises. Cooper and Sherer (1984) claim that accounting is a 'technology of mystification' which replicates capitalist modes of production and state politics that provide the space for labour exploitation, capital accumulation and thereby unequal wealth distribution and social inequality.

Another Marxist scholar, Peter Armstrong (1985), explains that the dominance of accounting controls in UK firms is not simply the response of capitalists to the failures of engineering controls linked with scientific management, but rather it is a result of inter-professional rivalries among engineers, personal managers and accountants to provide capital with techniques to control labour. According to Armstrong (1985),

the success of UK accountants and power of UK accounting profession are attributed to their appropriation of an abstract body of (engineering) knowledge and making it more align with capitalists interests (as cited in Hopper et al., 2015).

Armstrong (1985) argues that accounting controls were highly influential in the UK because it facilitated the British mode of extracting and appropriating surplus value, where dominance of accounting techniques and accountants were unavoidable in contrast to other countries - for example Germany, where engineers were more powerful. Later studies by Armstrong (1987) give prominence to accountants and financial controls from British companies to British capital markets which focus on audits. This clearly provides the evidence for the power of the accounting profession as a mode of internal control in organizations. As claimed by Cooper and Hopper (1987), the state encouraged financial controls during World War II because they wanted to avoid direct industrial interventions; they maintained laissez-faire capitalism, and increased the number of mergers to further strengthen the profession of accountants.

Recent political economy analyses of accounting take issue with classical Marxism's economic determinism and focus more on hegemony, culture, individual agency and subjectivity, and political outcomes. Studies, for example by Hopper and Armstrong (1991) and Uddin and Hopper (2001), adopt Labour Process Theory and Wickramasinghe and Hopper (2005) adopt (cultural) political economy in order to explain how accounting practices of production link not only with power, societal institutions (state) and conflicts over economic surplus, but also with local culture and organizational dynamics. This helps to identify the link between micro processes and socio-economic factors.

In understanding this phenomena, Hopper and Armstrong (1991) and Uddin and Hopper (2001) identify the development of controls and cost accounting in US corporations from subcontracting (direct controls by firemen) to large organizations. They adopt labour process theory from Braverman (1974) and

argue that accounting techniques and calculations were not driven by economic or technological necessities, but were embedded with labour-capital struggle associated with different strategies employed by the organization to control labour in various stages of capitalist development.

Uddin and Hopper (2001) and Wickramasinghe and Hopper (2005) explained how modes of production can be used to control labour processes and the influence of the state and transnational financial institutions on local actors' agency, traditional culture and historical context in the context of Sri Lanka and Bangladesh to explore how management accounting controls have changed. Also, Uddin and Hopper (2001) explained that controls were the outcome of production and state politics.

Wickramasinghe and Hopper (2005) explain how cultural and political factors influence and shape budgeting practices in a Sri Lankan enterprise (textile mill). They argue that Western management accounting controls implemented by the organization continuously and repeatedly reproduce capitalist modes of production in a mill in a village with traditional culture and non-capitalist modes of production. Numerous attempts to introduce contemporary financial controls, in order to meet the funders' requirement, failed due to strong interactions between state organs, trade unions, political ideologies, ethnic divisions, local culture and international organizational dynamics. This study explored how management controls are perceived as a threat to the way of village life (Hopper et al., 2015). The study found that class, ethnicity and culture play a significant role within this context and, in turn, accounting.

The studies above show how management control practices changed as a result of material structural changes; from politicized state capitalism to politicized market capitalism. Further, these studies also show how worker resistance, political intervention and local culture affected controls. As cited in Hopper et al. (2015), these cases show how and why management accounting controls are enacted based on close observation of practices, and linked structural factors including markets, global finance and political

regimes (Hopper et al., 2009). After colonialism, independent economies tend to take idealized regimes of controls through state central planning, initially, and then through market-based mechanisms which ended up strengthening politically supported regimes within the country; for instance LDCs. But this prospect of accounting was unsuccessful because of local politics and (neo-) patrimonial leadership (Hopper et al., 2015).

Accounting reports do not function as a mirror of economic activities, but also reproduce and legitimize the power relations in a society. Political economy research advocates reforms to coercive controls and governance. Further political economy research tries to visualize the capabilities of accounting and governance in order to debate, for critical reflection, and trigger policies and accounting reforms to build a fairer society with participative and collaborative forms of social accountability (Hopper et al., 2015). This is attained to some extent in poor countries through donor agencies and non-governmental organizations that promote good civil society through new reforms of accountability and governance in order to redistribute wealth and power. This expects to develop more flexible and bottom-up management controls that empower the commoners to be more humane and flexible and reduces the tendency of undue bureaucracy, hierarchical subordination and exploitation (Hopper et al., 2015).

3.4 A Cultural Political Economy framework - accounting and accountability of development projects

3.4.1 Accountability

Recently, there has been a greater call for accountability from managers in both the state and corporate sector in both academic literature and public/private sector discussions. Accountability, on one hand, is a somewhat multifaceted and unclear term that does not offer precise definition (Sinclair, 1995). On the other hand, it has disciplinary specific meanings, though even in the accounting domain it lacks consensus to explain what being held accountable entails (Cooper & Owen, 2007). For example, in political science, accountability is seen as some actors having the right to hold others to a set of specific standards, to judge whether they have fulfilled their responsibilities, and to impose sanctions if these responsibilities are not met. Accountability presupposes a relationship between power wielders and those holding them accountable, where there is a general recognition of the legitimacy of (1) the operative standards for accountability and (2) the authority of the parties to the relationship (Grant & Keohane, 2005). This leads to a conceptual dilemma on 'what constitutes accountability'.

Managerialism, New Public Management (NPM) and accountable management are different terms that are widely used interchangeably for new administrative models which have been embraced in developed countries including Australia, the United Kingdom and other parts of the world (Davis et al., 1989; Pollitt, 1990; Sinclair, 1989) and it seems to offer enhanced accountability among the benefits (Sinclair, 1995). In the 1990s, accountability was considered as a 'duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible' (Gray et al., 1996). Going forward, Cooper and Owen (2007) explain that, in order for a person or organization to be accountable for particular events and/or actions, then there are expectations about what this

person or organization should be able and obliged to explain, justify and take responsibility for (Messner, 2009). In simple terms, it is a relationship which requires people to explain and to take responsibility for their actions; 'the giving and demanding of reason for conduct' (Roberts & Scapens, 1985 p. 447). Messner explains that some (Harmon & Mayer, 1986; Jones, 1977; Thynne & Goldring, 1987) argue that accountability is one form of responsibility and should be differentiated from responsibility. Sinclair (1995) argues that despite the expectations of accountable managers, there is still confusion among administrators about the implication of their accountability. For example, do managerial forms of accountability supersede the other forms of accountability and what is the result of such conflict? Hopwood (1984) noted that the efforts to ensure better internal accountability using accounting technologies may not necessarily lead to greater public accountability and it is rather 'giving selective visibility' (p. 179). Yet, accountability provides a more sensible meaning when associated with objective and scientific connotations of accounting methodologies (Gambling, 1977; Hopwood, 1984).

The concept of accounting and accountability and how these concepts are implicated in the construction of the individual has been an important theme in accounting literature, especially in studies that focused on a Foucauldian perspective of accounting such as Foucault's analysis of governmentality (Foucault, 1984a; Foucault, 1984b, 1991; Foucault, 1995, 2003a, 2003b). Several studies (Hopper & Macintosh, 1993; Hoskin & Macve, 1986; Knights & Collinson, 1987; Miller & O'Leary, 1987) explored the role of accounting as a disciplinary practice in disciplinary enclosures such as factories, boarding schools, hospitals and military academies in both governmental and corporate settings (Alawattage et al., 2018). But the managerial accountability state sector has either substituted or augmented traditional norms of the democratic sense of accountability (Guthrie et al., 1990; Jenkins et al., 1988; Jos, 1990; Metcalife & Richards, 1990; Smith & Hague, 1971). Thynne and

Goldring (1987) provide a legalistic prescription to public sector accountability:

> *In the context of a relationship with an institution or person which or who is in a position to enforce their responsibility by calling them to account for what they (and/or their subordinates) have or have not done…subject to an institution's or a person's oversight, direction or request that they provide information on their action or justify it before a review authority (Thynne & Goldring, 1987, p. 8).*

There is a question on what asserts accountability in the public sector. O'Loughlin (1990) notes that 'when we speak about bureaucratic accountability, the bottom line is that we are concerned about whether government agencies are under some control and oversight by us or our representatives' (p. 281). This emphasizes the difference of opinion as to whom the account is offered. Robert (1990; 1991) and Roberts & Scapens (1985) identified the differences in hierarchical and social forms of accountability within an organization. Accounting provides far more than a frozen reality of the organization. As a technology and control tool of the organization, accounting shapes the activities and relationships which it reports. As cited in Alawattage et al. (2019), Roberts (1990) explored how the form of an internal organization and division of responsibilities among a corporate group and operating unit within the organization leads to the success of the organization, the relationship with accounting and strategy of the organization and the use of accounting information as a means of internal control. Roberts argued that hierarchical forms of accountability construct the individual in a particular way that emphasizes one's solitary and isolated character. However, he further explained the socializing effect of accountability on the individual, and the tensions and interdependencies between the formal and informal, and between individuating and socializing forms of accountability (Alawattage et al., 2018). By drawing on Sherer (2002), Messner (2009) explains that accountability starts with the other rather than the self, as a result, the understanding of accountability is formed

in regard to our obligation to others. As explained by Alawattage et al. (2019), Roberts (1991) emphasizes the distinction between hierarchical and socializing responsibility, the value of informal face-to-face accountability to others, the absence of any prescribed rules and formats in proving accounts, the differences in power and the 'rush to specific result' which is the main character in formal accounting. Messner (2009) argues the importance of a pragmatic approach in contrast to an idealistic approach to accountability. Further, he highlights the possibility of neglecting the limits of ethical appropriateness of providing an account due to overemphasis on the demands of the other. By drawing on Butler (2005), he explores these limits and explains that 'rending of an account is always limited by our ability to know ourselves and to communicate that knowledge' (Alawattage et al., 2019, p. 40).

As explained by Sinclair (1995), accountability has competing constituencies, especially considering the public sector; the public, ministers, cabinet, the Auditor General, Parliament. They feel accountable for different aspects, for example, implementing a government programme or project and budget delivery to ensure due processes are observed. He confirms that accountability is multiple and fragmented which means that being accountable to one form often compromises other sorts of accountability. It is noted that there is a continuing desire to locate accountability within enduring structures, especially in Western societies. For example, as explained by Sinclair (1989), the Australian Government report defines accountability:

> *Accountability is a central feature of the Australian democratic system. It ensures that those who have authority over public resources provide an account for the use of those resources in terms of compliance, efficiency and effectiveness (Australian House of Representatives Standing Committee, ASRSC, 1990).*

But the position given to accountability does not remain the same in the presence of power. Dahl (1957) explained that in understanding power, accountability appears to be a 'bottomless swamp' and the more definitive we attempt to render the concept, the more murky it becomes (Sinclair, 1989). Same as power, accountability can be understood as an aspect a person is or feels (as a personal attribute or affect), something a person is granted (as a part or an obligation bestowed of the job), something a person exchanges for the authority (as a property of the relationship), a more abstract and impersonal property of an authority structure, or an artefact of scrutiny.

Different disciplines assert accountability differently, i.e. theoretical research has discipline specific meanings. For example, auditors assert accountability as if it is a financial and numerical matter; political scientists perceive it as political imperative; legal scholars treat it as a constitutional arrangement, while philosophers view it as a subset of ethics. In short, accountability is a shared agreement about how it is manifested (Sinclair, 1995). Hence, an accountability relationship is defined by Day and Klein (1987) as:

> *Presuppose agreement about what constitutes as acceptable performance...[including] the language of justification (Day & Klein, 1987, p.5).*

The term acceptable performance sheds light on social norms and also depends on the ideologies, motifs and language of the time. Hence, accountability is shaped by social norms or aspirations which are called social archetypes (Birkett, 1988 cited in Sinclair, 1995). To Day and Klein (1987) it

> *involves the generation of a social consensus about what counts as good conduct and acceptable performance (Day & Klein, 1987, p. 64).*

But managerial models of administrative reforms make strong claims on the definition measurement and extraction of accountability. Accountability thereby is defined within managerial models, which require those with

delegated authority to be answerable for delivering output expected or use of resources to achieve expected results. This process is advanced by specifying performance standards, objectives or expectations by managers and their superiors, accompanied by a relaxation of formalized controls over inputs and processes (Jenkins et al., 1988), in this sense, cost effectiveness. Efficiency and managerial autonomy are the values embodied with accountability. Robinson (1971, pp. 109-113) identified three different types of accountability; first, programme accountability, which measures whether the outcomes defined have been achieved; second, process accountability, which is often earlier and attempts to measure and monitor whether particular processes have been carried out; thirdly, fiscal accountability is to ensure whether money has been spent as agreed or according to an agreed budget. Sinclair (1995) identified another three types of accountability, namely: public, professional and personal including political and managerial (financial) in the public sector. Theoretical research identifies many other types of accountability (for example, see Smith, 1981; Uhr, 1989).

3.4.1.1 Political or parliamentary accountability

Traditional public administration focused on 'upward' political or parliamentary accountability, and new forms are more autonomous government organizations with increasing emphasis on 'outward' or direct public accountability. But still theorizations of public sector management have given much emphasis to financial accountability or managerial accountability (Guthrie et al., 1990). In the case of the developing context, especially in Sri Lanka, the transformation from traditional to new forms cannot be seen as Western societies are still parliamentary or political accountability plays a significant role in the administration pushing back 'outward accountability'.

Political accountability is 'vesting responsibility in the public sector servants' (Sinclair, 1989 p. 225). Here, particular officers exercise the authority on behalf of elected representatives who are directly accountable to the people.

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There, a chain of accountability links the public servant with the permanent head of the organization, and in turn, accountable to the minister, to the executive or cabinet. As explained, this is a 'straight-line relationship' of political accountability (Harman, 1992). Though widely cited, this is not what actually happens both in Western and developing economies and little resemblance to reality is observed. Hence, political accountability remains as a salient feature in the public sector agencies, not as a chain, but as legitimizing bulwark against political interference and as a limiting factor on the agency into political affairs (Sinclair, 1995). On one hand, Sinclair (1995) explains, political accountability demarcates the territory of the administrators by allowing ministers to handle the political side, and on the other hand, political accountability is a 'clear division of labour and an incontestable administrative principle, upheld at all costs' (p. 225).

3.4.1.2 Public Accountability

Public accountability is a more informal, but direct accountability to the wider public, interested community and individuals (Thynne & Goldring, 1987). This is often discharged by discussions in newspapers, public concerns and reports about public administrative activities. Sinclair (1995) explains that even though structural discourse treats political and public accountability as complementary parts of the same process, personal discourses reveal the pain it causes for administrators as 'freedom of information and open reporting' become a trap and lead to a situation of 'being held personally responsible'. Sinclair noted that the accountability relationship between a minister (political) and the government (managerial) is de-personalized and non-problematic whereas managerial and public accountability is in a more frustrated position in contrast to the private sector as no mistakes are permissible.

3.4.1.3 Administrative or Managerial Accountability

Administrative, managerial and bureaucratic accountability are sometimes interpreted as the same thing as all these three concepts emerge based on the location of the person within the hierarchy in which a superior calls a subordinate to hold account for the performance of delegated duties. As cited in Sinclair (1995), Alford (1992) notes that managerial accountability, particularly, is seen as monitoring inputs and outputs or outcomes, while administrative accountability is more concerned with monitoring the process of it. Though the managerial accountability is expected to be within a safe and uncontested terrain within the structural discourse, the reality is different as it spans to political and public spheres as well. But there is a mismatch between structural discourse and the personal discourse of managerial accountability. Personal discourse explains that managerial accountability is both open-ended and constrained by hidden strings basically due to the conditions of employment contracts which create obstacles in demanding accountability from their managers, though CEOs try to keep pressure on home accountability and responsibilities. For example, structural discourse perceives risk management as to 'remove the risk', but personal discourse perceives it as 'risk taking', and also personal discourse perceives that there is very limited protection available from managerial accountability when public accountability parameters are based on exceptions. Managerial accountability is autonomy and structural discourse defends managerial accountability as 'space'. This situation leads to personal or industrial matters becoming political, creating the space within the structural discourse as a 'war zone and intruding ministers become embroiled' (Sinclair, 1995 p. 228). This treats managerial accountability as part of the contract, which will terminate if the political side of the contract is breached.

3.4.1.4 Personal Accountability

Personal accountability links with personal conscience in basic values and acting in a manner that accepts responsibility for affecting the lives of others (Harmon & Mayer, 1986). It is basically tied to the belief that ultimate accountability is driven by adherence to internalized morale and ethical values because it is enforced by psychological rather than externally controlled and personal accountability is regarded as powerful and binding. This is enforced by organizational culture; 'the articulation of shared values and beliefs [...] can truly become a way of being' (Denhardt, 1991, p. 30). In some situations, public managers consider personal accountability as the ultimate limit, and as a measurement of quality of the people through their acceptance of responsibility. This form of accountability is present in both structural and personal discourses. Jenkins et al. (1988) noted that in government documents 'permanent secretaries have direct personal accountability for financial propriety' (p. 17). Hence, personal accountability is an element of a broader scheme which encourages fidelity to a higher cause, where values and public interest are invoked. Further, in some situations personal accountability has an 'idiosyncratic behaviour' which is a result of upbringing.

In summary, accountability is multiple and fragmented. According to structural discourse, accountability is an objectified feature of the employment contract or position through rational and non-emotive language. The articulation of the understandings of how things work, derived from established ideologies and the language that accompanies them. Within this discourse accountability is not problematic, it can be 'delivered' to, and extracted from, others by following procedures. But, within the personal discourse, accountability is a factor managers try to maintain a fear of; they feel both 'anguish' (Sinclair, 1995, p. 232) and attachment as a 'morale practice' (Schweiker, 1993). Being accountable to one form requires compromises in other forms of accountability. Accountability is not what it

seems. In the structural discourse, political accountability is a division of labour, an assurance of space that can be later turned into an advantage. Personal discourse is experienced more complexly without any guidelines, but costs of crossing are considered as high. Public accountability is a determined form, but in some occasions, its presence is a trap or a prison in personal discourse, but it is compulsory in structural discourse. Managerial accountability is autonomy in return for accepting managerially defined controls and discipline, even though it does not provide the freedom it promised. In contrast, managerial accountability in personal discourse is difficult to extract from others and not a straightforward delivery of contract as implied in the structural discourse. These prevailing concepts and discourses of accountability reflect the hegemony of particular language and distribution of power within a society.

3.4.2 Power

The concept of 'power' is one of the palpable facts of human existence and as a result the concept of power is as ancient and ubiquitous in social theory. Seminal social theorists (i.e. Plato to Aristotle through Machiavelli, Hobbes to Pareto and Weber) had given a great deal of attention to power and related phenomena. Doubtlessly, the word 'power' and its related synonyms are everywhere, embedded in the language of civilized people in subtly different ways; power, influence, hegemony, control, imperium, etc. In view of 'power as a relation among people', the simplistic intuitive meaning of power is, for example, X has power over Y to the extent that X can get things done by Y, where Y would not do otherwise'. But this definition can be debated with the works of Hume and his successors by differentiating 'association' from 'cause' and this differentiation leads us to a complex epistemological problem where a clear and generally accepted definition of power does not exist. In this view, Dahl (1957) noted the possible identity of 'power' with 'cause'. If power is identified as a relation and it is a relation among people, then this would be contradictory as in common speech the term power generally

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includes relationships among people and other animate or inanimate objects. It is evident in the literature that social theorists were generally interested when it deals with a limited kind of relationships. But the reality is much more different. The power relationships extend to objects, called 'actors', for example individuals, groups, roles, offices, governments, nation states (Dahl, 1957). In following Nietzsche (1844-1900), Foucault (1978; 1984a; Foucault, 1984b) theorized power as positive, which is not as repression or suppression, but as a set of practices which could be specified and are able to produce positive behaviours and predispositions in human objects.

The mere use of the word power is not very interesting, informative or accurate. Thus, it should have criteria or it should be explained in reference to (a) the source domain, or base of the power; (b) the means or instrument used by the person to exert the power; (c) the amount or extent of power; (d) the range or scope of the power (Dahl, 1957). Resources, for example opportunities, acts, objects are the basis of power for any social actor and he/she can exploit these bases in order to affect the behaviour of another. This could be used to illustrate the scenario in both developing and developed contexts. As explained by Dahl (1957, p.203), Bertrand Russell, a famous writer on power, identified that the possible bases of the President's power over a senator are 'his patronage, his constitutional veto, the possibility of calling White House conferences, his influence with the national electorate, his charismas, his charm, and the like'. In this sense, these bases are more passive and inert, and are exploited in a way to ensure the behaviour of others is altered; with different exploitation means and instruments. For example, in the case of the president's power, this could include 'the promise of patronage, the threat of veto, the holding of a conference, the threat of appeal to the electorate, exercise of charm and charisma, etc.' (Dahl, 1957, p. 203). This power base, precisely political power base, is used in decision making in the public sector. For example, in the development context presidents' power is used in passing or killing a parliamentary bill, failing to override the veto or any other nationally interested decisions in order to

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ensure the 'promised patronage', which can be seen as political patronage. Thus, these instruments or bases act as a mediating factor or a variable between social relationships (i.e. between the power base of A and the response of B). The exploitation of this power base might ultimately lead to results which have unintended consequences including accountability issues of accounting decisions. The amount of power is a representation of the probability. But the extent of this probability in the development context, again, is supported by (or linked with) the power base; for example, electoral power. Clearly, the scope of the power is also linked with power bases.

The question arises how the concept of power links with accounting. The use of political patronage as a base of power is explained in the above section. But how these power relations are implicated in accounting is the important issue. Hoskin and Macve (1986) discussed the modern significance of accounting through identifying and understanding the history of accounting and its power in modern society by drawing on Michel Foucault's theory of 'power-knowledge' relations. In the general sense, Foucault noted that knowledge practices are always practices of power or, in other words, knowledge relations are always implicated in power relations, and vice versa. The interrelationship between these concepts could be used to understand the present and the possible futures; he summed up these relations with the term 'savoir-pouvior', usually translated as 'power-knowledge'. In the first genealogical work, *Discipline and Punish*, Foucault (1977, pp. 170-194) noted the implementation of this new discipline in terms of a micro-technology of power, the 'means of correct training' through examination. The normalization of examination happens at the same time as it makes each individual into a case with a 'case history' (Foucault, 1977, pp. 184-187). Thus, he introduced a new principle of individual accountability by attributing a numerical 'objective judgement' on the person, hence, substituting for the individuality of the memorable man that of the 'calculable man' (Foucault, 1977). This increased a significant level of acceptance in society as accounting is seen as changing or capable of being changed in order to respond to

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demands of changing environments. There is a more or less direct and unproblematic relationship between economic and political interests, and knowledge and techniques are used to serve such interests. This is further studied by Miller and O'Leary (1987), who made an attempt to identify the notion of knowledge as a 'servant of power' (Baritz, 1960) or knowledge viewed as representing class interests. By drawing on the work of Foucault, Miller and O'Leary (1987) noted that accounting is no longer to be viewed as a technical apparatus and neutral, but rather it serves certain economic and political interests, but this claim has attracted a greater currency in other disciplines as well (see, e.g., Baritz, 1960; Scull, 1979; Stedman Jones, 1971).

3.4.2.1 Relational nature of accountability and power - beyond the state

The presence of interdependence of states and the expansion of the scope and the authority of multilateral organizations have increased the concerns about the way power is used (abused), and its relationship to accountability and democracy (Grant & Keohane, 2005). This is because of the common understanding that one of the main features of representative democracy is that those who govern the country are held accountable to the governed. If governance above the level of nation-state needs is to be legitimate in the democratic context, this means the accountability poses an issue at the global level. In other words, accountability presents one of several ways in which power can be controlled. But the extent of this power control is questionable based on the political power of the multilateral/bilateral organizations, especially funding organizations, i.e. IMF, World Bank, ADB. There are two views in the international political economy literature. First, the prevailing and conventional view that multinational organizations are relatively weak compared to states. Second, on the other hand, the global view that such organizations are relatively uncontrolled and criticized as 'unaccountable' (Dahl, 1999). Thus, in that sense, multinational organizations are understood as both weak and unaccountable. But Grant and Keohane (2005) argue that multilateral organizations are more accountable in many respects than

powerful states, but it is rather different from observers with participation. Multilateral organizations perceive that NGOs seem accountable to nobody, while NGOs perceive that multilateral organizations lack accountability because they do not answer to those affected by their policies. The latter is the common understanding and view with regard to accountability of multilateral/bilateral organizations.

Though accountability is seen as a factor which is free from other concepts, it is difficult to discuss accountability without power relations maintained at both state and international level. As explained in the above section, accountability presupposes a relationship between power wielders (ones who exercise particular power) and others who hold them to account. Indeed, accountability and power are unwritten but are expected in a relationship. As explained by Grant and Keohane (2005), not all constraints on abuse of power in world politics or in international political economy constitute mechanisms of accountability. In classical world politics, the principal mechanism of constraint of power was, ultimately, the coercion or the threat of coercion. This is because in theory nation states were the exclusive source of legitimization of authority. Though they could legally bind themselves through international treaties, if treaties are violated then nation states have to self-help to preserve their rights. Hence, in that sense, states in the balancing power system are not 'held accountable' in any meaningful way, but they may be constrained by coercion or threat of coercion. This extends further into economic aspects of nation states due to economic interdependence, because economic interdependence of states creates constraints on each other, but states that are bargaining for advantages on economic issues are not necessarily held accountable to one another. This situation is much more sympathetic and complex when considering developing nations due to economic dependence, especially for investments in development activities and trading activities such as tariff negotiations. Complying with the constraints and one-way accountability is inevitable in the relationship with the multilateral organization due to various factors such as lack of funding,

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expertise and technological know-how. Hence, multilateral organizations try to control the developing nations by creating a power base through funding, expertise and technological know-how, and ultimately represents a coercive power which cannot be avoided by development states. This is basically done, first, through 'checks and balances' (Grant & Keohane, 2005, p. 30) to prevent overstepping the legitimate boundaries requiring the cooperation of actors with institutional interests and various actors to produce authoritative decisions, and secondly through accountability mechanisms which always come after exposing actions to view, judging and sanctioning them.

At a minimum level, institutions/actors of governance should limit and impose constraints on potential abuse of power. But it is evident that the potential abuse of power is at a serious level in world politics because the minimum types of constraints found at the domestic or national level are absent at the global level (Grant & Keohane, 2005). It also lacks an effective constitutional system at the global level which constrains power in an institutionalized way, through mechanisms such as checks and balances. This directs states and other actors to enter into mutually beneficial agreements, but it is not a strong means of restraining powerful actors, as they are not institutionalized in generally applicable rules.

3.4.3 Post-colonialism, neo-colonialism and development

Post-colonialism is a contested term, but theoretically it has been greatly influenced by Marxist political economy and post-structuralist cultural and linguistic analysts, Edward Said, Homi Baba and Gayatri Spiwak, who have had great influence in post-colonial theory. McEwan (2018) explains that different disciplines, including in social science, development studies and critical geography, have two widely used meanings based on the following characteristics:

(1) Post-colonialism as 'after-colonialism' written as post-colonialism to signify the notion of time or a new epoch.

(2) Post-colonialism as a 'condition', related to the state of 'after-colonialism'.

(3) Post-colonialism as a metaphysical, ethical and political theory dealing with issues of identity, race, ethnicity and gender, the challenges of developing post-colonial identities, and national relationships between power and knowledge.

(4) Post-colonialism as literary theory critiquing the perpetuation of representations of colonized and formerly colonized people as inferior, and countering these with alternative representations from writers in (de)colonized countries.

(5) Post-colonialism as anti-colonialism - a critique of all forms of colonial power (cultural, political, economic, past, present).

Thus, 'post' colonialism has meaning as, in simple terms, a temporal aftermath consisting of (1) and (2) above, which implies after-colonialism. A critical aftermath consists of (3) to (5) above, which includes cultures, discourses and critiques that lie *beyond*, but remain closely influenced by colonialism. Also, this meaning does not imply that colonialism is in the past, instead it explores and critiques the various ways in which it endures into the present (Blunt & McEwan, 2002). Thus, Stoler (2016) uses (post-) colonialism to emphasize the colonial 'presence' in both tangible and intangible forms and the persistence of colonial 'presents'.

Critics argue that the presence of colonial power in various forms allows wealthy nations to continue to enjoy economic and political advantages that accrue to them because of the alleged abuse of globalized capitalism. Thus, neo-colonialism is viewed as a continuation of the domination and exploitation of formerly colonized countries, but through different means, primarily inequitable international trade, and geographical relationships extending to financial support for development activities such as development loans; development or commercial. As a theoretical notion, post-colonialism can be thought of as an approach to address issues such as identity, race,

ethnicity and gender, especially the challenges of developing post-colonial national identities and relationships between power and knowledge. This idea can be extended into the development context where formerly colonized LDCs are dependent on Western or non-Western wealthy donor agencies/states for financial support. Thus, the notion of 'post-colonialism' can be used to analyse how colonial power produced and used the knowledge of colonized people in their own interests and how this knowledge continues to structure inequitable relationships between formerly colonized and colonizers (both past and present or emerging). *Orientalism*, the work of Edward Said, argues the notion of colonialism, which is operated not only as military or economic, but also as a discourse of domination. But it is not about non-Western cultures, instead he argues about the representation of Western cultures in non-Western states through domination.

Post-colonial theorists argue that development is integral to colonialism. Meaning that extracting resources and labour from colonies required new forms of social control of subject populations in both metropolitan and colonial regions. Thus, the notion of 'development' is used to justify the imposition of social control of colonizers. McEwan (2018) argues that colonialism mobilises different webs of meaning, practices, objects of knowledge and ways of knowing that help legitimate and perpetuate colonial power and relations.

3.5 Situating power, accountability and neo-colonialism within cultural political economy

The social life is shaped by standardization and bureaucratic rationalization and the attempt to transform everything within the organizations into 'measurable results' presence the ambiguity within the organization. This is mainly due to the nature of (non) ability to define and classify everything into a sort of rationalization. But this attempt poses a question at the presence of collective and individual existence to escape the efforts of rationalization.

Ambiguity is present within the organization due to multiple interpretations which are increasingly dominated by a logic of technical rationality and in turn the effort to standardize, quantify and formalize social life. This phenomenon is implicit in social theories, yet it has been under-emphasized and under-theorized. The standardization of social meaning has been addressed by some theories through different means; for example, Bourdieusian analysis used accretion of structured habits (Bourdieu, 1977, 1990); theorists who used Actor Network Theory achieved standardization of social meaning through the techniques of inscription, translation and enrolment (Callon, 1998; Latour, 1987; Walters, 2002).

In general terms ambiguity denotes the multiple meaning for a phenomena. Best (2012b) explains ambiguity as 'a concept that underscores the polysemic character of meaning: the potential for a plurality of meaning and thus for more than one interpretation' (2012b, p. 88). This theoretical notion applies in the wider organizational context which is called 'Institutional Ambiguities'(Best, 2016, p. 678) as depicted in the following Table 3-1.

Table A: Institutional Ambiguities

Type of ambiguity	More ambiguous	Less ambiguous
Authority to interpret	Discretionary	Rule-based
Forms of measurement	Qualitative/subjective	Quantitative/subjective
Scope of policy	Broad/fuzzy boundaries	Narrow/clear boundaries

Source: Best (2016, p. 678)

The same applies in social life where texts and language can be open to multiple interpretations including economic data, norms and practices in individuals and organizations, but not every practice or text is equivocal, for example, organizational procedures for a particular activity, i.e. payment of vouchers. This is because of the existence of the social world of open and closed texts, and Bakhtin (1996) explains that even though all languages have both hybridity and 'heteroglossia' (cited in Best, 2012b, p. 89) - an openness to the multiplicities of meanings - there are numerous efforts to include that diversity in coherent and closed texts. Hence, according to Bakhtin (1996), language is divided between centralizing and decentring forces, then it takes both textual and social contextual forms. Hence, Best (2012b) notes that the social life is designed to constrain the scope of ambiguity in our lives even though some of the efforts do not deliver the effect as intended. But inter-subjectivity allows in understanding work to facilitate convergence in our interpretations. Hence, understanding the social and material context of a text reduces ambiguity. Social theorists who study the logic of practice provide important aspects for the reduction of ambiguity, for example background norms, rules and practices help to reduce potential ambiguity of social interaction (see, for example, Bourdieu, 1990; McMillan, 2008; Schatzki et al., 2001; Schatzki, 1996).

Different social theorists have used different theoretical approaches, e.g. logic of practice and ANT theory, to reduce the ambiguity of social interactions. For example, first, Bourdieu's (1990) concept of the habitus. ANT theorists also provide means to stabilize meaning through practices of inscription, translation and calculation (see Latour & Woolgar, 1986). Extending the same research agenda, Collon and Latour (Callon, 1986b, 1986a; Callon, 1998; Latour, 1987; Latour & Woolgar, 1986) use the concept of inscription to explain the processes through which complex material realities are made visible.

Despite the merits of different theoretical attempts to reduce the ambiguity in social relations and interactions, they still tend to persist. For example, though organizational guidelines seem less ambiguous, they are still open to interpretation. Pocock (1971) explains that all texts reside within other texts and are therefore subject to different interpretations as we bring different prior texts and contexts in reading them. Hence, interpretations are textual and contextual. The efforts to reduce the ambiguities may create ambiguity for others. For example, the various forms we fill such as surveys, which are commonly perceived as the least ambiguous kind of inscription. Designers take potentially ambiguous inputs from respondents and translate them into some standardized calculations. Still, these kinds of translation miss something, which might be very important in understanding the social interactions and relationships. Because, in order to make less ambiguous for the designers or decision makers, they try to squeeze different options into common categories, which seem to be unambiguous. All the common categories are neatly filled out, hence capable of presentation and analysis. But it still produces all sorts of ambiguities when someone is trying to interpret the relationship of the content to the real world. If the designer of the survey creates a category called 'other' for each and every concept they want to test, then the interpreter is faced with problems that cannot be easily counted. This shows the limitations of the techniques and procedures in reducing the ambiguity. This story is the same for measuring the success of any programme in the end. Probably, these pre-defined forms or surveys are designed in order to measure the 'success' of a programme especially in terms of financial terms. The common categories may not capture the success in both financial and social terms. Hence, the responses obtained from a survey may not represent the world beyond it. Hence, the interpretations still tend to be ambiguous.

Bureaucracy plays a vital role in public sector organizations as an ambiguity-reducing machine. As Max Weber (1976) argued, technological knowledge is the primary source of the superiority of bureaucratic administration.

Technological knowledge encompasses the practices of quantification, standardization and classification which help organizations to reduce the ambiguity in organizational processes and social relations, hence, accounting practices play a significant role in this sense. Bureaucratic organizations create their own standards, humans and economies, so that they can manage them effectively. This kind of standardized knowledge combined with standardized practices, forms, procedures and guidelines reduces the multiple interpretations and, hence, minimises the ambiguity (Best, 2012b). Organizations are faced with 'chronic' uncertainty about their future, especially about their changing environment, internal dynamics and direction. This is because of the prevailing dilemma faced by organizations on ambiguity; uncertainty, diversity and the limits of quantification (Best, 2012b, p. 91). This is a prevalent factor and concept in developing contexts due to the political instability, for example changing political regimes create uncertainty about the internal dynamics as well as the external environment. However, organizations try to plan these uncertainties as they know sometimes these unpredicted events might occur and are unescapable. Even though in theory bureaucracies are designed to manage uncertainty through routine, and standardization, these strategies are not sufficient to respond to pervasive uncertainty. Therefore, it is evident that organizations tend to leave these strategies and provide room for different interpretations within guidelines to ensure creative adaptation in the event of an uncertain future, which ultimately produces multiple interpretations within given organizational policies. Finally, ambiguity persists and leads to accountability consequences due to multiple interpretations. There are different concerns about this. First, Luhmann (1998) emphasizes the role of uncertainty in producing ignorance, while Best (2012b) points to ambiguity as an institutional response to the challenges of an unknown world. Secondly, organizations are always faced with a tension between their tendency of developing standardized procedures and rules in order to treat all the organizational processes in the same manner and application of the same for situations that do not fit (Barry, 2002). It is

obvious that organizational policies (especially public sector) are relatively unambiguous. This is because in defining the policies organizations draw specific rules to avoid ambiguities and the rigidity and precision produce exceptions to rules that do not fit the criteria. Hence, their applications require multiple interpretations and judgements providing a room for intentional ambiguity in the form of discretion, room for judgement or vague phrasing to ensure the flexibility in application for a diverse and complex situation. Thus ultimately dilemmas of accountability emerged either due to multiple interpretations or intentional ambiguity of government policies and procedures.

This issue further can have methodological issues or rather has 'epistemological' concern. As one of the concerns of accounting is quantification, much of organizational culture is driven by the concept of 'quantification', this also applies for goals, practices and outcomes as well. The 'will to quantification' has a performative effect on the organizational activities as well as the social relationship. The methodology of quantification is rather problematic for situations which are more subjective in nature or complex realities which resist straightforward measurement. For example, the measurement of success of a development programme. As mentioned in the earlier section, the success of any development programme is readily measured by financial terms (quantification) rather than qualitative measurements which are more subjective and prone to scrutiny.

In summary, from the perspective of institutional/organizational actors in bureaucratic organizations, especially public sector organizations, there is an ambivalent attitude to ambiguity as they seek to balance their will, political or regulatory, to standardize and their response to challenges posed by uncertainty, diversity and complexity. Best (2012b) explains that ambiguity is 'persistent' (p. 93) within organizational documents and policies, either as a consequence of unintentional effects of narrowly defined rules and procedures to complex cases or situations or the intentional introduction of

ambiguities into organizational policies and procedures allowing flexible interpretations. Consequently, if ambiguity plays an important and central role within the organization, firstly, this offers a space for internal power struggles or it provides space for power to dominate in decision making as ambiguity allows flexibility in interpretations, hence interpretations can be used 'strategically' (Best, 2012b, p. 93) by those who are in the best position to take advantage of that interpretative power. This means actors who are with a power base (as explained above) can use the flexible nature of interpretations in organizational policies, rules and procedures in order to fulfil their different political, organizational, personal, etc. expectations. Secondly, ambiguous policies with different interpretations are difficult to control in nature; thus ambiguities contained in inscription also sometimes provide space for 'creative mis-recognition' (p. 93), making them less controllable to those who seek to manage them.

The next consideration is the role of ambiguity and flexible interpretations in the development context. Usually, the development success and failures are the key determinants of 'good governance' of multilateral funding organizations, such as the IMF, World Bank and ADB. Official records of these pillars in development funding explain that failures of public management at the domestic level is the source of development failures (see, for example, Kuruppu & Ganepola, 2005; World Bank, 1989) and is labelled as a 'crisis in governance' (World Bank, 1989, p. 60). This emphasis on governance shifted the focus of development efforts to country's internal affairs stressing political matters such as public sector management, rule of law and government accountability, etc. Theoretically, international funding organizations are forbidden from engaging in political matters of the borrowing state in order to ensure good governance. Yet, the interpretation of the concept of 'governance' seems ambiguous and offers different interpretations.

Theorists in development studies posit 'accountability' of development projects as the focal point. Thus, they focus on the achievement of 'poverty reduction through good governance' (World Bank, 2000, 2014) within the discourse, which is also the central role of policy agendas of global development agencies, for instance the World Bank, for social protection (Hickey & King, 2016). Achieving higher-level accountability implies that governments not only deliver goods and services as per political policy promises, but are also responsive to citizens' demands in order to contribute to better public service provisions while building a strong sense of citizenship and promoting empowerment. In the sense of development, states are accountable to wider society, and social accountability is defined as 'the broad range of actions and mechanism beyond voting that citizens can use to hold the state to account, as well as actions on the part of government, civil society, media and other societal actors that promote or facilitate the efforts (Malena & McNeil, 2010, p. 1), which includes both accountability and answerability. This, in turn, makes powerholders explain and give reasons for their actions and enforcement in order to ensure that poor performance is punished in some way (Hickey & Mohan, 2008). In line with this, Hickey and King (2016) note that initiatives are designed to ensure answerability and enforcement requiring bottom-up accountability by non-state actors (demand side) and legal and fiscal government checks and balances from top-down accountability (supply side).

Even though global development agencies put demand-side accountability as a focal point of programmes, development theorists critique the realities of 'social' forms of accountability as it does not reflect political realities of governance and development in LDCs (Booth, 2012; Brett, 2003). Also, it has been argued that accountability, particularly social, is conceptualized in terms of technical and instrumental rather than political (Joshi & Houtzager, 2012). Thus, overemphasis on the tools of accountability and measurement becomes detrimental for analysis of context (McGee & Gaventa, 2011). Despite the evidence, their success is highly dependent on the political, social

and economic landscape in which social or other accountability initiatives are embedded (McGee & Gaventa, 2011; Menocal & Sharma, 2008). Hence, Booth (2012) argues that outcomes of accountability initiatives of development interventions in LDCs are shaped by the contextual factors which challenge the 'best practice' approach of Western donors, and instead the 'best fit' approach would be supportive to LDCs as it is more closely related to the realities of different political economy contexts. Hickey and King (2016) note that success of the accountability of development interventions should be considered not only by successful project delivery and improvement in services generated by the development interventions, which are in terms of technical and instrumental that are merely the supply side (either within the state or beyond the state), but it should also consider the broader level of outcomes and impacts with a particular focus on the changes in governance, institutions and/or citizens' empowerment in the state, or in other words, the wider impacts in terms of both structural and post-structural objectives. Thus Hickey and King (2016) explain that transparency initiatives, contentious actions and participatory governance are important in delivering development interventions, especially post-structural objectives.

As explained above, accountability is shaped by power relations within and beyond the stage. This process is facilitated by the bureaucrats within the system. Corbridge et al. (2005) explained how bureaucrats and politicians deliberately sabotage accountability initiatives, and Hickey and King (2016) explain that political will (or will to improve) is shaped by the accountability mechanisms which offer politicians and bureaucrats viable solutions to governance problems that align with their political interests. Thus, well-institutionalized political parties (political society) also have a role to play within accountability dynamics within the state where they can influence the state or government (politicians) in mobilizing poor, disadvantaged or marginalized communities (Corbridge et al., 2005). State-citizen relations also affect power relations, and in turn accountability. LDCs where social exclusion is embedded within the society based on the various social, cultural

and political factors, then marginalized and disadvantaged community groups become less involved (Corbridge et al., 2005) in political society where political and economic power are intertwined in development activities; consequently, local citizens may fear to express their views openly.

Two cases can be used to illustrate how ambiguity, power and accountability are linked and situated within cultural political economy in relation to global finance. First, for example, in the 1980s, World Bank reports defined governance in more political terms (Weaver, 2008), and later on, senior management of the World Bank wanted to define the term 'governance' with more flexibility. As cited in Best (2012b, p. 94), Shihata (1990) argued that 'bank[s] could seek to effect change only on matters of good order or discipline in the management of a country's resources, that had a direct bearing on the economic development'. But this definition was further expanded in the 1990s and defined governance as 'the manner in which power is exercised in the management of a country's economic and social resources for development' (World Bank, 1991). The emphasis on the transformation of focus and the emphasis of international funding organizations, which created a space to control the borrowing country's internal affairs through funding. Thus, internal affairs of the country including resource allocation are indirectly controlled through the funding conditionalities. Thus, funding created a power base for funding agency and which is used to effect both culture and the politics of the borrowing country. Thomas (2007) notes that even though the World Bank could not be involved with partisan matters in the borrowing country and favour one over the other, as long as they see the relationship between the political power and the economic development, they tend to pursue their policies in that area. It seems that funding agencies indirectly favour the political partisan and create a power over the borrowing agency through funding and posing conditionalities (that are narrowly defined and ambiguous) which are in favour of the funding agency to ensure their objectives are met. Drawing on the work of Weaver (2008), Best (2012b) explains that good governance policies have become increasingly popular and

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influential since the 1990s, which resulted in an increase in governance-related lending even though the clear boundaries are lacking in the definition. The ambiguity in the policy's definition offered a space to change the focus of the policy over time with various theoretical considerations beginning from public-choice cast (World Bank, 1989, 1992), institutionalist inflections (World Bank, 1997), poverty reduction (World Bank, 2000, 2002) to neo-conservative shades especially anti-corruption efforts. Consequently, the World Bank has stopped funding several countries that were deemed corrupt including India, Kenya and Cameroon (Duncan, 2006). This transformation resulted in criticism about the lack of consultations of the staff responsible for respective programmes, and that was extended further by public anecdotes claiming that these policy decisions were motivated by American political interests. This is one of the major concerns in this discourse; conditionalities are the conditions imposed on the borrowing agency in return for financial assistance. Because when funding organizations are with country affiliations or have major funding contributors, respective funding organizations tend to impose conditionalities ensuring the objectives of the affiliated country are met. This links with the issue raised earlier that funding agencies favour political partisanship through which the objectives of both the funding agency and the restive country are met, thus the power relations dominate. In order to obtain funds, the favoured political party agrees with the conditions imposed by the funding agency, but actually the affiliated country. Hence, even though attempts are made by the World Bank to limit overly 'subjective' interpretations on definitions of policies, it resulted in the recognition of limitations of creating a rigid rule-based system (especially in measuring concepts such as 'governance') in offering better clarity. Thus, ambiguity persists in most places despite the attempts made.

Secondly, as mentioned above, the IMF also imposes conditions on borrowing members in return for financial assistance and the related policies were subjected to debate in the early 1950s. The executive board tried to respond to these debates by clarifying and limiting the scope through agreeing on

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guidelines. Later on, the policy continued to expand which had shifted its focus on fiscal policy from monetary policy in the 1970s, which later changed its focus on changing economic conditions as well as economic ideas that focus on structural reforms which require economic improvement by imposing structural conditionalities including trade liberalization and privatization in the 1980s to 1990s (Best, 2012b). This policy made an extensive impact in developing countries during this period, especially in Sri Lanka. This is the period where most of the public entities were privatized due to political reasons (see, for example, Hoque & Hopper, 1994; Hoque et al., 1994; Wickramasinghe & Hopper, 2005; Best, 2012b). The guidelines in the policies were sufficiently ambiguous allowing multiple interpretations. For example, the IMF reports that they wanted to limit performance criteria, but instead of absolute limitations, they adopted guidelines which specify that only the term 'necessary' should be included as conditions, and resulted in offering a space for multiple interpretations, hence it caused ambiguity; for the term 'necessary' performance criteria or conditions. During the period of the 1980s to 1990s, there was a significant increase in scope and the number of structural conditions required by the IMF from borrowing countries. The conditions were far more ambiguous, and less precise than clear performance criteria, and the IMF increasingly relied on subjective performance reviews to measure the progress of the country throughout the term of the loan. Later, reviews of the IMF policies revealed that conditionality policy was too ambiguous as programme measurements that count and those that do not count were not distinguished, creating ambiguity on boundaries of conditionality. As a result, the IMF board ultimately proposed to streamline conditionality focusing only on 'macro-critical' conditions. But as explained by Best (2012b), ambiguity persists even after the revisions and streamlining of the policy due to the term 'necessary' before it, and it was revealed that the overall number of conditions had not changed, but non-critical conditions were still being imposed (IMF, 2007).

In relation to ADB funding, which is one of the major funding agencies of Southern Expressway, ambiguity of conditionality persists. For example ADB reports that they use special loan covenants as a conduit for its conditionality and they are designed to the socio-economic conditions of the specific country, and they further note that these conditions may cover institutional and staffing arrangements; acquisition of land, allocation of resources, institutional development and training, review of tariffs, rates, charges and prices (ADB, 2003). This proves, on one hand, the flexibility in designing conditions by the funding agency, which allows multiple interpretations that might be advantageous for the lender. Secondly, this shows how funding agencies obtain power over structural reforms, resource allocation and, further, the culture imposing indirect conditions on local fund disbursement related to loans.

The story of the JICA is quite different on the face of it due to country affiliation. Loan conditions are different even if the loan is provided to the same project. That is, basically changes are based on the loan time, for example Bilateral Tied, General-United. Certain different conditions are applied to project matters (i.e. procurement) based on the agreement type mentioned above. For example, procurement should be made from 'eligible' count/tries. If the agreement is Bilateral Tied, goods and services should be bought only from Japan or from the borrowing country. Yet, goods produced by the borrowing country/s are rarely qualified due to low quality and tied specifications imposed by the contractors. If the agreement is General-United, then there is flexibility to buy goods and services from any source due to ambiguity of the definition of the term 'eligible'. Due to the potential of multiple interpretations, the affiliated country is one of the eligible countries. Hence, the type of agreement does not make any difference in procurement activities as the affiliated country is included in both definitions. Hence, it created power relations with the borrowing agency which is an indirect effect of the fund as conditions must be fulfilled for the continuity of the loan disbursement.

The power relations between the funder and borrower are maintained through measures and policies in which clear preference is given to quantifications; hence everything is quantified by financial success, which is the ultimate standard of truth for donor agencies to ensure certainty. The will to quantify is shared with the borrower, possibly in developing nations including the respective project, and it is institutionalized with clear quantitative conditions in both micro and macro perspectives such as credit ceilings for the institution as well as the economy as a whole. This attempt is not a successful condition for donor agencies due to the growing demand of structural conditions which they are unable to quantify imposed as part of a loan agreement; hence epistemological dilemma due to limit of rationalization. For example, the IMF (IMF-Archives, 2001) explains that they did not attain desired effects due to narrowly defined fiscal and monetary conditions. Consequently, they have moved into complex policy domains by adopting more qualitative, subjective and ambiguous methods due to inability of evaluation of structural conditionality imposed with quantitative methods alone (Best, 2012b). In this way, funding agencies create power relations with borrowing agencies through both qualitative and quantitative methodologies of performance, which are ambiguous, intrusive and open to multiple interpretations in order to achieve the expected results. In conclusion, funding agencies would rather prefer to keep ambiguity policies than more precise terms allowing them to interpret and change as they wish later creating more controlling power over the borrowing agency.

In summary, ambiguity in policies persist in main pillars of funding agencies. Though they claim that the concept of a 'one-size-fits-all' economic model is not part of their respective policies, some officials of the agencies still admit that it persists in programmes in developing countries, through the 'cookie cutter approach' (Best, 2012b, p. 97), which might be a hostile move for the allowed ambiguity in policies. Yet again, economic standardization is a prevalent factor in both approaches, which is politically difficult to put into practice in different developing countries due to contextual differences.

Further, the claim of non-existence of unique paths to good governance (Benn & Brown, 2006; Best, 2012b; Breton, 1990) supports the ambiguous policy being implemented by donor agencies primarily to achieve both the donor and borrower agencies' objectives.

Apart from ambiguity, Western-dominated development institutions (though they are operated in the South; for instance ADB) are engaged with global development both in tactical and strategic ways, promoting and justifying certain interventions and de-legitimizing and excluding others. The same process is employed by emerging non-Western/Eastern powers. This promotes their own practices, knowledge and ideologies to be implemented and established in LDCs. Power relations are certainly implied in this process. These institutions generate and promote ideas about development which are part of a development industry that is implicated in power relations and domination rather than social, institutional and literary concerns (Crush, 1995; Goldman, 2008). Thus, notions of colonialism in development can provide direction in how appraises of power and domination within development and ideas are (re)produced, circulated and consumed. Importantly, it provides a theoretical lens to explore how development discourse projects, promotes and justifies real interventions and real consequences (departure and violation of management accounting controls, accountability) and how it creates connections between words (different forms of interpretation - ambiguity), practices (accounting and controls) and institutional expressions of development (reporting).

Development critiques argue that dominant discourses of development prevent formulation of alternative and creative ways of addressing poverty (Yapa, 2002), particularly in LDCs, which in turn widens the gap between richer and poor countries, and failure to posit alternatives. All the development interventions including aids, donations or loans are referred to, according to Li (2007), as 'will to improve', and all the development organizations including donor agencies are shaped by this will to improve.

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Thus, donor agencies including governments of countries whose will to improve is defined by the 'claim to know how others should live, and to know what is best for them, and to know what they need' (Li, 2007). It appears that they do not necessarily set out to dominate, instead try to enhance capacities for action, and their aims are often expressed as benevolent and even utopian. However, this model of development often makes worst scenario, particularly infrastructural development projects in LDCs and poor countries in return for enormous resource extraction fuelling industrialization and economic development of richer countries. But Li (2007) argues that outcomes of development programmes are not always negative as sometimes it brings changes that some people want. That is, rather political needs ensuring patronage and party politics in LDCs for both the state and non-state actors rather than wider social or development needs.

The above discussion regarding donor agencies can be summarized into four main theoretical notions of the theoretical framework of the study: ambiguity, power, accountability and colonialism. Different forms of power relations are created due to ambiguity in the state and beyond the state which are primarily induced by the patronage politics (within and beyond the state) and party politics. In non-state level, irrespective of multiple attempts to reduce the ambiguity, allowing multiple interpretations which can be used in favour of the lender or funding agency ultimately creates power over the borrowing agency. This process is always supported by the national patronage political systems, through capitalization of ambiguity in bureaucracy. As explained by Best (2012b), this is in contrast with Weber's explanation of bureaucratic administration and domination. Weber explains that 'bureaucratic administration means fundamental domination through knowledge' (Weber, 1976, p. 225), but Best (2012b) argues that it is domination through ambiguity. Secondly, accountability poses another issue. As the borrower the particular government has to be accountable either politically or financially to the lender, but at the same time to the country again either in political, public, administrative, personal etc. terms, which

can be termed as 'opposed accountability', because being accountable to two different directions might cause uncertainty or aporia.

3.6 Summary and conclusion

The main aim of this chapter was to develop a theoretical framework to explore the research questions of the study. I justified the theoretical inspirations in developing this framework; I also located this framework in wider academic debate and illustrated how its theoretical notions can help to address the research questions raised. The cultural political economy framework of the study contains mainly the notions of ambiguity from the work of Jaqueline Best in particular, and the notions of power and accountability in general through which the notion of neo-colonization was discussed to show how these notions are actualized and interact in the context of public sector investment decisions including accounting controls.

These theoretical categories are used in organizing the analysis of the empirical chapters to answer the study's research questions. Therefore, Chapter 5 provides the first empirical and discussion chapter which outlines the context and role of accounting and accountability of the project in order to theorize findings in the subsequent chapters with a deeper sense of understanding. Chapter 6 explores how ambiguity is implicated in accounting controls and how it is used as a source of power relations and patronage politics within and beyond the state. Thus Chapter 6 exemplifies how 'ambiguity' is used as a too political capitalization of accounting. Chapter 7 analyses and explains the directions of accountability, and how accountability relationships have been constructed and discharged in a development project in Sri Lanka. It also explains how accountability can become aporia in the face of patronage politics beyond the state producing and reproducing ambiguities and neo-colonial relationships. The next chapter will discuss the methodology and the methods employed in the research.

CHAPTER 4: Research Methodology and Methods

4.1 Introduction

Chapter 3 discussed the theoretical framework of the study to explore the research questions identified and outlined in Chapter 1. In a theoretical sense, there is a logical development from research questions to theoretical framework and then to methodological choice. In reality, it is an iterative process rather than a linear progression.

This chapter aims to present the research methods and procedure adopted in the study. It is achieved through a discussion of epistemological, ontological and attitudes taken in selecting the underlying critical interpretivist research framework. First, it describes the preparatory work which took place before the fieldwork commenced. It indicates how the fieldwork was designed and how access to research sites was secured. Second, this chapter outlines the main events of the data collection and validation process. It emphasizes the interviews which took place in the field. Third, it presents the method of data analysis with the use of the cultural political economy framework, which was developed through theoretical notions of ambiguity, power, neo-colonization and accountability. Finally, the chapter evaluates the main limitations of the methodological framework used in the thesis.

4.2 Philosophy and methodological choice

Methodological choice is an essential part of the research process, and the researcher should explicitly address this choice alongside the underlying issues of the study as they relate to the assumptions made by the researcher (Laughlin, 1995). This study adopts a critical interpretivist position as a strategy of social constructivism, developing a research framework for exploring accounting based on the ontological strata prevalent within interpretivism in order to understand how ambiguity is reproduced by development accounting through political hegemony.

Researchers in social science discuss fundamentals in research design through notions of methodological frameworks where several elements elucidate an overall approach to conducting research (Crotty, 1998; Lincoln & Guba, 2000). Such discussions emphasize that the underlying methodological framework of any research project is linked to a set of assumptions about the world held by the researcher, which in turn informs and restricts the choice of an overall research framework. Thus, these inherent assumptions relate to views and beliefs that the researcher holds about the structure and composition of knowledge, the nature of reality and being, how their own values can influence the research design of any project, as well as many other possible areas such as justifying knowledge claims. Hence, each of these beliefs limits the choice of an overall research framework for a project. Crotty (1998) claims that terminology used in research literature is confusing with the terms epistemology, theoretical framework, methodology and methods 'thrown together in grab-bag style as if they were all comparable terms' (p. 3).

4.2.1 Philosophical and methodological position

Burrell and Morgan (1979) explained that 'all theories of organization are based upon a philosophy of science and a theory of society' (p. 1) and researchers must be reflective of 'assumptions about the nature of the social world and the way in which it may be investigated' (p. 1). Of the following overarching philosophies of science: positivism, social constructivism and critical realism (Alvesson & Sköldberg, 2009; Crotty, 1998), this study locates itself in social constructivism. As social constructivism has variant forms, it is important to articulate where I situate this research among these philosophies. For this, I refer to the work of Crotty (1998) relating to ontological, epistemological and methodological assumptions behind the research in social sciences.

Crotty (1998) suggests that these terms represent distinct hierarchical/sequential levels of decision making and outcomes within the research process, whereby each link captures the assumptions made by the

researcher and can be seen to influence the assumptions held at the next level of the framework adopted by the study. Crotty (1998) states the overall framework with epistemology and ontology whereby he argues that researchers' views on 'how knowledge is produced' and their views on the 'nature of the world' are linked and then limit the underlying research perspective that will be applied in the particular research project. On the selection of research perspective, there are several research methods that are available for the selection of the study. In other words, a researcher initially adopts a particular stance towards a nature of knowledge (for example, objectivism or subjectivism), which is called epistemology. This stance will underlie the entire research process and governs the particular theoretical perspective selected (for example, positivism or interpretivism). The theoretical perspective is implicit in research questions and dictates the researcher's choice of methodology (for example, case study or ethnography). Finally this methodology will in turn inform the choice of research methods employed (for example, interviews or questionnaires). In this framework he omits ontology from the research framework, but conflates with epistemology claiming that the two are mutually dependent and difficult to conceptually separate in discussing research issues; 'to talk about construction of meaning [epistemology] is to talk of the construction of a meaning of reality [ontology]' (Crotty, 1998, p. 10). Creswell (2003), who developed his research framework based on the research process introduced by Crotty (1998), implies that these four elements of decision making guide the researcher to a particular research approach which tends to be more quantitative, qualitative or mixed, which is primarily dependent on the researcher's initial stance towards the nature of knowledge. The framework presented by Crotty (1998) is depicted below in Figure 4-1.

Figure 4-1: Research Framework

Epistemology	Theoretical Framework		Methodology	Methods
Constructionism	Interpretivism	Symbolic Interactionism	Ethnography	Participation Observation
		Hermeneutics	Grounded Theory	Narrative Criticism
	Positivism		Discourse Analysis	Content Analysis
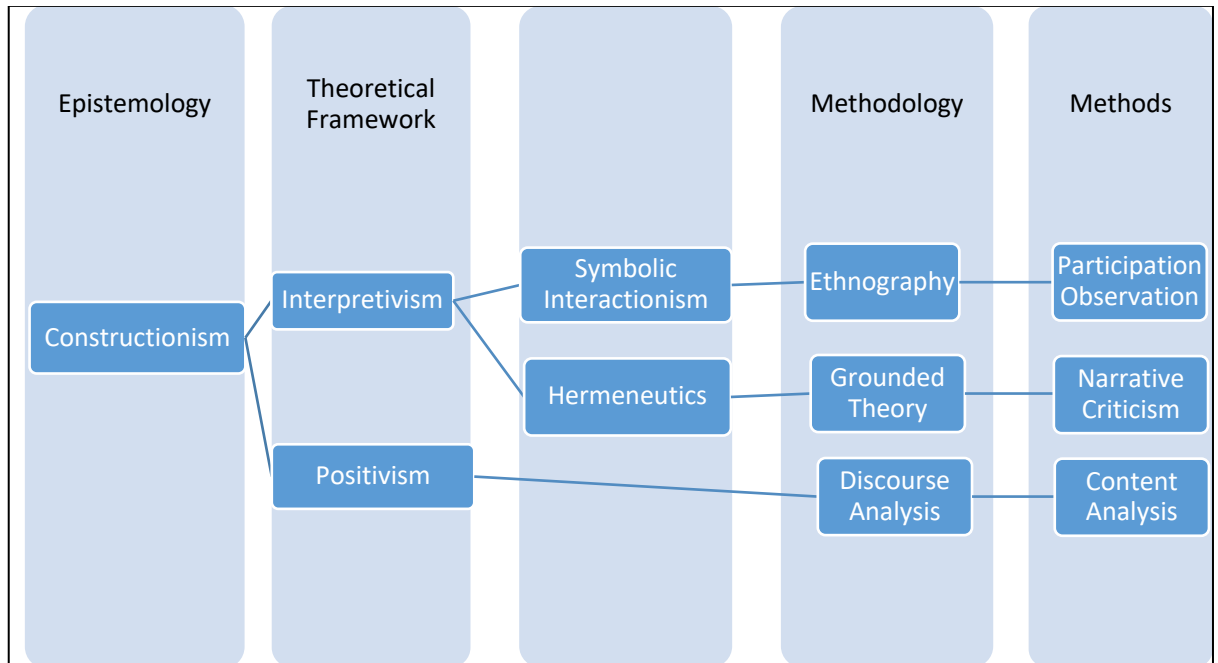
Source: Adapted from Crotty (1998)

Similar types of frameworks have been offered by other studies too (for example, see Lincoln & Guba, 2000) despite slight differences. But, analysing the established research guidance adopted by different researchers, Weir (2014) explains that these models lack 'axiology' which relates to a researcher's views on values, beliefs and ethics which are important to consider as an influence in the selection of research perspective and also in understanding how values and beliefs are reflected in the creation and maintenance of knowledge, which can be then used to question the knowledge that is produced by the research project. Laughlin (1995) emphasizes that researchers' predispositions can affect methodological choice in the same way as beliefs about reality.

4.2.2 Epistemology

In general terms, epistemology is a theory of knowledge. The main concern is to understand how knowledge is acquired and how truth claims are constructed and validated. According to Crotty (1998), epistemology is about 'how we know what we know' (p. 8), or to Guba and Lincoln (1998, p. 201) 'the nature of the relationship between the knower or would-be knower and what can be known'. Epistemology is concerned with providing a philosophical grounding for the decision of *what kind of knowledge is possible* and *how we ensure it is adequate* and *legitimate* (Maynard, 1994). It is related to ontology, as explained by Crotty (1998) 'the study of being' (p. 10) or 'the nature of reality' (Guba & Lincoln, 1998, p. 37). Crotty (1998) explains that an ontological stance implies a particular epistemological stance and vice versa.

Different epistemologies are available, ranging from objectivism to subjectivism. Objectivism holds that knowledge is comprised of a series of objectively determined facts which are obtained from investigation that attempts to approximate the nature of the object under study. On the other hand, subjectivism, also referred to as social constructionism, presents as an epistemological extreme and is in opposition to objectivism. While objectivism stresses the separation of researcher, research objects and knowledge, subjectivism asserts that separation is not possible. Guba and Lincoln (1998) note that constructivist research is relativist, transactional and subjectivist. Consequently, under a subjectivist position, knowledge represents a series of contradictory theories, whereas under an objectivist position, plurality cannot exist, especially in the long-term, as accumulation of facts to portray rationally determined representations of a single reality, which apparently extends the discussion of ontology.

4.2.3 Critical interpretivism - ontological assumptions

Ontology refers to the set of assumptions about the way in which a researcher views the world and nature of reality. It is concerned with 'what is', with the nature of existence, with the structure of reality. Ontology, in essence, is a theory of reality. By drawing on the work of Crotty (1998), Weir (2014) explains that in the philosophical sense, 'ontology means a theory or existence, where key issues or arguments recounts existential quandaries' (p. 87) such as *what is existence* or *what can be alleged to exist*. These kinds of ontological questions are important for researchers as ontology reflects the researcher's beliefs about the nature of reality, and may relate to how a researcher views the social phenomena under investigation. Thus, the fundamental objective of any social science research, including accounting, is to explore the underlying 'social reality'. Thus, such a discovery then becomes the output of the research, which needs to be presumed by the researcher prior to the discovery. In other words, Ryan et al. (1992) explained that researchers should possess a general understanding about what really exists in social systems and how its existence affects the research output.

In one extreme, there is an objective social reality independent from the subjective preference of an individual. It is assumed that a researcher can obtain proper knowledge which can be verified by any other researcher (Chua, 1986). Traditionally, both development (including economics) and accounting researchers tend to operate under a neo-classical economic framework, which is fundamentally in this ontological position. As explained by Wickramasinghe (1996), development economists perceive that development can be achieved through improving operations in the market system which is impersonal and can be understood objectively; thus social reality can be understood through objective observation of the market system. In line with the same tradition, accounting researchers also assumed a 'rational' market in which markets are important actors (Jensen & Meckling, 1976) whereby accounting and controls have a legitimate role according to the norms of the market (Williamson,

1980). Thus, rational accounting researchers presumed that behaviour of firms can be understood without subjective interpretations. This motive has changed in recent studies, whereby departure from this ontological assumption has been observed (see, for example, Alawattage et al., 2019; Alawattage et al., 2007a; Alawattage et al., 2007b; Alawattage & Wickramasinghe, 2008, 2009; Wickramasinghe, 2015; Wickramasinghe & Alawattage, 2017; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004; Wickramasinghe, 1996).

Analysing the work of Burrell (1987), Roslender and Dillard (2003) explain the distinctive difference between critical sociology and interpretive sociology in accounting. In the context of organizational analysis, the intention of critical accounting is to develop insights about different ways in which organizations are structured by and contribute to the reproduction of the prevailing social arrangements. The prevailing social arrangements were both unsatisfactory and unsustainable in the long term, deserving the 'critique' that critical sociology provided. In line with this agenda, accounting scholars explored management control systems (Lowe & Tinker, 1977) borrowing sociological contingency theory (Tinker & Lowe, 1978). The emergence of 'Marxist oriented critical accounting research' in the UK was a milestone in critical accounting (Tinker, 2005), and the subsequent political economy of accounting studies inspired by Marxist political economy (or structural Marxism), suggests the necessity of radical theoretical underpinning based on sociological perspectives (Cooper, 1980; Cooper & Sherer, 1984; Tinker, 1980; Tinker et al., 1982). Related, and following, but later, Hopper and Armstrong with their other colleagues (Alawattage & Wickramasinghe, 2008, 2009; Armstrong, 1985, 1987; Hopper & Powell, 1985; Hopper et al., 2012a; Wickramasinghe & Hopper, 2005; Wickramasinghe, 1996) tried to understand how accounting, especially management accounting, was implicated in the (re)production of capitalist labour processes, by employing labour process theory.

As an alternative to positivism, interpretivism places interrelation at the heart of the research analysis. Under positivism, the research and the world have a direct relationship where the world is knowable and apprehensible, while under interpretivism, the researcher has no such direct relationship with the object of the research. Thus, knowledge is ascertained through the researcher's interpretations of social phenomena. Moving forward, following Weber's interpretive sociology, there is a sizeable minority who are interested in establishing or developing an alternative to nomothetic sciences for understanding society from a bottom-up perspective, or more ideographically (Roslender & Dillard, 2003). This was supported by a symbolic interactionist variant of interpretive sociology too (Becker, 1963; Goffman, 1969). Other variants, for example, Berger and Luckmannn (1967) adopted the phenomenological excursion of Schutz (1899-1959) as a methodology of sociology in advocating a social constructionist perspective, while symbolic interactionists - for instance Glaser and Strauss (1973) - advocated the adoption of a grounded theory approach to social theorization. As explained by Silverman (1970), the action frame of reference perspective on organizational analysis became increasingly influential, especially in sociological thinking (Burrell & Morgan, 1979), in turn interpretive accounting studies which had sociological underpinnings.

Thus, the interpretive paradigm tries to understand accounting in its organizational context. It understands how accounting actually functions in organizations, or how accounting systems function in action (Hopwood, 1978), which was identified as one of the shortcomings of contemporary research in accounting:

> *Consideration would need to be given to the roles which information and accounting play in the political processes which characterise organizational and social life, to those forces which have constituted the organization as we know it and to the ways in which the social and the organization in accounting intertwine with each other (Burchell et al., 1980, p. 23).*

In this light, this research employs a critical interpretivist approach to understand how accounting and controls work within organizations in developing countries when projects are funded by independent external (international) actors - interpretivist accounting - and how accounting (re)produces prevailing social arrangements (re-colonization) - (critical accounting) - in the context of the (international) cultural political economy framework. Adopting this approach has enabled me to address the research question outlined in section 1.4 to explore the role of accounting in development projects and how accountability structures shift/discharged in relation to structural and post-structural objectives of the development project. A more positivist approach draws upon a single objective reality in which accounting is neutral and technical (e.g. Tinker, 1991). However, in recognizing the active role of accounting in shaping the social life (Burchell et al., 1980), especially along political lines in developing contexts (e.g. Hopper et al., 2012b; Hoque & Hopper, 1994; Hoque et al., 1994; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005), accounting ceases to be neutral.

4.3   Case study as the research design

Interpretivism, as a theoretical research framework, has many variants including, but not limited to, symbolic interactionism, phenomenology, naturalistic inquiry. For example, symbolic interactionism as a research approach takes meanings and human actions as the focal point and espouses that meanings are not general and fixed, but they become alerted through experience (Weir, 2014). Thus, the notion is that meanings arise out of the social interactions (Crotty, 1998; Gray, 2004). In order to understand and explore such changes in meaning, researchers study social phenomena from the perspectives of individuals or the researched subject. This entails field study, case study, participant observations and also forms of ethnographic research.

The design and conduct of field studies in accounting comprise both art and science elements (Ahrens & Dent, 1998). They explained that there is an art

to constructing interesting and probing stories about real organizational functioning (or phenomenon) and linking it to the theoretical basis of accounting. An important motivation for a case study is to depart from rigorous and functional scientific methods to capture the reality of the phenomenon of the study. In order to respond to the possible bias and to assume that case study is all about arts and no science, Ahrens and Dent (1998) explain that particular researchers who adopt this method also have the same obligation of any other researcher in order to be rigorous and unbiased in the execution of their study. This research adopts a case study/field study approach. Yin's (2003) definition of a case study still remains one of the widely used and most descriptive definitions. Yin describes a case study as:

> *An empirical inquiry that investigate a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident (Yin, 2003, p. 13).*

Thus, a 'case' is a description of a situation (Easton, 1982), which can be 'actual' or fictitious and includes individuals, groups, organizations, society, social organizations or nations (Easton, 1982; Yin, 2003).

In contrast, Ferreira and Merchant (1992) draw on Yin's definition and elaborate how field study distinguishes from case studies. In field study:

1. The researcher has in-depth contact with organizational participants, particularly in interviews and direct observations of activities, and these contacts provide a primary source of research data.
2. The study focuses on real tasks or processes, not situations artificially created by the researcher.
3. The research design is not totally structured. It evolves along with the field observations.
4. The presentations of data include relatively rich (detailed) descriptions of company context and practices.

5. The resulting publications are written to the academic community.
   (Ferreira and Merchant, 1992, p. 4)

According to Ferreira and Merchant's (1992) definition, pilot studies, ex-post clarifications of statistically analysed data, archival studies and case studies are excluded from the definition and are not aimed at the research community (Lillis, 2006). However, the definition of 'unit of analysis' is the focal point of difference in the definitions. The term 'case study' implies a single unit of analysis that focuses on a particular organization or sub-unit of an organization (Spicer, 1992), while, 'field study' implies a much broader sense, but certainly it embraces case studies within it (Lillis & Mundy, 2005). Accounting researchers use the terms *case studies* and *field studies* interchangeably; despite the insignificant differences in definitions. Thus, case study method involves an in-depth investigation of phenomenon, and especially in the accounting discipline.

The rationale for a particular research strategy is grounded with the core assumptions regarding ontology and epistemology (e.g. Burrell & Morgan, 1979; Morgan, 1980; Morgan & Smircich, 1980). These assumptions guide the researcher to provide a rationale for why research should be carried out in a particular way and how the strategy can be implemented in practice (Morgan, 1980). Adams et al. (2006) notes that actors develop or create realities not only through their own creative activities, but also through common experience and interactions with others (e.g. Hopper, 1985; Morgan, 1980; Morgan & Smircich, 1980; Tomkins & Groves, 1983b). Thus, accounting and controls have been viewed as socially constructed and not independent of social, economic and political aspects of the organization/society within which it operates (Burchell et al., 1980; Hopper et al., 1986; Tinker, 1980). This sheds light on the subjective perspective of the organizational/social actors. Case study is useful in posing 'how' and 'why' questions, especially when the research has little or no control over the event (Yin, 2014). Also through case study, a researcher provides alternative interpretations until

representation of a faithful account (Yin, 2014). This method emphasizes the importance of getting close to the practicing people and situations to understand realities personally. Thus, case study method would be the most appropriate method for this study to answer mainly the research questions outlined in Chapter 1. In particular, research question one, regarding the exploration of the role of accounting, and allowing for sufficient exploration of how accountability – itself a nebulous and contextual concept as outlined in 3.4.3 – is understood differently by the different stakeholders and agents involved in the administration and development of the Southern Expressway project.

Epistemologically, case study approaches have been advocated in accounting literature since the 1980s. The adequacies of 'positive' or ' scientific' methods to accounting research had been largely questioned due to failure to capture (1) individual difference or variations in perceptions about real-world practice, (2) how accounting interacts with organizational effectiveness and adaptability and, (3) the importance of subjective and institutional factors in management accounting practice (Adams et al., 2006). As a response to these challenges, management accounting scholars used interpretive approaches in the study of management accounting practices (e.g. Burchell et al., 1980; Cooper, 1983; Hopper, 1985; Hopper et al., 1987). Adams et al. (2006) note that in line with the same, researchers in the United States also (for example, Robert Kaplan, 1983, 1984, 1986) encouraged case studies in interpretive traditions as a method of learning accounting and control practices. Further, as claimed by, for example, Chua (1986), Covaleski and Dirsmith (1990), Kaplan (1983) and Scapens (1990), an open-ended, intensive case study based on field study research in the 'interpretive' tradition allows a broader and richer understanding of management accounting practices (Adams et al., 2006). This study also adopts participant observation, in-depth formal and informal interviews, and content analysis which comes under the label of case study research (for fuller discussion, see Silverman, 2015). In accounting research, these techniques tend to provide richer material and often help

researchers describe, translate, analyse and infer meanings of events or phenomena occurring in the social world (Adams et al., 2006). Other than the sources mentioned above, discussion around the idea of case study research has emerged through the readings of Creswell (2018), Adams et al. (2006) and further inspirations for using case studies were received from key researchers in accounting, for example Wickramasinghe (1996); Otley and Berry (1994).

4.3.1 Response to validity and reliability of data

There are two major issues relating to case studies. First, how do case studies establish that their findings are rigorously distilled from extensive real-world observation in a reliable, unbiased way? Second, how do researchers ensure their observations are rigorously and neutrally assessed against the theory? (Ahrens & Dent, 1998; Marshall, 1985).

There are significant debates in the accounting literature that challenge the role of theory, the objective observability of accounting practices in organizational settings, and the role of field/case study research (Chua, 1996; Scapens, 1990, 1992). In response to the challenges, Humphrey and Scapens (1996) noted that theory is treated as both informing and being informed by observation, and the researcher is capable of relatively objective observation and analysis of accounting and organizational phenomena.

Data that a researcher collects from a case study will be somewhat unstructured and rich in detail, and many attributes generally associated with research sciences become less relevant (Lillis, 2006). One of the main challenges is that there is no control group against the research observations which can be evaluated for theoretical authenticity. Secondly, the clearly defined constructs are likely to be subject to redefinition in the field (Lillis, 2006). Thus, case study research has to respond to the critique of validity and reliability which is an essential criterion of scientific research.

Abernethy et al. (1999, p. 8) defined construct validity as 'the extent to which the constructs of theoretical interests are successfully operationalised in the research' (Lillis, 2006, p. 464). In case study research, construct validity is about how the research observes the constructs in the data. In qualitative research construct validity is met by clear definitions, and clear statements on how these constructs are operationalized. The faithfulness to underlying constructs is measured through definition, operationalization and measurement. But an issue arises when a complex construct is inherently complex in its organizational manifestation (or within which it operates), and its realistic complexity cannot be captured through measurement as it again compromises realistic complexity.

But in case/field study, construct validity is potentially higher. Researchers who adopt this method argue that they are able to produce a description and analysis that captures the construct more effectively than quantitative operationalization, by capturing more of the subtle complexities associated with the construct (Atkinson & Shaffir, 1998). In accounting research, especially in management accounting research, researchers will first relate data to theoretical constructs and their interrelationships, before addressing how these constructs are observable in the particular case study.

The construct validity of this particular research is measured by identifying an occurrence of the construct in the data, especially in the interview transcripts, observational notes and documentary reviews. Brownell (1995) and Mckinnon (1988) note that case study research uses multiple sources of evidence. It is thus worthwhile to mention that documentary reviews were made to ensure the 'existence of' rather than 'reliance' of the attributes of the constructs.

The themes observed in the data and the names given to these themes are conditioned by the concepts (construct) of the theoretical framework, that is

Cultural Political Economy. Clear definition of the construct and a set of decision rules that clarify how and when the theoretical construct is observable in data are the keys to establishing the construct validity (Ilis, 2006). Thus, in this study, theoretical constructs/concepts are clearly defined in Chapter 3 and decision rules are defined in Chapter 2; in turn this study enhances both construct validity by linking theoretical concepts into real-world data and reliability by matching data relevant constructs/concepts.

4.3.1.2 Response to internal validity

Generally, internal validity is defined as 'the extent to which the research permits us to reach causal conclusions about the effects of the independent variable on the dependent variable' (Abernethy et al., 1999, p. 8). Quantitative researchers defend this issue by focusing on the robustness of the analysis that links variables together, including multivariate techniques, residual analysis, use of control variables and robustness tests that are used to satisfy the demand of the reader. In contrast, case/field study research faces different challenges in this regard. First, there are no equivalent statistical tools or techniques to support conclusions, neither can rival theories and explanations be tested through statistical means (Illis, 2006). But, in qualitative research, researchers can confront issues related to validity simply because they are in the field observing and questioning the participant. These challenges are unobserved when the researcher collects or experiments with data detached from its field (Chua 1996, Atkinson and Shaffir, 1998). The case study research has an inherent advantage in identifying competing explanations to findings.

Despite the significant difficulty in case study research to demonstrate internal validity, some qualitative researchers tend to show the coding reliability, which shows the lack of bias in forming conclusions when they relate variables to one another. Thus, internal validity demands in qualitative studies are met generally in data analysis. Generally, it is done through making links to the theory and report findings based on the patterns that

emerged within and across the case (Lillis & Mundy, 2005, Scapens, 1990, Ahrens, & Dent, 1998). For example, the matrix approach introduced by Miles and Humerman (1994), which ensures the completeness of the data analysis, and exposing contrary cases within the existing theoretical framework introduced by Lillis (1999; Lillis & Mundy, 2005). Alternatively, the method of triangulation proposed by Abernethy et al. (2005) used in meeting internal validity. This involves multiple causal maps derived in various ways from data and tested for consistency. Commonly, they use technical or mechanical methods based on computerized systems searching for codes for relationships; for example using Nvivo, an ethnographic method based on researchers' intuition, using the insights of field participants to directly link the variables together. But this study used multiple sources of evidence (Brownell, 1995), such as interviews, official documents and media discussions to triangulate data as well as to show that the evidence from the data clearly relates to the themes/concepts of the study.

4.3.1.3 Response to external validity

Generally, external validity is the generalizability of research findings to the wider setting (Abernethy et al., 1998). But researchers do not undertake case study research to produce generalizable results, in contrast to quantitative research. Instead, case study researchers generalize to theory (Lillis, 2006; Ryan et al., 1992). Epistemologically, this case study is characterized by in-depth field study, which contributes to 'theoretical generalizations', rather than 'sampling and statistical generalization' (see Ryan et al., 1992).

However, Lillis (2006) notes that generalizing to theory requires additional efforts beyond the use of theoretical explanations to describe findings. In turn, it requires the researcher to identify the contribution of the study to the literature, the need to elaborate how the empirical data explains the theoretical concepts of the framework, provide the application of theory to an interesting practical setting, and finally to identify the potential new linkages between concepts that are not yet evident in extant theory.

Eisenhardt (1989) notes that without potential generalizability, theoretical contribution has little sustainable interest. Thus, readers also need a sense of potential generalizability beyond the specific field of research (Lillis, 2006), though it cannot be met in a fuller account. Ahrens and Dent (1998) explain that there is clearly notable contribution in the form of unique, rich stories both within and outside of management literature. However, Lillis (2006) explains that case studies in accounting literature tend to draw on Eisenhardt's (1998, 1991) comparative logic rather than storytelling through one particular case, hence even using comparative logics case study researchers cannot make statements on generalizability of their research. But use of multiple cases might overcome this challenge as it observes the phenomenon multiple times or subject to multiple tests (Eisenhardt, 1991, Scapens, 1990). Alternatively, Yin (2003) explains that replication may be theoretical or literal. Replications reproduce the setting of a case study as faithfully as possible and it provides the space in understanding the accounting practices (Ryan et al., 1992). Repeated observations of new concepts or new relations of the similar setting (or similar setting in a different form) would reassure readers that the phenomenon observed is not simply site-specific (Lillis, 2006).

Thus, this study has responded to external validity not only by generalizing the case to the theory, but also outlining first; contribution to literature more specifically to critical accounting and development studies; secondly, the (International) Cultural Political Economy framework of Accounting as a theoretical contribution; thirdly, methodological contribution by adopting Critical Interpretivism and case study as the research strategy under qualitative research methods which is different from popular quantitative methods adopted in accounting research in developing countries, especially in Sri Lanka. Overall, through these three contributions, this research intends to generalize this case to theory and beyond how accounting and controls are implicated in (re)production of kingship and (re)colonization in the face of international donor funding in developing countries.

Reliability is defined as a 'measurement of a variable on one dimension with minimal error' (Brown, 1995, p. 47). In qualitative research reliability is measured by statistical technologies (for example, Cronbach's Alpha) and is interpreted as consistency. Reliability requires ensuring that multiple measurements employed for the same concept produce similar results. In a simple sense, reliability assures the reader that the findings of the study are not an artefact of the research design, or any other research strategy used, thus it is reproducible. It is a challenging task in case study research to ensure that if someone follows exactly the same procedures to perform a case study they will arrive at the same conclusions (Lillis, 2006). As a response to this, Otley (2006) suggests 'our facts are social facts generated by the perceptions and attitudes of the participants themselves and coloured by the social and cultural context within which they are fit. Further, these conditions change quite rapidly over time' (Otley, 2001, p. 248). Hence, the greater the reliance on perception of the participants of the case study, the less stable our observations are likely to be over time and across different settings. Though the factual data about organizations, events, accounting processes and outcomes may be stable and reproducible, the perceptions of individuals within organizations are inherently unstable.

One of the practical ways to avoid this issue is to keep a case study guidebook (Lillis, 2006), with important information related to interviews, observations and document analysis. In line with the same suggestion, Yin (1994) and Brown (1995) note that it is important to maintain a detailed field study protocol and database in which all necessary information is documented. The guidebook and the case study database provide an important foundation for reproducibility, even though actual replications are rare.

Case study research maintains very little distance between the researcher and the execution of the research, in turn, as noted by McKinnon (1988), the influence of the researcher is powerful and difficult to control. During interviews, relationships develop between the researcher and the participants, and participants appear knowledgeable and may tell more than actually they know (Aktinson & Shaffir, 1988; Mckinnon, 1988). On the other hand, if participants perceive that researchers are trying to investigate confidential or sensitive areas of the organization, they tend to reveal a modified view of the reality (Mckinnon, 1988). These issues challenge the quality of the data and reality of the findings.

Lillis (2006) noted that reliability can be ensured through a few steps. First, by acknowledging the theoretical foundation of the study which is the theoretical lens that a particular researcher brings to the study. As noted by Mahoney (1993, p. 183), 'immaculate perception' does not exist; these preconceived theories and beliefs guide the researcher in the field. Thus, the study has employed the (International) Cultural Political Economy Framework as the theoretical underpinning and ambiguity, (re-)colonization, accountability as main concepts under the theoretical framework, but it is worthwhile to note that I have developed these concepts after the data analysis, rather than before the fieldwork. Secondly, by acknowledging the need for objectivity and distance from these preconceptions in order to observe and accept challenges to them. As noted by Ahrens and Dent (1998), researchers often become caught up and struggle to match between their compelling story from the field and its connection with their preferred theory:

> *Obscure the inescapable truth that the reality conveyed,*
> *however carefully researched, is only one of a possible number*
> *of interpretations (Ahrens & Dent, p. 10).*

Thus, in this study, I entered the field with a broader mind and with various concepts rather than sticking to a few concepts. After the story emerged and

developed, I started linking the theoretical concepts to the story. Thirdly, as explained by Brownell (1995), case study research is not an easy option to carry out for an untrained researcher. The researcher should be aware of the nature of the case study by referring the good practices in case studies (Lillis, 2006), including threats of reliability. Thus, I have read resources which include interviews, observations and document analysis research strategies; for example, Mckinnon (1988); Scapens (1990); Ahrens and Dent (1998).

4.4 Organizational context

4.4.1 History, development and characteristics of road transportation in Sri Lanka

The historical development of the formal road network in Sri Lanka dates back to Colonial times when roads were mainly constructed and used to transport agricultural production such as tea and coffee from the plantations to harbours, civil administrations and defence. Later, various demands urged the improvement of the road network, for example, the use of motor vehicles.

In the 1950s, the main road network of the country was developed and maintained by the Public Works Department, which was responsible for the development and maintenance of public roads and buildings. In 1969, as a result of the major policy change, the Department of Highways was formed for the development and maintenance of the A, B, C, D, E class roads.

In 1971, the Territorial Civil Engineering Organization (TCEO) was formed and took over the functions of the Department of Highways which were mainly maintenance and improvement of A, B, C, D, and E class roads, irrigation works, village tanks, irrigation canals and providing assistance to local authorities for road and bridge improvement works for the local authority. Before 1970, the Department of Public Works, and then Department of Highways had a fully-fledged division to undertake design and construction of all bridges in the country. But, along with the formation of TCEO, another

establishment was formed to undertake construction of bridges and other civil engineering works, which was called the Development and Construction Corporation (SD&CC).

In the early 1980s, major public restructuring initiatives in Sri Lanka made some structural changes and established corporate bodies and authorities. One of the main purposes was to reduce the burden on government expenditure as public sector employees are entitled to a pension only with a government contribution. The government wanted to reduce the number of pensionable employees claiming that it restricts expansion possibilities of the public sector.

As a result of this initiative, in 1983, the Road Development Authority (RDA) was established under the Ministry of Highways and its functions were limited to execution of selected construction works. Consequently, employees of the Department of Highways were given the choice to join the RDA or get pre-retirement with compensation. Few employees joined the RDA while most of the employees left the organization with compensation due to lack of job security within the restructuring process. Some of the employees who left the organizations, i.e. engineers, left the country, especially to the Middle East for highly paid jobs. In 1986, the functions of the RDA were expanded as a result of becoming the successor to the Ministry of Highways. In the same year RDA was entrusted with the responsibility of developing and maintaining all classified roads and the bridges. In 1989, with the devolution of power under the 13th amendment to the constitution, the responsibility of improvements to and maintenance of C, D, E class roads were given to Provincial Councils (respective), and only A and B class roads remained under the purview of the Ministry of Highways and then RDA. Also, devolution of power resulted in the transfer of people and buildings from central government to provincial councils.

4.4.2 Inception of the project

The southern part of Sri Lanka was one of the least developed areas of Sri Lanka before the project. One of the main reasons was poor infrastructure development; mainly transport facilities. At the time of the project appraisal (in early 1996), the railway and national A2 road were the only means of access to Colombo. The railroad, however, had many problems including poor travelling performance and unreliable services. The south-bound national road A2 that ran along the coast also had extremely poor alignment, and a limited road width. Basically, the A2 road was a two-lane road, but its road shoulder was not paved, which impeded the smooth flow of traffic. Apart from that, realignment and widening of the A2 road were not feasible as it would involve the major resettlement of residents who lived along the road. Based on these needs, the ODAiii loan project, 'Southern Highway Construction Project (E/S: Engineering Service)' (Signing of loan agreement: 1999) was implemented in order to support the preparation of basic and detailed designs for construction of the high-standard expressway.

The relevance of the project had been identified from the late 1990s. The government and MoHRD had emphasized the importance of this project initially in the Five-Year Development Plan (1997-2001), and transportation had taken 20% of the total investment plan, and of this 58% was given to this project. Further, the National Road Policy (1997) had the following objectives in developing the road network; (1) to promote economic development, (ii) to achieve shorter travel time and mobility improvement ensuring road safety, and (iii) to meet the current and future passenger and freight traffic. In line

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iii Official development assistance (ODA) is defined by the OECD Development Assistance Committee (DAC) as government aid that promotes and specifically targets the economic development and welfare of developing countries.

with that, in 2006, the Ministry of Transportation (now MoHRD[iv]) prepared the National Transportation Policy by highlighting the challenges of road transportation, whereby they specifically identified two challenges: first, systematic planning in consideration with the needs of development projects; and second, strengthening of the institutional structure for maintenance.

4.5 Fieldwork

This section elaborates on how I conducted my fieldwork – from understanding 'what/who should be in the case' in order to produce a rich account of phenomenon to entering the field and conducting the fieldwork through case/field study method. Finally this section presents the challenges encountered during the fieldwork.

4.5.1 Decisions made - who are the actors 'in the case' and ethical clearance

At the beginning of the research process, it was considered that the study should be concerned with the relationship between accounting and (foreign-funded) investment projects in Sri Lanka. Emphasis was given to one of the main infrastructure development projects in Sri Lanka as an aid to understand the management control systems, by comparing and contrasting management accounting and decision-making practices in a public setting, and answer the basic research questions outlined in Chapter 1.

To address the empirical questions, it was envisaged that the research site should be the organizations which had the main responsibility to implement the investment project in Sri Lanka, that is, the Ministry of Highways and Road Development (MoHRD). The case consists of the Southern Transport

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[iv] In Sri Lanka, the name of the Ministry is often subject to change based on political interest and party politics, for example politicians appointed for multiple subjects will be amalgamated to one ministry, and which might again split based on political decisions of the government during the same political regime several times. For example, during the time of the fieldwork, MoHRD was called Ministry of Highways and Higher Education, and now it is Ministry of Highways & Road Development and Petroleum Resources Development.

Development Project (Southern Expressway) including the MoHRD and RDA and focused on collecting and analysing qualitative data (Blumer, 1979), and it allows investigators to focus on a 'case' and retain a holistic perspective and real-world perspective, such as in studying organizational and managerial processes etc. (Yin, 2014), based on the idea of 'logic of replication' (Ryan et al., 1992; Yin, 2018) in meeting the demand of external validity and reliability of the study.

In order to undertake this research, I required access to the field where I would have four months of uninterrupted access to conduct my study. A formal approval was not necessary to access public organizations, but, particularly as a public sector employee before joining the University of Leicester, I knew that there are certain regulations issued by respective ministries and sometimes from the Ministry of Public Administration as a form of 'government circularis' restricting organizational information to media and outsiders. But at the same time, the Sri Lankan government introduced the Right to Information Act, No. 12 of 2016 on 5 August 2016, which made my access to organizations and information easier. After making contact with officials, I was given access to project information, MoHRD and RDA as all of these organizations were under his administrative purview.

In addition to securing ethical clearance, measures were taken to deal with health and safety, data security and more importantly anonymizing research participants' details. Necessary steps were taken to recruit participants based on the interview guide prepared before the fieldwork and gain their ethical consent to participate in my study. Individual consent was sought to conduct and record interviews, and to take pictures where necessary. I ensured that all participants were aware that the information they disclosed would be anonymized and would remain confidential. To prevent the ethical issues due to disclosure of information given by the participants, they were identified by a separate pseudonym during the analysis and writing up of the thesis.

4.5.2 Entering the field

Fieldwork was from October 2016, and commenced with exploratory discussions with two main government employees. The purpose was to have an informal meeting with each to obtain understanding about the context of the organization. Each meeting was informal, and lasted about one to two hours. Both of these meetings were used to become familiar with the context of the project, and the MoHRD and RDA organizations. Finally, I was invited to a Project Coordination Committee (PCC) meeting chaired by the secretary to observe and identify key personnel. This was my entry point to the field where, after the three informal meetings and PCC meeting, I identified my initial interview protocol.

4.5.2.1 Methods in the field

After identification of the interview protocol, as previously noted, fieldwork was carried out mainly in two main sites related to the Southern Expressway: MoHRD including a few resettlement sites located along the expressway.

To guide my fieldwork, I prepared a data collection framework prior to entering the field, which included tentative schedules and rationales (see Annexure 1). This schedule enabled me to understand broader themes and concerns to include and questions I should ask from participants. Broader themes and concerns were selected based on my conceptualization of the theoretical framework and accounting and controls. Basically, questions were designed to capture the cultural, political and economic influence of accounting practices and controls, in the face of the development context where development needs are prioritized. The questions were designed to capture the changes in internal and external accountability relationships, especially in delivering structural and post-structural objectives.

The guideline was initially used at my first field site, MoHRD, and then RDA including the respective project staff. There I conducted formal interviews

and documentary analysis. Interviews were conducted with top management and other managerial and executive staff of the above-mentioned places. The final interview was conducted with the head of the organization. The following Table 4-1 summarizes the interview details:

Table B: Summary of interview details conducted at the MoHRD

Interviewee(s)	Remarks
Secretary- First Interview	• Conducted two interviews - Project decision making and controls at higher level
Additional Secretary (Engineering)	• Conducted two interviews - Project decision making and controls at higher and middle level
Senior Programme Director	• Conducted two interviews - Project decision making and controls at higher and middle level
Additional Secretary (Development)	• Land acquisition and compensation
Assistant Secretary (Administration)	• Project recruitment and controls
Chief Accountant	• Conducted four interviews - Project findings, decision making and controls
Development Officer (Budgets preparation)	• Budget preparation and approval process
Development Officer (Financial statements)	• Reporting process and controls
Accountant - Southern Expressway	• Accounting, reporting and controls
Project Director (Previously Senior Project Engineer) - Southern Expressway - Phase IV	• Decision making and implementation
Internal Auditor (MoHRD)	• Role of internal audit
Director (Planning) - RDA (this person was in RDA during the inception of the project)	• Project history and major changes in project decision making

Deputy Director (Lands) - RDA (this person was in the project during the land acquisition and resettlement process)	• Conducted two interviews
	
	  - Land acquisition process
	  - Social, cultural issues

Government Auditor	• Reporting and controls
Director Finance (RDA)	• Reporting mechanisms and controls

*** *Please see Annexure 2 for the detailed version of this table*

I maintained a diary for fieldwork which was mainly used to note important factors which were not discussed/recorded during the interviews but observed or discussed during casual meetings such as during lunchtime, cafeteria or while walking around the site. The following Table 4-2 summarizes the observations carried out at MoHRD.

Table 4-2: Summary of field observations at MoHRD

Location	Observation made	Time spent
Project Coordination Committee Meeting (PCC)- MoHRD	- Major concerns - How decisions are taken, and approval process - Differentiation of status between top management and other staff - Performance monitoring (budgetary targets) and responses - Operation of controls - Maintaining records	2 hours
Super LARC	- Response to valuation-related grievances and issues - Involvement of other state actors in valuation and resettlement issues, and response - Performance of power - Maintaining records	3 hours

Having completed two months of fieldwork at MoHRD and RDA, I commenced fieldwork where the expressway span through, and resettlement sites in early November 2017. During the interviews with the Ministry and RDA officials, I identified several resettlement sites, and had informal visits to a few sites before commencing formal interviews and observations.

The following Table 4-3 and Table 4-4 summarizes the interviews and observations conducted with the community around the expressway and resettlement sites:

Table 4-3: Summary of interview and conversation details conducted with community

Interviewee(s)	Occupation	Time spent
Participant 1	Small restaurant owner	40 minutes
Participant 2	Unemployed aged woman living with disabled brother	30 minutes
Participant 3	Casual labourer	45 minutes
Participant 4	Entrepreneurs (Cinnamon)	40 minutes
Participant 5	Unemployed aged family	1 hour
Participant 6	Government employee – executive grade	1 hour
Participant 7	Government employee - lower grade	30 minutes
Participant 8	Retired government military employee	45 minutes
Participant 9	Small grocery shop owner	45 minutes
Participant 10	Small restaurant owner/ electrician	1 hour
Participant 11	Small restaurant owner	30 minutes
Participant 12	Private sector employee	30 minutes
Participant 13	Chief Monk	1 hour
Participant 14	Aged-unemployed male	30 minutes
Participant 15	Married-unemployed woman living with family	30 minutes
Participant 16	Housewife	30 minutes
Participant 17	Private sector employee	35 minutes

*** *Please see Annexure 3 for the detailed version of this table*

As most of the experience of village life cannot be verbalized by my participants, the observations provided a richer account and holistic understanding of my data. More precisely, I was able to capture the real story of participants from their voice, expressions, gestures and emotional tones of their voice along with observations at resettlement sites and other places. This method enabled me to understand how actors achieved structural and post-structural objectives of the project, especially in discharging accountability. Specifically, this enabled me to focus on the village in order to obtain an insight into how different aspects of accountability emerged addressing the second research question of the study. A summary of field observation at resettlement sites and along the road is depicted in the following Table 4-4.

Table 4-4: Summary of field observations at resettlement sites and the road

Location	Observation made
Matara exit	• Changes in economic activities near exit
Kurudugahahethakma Interchange	• Improvements to suburbs due to interchange
Gelanigama Interchange	• Improvements to suburbs due to interchange
Household near Kahathuduwa interchange	• Living conditions of the household near the road
Household near Kottawa interchange	• Living conditions of the household near the road
Pathiraja Watta	• Living conditions of people • Issue with common well • Issue with extra land
Diyagama resettlement site	• Living conditions of people • Drinking water issue • Drainage system
Temple at Kahatuduwa	• Participation of community for religious activities

As mentioned in Table 4-1, I was able to use documents such as relevant Gazette Notifications, financial regulations, Establishment Circulars, financial reports, project reports, loan contracts etc. which were photocopied for documentary analysis as depicted later in Table 4-5.

Table 4-5: Summary of documents studied

Document(s)	Areas studied
Feasibility report of Southern Expressway	- How decision was taken, justified and major concerns from the inception
Progress Report 2000 - MoHRD	- Progress of proposed highway projects
Progress Report 2004 - MoHRD	- Progress of expressway projects
The Land Acquisition Act of 1950, subsequent amendments	- General guidelines pertaining to land acquisition, and subsequent developments made for the process
Regulations to the Land Acquisition Act in 2008 (Government Gazette No. 158/7 on 20 January 2010)	- Regulations for land acquisition
Regulations to the Land Acquisition (Payment of compensation) in 2013 (Government Gazette No. 158/7 on 20 January 2010)	- Payment of compensation
Amendment to the Buyer Credit Loan Agreement (No. BLA 201011) (Sri Lankan Government and The Export-Import Bank of China)	- Amendments to the original loan agreement between Sri Lankan government and EXIM Bank of China

Loan Agreement for Southern Expressway Project Between Japan Bank for International Corporation and Sri Lankan Government (Dated 30 March 2001)	- Covenants;
	  - General terms and conditions
	  - Procurement procedure
	  - Administration of loans

Loan Agreement for Southern Expressway Project Between Sri Lankan Government and Asian Development Bank (dated December 1999)	- Conditions including procurement, award of contracts - Covenants - Repayments - Delegation of authority - Project administration

	- Resettlement - Reports - Accounts and audits - Interim review, and monitoring
Right of Way: A Journey of Resettlement: Centre for Poverty Analysis (supported by Asian Development Bank)	• A story of resettlement process
Recruitment of staff for Project Management Units of foreign-funded projects	• Regulations for recruitment of project staff • Calling applications • Composition of Selection Committees • Appointing authority • Recruitment of persons above age 60 • Recruitment of Core Project Staff • Appointment from public service/public institutions • Salaries and benefits for officer recruited from public service/public institutions • Remuneration for officers outside the public service/public institutions • Job descriptions for Core Project Staff
External audit reports	• Government audit opinion on Southern Expressway Project financial reports, performance and progress
Leaflets distributed before the land acquisition	• Information given to community before the project
Technical Assistance Consultant Report - ADB (April 2014)	• Information on Involuntary Resettlement system of Southern Expressway
Sri Lanka Country Assistance Programme Evaluation: Transport Sector (August 2007)	• Official records on impact of ADB-funded road projects on wider economy in Sri Lanka

Ex-Post Evaluation of Japanese ODA Project	• Evaluation report of JICA-funded section • Technical evaluation: EIRR - expected vs real • Impact of the road: structural effects • Land acquisition and effects on community

4.5.3 Challenges encountered

Prior to my fieldwork, during the planning stage, I experienced light trepidation, especially when anticipating possible issues in the field. Access to government organizations was one of the issues as my participants in government organizations would not co-operate with me or answer my questions mainly due to reasons such as government regulations on exposing organizational information to an outsider, and the situation was triggered due to ongoing debates in the parliament, audit queries and media discussions. This was encountered with the help of the Right of Information Act and the relationship built initially with the secretary of the ministry prior to fieldwork. On the other hand, some villagers were also initially reluctant to speak, especially small business owners suspecting that I am from the Department of Inland Revenue. Also, some households of resettlement sites showed their negative feeling to speak, suspecting that I was the annual reviewer from government or donor agencies, who note things and leave as usual.

I could not obtain exact location information about resettlement sites before fieldwork. It took me several days to find out the exact locations of resettlement sites before the fieldwork because I experienced some areas had more than one resettlement site, but all were not related to Southern Expressway. Also, resettlement sites were located far from the urban area and roads to sites were still developing. Thus, I had to visit the same site several times to obtain interviews and observations. Also, other than unemployed villagers and onsite business owners, it was difficult to have interviews with villagers who work either in government or the private sector

during morning hours, thus sometimes I had to travel in the afternoons to have interviews and informal conversations.

4.6 Theorizing outcome

There is no prescribed method for case study data analysis 'unlike statistical analysis, there are fixed formulas or cookbook recipes to use as guides' (Yin, 2014, p. 165) and 'theorising involve[s] an interactive process in which ideas are used to make sense of data and data are used to change our ideas' (Hammersley & Atkinson, 2007, p. 158). All research approaches are inextricably subjective (Hopper et al., 1995), as such researchers must make a choices about what is to be researched, the data to be collected and how it is to be analysed.

As noted in the above, I had an abstract understanding of the theoretical framework prior to data analysis rather than a concrete framework, thus I returned from fieldwork with an added understanding of the phenomena explored. This cultural political economy framework was subsequently refined following fieldwork, especially theoretical concepts. Simultaneously, rather than starting by transcribing all recorded interviews, first I listened to all recordings and then started writing a narrative reflecting *what has happened*. Next, I identified broader themes out of the narrative I developed; namely, a story of power relations at different levels, violation of accounting controls as a necessity and prioritizing competing accountabilities. Then, the documentary analysis was focused on these broader themes to support 'existence' of these broader themes in different descriptions and forms. During this process, I tried to understand and explain *what has happened theoretically* linking what has emerged to theoretical concepts and terms.

I started drafting the data analysis chapter categorizing data under three broader themes identified at the outset. I did not have a fine-tuned theoretical framework during this stage, but I continued writing explaining my data under three broader themes: Ambiguity, Power, Accountability. This was

informed by the work of Jaqueline Best (2004, 2007, 2012a, 2012b, 2013; Best & Paterson, 2009, 2015) and accounting studies (see, for example, Wickramasinghe & Hopper, 2005; Wickramasinghe, 1996), which is outlined in Chapter 3. During this process, and from the insights of my supervisors, I identified sub-themes, including patronage politics, kingship. From this, I identified 'Ambiguity' as a theme/concept that promotes power relations, violation of accounting controls and subsequent consequences. In particular, the concept of colonial domination was apparent, and I named it as 're-colonization'. After a review by my supervisors, I developed a separate chapter to address the second research question on accountability dynamics.

Three empirical chapters of analysis and discussion - Chapters 5, 6, and 7 - were shaped by research questions and broader themes identified at the outset. The chapters explore three final theoretical notions (ambiguity, power relations, accountability) that form the core of this thesis' theoretical framework.

4.7 Summary and conclusion

This chapter presented the methodology adopted by the study in exploring the research questions of the study. This chapter presented the philosophical position, methodological choices and methods of the research. Subsequently, the chapter elaborated the way I conducted fieldwork, and theorization of findings. In my research design, I was inspired by the qualitative tradition, and social constructivism as the philosophical position where reality is seen as socially constructed and subjective. I explained my ontological position and interpretive epistemology in shaping my research methodology. Having explained the ontological position and epistemological assumption, I selected the case study approach as the research design as my intention was to explore how accounting works in a particular development project in Sri Lanka.

The chapter presented the context of the project and MoHRD and RDA which are the main state actors involved in the decision making of the project.

Then, the chapter outlined the prior preparations, access to field and detailed information of interviews, observations and information on documentary analysis. The section concluded with the challenges I encountered during the fieldwork. Finally, I elaborated on the process of data analysis and theorization of data, which is informed by the theoretical notions and concepts of the theoretical framework.

The next chapter is the first empirical chapter which provides a rich empirical story and account on how accounting is conceptualized and constructed at MoHRD and the project since the inception of the project as a development agenda.

CHAPTER 5: Context of the Project

5.1 Introduction

The previous chapter explained the methodology employed in the study in exploring the research questions outlined in Chapter 1. This chapter presents the context of the project. By doing that, in section two, I present the historical context of the project. Section three exemplifies how decision-making processes and controls had been dominated by power relations and the changing political environment. The fourth section explains how external accountability demands become prioritized over state accountability. Finally, the chapter presents the impact of power relations in creating a form of governance and control in public sector decision making by downplaying the role of accounting and controls of the state.

5.2 History of the project

The origins of the Southern Expressway (initially called Southern Highway) were to be found in the 1991 proposal made by the Road Development Authority. The southern part of Sri Lanka was one of the least developed areas of the country during that period since the completion of the project. One of the main reasons for this project was infrastructure development. Before the project, the area had poor infrastructure development and at the time of the project appraisal, there were only two means of access: railway and A2 roads from Colombo to the southern region. There were many problems associated with railroads including poor travelling performance, an unreliable service schedule as the railway was single track and its maintenance was not sufficient and was not up to standard. The south-bound national road (A2) that ran along the coast had extremely poor alignment and limited road width. Basically, the A2 road is a two-lane road, but the road's hard shoulder is not paved and it obstructed the smooth flow of traffic as both slow moving vehicles and pedestrians occupied the carriage way (Miyazaki, 2015). Road realignment and widening were difficult as this alternative would

involve major resettlement of residents who used to live along the road. There was a political discourse on the requirement of a high mobility network which was a general requirement of the country and it was not originated as a form of political propaganda, but that situation has changed after the appointment of the previous president. The Director of Planning commented:

> *We did not receive any order from the government to construct any specific road. But it has changed after the appointment of the President of the previous government. We cannot identify any starting point for this project. The concept was there during three government tenures. These projects are evolved projects. No one can take authorship for it, it is a combined effort.*

The initial report of the economic feasibility study had been published in October 1996, with a second report of the economic feasibility study following in February 1997. However, no significant changes were made to the first report[v]. The importance of transport development was in the *Five-Year Development Plan (1997-2001)* and 20% of total investment in the country was on road development. At the same time, the *National Road Policy (1997)* identified the three objectives for road network development: (1) to promote economic development activities; (2) to realize shorter travel time and mobility improvement in a way that also takes account of safety; and (3) to make adequate arrangements to accommodate the current and future volume of passenger and freight traffic (Miyazaki, 2015). These objectives were developed in parallel to the challenges of road transportation identified by the National Transportation Policy (2000). In brief, the policy identified five challenges of road transportation: (1) systematic planning in consideration with the needs of development projects; (2) coordination of strategies and policies in the transportation sector; (3) development of the road network between Colombo and other regions; (4) alleviation of traffic congestion in

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[v] According to ex-post evaluation report, there was an appraisal in 2000, but I could not find the copy of it as it was not available in the organization as well as in the project.

the Colombo region and the finding of countermeasures against air pollution caused by exhaust gas; (5) strengthening of the institutional structure for maintenance. *The Public Investment Plan (1999-2001)* was developed based on these challenges and priority was given to Southern Expressway, and Colomb-Katunayake Expressway.

The expressway project has been recognized as a mega project and it was a milestone in Sri Lanka's development history. As explained above, this huge project is so important and extensive and there is no clear starting point. Crucially, it has involved multiple parties with competing managerial and financial objectives which presents a unique opportunity to study the influence of accounting within this developing social context (cf. Burchell et al., 1980) as well as the interplay of accounting and accountability in response to shifting social and political contexts (cf. Dillard & Vinnari, 2019).

The project started in 1997 and was initiated by RDA with the approval of the Ministry of Highways (MoHRD). RDA has to go through the ministry for approval of all the activities initiated by the RDA, and RDA receives the budget through the MoHRD. This approval always comes with political interest. A senior officer in the Planning Division (GO-12) commented:

> *Ministry cannot initiate any project. Because they do not have capacity and the knowledge for that. But policy decisions such as requirement of an expressway, how the budgets are allocated etc. are coming through the ministry. [...] Even though professionals try to develop systems like railway, public transport, they cannot do it. As there is not any political interest. Because it should go to the cabinet for the implementation.*

This project was identified as the proposed project in the Performance Report published by the MoHRD in 2001. All the basics such as initial trace identification, initial land acquisition, recruitment of initial project staff (on secondment basis) that were carried out during this period, was during the President (Mrs) Chandrika Bandaranayake tenure. The project initially started

land acquisition, because there is a long condition that land acquisition should be finished before the awarding of the loan and contract. Initially this project was called the Southern Transport Development Project (STDP) which included the expressway and establishment of economic hubs around the project. The initial plan of the project is depicted in Figure 5-1.

Figure 5-1: Initial Plan of the Road
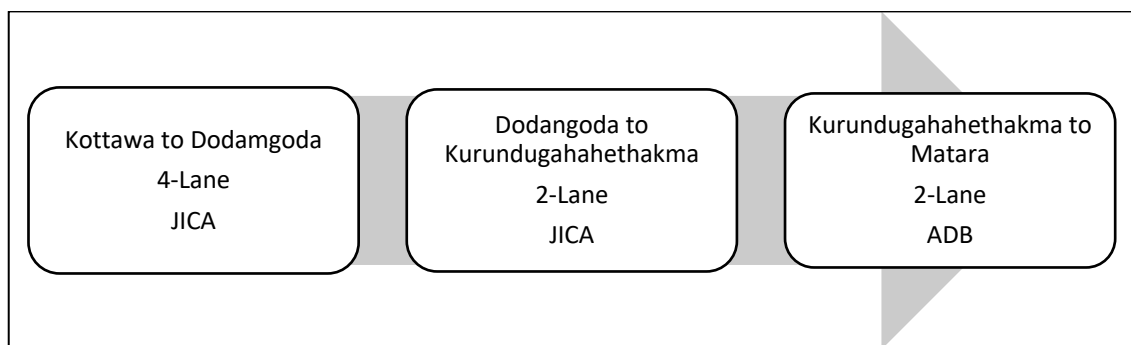
Source: Interview Data

Though the road has different numbers of lanes, the government acquired lands for four lanes. Then only government realized the inability to fund the project with government money and started making proposals to donor agencies to construct a highway. There was not any agenda to construct an expressway at that time. Initially the ADB agreed, and then the JICA. As the ADB fund came first, construction started with the ADB section that was the last section. They finished 11 km from Matara (there were two sections in the ADB-funded part; Kurundugahahethakma to Pinnduwa and Pinnaduwa to Matara). As explained earlier, it was not initially designed as an expressway and the contract was awarded as a highway without median. This highway transformed into an expressway as a result of the new government appointed in 2005, and there was a major scope change in the road construction. It was revealed during the fieldwork how accounting functions and calculative practices were dominated by political considerations from early stages of the project including major scope change, changes to initially recognized trace

and subsequent changes in accounting decisions due to new funding arrangements. However, this is discussed in more detail in Chapter 6.

5.2.1 Feasibility study, planning and initial activities

An initial study of the road had been carried out by Wilbur Smith Associates who were a prominent consultancy firm with previous experience in advising civil projects including road construction. It was rather trace analysis[vi] and alternative alignment analysis[vii], but not economic feasibility. Even though trace analysis and alternative alignment analysis are necessary for the appraisal, an economic and financial feasibility study is necessary to identify the economic and financial costs and benefits. As mentioned above, the first economic feasibility study report had been published in October 1996, but it includes only engineering and traffic flow data and costs. This provides an example that during the initial stages accounting concerns were not prominent, but rather other calculative practices rooted from engineering data and costs. Even though the ADB completion report mentions that there was a 22% of IRR rate, the calculation procedure and identification of cash flows are not clear in the report. Though the report says the 22% of IRR is high, it does not offer an explanation on why the government decided it was high. But from the perspective of the donor agency, this shows that the ADB was expressing their, mostly financial, interest in the project. Even though two parties (Wilbur Smith Associates and University of Moratuwa) were involved in trace analysis and the economic feasibility study, none of them made a comparison with another infrastructural project locally or internationally for justification of their decisions.

This expressway crosses 14 divisional secretariats which includes 90 Grama Niladhari (lowest level of governmental administrative setting), which means

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[vi] Trace analysis means best possible route to construct the road which minimises impact to the environment and society.
[vii] Alternative alignment analysis means the next possible routes to develop the route which minimises the impact to the environment and society.

this expressway crosses multiple jurisdictions. But management of the project is with RDA and does not create conflict of management over the project. But this created problems during the constructions due to multiple jurisdictions. As explained earlier, this project started with an objective of regional development and was expected to offer post-structural benefit such as local entrepreneurship and access to job opportunities through developing industrial zones for all four sections. It is noteworthy that even the project appraisal did not identify how post-structural benefits are offered through the project.

There were five different foreign funders for construction, safety, design, consultancy and investigations. Asian Development Bank, Japan International Corporation Agency (JICA – initially JBIC) and Export and Import Bank of China funded the construction component and road safety component. Nordic Development Fund (NDF) funded the consulting services and equipment supply for road services, Swedish International Agency (SIDA) funded consultancy and road safety. Initially, the plan was to construct a highway, not an expressway. Contracts were also awarded as a highway. Due to a political decision made (around 2005) by President Mahinda Rajapaksha, scope change had been made and started to construct a highway, later on the government had to encounter the result of this change. But part of the highway was a four-lane highway and the remaining was a two-lane highway. But land acquisition was carried out for a six-lane highway with the expectation of future widening. Initially, the Asian Development Bank (ADB) agreed to fund the two-lane part.

Funders do not fund one hundred percent of the total investment. Instead, governments typically offer partial funding through the process of 'counterpart funding' which in most cases is 15-20% of the total investment. Other than that, the government had to fund for land acquisition as well, which, per construction agreements, was to be completed before construction officially started. The GoSL used foreign consultants and foreign agents for

the design of the project. As per the government story, Sri Lanka did not have expertise in designing expressways.

5.3 Scope change and the increasing role of the president

As explained in the methodology chapter, it is difficult to trace the initial starting point for this project. Even though feasibility studies had been carried out from 1996 onwards, most of the basics were started from 2000 onwards. According to official records, land acquisition started before 2000. There was a parliamentary election in 2001, which saw important changes in the roles of the president and the prime minister. This project was a crucial point in terms of politics as decisions regarding the project had been taken during different political party tenures.

The initial appraisal of the project had identified to construct a four-lane expressway from Kottawa to Dodangoda as Package 1 and construction of a two-lane expressway between Dodangoda to Kurundugahahethakma as Package 2 for JICA-funded sections. The ADB agreed to fund the Kurundugahahethakma to Matara section that was a two-lane road. Later on, according to interview data, the traffic demand forecast of 2006 revealed the need for a four-lane expressway for the entire length of the road due to road safety. But the government was not in a position to fund this demand. A senior officer (GO-12) commented:

> *Initially we planned it as a four-lane, but due to funding constraints, authorities had taken a decision to make it two-lane. But it was dangerous to construct a two-lane expressway. So there was a problem in ADB funding and due to loan conditions, the project had to change the scope and make it a four-lane expressway.*

Though the MoHRD and RDA identified the change of scope at the official level it was not implemented due to funding restrictions. But the scope change was put into action after the appointment of President Mahinda Rajapaksha as fulfilment of a 'political promise'. A senior official (GO-13) commented:

> *After the appointment of Mahinda Rajapaksha's government, they wanted to change the proposed highway into an expressway. As a result of that a policy decision had been taken for the scope change.*

A middle level officer (GO-03) in RDA responded:

> *One day President Rajapaksha visited the two-lane. During the visit he decided on a four-lane road instead of a two-lane road. So the decision was taken by him.*

Even though the initial purpose of the scope change was to increase road safety based on engineering and technical rationalities, subsequent scope changes in 2005 were made due to political reasons as the president was from the southern region and wanted to develop his electoral powerhouse as promised during the election period; hence decisions were rather patrimonial which were capitalized through autocratic political authority.

As the ADB refused to fund the scope change, the GoSL had to turn to another source for funding and China entered into Sri Lanka as a donor rather than a donor agency. This shows the change of dynamic of donors along with the change of political regimes: Japan and the ADB to China or *'Washington consensus to China'*. Before the tenure of President Rajapaksha, the GoSL sought funding from development agencies rather than individual countries. But the appointment of President Rajapaksha and his close political relationship with the Chinese government provided an opportunity for Chinese actors to enter the country in the face of 'development aid'. After funding the completion of Southern Expressway, President Rajapaksha wanted to extend this expressway further to Hambantota, which covered his political powerhouse entirely. This also changed the focus to the 'Southern Expressway – Extension Project' and was also funded by the EXIM Bank of China. Subsequently, most of the large investment projects were funded by China including the Hambantota Port project, Colombo port city during the tenure of President Rajapaksha.

5.4 Increasing attention given to donor demands

Increased attention given to donors' demands was observed during the Southern Expressway project. These examples show how accounting decisions are changed as a result of changes in political regime and the controlling power of country-affiliated donor agencies, especially funds from the Chinese donor agencies. Politicized accounting decisions led to politicized funding. As a result, Chinese funding became a colonizer rather than a development aid. This is a typical example of neo-liberal colonialism. This is reminiscent of Best's (2004, 2012b, 2012a) discussion of neo-liberal colonialism where the IMF and the World Bank are practiced through various forms of ambiguity.

Contradictory donor agencies made the project less controlled by the Sri Lankan Government (GoSL), especially in the aspects of engineering consultancy and construction (civil works) contract awarding. Appointment of the contractor and consultant was based on the loan type; i.e. Multinational or Bilateral. If a loan is granted by a foreign government to the GoSL, it is regarded as bilateral. But with large funding agencies, for example the ADB or the World Bank, agreements are always multinational.

Generally, for selection of an engineering consultant, the GoSL had to use the conditions of contract issued by the International Federation of Consulting Engineers (FIDIC); this is also a general rule of loan conditions. According to the FIDIC, the government of Sri Lanka had to appoint an independent consultant. But both JICA and China wanted to give consultancy contracts to Japanese and Chinese consultancy firms respectively and that condition is in their loan agreement. The loan agreement states:

> *The Eligible Source of Country (ies) for procurement of consultancy services to be financed out of the proceeds of the loan are Sri Lanka and Japan.*

> *[Section 2(2) of Schedule 4 of the Loan Agreement between JBIC (JICA) and Sri Lanka, p. 2]*

Though Sri Lanka was qualified as an eligible source of consultancy, none of the Sri Lankan consultancy firms had the opportunity to be involved with the bidding for consultancy. A senior officer (GO-03) commented:

> *We did not open International Competitive Bidding in Sri Lanka for consultancy services as we did not have experienced consultancy firms for such big projects. So we got the recommendation only from Japan.*

The ADB did not impose such a condition because the ADB is a regional organization and not affiliated with any specific country and they promoted International Competitive Bidding for both engineering consultancy services and civil works contracts. The loan agreement states:

> *Each SHC [Southern Highway Component] civil works contract shall be awarded on the basis of international competitive bidding as described in Chapter II of the Guidelines for procurement.*
>
> *[Schedule 4 (Procurement) of the Loan Agreement between ADB and Sri Lanka, p. 20]*

But they specifically restricted government-owned companies from being involved with international competitive bidding and local procurement. The loan agreement states:

> *Entities that are owned by the Borrower shall not be eligible to bid any SHC civil works contracts as principle bidder, as joint partner, or otherwise.*
>
> *[Schedule 4 (Procurement) of the Loan Agreement between ADB and Sri Lanka, p. 20]*
>
> *Only locally owned private sector companies appropriately registered with the Institute of Construction Training and Development (ICTAD) and foreign companies operating in Sri Lanka shall be eligible to bid for any of these contracts.*
>
> *[Schedule 4 (Procurement) of the Loan Agreement between ADB and Sri Lanka, p. 20]*

But even though the ADB applied International Competitive Bidding as it does not have any country affiliations, there was a perception within the GoSL that the ADB wanted to award the construction contract to a company whose country provide funds to the ADB. The external auditor (GO-14) explained:

> *It was the same like other donor agencies, ADB also specifically asked to give the contract to a specific firm [which was initially rejected] whose mother country provides money to ADB.*

The same respondent (GO-14) commented:

> *Especially with Chinese funders, they do not go for competitive bidding for anything. […] We had to give the contract to whom they wanted from their country. That was one of the loan conditions.*

Another senior officer (GO-12) responded:

> *China does not have anything called International Competitive Bidding.*

All the donor agencies emphasized the importance of application of International Competitive Bidding, but the real scenario was different. Initially, GoSL awarded the construction contract to a Chinese construction company for the JICA-funded first section, but this was criticized by the JICA with pressure placed on ministers to award the contract for the second section of the JICA-funded section to a Japanese construction company recommended by the JICA. However, the JICA and Chinese donor agencies downplayed their role and preferences in the bidding processes, suggesting instead that they only provide recommendations for both consultancy and construction (see Annexure 1).

Despite such assurances, GoSL ministers claim to have had little involvement in the final selection. In one noteworthy change, however, the last phase of Chinese funding sections was awarded to a Sri Lankan consultancy firm, which was a noteworthy change mainly due to the country's affiliations. In order to

maintain country affiliations, the JICA and the Chinese donor agencies wanted to give contracts to their own country's companies and the ADB wanted to give the contract to their funding states. Though the instances are different, these examples of politicized funding are common to all donor agencies. That means the GoSL had to accept all the conditions imposed by funders. But there were consequences as well. One senior officer (GO-03) mentioned:

> *As a result of that contractors' prices are very high compared to our prices. We have to negotiate with the contractor recommended by the funder.*

Under any donor agency, though the main contractor was from a foreign country, which was out of the control of the GoSL, sub-contracts were awarded to local contractors by the main contractor. As a result, local firms had opportunities to engage with the project. But, here, politics again became clear because the sub-contracts appeared to be awarded to local firms that supported the prevailing political regime. Hence, in order to get sub-contracts, firms supported the political activities of the government, including elections. The external auditor (GO-14) explained:

> *Sub-contractors helped the elections in many ways, for example posters, labour, etc.*

This politicized funding coupled with consequences as well, especially in contract prices. The GoSL had to appoint Cabinet Appointed Negotiation Committees (CANC) to negotiate with prices. Hence, the CANC had to negotiate with companies recommended by donor agencies. The prices submitted by these companies were always too high and the CANC was able to reduce them only to some extent, but that agreed price was also too high for the Sri Lankan economy. One senior officer (GO-03) mentioned:

> *They always quote with really high prices. If our price is $80 billion, their price is always somewhere like $120 billion. Even after the negotiation we can reduce only up to $100 billion. So that price is still high for us. But we have no choice. Because that is the company recommended by the donor agency.*

Other than the political aspect of this funding, this is also an indirect control imposed by donor agencies over disbursement of the loan money. Both this political and control mechanism resulted in some other problems as well, for example in order to pay a high price for contractors, the GoSL had to obtain a much higher loan amount at higher interest rates. Hence, this politicized funding does not stop at only loan conditions and was linked with sequential matters. For instance, all the procurements were carried out according to procurement guidelines of the donor agency, but not aligned with public sector procurement guidelines and procedures of Sri Lanka which resulted in increased cost of materials.

This claim was further confirmed by the document observations. Section 1(1) Schedule (4) (p. 1) of the loan agreement states:

> *Procurement of all goods and services, except consultancy services, to be financed out of the process of the Loan shall be in accordance with Guidelines for Procurement under JBIC ODA Loans dates October, 1999.*

> *[Section 1(1) of Schedule 4 of the Loan Agreement between JBIC and Sri Lanka, p. 1]*

The Guidelines of Procurement of JBIC ODA loans prescribe that:

> *The BANK considers that in most cases International Competitive Bidding (ICB) is the best method for satisfying the requirements regarding procurement of goods and services for projects stated in Section 1.01 (c) above. The BANK, therefore, normally requires Borrowers to obtain goods and services through ICB in accordance with the procedures described in Part II of these Guidelines (Guidelines for Procurement under JBIC ODA Loans).*

The Guidelines of Procurement of JBIC ODA loans also prescribe that:

> *Each SHC civil works contract shall be awarded on the basis of international competitive Bidding as described in Chapter II of the Guidelines for Procurement.*

[Section 4(a) of Procurement, Schedule 4 of the Loan Agreement between ADB and Sri Lanka, p. 20]

As mentioned, due to the application of loan conditions of donor agencies, especially with the JICA and Chinese funds, it was necessary for project controllers to buy materials at a higher price from outside the country. This resulted in increased materials costs, which created political discourse even within the parliament and media. The **opposition** alleged the government for contracting projects with international contractors at high cost with loans at high interest rates. But as per the officials at the MoHRD, the government does not have any other alternative due to lack of funding sources and further owing to the loan conditions of donor agencies; the GoSL could not apply open competitive bidding, therefore it has to agree with the negotiated price even if it is higher than the local rate. A senior officer (GO-03) responded:

> *If we had enough funds we can call for open competitive bidding. Then we do not need to accept the higher rates from for example China. But as we do not have any other alternative, we depended on foreign funds.*

Most of the time all labourers came from the respective funding country, for example Chinese labourers with Chinese funding. In short, the bigger percentage (almost all) were utilized within the same country in which the donor originated. A senior officer (GO-03) responded:

> *All the payments are directly done to the respective construction company and labourers' account which were held in the respective country, for example China. So, we do not receive any money.*

> *This means money circulation was only within China or the respective donor country and transactions do not add anything to the money circulation in Sri Lanka. What donor agencies invest they take everything back to their original country, and at the same time they offer job opportunities to their own nationals through foreign projects which were intended for locals. But GoSL did not have any other option other than*

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*agreeing with loan conditions due to lack of their own funding
for projects.*

As this project was the largest investment project, most of the operational activities were carried out according to funding contracts and conditions. But, during the last phase of the project, the culture was slightly changed as new funders came as a result of the scope change. Some contractors wanted to establish within the country through this investment agenda, hence they came up with flexible prices and conditions, especially Chinese construction firms. As mentioned earlier, Southern Expressway was entering a point of large-scale Chinese investment and created monopolistic behaviour through investments and constructions. In summary, as Best (2004, 2007, 2012b, 2012a) explains, this invites us to conceptualize how donor agencies create a new form of financial imperialism through accounting and calculative practices through development funding.

It is a known fact that all the funding agencies come to developing countries not only to provide financial aid, but also to earn a return by exchanging resources, expertise, etc. For instance, with Chinese funding, a senior officer (GO-03) explained:

> *China does not follow International Competitive Bidding. They
> invest and take the profit back to their country though their
> loan conditions.*

It is evident that international funders come and invest in developing countries such as Sri Lanka with the purpose of investment and making returns rather than development aids as their resources are now idle; donor agencies want to deploy their idle resources in developing countries which lack both financial and technical expertise. A senior officer (GO-12) responded:

> *The story for JICA also funding in developing countries as they
> need to deploy their expertise knowledge in other countries,
> especially in developing countries which lack financial
> capabilities as well as technical expertise. The main reason is
> developed countries, i.e. Japan, have already implemented*

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their expertise knowledge in their development economic activities, and now their expertise is idle as they already achieved what they wanted. Without keeping their resources idle, they invest their money in developing countries where they can earn profit.

Hence, there is a strong perception that donor agencies have excess money and a desire to spread their operations, and developing nations are the easiest point of entry to such motives as developing nations lack both finance and technology. What we have seen so far from this case suggests that donor agencies enter into developing countries and use funds and technical expertise which create the base for strategies of neo-liberal colonialism.

Furthermore, most of the previous loans taken out by the Sri Lankan government had very low interest rates with long payback periods, referred to as 'soft loans'. Southern Expressway funding was also considered as one of the soft loans, which had a grace period and the government does not need to pay any interest during the grace period. The JICA, the ADB and Chinese funding were issued with a grace period. After that period, all the loans came from the same funding agencies but only as commercial loans with high interest, less payback period and without a grace period. The government must start repaying the loan just after completion of the project. A senior officer (GO-06) commented:

All the subsequent loans after the Southern Expressway were commercial loans at high interest rates without grace period, but came from the same donor, China.

This shows how funding agencies enter into countries under the name of 'development aid' and once established they transform all their aiding intentions into commercial purposes. Other than the political ends, this is also another example of financial colonization. Referring to work from sociological literature (e.g. Latour, 1986; Rose & Miller, 1992; Sending & Neumann, 2006; Walters, 2002), Best (2012a) explains the 'constituting institutions' capacity for governing at distance'.

The next emphasis is on the public image that is maintained by donor agencies. Donor agencies have special consideration on social safeguards, especially ADB and JICA funds (Jayawardena, 2011). For example, there are specific procedures to acquire land, and how to handle discontinuity of jobs due to projects. Before the main funders sign the contract, the government had prepared a manual considering social safeguards and environmental safeguards. The manual was prepared by following ADB and JICA guidelines as well as the Sri Lankan prevailing law. The section funded through Chinese donors, however, was an exception. A senior officer (GO-12) commented:

There is no such manual for China funded projects or sections.

This shows the disparity among foreign funders in relation to social responsibility. Although some of the donor agencies have special consideration of social safeguards and welfare that is to be maintained, it is their public image rather than doing 'something real'. Post-evaluation reports and annual publications of both JICA and ADB shows a good picture of displaced and relocated villagers. But the perception of the majority of villagers on social safeguards and welfare after the project is negative. They perceive that donor agencies come and take notes only for documentations, but not to solve their problems or give any solutions. One villager (VC-05) from the 'Divithura' resettlement site responded:

At least one Chinese officer comes every year and asks so many questions on our livelihood. There we explain all our problems. They take notes and go. But never solved our problems.[viii]

According to the reports published by the donor agencies, the picture of village life after the project is rather positive apart from a few issues with resettlement sites as per their narrative:

[viii] It is important to note that villagers do not know whether the officer is from JICA or ADB. They call all of the officers visited as 'Chinese', but according to information collected possibly they are field officers from ADB or JICA.

> *Ex-post evaluation revealed that the income, living environment and economic conditions of resettled households had been restored to a certain extent, or even improved, after resettlement through compensation for the resettled households and other mitigation measures (Miyazaki, 2015).*

To maintain the public image the reports show a clean picture on the social responsibility of donor agencies, and annual visits were imbued with political ends to establish a positive public image in the community and the world.

After the appointment of the current regime with President Maithreepala Sirisena, the GoSL wanted to stop the Southern Expressway Extension Project due to financial and operational reasons such as low operation, income, high maintenance cost. But the attempt resulted in a diplomatic issue between the two governments as China had already agreed to fund the extension project, and awarded the contracts. A senior officer (GO- 06) commented:

> *Once the new government gained power, they wanted to stop the extension project as they did not see any necessity. But due to diplomatic issues we were not in a position to cancel the loan and construction contracts and we had to continue with the project.*

It is evident that despite strong accounting reasons against the project extension, the political relationships and donor demands meant that the GoSL was required to continue with the project against their financial will. In other words, this signifies how accounting is being overtaken by politics.

5.5   Impacts of accounting and controls

Political rationalizations dominated the decision-making process, which resulted in unintended consequences on the public sector accounting, especially due to the increasing demands made by the donor agencies.

First, the scope change resulted in arbitration due to the violation of conditions of construction contracts. The GoSL had to pay Rs 5 billion as compensation, incurred losses in payments and increased project cost. This

issue was raised in the government audit report as 'scope changes to the original plans and designs'. This increased the total project cost and none of this was taken into consideration during the political decision. The public bureaucratic organizational structure, which is supported by patrimonial relationships, also supported legitimizing and formalizing political decisions made by the president.

Secondly, this scope change had several secondary impacts on the project construction and associated accounting practices of the project including land acquisition and extra fund requirements, which increased the cost of the project in terms of the capital cost and interest. First, before the scope change, the budget was for acquisition of land for a two-lane road. The government did not have the required funds to acquire land for the remaining two lanes to build a four-lane road as it was not budgeted, even though it was a condition of 'counterpart' funding. As a result, the four-lane road was built within a space for a two-lane road, which is a clear example of lack of planning for future needs. This breach of quality standards was not considered into accounting performance. A senior officer in the Planning Division (GO-12) commented:

> *After the policy decision taken to construct a four-lane road, it did not work as expected. Before the scope change, we finished the land acquisition process that was for a two-lane. So we were not in a position to acquire land. So, we built a four-lane road in an area that was for a two-lane. It has happened as a result of poor decision making. As a result the road was not up to the expected quality, i.e. difficulty of parking on the hard shoulder.*

By the time of the scope change, construction of the last part (see Figure 5-1) of the road had already started and completed 11 km (ADB-funded section) and contracts were already awarded to start the JICA-funded section. The ministry had to change the design of the road to a four-lane expressway with a median. But the ADB disagreed to increase the loan amount and asked the GoSL to make a final decision on this matter. The GoSL decided to construct a

four-lane road only up to Pinnaduwa (Galle) and deleted the last section, Pinnaduwa to Matata, from the ADB-funded sections. The new plan of the road is depicted in Figure 5-2.

Figure 5-2: Amended plan of the road due to funding restrictions
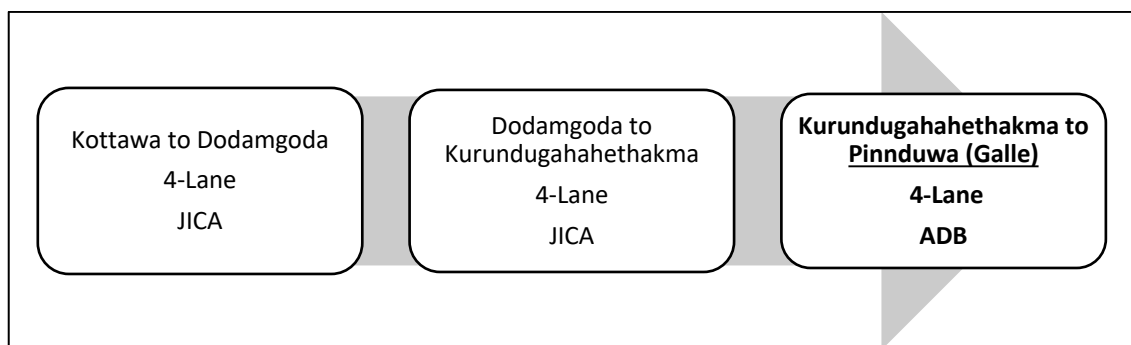
Source: Interview Data

Finally, the government constructed a four-lane road from Kottawa to Galle with JICA and ADB funding and opened the road in 2009. The previously constructed section (11 km) of ADB was idle for two to three years without any use, which resulted in loss of income from the road.

The scope change resulted in the lack of funding for the reaming section of the project, and the government had to find sources of funding. As a result of the diplomatic relationships maintained by President Mahinda Rajapaksha with the Chinese Government, the GoSL was able to obtain funding from Chinese EXIM Bank, not only for the last section, but also for the extension part of the road as well. The treasury had signed a memorandum of understanding (MoU) with the Chinese contractor in 2010 to construct the remaining part of the expressway, from Pinnduwa to Matara, at a relatively high interest rate and considered it as a commercial loan with restricted loan conditions.

Figure 5-3: New Road Plan after Chinese Funding

| Kottawa to Dodamgoda 4-Lane JICA | Dodamgoda to Kurundugahahethakma 4-Lane JICA | Kurundugahahethakma to Pinnduwa (Galle) 4-Lane ADB | Pinnduwa to Matara 4-Lane EXIM Bank, China |
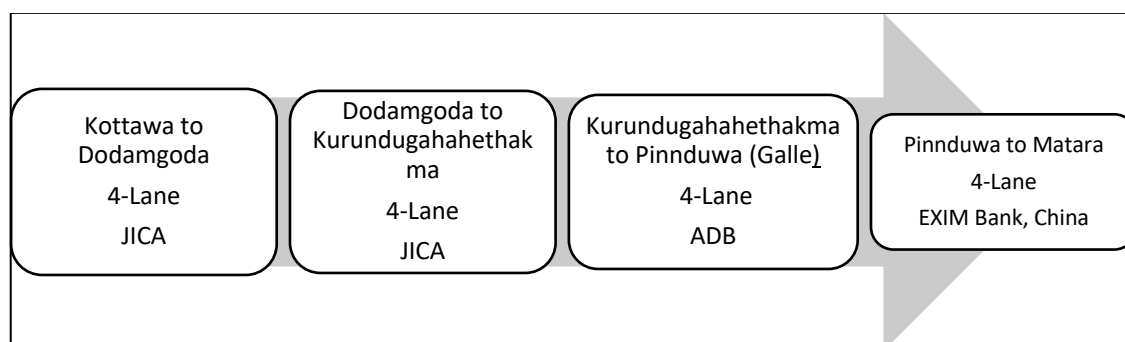
Source: Interview Data

The above (Figure 5-3) briefly shows how scope change affected accounting practices of the project and, thus, the public sector, which will be discussed in detail in the next chapter.

This discussion leads to the next chapter which explains how ambiguity becomes a source and a tool for power relations to reproduce (neo-)colonial relationships in the face of development agendas of non-Western global finance players in LDCs.

5.6 Summary and conclusion

This chapter presented the first empirical discussion of the study which provides the basis for the next two empirical findings and discussion chapters. This chapter outlined and explained the historical context of the project, exemplifying how the project was started, major milestones and changes in project decision making and how power and politics were implicated therein, creating a form of governance and control in public sector investment decisions in Sri Lanka. The next chapter is the second empirical chapter which discusses how ambiguity in accounting controls, power relations and patronage in less developed countries create a form of governance and control in public sector investment decisions, producing and reproducing neo-colonial relationships.

CHAPTER 6: (Re)production of (Neo-)colonial Relations

6.1 Introduction

Chapter 5 presented the first empirical discussion outlining and exemplifying the historical context of the project, how project decisions had been changed and why, how completing accountability demands were prioritized and the role of accounting in the project. Moving forward this chapter is going to present the second empirical chapter to explore the role of accounting in development projects and the interactions between the global funding agencies, the political state and the local communities therein. Therefore, the aim of this chapter is to present how donor-funded investment decisions are made, the political rhetoric over the accounting controls and accountability practices in the public sector in Sri Lanka producing and reproducing neo-colonial relationships. Through this, the first research question of the study - What are the techno-political roles that accounting plays in infrastructural development and how do politics complicate the accounting's roles therein? - is addressed.

To achieve this aim, this chapter is organized as follows. Section two of this chapter discusses the role of accounting in the development project and how accounting is underplayed in management control systems and decision making in organizations. Further, section two exemplifies how power and patronage politics create a form of governance and control in public sector investment decision making, producing and reproducing neo-colonial relationships in Sri Lanka in the face of development projects and interventions.

6.2 Role of accounting in development projects

Accounting plays a vital role in LDCs ranging from different sectors including public sector organizations, state-owned enterprises and the private sector, of which central and local government administration also gained considerable attention in management accounting literature (see Hopper et al., 2009). Research in critical accounting studies criticized the functionalist view of accounting that accounting is technical and non-problematic, and instead they perceive accounting as being

involved in the accountability of all the constituents in society and providing information for planning and control directed at broader development goals. Thus, accounting is not just an economic tool; but also a social and political means of helping to improve the quality of life of poor people and enable them to gain greater participation in democracies. This case study reveals four major findings.

First, only the selected part of the numbers produced by the accounting system is used to plan and rationalize decisions, while some of the important accounting information and numbers are not used in the decision-making process. This is clearly showing how national politics dominate organizational decision making through accounting numbers. *Second*, political domination in decision making is manifested through traditional bureaucracy and patronage politics, which reproduces the kingship. *Thirdly*, ambiguity in accounting controls can be seen in both national and international (donor) level project governance, control and administration. The project had several processes, which included involvement by several state and international actors, but left with no accountability. *Finally*, from the perspectives of donor agencies, as explained by Hopper et al. (2012), global financial institutions encourage recipients to adopt management accounting practices that enhance the organizations' efficiency and profitability, but not to enhance the development goals. Further, Fyson (2012) noted that stringent accounting policies indirectly help to improve the governance of LDCs by establishing good practices, developing development priorities based on cost benefit analysis, developing better data for decisions on development issues and increasing civil society and stakeholder involvement. But in this case study it is revealed that donor agencies penetrate the management accounting decision making of the recipients through various loan conditionalities which support their own interests rather than the development goals of the recipient country; it reproduces the colonial relationships.

6.2.1 Cultural Political Economy of accounting in development

In this particular study, I am particularly concerned with multilateral/bilateral institutions, and what Gramsci called 'hegemonic power'. The literature suggests that powerful states, powerful organizations (global or regional), and even

powerful disciplines (i.e. economics) exercise their power largely by 'framing', which in turn limits the power of the recipient state. Successful framing ultimately results in drawing the attention to a specific issue within the recipient state and ensures the recipient state sees the identified issue in a specific way that the donor agency expected. On the other hand, some writers emphasized the futility of international development due to its inherent and unexpected consequences. As argued by Lappé et al. (1980) and Hayter and Watson (1985), capitalism is a reactionary force which does not provide a solution for underdevelopment, but only reproduction of poverty. Hence, capitalist development projects become a contradiction and, thereby, aid is seen as a means of perpetuating exploitative economic structures. From this, we see that the idea of development itself is hegemonic. Derrida's concept of 'logocentrism' denotes cases where a hierarchy is imposed on familiar dichotomies such as the West and East, North and South, modern and traditional. Manzo (1991) notes that the first term in the pair belongs to the realm of logos, of the given, which does not need explanation, is conceived as higher reality. The second is identified solely in relation to the first, as its inferior form. By drawing on the work of Derrida, Manzo (1991) argues that the East should become like the West, the South like the North and the traditional like the modern. This process is apparent in the Global South, especially in South Asia where LDCs make attempts to reach so-called 'developed' status.

As explained in previous chapters, neo-Marxist and dependency theorists only explain and replicate the 'developed' and 'underdeveloped', it also reinforces the importance of elites in development. According to Hobart (1993), it replaced the idea of expert knowledge of development with expert knowledge of underdevelopment. Thereby, non-Western accounting practices and policies, which are dominant in Western and global finance and in modern societies' accounting have become part of accounting and controls of underdevelopment where the social, cultural and political context is different. Nustad (2004) explains that the 'underdeveloped' could not understand the intricacies of the system that exploited them, therefore they cannot change it. Consequently, LDCs often accept conditions of development loans which are ambiguous in nature creating possibilities for donors rather than problems (Best, 2012a). In turn these policies

are implicated in the national accounting policies and decision-making procedures to fulfil the loan conditionalities. For instance, international competitive bidding and purchase of materials were restricted to the donor country/member countries even at a higher price. Ultimately, this results in the causes for the underdevelopment/less development being placed in factors external to the countries concerned. This process subsumes the local/national decision-making process and distribution of wealth into a world dominating system.

6.2.2 Accounting as a tool of (re)production of (neo-)colonialism - hegemony and neo-patrimonial lens

6.2.2.1 Violation of accounting controls - as a necessity and legitimization

Accounts were kept according to rules and procedures applicable to the public sector, which was mainly on cash basis. After the construction was completed, revenue was credited to the fund maintained at RDA on the Cabinet's approval.

At first sight, controls of investment decisions of the project formally embodied a philosophy of legal-rational principles and bureaucracy. Engineering knowledge dominated the hierarchy of authority and key positions between the MoHRD, RDA and the project, which is further discussed in section 6.3.2. The role of accounting in these investment decisions cannot be made easily. Given the influence of politically-backed engineers on the governance and administration of the project, it is difficult to trace the accounting decisions. As in section 6.3.1, accounting technologies were subsumed by political decision making, and were used to support already-taken decisions. Contemporary critiques of aid money and donor funding often emphasized that foreign donors must insist upon the good governance initiatives, including accounting and human rights (see, for example, Armon, 2007; Taylor, 2008). In addition, many critics advance this argument by drawing on other LDCs, for example explaining that aid feeds into corrupt governance systems, with the result that the local elites do not rely upon the successful cultivation of a local entrepreneurial class and taxation (Moyo, 2008), thus, aid money enables economic mal-governance in which accounting and controls play an important role. The presence of international political domination

through national politics in accounting decisions led to an absence of accounting rationalities with less importance on accounting in decision making. This is basically due to the perception of decision makers on accounting controls, as bottlenecks rather than supporting the implementation of decisions. A senior officer (GO-03) responded:

> *It is difficult to follow government regulations as it is sometimes, so need to take some other alternatives to get things done.*

A senior officer (GS-12) responded:

> *Most of the regulations are too old and not clear sometimes due to time difference, and only certain updates are available. It is very difficult to operate this kind of big project with such old regulations.*

Alongside these changes, there were impacts on the accountability function, and the structure of accountability. Specifically, there was the creation of subcultures within the main organization, in turn it created different accountability structures.

A senior officer (GS-12) at RDA explained:

> *Now everything has changed. Initially all of the works had been done by engineers of RDA. But after the government change. They introduce a new concept called 'Project Management Units (PMUs)'. Due to the culture of PMUs all the values embedded in organizational culture had been destroyed.*

This is an instance of cultural consequences of accounting decisions. Employees outside of the PMU perceive that the PMU lacks rational decision making, though it had a hierarchical organizational structure and culture of collective decisions. Respondents perceive different meanings to 'collective decision making'. First, it is rather decision making only with certain key people who have a political relationship with the Secretary of the Ministry and Chairman, and Director General of RDA. According to the respondent, hierarchical authority, collective decisions, rational decisions, *etc.* were lacking in the new PMU culture, which clearly shows a departure from accounting controls, and accountability. A senior officer (GS-10) responded:

> *Sometimes only the PD (Project Director) and Secretary take decisions without consulting other key people of the project. Sometimes they made decisions through telephone conversations.*

This new group of decision makers formed a core circle of key agents that make project decisions informally, and they make their decisions informally whenever they want a certain decision made without applying the procedure laid down in terms of 'controls'. Outsiders of the core circle perceive this as a departure and informal, but the member of the core circle always agrees with the informal decisions made by the heads with or without their presence. A senior officer (GS-04) responded:

> *We do not meet regularly for each and every decision. If the head of the organization asks us to implement something we just follow it. We do not wait for the paper approval.*

In contrast, a senior officer (GS-08) explained:

> *Some key people of projects take decisions informally. According to regulations they cannot do it. Sometimes we cannot find any justification for their decisions as they were informal without presence and advice of expertise.*

Supporting the above comment, a senior (GS-06) officer commented:

> *Even though I am also a key actor in the decision-making group, sometimes PDs, Secretary and a few others make decisions informally without taking advice from me […] even if the matter is related to me and under my purview. I only know them when I receive the letter. It is very difficult to manage.*

The informal meetings for decisions were confirmed by the interview with one of the higher-level employees of the organization. A senior officer (GS-01) responded:

> *Sometimes employees used to come and meet their official and personnel matters outside of the office hours. Actually I allow them. I used to come to the office early and during weekends.*

Thus, they do not go against the decision, and support the implementation.

Information gathering was also carried out through informal means. For instance, middle managers used to meet and discuss official and personnel matters with top-level management outside of typical office hours. Moreover, this appeared to be promoted and encouraged by top-level management.

Formally, MoHRD, RDA and the project were bound to be implemented by treasury circulars (especially for preparation of budgets), administrative circulars, Financial Regulations (FR), Establishment Code (E-Code) etc. for organizational operations and financial matters. That is a wider formal accountability structure. But there are consequences to this culture and new forms of collective and 'informal' decision making. Specifically, that the circle obviate control mechanisms and make important financial decisions without the active involvement of treasury employees and budget holders. This was confirmed to me by the senior officer in the Accounting Division (GS-06):

> *They meet informally and make decisions regarding fund allocation, payment for non-project activities etc. We cannot make such decisions violating especially treasury circulars and financial codes. Simply they do not know the consequences. I have to face and answer to audit queries.*

He further confirmed:

> *Very recently I received a payment voucher for purchase of items for the opening ceremony of Southern Expressway. I did not know any information about the purchase. People who were involved with that activity obtained informal approval from the secretary and purchased. I learnt that they did not follow any procurement procedure. So, how can I pay. Who approved it?*

Formal and traditional accountability structures were supplanted by political interests of the president by the means of regulations, for instance, treasury circulars, through which political interests can be easily mobilized through appointing patrons to key government appointments which have full control over the particular subject, and departure from controls is carried out as necessary to implement decisions. A senior officer (GS-12) explained:

Mahainda Rajapaksha appointed PB Jayasundara as the Secretary to the treasury. He issued a new circular and according to that anyone can come and work in a PMU as a secondment, even from outside, anyone become a Project Director (PD), can work even if the age is 60s or 70s. Still the same circular applies for all projects. New government also did not change the system.

Thus, accounting controls change with the political regime in order to facilitate political demands, carried out through political patronage. New forms of controls are introduced to maintain party politics and patrimonial relationships in the face of development. A senior officer explained (GS-12):

If key politicians, specifically the president feels that he cannot implement what he desires within the prevailing regulations, then he instructs relevant authorities, let's say general treasury to issue a new circular or to amend an existing circular to accommodate.

This shows the political dynamics and 'ambiguity' in existing control systems which allow the actors to create a new set of controls which can be used for their own interests. Drawing on the work in Principle-Agent Literature (e.g. Hawkins et al., 2006; Kiewiet & McCubbins, 1991; Martin, 2006; Pollack, 1997), Best (2012a) explains that the central role of legitimacy concerns and bureaucratic culture shapes the preference for ambiguity, complicating narrowly defined rationalist explanations of institutional practices. Patronage politics override the accounting and accountability structures. Conceptually, democracy is the ideal type in considering public accountability. In this case, it is a reproduction of kingship where patrons follow what the king dictates. As such, foreign aid projects were used for the enrichment of the power networks of the elites; in this case the president and his political core. Best (2004, 2007, 2012b, 2012a) notes that ambiguity becomes a source of power relations. As such control practices are introduced according to political will allowing multiple interpretations for existing controls.

Key engineering positions participate in all the main meetings of the project held in the MoHRD and RDA and only their voices were heard at the meetings. A senior government officer (GO-02) explained:

> *For project coordinating meeting we invite key positions of the project for the meeting including Project Directors, Consultants and a representative from the construction company. There we do not have much time to discuss everything in detail. As such, we invite PD to make a presentation on behalf of the project. There we mainly discuss the engineering matters including funding arrangement, for example progress of projects vs expected.*

Meetings also lacked wider representation as only a few staff members attend meetings. As a result, the accountant of the project always had to follow what the project director states rather than following the organizational procedures and regulations due to the dominant role played within the project supported by the political patronage, even though it was a departure from the prescribed accounting controls and procedures. Project meetings were held on a regular basis, not as a control mechanism, but only for legitimacy purposes. Thus, employees do not see the importance of regular meetings, and called them 'useless' with extra cost. The same claim was observed in the MoHRD also. One employee (GO-08) commented:

> *We keep on postponing our regular meetings and there they do not take any decision. Only talking. Even if you want to participate, it is just a waste of your time. [laughing] but they provide food and drinks. But it costs a lot.*

This culture extended to the budgeting process and related controls as well. Budgets became ceremonial practice; an employee at the Accounting Division (GO-07) responded:

> *It is a regulatory requirement to prepare budgets and send to general treasury for approval and funding. So, when we start preparing budget calling the budget estimates from each project in the middle of the year. But we know we never stick to budget, in*

> *between the year we obtain approval from treasury and request*
> *extra funds for our activities. It is a usual practice.*

Also, budgets are micro-political, documents with poor/weak controls. A senior officer at the Accounting Division (GO-06) responded:

> *I asked them and all the department to send their budget*
> *estimates. Then we prepare the master budget for the entire*
> *ministry and send to the treasury for the approval. But, none take*
> *it seriously. They just take the previous year's budget and change*
> *the figure, and send the same without taking any variances of last*
> *year's budget into account.*

In the public sector, Sri Lanka has budgeting procedures according to a regulatory paradigm of state fiscal control consistent with the ideals of Weberian legal-rational bureaucracy (Uddin, 2009; Uddin & Choudhury, 2008) and central state planning. In that sense, an organization's structure is designed to give integrated control, mainly through budgets from national planning agencies and ministers down to respective department managements. Wickramasinghe and Hopper (2005) explained how privatization attempts in LDCs (in Sri Lanka) transformed the budgeting systems into forms of control of production and labour in state capitalism during the period 1970-1978. But this case exemplifies how budgetary controls become a 'symbolic' tool of control derived from legal-rationality wherein budgeting becomes relatively unimportant. An officer at the Accounting Division (GO-08) explained:

> *We always communicate budgetary controls to projects. But still*
> *they [project decision makers] violate controls.*

An officer at the Accounting Division (GO-07) explained:

> *Sometimes project directors transfer money from one fund to the*
> *other. Regulations specify that cannot be done if projects are*
> *funded with both international and national funds. But still they do*
> *it.*

A senior officer at the Accounting Division (GO-06) explained:

> *Project directors use project money outside of project activities.*
> *There are lots of cases. Sometimes they transfer funds from one*
> *fund to the other. It is prohibited unless otherwise funds are local.*

According to the interviewees' views, implementation of budgetary controls is weak, and as a result, decision makers ignore budgetary controls.

Linking back to the main argument of domination of power relations in decision making and control systems, in order to be effective, organizational actors need to be committed to and habituated in the legal-rational decision-making process supported by accounting controls. But this was absent with respect to this project because politicians had their own agendas and interests and external accountability, especially the donor agencies. Politicians used their levers of influence within the regulatory system to intervene based on opportunism and party advantage and dispense kingship obligations, which typically resulted in violations of accounting controls (Wickramasinghe & Hopper, 2005). Thus, accounting controls become relatively unimportant; the criterion for decision making was political viability allowing the rise of decoupled management accounting controls.

A middle level officer (GS-08) explained:

> *We know that the original trace of the expressway was changed due*
> *to the request made by a key politician.*

The claim was confirmed by a senior officer (GO-12) as well:

> *I can remember that they (decision makers) even changed the trace*
> *to accommodate a demand made by a politician. He wanted to add*
> *an entrance and exit to his own town which was his electoral area.*

All these reasons led to frequent violations of accounting controls due to non-alignment of committee decisions or special units' decisions with political demands, which are the primary interests of the politicians to ensure their party politics. As a result, departures from established management accounting control mechanisms were observed and most of the higher-level management perceived

control mechanisms as bottlenecks and rather than supporting tools. A senior accountant (GO-11) of MoHRD responded:

> *If they cannot take any decision within the established regulations, then they violate it and take the decision. There are so many audit queries for that sort of decision, but at the COPA meeting, all these queries stop due to the political intervention.*

Supporting the same claim of *control mechanism as bottleneck*, it has been observed that accounting techniques appear to be *negotiable* and maybe *a hindrance*.

For instance, the government initially used some established accounting techniques such as NPV (Net Present Value), IRR (Internal Rate of Return) and sensitivity analysis to rationalize and justify the profitability of the project to donor agencies. International financial institutions press developing countries to introduce structural adjustment programmes based on market-based policies as accounting practices and reforms are integral to their success (Adam et al., 1992). However, traditional culture and social-economic factors that caused state capitalism to fail remain (Wickramasinghe & Hopper, 2005). A senior accountant (GO-06) of the MoHRD further explained:

> *We need to justify the project. We can get funds only if we have positive NPV and IRR. If we show the bigger road in the plan, cost will be high and we cannot get positive NPV and IRR.*

It is noteworthy to mention that in order to convince donor agencies, the government purposely manipulated figures by showing reduced cost and increased returns. A senior accountant (GO-06) responded:

> *In order to get funds from donor agencies they purposely manipulated figures.*

Government officials perceive this manipulation as a necessity in order to obtain funds from limited donor agencies. One senior officer (GO-03) commented:

> *We need to justify the project feasibility to donor agencies. For this we used examples; NPV, IRR. We made it feasible.*

He further explained:

> *If we increased the cost, we could not justify the feasibility. Then*
> *the project is not viable. So, we used least cost.*

Though the accounting technologies made a contribution towards the project decision-making process, the role played by established accounting technologies/techniques was minimal, yet engineering rationalities along with cash flow information played a significant role in the project decisions. As explained, the feasibility report includes NPV and IRR values, but it lacks the process of identification of cash flows. They called it 'Economic Feasibility', but at the same time the feasibility study states that:

> *The pre-feasibility does not elaborate on the economic impact of*
> *such a highway on regional development.*

This imposes the question of the meaning of 'Economic Feasibility'. This lacks the transparency of data and accounting information. The overall audit performance report also supports this:

> *Absence of feasibility studies such as Environmental, **Financial** and*
> *Technical etc.*

Therefore, the officials of MoHRD and RDA perceive that accounting technologies rather act as a bottleneck for accounting decisions than supportive technologies for decision making. So, the only avenue to operationalize the decision is the manipulation as per the will of the politicians. This will be further discussed later in the chapter.

Due to political patronage, the project was seen as a political decision and a politicized investment; the GoSL was not in a position to stop the project due to lack of funding sources and as a result had to continue at any cost, even if they had to depart from accounting procedures and systems. Hence, as explained, the GoSL perceived that manipulation was a necessity. This politicized rationalization had ended up with unintended consequences, such as compromise of quality and expected outcomes, i.e. shortened shoulders. Accounting technologies were seen as a bottleneck in finding donor agencies as donor agencies make the final decision

of investment based on profitability of the project. Respondents commented that investment appraisal techniques were less important in project decisions compared to construction components, especially engineering work, which is the most important task of the project. A senior officer (GO-03) commented:

> *We had to justify the project to funders through for example NPV, IRR. We tried to cut down the cost as much as possible. Some made complaints on less width shoulders. But we did not change it. Because if we change it we could not justify the project to funders. So we made it profitable and show it to them.*

6.2.2.3 Violation as a necessity

But, as a means of legitimization of decisions in records and as an answer for audit queries, technical committees were used as a tool for legitimacy. Hence, if there is a question on decisions, the question is directed towards the committee members rather than the person who provided instructions. In order to maintain the personal relationship within the organization and with the higher political authorities, the head of the committee and its members tend to follow the instructions given by the higher-level authorities in the name of 'committee decisions'.

Donor funding or project aid is a category of donor assistance where money is levied towards a specific initiative, or a project; in this case construction of a highway. This is in contrast to budget support or programme support where money is given towards a government's overarching (and multilayered) national development strategy (Hauck et al., 2005; Knoll, 2008). In this sense, project money or aid money is subjected to both local and international controls, directly or indirectly.

Public organizations have to abide with organizational protocols and control structures in making public decisions. The same principle applies to MoHRD, the control over the Foreign-Funded Projects was with the Ministry. The RDA does not have authority to handle foreign-funded projects other than technical matters and

subjects. As a result, the documents that need approval from the cabinet or parliament should be sent with the signature of the Ministry. If it is related to the RDA it should first go to the MoHRD and then it is forwarded to parliament or the relevant authority. A senior officer at RDA (GO-12) commented:

> *If we want to send any document to somewhere, we first need to get approval or signature from the Secretary. Sometimes secretary does not even read the document.*

The MoHRD also applies Establishment Code (for general administration and control, E-code) and Financial Regulations (for financial administration and controls, FR) which are applicable for all the public sector organizations in Sri Lanka, that is the basic and main control mechanism within the public sector. But, as the RDA is a statutory board, it is not compulsory to apply the general E-code or FR, they should have their own E-code and FR in the absence of general E-code and FR approved by their Board of Directors. But this flexibility is not available to the MoHRD and deviations or amendments are not allowed. Further, both MoHRD and RDA have to abide by the treasury circulars issued by the General Treasury from time to time.

With respect to E-code and FR, RDA does not have their own E-code and FR, instead they amend sections of general E-code and FR if they cannot make their operations within the limitations of general E-code and FR. A senior government officer at RDA (GO-12) commented:

> *RDA does not have separate E-Code of FR. We have our own E-code and FR, which is based on the general E-Code and FR, we have amended some rules with the approval of the Board of Directors, if we cannot go with general FR and e-code.*

As shown above, prevailing E-code and FR controls are culturally and politically outdated. As a result of that, officers of MoHRD and RDA perceive these controls as bottlenecks rather than supportive tools. Hence, government officials perceive the violation as a necessity. The same respondent (GO-12) commented:

> *We cannot do anything if we have to apply only E-code and FR, so we need to change it. For example if we consider FR, there are*

controls for approving expenses. Some of these controls are outdated, from time to time amendments are made by the treasury. But still there are places that we face with problems as nature amount of expenses are different compared to the time of control introduced.

Confirming the same claim, a senior officer explained (GO-04):

Some of the regulations are outdated. If we realise that we cannot follow the regulation, we try to apply alternative approach to implement the decision. If these decisions can be taken within the ministry, we get the approval of the secretary and do it. If it is beyond his authority, then secretary takes necessary steps to obtain a permission from the treasury or secretary directly talks to president.

This exemplifies that a prevailing (outdated) control system restricts the decision making process, and consequently senior and middle level officers of MoHRD and RDA perceive that violation is necessity, and bureaucracy (management/system) needs to overrun it in implementing decisions. At the same time, the perception of 'secretary directly talks to president' shows how employees perceive the political power in changing accounting controls within the organization as well as in wider state controls.

These necessitated further violations, especially in large procurement activities and government transactions in general. First, the prevailing procurement guidelines were introduced in 2006, and similar to the FR and E-Code, may be culturally and politically outdated. There are limits imposed by the treasury for authorization of payment and expenses; for example Rs 150 million for Ministerial Tender Board. During the project, especially in the last phases, there was an absence of proper procurement procedures in large procurement activities. Procurement guidelines applicable to the public sector were not applied as expected as was even forwarded to parliament scrutiny including COPA COPE queries. Both, the Secretary of MoHRD and DG, RDA has a ceiling for their financial control (including procurement activities) and any activity beyond the ceiling and deviations from general rules should possess the cabinet approval from the parliament. But, as explained earlier, deviations were considered as necessity and

violations were legitimized with cabinet approval. A senior accountant (GO-06), MoHRD commented:

> *As a final point and once we have the cabinet approval, no one can question it due to the power of cabinet decision. Though they did not follow procurement guidelines, but if they have cabinet approval, then they are free from the regulatory requirement. But there is no transparency as I think.*

Another instance concerned the use of unsolicited proposals. This is a clear departure from procurement guidelines where no tender procedures are applied. The MoHRD calls for estimates only from one individual and negotiates with the price. This is also carried out with cabinet's approval. A senior accountant (GO-08) further commented:

> *With cabinet approval, we depart from prescribed guidelines. […] [laughing] any wrong thing can be done with a cabinet approval.*

The same claim was confirmed by the government auditor (GO-14):

> *Unsolicited proposals are a major problem in projects as well as ministry. As auditors we always highlighted this issue several times in our audit report.*

It is evident that there are deliberate gaps in procedure being exploited for the sake of 'pushing through' decisions and it is a matter of seeking areas that are either free of regulation or have ambiguous codes/policies etc. Best (2004, 2012b, 2012a) explains that institutional actors generally opt for forms of ambiguity as they believe it could be usefully interpreted in the future. Thus, they try to increase the ambiguity in institutional practices including controls rather than attempting to reduce it even though they may disagree that it is not the best way of doing so (Best, 2012b).

Moreover, these violations and departures from prevailing accounting controls are further extended to maintenance of income of Southern Expressway. The Ministry obtained a cabinet approval to retain the income of Southern Expressway with RDA for the maintenance of the expressway. According to the prevailing regulations, once the approval is obtained that fund cannot be used other than for the

prescribed purpose or, in other words, it is a kind of hypothecated income. But there is evidence of departures and violation of these controls. For example, when the government lacks funds for other projects, treasury used this fund to meet the funding requirements of other projects. A senior accountant (GO-15) in MoHRD explained:

> *As I mentioned, we cannot use this fund other than the maintenance of the expressway. That is how it was gazetted. But, recent past, when we do not have enough funds for other projects, we use this fund.*

This is a violation of the accounting controls. As a result of this violation, it questions the legitimacy of accounting procedures. For example, questions arise over the appropriateness of the regulatory framework if funds can be moved outside of projects and ring-fenced accounts. A senior accountant explained (GO-14) explained:

> *Recent past, we had funding problems for other projects. We knew treasury would not give money. So, we decided to use fund of Southern Expressway income. We sent this money back to treasury as a loan and obtained it back from treasury as a budget allocation. The reason for this circulation is to ensure the proper accounting procedure and to prevent off-balance sheet transaction.*

It is noteworthy to mention that this departure from accounting controls and violation extends further. A senior accountant (GO-06) explained:

> *We sent Rs 4 billion. Treasury initially used partly to cover and maintain the overdraft limit controls imposed by the IMF.*

Across these examples, there is a strong perception that accounting controls act as bottlenecks rather than ensuring smooth financial operations, hence, government officials perceive that violations and departures from accounting controls are necessary. But, as they cannot do that within the prevailing legal framework, they legitimized violations and departures through other means and parliamentary involvement (by obtaining different kinds of approvals). Thus, violations were only necessary because of political connection. Accounting structures and controls are supplanted by political patronage. As mentioned, the public sector uses the

concept of 'president can', because indirectly all these departures and violations were due to fulfil the political demands, and president's instructions were used to justify the departures and violations. A senior officer at RDA (GO-12) commented:

> *Once Mahinda Rajapaksha gives the order, they comply it with all violations. Who questions it? Who takes legal action against Mahinda Rajapaksha?*

Other than the legitimization of departure from accounting controls, funds were also deviated from the project to construct and develop rural roads. These lie outside the project scope and are a misappropriation of funds. Government officials specifically make their own interpretations to justify the violations and departures of accounting controls. A senior accountant (GO-14) at RDA mentioned:

> Circulars and regulations do not say not to construct other roads from the project.

The role of external (government) auditing in relation to these departures was also limited. There are audit queries, but all these queries were stopped at the parliamentary scrutiny committees (COPA) without any further action. The government auditor explained (GS-14):

> *We raised lots of questions on these issues. But big politicians do not let auditor general to talk during the COPA, though opposition asked questions. He had to be silent. That is end of the story.*

This shows how conflicts are arising and how controls are violated. Confirming the claim, a senior accountant (GO-06) at the MoHRD commented:

> *Because of these violations we have to face audit queries and often have to face COPA. But, always a key influential politician comes from the government. He attempts to dominate and influence the participants.*

The government auditor (GO-14) further commented:

> *The politician Mr A (anonymised) sometimes entered the COPA meeting telling them 'do not ask any question regarding 'xyz' project'. We feel like threatened. These meetings always end only*

with advice without any follow back or legal action against who are responsible for it.

There are violations and departures from accounting controls present in the public sector protocols as well. According to the General Treasury, circulars projects which cost more than Rs. 500 million should get cabinet approval. For this purpose the cabinet appoints 'Cabinet Appointed Negotiation Committee[9]'. The Department of Public Finance in Treasury coordinates all the tender-related activities on behalf of the government. Then they asked relevant authorities to recommend names for the committee and send it to cabinet for the approval. Once the cabinet approved the committee they start negotiation with contractor recommend by the funding agency. This relationship is depicted in the following Figure 6-1.

Figure 6-1: Actors' Involvement in Cost Negotiation
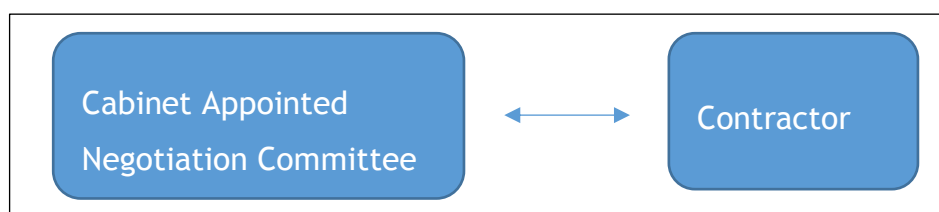
Source: Interview Data

But, as funds flow as a result of country affiliations and political affairs, these negotiations always had negative consequences to the GoSL, for example, higher prices, high interest rates. A senior officer (GO-03) explained:

> *According to loan agreements we have to buy materials either from the donor country or member countries of the donor agency. It always resulted in high cost. For example, for the Chinese funded section, we had to buy materials from Chinese suppliers. Their prices are high. We can find the same quality materials either from*

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[9] If the project cost is more than Rs.500 million, the project should take the Cabinet Approval. If any project exceeds the threshold, then cabinet appoints the committee to negotiate the price with the contractor. This committee consists of Engineers of RDA, treasury officials, ICTAD (The Construction Industry Development Authority) officials, etc.

> *local market or any other international supplier. But we are restricted.*

But, due to the president's involvement, these impacts cannot be lessened, especially with prices and interest rates. But to legitimize the decision and to prevent future queries, the GoSL obtained cabinet approval for whatever price is agreed by the nominated contractor. After some time, there were parliamentary queries along with audit queries. The government auditor (GO-14) explained:

> *One of the major problems is that they take cabinet approval and violate accounting controls. I do not know the justification for that. Because there is no provision as such. You cannot simply violate control systems having cabinet approval.*

6.2.2.4 Accountability is in question

The above discussion raises the issue of accountability irrational decisions and the unintended consequences in the face of development projects. Because, as explained, throughout the above discussion violations are carried out justifying the necessity to comply to meet development needs. This question is still unanswered due to the complexity of accountability structures and political domination and this finally ended up with transparency and accountability issues.

As a result of legitimization of political decisions through accounting, decision making lacks accountability as they were manipulated in order to mobilize the political demands. Though accounting was used to legitimize political demands. During the project, there were discussions in parliament over lack of transparency of data produced in the plan. But as these decisions were taken by the president, those discussions and allegations went silent leaving the accountability in question. One senior officer (GO-12) commented:

> *Yes, sometimes they manipulated figures. But who takes legal action against it? Decisions came from the president. Who takes the responsibility? Who goes against the president? No one.*

The consequences of poor decision making and violation of accounting controls become less noticed at the state level due to political intervention. Due to the political intervention, no one takes accountability for manipulations or irrational decisions. Government officers had to comply with political orders though they had to depart from accountability.

Involvement of multiple actors also led to issues of controls and accountability of departure from controls. This project had several direct and indirect state and local non-state actors. For instance, respective Division Secretariat, Department of Survey, Department of Valuation, Ministry of Lands, Government Press are the main state actors and Environment Authority, National Water Board, Electricity Board are other state actors who were indirectly involved. But other than that, some local non-state actors were also involved in preliminary activities.

An officer from Land division explained (GO- 13):

> *Until approval was granted by parliament this project is considered as a proposal and all the initial activities were done at the cost of ministerial budget. Because of that MoHRD had to pay for the preliminaries that had to be done by other state actors for the services rendered by them. At the same time we had to take services from the private sector as well, for instance. Licenced surveyors in the absence of government surveyors for expedite services. These kinds of payments are called 'diri deemana' and the costs were not financed by the loans.*

There are two issues here. First, these costs are outside of the budget and, second, who is accountable for local non-state services which had been taken outside of the procurement procedures?

Thus, employees in the ministry and RDA perceive that in order to make decisions according to political will, controls are changed either through restructuring the organization or changing the person of key positions.

A senior officer (GO-12) explained:

> *This project was implemented during two presidents' tenure; Mrs Chandrika Bandaranayake and Mr Mahinda Rajapaksha. The political influence on procurement activities made by Mrs Chandrika*

> *Bandaranayake was minimal. There was an institute called National Procurement Bureau (NPB) during that time which was the main body of making procurement guidelines for public sector activities – we called blue book - and offered extensive training programmes for public sector employees regarding procurement-related activities. But this NPB was abolished during the President Mahinda Rajapaksha, and he appointed Mr PB Jayasundara as secretary of treasury who had a close political relationship with him. This has happened to other ministries as well.*

A senior accountant (GO-06) commented:

> *The first thing that Mr Mahinda did is appoint his person as the secretary [he is talking about Mr PB Jayasundara] of general treasury. Then it was easy to implement his decision.*

A middle-level officer explained (GO-07):

> *There was a time that secretary held the position of chairman of RDA while keeping the Managing Director position vacant. Simply he handled all key positions of the ministry, implementing everything the president said [the same claim was made by the GO-12 as outlined above in the same section].*

Changes of control mechanism or organizational restructuring leads employees to be less reliable, trustworthy and faithful in the application of policies and procedures established by these institutions due to lack of independence and political interests. A senior officer (GS-14) explained:

> *After abolishment of NPB, there are new entities called National Procurement Agency (NPA) and then National Procurement Commission, but none of them functioned as previous.*

Continuity of departure and violation of controls raises continual accountability problems.

A government auditor (GO-14) explained:

> *Remedial actions or rectification are not taken even though we report these violations to Auditor General and then to parliament scrutiny committees.*

This system - politicized decision making - continues despite the changes of political regimes.

Due to the political domination of power relations within the state and at organizational level, most of these violations and departures from accounting controls were unnoticed by the general public as the role of scrutiny committees is also less influential in front of political power. This is the reproduction of kingship in a different form. Parliament exercises the democracy in a theoretical sense, but king and the kingship are still alive.

6.2.3 Production and (re)production of neo-colonialism

Hegemonic power is different from pure material dominance. It is linked to 'intellectual and moral leadership' through ideology and has the same influential power as material force (Gramsci, 1971, p. 377). Traditional political economy asserts that the dominant economic class can exercise coercive force, but this factor alone would not account for its control. But in order to maintain a stable and lasting coercive power, alliance is required (Taylor, 2004). This is done through producing the moral leaders in society, attaining consent through them as maintaining hegemony is not only dependent upon exercising coercive power.

The weaker states or, in other words, LDCs support this dominant behaviour of international donor agencies. Referring to the work of Abbott and Snidal (2000), Best (2012a) explains that stronger state actors prefer soft law, and weaker ones seek hard, precise rules that grant them greater certainty. Hence, rules and practices of hegemonic order always conform to the interests of the dominant power while it is appearing as a universal natural order of things and security for lesser powers. Cox (1989) noted;

> *Rules and practise and ideologies of a hegemonic order conform to the interests of the dominant power while having the appearance of the universal natural order of the things which give at least a certain measure of satisfaction and security to lesser powers (p. 825).*

This is apparent in development projects, but also historically other neo-liberal transformations within LDCs, such as public enterprises and privatizations (Hopper et al., 2012a; Wickramasinghe & Hopper, 2005). The role of accounting in such politico-economic projects has been studied using different theoretical inspiration, for instance a more traditional Marxist framework as explained in section 3.3.1.1. The main research objective of this thesis is to explore the role of accounting within an infrastructural development project, and the consequent effect this has on the nature of accountability. Hence, this study goes beyond the traditional Marxist political economy interpretation and exemplifies how donor agencies attempt to promote values (or policies) which are apparently fixed and appear as natural, but obviously 'ambiguous' (Best, 2004, 2007, 2012b, 2012a). Best (2012a) argues that 'ambiguity' becomes a source of power and a tool for international organizations to deal with problems of uncertainty, which cannot be resolved through regulation itself as explained by theory. Thus, 'ambiguity' and 'ambiguous' rules and policies are manifested within the LDCs by creating a political class in the LDCs who support establishing donor agencies in the LDCs.

As outlined in Chapter 5, the Southern Expressway was impacted upon by changes in the governing president and by changes in the funding arrangements. As Gramsci notes, elites in the recipient country who are sympathetic to capital money and outward orientation, attain power without rupturing the social fabric through the alliance of international donor agencies. This alliance is necessary for LDCs to ensure the capital flow for local elites once they are appointed into particular government appointments; hence, the passive revolution heads off the counter-hegemonic impulses. During this process, donor agencies create boundaries on the ideologies of the recipient state by formulating 'legitimate' and 'realistic policies' on recipient states allowing multiple interpretations benefitting the donor agencies. Taylor (2004) notes,

> *This transformiso (transformism) serves to absorb possible counter-hegemonic element into dominant elites through a process of compromise and amalgamation (Taylor, 2004, p.126)*

This is apparent in other LDCs as well, e.g. Africa (see, for example, Bayart, 1993) and this relates to global power structures. Taylor (2004) cites the work of Cox (1999, p. 12):

> *This structure of power is sustained from outside the state through a global policy consensus and the influence of global finance over state policy, and from the state from those social force that benefit from globalization...Neoliberalism is hegemonic ideologically and in terms of policy (Taylor, 2004).*

Following this, the precondition to achieve hegemony is the construction of strong international regimes, or the preferred policies of the donor agencies and funding members which is facilitated by regulative effects of international organizations. The dominant elites of the centre, here the international organizations, are the actors of this process who extend their conception of social and political order to the international and transnational level by exporting their preferred social and political model through donor agencies. Donor agencies act as socializing agents of change, helping to draw partners who share a world view. Then, local elites start to share in the social values of the dominant core elites, and then share it with their own political class. Thus, hegemony is rather cascading down unnoticeably than merely a coercion.

The experience in Sri Lanka with regard to the Southern Expressway project is similar. Sri Lanka has a long history of obtaining funds from the IMF and World Bank. Due to strict structural conditions imposed by these donor agencies, the funding flows have recently slowed down. Therefore, Sri Lanka has transferred it into regional donor agencies such as ADB, but in reality, the ADB is the sister institution of the IMF, which is operated in the Asian region. Thus, the conditions were not entirely different from the IMF and World Bank. Hence, the scope change was not facilitated by the ADB. As a result, the GoSL obtained funds from China by agreeing with all the conditions imposed by China. This enabled China to create a certain political class within Sri Lanka's political environment initially and then economically, which supports Chinese donors and their subsequent politico-economic activities. Hence, the funding arrangements and loan conditions were important in spreading elements of hegemonic functioning throughout the project.

As Sri Lanka had suffered from the civil war for almost 30 years and the scope was made during the last stage of the war during his tenure, people used to perceive him as a 'moral leader' within Sri Lanka and the scope change was political rather than accounting rationalization. An old resettled women (VC-02) responded:

> *Because of Mr Mahinda we won the war, and all these are because of him.*

A retired government employee responded (*VC-08)*:

> *We can live peacefully because of Mr Mahinda.*

All the remaining bureaucratic structures within the public sector facilitated the implementation of his decision. According to the Gramscian sense, hegemony is attained through not only coercive power, but also through *moral leadership*. Hence, the president manifested a development project within the country as his own project in the face of 'patrimonial politics'. Interviewees perceived it as a *'road constructed by Rajapaksha regime',* thus, the creation of a moral leader. A villager (VC-01) commented:

> *Meka Rajapaksha mahaththayage wadakne [Translation - this is the work of President Rajapaksha]*

The story is similar to other projects that were implemented during different presidents' regimes and projects were literally called/named by the president's name, for example Mahaweli Project, during President J.R. Jayawardene. The chief Monk of a temple (VC-03) in Kahathuduwa commented;

> *Politicians think construction of roads, irrigation systems, power plants are a development. They want to get the publicity through that.*

By doing so, donor agencies created a certain political class within Sri Lanka, which supports Western donors' policy influence and de facto political control at the expense of the autonomy of local elites. The policies then become loan conditions. The president and his immediate followers are compromised in their ability to govern in the public interest. Instead, they rely on the securities of

foreign aid and acquiesce to external demands not necessarily conducive to the well-being of local people (Langan, 2017) and on the other hand, this project has been taken to position the moral leader within not only the particular geographic region, but also in the entire country through the perception of 'development made by Mahinda'. Thus, the investment project is considered as a tool for the mobilization of political decisions of both local and international elites (Western donor policies). A villager who is a government employee (VC-06) responded:

> It was not merely to accommodate the national requirement, but to fulfil his political promise to his electoral area.

For the president, the project was a tool to mobilize his political agenda and promises, first for his initial electoral powerhouse and then to communicate his political propaganda throughout the country explaining that it was one expressway proposed to be implemented. *Thus,* decisions were based on the political cost and benefits rather than accounting costs and benefits. A respondent from the project (GO-10) commented,

> *There was not any calculations for scope change. It happened only because of the president's decision.*

An accountant of the project (GO-09) responded:

> *Without consulting anyone, he just decided to change the scope during his visit, that's all.*

Thus, priority was given to political considerations. Langan (2017) highlights the role of elites in the misrule of their own societies in African countries where most development programmes are going on. He argues how aid giving is seen as largely initiated by the appeals of predatory rulers who then utilize foreign resources for the enrichment of their power networks. Hence, political rationality supported by political authority dominated the decision-making process rather than accounting rationalization. Moreover post-decision consequences were not considered during this decision-making process, for example violation of loan conditions, or the payment of interest. This was observed in the official external audit records as well:

Loan proceeds of…had not been utilised economically, efficiently and effectively…due to the following. [...] Non-compliance of recommendations of feasibility study, absence of feasibility study such as environmental, financial and technical etc. (source: Overall audit conclusions of Southern Expressway - Auditor General Department Sri Lanka)

This is clear evidence of departure from accounting controls when making investment-related decision making, and that as Langan (2017) explained, abdicates their responsibility to govern in the interest of local people. In summary, political domination in decision making of the project was manifested as a political contribution (or a political project) rather than a national development project. Thus, patrimonialism, where all the important decisions were taken by the leader of the country, including scope change and selection of funding decisions were taken by the president and according to his political will. This patrimonialism or, in the case of Moyo (2008), neo-liberalism does bear some credence. They explain that neo-colonialism allows local elites to welcome aid and donor funding as a channel for lubricating their own patronage network, and the same was explained by Bayart (2010) using the concept of 'extraversion'. Further, this shows how donor agencies have changed along with the political regime of the country, purely due to political affiliation and patrimonialism.

Moreover, what has happened in Sri Lanka is similar to the case in African countries as explained by Langan (2017), by drawing on the work of Nkrumah (1965). Similarly, Woddis (1967) indicated that aid money would not only be used to bring about economic policy change conducive to the extraction of wealth from LDCs, but would also be used to fund infrastructure projects conducive to this 'robbery'. This project and subsequent scope change and resulting funding decisions shed light on how the concept of 'revolving credit' operates in Sri Lanka, whereby donor agencies and governments essentially recoup their investment through bringing about policy change, in particular, LDCs are conducive to their own economic and commercial interests.

Therefore it shows how donor agencies including China have changed and shifted their investment policy into Sri Lanka in order to materialize their economic and

commercial interests. Woddis (1967) explained how Western governments and transnational donor agencies subsidized their own companies in recipient states via construction infrastructural development projects, especially roads, railways and ports. He argues that aid was not necessary for the benefit of local people, but rather helped to perpetuate colonial patterns of trade and facilitated capital accumulation in the donor country. Langan (2017) notes that the donor community always has strategic objectives in promoting their economic and corporate interests in LDCs, and as a result local elites, in this case politicians, have a vested interest in perpetuation of regressive forms of aid. However, at the same time, donors also have an economic interest in maintaining such systems of influence within LDCs. This a hegemony in investment/funding created through revolving credit. The fundamentals for the perpetuation of colonialism had been carried out during the Southern Expressway project, which later on continued to other development projects as well. Whether it is the West or any other transnational organization, global finance ultimately benefits from this 'revolving credit', whether it is delivered in the form of project aid, budget support (programme aid), or with blending initiatives in conjunction with major development finance institutions (Nkrumah, 1965). Thus, this is (re)production of neo-colonialism in a different form: financial (neo-)colonialism. Donor agencies attempt to intervene in state administration and governance systems which consequently implicate in management accounting controls within the state agencies, particularly imposing controls on the prevailing accounting controls and governance systems through project controls and administration.

Local-level bureaucracy also supports the mechanism due to political patronage. Decisions taken by the president and other higher authorities were always legitimized through various mechanisms or initiatives which are ambiguous (Best, 2004, 2012b, 2012a, 2013) in nature allowing multiple interpretations. This facilitates departure from accounting controls by the bureaucrats within either MoHRD, RDA or the project.

Much of the accounting controls in place in LDCs adopted and supported legislations that stemmed from colonial times, while former colonial ties continued

to be influential (Hopper & Tanima, 2017). Thus, conventional Management Accounting Controls (MACs) are a product of, and reproduce, a capitalist culture, a managerial hierarchy of control, and bureaucratic ideals (Wickramasinghe & Hopper, 2005). A similar pattern is observed in project-related public organizations where a managerial hierarchy of control (Uddin, 2009), and bureaucratic ideals persist. But, in this case, accounting and controls are subsumed by political decisions.

Important decisions, including accounting decisions, scope changes, urgent funding arrangements and procurement decisions of the project were obtained by engineers as most of the key appointments of both MoHRD, RDA and PMU were held by engineers. As mentioned previously, the RDA is a Statutory Board, which has its own control mechanisms apart from the general public sector controls. Under state capitalism, where state-owned enterprises predominate, the state promotes capitalist modes of production and associated management accounting controls are under the cloak of modernization and economic development (Wickramasinghe & Hopper, 2005), while MoHRD has to abide with general public sector accounting controls (such as forms of treasury circulars, Financial Regulations, Establishment Code). As the project is under the direct control of the MoHRD, all these controls are applicable for project governance and administration. Uyangoda (2000) explains that the state, being intertwined with politics, pursues its own ideological agenda and interests but must accommodate conflicting pressures from constituents. Post-colonial politics reproduced modern ideologies which embraced education, industrialization and changing attitudes to urbanization and consequently, the young generation searched for government jobs and politicians realised that these voters could determine elections (De Silva, 1977). As explained by Wickramasinghe and Hopper (2005), constitutionally the state is often the arbiter and controller of the regulatory system, which gives bureaucracies considerable power to attain personal agendas. Thus, political pressures, jockeying for party advantage, and pressure for political survival, forces politicians and their agents to directly intervene in state affairs (Wickramasinghe & Hopper, 2005). In this case it is not only the RDA, a similar case was observed in MoHRD and the project as well. A senior officer (GO-11) explained:

> *Local politicians used to send a name list of their patrons to MoHRD and ask to provide job opportunities, decide the job roles, salaries, and vehicle allowances etc. Due to the power maintained existing political regimes by these politicians, we were not in a position to reject and offer jobs especially lower level, i.e, drivers, in the projects.*

In order to facilitate this process, most of the key positions of the MoHRD, RDA and this project were filled by engineers who had a relationship with the president. Immediate positions and middle level management positions are also dominated by engineering professionals who had personal relationships with key people in government. For instance, during the project, both positions – Secretary of the Ministry and the Charmain of RDA – were held by one person who had close political relationships with key politicians in Sri Lanka. The president directly made this change. A senior government officer (GO-12) at RDA responded:

> *This system has changed during the tenure of the last president. He appointed an RDA employee as a secretary. That started all the problems. He was not a relative or a friend of the president. But the president identified that he would do any wrong activity in a good manner…Later he was appointed as the Chairman as well and the Director General of RDA position was vacated purposely. So he held all the three positions Chairman, Director General of RDA and Secretary to Ministry of Highways. They did it to take full control over both organizations.*

The same respondent (GO-12) commented:

> *The president identified his capacity and appointed him for both key positions. Actually not two positions, it was three positions.*

In order to support decisions taken by the president and smooth implementation of decisions, key positions of respective organizations were held by patrons, on the direct recommendation of the president. In these cases, the basis of appointment was around engineering expertise and not familiarity with the accounting or administration of development projects. Some of the appointments represented a departure from the management controls systems of the organization. For example, as mentioned in the above comments, top positions of both MoHRD and RDA were held by the same person.

This is a reproduction of kingship, which is a non-capitalist mode of production that reproduces a traditional rural culture with feudal beliefs about state and politics (Wickramasinghe & Hopper, 2005). The president enjoys the political power over the citizen in decision making. Organizational bureaucracy supports implementation of the will of the president; thus, reproduction of kingship. Patronage politics within the bureaucracy in the public sector is connected to kingship as it invokes relations between the head of state and the bureaucrats under his authority that persists in the LDCs (Kapferer, 1988). A senior government officer (GO-12) explained:

> *No one can keep three positions at the same time. But who complains against the president's appointments? He appoints his own people to implement his will.*

On one hand, this shows the domination of engineering expertise in the governance and administration of the project, and how power relations (patronage politics) are used to manifest political interests departing from the management accounting controls of the state. On the other hand, the controls were political rather than linked to the welfare of the state. For example, legislation placed control and power with the Board of Directors, but the Minister on the direct command of the president could determine arbitrary organizational objectives and had the power to appoint or remove people to positions of power and responsibility such as arbitrarily removing the Board, Chairman and the Managing Directors. The same was observed in middle and lower level management where patrimonial relationships and political loyalty were maintained within the bureaucratic form of management and where the management controls are in place. In these cases, controls such as selection criteria were obviated by those people appointed to managerial positions by the president. One example that was typical, a senior officer (GO-06) responded:

> *They appoint their own people as project staff. [...] They tell that they use a marking scheme for the selection. [laughing] but believe me the marking scheme is a general one and most of the employees have all the qualifications that they listed there. Nothing special.*

The same respondent (GO-06) further explained:

> *Higher level appoints engineers whom they want for the project*
> *and that is without any rationale or norm.*

Those who do not have a patronage relationship lacked influence or had limited decision-making power. A senior officer at the MoHRD (GO-12) explained:

> *He is a good and knowledgeable person. But he is not given any*
> *power within the ministry, as he did not have any relationship with*
> *the minister and the president.*

This kind of political patronage structure remains irrespective of the political regime. In other words, in the event of an appointment of a new political regime, most of the organizational structures and bureaucratic positions will be filled by the patrons of the elected political regime, which continues the patronage relationships within organizations. The concept of 'own' people plays an important role here. A senior government officer (GO-11) responded:

> *They always have the perception of 'this is our government and we*
> *need our people for positions'.*

Though there are well qualified people, they ended up with less or no responsibility within the organization due to holding political affiliation to the previous government.

Patrimonial relationships meant management controls were maintained only for official recording and to comply with regulatory requirement purposes, but not for efficiency in public sector performance. Thus, controls were supplanted by patrimonial relationships. For example, in the selection of employees for a project, it is a regulatory requirement to comply with Management Services Circular No 10. A middle level government officer (GO-05) respondent explained:

> *Marking scheme is the biggest lie in the organization.*

Those who have a close political relationship with higher-level government and those who support the existing government have more opportunity to be selected for new large projects, which provide higher salary and benefits compared to their average salary and benefits. This recruitment process resulted in internal conflicts

and rivalry among existing employees for project opportunities. For example, a senior government officer (GO-12) explained:

> *The selection process made conflicts among organizational employees. Employees with qualifications were not selected for positions, and people who did not have enough qualifications to operate such a big project were selected for the project because of their relationships with either key politicians of the political regime or head of the organization.*

This creates discrimination among the community due to their different political view. This is a clear instance for departure from accounting rationality and politicized decisions and its unintended consequences.

Through the bureaucracy in an 'ideal' form of control in the public sector, personal affiliations play a dominant and influential role in organization and project decisions. Patrons used their own methods of rationalization to justify and legitimize the project decisions or they ensure smooth implementation of decisions taken by the president. These rationalities were expressed either in terms of numbers, narratives or a speech. For that purpose, project decisions were to be discussed, populated and expressed in terms of engineering/technical rationalities. That ensures all the decisions justified by political considerations were implemented at lower level. This was observed during both interviews and documentary reviews. A senior government officer (GO-03) commented:

> *We mainly used traffic data during the planning process. As this is a road we had to justify it with traffic flow rather than other factors.*

The claim is confirmed by Feasibility Report of Southern Expressway:

> Feasibility report identified most of the traffic data and costs that are related only to engineering rationalities. For instance, Chapter 4 is Transport Demand Analysis which includes all traffic flow of affected area, transport costs to support the argument of travel time saving, vehicle operating costs etc.

> Chapter 6 was costs and benefits which include estimated value of travel time saving, vehicle operating savings, decongestion benefits, congestion costs etc., and economic costs such as financial costs for

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> construction and related activities. But, for this cost benefit analysis they have considered only transport and accident cost reductions as benefits.
>
> For the calculation of economic cost they simply take financial cost (for construction, maintenance and operation of expressway) multiplied by conversion factor.
>
> Chapter 8 includes the financial analysis of the project which includes revenue and expenditure of the project which includes estimated capital costs, expected revenue from toll per year and alternative funding means. Social cost and benefits were not considered as a factor for decision making, this had been considered as a major shortcoming during the external audit.

Supporting the argument of neo-colonialism, the following have been observed during fieldwork:

(1) <u>Accountability as a tool of legitimation of decisions</u>

Apart from the direct intention of politics in decision-making mechanisms, it was observed that organizational accountability structures were used as a tool to mobilize political demands where no one questions the rationality behind decisions. Since political criteria dominate decisions and controls (Wickramasinghe & Hopper, 2005), accountability structures were similarly affected. In some cases, decisions were legitimized either through committee decisions or creating sub-agents within the organization in order to transfer accountability. But, indirectly or directly, decisions of technical committees or sub-units were influenced by the senior level.

In the case of technical committees, a senior government officer (GO-02) responded:

> *Decision making was done through technical committees which include expertise from different areas.*

Appointment of technical committees and decision making through technical committees was done merely to fulfil the regulations rather than to ensure the correct and effective decision.

(2) <u>Change in control mechanism and political dynamics</u>

Southern Expressway was a departure point from the old road construction and maintenance system. This gave rise to implementing a new organizational mechanism to control the project. As Contract Management Division[10] cannot manage a new type of road, a policy decision was taken to establish a new division called 'Special Project Management Unit' in RDA which was a decision taken along with the initiation of the project. Southern Expressway was initially under the special project management unit. This division was responsible for the execution of the projects. According to interviewees, this division was a strong organization headed by a qualified Senior Engineer with other experts such as accountants and administrators as this project was a milestone of Sri Lankan infrastructure development projects. A senior officer (G)-12) commented:

> *I was a junior engineer at that time, but the first director was an experienced engineer and a very good director.*

As a result of internal politics and organizational conflict, this division collapsed. This division was a highly recognized unit within the organization due to extensive capability due to its expertise. The conflict of interests among division heads and organizational employees who had the same level of qualifications made this division collapse by justifying the lesser importance of the unit to higher level management. A senior officer (G-12) commented:

> *So many people tried to attack this special project unit it handled large projects with large amounts of money and had extensive authority in managing large projects. They convinced the Chairman of RDA and Secretary to abolish the unit and as a result of that this unit was abolished.*

But due to internal politics and rivalry among heads of the division, the division was abolished. This is a clear example of changing the organizational structure due

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[10] Initially RDA has done only maintenance of national roads. Initially, other than the maintenance division, there was a division called 'Contract Management'. The division was established to manage ADB loans, OPEC loans and some Japanese loans (not JICA) which were taken to resurface some national roads, Kandy road, Katunayake-Weyangoda road, etc.

to non-adherence to political demands. Later on again, the organization established a division called 'Special Project Unit' (SPU), but the expectations from the unit were far different from the previous one. At the same time, the ministry established another unit 'Miscellaneous Funded Project'. But now if there is a new project, it does not go to SPU or Miscellaneous Funded Project unit for some short-term, small funded activities. Instead, the Ministry formed a separate project unit known as 'Project Management Unit' to execute new projects. A senior respondent (GO-12) commented:

> *After Mr Chandaradasa's tenure, this initial Special Project Management Division has been abolished as a result of the internal politics. Later on the division was named as Miscellaneous Funded Projects. But again RDA established a 'Special Project Management Unit', but it is not the same as the previous unit.*

Linking back to the argument of colonialism, Myrdal (1971) argued that the state and politics should focus on macro-economic plans to coordinate and maximize development with the state acting as a rational bureaucracy. Hence, management accounting controls are then introduced to maintain iterative planning and control between ministries and enterprises, including state bodies, provide rational calculations, and serve as a means of accountability ultimately of the respective Minister to the Parliament. However, events do not occur as expected as noted by Myrdal (1971), due to the introduction of democratic processes; political parties and trade union agitation distorted the rational development model (Wickramasinghe & Hopper, 2005). As explained earlier, people looked towards politicians to exercise patronage, especially to their regional, kingship or religious group. The state has to make political compromises and exercise patronage to preserve power while maintaining its central planning role. Wickramasinghe and Hopper (2005) explained that responses of individual nation states differ according to their changing ideological hues, external pressures and local circumstances.

Thus, as a consequence, little interest is paid to Management Accounting Controls by many public sector institutions including public enterprises in relation to operational realities, commercial criteria (earn income rather than depending only on the government budget) became secondary to political ones and accounting

reports were rarely discussed or used for accountability. Accounting systems were maintained to provide rationality and legitimate events to external bodies and to the populace while having diminished importance within the project. The role of 'ambiguity' in accounting and accountability become unnoticed but plays a significant role in organizational decisions and creation of colonial power relations.

6.2.4 Cultural Political Economy of development accounting

The sections 6.2, 6.3.1 and 6.3.2 explained how ambiguity in controls lead power relations and how it in turn results in departure and violation of accounting controls, as well as reproducing kingship and colonial relationships in the face of development. Though I was initially inspired by traditional political economy of power relations from the studies of structural Marxism, I want to emphasize the role of ambiguity in accounting controls in development accounting which result from different forms of power relations in LDCs, which go beyond the traditional political economy analysis and structural Marxism providing an alternative theoretical lens for exploring accounting and development in LDCs. Thus, what is emerging from my thesis is something beyond traditional power relations and political economy, but power relations in (international) political economy, which is shaped by 'ambiguity' (Best, 2004, 2007, 2012b, 2012a; Best & Paterson, 2009, 2015) in management accounting controls at both state and non-state level.

Adam et al. (1992) noted that failures through central planning led many LDCs to turn to market-based development. But LCDs with colonial histories and ties were often dependent upon external donors and were left with little choice. Financial agencies increasingly made financing conditional upon market-based policies in the face of economic neo-liberalism (Hayek, 1979) and its expression in the form of 'structural adjustment programmes' (Friedman & Friedman, 1980). The belief is that private ownership and diffuse market exchange will weaken political intervention and patronage, better mobilize resources, and facilitate economic development. It promotes minimal state intervention, which maintains internal order and leaves economic affairs to the market. Thus, this shows the importance of market interventions in LDCs in the face of neo-liberalism.

Wickramasinghe and Hopper (2005) note the role of accounting in policies, where they emphasized that policy makers and development economists tend to assume that shifts in property rights from public to private ownership will induce more rationale, market-driven, performance-based internal MACs based on principle-agent relationships. However, the role of structural adjustment programmes in development are dubious, because policy makers assume that effective internal and external financial controls will automatically derive from structural reforms. The practice of neo-liberalism in the Third World has been criticized (see, for example, Moser et al., 1997) as the main concern is that it precludes the state from economic accountability leading to governance issues. Further, it ignores persisting traditional culture and political systems that create policy predicaments. Thus, given the state's tradition of patronage and intervention, and its desire to support its own interests, neo-liberal objectives may be difficult to achieve, which is the same with respect to accounting (see, for example, Uddin & Hopper, 2003). It is recognized that introducing market-based reforms without an effective legal and regulatory structure (including accounting) frustrates rather than facilitates development. Leaders of LDCs wish to be respected by the villagers, but expect to influence their social and economic life. In return, villagers expect leaders to pursue a traditional kingship role by protecting their traditional culture and distributing largesse and patronage to subjects. Politics in LDCs may appear democratic but, in practice, it is a feudal democracy assimilated within informal relations between holding different degrees of power, i.e. *a cultural political economy* (Wickramasinghe & Hopper, 2005).

These studies address how market-based development can be implemented in a development context, and its unintended consequences due to dissimilarity in social, cultural and economic factors. But, these studies address more structural issues within LCDs in which the impact and the influence of development aid and global capital on LDCs are intermittent in the context of (international) cultural political economy. Thus, it is important to understand how international actors create dominance and forms of power through development aid in the face of development which is explained in the Cultural Political Economy framework with the concepts of ambiguity, power relations and neo-colonialism.

Drawing on the work of North (1990) and Keohane and Martin (1995), Best (2004, 2007, 2012b, 2012a, 2013) notes that, in theory, rules, regulations and policies significantly reduce uncertainty by proving required information, surveillance and enforcement mechanisms. Thus, it is an attempt to deal with uncertainty. She explains that rules and regulations are not the best solution for dealing with uncertainty, complex situations or cases. Thus, ambiguity leaves room for multiple interpretations, can often be more functional for an organization which is operating in an uncertain environment. Thus, Best explains that ambiguity poses both *possibilities* (able to tackle complex problems and uncertain environments through multiple interpretations) and *problems* (as a rule to be used within legal-rational base consistent with internal culture). Such an ambiguity serves as a source of power for institutional actors (proving they capitalize on opportunities). Thus, institutional actors, rather than attempting to reduce the ambiguity in organizational practices, policies and controls, they opt to increase them (Best, 2012b).

It is important to understand different means of Western power involvement in LDCs. First, Western donors often use budget support mechanisms to deliver aid to developing countries. Budget support involves direct finance support from the donor to the recipient government treasury and sometimes certain donors, such as the European Commission, are viewed as a more progressive form of support than project aid. According to EU officials, budget support represents a genuine partnership between donor and aid recipient. Thus, rather than project aid, which has always been conditional upon acceptance of foreign firm involvement, budget support is viewed as a means of supporting LDCs to achieve their economic and social policy objectives. In the same vein, donors provide budget support to LDCs as being conducive to a 'post-conditionality' approach to development which is in line with Post-Washington Consensus (Hauck et al., 2005; Hayman, 2011; Langan, 2015). Recipient governments and the benefactors will be able – through budget support - to agree on policies and work together for their effective implementation. However, despite the discourse of post-conditionality and partnership, there are concerns that budget support does not move beyond the

regressive form of North-South relationship (Knoll, 2008). In contrast, project aid or development funds are different in this context.

Secondly, Development Funding Institutions play an important role in the development agendas of the Global South as aid providers. They promote investment and job creation in developing countries through grants and loans. These agencies argue that they recoup their expenses only for their long-term operational sustainability (Bracking, 2009). But, this motive is questionable in front of the concept of (neo-)colonialism. Donors provide aid as a means of maintaining economic relations, and often based along the colonial patterns of trade or otherwise. As explained in Section 6.3, this aid money can be utilized to win favour of local political elites, and to bind them into systems of neo-colonial co-optation. Through that, donors (mis)use aid money to control the recipient state giving rise to concerns about the developing countries' sovereignty and the diminishing decision-making autonomy (Langan, 2017), including accounting controls. Aid money is often used as a means of 'buying' political agendas and political uniformity on the part of recipient governments. Further, it can also be used to discipline governments that appear to depart from donor preferences and free market norms, which has been addressed in accounting studies as well (e.g. Uddin & Hopper, 2003; Wickramasinghe & Hopper, 2005).

In the same vein, Brown (2012, 2013) has challenged the idea that sovereignty is threatened by external donors by drawing on the example from an African region. He argues that the recipient states' possession of legal, judicial sovereignty enables local politicians to realise some meaningful political agency in their diplomatic dealings with foreign partners, which is in favour of what often happens in LDCs. But intentions of such agendas are still questionable due to ongoing political discourse within LDCs under the concept of (neo-)colonialism. For example, how the donor agency for the Southern Expressway changed along with changes of political regime. Langan (2017) notes how state control is diminished due to aid conditionalities and other forms of policy leverage.

In contrast, Brown (2013) explains:

> *While…policy autonomy may indeed be severely compromised by the aid relationship, the recognition of the right of…states to govern their own societies is not seriously questioned by donors through the aid relationship (Brown, 2013, p.273).*

He argues that LDCs can retain their control power through legal and judicial rational/sovereignty of the state to enhance their own agency and control when dealing with external partners. But the question arises of how legal rationalization comes into effect when various forms of ambiguity (i.e. authority to interpret, forms of measurement and evaluation and scope of policy) (Best, 2012b; 2012a, p. 677-678) presence in controls both locally and internationally. Also, a question poses when accounting controls of the state are not only ambiguous, but also subjected to change according to political interests or donors' specific Western interests as discussed in section 6.2.

Sri Lankan politicians and respective public sector officials possess an ultimate authority over conduct within the legally defined subject or territory. But, due to political affiliation with donors, patrimonial interests and lack of funds lead political leaders to compromise with donor agencies with regard to their specific loan conditions. Brown explained:

> *The need for [aid] negotiation in the first place comes about precisely because any aid programme require the agreement of the recipient, because that recipient possess sovereign independence and with it right to agree or refuse aid programme (2013, p. 281).*

But this 'independence' cannot be fully utilized/materialized by the recipient state due to ambiguity in both state and non-state controls which is used as a source of power (Best, 2012b). This does not mean legal controls, especially accounting, are absent. For example, FR, E-code, treasury circulars and respective acts are available to govern public sector accounting in Sri Lanka. But external elements are denuding the genuine controls of the LDCs. Hence, legal sovereignty is certainly present. But local politicians and elites are often compelled to capitulate genuine decision making to foreign benefactors or repudiate to foreign

aid and impose austerity on already impoverished people. Thus, it is a kind of debt trap. Nkrumah explained:

> *Leaders…are strongly dependent on foreign contributions simply to maintain the machinery of their governments. Many of them have deliberately been made so weak economically, by being carved up into many separate countries, that they are not able to sustain out of their own resources the machinery of independent government (1963, p. 184)*

In this context, it can be understood why politicians had sought accommodation with foreign powers and had submitted to conditions of neo-colonialism in Sri Lanka rather than enact austerity on their already deprived citizens. The president and his/her government are largely dependent on foreign funds especially to materialize political agendas during the regime in order to ensure party advantage. Best (2012b, 2012a) explains that policy makers tend to compromise policies clarifying some aspects of the policy while leaving others ambiguous, ensuring that institutional actual practices quickly outstrip the regulations or policies based on the future need. Consequently, this results in a colonial relationship through shadow kingship.

> *I recognise the impossible position in which they were placed when the transfer of power took place. Their frontiers were not of their own choosing, and they were left with an economic, administrative, and education which, each in its own way, was designed to perpetuate the colonial relationship (Langan, 2017, p. 210, who cites the work of Nkrumah, 1963, p. 184).*

The consideration was given to the impact of high interest rates on the broader economy as most of these aids came as commercial loans rather than development loans/aids. That made severe impacts on the national budget due to less income from the respective project. A senior officer at RDA explained:

> Interest loans are very high as these loans are commercial loans, sometimes with no grace period.

This point was made by Fanon (1990, p. 97) in '*The Wretched of the Earth*' when he declared the colonial powers told their aspiring colonies, *since you want independence, take it and starve*. As a senior officer (GO-03) at MoHRD explained:

> *Most of the funders have International Competitive Bidding (ICB), only for the documentation purpose. They want us to give the contract to whom they nominate. They tell that they call ICB in their country, but we do not know.*

Further, another senior government officer (GO-12) at RDA explained:

> *Chinese funders do not have anything called international competitive bidding. They nominate their own contractor.*

This shows presence of ambiguity in loan conditionalities supressing accounting controls of the state, and also how donor agencies use ambiguity as a source of power relations. As Best (2012a) explained, this one form of ambiguity is *authority to interpret* (p. 678) which is the authority that institutional actors are employing in interpreting control when applying to a particular case or situation. Hence, this shows the dominant role played by donor agencies suppressing state accounting controls. Hence, ambiguity ultimately results in colonial relationships.

A similar type of condition was imposed through loan agreements with the ADB as well. For example:

> *Materials need to be purchased from member countries only*
> *(Loan Agreement between Sri Lanka and ADB)*

Policies and conditions which provide significant discretion in their application are more ambiguous than ones that rely on rules or regulations.

These member countries are most of the time Western donor agencies which fund the main development fund. In contrast, the Sri Lankan public sector has its own regulatory framework to govern project investment and decisions. On this ground, the rule, procedures and accounting controls applicable to govern the Southern Expressway are questionable due to inherent ambiguity embedded in the decision-making process as well as management accounting controls which are subjected to change based on the political interests. Further, the prevailing power structure was dominated by foreign donor agencies in the face of aid and local politicians accept the conditionality with post 'ambiguity' consequences in order to ensure their political survival. This is the result of ambiguity presence in the state

controls. Best (2012a) explains that institutional actors prefer a form of ambiguity that could be usefully interpreted in the future, which is *contextual ambiguity* (Best, 2012a, p. 677) and contextual ambiguities enable more concrete ambiguity at wider organizational level called *organizational ambiguity* (Best, 2012a, p. 677) as organizational policies do not live only in the form of formal texts that define them, but also in the ongoing ways in which they are applied in the form of controls in terms of regulations, practices, procedures and guidelines.

Giving rise as a power base, organizational actors develop specific policies, guidelines including controls; they can integrate a range of more or less ambiguous practices. In assessing the compliance organizational actors adopt rigid pass or fail criteria or use more flexible benchmarks allowing more latitude in interpretation (Best, 2012a). Thus, organizational actors prefer and adopt highly derailed procedures or more general guidelines in terms of controls that allow employees to adapt them to a specific context on a case-by-case basis. By doing so, institutional actors seek to define operational terms precisely, or to leave them vague allowing key actors to interpret them (Best, 2004, 2012b, 2012a). Hence, this is evident in both the Sri Lankan context as well as the context of donor agencies.

As Nkrumah (1963, p. 174) mentioned, 'the independence of those states is in the name only, of their liberty if action is gone'. Thus, capitalist societies/states tend to continue their colonial ties directly or indirectly for which they use their funding agencies and through which they tend to keep colonial ties with politicians or statesmen who are expected to deliver political patronage at large. Thus, ambiguity plays as a source of power. Different forms of ambiguity can work to the advantage or disadvantage of specific actors (Best, 2012a).

Drawing on the work of Arrighi (1994), Harvey (2005, p. 26-27) asserts that:

> *The capitalist holding money will wish to put it wherever profits can be had, and typically seeks to accumulate more capital. Politicians and statesmen typically seek outcomes that sustain or augment that power of their own state via-a-vis other states. The capitalist seeks individuals advantage...and is responsible to no one other than his or her immediate circle, while the statesmen seek collective advantage and is constrained by the political and military situation of the state and is in some sense or other responsible to a*

> *citizenry or, more often, to an elite group, or a class, a kingship structure, or some other social group. The capitalist operates in continuous time and space, whereas the politician operates in territorialised space and time...[C]apitalist firms come and go out of business, but states are long lived entities...confined to fixed territorial boundaries.*

This can be further linked to Harvey's concept of 'accumulation by dispossession' which is an extension of Marx's 'primitive accumulation'. Marx believed that capital accumulation should be viewed as a relationship between production and control over wage labour and that this relationship between production and wage labour was important in the formation of classes. Extending the same to further analysis, Harvey notes that Marx's 'primitive accumulation' reveals other processes especially in the context of colonial appropriation of assets, the suppression of indigenous forms of productions, national debt and the credit system as a radical form of accumulation (Harvey, 2005, p. 145). Harvey proposes this term 'accumulation by dispossession' as a means of expanding and understanding 'primitive accumulation'. It refers to the context of imperialism in which a wide range of activities that imperial states and corporates use to dispose people and countries through extractive processes that enrich entities of the imperialist nation, but leave the recipient nation and its entities worse off, or at least, no better off. In this particular case, as explained by a senior accountant (GO-06) at MoHRD:

> *The interest payments for these loans are a big burden for our national budget. Indirectly it impacts on our other projects due to conditions imposed on the national overdraft by IMF.*

Another senior officer (GO-04) explained:

> *I agree that they come with money. But, at the end all money goes to their own country through various mechanisms; for example conditions of contracts. Our local businesses did not benefit from it.*

Thus, this process is extracting resources including financial without any real profits or benefit going to the country of extraction. Thus, even though ambiguity creates advantages for local politicians (party politics) and international donors

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(perpetual colonial relationships and domination) in achieving their own political interests, consequently, ambiguity results in extraction of state resources producing disadvantages to the wider economy of LDCs, particularly in this case Sri Lanka. In that context, the presence of ambiguity in accounting and controls is used as a tool of extraction and source of power, which is implicated in conditionalities, which represent different representations and interpretations allowing donors to achieve their colonial interests.

In summary, institutional actors state or otherwise prefer ambiguity in controls including rules, regulations and procedures. Adopting more open-ended controls creates opportunities to adapt and re-interpret them in ways that reflect their own evolving interests, while undermining the others (Best, 2012a). On one hand, in the case of LDCs, particularly Sri Lankan and development projects funded by donor agencies, donors have more open-ended policies (ambiguity) while suppressing local accounting controls by dominating the decision-making process. Thus, ambiguity is used as a source of power. On the other hand, local politicians capitalize on the ambiguity in accounting controls to either depart from or violate accounting controls in implementing political interests ensuring party politics. Thus, again, ambiguity is used as a source of power. The patrimonial relationships between state and non-state agencies ultimately produce colonial relationships capitalizing on the ambiguity in both state and non-state controls.

6.3   Summary and conclusion

The aim of this chapter was to address the first research question - What are the techno-political roles that accounting plays in infrastructural development and how do politics complicate the accounting's roles therein? - exploring the wider role of accounting and accountability practices in development projects and interactions between global development agencies, political states and communities. In order to understand how power and politics are implicated in a form of governance and control in decision making particularly in investment decisions in the public sector in Sri Lanka, I investigated power and patronage politics in investment decisions in Sri Lanka. Findings show that [1] ambiguity in accounting and controls are used as a tool of hegemony from the perspective of

neo-patrimonial lenses which leads to violation of accounting and control practices, [2] violation of accounting controls and practices become a necessity and ceremonial practice in the face of patrimonial relationships as well as in forming governance and control in investment decisions in the public sector, [3] hegemony of global finance institutions and patrimonial relationships which are implicated in investment decisions produce and reproduce neo-colonial relationships in development projects in Sri Lanka.

The next chapter is the third empirical chapter which aims to address the second research question - How accountability and practices are constructed and discharged in a techno-political project of an infrastructural development? – which explores the ways in which accountability relationships are produced and reproduced in a political context of infrastructural development where global development funding agencies, the political state and their administrative wings, and the local communities interact.

CHAPTER 7: Multitudes of Accountability

7.1 Introduction

Chapter 6 explained how political power and relations, patronage politics and ambiguity in accounting controls produce a form a governance and control in less developed countries in the face of development producing and reproducing neo-colonial relationships. This chapter aims to address the second research question - How accountability and practices are constructed and discharged in a techno-political project of an infrastructural development - exploring the ways in which accountability relationships are produced and reproduced in a political context of infrastructural development where global development funding agencies, the political state and their administrative wings, and the local communities interact.

Moving forward, this chapter exemplifies the consequences of ambiguity, patronage politics and consequent neo-colonial power relations in infrastructural development project in Sri Lanka. Further, this presents how accountability relationships are constructed and discharged by producing and reproducing different forms of accountability relationships and practices and in turn how it effects the implicit and explicit objectives of the project.

7.2 Dynamics of accountability and reporting

Section 6.2 explained how accounting controls employed in the project were changed, manipulated or violated ensuring different neo-patrimonial relationships within and beyond the state. In doing so, I have signposted the consequences and how this affects accountability structures of governance and administration during and post construction of the project.

The following discussion exemplifies this phenomenon further and analyses the shifting in accountability mechanism of the project.
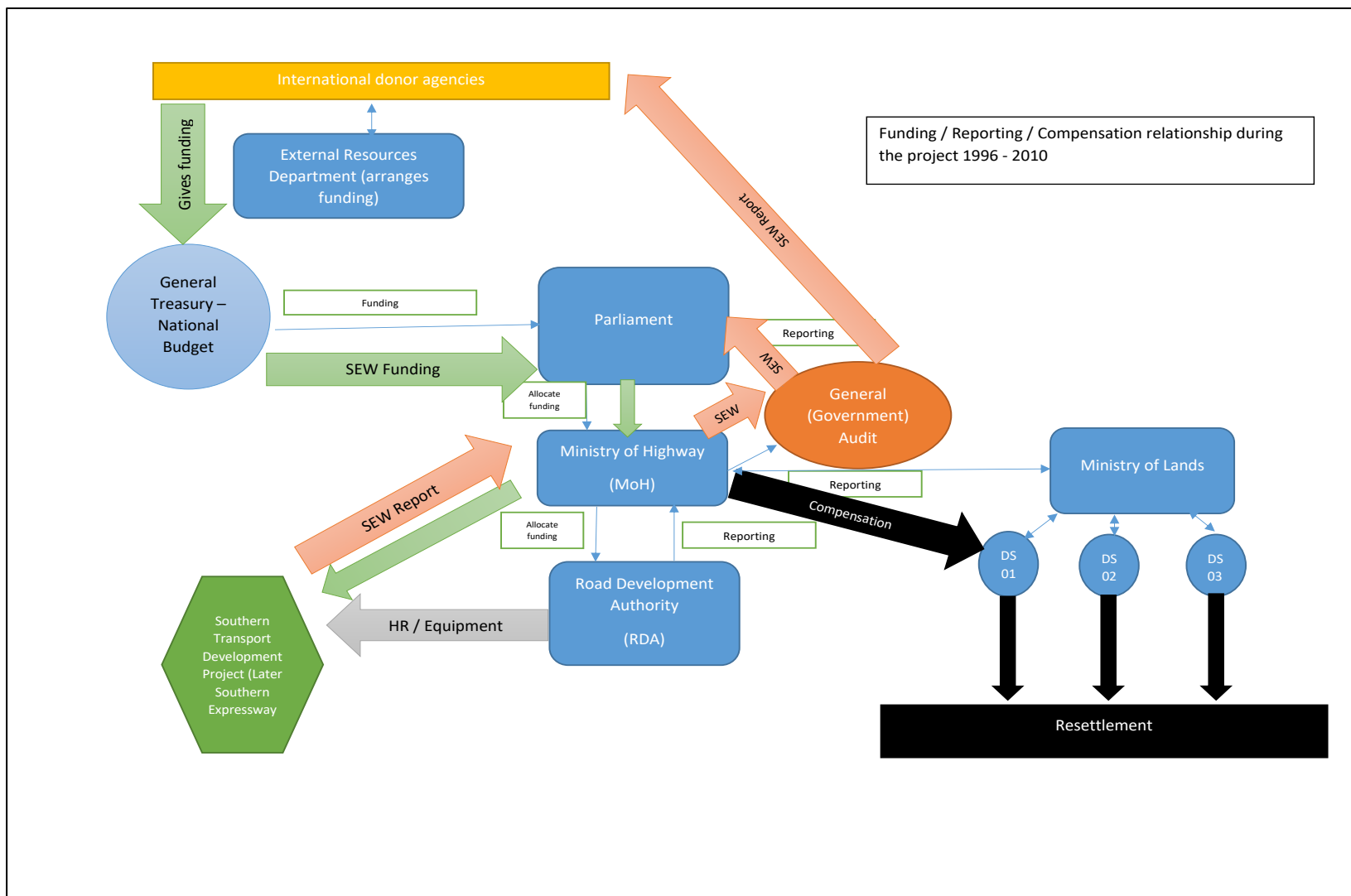
7.2.1 Directions in accountability

7.2.1.1 Two-fold accountability in funding and reporting

'In essence, accountability is an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities. On this obligation depends the allocation of praise and blame, reward and sanction so often seen as the hallmarks of accountability in action' (Gray & Jenkins, 1993, p. 55). This emphasizes that decision makers should be responsible for the decisions they made, and in theory, the decisions should be made within the legal-rationale of the state.
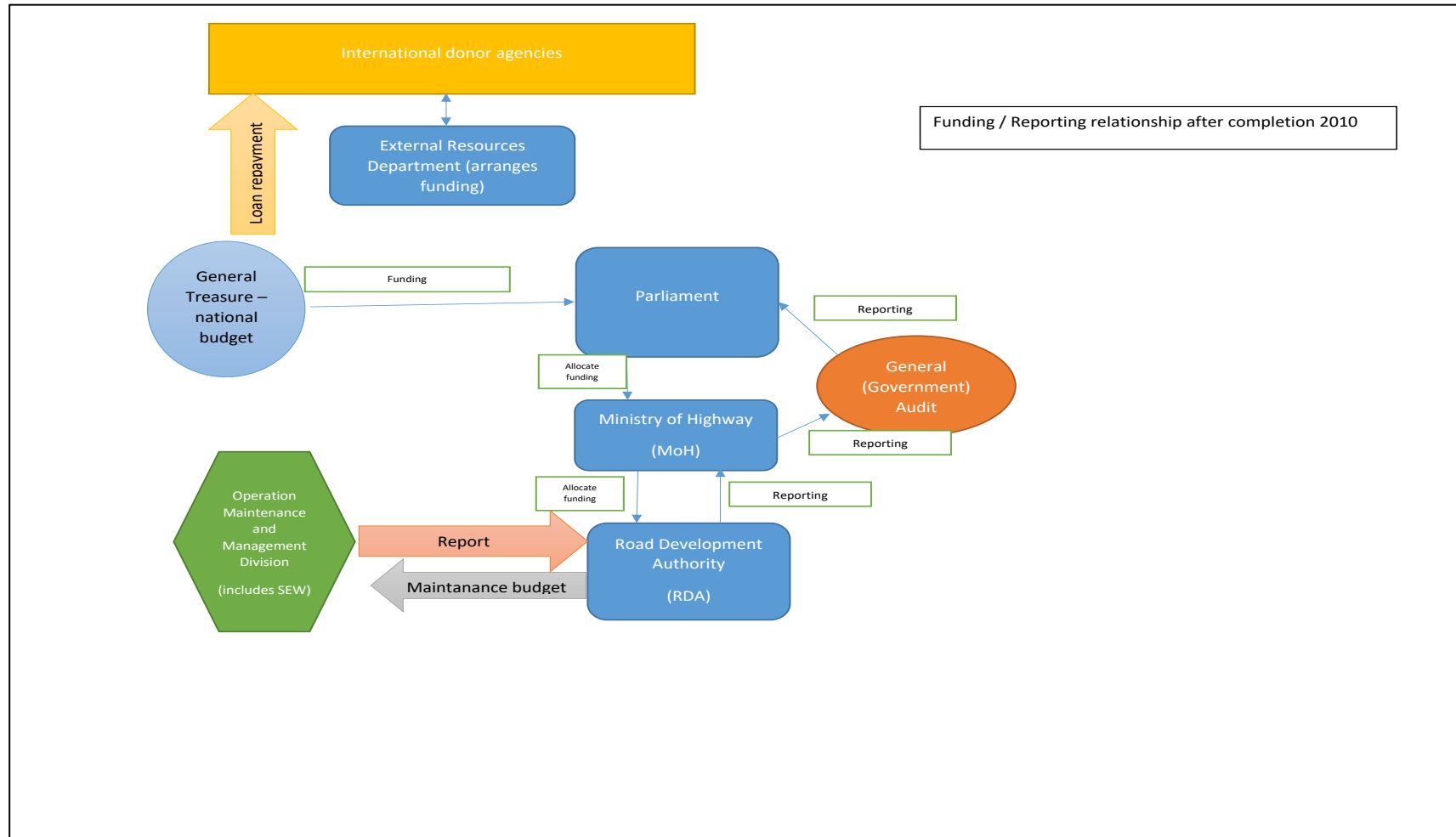
This project is a Special Project, which is directly controlled by the MoHRD, and indirectly by the General Treasury, and accountable to the public through parliament. At the same time, the RDA is directly under the MoHRD as a Statutory Board. Accounts, including budgets and financial reports such as appropriation accounts, assets and liabilities accounts were primarily kept according to general guidelines issued by public treasury, audited by auditor general, and sent to parliament. A copy of the audited accounts was required to send to respective donor agencies according to the loan conditions. The loan was taken in favour of MoHRD, but the loan repayment is supposed to be paid by the General Treasury through national income. Revenue of the Expressway was expected to be credited in a separate account, maintained by the RDA by obtaining special approval from the parliament. At first sight, the project controls formally embodied a philosophy of legal-rational principles and bureaucracy (Wickramasinghe & Hopper, 2005), closely resembling an *upward accountability* (Agyemang et al., 2017; Ebrahim, 2003; Everett & Friesen, 2010; O'Dwyer & Boomsma, 2015), which involves reporting on activities and outcomes to providers of funds, and 'usually follow the processes and formats prescribed by the funders' (Agyemang et al., 2017, p. 983). By drawing on the work of Humphrey et al. (1993), Bracci et al. (2015) explains that governments are supposed to be responsible for the most economic and efficient use of inputs in order to deliver effective outputs and quality outcomes as direct providers of public services. The main accountability structures during and after the project completion are depicted below in Figures 7.1 and 7.2.

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Figure 7-1: Accountability structure during the construction

Figure 7-2: Accountability structure after the construction

International donor agencies

External Resources Department (arranges funding)

Loan repayment

Funding / Reporting relationship after completion 2010

General Treasure – national budget

Funding

Parliament

Reporting

Allocate funding

General (Government) Audit

Ministry of Highway (MoH)

Reporting

Operation Maintenance and Management Division (includes SEW)

Allocate funding

Reporting

Report

Road Development Authority (RDA)

Maintanance budget

'*Stewardship*' lies at the heart of the accountability relationship which involves two actors, accounter (steward) and principle. Figures 7.1 and 7.2 explain these complex accountability structures. Figure 7.1 demonstrates the relationship between RDA, MoHRD and Parliament during construction, which changes to a flatter and stronger vertical relationship during the administration of the project (Fig. 7.1) when international actors are involved. However, by the end of construction we see that Southern Expressway is now accountable to RDA, which was not the case during construction (Fig. 7.2). This relationship is established when a steward accepts resources and responsibilities entrusted by a principle (Gray & Jenkins, 1993). In this sense, the project should have two main accountability structures: external accountability (to donors) and to parliament.

In reality, the accountability structure of the project changes according to the nature of the activities. For example, during the project construction period (Fig. 7.1) Southern Expressway was under direct control of MoHRD, but after the construction, the project control is under RDA, which leads to change in the accountability mechanisms and decision-making process as well. All the remaining activities follow the respective structure, for example, budgeting, decision making etc., but still these activities also follow the changing nature of the accountability mechanism. The changing nature of the accountability structure led to issues in accountability over reporting, especially with accounting numbers. A senior officer (GO-15) at RDA responded:

> *All our plans and proposals are forwarded to the president or parliament (if necessary) though Ministry. During the proposal stage of the Southern Expressway, we sent our proposed plan to the parliament though MoHRD.*

A senior accountant (GO-06) explained:

> *All the funds for the project directly flow to the ministry, and then to the project. That is included in our main budget. However, after the construction we handed over the project to RDA.*

This is how funding flowed, but reporting was different. There were two reporting mechanisms within the project. First, the donor agency had their own reporting mechanism, that is, audited financial reports were supposed to be submitted to the donor agency. Secondly, regular reporting mechanisms, particularly on budget, pertaining to the public sector explained above. Both types of reporting followed a cash basis, but as mentioned by the accountant of the project, sometimes the project used accrual accounting and respective accounting standards. However, due to dual accountability mechanisms, the project had to maintain two types of accounts and reporting mechanisms to fulfil the demands of the donor agencies and parliament. Then after the construction, the funding flow and reporting mechanism changed again to a formal structure (shown in Figure 7.2).

The duality of reporting structure resulted in a lack of accountability over numbers, for example, *capitalization of assets*; Conditions of Contract stipulate that assets purchased by the contractor should be relinquished to the RDA at the end of the project - assets were purchased and registered under the name of RDA by the contractor. However, assets were not recorded in the financial statements either during the project or at the end of the project, other than inconsequential assets such as office furniture. Thus, the total value of assets at the end of the construction was *zero* without any residual value or accumulated depreciation. The external auditor (GO-14) explained:

> *One of the main issues was recording of assets. They never record it in the reports. At the end of the project also the same. Physically also there was not any trace. There were many problems; some PDs gave project vehicles to another project without any approval or control mechanism, lack of implementation of conditions of contracts, wrong accounting treatments as it was first time experience in expressway construction etc…*

These issues were undermined due to priority given to *external accountability* relationships, notably the donor agencies. External accountability mechanisms did not have any interest to ensure how public/parliamentary accountability

is met by the project. Subsequently, a lack of (local) accountability and controls became negligible in the accounting reports, leading to inefficient use of resources, due to different and changing accountability mechanisms over the project duration.

Research on the operation of accounting systems in different organizational contexts argued that accounting systems influence the process of organizing and manipulate what is considered important in organizations (Hopwood, 1984). Studies show external factors shape organizational accountability practices, especially how donor agencies have shaped accountability priorities and practices (Dixon et al., 2006; Goddard & Assad, 2006; O'Dwyer & Unerman, 2008). Thus, accounting systems are not value free, and are influenced through interaction with other organizational systems. Gray and Jenkins (1993) explained that the stewardship relations are governed by Codes of Accountability which are more explicit to internal relationships, but implicit to external relationships. By drawing on the work of Diesing (1962), Gray and Jenkins (1993) explain that legal-rationality is the most influential rationality on stewardship in the government sector in particular, but in the presence of political rationality, it should promote and integrate the decision-making process. Hence, what was politically rational and important was prioritized and produced. If changes in accountability structures and systems are not evaluated carefully, and their potential effects identified and managed, they can lead simply to a redefinition of organization politics, and even the manipulation of the information systems by the managers (Gray & Jenkins, 1993). This may be due to the point of innovation in the past few years; i.e. to promote a cultural change in the way public services are resourced, managed and evaluated or later to balance of advantage between the various contributors and stakeholders in services in Sri Lanka. This invariably gave more emphasis to external (political) accountability, compared to other competing demands of accountability. For example privatization attempts or development funding relationships with Asian or Eastern actors.

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7.2.1.2 Control through external accountability – indirect creation of financial discipline

For donor agencies, it is reasonable to say that they are accountable for the achievement of some transcendent moral values, such as effective response to the needs of LDCs. Donor agencies might feel accountable to these moral goals, especially due to demands of funding states, partners etc. Accordingly, their primary accountability is to 'the cause' and the expectations of others are important only insofar as they align with this important duty (Brown & Moore, 2001, p. 571).

In the early phases of development initiatives, when the tasks are unclear, it is hard to set clear performance expectations to which actors are strictly accountable (Fox & Brown, 1998; Jordan & van Tuijl, 2000). Further, when a relationship rests on a general sense of shared purpose in which partners trust each other's intentions and capabilities, a more general 'political responsibility' is more appropriate than a detailed contract (Jordan & van Tuijl, 2000). But this is not the same for all donor agencies as their interests are different to each other, for example ADB vs China, as trust is eroded by unmet expectations and misunderstanding. Consequently more detailed strategies have evolved detailing more specific terms of accountabilities (Brown & Moore, 2001).

Hardt and Negri (2000) argue that 'global order has bypassed the national state to become 'empire', an unbounded society founded on the biopolitical production of social reality' (Alawattage et al., 2019, p. 5). As a condition imposed by donor agencies, social impacts had to be monitored by the executing agency. This is to ensure the accountability of ADB to donor partners/states to ensure the proper handling of donated resources, and to beneficiaries for the delivery of a high-quality responsive service. This then shifts that responsibility to the respective recipient state, here the Sri Lankan government. Brown and Moore (2001) note that the idea of accountability also includes a requirement that an actor makes it easy for stakeholders to monitor the extent to which it has met its promises. In this sense, one actor is

more accountable who provides more information about its performance than others do. They explain this is due to basic differences of funding type; grants vs contracts. Grants typically have substantive terms, which are applicable only to the respective organizations. In contrast, contracts are far more extracting.

Accordingly, for example ADB, the social status of the effected community should increase their social life and, if not, at least, should remain at the same level. As a result, RDA employed their own team to monitor the social and cultural effects of the projects including how they utilized compensation on resettlement activities. The RDA found out that most of the affected families do not have bank accounts due to lack of regular and steady income, small or lack of savings. If they have any savings, these households used to invest in informal methods, which give low return or no returns i.e. 'seettu'[11]. For this purpose, the RDA imposed a rule, which was not legal in the state, to open a new account at a state-owned bank and deposit the compensation. The GoSL directly sent the compensation cheque to the bank. Because of the mutual relationship maintained with state banks, the RDA instructed banks to inform them when individuals withdraw money from their account. Though the disclosure of individual information on financial activities is a violation of privacy policy, the banks agreed to disclose the information. An officer at Lands Division (GO-13) explained:

> *We monitored how they spent their compensation indirectly by obtaining information from banks.*

This resulted in creating external accountability requirements through creating a *financial discipline* within the community which integrates all the aspects of life, and as explained by Best (2012a), this is one form of institutional ambiguity - how open to interpretations '*forms of measurement and monitoring*' (p. 678) are. A policy which depends on more subjective forms of measurement and evaluation will be more ambiguous than one which

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[11] An internal method of investment without any interest.

relies on qualitative or objective forms. Through subjective forms of measurement and monitoring, donor agencies tend to control the social life of the community affected. Individuals perceived obligation and attempted to follow it which in turn transformed into a *social accountability,* as individuals are now informally accountable for their daily banking operations. By drawing on the work of Foucault (2008, p. 216-217), Alawattage et al. (2019) explain that neo-liberalism represents an extension of economic rationalism into areas of life which have not previously been considered in economic terms. They argue that the fundamental difference of neo-liberalism compared to prior economic thinking is the reconceptualization of labour whereby labour had been considered as object or cost, but now it is considered as a subject who makes a rational choice (Foucault, 2008, p. 223). Thus, this transforms the society into a *disciplinary society* that measures and reflects the accountability. Disciplinary society works 'through network of *dispositifs* or apparatuses that produce and regulate customs, habits, and productive practices' (Hardt & Negri, 2000, p. 23).

By doing so, the global economic production process is now diffused throughout the society down to the individual level in everyday life. So the accountability that integrates that system diffuses down to the individual in everyday life. Thus, external accountability of government is met through 'micro- accountability' (Alawattage et al., 2019) by constructing a 'bankable person'.

On the other hand, government (here the RDA), thus represent the 'agential body placed between, and connecting, the two interrelated dimensions of neo-liberal governmentality: the disciplinary apparatuses for the working on the anatomo-politics of the body of the poor and the bio-political apparatuses for managing the population of the poor' (Alawattage et al., 2019). This institutional ambiguity - forms of measurement and monitoring - create informal accountability mechanisms towards donor agencies through state actors (as they monitor banking life through state banks and RDA). Simply, monitoring of how a community used money is not under the loan conditions,

but indirectly donor agencies create new accountability structures between the social life of the community and donor agencies, through their policies, conditions which are 'ambiguous'.

By doing this, the RDA was able to identify non-achievement of their expected 'financial discipline' and accountability. This imposed an economic character on traditional social and cultural life and social character on economic accountability (Alawattage et al., 2019; Kosmala & McKernan, 2011; Messner, 2009; Roberts, 1991). The following cases are presented to illustrate this claim:

Case one: *An old woman spent total compensation for Dambadiwa[12] Pilgrim. During the monitoring process of RDA, they learnt that the woman is at her relative place and does not have money to build a house on the given land, and unable to obtain a loan as she does not have any deposit in the bank, as well as not having a regular income source.*

Case two: *A woman spent a large portion of the compensation on the marriage ceremony of her daughter. The money left to build a house was not sufficient and the RDA officer learnt that she built a temporary place in the land.*

Case three: *A middle aged man with his family resided in his sister's house. As he did not have the title to the land he received only a free land, but no compensation. He rejected the land given by the government and received money instead of the land. During the visit to buy the new land he was robbed.*

The capacity of the RDA, on behalf of the government, to fulfil these functions is constructed upon: (1) the subjectivity as social agents committed to and accountable for the betterment of the lives of community members, (2) their convivial connection to the community and their relations, whereabouts, behaviours and habits (Alawattage et al., 2019).

The success of an agential role of RDA depends simultaneously on the RDA's ability of connecting closely with the community in their position as a

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12 Now India and part of Nepal. It includes several places where Lord Buddha resided and visited.

representative of both donor agency and the government. For that, they started an income restoration programme with the support of different state organizations, i.e. Department of Agriculture, Department of Agrarian Development, National Youth Centre, Sarwodaya. They introduced driving courses, sewing and small entrepreneurship advisory services for affected parties and those who had qualifications were recruited to some permanent and temporary jobs at both projects (contractors) and MoHRD.

An officer (GO-13) explained:

> *We provided several advisory services to those who were affected to increase their economic level with the help of other governmental ministries and departments.*

The same respondent explained that based on the effective spending of compensation, villagers had much more developed status after the resettlement. For example, an officer at RDA (GO-13) explained the story of the first resettler:

> *The name was Malani. Before the resettlement, they had a very small house even without access. But, after the resettlement and compensation, they built a fully tiled house with four bedrooms with attached bathrooms and main road access.*

But, contradictory to the statement, observations of the same house revealed the house was with basic requirements but not tiled and did not have attached bathrooms. The landowner (VC-05) responded:

> *RDA created a different story. We had a big house previously. But they took a photo of another hut we built in our land and put it in the newspaper as our original house. [...] We don't have attached bathrooms here, land is flooded during the rainy season.*

Thus, there is a gap between the real and the reported story. However, the RDA's job as representative of donor agencies is to align the community with the development agenda sent by the donor agencies. In this sense, RDA is a 'development worker' (Alawattage et al., 2019, p. 8). The neo-liberal

governance regime exercises its biopower through RDA equipped with biopolitical and disciplinary tools, such as monitoring withdrawal habits of compensations, use of compensation service specific purposes. Further, through RDA, together with their different medium through which neo-liberal Empire maintains its gaze upon the LDCs and fosters the individualization and individual accountability of the rural population (Alawattage et al., 2019). Best (2016) explains the same in addressing how the success or failure of development programmes are measured and the forms of evaluation. Development organizations (donors) - for instance the World Bank - traditionally used qualitative evaluations and they heavily rely on interview-based Participatory Rural Appraisals. Moving beyond this, donor agencies identified the central role of political and social institutions in economic development by redefining the boundaries around what counts as 'development'. Consequently, donor agencies re-drew the frame around what counted in evaluating policy success or failure. Simply identifying the political dynamics that were previously considered as exogeneous, which is harder to evaluate than narrowly defined economics. Consequently, a consensus metric for evaluation had emerged in which success or failure were to be assessed on the basis of measurable results of the programme – thus the result-oriented measurement became prominent. Even though in the early days, effectiveness of the aid agenda was more ambitious with complex goals, for instance fostering country ownership and improving the quality of governance. In this context, borrowing states and civil society actors were given a bigger role in defining the programme objectives, and conditions were less formal, which in turn becomes a more nuanced picture of programmes' success and failure for donor agencies. Thus, measuring the results of their policy, donor governments, agencies or international organizations seek to 'prove' the effectiveness of the policy and programme which in turn provides donor agencies with a kind of certainty. From donors' perspectives, results measurement promises a way of knowing something certain in a world in flux, drawing a clear line between spending and measurable increases. In this case, spending of compensation became a measurement of effectiveness of the donor's policy, thus they attempt to measure it by imposing an indirect

control on social life through state actors, who are in turn accountable to the donor agencies. Thus, donor agencies exercising power 'over persons specifically in so far as they are thought of as living beings: a politics concerned with subjects as members of population, in which issues of individual...conduct intersect with issues of national policy and power' (Gordon, 1991, p. 4-5).

Best (2016) notes that, in contrast to early methodologies of measuring effectiveness of aid programmes which recognized the complexity of development, results-based approaches are very narrow. Because in order to demonstrate results, it should be able to measure them.

Further, Best (2016) notes that development agencies attempt to respond to the risks that marginalized, disadvantaged or poor people face through development programmes as it is also measures the success of their programme. Disadvantaged or marginalized communities in LDCs have their own coping mechanisms - empowerment – which describe how they manage their economic situations where they rely on informal mechanisms instead of formal such as life and health insurance, position plans, welfare which are for developed countries. Thus, donor agencies or governments tend to change the behaviour of individuals to make them more resilient to future risk by imposing conditions on individuals, which is a more paternalistic approach in which donor agencies see as 'co-responsibilities' that treat a recipient more as an adult capable of resolving his or her own problems. In this case, spending compensation becomes a measurement of effectiveness of the donor's policy. Donor agencies attempt to measure it through state actors - who are directly accountable to donor agencies - by imposing controls (to manage risk) on social life. Thus, monitoring of withdrawals and spending which is a less formal conditionality focusing on constituting the right kinds of risk-bearing individuals which is self-governance. The risk-based policies produce a form of productive power over individuals' social behaviour.
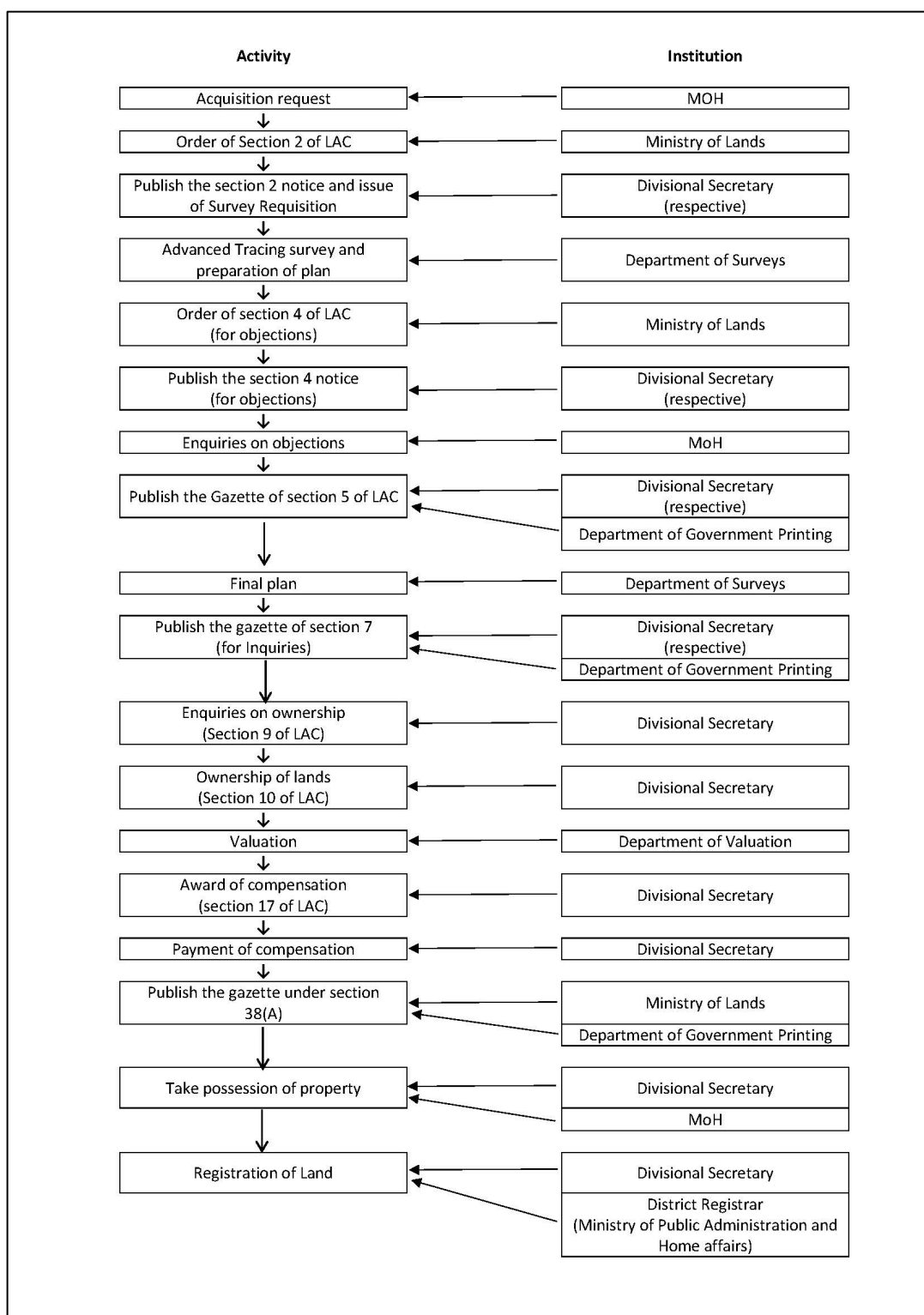
The above two sections show how accountabilities had been privatized and shifted. Bracci et al. (2015) note that such shifting accountabilities are visible

at different levels especially in the presence of international agencies. At a supranational level, governments are experiencing the development of strong and rigorous forms of transnational accountability between themselves and supranational institutions. Although this transnational accountability supports processes of legitimation within governance settings (Macdonald, 2014), it is increasingly influencing the other levels of accountability within the state and other public organizations, especially with profound changes being driven by concerns over public debts and government expenditure (Bramall, 2013). Accordingly, in such context, accountability arrangements are prioritized and shift due to trade-offs in material power relations resulting from structural social and political changes (Macdonald, 2014).

7.2.2 Land acquisition, compensation and accountability consequences

As depicted below in Figure 7.3, several state actors were involved in the land acquisition process.

Figure 7-3: Flow chart of the Land Acquisition Process and involvement of other state actors and institutions

Activity	Institution
Acquisition request	MOH
Order of Section 2 of LAC	Ministry of Lands
Publish the section 2 notice and issue of Survey Requisition	Divisional Secretary (respective)
Advanced Tracing survey and preparation of plan	Department of Surveys
Order of section 4 of LAC (for objections)	Ministry of Lands
Publish the section 4 notice (for objections)	Divisional Secretary (respective)
Enquiries on objections	MoH
Publish the Gazette of section 5 of LAC	Divisional Secretary (respective) / Department of Government Printing
Final plan	Department of Surveys
Publish the gazette of section 7 (for Inquiries)	Divisional Secretary (respective) / Department of Government Printing
Enquiries on ownership (Section 9 of LAC)	Divisional Secretary
Ownership of lands (Section 10 of LAC)	Divisional Secretary
Valuation	Department of Valuation
Award of compensation (section 17 of LAC)	Divisional Secretary
Payment of compensation	Divisional Secretary
Publish the gazette under section 38(A)	Ministry of Lands / Department of Government Printing
Take possession of property	Divisional Secretary / MoH
Registration of Land	Divisional Secretary / District Registrar (Ministry of Public Administration and Home affairs)

Source: Interview Data

According to Land Acquisition Act No 9 of 1950, the official right to acquire lands lies with the Division Secretary (DS), and as a result all the aspects including notifications, payments, complaints, etc. should be handled through DS. Nevertheless, along with the process several state actors were involved in the process as stated above. Accountability issues were raised throughout the process though there was a clean and clear process. On one hand, employees of MoHRD, RDA and the project perceive that accountability was problematic due to a complex process with different levels of involvement of state actors because some actors had a significant role to play in the process while some had minor roles, i.e. Department of Valuation vs Department of Printing. But this accountability mechanism was not well communicated during the process, especially the *social accountability* (O'Dwyer & Unerman, 2007) towards the beneficiaries, which is the *downward accountability*. This concept broadens the 'possibilities' of accountability beyond what is considered to be, which is narrow and limiting manifestations in hierarchical or *upward accountability* - mostly principle-agent relationships (McKernan, 2012; Roberts, 1991, 2009).

In this sense, beneficiaries are considered as 'right claimers'. The role of accountability and rights-based approach to development identifies different participatory practices to improve accountability, for example grassroots planning, monitoring and response mechanisms (O'Dwyer & Unerman, 2007; O'Dwyer & Unerman, 2010; Unerman & O'Dwyer, 2012; Unerman & O'Dwyer, 2010). Visits to villages found that a majority of villagers think they have to direct their issues including compensation to MoHRD/RDA while few villagers complained to the respective Divisional Secretariat. A villager (VC-10) explained:

> *My son went to RDA several times, but they did not do anything. They asked us to meet the Divisional Secretary.*

A villager (VC-05) explained:

> *We do not know to whom we should complain. We only know people from RDA [here they refer to employees attached to the project on a secondment basis] were involved with us during resettlements. [in between the conservation she asked]*

> *If you are from the government can you please tell us who is responsible for these matters.*

A villager (VC-07) explained:

> *I went to the Divisional Secretariat to report the issues of lands. But, they seemed to be confused, as they still do not know whether it is now under their preview or MoHRD or RDA. [at the end of the conversation he asked] If you know anyone who is responsible and contactable, please give me information.*

The relationship between government (can be extended even for the donor agencies through the government) and beneficiaries can be understood as a process that contains a moral imperative to act in a certain way and deliver on a particular promise (Brown & Moore, 2001). This imperative is not only promising that designated actors will provide an account of activity and behaviour to interested parties, but also a commitment to effect a meaningful change with a certain and/or an undertaking to achieve a certain outcome. But the community does not know the accountability relationship/mechanism, it is not apparent for actors, thus monitoring and response mechanisms become a failure. As explained in section 7.2.1.1, effectiveness of development programmes is measured in terms of results rather than open-ended techniques from both state and non-state perspectives. Thus, post-construction issues, particularly social issues are not captured in a results-based approach, as it cannot measure the success of social improvement objectively, 'in order to be able to demonstrate results, you have to be able to measure them' (Best, 2016, p. 49).

Different state actors have their own role to play in this process bounded with respective regulations and policies, which did not communicate downwards. A villager (VC-01) from Kurundugahahethakma responded:

> *The money we received was not sufficient. [...] As we cannot go to courts and take legal action, we did not know to whom we should raise our problem, so we gave-up.*

For example, as mentioned, compensation is one of the main issues encountered by villagers who perceive that the responsibility is with MoHRD, but it is with the Department of Valuation. Adding to that, villagers perceive discrepancies in compensation due to political affiliation or power relations. One villager (VC-03) at Kurudugahahethakma explained:

> *We received much less value. Value is paid based on the political relationships, some received higher values, and some received lower values.*

A villager (VC-01) at Pathiraja Waththa responded that:

> *The government promised to give us normal government estimate for lands. New road plan went through land belonged to LRC, and the compensation estimate was very low as lands were government-owned properties.*

A villager (VC-06) at Kahathuduwa:

> *It is unfair. One land received a higher value, but adjoining land received lower values. People who had lands by the main road received lower value than the people who had lands in the middle of the village.*

In contrast, another villager (VC-08) explained:

> *I continuously wrote to MoHRD and RDA and finally I received a higher price than they initially estimated.*

The issue of valuation made a discourse in the media which claimed that the value offered to the community was low and favoured the government. The media reported:

> *The valuation of a property at the preliminary inquiry is done by the Valuation Department. The Department gives a very low valuation as we all know too well. The Board mostly consists of the retired valuers of the Valuation Department, who are biased towards the government and who invariably try to maintain the original valuation. (Sunday Observer 2001/06/208)*

A villager (VC-01) from Kurundugahahethakma responded:

> *The government changed the initial road trace due to political influence. In some areas, they purposely took LRC[13] lands in order to reduce the cost to the government.*

This is the consequence of poor accounting information systems, for example, record keeping. The authority of control of the above-mentioned lands was with the Lands Reform Commission, as the community suspect in order to offer low compensation for lands, the government changed the initial trace. Further, decisions of compensation discussions were not shared by the land occupants. Affected people were required to sign the agreement made during the meeting, but copies were not shared until a few months after the meeting (on average six months).

If any villager requested a document, they were provided with a hand-written document without a signature of an authorized person. A villager (VC-09) responded:

> *During the agreement they asked us to sign the agreement. We received a copy of it I think after six months.*

A villager (VC-05) responded:

> *After signing the agreement I requested them to give a copy of it or any other document as evidence. They produced me a small piece of paper including little information. I did not see any signature there.*

This created a suspicious feeling among villagers on the LARC process due to time difference of the official decisions and the announcement (see Jayawardena, 2011).

The above shows policies on compensation were altered or changed based on the situation leading to issues of transparency due to information asymmetry. Government Audit reports states:

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[13] Land Reform Commission

Absence of transparency in payment of compensation.

During the interviews, it was identified that power and hegemony resulted in differences in decisions, including accounting. For example, although the decisions were governed by the same policy, superior committees always had more power to change the decision given by lower decision-making mechanisms. Morales et al. (2014, p. 424) note that accounting has the potential to destabilize the way in which states are conceived and administered, though it is considered as a technical and neutral practice, it is used to cut back choices by representing them as financially and economically essential (Bracci et al., 2015). But in reality, it is 'tainted' by political consideration. The external auditor (GO-14) explained:

> *LARC committee can increase only 40% of the statutory values. But there was not any restrictions or limit for Super LARC. Due to that and based on the influence, the committee increased compensation values.*

Even though valuation on compensations was officially controlled by respective policies, valuers used their own judgements, which led to discrepancy. The external auditor (GP-14) explained:

> *Valuation was only judgement rather than an outcome of a justifiable process. Valuers told me they do not have any norm or criterion for valuation.*

As a traditional society, family traditions, caste respective culture, religion etc. are highly valued and these factors always affect the decisions of the community, and the valuation process captured the cultural value of properties in calculations. A senior officer (GO-13) commented:

> *There was a 'Pohoya Geya' in a temple. But, it was not easy to pay compensation to build a new pohoya geya as it requires extensive religious and cultural involvement[14].*

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[14] For example, all four entrances to the region should be closed during the lay of the first stone in the base (that is not practical in the current context, as there are so many entrances to the region). If that cannot be done artificial entrances should be made to ensure the traditional requirements.

It was not easy to compensate such properties as calculative practices do not take cultural and religious values into account. Valuers have to find a way of valuation as the procedures for valuation of such properties was not in government regulations. In one way, this became a 'novel' calculative practice to the Sri Lankan accounting system.

Thus, as explained in Chapter 6, controls are in place with ambiguities in application, which in turn result in discrepancy, and issues in transparency in accounting decisions and accountability. For example, how the Department of Valuation records land values and how it reflects the reality of market prices of land values. A senior government officer (GO-04) explained:

> *All Government Agencies obtain valuation services from Department of Valuation. Department of valuation relies on records in respective Land Registries. But, as a tradition people do not record correct value sale to avoid taxes, stamp duties and legal fees etc. When Department of Valuation value lands and properties based on the official records, the values of the official records do not represent the actual value of the land or property. This leads to less valuation.*

Persistent 'ambiguities' (Best, 2004, 2012b, 2012a) in appointing responsible authorities advanced the problem. According to the LAA[15], the main acquiring officer is the respective Division Secretary. But this appointment process changed based on urgency (political demand). The Deputy Director of Lands commented:

> *The main acquiring officer is the Divisional Secretary. If there is an urgent requirement government appoints an acquiring officer through a special gazette notification.*

According to LAA 'acquiring officer' is defined as follows:

> *Acquiring officer, with reference to any land, means the Government Agent or Assistant Government Agent of the*

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[15] Lands Acquisition Act 1950 (No. 9 of 1950)

*administrative district in which that land is situated, or any
other prescribed office (paragraph 65 of LAA).*

An officer (GO-13) from the Lands Division at RDA further commented:

> *The main reason for appointing the current director as
> acquiring officer (he is an engineer) is to fulfil the urgent
> government requirement.*

This, as explained by Best (2012a), is a form of ambiguity, which allows
institutional actors to interpret as they prefer when applying to a specific
case. Thus, political demands supersede legal rationalizations and controls.

7.2.2.1 Problem solving – forceful vs voluntary

Most compensation issues were solved completely at the Super LARC[16]
meeting. But it was rather forceful and political than voluntary settlements
because this Super LARC meeting has less flexibility on grievances from the
local community.

If compensation is allowed and the community has problems with their
compensation, the request will be forwarded to the Board of Review, which is
an independent body appointed by the president with the recommendations
of Minister of Lands according to LAA. If the problem is not resolved there,
then the last resort is to go to the Court of Appeal. Though the Board of
Review is theoretically independent, appointing members were highly
politicized. According to the media, since 1999 this board was defunct:

> *This Board of Review is defunct now. No fresh appeals have
> been heard for the last two years. The Board should be
> appointed by the President on the recommendation of the
> Minister of Land. This has apparently not taken place over a
> disagreement with regard to the persons nominated by the*

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[16] The super-LARC consists of members appointed by the Minister; Secretary of the MoHRD or his
representative, Secretary of the Ministry of Lands or his representative, Secretary of the Ministry of
Finance or his representative, Chief Valuer or his representative, Survey General or his representative,
Project Director or his representative.

Minister, who reportedly have selected everyone from
Kurunegala area. (Sunday Observer 2001/06/208)

The community did not have faith in the Board of Review due to the political role of the board. For example, during this period, the Minister of Lands was from Kurunegala area and he continuously attempted to appoint members for the board from his electoral powerhouse. The community had less trust in both top positions as well as the lower levels. The media reported:

> *It is always the policy of the government to appoint retired*
> *officers to the Board of Review. Even when the Board is*
> *functioning normally, they do not work for more than one hour*
> *a day. When the top officials are like this, there is no point in*
> *talking about other staff. They attend to their private affairs*
> *and collect the pay at the end of the month [and the pension*
> *after they retire]. This is totally unproductive and*
> *unacceptable. This is a thoroughly inefficient institution which*
> *no one seem to supervise or bother to look at. (Sunday*
> *Observer 2001/06/208)*

In summary, the level of appeal that applies in relation to compensation can be depicted as follows in Figure 7-5 below:

Figure 7-4: Appeal Process of Land Compensation
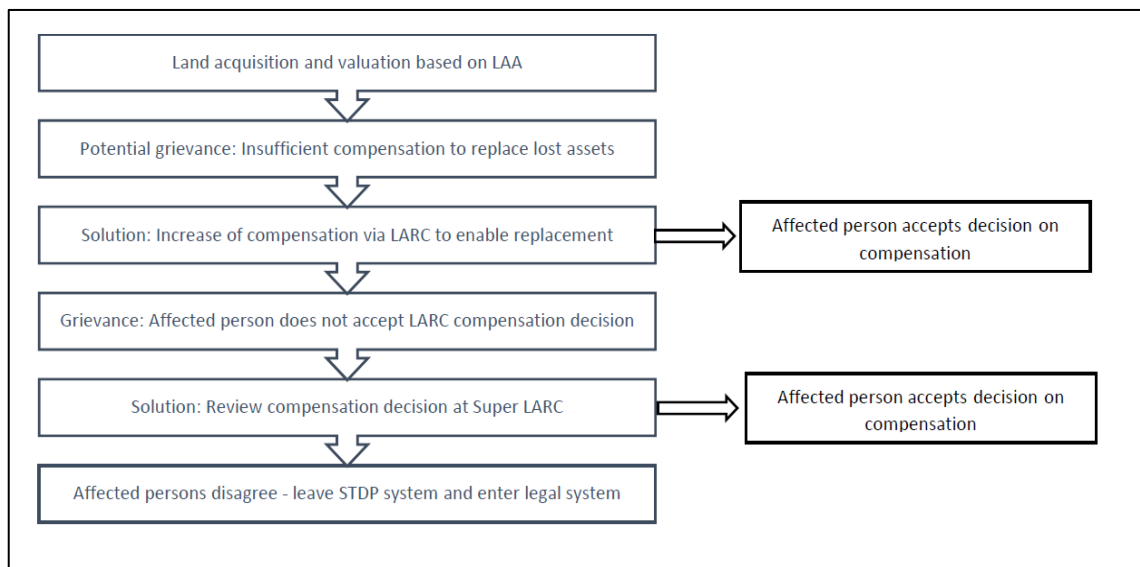
Source: Japawardene (2011)

Significant influence on major organizational accounting decisions made accountability problems in other layers of the organization. Legislation (LAA - legal framework) is supposed to address the issues of land acquisition through different means; the reality was different making alternatives only in the official form. It is noteworthy to say that accountability issues originate from regulatory level and cascade down to lower level and lack of supervision resulted in organizational inefficiency. As a result, landowners were left with less alternatives which directed them to the Court of Appeal (see Figure 5-6). Due to the lack of knowledge about the legal system and high costs, this made landowners less accessible to the legal processes. Apart from that, if any landowner denies providing the possession voluntarily of the land, then MoHRD makes an application to the Magistrate Court and takes a 'Fiscal Order'[17] which again limits the options available to landowners.

As mentioned above, even though the Court of Appeal is the last resort, there are a few cases that the decision of the Court of Appeal was also made in favour of the government. For example, Jayawardena (2011) explains:

> *In August 2001, a group of 49 people went to the Court of Appeal to challenge the road alignment plan they had been originally introduced to, but the two appeals were dismissed in May 2003. 42 households then appealed to the Supreme Court against the decision of the Court of Appeal. […] The court also noted that the people affected by the deviations were entitled to prior notice and to be heard, that the rights of the petitioners under the Constitution of Sri Lanka had been violated.*

Complex and multi-level interactions of state actors were made less accountable to the consequences of accounting decisions. On one hand, state actors played an isolated task in the process rather than shared accountability over land acquisition and resettlement.

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[17] If anyone denies giving the possession voluntarily, MoHRD makes an application to the Magistrate Court. There without inquiring from the landowner, the court gives the decision based on the facts provided by the MoHRD. There, government has the priority.

7.3 Post-structural ramification of development – accountability perspective

There is a persistent discourse that development organizations including donor agencies, which argued for a reformed development that has its origin in people's concern; thus, it is 'bottom-up' development. This approach seeks to avoid the failing of both modernization theory and dependency theory of development. But, according to this approach and these theories, there should be transfer of power from experts to the people themselves, which are LDCs. Thus, as explained by Nustad (2004), Human Development Reports issued by UNDP stated that the best route to face current challenges to development was 'to unleash people's entrepreneurial spirit' – allowing them to take risks, to compete, to innovate, to determine the direction and pace of development. This process involves inclusion of people to be developed in the process and it is seen as 'empowerment'. Nelson and Wright (1995) argue that 'participation' must involve a shift in power and it is more than palliative. In the same vein, Edwards (1989) argues that practice of development is based on expert knowledge. States and donors who see themselves as developed self-consciously take initiatives, either due to political or economic reasons to guide those who are underdeveloped. This can be categorized as 'elite driven development', which is used by global finance. Donor agencies provide aids for development activities along with means and goals of the project. Cowen and Shenton (1996) argue that whatever definition is used for the term development it 'appears as both means and goal, the goal is most often unwittingly assumed to be present at the onset of the process of development itself' (p. 4). According to this claim 'bottom-up development' confuses the means and goals of development, but rather intentionally which is supported by the concept of 'ambiguity' (Best, 2012b) in project policies, allowing issues of accountability.

Accountability is a relationship between stakeholders. When obtaining the loan, the government agrees on certain promises to the donor agencies, particularly risk-based policies and conditionalities. As explained by Best

(2016), this kind of power relations does not seek to constrain, but to actively constitute practices and subjectivities. At the same time, the government promises certain promises to the populace, which are both in political terms. But in fulfilling the promises, the more powerful stakeholder, particularly donor agencies, gets priority in claiming the status of *principle* in the principle-agent relationship. Thus power is exercised through certain practices and subjectivities.

In this particular project, empowering people through entrepreneurial initiatives was a sub-objective. In achieving this, state actors, particularly the MoHRD offered various programmes to the affected community. For instance, offering different types of training and knowledge. But the success rate was marginal due to less market accessibility due to poor quality, high production cost, inadequate capital etc. A villager (VC-03) explained:

> *Yes, they offered different programmes. We also participated in some. But, it was not a success programme. It is very difficult to find a market as we are small. Also, production cost is high and we cannot afford it. Banks do not offer loans for us as we cannot show any regular income to ensure the repayment.*

A villager (VC-08) explained:

> *My wife participated in such programmes. One day I also went there with her. It was useless. They did not provide any sort of training to unemployed ladies. Instead, they ask ladies to play different games. So, I asked my wife to stay at home.*

Though the MoHRD arranged to give loan facilities to displaced locals through local banks, loan grants were very small due to their low financial capability. Thus, even though development projects came with development promises, these were not materialized due to low priority given to post-structural agendas ensuring *external hierarchical accountability*.

Proving basic knowledge is important, but monitoring should accompany that to ensure the success, for example, accessibility to market, quality materials, labour, and product quality. Due to the lack of accountability mechanisms

spelled out in project policies and procedures, empowerment initiatives were unsuccessful and unproductive. In exploring the objectives of the Southern Expressway, it is clear that there was a clear and structural accountability to donors for effective and efficient administration of the project - which are results-based objectives and practices which can be measured (Best, 2016), and 'softer' sub-structural goals which became less prominent as these cannot be measured in assessing the project success.

Nustad (2004) explained that emphasis on the practitioners of development and how they construct their object through discourses of development and the reactions of the people to be developed are neglected. Development programmes are seen as a coherent system imposed on a passively receptive target population. But what is left out of the account are the responses of the people constituted. Interviews and documentary evidence show that the development project discharges its accountability, particularly in meeting external accountability demands, leaving post-development accountability. Kiely (1999) noted 'post-development discourse tends to imply a passive 'Third World', simply having its strings pulled by an all-powerful west' (p. 48). Along the same line, Everett (1997) shows how local elites used the language 'sustainable' and 'participatory development' to secure their interest. In this particular case local politicians and national politics used the different terms such as 'regional, economic, education, health, transportation, health etc.' in order to secure their political interests, especially the electoral interests.

A development project aims to empower people through development projects through capacity building, which focuses on strengthening beneficiaries' abilities to carry out their own purposes and aspirations rather than achieving those purposes specified by donor agencies (Brown & Moore, 2001). This means donor agencies commit themselves to more accountability to their clients/beneficiaries by providing means of capacity building and the impacts will always be valued by beneficiaries and clients. But, again, the success of this accountability should be monitored. Field visits found that

representatives from donor agencies came to visit villagers only once a year to get a form filled, and there were no visits from government.

The road spans through a number of local towns, but none of these were developed due to restricted access. A senior officer at RDA (GO-13) commented:

> *None of the towns along the road were developed due to this road. Because of limited access to the road. There was not any planned development, because none of the local authorities were involved in development of towns along with the road. […] If we need a development along with the road, we need at least bus stops. None of the interchanges have Multi-malls.*

The observation of the road also made the same finding. Most of the interchanges are constructed in rural areas and sub-roads are needed for the access to main cities. Only few interchanges are built near to towns or populated areas, which restricted the development of local towns. One of the restaurant owners (VC-01) commented:

> *We also gave part of our land to the road. From the money received, we started this small restaurant; our regular customers are the employees at the interchange. Sometimes we have customers who use the interchange.*

Before the project implementation, the government promised to develop the area through sub-projects such as development of economic centres at each interchange, creation of employment opportunities through industrial development etc. As per the findings, none of these objectives were achieved; instead, short-term lower level employments were created, for instance labourers and some small food outlets. One of the senior officers (GO- 13) explained:

> *Other than lower level small jobs, no development activities were created on the corridor.*

The post-structural effects of the road proclaimed by respondents are thus revealed to be mixed, especially from the perspective of government or public sector employees who used to work in the capital city (Colombo) area.

An officer (GO-13) commented:

> *If you go through the post-evaluation report of ADB, it mentions all the benefits attained through this project. For example, reduced time in transportation. It is the same in our offices as well, as we have many employees from the southern area, and now use the road daily. Previously they used to rent houses near the office and went home during weekends.*

One of the minor staff employees at the MoHRD (VC-07) responded:

> *Now I am travelling from my home. We have routine buses to our office. The cost of the ticket is a bit expensive, but I can go home every day.*

The project was not expected to create direct employment opportunities. It was expected to create benefits that are more post-structural. A senior officer (GO-12) commented:

> *Though the government promised to establish Economic Centres in every interchange, it did not happen as expected. So there is no direct job creation from the project. But, sometimes, the project created some job opportunities for a short time.*

These changes affect the social life and economy as a whole. A senior officer at the Finance Division, RDA (GO-15) commented;

> *As they go home every day it saves lots of money. It is a positive effect […] from the perspective of the economy, there was a positive impact especially due to reduced travel time and fuel cost.*

The same respondent (GO-15) explained:

> *Though you cannot see the direct impact of this road project, it has a significant positive impact on National Accounts. Because it reduces the fuel consumption, so it directly affects the Balance of Trade.*

There is a persistent difficulty with measuring development, along with the development projects including attempts such as capacity building. As noted by Best (2016), development organizations are employing 'results-based'

policies in assessing the success of the projects by drawing a casual line between the policy and its outcome, which is narrow in nature. Thus measuring of development poses a question – what counts as 'development'? The results are demonstrated by measurement; thus, the outcome should be measurable too. However, development results are hard to predict. Outcomes depend mainly on what beneficiaries expect and are prepared to do, not on what donor agencies expect (Brown & Moore, 2001). Even if the government and donor agencies have agreed on goals, beneficiaries may choose methods which do not align with the agreed goals at the top level. Further, local decisions, traditional society and culture dominate the decision-making process of the community and their priorities, including their economic decisions (Alawattage, 2011; Wickramasinghe & Hopper, 2005). Referring back to the theoretical framework, the notion of ambiguity plays an important role here as multiple interpretations of goals. How donors interpret (resulted from ambiguity) their development goals is different from what beneficiaries expected from the project, which is also in ambiguous form.

7.4   (Political) social accountability

Social accountability has a central position within liberal discourse focused on the achievement of 'poverty reduction through good governance', a policy agenda which often has a central role in social protection (Hickey & King, 2016). When achieving higher levels of accountability, especially in the public sector, governments not only deliver goods and services as per their policy promises, but also they are responsible to citizens' demands; for example to contribute better public service provision by building a stronger sense of citizenship and promoting empowerment. Thus, social accountability is usually defined as 'the broad range of actions on the part of government, civil society, media and other societal actors that promote or facilitate these efforts' (Malena & McNeil, 2010, p. 1). There is a consensus that accountability involves both *answerability* through 'making power holders explain and give reason for their actions' and *enforcement*, by ensuring that poor or immoral performance is punished in some way' (Hickey & King, 2016,

p. 1226; Hickey & Mohan, 2008, p. 236). Management accounting controls are thus designed to ensure answerability and enforcement, possibly from demand side driven from the bottom-up accountability by non-state actors, or supply side encompassing legal and fiscal government checks and balances and to ensure external accountability demands. Further, studies show how context matters for accountability outcomes (for example, see O'Neill et al., 2007; Menocol & Sharma, 2008; Agrawal & Van Wicklin, 2011). They identify political context, existing power relations, the enabling environment, the nature of the state and its institutions, and the social contract between state and citizen as key variables shaping social accountability outcomes, and the significance of capability and commitment on both society and state.

Resettlement resulted in economic, social and cultural issues, which became severe regarding forceful resettlements. This includes loss of main economic activity and, for example, issues relating to cultural/community acceptance: newcomers face problems relating to prevailing norms, values of the community due to different ethnic identities, local culture, political ideologies, rituals, and so on. Under the Post-Washington Consensus, demand-side approaches and accountability demands took centre position, but recently these 'social' forms of accountability have come under criticism, as they do not reflect political realities of governance and development in most developing countries (Booth, 2012; Brett, 2003).

Though NIRP was the framework developed to address these social issues associated with the project, in reality, what was expected was not achieved. As claimed by the government, they resettled villagers of Southern Expressway in 'developed' areas with adequate services, water, electricity, transportation. Thus, accountability is conceptualized and discharged in rather instrumental and technical terms. A senior officer (GO-13) from the Lands division, RDA explained:

> *Before we resettle the affected parties, we developed those lands with electricity, water lines, wells, roads.*

In reality, nearly 1,338 families were displaced by the Southern Expressway, of which nearly 509 families were resettled in 32 resettlement sites provided by RDA. The government introduced a lottery system for re-settlers in allocating plots. Plots with greater proximity to the road, ideal for business activities and for households were considered separately, that is, in instrumental and technical terms. However, the perception of the community was mixed. One villager (VC-09) explained:

> *We used to live inside the village. So I did not receive a land near to the road.*

Another villager (VC-08) confirmed:

> *I used to live inside of the village. We had to walk more than 1.5 km to the road to get a bus. But, during the plot allocation, I received a land near to the road. I am happy.*

Members of the community who are not satisfied perceive that plots near to lands were given to few others due to political influences. One villager explained:

> *Initially, lands near to the road were allocated for common services. Later on, few others received those lands due to political influence.*

The success of the land allocation was not as expected. Because none of the resettlement sites allocated lands especially for business activities and these ended up as totally residential sites. Only a few households resided near to the roads, later on they opened up small shops as they had to discontinue their previous employment due to resettlement. Resettlement sites were isolated in a new area and within a community with less acceptability without their own means of living. The effect of democratization on efforts to secure accountability became ambiguous. For example, a similar experience has been observed in India, which heavily relies on legislative guidelines to fuel citizen mobilization (Chhotray, 2008), and transparency initiatives have experienced partial success in Uganda due to the semi-authoritarian context (Robinson, 2006). It has been argued that most social accountability initiatives

are conceptualized in instrumental and technical terms rather than political terms (Joshi & Houtzager, 2012), 'thereby over-emphasising the tools to the detriment of analysis of context' (McGee & Gaventa, 2011, p. 8). Evidence shows that their success is highly dependent upon the political, social and economy landscape in which social accountability initiatives are embedded (McGee & Gaventa, 2011; Menocal & Sharma, 2008). Thus, 'success' of accountability initiatives is considered not only in terms of the successful delivery of the project and improvement of services generated by the interventions, in this case improved resettlement sites, but also at the broader level of outcomes and impact.

As explained in Chapter 4, this project had started in the mid-1990s. There was an information asymmetry between the community, except for a few employees who worked at the RDA and MoHRD. A villager (VC-01) from Kurundugahathethakma commented:

> *We were not informed about a road. They told us that they are going to establish a new electricity line through our area.*

In contrast, a woman (VC-07) who works at the MoHRD commented;

> *I knew that our ministry was going to construct a road spanning though our village. But, other than that, very little information was available for us.*

Another villager (VC-03) explained;

> *They told us they are going to construct a road.*

This shows the distance of the community from accounting decisions and the lack of transparency of government decisions. Improving the access of citizens to high-quality, relevant information is critical to both transparency and participatory accountability initiatives. That is mainly to ensure whether information is supportive of attention-grabbing public messages, the degree to which information offered to citizens was clear and practical that they could make sense of and use, and especially in relation to participatory mechanisms, whether opportunities are widely and appropriately publicized

(Hickey & King, 2016). Lack of transparency resulted in the community being less informed, especially for subsequent matters; for example compensation, relocation etc related issues. Brown and Moore (2001) explained that this is basically due to prioritization of stakeholders' demands based on the power relationships, as suspected by the community in this project. Further, Hickey and King (2016) note that participatory initiatives are often ineffective where local governments lack resources and bureaucratic competence. Poor facilitation of citizen participation in local governance is linked to weak incentives for good performance and limited opportunities for career progression (Corbridge et al., 2005).

Land acquisition and forceful relocation made a significant impact on the economic, social and cultural life of the villagers, especially due to poor relationships between actors. The relationship amongst civil society organizations, and between civil and political society, plays a significant role in determining the success of social accountability initiatives (Hickey & King, 2016). Thus, availability of a credible and capable civil society has a critical role in this context. But these initiatives induced by healthy relationships tend to be unsuccessful due to high levels of competitiveness between Civil Society Organizations, which are linked to a highly donor dependent operating environment (Campbell et al., 2010). Most of the lands acquired were agricultural lands consisting of paddy, rubber and cinnamon cultivation and approximately 4000 households were directly affected and about 550 were affected indirectly due to loss of their landholdings. Generally, landowners have their house and the cultivated land in the same area or nearby which reduces the travelling and administrative costs. Some of the households directly lost their entire income from cash crops, either directly due to land acquisition or indirectly as they are unable to cultivate the remaining land and some of the households lost the access to land they cultivated. Statistics of changes in cultivation are as follows in Table 7-1 below:

Table C: Changes in production by crop type

Crop type	Increase in production	No change	Decrease in production	Stopped cultivation
Tea	0.0%	0.0%	71.0%	29.0%
Rubber	12.5%	12.5%	43.7%	31.3%
Cinnamon	14.4%	0.0%	42.8%	42.8%

Source: Jayawardena (2011)

Some of the cultivated lands, especially paddy fields, were inherited lands. But due to land acquisition some villagers received their new location away from where they domicile. This resulted in administrative difficulties and increased cost. A senior officer (GO-03) explained:

> *Even if they received a same type of lands their main concern is the management of the land. You know the discipline of our people is much less compared to other countries. If we acquired a cultivated land and give them another land 2 to 3 km away, these landowners are having the problem of managing it. For example, if the new land is next door then you can look after it. But if the new land is a bit away from you, you need to look after or control the cultivation from stealing.*

Acquisition of cultivated lands, especially paddy fields, were problematic to those who used to earn their income from paddy fields. Because once they gave up the paddy fields and received the compensation, that does not guarantee the availability of the same type of paddy land in the same area. Some villagers lost their paddy fields which were their main income source. A villager (VC-09) commented:

> *We lost our paddy fields. Though we received compensation the value was very low, and we did not have paddy fields to buy. We lost our main income source.*

This made a significant impact on villagers' economic and social life as they were left with no other alternative. A senior officer (GO-03) commented:

> *Just think that we have taken a paddy field and paid compensation. But a villager cannot buy a paddy field as that was his main income source. Because in the market, you cannot find paddy fields easily.*

This comment shows that, in the payment of the compensation, the ability to purchase the same type of lands was not considered by the government other than paying the compensation. This was the same for labour intensive employment, especially agricultural labourers and plantation workers (see Table 1). Villagers had to find a new place to work. For example people who used to work as agricultural labourers and plantation workers lost their employment and those who had small businesses had to close down their businesses due to relocation. One villager (VC-03) responded:

> *I used to work in a rubber plantation as a casual worker. But as I had to move to this new location I had to quit the job because it is far from my house. It was very difficult to find a new job from this area.*

Many villagers, especially with women, lost their lands which were used for animal husbandry, mainly cattle and poultry. One middle aged (VC-02) woman explained:

> *I used to sell fresh milk. But once they acquired my land I did not have any land to continue the same.*

The counter strategy of the government for this issue was providing a financial grant of Rs 2,500 (maximum Rs 15,000 for six months) once they provided proof of accounting records. But many failed to provide accounting information of their small business due to informal business reporting systems. As a result they lost the financial grant. A senior officer (VC-03) in the Development Division commented,

> *We also followed the same principle which is applied by other countries for this issue. We provided a financial grant for three months once they provided the proof of their monthly income,*

> *assuming that they can settle and make their living and customers within three months in their new location. [...] But, some failed to provide any proof as they run their businesses in an informal manner.*

This claim was again confirmed by the report (Jayawardena, 2011) issued by CEPA;

> *NIPR recognised [...] payments to support to start livelihood.*

According to the government, those who lost their main income sources were directed to new job opportunities, for example a few people received low grade employment opportunities i.e. driving or labourers in the project and a few who had the minimum required qualifications were recruited to the MoHRD and RDA as clerical staff. This explains the high levels of inequality between citizens due to socio-economic status. Hickey and King (2016) explain that high levels of inequality between citizens limit the success of Social Accountability Initiatives. Low levels of income and education have a direct effect on citizens' capabilities for participation, especially in formal participatory spaces. Campbell et al. (2010) suggest that initiatives need to attempt to mitigate these issues by incorporating the provision of citizen education and capacity building into interventions. In line with the same principle, the government provided advisory services to those with a lack of educational qualifications for state employments (under the Income Restoration Programme), i.e. seed planting, sewing, mushroom cultivation, financial advisory services etc at different state organizations and promised to find a market for them. Studies in Bangladesh (Kabeer et al., 2010) and in Uganda (King, 2015) suggest that securing the participation of poor citizens in initiatives for social justice may do better when it is directly linked to potential livelihood and economic gains. Through that socially subordinate groups rely on informal methods of extracting accountability, especially in the context where government is weak and civil society lacks the capacity to hold civil servants to account (Hossain, 2010). But, in this project, villagers have a negative impression of these services due to non-continuity of the programme and different levels of skills. A villager (VC-04) commented:

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> *They asked us to participate in some training; for example making dolls or any other toy. Most of us did not attend. How can we find a place to sell them? They did not find it for us.*

Another villager (VC-03) explained:

> *Yeah they provided some advisory services, but it was not a successful service, only for a short time.*

This sheds light on the factor of 'persistency in social accountability'. Thus, it is important to consider social accountability as the outcome of longer-term and iterative processes of bargaining between social and state actors (Joshi & Houtzager, 2012), rather than a one-off intervention (Hickey & King, 2016). Though GoSL directed a community who lost paddy lands to another business activity, it was not as successful as expected due to less transferability of skills. Because traditionally those who are skilled in paddy farming (especially aged community), cannot easily transfer their skills to a completely new income source as they are trained in the same method of living since childhood. One villager (VC-14) explained:

> *I learnt to work in the paddy field since my childhood from my parents, so I know only that. I cannot learn something new at this age.*

Yet, the official documents and interviews recorded different, successful stories (see Jayawardena, 2011, p. 45), which is different from the reality. According to both perspectives (state and the community), the government had less focus on the future consequences and less effort was made to counter the social effects of accounting decisions. Mansuri and Rao (2013) concluded that participatory local development often does not work which is either captured by elites or leads to modest development impacts that are often socially biased. They explain that many large-scale official development programmes that ostensibly attempt to induce participation or local authorities do not include substantive measures to promote accountability, either from above or below. As a result, local capacity to respond to potential

openings from above may be limited, and as they put it, it is 'civil society failure' (Fox, 2015, p. 349).

Most of the households used to cultivate coconut, jackfruits, vegetables (i.e. brinjols, okra etc.) and some greens (i.e. gotukola, kankun etc.) mainly for household consumption or as a cash crop, though it is not the main income source. The household expenditure was mainly managed with these in-house cultivations rather than purchasing them from the market. Affected cultivations were considered during the valuation of compensation as per the official records. Interviews with villagers revealed a mixed story where some received compensation for coconut and jackfruits etc and some were not. One villager (VC-09) mentioned:

> *Initially they agreed to pay for trees. But I did not receive [anything].*

But those who received compensation also have a disappointed perception. One villager explained (VC-10):

> *We received compensation for grown trees. But it is very small values. We can take the coconut and jackfruit until I die. The value we received cannot be compensated with the cultivation we receive in future. Even if we plant a new coconut tree it takes another 12-15 years to give cultivation.*

The above quotation shows that, other than the loss of income due to the road, expenditure patterns of households were affected due to the road. What was free before the lands is not free now. Though the valuations were made for trees, the future benefits, replacement cost and time of recovery were not considered during the compensation, which might be due to lack of local funds.

7.4.1 Role of political society in social accountability

Ownership (title) of lands created another social issue within the community. The acquisition process does not consider the single titles of the owners. It is common in Sri Lanka that more than one person is entitled to the land

ownership. This is problematic in the event of sale of land as the proceed needs to be divided among all the entitled owners. A senior officer from the Development Division commented:

> *Usually, we don't consider the titles of land. Some lands have shared title, but only one occupant. As a result sometimes during the compensation, all the persons who are entitled for the title come and take a share of the compensation and the occupant receives only a part.*

This was very serious during the compensation process of LRC lands located in this area as a result of political intervention. Political society is critical of Social Accountability Initiatives, especially the political will of state functionaries and the role played by political institutions (such as political parties), which have mediating effects of democratization (Hickey & King, 2016). Following the work of Corbridge et al. (2005, p. 189), Chatterjee (2004) views political society 'as the arena within which people perceive and encounter the state on an everyday basis and which creates and maintains different patterns of political rule that shape the scope for citizenship empowerment' (Hickey & King, 2016, p. 1231). Thus, political society is constituted by political parties, local political brokers, councillors, public servants, a set of institutions, actors and cultural norms, which link between 'government' and 'the public, and moreover, civil society actors also mediate these encounters in discharging greater accountability towards citizens'. Chatterjee explained that the identity and quality of the actors who mediate power in political society shapes the lived experience of citizenship. Even though studies show the significant intermediary role of political society discharging accountability towards citizens (Hickey & King, 2016). In this project it was observed that political society has both direct, for example especially in making all important decisions including construction, land acquisition and relocation etc., and mediating roles, for example in providing indirect employment opportunities and delivering demands to political patrons. Thus, the role of political society is not only to discharge greater accountability, but also to meet party politics ensuring promises made to political patrons towards society.

Case four: *Families without a land were given a free land to build a house by the LRC as a political decision of the one political regime. There was a different political regime during the compensation period, none of the political regimes provided titles for the lands. During the compensation the minister of the land instructed to give compensation to the government instead of the landowners and finally decided 70% (from statutory value) to the ministry and 30% to families. This resulted in less money available for families to build a new house.*

It is traditional practice to divide the lands of parents among children. This is not a problem if parents have many properties. But a problem arises when parents lack lands. Sometimes the same land is divided between children. The same issue was there with some of the villagers. One villager explained (VC-05):

> *I had 80 perches. But, I received only 20 perches. I wanted to divide 80 perches between my four children. But I can't do it now. We even can't buy lands for them with the money we received.*

According to the MoHRD and land acquisition process, if any household has more than one family, the landowner receives a land and compensation to build a house in the given land, and the sub-family receives a free land, but not compensation to build a house. Interviews revealed a mixed story. On one hand, some of the families who used to live with their parents did not receive free land. One villager responded;

> *My daughter was married and she lived with us. But, she did not receive any land.*

Lack of transparency of accounting decisions signifies the mediating role of local politics in decision making, for example land distribution. The same respondent explained:

> *During the land acquisition process, they got information from the main people in the village. They removed my daughter's name from the list. We are helpless.*

Hickey and King (2016) identify three main elements in discharging social accountability, namely, commitment, capability and nature of political institution. Thus, commitment is how far key actors promote social accountability, both in terms of bureaucrats and elected officials (politicians) (McGee & Gaventa, 2011). Houtzager and Joshi (2007) emphasized the critical role played by public officials in delivering on accountability demands, pushing for accountability reforms and stimulating social actors to mobilize claims-making. In this project, government collected information from Divisional Secretariats (DSO) through respective 'Grama Niladhari' (GS). It is his responsibility to collect all required information from households. Only the collected information was reported to the DSO and then to the MoHRD. According to the fieldwork, it was revealed that the regulation of 'free land for sub-family' was not properly communicated to villagers. Lack of information for villagers ended up with families without land or compensation, and which resulted in questionable commitment of the public officials in discharging accountability initiatives. On the other hand, as explained above, less commitment from the public officials made the space for local politicians to mediate in decision making, especially in distribution of lands, compensation process etc. Hickey and King (2016) emphasized the role played by elected politicians who are both susceptible to popular pressures and also are able to shape the behaviour of public officials through sanctions and other forms of supply-led accountability. This links social accountability interventions with forms of political accountability, particularly through supply-led enforcement mechanisms and involving elected politicians in the design of demand-side initiatives. Thus, a community who has political affiliations is able to attain their demands basically through elected officials. But some of the affected community was less open to voice their issues as they are politically and economically less powerful. When accountability initiatives are intertwined with political economic power, local citizens fear to express their views openly (Shankar, 2010). Further, it is necessary to understand elites' interests in development and capacity of states to deliver, which focuses on the character of 'political settlement' (Khan, 2010; North et al., 2009), which refers to the 'balance or distribution of power between

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contending social groups and social classes, in which any state is based' (Di John & Putzel, 2009, p. 4). The commitment of elites to development, in this case elected representatives and higher-level bureaucrats who are responsible for major decisions of the project, and the capacity of the state to deliver, will be shaped by the terms of the political settlements and the incentives they place before them to act in favour of certain interests over others, in this case the affected community. Thus, the ruling party needs to maintain certain types of relationships with other local elites (particularly with local politicians and other politically powerful elites) and organized social groups to preserve the stability of the political regime and to survive. This creates strong incentives to act in a particular way especially in favour of certain groups of the affected community.

It is important to mobilize the community and network effectively in achieving greater social accountability. Particularly, civil societies are often unable to achieve much acting alone, and their capacity to develop alliances requires accumulation of power to achieve the (forced) change because 'civil societies' in developing countries are not free from power relations and politics. In this context it is hard to find space for manoeuvre for an affected community within the broader politics of patronage, ethnicity and exclusion. Further, agency within civil societies is shaped by underlying fields of power relations, different forms of inequality, and exclusion along economic, social and cultural lines (Hickey & King, 2016). Thus, ability and capability of civil society in this context has less to do with their autonomy from the state and has to comply with what is spelled out by the decision makers, even though it has resulted in social problems. The resettlement resulted in breaking up the families into multiple units. A woman (VC-15) commented:

> *We used to stay with my parents, we had an old, but big*
> *house. But, we received only small land and built a small*
> *house. We all can't stay in the same. So, my parents settled in*
> *a different place and alone.*

This affected the elderly people adversely because they used to stay in their traditional places with their extended families for a long time. Migration and

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separation from the families is not something they are used to or expected when they become old. The affected areas are rural and noise/dust free villages. But this road transformed the rural villages into a noisy and busy environment. One villager (VC-06) explained:

> *We always hear the busy sounds of vehicles and dust. It is a rather noisy and polluted area. We complained to the environmental authority. But they did not take any action.*

This is recorded in the official records as well. A resettlement officer from the STDP Regional Office, reported:

> *People suffered adversely due to the dynamiting and pollution caused by construction activities. We should have paid more attention to these aspects. […] But, we should have had a better plan to address these issues (Jayawardena, 2011).*

Thus, officials also accept that there was the gap in accountability. Further, they encountered issues due to the project. One villager near Kahathuwa (VC-06) explained:

> *Even before the completion of the project we had cracks in our building. We made complaints to several governmental organizations. But, none of them took any action.*

These examples show two aspects: lack of planning, administration (or process) and accountability over the government decisions. After the implementation of the project, the attention paid by the government on the after effects of the project was minimal due to prioritization of external accountability demands. Thus, local accountability was neglected. On one hand, accountability mechanisms were not clear to both state and villagers due to complex involvement of actors. Ensuring the external accountability demands, there were few establishments for complaint handling; for example Grievance Redressal Committee (GRC) introduced in 2002 (restructured in 2005) and Public Complaints Resolving and Monitoring Committee (PCRM) which comprised representatives from RDA, supervision consultants, and contractors to ensure not only to track the complaints, but also to follow up on the recommended action. But, the above responses are evidence that none

of the mechanisms were popular for villagers. Documentary analysis confirms the same:

> *People hardly knew about their existence (Jayawardena, 2011, p. 15)*

Banerjee et al. (2010; 2011) also notes that the majority of members of the community hardly know the existence of grievance mechanisms available for within the community in development projects in India. Thus, 'citizens are unlikely to participate in collective actions unless there is a concrete course of action available' (p. 4). This is due to the assumption that 'information *is power* - that is transparency will necessarily leverage accountability' (Fox, 2015). The same report explains the weaknesses of these mechanisms in which the community kept less expectation:

> *One of the main weaknesses of the GRC has been in enforcing its recommendations, and monitoring enforcement. [...] GRC process ends with a recommendation, which is then implemented by a third party. [...] But the GRC had very limited direct authority over the final enforcement of its recommendations (Jayawardena, 2011, p. 16).*

The mechanisms introduced to handle post-construction issues were rather *one-size-fits-all*, an easily replicable tool that quickly confronts the empirical reality when social accountability processes and outcomes are very context-dependent (Grandvoinnet et al., 2015; O'Meally, 2013). Even though donor agencies deny the charge that they follow a '*one-size-fits-all*' approach, which is more a macro-economic perspective, still there are some who admit that there is a tendency to take a 'cookie cutter approach' for programmes for LDCs (Best, 2012b, p. 97) which is the same as *one-size-fits-all*. Thus, recognition of political realities of implementing policies - which is a political challenge - (Best, 2012b) (e.g. Grievance Regress Committee- GRC) is important in discharging accountability. Thus, ambiguity in policies (re)produce ambiguity in accountability mechanisms.

The other issue is especially with inherited lands of temples and those who were physically disabled but own the titles of properties. A senior officer at RDA explained the two cases:

Case five: *(related to ADB-funded section). In tradition and according to the law, properties of temples are transferred to the oldest disciple of the chief monk at the event of ownership transfer. Thus, the name list of disciples has to be registered at the respective 'Nikaya'. In order to prove any disciple as the oldest, a letter should be obtained from the 'Maha Nayaka thero' of the respective Nikaya. The monk who claimed compensation was not entitled for the title and purchased vehicle. After the payment of compensation the registered disciple came and demanded the compensation. Once the correct monk proved the situation, GoSL had to pay compensation to that monk as well. This made a conflict among the disciples of the head monk and between the communities around the temple. As a result, the government decided not to continue the issue to the legal level due to future effects on loans and reputation.*

Case six: *A middle aged, physically disabled woman nominated her husband to present herself at the compensation process. They initially received the first payment of the compensation. They used to live a small cadjan roof. Once the compensation was made, her husband built a new house, but he did not bring his disabled wife to the new place. The lady (wife) then stayed in the same house with her children without any income. The man started living with another woman in the newly built house. Later on he forced his wife to request the second payment from the project and due to the threat made by the husband the lady requested the second payment and gave it to her husband.*

It is the duty of the inquiring officer to ensure the legality of the title before the recommendation for payment. Officials accepted that these were the shortcoming of the state. Although the government introduced a monitoring system with the bank (as explained in the above section), which is accountability as control compared to accountability as answerability (Smyth, 2012). Even though the system did not produce expected results due to lack of funds, lack of personnel for investigation, lack of interest by the higher and political level etc., Martinez and Cooper (2017) emphasized how accountability requirements enable the formation of a governable field by

regulating its component parts. In this case donor agencies attempted to regulate and control Sri Lanka by imposing various accountability sanctions. Thus, regular monitoring systems were rather to ensure external accountability, which is 'Horizontal' accountability, and refers to the mutual oversight embedded in the state's institutions of checks and balances - relatively co-equal relationships that do not fit easily into the principle-agent relationship (O'Donnell, 1998).

By applying the principle-agent concept, Fox (2015) explains different sets of power relations between citizens and public service providers. There he identified 'long-route' in which citizens become 'principle-less' by delegating authority to political representatives, who then govern bureaucracies by choosing policy makers who then create compacts to manage front-line service providers. This means that by appointing political representatives, the community becomes less powerful (or rather power-less) within the power relations in a developing context, except those who are with political affiliations, which is ensuring external accountability demands. This emphasizes the shifting and transformation of power relations from the community to donor agencies through various accountability demands.

7.4.2 Accountability failure as an aporia of accountability

In this particular case there were different situations which exemplify how (social/cultural) accountability has been undermined or neglected either due to (over) prioritization of external accountability demands which was essential for political sustainability of regimes and relationships while achieving the 'success' (Best, 2016) of development programmes and interventions.

Traditional societies are built on their own social and cultural values such as caste systems, religion, geographic region, ethnicity etc., which has a strong effect on their mundane decisions, activities and rituals (Wickremasinghe and Hopper 2005). Thus, political realities of economic standardization (result-based outcome) need to be explored in understanding the extent of

implementation of accountability mechanisms. Due to strong attachment to inherited properties, some people refused to move from their original places even after the government agreed to pay the rent allowance until they build a new house. This case was much stronger with local elites, called 'Walawu'. One senior officer at RDA explained:

Case eight: *There was one family from a prestigious walawu family, they refused to move to another place until they finished construction of the new house. It was because of the self-respect. During the abolition also the owner and his wife were in a part of the original house telling that rented house would tarnish the respect of their family reputation.*

The government did not consider the original location when they re-located communities with different cultural backgrounds. One senior officer at RDA explained:

Case nine: *Two communities, from Baddegama (countryside) and Hikkaduwa (coastal area), were resettled in one resettlement site without considering their original places. These two communities had different social status including caste, way they talk, the way dress, relationship maintenance, norms, religion etc. As a result of this disparity the two communities did not accept each other and had many social problems.*

This aspect was not covered in the National Involuntary Resettlement Policy (NIRP) which provided an 'opportunity' (Best, 2012a, p. 674) to state actors (e.g. project) to interpret the policy to be aligned with their plans. Due to non-acceptance and disparity between social status these two communities ended up with social conflicts. For example, they did not want to share the same cemetery, same shops, same religious place and had personal grudges due to different political views etc.

Traditional societies are based on reciprocal relationships, especially their social, cultural and religious activities. But this road decoupled the community from regular, traditional social and cultural relationships. Access to traditional footpaths were restricted. A senior officer (GO-03) explained:

> *It is our responsibility to provide access to roads. Sometimes*
> *we acquired lands only to construct local roads to villagers. […]*
> *Some traditional roads were totally restricted due to the*
> *expressway.*

But the community was not pleased with the new roads and compensation due to social and cultural consequences. Villagers had their own common places for their daily gathering, such as grocery shops, wells, temples etc. But due to the expressway, some villages were parted into a few sections, and common places were isolated. A villager (VC-06) explained:

> *We had a common well within the village. Many villagers used*
> *this well for their daily purposes and this was one of the main*
> *places we had for social gathering in daily basis. But, after*
> *land acquisition now it is much closer to the road and no one*
> *uses it.*

This can be further explained from one of the cases observed during the fieldwork.

Case ten: *The village was divided into three parts. Consequently, also*
                the community was divided which ultimately created rivalry
                among sub-communities within the same traditional and
                historic village, especially during religious and cultural
                activities. For example two new Buddhist temples were
                constructed other than the existing temple.

The chief Monk (VC-13) of this old temple explained:

> *The village was divided into parts and built new temples.*
> *Social bonds and relationships were highly affected. The lack*
> *of unity of villagers can be seen in every common activity now.*

Social relationships within a traditional culture are embedded in the social life of the villagers, which was affected due to the division of the village. Consequently, the disparities in values, beliefs, opinions between sub-communities, especially during religious and cultural events (e.g. 'Katina Ceremony', New Year celebrations), creates silent (unseen) competition between the community. Sub-communities create their own social strata within their new community with their political representatives and leaders

who belong to different political parties with economical support. This is capitalized by local and national politicians in different political parties and unknowingly and unconsciously it creates a rivalry between these sub-communities. A villager (VC-06) explained:

> *Due to the division of the village, temples lost traditional 'daana'. Less participation in public and common events. Politicians used this division as an opportunity to get community support for their political party by representing their issues in the media.*

Case 11: *Observation of resettlement site in Kottawa – government divided one of the lands into different plots given to affected families to resettle. Observation revealed the by-roads within the resettlement site are fractured due to poor maintenance, also it does not have a proper sewage system. Some re-settlers sold their lands and moved to different locations due to less facilities such as transportation, schooling etc.*

The same observation was made in the 'Nisala Gama'.

Case 12: *The sewage system is partly built and lands in the lower levels are flooded during the rainy reason.*

The same issue was observed in drinking water facilities in resettlement sites. Almost all the resettlement sites initially did not have water line service from National Water Board and had to use a common well built by the project. It was established after a few years of the project implementation. But still, there are some resettlement sites with a common well, but due to poor maintenance, the common wells are not in usable conditions and villagers have to travel to some other areas, especially to obtain drinking water. Some villagers built their own well within the house, but due to the drought, most of these lands lack water. A woman (VC-11) explained:

> *The colour of the well is yellowish. Cannot use for drinking purposes. We have to go to other wells to get water. Still we do not have water line facility.*

A woman (VC-16) confirmed:

We can't use the water in the common well. Our own well also does not have water during time with no rain. It is very difficult to travel to get water. But, still we don't have water lines. We complained to RDA as well.

Meetings with MoHRD found that resettlement sites were handed over to the respective division secretariat for maintenance. But villagers think that maintenance should be done by the RDA, which is clear evidence of lack of transparency of accountability mechanisms. Interviews and document observation revealed that respective divisional secretariats should maintain resettlement sites. Interviews with MoHRD and RDA found that once the resettlement sites are handed over to respective divisional secretariats, MoHRD or RDA do not take follow-up action to ensure the proper maintenance of sites. Thus, inter-coordination between government agencies in discharging accountability does not seem to be in place. Thus, state agencies demarcate their accountability, especially in post (construction) consequences. This had extended further into the life of the community:

Case 13:   *Another settlement site called near Kurudugahahethakma 'pathiraja Watta'. Community was happy with new location as their previous locations were in countryside. Majority of the community were Buddhists and only very few were with religions. It was observed that most of the community started to make their earnings through casual labour jobs in tea or rubber plantations as usual. Very few opened small shops (fruit shops, lottery-ticket selling shops) in front of their houses. Relatives of the same family who are with pre-established personal conflicts resettled in the same areas. Hence, some of the issues with resettlement sites were linked with their personal conflicts and reached up to legal actions.*

Two major issues resulted in social unrest within the site. Both issues were related to one household.

Issue One: *Hygiene of common well of the site (see Figure 7-6 - initially villagers used water from this well for washing and cleaning. Later, a water line was built by National Water Board, and community stopped the use of the well for daily activities. But time to time a local authority comes and cleans the well, but due to lack of regular maintenance, the well became unusable.*

> *The house near the well is used to dispose household waste to the same areas of the well and became polluted. Other residents made complaints to the local authority. Local authority advised that community should pay the maintenance charges if they want local authority to clean the well on a regular basis to ensure the hygiene of the well.*
>
> *But villagers denied the payment claiming that resettlement was not voluntary, thus, maintenance should be looked after by the government.*

Issue Two: *Illegal occupancy of extra small land near the main household (which was originally build for sewage) (see Figure 7-6). Community claimed that land was to construct a sub-road. Rest of the villagers alleged household has more than the allocated area (20 perches) and complained to Divisional Secretariat (DSO). The household cultivated a few banana trees in that small land which is not legally entitled to them. Officers of DSO visited the place and informed the community that original plan does not show such a land. The woman (mother) of this household mentioned that when they occupied the land it was a sewage system and planted few plants.*

Figure 7-5: Map of the Land and Common Well
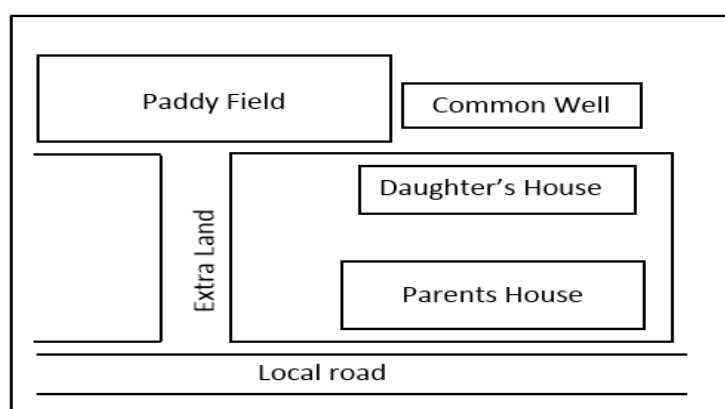
(Source: Observation Data)

These kinds of issues were common to every resettlement site. Post (construction) accountability was rarely addressed, while prioritizing the external accountability as discussed in section 7.2.

McKernan (2012), who is inspired by the work of Derrida (1994), explains that 'the moment of decision, and especially the just or moral decision, is always madness'. In this paradoxical madness, instant decisions cannot be a matter of wise weighing up of reasons, cannot be a dutiful application of universal norms and rules (McKernan, 2012). On the contrary, it is always singular, the decision maker's alone, not open to intelligible explanation, beyond rational or calculative accountability, a kind of secret: such, in fact, is the paradoxical condition of every decision; it cannot be deduced from a form of knowledge of which it would simply be the effect, conclusion, or explication (p. 262). Derrida (1994b) argues that every genuine decision will 'surprise, in a word, the very subjectivity of the subject' (p. 68).

Real responsibility occurs in suffering the anguish of undecidability of decisions (McKernan, 2012). It occurs when no real decision can ever be fully justified. A response to one demand will inevitably entail a neglect of the need and demands of the generality of others. Derrida (1992, p. 70) explains:

> *I can respond only to the one (or to the One), that is, to the other, by sacrificing the other to that one. I am responsible to any one (that is to say to any other) only by failing in my responsibilities to all the others, to the ethical or political generality.*

Thus, in meeting the external accountability requires to sacrifice the ethical responsibilities as an actor of the community or the state. Government agencies cannot give a reasonable account for themselves to the community, they cannot justify their decisions of demarcation of accountability mechanisms, incorporating the notion of 'ambiguity' (Best, 2012b) into accountability. As explained by Derrida, it is keeping silent, in not sharing the reasons, in not giving an account for the decision, in not giving the reasons for the behaviour, in not speaking and making things public and open to debate (thus ambiguity allowing actors to interpret) that what state agencies assumes (prioritized) responsibility. Hence, ambiguity allows actors a space to interpret accountability as they prefer or favour, thus external accountability becomes prioritized. This responsibility 'consists in always being alone,

entrenched on one's own singularity at the moment of decisions' (Derrida, 1992, p. 60). Thus, 'every decision is singular'; at the same time it is 'solitary, secret and silent' (McKernan, 2012. 263). Being 'silent' in discharging accountability provides an account on the role played by the notion of ambiguity in accountability relationships.

The social and cultural issues encountered were rather ethical that need to be met by the state actors upon their decision. Derrida breaks the notion that responsibility is always tied to accountability, and to that can be publicly explained and justified. Hence, this responsibility, this ethics, must be repeatedly sacrificed in the name of an infinite singular responsibility. Thus, ethical duty must be sacrificed in the name of duty, which is infinite external accountability ensuring future political, economic relationships of the state with donor agencies and countries: 'One must behave not only in an ethical or responsible manner, but in a non-ethical, non-responsible manner, and one must do that in the name of duty, of an infinite duty, in the name of absolute duty' (Derrida, 1992, p. 72). We can act responsibly to one only by in the same instant failing in our responsibility to the other. 'We can follow only one path, one set of possibilities, only at the expense of every other path, at the expense of other possibilities' (McKernan, 2012, p. 264).

Apparently, this project had offered positive consequences/success stories as well, especially in broader economic and social effects. This road connects two regions of the country. Before the project implementation, travel time and cost made the community distant from their families which affects the family relationships. But the expressway enabled the community to reach home every day through the improved transportation services introduced for the expressway at a marginally higher price than existing public transport prices. A public sector female employee (VC-06) commented:

> *I used to stay in a rented house and went home every weekend. I was worried about my aged parents. But now I can travel every day.*

Another male employee (VC-17) commented:

I have two small children. I used to travel home every Friday night and come back on Monday morning. I did not have enough time to stay with my family. But, now I travel every day though prices are relatively high.

Children who were unable to access previous schools due to the relocation were able to attend new schools upon the request of the parents. A senior officer (GO-03) explained:

If a child faced any problem in accessing their school, we provided them schools once parents made a request.

A housewife with two school-aged children (VC-16) confirmed.

One of our children got access to a very good school in the town, but not for the other. School did not accept the letter from the ministry [she is talking about MoHRD].

Also, communities that had social issues with previous locations are happy with the relocation. An old woman (VC-02) in Diyagama commented:

I had only 12 perches, but I received 20 perches. This place is good. No flooding as previous, very easy to go to market and hospital.

Another villager in Kahathuduwa:

We are now 1.5 km ahead of our previous place. We did not have public transport facility, but now road is in front of us. It is very easy to access the main schools, market and hospitals, tuition classes etc.

Thus, the project benefited various people even though this may not directly link with the post-structural objectives of the Southern Expressway.

7.5 Summary and conclusion

This chapter developed to address the second research question exploring how accountability is constructed and discharged in an infrastructural

development project in which global development agencies, political states and communities interact. This chapter explained how ambiguity in accounting controls and patronage power resulted in neo-colonial relationships in constructing and discharging accountability relationships and practices in infrastructural development projects. Findings show [1] ambiguity in accounting and patronage politics in accountability practices prioritize external, patrimonial relationships and accountability demands producing and reproducing neo-colonial power relations, [2] how neo-colonial relationships undermine state (local) ethical, social and cultural accountability in front of competing and prioritized neo-liberal global accountability relationships and practices.

The next chapter concludes the thesis by outlining the major research objectives, research questions, major findings and how this particular research will contribute to the wider critical accounting studies.

CHAPTER 8: Conclusions

8.1 Introduction

Up to Chapter 7, I have presented a story of public sector investment decisions in Sri Lanka. I have examined how they are implicated in a form of governance and control animated by power of politics which dominates prevailing accounting controls in Sri Lanka (re)producing neo-colonial relationships

As the final chapter, this chapter concludes the thesis by reflecting on the story of accounting and infrastructural development projects, highlighting the findings of the study. Also, this chapter presents the reflections on my theoretical framework, the contributions of the study as well as limitations of the research. Finally, this chapter ends with providing avenues for further research.

8.2 Story to an end

This thesis explored a story of public sector investment decisions in Sri Lanka. Taking the landmark Southern Expressway infrastructural development project (the first major infrastructural development attempt completed in Sri Lanka), the thesis points to a number of compelling issues that impacted upon the management accounting controls of the project. Furthermore, the thesis also traces tensions in the accountability mechanisms, which plagued the project. Conceptually, management accounting decisions and controls were understood encompassing broader micro and macro environmental dynamics. But, in reality, the role of accounting and controls within broader macro-/microenvironment provide a different story when non-state actors become involved with decision making. This interaction with the accounting systems and controls resident at the core of the project negatively changed accountability mechanisms. Therefore, the role of accounting and accountability relationships in the face of donor-funded projects in developing countries were explored by locating both accounting and accountability in the

cultural and political context in which this phenomenon is situated. Thus, this thesis provides a rich, and micro story of how accounting, controls and decision making operate, especially in development agendas, when locating such practices in the socio-political cultural landscape of development in LDCs.

Seeing accounting and controls as embedded within public sector management enabled the analysis of its connection to development interests and agendas to see how accounting became less significant, or pushed back within the macro socio-cultural political environment, in the presence of wider national and international competing political interests. This story addresses the concern of 'post-colonial political rationales of accounting and management controls' in an LDC (Alawattage et al., 2017) and thus makes rich empirical contributions to the extant literature.

The intention of this thesis was to explore two main research objectives; [1] What are the techno-political roles that accounting plays in infrastructural development and how do politics complicate the accounting's roles therein?; [2] How accountability and practices are constructed and discharged in a techno-political project of an infrastructural development? Thus, the study attempted to respond to research questions raised at the outset; [1] To explore the ways in which accounting intervenes, regulates and manifests the techno-political dynamics and interactions between the global development funding agencies, the political state and the local communities. [2] To explore the ways in which accountability relationships are produced and reproduced in a political context of infrastructural development where global development funding agencies, the political state and their administrative wings, and the local communities interact. In doing so, the thesis used a case study approach and developed three key findings. In turn these findings are explained below.

8.2.1 Political capitalization of accounting through ambiguity both at state and non-state level

Politics is more visible both within the state and international level, which has a strong influence on management controls, accounting and accountability relations. This is supported by the presence of ambiguity in management control systems including accounting controls. There was also a corresponding ambiguity concerning the discharge of accountability at both the state and non-state level. In part this is driven by power, where state-level power relations are created to maintain the dominance of party politics in the first place, which then changed how management controls, accounting and accountability functioned during the term of the Southern Expressway project.

Patronage politics is one of the key elements in creation of power relations in LDCs, which (re)produces the kingship in a different form, especially in investment decisions both within the state and non-state level. First, presence and perpetuity of patronage politics within the state in LDCs becomes apparent regardless of the political regime. This process is supported by the 'ambiguity' which allows multiple interpretations presence in management controls, accounting and accountability demands in the state. For instance, as outlined in section 6.4, the use of 'cabinet paper' in order to depart from management accounting controls, and also fulfil the demands of national politics. Thus, in order to maintain the patronage relationship, there were a series of departures and perpetual violations of management controls, and accounting practices (discussed in section 6.4.2). This was seen as a necessity by state actors, particularly MoHRD and RDA within the state, which goes beyond the state when the decision is about development projects funded by foreign donor agencies. This further limited the potential accountability to already marginalized communities that were affected by the project. Accountability to these communities was often less prioritized due to the competing external accountability arising from the demands of donor agencies. Secondly, power and patronage politics play important roles

between the relationship of the state and donor agencies, particularly due to the loan conditions, which are again 'ambiguous' in nature (outlined in section 6.4). By complying with the ambiguous loan conditions imposed by the donor agencies, the national government of Sri Lanka tended to depart from and violate state management control systems, including accounting and accountability towards parliament on financial and resource management. Thus, ambiguity is used as tool to capitalize accounting controls for political interests in order to maintain a healthy relationship between state and non-state actors (donors).

8.1.1 Power (re)produces the colonial relations

Power relations and patronage politics between state actors and non-state actors tend to continuously depart and violate prevailing management accounting controls and accountability demands. This in turn results in reproduction of colonial relations within state and non-state levels.

The above section explains how ambiguity is used as a tool of political capitalization of accounting. On one hand, this provides space to create neo-colonial relationships within the state level. Party politics and personal interests compel decision makers to implement politicians' decisions even if the decisions meant violating management and accounting controls. At the non-state level, patronage politics resulted in some donor agencies (for example, China) establishing within Sri Lanka as a permanent donor agency for most of the development projects, and as a commercial lender with high interest rates. On the other hand, donor agencies bring labour, and resources from their own or donor countries as a condition of the loan, but were perceived to use the Southern Expressway project as an opportunity to shift resources out of the country through imposing terms of high interest rates. As the political regime also does not have adequate funds for investment ensuring their regime for a longer period, but at the same time inability to obtain loans from the IMF and the World Bank due to constraints, they tend to maintain relationships with donor agencies who provide commercial loans with high interest rates. Data shows that continuous need of funds for

development activities, and inability to obtain funds from Western donors, becomes an opportunity for non-Western and Eastern donors, especially China to become the main investment and development partner of the Sri Lankan development agenda. As explained in section 5.3 and 5.4, Southern Expressway is an entry point for the Chinese government and other Eastern donor agencies in the Sri Lankan development agenda. Thereafter, many development projects were funded by the same donor agency (EXIM-China) including Hambantota Harbour, Colombo Ports City, Nelum Kuluna, etc. Also, as explained in section 7.2 and subsequent subsections, donor agencies imposed indirect controls on social life through government actors (see section 7.2.1.2) and are required to meet donor specific accountability first over the state accountability. This is a kind of debt trap and (re)production of colonial relationships. In short, this system continues regardless of the political regimes.

8.1.2 (Re)production of neo-colonial relations impede the local accountability in prioritizing external demands

Sections 8.2.1 and 8.2.2 explained the first two interrelated findings of the study. It shows that the ambiguity presence in management accounting controls and patronage politics creates various forms of power relations and perpetual departures from accounting controls (re)producing neo-colonial relations in LCDs. The third finding explains the consequence of the above.

Chapter 7 explained and discussed how power decides, and prioritizes accountability demands, particularly in state relationships and relationships at the state vs international level. The desire of maintaining long-lasting relationships with donor agencies was more important for the state (see section 7.2.1), which led the political regime to enforce state agencies to prioritize accountability to these donor agencies. This was even framed as 'social accountability' even though satisfying accountability requirements to donors indirectly imposed controls on the socio-cultural life of the local communities (as outlined in section 7.2.1.2).

Going further, patronage politics and neo-colonial relationships resulted in accountability only towards certain selected communities as a political promise while marginalizing others. As highlighted in section 7.2.2, some villagers were prioritized in land distribution as well as compensation due to the influence of main political actors of particular powerhouses/regions. These shifting accountabilities within political society had a significant role within the state as a political project rather than a development project. This resulted in community divisions and social isolation. By doing that, the post-structural objectives of the project are inadequately addressed, being limited only to official records and appearing as successful narratives in the reports issued by donor agencies (as outlined in section 7.4).

8.3 Reflection on Cultural Political Economy Framework

I used a Cultural Political Economy framework to explore the cultural political economy of accounting in how investment decisions are made, which had not been widely used in previous accounting studies except for a few studies (for example Hopper et al., 2009; Hopper et al., 2012a; Hopper et al., 1986; Hoque & Hopper, 1994; Wickramasinghe & Hopper, 2005) applying various theoretical frameworks such as Braverman's (1974) Labour Process Theory, Marxist social relations of production, historical materialism etc. This framework has been used more precisely in international political economy and international relations in exploring the wider role of global institutions in development and political relations. This framework allowed me to see the cultural political economy of investment decisions, particularly how political power and patronage power relations are implicated in a form of governance and control in public sector investment decisions in Sri Lanka. For example, the concept of power developed in Chapter 3 is not just a Marxist conception of capital-labour antagonism, and is not just a Foucauldian emphasis on governance, which predominantly offers a more structural version of power. The power goes beyond a tool of controlling labour and governance, but it produces and reproduces neo-colonial power relations within as well as beyond the states.

Further, as explained in Chapter 3 the role of politics and power in accounting has been studied with different theoretical frameworks, and some of the works are inspired by the CPE framework grounded on Cultural Marxism (Covaleski & Dirsmith, 1983, 1986; Everett, 2003; Jayasinghe & Wickramasinghe, 2011; Kurunmäki, 1999a, 1999b; Kuruppu et al., 2016; Macintosh, 2010; Neu et al., 2006). Most of these studies have given increasing attention to the divergent roles of culture and politics and how these can influence organizational budgeting. This mainly highlights the phenomenon that we can explore things differently with a cultural political economy framework, particularly cultural political economy of investment decisions. Especially, not only focusing from the perspectives of structural Marxism or Foucauldian studies, but beyond that combining the insights from development studies and international relations exploring the dynamics in less developed countries and global development finance. As I mentioned in Chapters 3 and 4, I have used four theoretical notions under the CPE framework, namely; power and hegemony, ambiguity, accountability and neo-colonization. This framework allowed me to show the interactions and inter-connections between these four theoretical notions in development agendas, particularly in the context of an infrastructural development project in Sri Lanka. This framework enabled me to explore how power relations supported by the wider ambiguity in controls are implicated in a form of governance and control in investment decisions in Sri Lanka and more precisely how political power dominates prevailing accounting controls of the states producing and reproducing neo-colonial relationships. Also, the introduction of neo-colonial power and relationships on top of the theoretical framework allowed me to provide a rich account on 'why' perpetual deviations and violations of accounting controls are 'required and made' and provided me a space to gain a deeper sense of understanding of 'how and why' different levels of patronage power and politics were implicated in decision making including accounting and controls of the project.

Also, this framework allowed me to narrate a story of 'development accounting' from a macro story to micro story in particular. Especially, in

economics development accounting emphasizes the economic policy level and how wider economic policies are implemented in attaining the policy objectives. Linking the same concept to accounting, but developing a micro story on an infrastructural development project, particularly how resources are allocated, decisions are made including accounting and controls in a culturally, politically and socially different environment.

A case study approach rooted in the CPE framework of the study allowed me to be a lived participant and to experience the research context as an internal (as I am also one of the frequent users of Southern Expressway as it is near to my residence) as well as an external. This allowed me to see how theoretical notions are interacting within the case at different levels; for instance, power relations and patronage politics. I would like to recall one incident from my field notes.

> This incident has happened during the fieldwork at MoHRD. One middle level officer at MoHRD who has a very close relationship with the Secretary, did not welcome me as a researcher from the UK; when I explained about myself and my study she told me that my study is very broad, and I needed to narrow it down. She always highlighted the relationship that she maintains with the Secretary of the MoHRD, how she uses that relationship in wider organizational decisions, and also how she uses this patronage power to intervene in higher levels of decision making.

This kind of experience enabled me to capture theoretical notions within the organization easily. I was able to link and interpret 'what is going on' to the CPE framework from the perspective of the actors. Also, the CPE framework posed me a question: 'Where could I think about consequences in exploring how management accounting controls work?' Rather than stopping at one finding, it always directed me to understand consequences of particular accounting and accountability practices.

8.2 Contribution to knowledge

As outlined in Chapter 1, accounting and development is now becoming an established field since the 1980s, but the role in cultural political economy

has been studied intermittently, especially in the context of development agendas, other than involvement of NGOs in empowering LDCs. But development goes beyond the context of NGOs, and Hopper and Bui (2016a) note that accounting in developing countries has been neglected as opposed to transnational corporations and institutions and rarely assessed its contribution to World Development Goals in which influence and assistance to marginalized and disadvantaged social groups become a cause for concern. In that context, development projects are considered with both structural and post-structural goals to be achieved in the face of 'development'. In that they emphasize that management accounting need not be confined only to what managers, in this case public sector decision makers including politicians, do and want. Also, accounting does not necessarily serve private interests, governments or party politics, it also affects civil society, disadvantaged people and public interests. This claim became more important when international actors involve and add their interests into the same irrational and orthodox justification of accounting needs and wider role in the society at large.

Moving forward, **first**, this research engages with critical accounting literature in three ways.

First, the thesis contributes to the development accounting literature by exemplifying how management and accounting controls permeate power relations within and beyond the state in the face of development agendas. Literature in LDCs conceptualized power relations more from studies of structural Marxism and Foucauldian work (Alawattage et al., 2019; Alawattage et al., 2007b; Alawattage & Wickramasinghe, 2008, 2009; Alawattage et al., 2017; Hopper et al., 2017; Hopper & Macintosh, 1993; Hopper et al., 1987; Hopper et al., 2012a; Hopper et al., 1986; Hoque & Hopper, 1994; Uddin & Hopper, 2001, 2003; Wickramasinghe & Alawattage, 2007; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004; Wickramasinghe, 1996). But how accounting controls are influenced by various forms of power relations including power relations within the state and beyond the state has not been

addressed in a development context. Thus, this study explains how ambiguity in management control systems including accounting controls becomes a tool of political capitalization of accounting which in turn helps to create power relations within the state as well as beyond the state relationship resulting in (re)production of neo-colonial relationships in less developed countries. Also, as mentioned earlier, this study particularly contributes to development accounting literature as this study explores how development is materialized through different forms of governance, controls, calculations, accountability relationships and practices on one hand. On the other hand, this study shows how development becomes visible through various forms of calculations, rankings and grading to global eyes including both state and non-state actors.

Secondly, this study makes links with development studies and management accounting by showing the influential and dominant role of global development agencies, more precisely the dominant role of Asian and non-Western donors (Eastern) in LDCs which is rarely addressed in development studies, particularly how patronage power and power relations are implicated in decision making including accounting and controls and accountability relationships and practices. Thus this study can make a link between development studies and management accounting literature (see for example Best, 2007, 2012a; Fox & Brown, 1998; Goldman, 2008; Tsamenyi et al., 2007; Uddin & Hopper, 2001, 2003; Weaver, 2008; Weaver & Leiterits, 2005; Wickramasinghe, 1996) exemplifying how ambiguity in management controls including accounting becomes a source of power, and power relations including political and patronage lead to produce and reproduce neo-colonial relationships in the face of development in LDCs. The study shows how donor funds become a tool of colonization in the face of 'development' which prioritizes both structural and post-structural objectives at the outset, but in reality, it is a commercial debt trap in neo-liberal global finance.

Thirdly, this study contributes to the understanding of accountability both in accounting research and development studies by showing how power relations construct and discharge accountability relationships in development projects

in less developed countries. Also, more precisely, how accountability becomes an aporia when accountability demands are competing and certain behaviours of social actors are not justifiable to other actors (McKernan, 2012; McKernan & McPhail, 2012). Accounting controls and accountability practices have been studied both in Western and non-Western contexts including Sri Lanka, but which are primarily NGO-based (*see* Everett, 2003; Fox, 2015; Fox & Brown, 1998; Goddard & Assad, 2006; Hossain, 2010; Joannides, 2012; Jordan & van Tuijl, 2000; Martinez & Cooper, 2017; McGee & Gaventa, 2011; McKernan, 2012; O'Dwyer & Boomsma, 2015; O'Dwyer & Unerman, 2010; O'Loughlin, 1990; O'Dwyer & Unerman, 2008; Unerman & O'Dwyer, 2012; Unerman & O'Dwyer, 2010). As a result of patronage politics and various forms of power relations, the Sri Lankan government had to prioritize and meet the donors' demands over the state undermining the local accountability relationships, which is not addressed adequately in development accounting. This led the state accountability to become inferior to the external demands (donor agencies) which is unjustifiable behaviour of the government (certain occasions), in summary, accountability became an aporia.

The second contribution has been the employment of the Cultural Political Economy Framework in development accounting research, which consists of different theoretical notions from the transcendental (Cultural) Political Economy framework inspired by Cultural Marxism, and Foucault and beyond. Since the 1980s, political economy research inspired by the work of Marx has been extant in the accounting literature as a well-established theoretical framework in studying the role of accounting in dynamic socio-cultural political landscapes (Alawattage et al., 2007b; Hopper & Armstrong, 1991; Hopper et al., 2015; Hopper et al., 2017; Hopper & Macintosh, 1993; Hopper et al., 1987; Hopper et al., 2009; Hopper et al., 2012a; Hopper et al., 1986; Hopper et al., 2012c; Hoque & Hopper, 1994; Hoque et al., 1994; Macintosh et al., 2005; Uddin & Hopper, 2001, 2003; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004). However, this study provides alternative lenses beyond traditional Marx and Foucault to analyse how power relations are implicated in a form of governance and control including accounting and how

Asian and Eastern (non-Western) global development agencies control LDCs creating political patronage and various power relations within and beyond the state. This study provides an alternative lens to see how power works in accounting controls and accountability relationships and practices. Especially as Jaqueline Best argues, control is achieved through 'ambiguity', which in turn creates power relations. This is an alternative theoretical lens which is different from Structural Marxism and how Foucault defines power relations.

Finally, this study exemplifies how case study research can be employed in exploring accounting and development as an alternative methodology to study management accounting in developing countries in contrast to established quantitative methodologies. Responding to the claim made by Wickramasinghe and Hopper (2005) which is mentioned in **Chapter 4**, this study shows how a case study can produce a rich account of a particular phenomenon of accounting in a different socio-cultural setting by employing a different theoretical framework as opposed to survey-based methods. Methodologically, this study provides an insight of why it is essential that researchers should engage themselves with naïve, but strange cultural settings to build a 'bottom-up' interpretation of behaviour, which is consistent with the beliefs of actors and actual events.

8.3 Avenues for future research

One of the main aims of this study was to understand the role of accounting in development projects in LDCs, specifically in the area of management control systems including accounting and accountability owing to the bemoaned lack of empirical work in this area, as elaborated throughout this thesis. The underlying theoretical notions are not limited to management accounting, instead insights are multidisciplinary particularly to development studies, public management being important in research in development contexts. This interdisciplinary theoretical progression enables an enrichment of management control systems, including accounting and accountability mechanisms in LDCs. Moving forward, the same development agenda and role of accounting could be explored using an alternative theoretical notion – for

instance, 'micro-accountability and bio-politics' introduced by Alawattage et al. (2019).

In addition, employing the same theoretical notion introduced by Alawattage et al. (2019), it would be interesting to explore development projects which work in a different mechanism rather than infrastructural development projects which have direct involvement of donor agencies with the recipient. Thus, there are other development agendas operating in LDCs; for example, agriculture sector, funded by development agencies through state actors, for instance, Coconut Cultivation Board in Sri Lanka. Thus, it seems some themes introduced in this thesis would be expanded upon by further research in this particular development agenda by employing the theoretical notion of 'micro-accountability and bio-politics' (Alawattage et al., 2019).

Annexure A: Data collection framework in the field

Themes, Rationale, Concerns, Questions and Data Collection Methods

Table A-1: Interview guide for key decision makers of both Ministry of Highways and Road Development Authority

Broad Theme	Rationale	Concerns	Possible Leading Questions and Sub-themes
1. Context/ background of the organization		1. Background information about interviewees - Type of appointment Ex: Permanent, contact, political - Educational background	1. Are you a permanent government employee? 2. Could you please tell me about your educational background and career path? 3. Are you from specific services attached to the government of Sri Lanka? Ex: Sri Lanka Administrative Services, Sri Lanka Planning Service, Sri Lanka Accountants Service etc
		2. Their position and duties	1. What is your position/designation in this organization?

			2. Overview of the job responsibilities and duties
	Background information	3. Hierarchical positions and structural relationship towards the project	1. Relationship/involvement to the Southern Expressway Project 2. Current job position in the organizational hierarchy and reporting authority 3. Controlling and decision-making power
		4. Important organizational matters	1. How are the following activities done in the organization and who is the responsible authority/department on the following subjects; - Project decision making - Investment appraisals - Budgetary controls - Management accounting practices - Accounting and reporting - Auditing
2. The case of Southern Expressway	To conceptualize the evolution of the project, influence of changes in political regimes, and the evolution of	• Historical context • Project initiation • Main reasons to justify the requirement or suitability of the project	1. How was this project initiated? (How did the Southern Expressway project occur as a concept of infrastructure development?)

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	structure and modes of control	- Cost benefit analysis - Key funders - Social and political pressure groups - Concerns of the affected (positive/negative/neutral) people	2. What were the prime concerns for the initiation of the project? (Economic/political, cultural/social, etc.) 3. Which political party was there as the government in Sri Lanka during the initiation of the project? 4. How was the project plan discussed in the parliament and what were the concerns? 5. Feasibility study 6. Environmental impact report 7. Project investment appraisal and how were the cost and benefits of the project projected? 8. Key funders and areas of funding and their involvement (supervision/consultation) in the project including debt repayment period? 9. Debt repayment agreements 10. Debt covenants and adherence to debt covenants

			11. Major concerns for the implementation of the project other than funding
			12. How did the political parties, trade unions and other pressure groups respond to the initiation of the project and the decision of the government?
			13. How did residents of the geographical area respond to the initiation (problems/concerns)?
			14. How were the problems/concerns resolved?
3. Project implementation	Conceptualize project implementation and development accounting	• Emergence of accounting, management accounting controls and transformation	1. How did this project influence the structure of the organization and management control practices of the organization?
			2. What are the management control practices and how are these practiced?
			3. How were budgets prepared? (Main concerns)
			4. Ongoing budgeting process of the project and concerns/matters which are considered in preparing budgets?

			5. Perception of the effectiveness of accounting information and the role of accounting information in the organization decision-making process.
			6. The extent of usage of accounting information for decision making and planning?
			7. Problems/issues associated with budgeting/management accounting/reporting due to debt covenants/rules and regulations imposed by the funders and how were these resolved?
			8. What sort of accounting practices were there upon the arrival of the project and how were accounting practices affected/changed due to the project.
			9. Does this project have an influence on shaping accounting practices, accounting controls of the organization.

4. Broader economic/social and cultural context and its influence on the Southern Expressway	To conceptualize economic/social/cultural position of the project to understand effects from and effect of the project as well as to the project	• Economic impact • Social impact • Cultural impacts	1. How is the performance of the project in the infrastructure development and economic development of the country? 2. What were/are the economic/social and cultural related issues raised due to the project implementation and what are the causes behind these problems? 3. How organizational management controls, accounting is influenced by social, cultural and political factors? 4. What are the measures taken by the ministry/authority/government to manage them? 5. Could the ministry/authority/government provide better solutions for economic/social and cultural related issues?
5. General political aspects, changes and the	Conceptualization of the macro level political interferences in the project	• General political pressure groups and their involvement	1. How did general political pressure groups influence the project implementation and policy decisions in the project?

influences on the project			2. How the community of the area surrounding the project was politically organized for the project and how the government marginalized the situation in relation to their decision making? 3. How did the current national politics influence the project? 4. Were political organized groups involved in the decision-making process in relation to the project? If so, how did they take part and how did you respond to it?

Table A-2: Interview guide for employees of Accounts department and administration-related departments of both Ministry of Highways and Road Development Authority

Broad Theme	Rationale	Concerns	Possible Leading Questions and Sub-themes
1. Accounting practices, management accounting controls of the organization and changes over time	To conceptualize prevailing management accounting practices, auditing practices and how these have been changed due to the project and, hence, the development accounting.	• Background information of the employee	1. What is your designation in the organization? Are you from Sri Lanka Accountant Service? How many years of experience do you have in this organization? 2. Did you work in the same organization upon the arrival of the Southern Expressway? If so, were you involved with the initial discussions on the project?
		• Accounting practices, policies, management accounting controls of the organization and its transformation due to the project	1. What are the accounting controls of the organization? Which type of accounting standards are applied in the organization? Do you observe or experience changes of accounting practices in the organization? 2. Did you experience new accounting practices and policies, new management accounting controls rather than your mundane accounting practices and policies?

			3. Do you participate with the monthly/quarterly/semi-annual/annual budget and management and administrative meetings of the organization? If yes, what are the specific things you tend to talk about in relation to the project?
		• Auditing practices and its change	1. How did you perform your financial statement audit, internal control audits of your organization before the arrival of Southern Expressway? Have you made any changes due to your auditing practices upon the arrival of the project? 2. What are the specific accounting practices, auditing practices and management accounting controls that the organization has adopted specifically for the project?

			1. In your experience and opinion do you think the prevailing accounting, auditing, management control system has been changed upon the arrival of the project? If yes, why? Explain? If no, then how did you manage debt covenants, restrictions, conditionalities of funders?
		• Implementation of prevailing or new practices	
2. The broader social cultural context of village and its influence on the accounting practices, management accounting controls of the organization	Impact of social, cultural and political factors on the organizational accounting practices, auditing and management control systems	• Influence of social, cultural and political factors on accounting, management control systems	1. What are the social, cultural and political issues raised due to the project? 2. How has the organization responded to issues/problems, especially land acquisition, compensation, etc.? 3. How were organizational management controls, accounting and auditing influenced by social, cultural and political issues raised due to the project? 4. How are organizational management controls, accounting practices and auditing practices influenced by social, cultural and political factors?

Table A-3: Interview guide for villagers of the project's surrounding area

Broad Theme	Rationale	Concerns	Possible Leading Questions and Sub-themes
1. The broader social cultural and economic context and its influence on villagers of Southern Expressway	To conceptualize extent of socio-cultural and economic context of the Southern Expressway on the villagers	• Acceptance of the project by the villagers • Impact of the project on the lives of the villagers?	1. How did you feel about the project when the government announced about the project which spans through your area? 2. What are the merits and demerits of the project to your area as per your feelings and experience? 3. What are the merits and demerits of the project to you and your family as per your feelings and experience? 4. Do you think there is an economic development due to the project? If yes, how, if not, why do you think like that? 5. Did this project create direct or indirect job opportunities to your people in the village? If yes, how?
		• Impact of the project on the livelihood of the villagers?	1. What is your main or ordinary course of employment? 2. How many members are there in your family and their age? How many of them are employed? 3. How much is your total household income? 4. Do you have school-aged family members?

| | | | 5. Did you have to give up your lands for the project? If yes, is it a residential property or cultivated property? How much did you receive as compensation for your lands and properties?
6. Are you residing in the same place on arrival of the project or different place due to project construction? If you are in a new place, what are the merits and demerits of your new place and area?
7. What do you think about the easiness/difficulties in access to markets, schools, workplace, etc. as a result of the project?
8. Are you doing the same job or employment before and after the implementation of the project? Did you have to change your employment due to this development? Are you doing any other business or employment other than your ordinary employment? |
| | | • Social and cultural impacts of the project on the village and villagers | 1. Did you experience division of the village into different geographical parts due to the construction of the project? If yes, how do you feel about the impact of the division on the village?
2. Did the project make changes to your day-to-day transportation system? If yes, then how? |

			3. Did you continue your cultural and religious ceremonies as previous after the implementation of the project? Did you experience any difference or change of your cultural or religious events?
			4. What do you do for your leisure time? Do you have friendship groups in the area to meet frequently? Did you experience a change after implantation of the project constructions over your area?
2. General political changes and their influence on the project		Political impacts of the project on village and villagers	1. How was the political pressure to the project and the government regarding land acquisition, compensation, dislocation, transportation and resettlement, etc. from the community of your area?
			2. What do you think about the political support given by the government in order to solve problems you had due to this project?
			3. Do you think your concerns/problems were considered by the government when they made policies and decisions regarding the project? If so, can you give an example?

			4. What do you think about the job creation in your area due to the project?

Annexure B: Summary of interview details conducted at the MoHRD

Table B-1: Summary of interview details conducted at the MoHRD

Interviewee(s)	Issues discussed	Time spent
Secretary - First Interview	**Interview One** • Informal discussion. • Information about organization and management. • Identified key personnel who deal with expressway project. • Obtaining permission to access field under his purview. **Interview Two** • Role of Secretary in wider organizational decisions, and foreign-funded projects. • Delegation of authority in decision making, control practices in foreign-funded projects. • Role of national politics in organizational decision making.	45 minutes 2 hours
Additional Secretary (Engineering)	**Interview One** • His role as Additional Secretary (Engineering) in MoHRD. • Obtained permission to attend PCC meeting **Interview Two**	45 minutes

	• The role of this position in projects and decision making. • General overview of large-scale road projects and foreign-funded projects. • Obtained permission to access project-related documents stored in his department.	2 hours
Senior Programme Director	Interview One • His role as Senior Programme Director in MoHRD. Interview Two • Project history as he was in the MoHRD from the inception of the project. • Project decision-making process, including appraisal to implementation. • Role of foreign funders from the perspectives of recipient state members. • Changes in project decision making. • Project recruitment • Obtained permission to access project-related documents stored in his department.	35 minutes 2 hours

Additional Secretary (Development)	• Role of Additional Secretary (Development) in road projects. • Land acquisition process and related government guidelines and controls. • Issues encountered during valuation and responses. • Grievance handling and structured accountability mechanisms in land acquisition and resettlements. • Obtained permission to attend Super LARC meeting.	3 hours
Assistant Secretary (Administration)	• Her role as Assistant Secretary (Development) in MoHRD and the project. • Project recruitment process and relevant guidelines.	40 minutes
Chief Accountant	• Project funding flow and disbursement, and related controls. • Budget guidelines and budgets in MoHRD, RDA and project, and approval process. • Response to funding requirement outside of budget. • Administrative and financial controls (including internal and government audit) from both national and international perspectives. • Obtained permission to access financial reports of the organization and projects.	4 days: Total of 9 hours 1st day: 2.30 hours 2nd day: 3 hours 3rd day: 2 hours 4th day: 1.30 hours
Development Officer (Budgets preparation)	• Budget preparation in special funded projects, and related controls. • Approval process.	45 minutes

Development Officer (Financial statements)	• Preparation of financial statements and consolidation, and related controls.	1.30 hours
Accountant - Southern Expressway	• Budgets and guidelines. • National and international controls on accounting practices. • Preparation and presentation of financial statement. • Project closure procedures and handing over to RDA for maintenance.	2 hours
Project Director (Previously Senior Project Engineer) - Southern Expressway - Phase IV	- Project decision-making procedure. - Fund handing procedures and authority. - Grievance handling and response procedures.	1 hour
Internal Auditor (MoHRD)	- Role of internal audit in foreign-funded projects.	1 hour
Director (Planning) - RDA (This person was in RDA during the	- Inception of the project (planning to funding). - Project recruitment process. - Major changes in project decisions including scope change and change of donors. - Obtained a copy of the initial project feasibility report done in 1996.	2 hours

inception of the project)		
Deputy Director (Lands) - RDA (This person was in the project during the land acquisition and resettlement process)	Interview One - Land acquisition and resettlement process implemented for the Southern Expressway project. - Issues encountered during the process of valuation and resettlements. - Grievance handling and response. Interview Two - His experience of social and cultural issues encountered by community.	2 hours 2 hours
Government Auditor	• Accounting practices. • Issues related to accounting and controls. • Reporting mechanism to both state and non-state.	3 hours
Director Finance (RDA)	• Funding arrangement. • Reporting mechanism. • Implementation of accounting controls.	2 hours

Annexure C: Summary of interview and conversation details conducted with community

Table C-1: Summary of interview and conversation details conducted with community

Interviewee(s)	Occupation	Issues discussed	Time spent
Participant 1	Small restaurant owner	- Experience of life near the road. - Information obtained before the project. - Compensation. - Access to services including schools.	40 minutes
Participant 2	Unemployed aged woman living disabled brother	- Experience of life in new location. - Compensation. - Income generation method. - Pros and cons of new land. - Physical isolation. - Access to services. - Effect of income restoration, and how they perceive it.	30 minutes
Participant 3	Casual labourer	- Experience of life in new location. - Compensation. - Physical isolation. - Difficulties in finding new jobs.	45 minutes

Participant 4	Entrepreneurs (Cinnamon)	• Experience of life in new location. • Compensation. • Effect of income restoration programme. • Access to market, and state support in finding market. • Ease of mobility of crops.	40 minutes
Participant 5	Unemployed aged family	• Experience of life in new location • Income generation after resettlement. • Compensation. • Access to services. • Encountering social issues and response from the state.	1 hour
Participant 6	Government employee – executive grade	• Experience of life near the road. • Information obtained before the projects. • Grievance handling. • Social and cultural impacts.	1 hour
Participant 7	Government employee - lower grade	• Easiness of travel to employment. • Effect of the road on daily life.	30 minutes
Participant 8	Retired government military employee	• Experience of life in new location. • Compensation. • How he perceives the resettlement and related impacts.	45 minutes

		• How he perceives income restoration programmes introduced by the state.	
Participant 9	Small grocery shop owner	• Experience of life in new location. • Compensation. • Change in income due to resettlement. • Physical isolation.	45 minutes
Participant 10	Small restaurant owner/electrician	• Experience of life in new location. • Change of customer base. • Access to services, especially schools for grandchildren. • Issues with new location, and state involvement.	1 hour
Participant 11	Small restaurant owner	• Experience of life in new location. • Issues with new location, and state involvement.	30 minutes
Participant 12	Private sector employee	• Experience of life in new location. • Access to services, especially schools.	30 minutes
Participant 13	Chief Monk	• Experience of life near the road. • How do they perceive the effect of the road on daily life of community.	1 hour

Participant 14	Aged-unemployed male	• Experience of life in new location. • Compensation. • Change in income due to resettlement.	30 minutes
Participant 15	Married-unemployed woman living with family	• Experience of life in new location. • Compensation. • Change in income due to resettlement. • Isolation from traditional family system.	30 minutes
Participant 16	Housewife	• Experience of life in new location. • Basic needs. • Access to schools and other public facilities.	30 minutes
Participant 17	Private sector employee	• Access to employment before and after. • Other impacts of road.	35 minutes

Annexure D: Supplementary document for Chapter 7

Table D-1: Supporting data from external audit

Concept	Example/Quotation	Affected Area	Source	Effect on Accounting/Accountability
Political domination	Some ministers sent name lists to obtain driving licence with training expenses under income restoration programme. But it was not for affected parties.	Recruitments	External Auditor	Patronage politics
	There were 23 houses built in a resettlement site. Politicians even involved and changed conditions of contact in order to take the power and authority of house distribution.	Land Acquisition and Resettlements		
	Politicians influenced the project to build ten meditation Kutties outside of the original place, which is outside of the contract conditions.	Land Acquisition and Resettlements		
	There were problems with valuation as well. Some politicians influenced compensation values as well. There were problems with compensation values.	Land Acquisition and Resettlements		
	Project exceeded the approved carder due to the influence of politicians. […] Sometimes they appointed people as consultants (i.e. consultant for land acquisitions) who did not have any relationship with the project.	Recruitment	External Auditor	Political influence on organizational decision making

	Always president or one of the powerful ministers was appointed to the ministry. Though the accounting problems were reported, corrective actions were not taken by the parliamentary scrutiny committees due to the influence of the minister.	All the sections	External Auditor	Political support for departures from accounting controls
	If there is any dispute between supervision consultants and the client, according to FIDIC conditions GoSL cannot go to court against the supervision consultant.	Constructions	External Auditor	International influence
Absence of accounting	Most of the MoHRD programme budgets do not tally with the budget allocation. As a result, obtain funds through RF36 and local banks.	Budgetary controls	External Auditor	Lack of controls
	Sometimes, statements show costs without any physical project, contractor, budget, jobs, etc.	Project costing	External Auditor	Lack of controls
	All the violations were made through local funds. […] No review procedures.	Recruitment and other locally funded activities	External Auditor	Accounting as a barrier/ Lack of controls
	The present contractor of the project had not been recommended by the Technical Evaluation Committees as the contractor had not fulfilled the relevant requirements.	Violation of procurement guidelines	Violation of procurement guidelines	
	The consultant had emphasized 12 important areas, which should be clarified with the selected bidder…prior to the award of the contract. No evidences were made available as to clarifications made with the selected bidder.	Violation of procurement guidelines	Irrational decision making	

In terms of…Government Procurement Guidelines, large volume contracts were required to be divided into suitable parts. The RDA had not considered the above instructions before awarding the contract.	Violation of procurement guidelines	Violation of procurement guidelines	
One bidder quoted unrealistically low rates. In such situations the employer TEC should request the bidder to prove how the bidder intends to procure such items at those rates. But it did not happen.	Violation of procurement guidelines		
Scope of work had changed in all three contracts […], these changes had not called for fresh tenders but entered into a Memorandum of Understanding at a higher monetary value with the original contractor before obtaining the approval of the Cabinet of Ministers. In restructuring the contracts, RDA had not considered facts such as long delays of existing contract unrealistic rates quoted, and inconsistencies etc.	External Auditor	Awarding of contract	
After the implementation of the project, all the employees of the project were absorbed either into RDA or another project. As a result the existing carder is far exceeded to the approved one.	Recruitment	External Auditor	Absence of proper control systems
Management circular for recruitment was not implemented. The process was highly influenced by politicians or due to financial benefits.	Recruitment	External Auditor	Absence of proper control systems

		Funds disbursed from the loan for the construction of the road had been utilized to mitigate the environmental impact of the project. It is not economical as government pays interest cost estimates would be excessive.	Misappropriation of funds	External Auditor	Absence of proper control systems
		They spent millions on inaugurations, which were not estimated.			
		The client was notified by the Team Leader of the Supervision Consultants that he would be leaving the project. The Supervision Consultant did not provide a qualified and approved replacement to the project as Team Leader for almost two years.	Performance measuring and ineffective project monitoring	Overall Audit Report	Absence of proper control systems
		PMU should be headed by a full-time Project Director. But RDA deployed three part-time Project Directors.			Absence of proper control systems
		These resignations were not voluntary. Due to higher-level (ministerial) influences and barriers they resigned… […] some PDs told minister 'maawa edala damma'	Involuntary resignation of key employees and forceful resignation	External Auditor	
		The key positions of the PMU, such as Project Director, Deputy Director, Accountant, Engineers etc. had been filled by several personnel at different times over the period of 10 years without considering the aspect of smooth and effective implementation.	Unintended consequences of irrational project recruitment	Overall Audit Report	

	Employees who were on secondment basis from RDA obtained benefits from both the project and RDA.	Human Resources Management, payments and controls	External Auditor	Double counting of services
	Same audit findings were there every audit.	All the sections of the project	External Auditor	Lack of review, monitoring and follow-ups

Annexure E: Supplementary document for Chapter 7

Table E-1: Supporting claims for accountability dynamics

	Example	Source	Comment/Note	Rationale
	However, despite the MoU signed between ADB and GoSL dated 07 July 1999 the contractor to take all necessary steps to avoid adverse consequences to the environment and protect the environment the involvement of the contractor in mitigation activities and protection of the environment were not at a satisfactory level. As a result, a sum of Rs.321.885 million had been paid as compensation for affected parties.	Overall Audit Report	Social Issues	Unintended consequences of accounting decisions and lack of accountability
Consequences of Accountability	A sum of Rs.4.972 million had been paid to the University of Moratuwa for carrying out studies with a view to obtaining an improved Environmental Evaluation Report applicable to the final construction of the road Project aimed at taking steps to avert the unfavourable conditions caused to the general public was questionable. As the report had not been received within the agreed time period the practical need for the Report. Although the Report should have been furnished on or before 15 December 2005 by the University, it was delayed and therefore it was not possible to ascertain whether the report had	Overall Audit Report	Social Issues	Lack of planning

	identified the environmental problems, included solutions, and whether it was possible to implement the recommendations in the Project execution due to lapse of time.			
	Although the client was notified on 30 January 2006 by the Team Leader of the Supervision Consultants that he would be leaving the Project. However, subsequent to the departure of the Team Leader action taken by the client requiring the Supervision Consultants to provide a replacement in February 2006, the Supervision Consultant did not provide a qualified and approved replacement to the Project as Team Leader until 28 April 2008. The client did not approve the change in personnel referring to Clause No. 3.1.1, 4.5(a) and 4.5(c) of the contract. The Project is a government priority Project that needs special attention including dedicated and qualified staff from the consultant to facilitate smooth implementation without unnecessary delays and cost. Delay on the replacement of the Team Leader for more than two years would have seriously affected Project monitoring and completion on time.	Overall Audit Report		

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