ARTICLE IN PRESS

Critical Perspectives on Accounting xxx (2018) xxx–xxx

Contents lists available at ScienceDirect

Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa

Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector

Mark Christensen[a], Susan Newberry[b,*], Bradley N. Potter[c]

[a] Department of Accounting and Management Control, ESSEC Business School, Singapore
[b] Discipline of Accounting, The University of Sydney Business School, Australia
[c] Department of Accounting, Faculty of Business and Economics, University of Melbourne, Australia

ARTICLE INFO

Article history:
Revised 20 March 2018
Accepted 28 April 2018
Available online xxxx

Keywords:
Epistemic communities
Problematization
Public sector accounting
Reform

ABSTRACT

This article provides an historical assessment of the workings of an epistemic community closely associated with the implementation of accrual accounting in the Australian public sector in order for it to become 'more business-like'. Our story begins in the 1940s, a period characterized by seemingly disconnected debates emerging from the USA about how best to manage government operations. We show that over the ensuing six decades, a small but influential epistemic community was able to problematize public sector management and accounting practices and cultivate the perception that the public sector needed to be more 'business-like' and that in order to do so, the adoption of 'better', in this case 'accrual', accounting was crucial. In doing so, we inform existing understanding of the early development of accrual accounting in government – the international dimensions of which are not widely acknowledged. Further, we show that in our setting, an epistemic community with transnational dimensions was crucial in enabling the reforms to occur, by disrupting the *status quo* in government accounting, and diffusing an accrual solution in several settings globally incubated in a discourse of business terminology that characterized governments as businesses. The epistemic community was able to diminish debate and invoke arguments to support the implementation of accrual accounting based on asserted enhancements to accountability, even though such reforms were largely untested in the public sector. Thus, we supplement existing research, by enhancing our understanding of how epistemic communities can make significant accounting change appear seemingly inevitable when it could have been otherwise.

1. Introduction

Since the 1980s there has been a clear shift in many countries toward what has become known as New Public Management (NPM) (Hood, 1995).[1] This shift can be located within a broader movement to re-define public administration, based on

* Corresponding author.
E-mail addresses: mark.christensen@essec.edu (M. Christensen), Susan.Newberry@sydney.edu.au (S. Newberry), bnpotter@unimelb.edu.au (B.N. Potter).

[1] While some have argued that the NPM era is over, others demonstrate convincingly that the key features of NPM remain. The key grounds for debate appear to be the extent to which NPM is best understood as a 'trajectory', or as a separate and distinct 'end state'. According to Hyndman and Lapsley (2016), NPM continues to prove elusive because it is not a reference to a static or finite set of tools and approaches, but instead 'portrays a set of ideas and practices which modernising reformers actively pursue as a solution to making the public sector more economical, efficient and effective' (p. 386). For this reason, the NPM story is set to continue (Hyndman & Lapsley, 2016).

https://doi.org/10.1016/j.cpa.2018.04.006
1045-2354/

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

quantifiable notions of efficiency and performance, ostensibly to create a more business-like public sector. Closely associated with this 'new' public management is a range of accounting techniques, mostly adapted or transferred from the private sector, which include accrual-based budgeting and financial reporting, full costing, performance measurement and performance auditing (Guthrie, 1998; Hood & Dixon, 2015; Humphrey & Guthrie, 1996; Olson, Guthrie, & Humphrey, 1998). The general argument advanced by researchers is that accounting is one of the technologies through which broader changes to public sector management philosophies and approaches have been enacted (Parker & Guthrie, 1993; Power, 1997b; Ryan, 1995; Broadbent & Guthrie, 2008).

Calls for greater efficiency and a better basis for performance measurement of public sector entities have been used in a number of countries to justify NPM-type reforms, although the specific accounting reforms subsequently adopted vary in different national settings (Olson et al., 1998). This provides the basis for our study, wherein we examine specific reforms initiated in the U.S. We show how, amid a range of seemingly disconnected debates criticising government administrations globally on several fronts, a strong thematic developed that resulted in calls for public sectors around the world to be 'more business-like' and to adopt a range of accrual-based accounting systems for that to occur. We also show that a small group of technical experts in powerful positions were crucial in shaping the reforms and diffusing those reforms in various jurisdictions globally. In doing so, we build on valuable insights offered by others who show that major public sector accounting reform is typically shaped by a range of complex institutional, political and cultural factors (Guthrie, 1998; Hyndman & Lapsley, 2016; Potter, 2002; Preston, Cooper, & Coombs, 1992).

In this study, we respond to the need for more studies of accounting change in the context of wider changes occurring in society (Carnegie & Napier, 2017; Humphrey & Miller, 2012). Calculative tools such as accounting are among the more generic and abstract features of the neoliberalisation process which seeks 'to replace political judgement with economic evaluation' (Chiapello, 2017; Davies, 2014, p. 3; Peck & Tickell, 2002). These embedded seemingly technocratic tools then become central to policy development and evaluation, thus establishing a 'neoliberal "rationality" of state' which helps to de-politicise issues and the neoliberalist policies put forward to address them that may, otherwise, have been hotly contested (Cahill & Konings, 2017, p. 45). Embedding such techniques and requiring their observance helps to underpin and reinforce the reformed policy orientation, while reducing that policy's visibility (Cahill & Konings, 2017; Jessop, 2002; Peck & Tickell, 2002). Accordingly, critical accounting researchers typically link neoliberalism with NPM approaches and the specific accounting techniques that implement them (Chiapello, 2017).

In our study, we provide some insight into the role of accounting in the globalization of a broader neoliberal policy agenda. On its own, linking accounting to neoliberalization and globalization is not new (Suddaby, Cooper, & Greenwood, 2007).[2] Our contribution to this literature comes from our examination of accounting innovation before, and as, it became 'fixed, known and unproblematic' (Preston et al., 1992, p. 564). We articulate how individuals and organizations were able to problematize the *status quo* in public sector financial management and form links with other individuals and organizations in order to develop and diffuse change consistent with their underlying beliefs. The empirics presented in this research illustrate an epistemic community's support for change and is consistent with Brown (2009) who observed that 'diffusion of new accounting models typically relies heavily on the advocacy of powerful actors and epistemic communities' (p. 335). However, as also noted by Brown (2009), proposed accounting change that is not consistent with the prevailing world view of an epistemic community (hereafter 'EC') may be resisted. Thus, mobilizing the EC concept can be efficacious in better understanding what is prompting, and what is resisting, globalization and its relationship with accounting (Djelic & Sahlin, 2009). In particular, illustrating Laughlin and Pallot's (1998) point about how the transnational accountancy firms extended their influence in a widening pattern, we show examples of those links in Australia and New Zealand, both of which became known as early leaders in the implementation of accounting reforms in their respective public sectors.

It is maintained here that a relatively small group of technical experts which included accountants, consultants and Auditors-General, influenced the public sector accounting reform agenda. These experts successfully proposed an array of corporate management philosophies and approaches to solve the problems that were defined to exist in public sector organizations within specific locales. In exploring the activities of these experts, we find clear links between experts in the US, Australia and New Zealand. There had been a long history in the US of limited success achieved from reform efforts involving thinking similar to that pursued via NPM (Downs & Larkey, 1986; Ingraham, 1997). This thinking involved a combination of moving from process to output controls, and conceptualising the government as a business operation (Laughlin & Pallot, 1998). As we show, Australia and New Zealand offered greater scope than did the US for achieving more comprehensive reforms, and for their subsequent international spread.

Many advocates of public sector accounting reform appeared to know each other. They frequently interacted at conferences, and we posit that they came to learn from each other (Dunlop, 2009), constructing together the approaches and associated regulations that established and reinforced their ideas. The result is the evolution of what can be labelled as an EC, confident in its ability to define the problem and an associated solution, whilst also possessing the capacity to diffuse that solution across time and space.

---

[2] As noted by Murphy (2008), critical perspectives on globalization have mobilized multiple theoretical bases but appear increasingly to be focusing on accounts of the role of supranational financial institutions – particularly the World Bank (e.g., Graham & Neu, 2003). The literature has been particularly informed by the work of various scholars including: Neu and collaborators (eg., Graham & Neu, 2003; Neu, Gomez, Ponce de León, & Zepeda, 2002; Neu & Ocampo, 2007; Neu, Ocampo, Graham, & Heincke, 2006; Neu, Rahaman, Everett, & Akindayoms, 2010); Gallhofer and collaborators (e.g., Gallhofer & Haslam, 2006; Gallhofer, Haslam, & Kamla, 2011a, 2011b) together with Annisette (2004), Arnold (2005), Murphy (2008), Saravanamuthu (2004) and Sikka (2011).

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

Laughlin and Pallot (1998) observed that 'the belief in NPM as a "solution" does not come out of "thin air" but is part of a motive structure which affects the thinking of those who have the power and opportunity to bring about change', and they attribute that thinking to ECs (p. 168–169). In the remainder of the study, we respond to Laughlin and Pallot (1998) by providing an empirically rich depiction of the workings and membership of an EC involved in public sector reform. We show how a single promoted reform (Program, Planning and Budgeting System (PPBS)) intended to replace 'normative critical evaluation with economic technical evaluation' that initially failed to succeed only took hold after the adoption of accrual-based accounting (Davies, 2014, p.22). Accrual accounting, which provides the base technology for the many technocratic evaluation tools introduced has since enabled a revised form of PPBS to gain acceptance. To that end our research efforts are aimed at:

(1) Providing an historical background to the shared beliefs used to support early efforts to promulgate a more business-like public sector;
(2) Demonstrating the membership and workings of an EC that grew around the shared belief that mostly untested accrual accounting reforms would improve public sector outcomes; and
(3) Identifying how members of an EC were able to link forces across national borders so as to convince decision makers to develop and diffuse their reforms.

Our main concern is to shed light on the role of the EC in developing the thinking and in shaping the calls for, and implementation of, public sector accounting reforms in various national settings. In doing so, we establish the identity of at least some members, and explore the avenues by which their influence was diffused globally. We contribute to the existing literature in three main ways. First, we illustrate the potential of the EC construct to assist our understanding of global accounting change. We show that accounting change advocated for various public sectors globally was wrapped in discursive notions of progress and improvement, even though the process by which these changes occurred was neither smooth nor linear (Djelic & Sahlin, 2009). The result is a dynamic model that allows us to understand how a group of technical experts can have a significant impact on the changes that occurred, even in the absence of formal relationships or structures linking those individuals. In doing so, we seek to complement the significant insights from 'the professions' literature which incorporates the role of organized groups and structures in the inherently self-interested accounting professionalization project (Caramanis, 2009, p. 155). Second and related, we contribute to the existing literature on ECs. We show some of the early transnational activity of an EC, when other research on public sector accounting reform has tended to focus on specific locales (Irvine, Cooper, & Moerman, 2011; Miller, 1991; Young, 1995). We highlight how the EC disrupted the *status quo* in public sector accounting by problematising existing practices and translating the burgeoning perceptions of the need for a more business-like public sector into the implementation of specific accounting solutions. Finally, we inform the general understanding of the early development of accrual accounting in the public sector – the international dimensions of which are not widely acknowledged. We provide empirics which connect people, events and issues across international borders beyond Australia and New Zealand, two countries which have hitherto been depicted as key in the development of such reforms (Christensen, 2002, 2005).

An implication of the empirics we present is that the widespread adoption of accrual accounting and concomitant wider NPM reforms was *not* inevitable. Comprehensive accrual reforms put forward were linked to notions of progress and improvement to public sector management and accountability, even though such reforms were largely untested in the public sector. Further, there was little direct evidence to indicate that these approaches and techniques would necessarily deliver superior outcomes to those possible under the *status quo* (cash accounting) or a variant reform such as cash accounting for the General Government Sector functions and accrual accounting for government business entities. In short, significant reforms were developed and diffused, when it could have been otherwise.

The remainder of the paper is set out as follows. The next section introduces the primary theoretical inputs we use in our study – *epistemic communities* and *problematization*. This is followed by a discussion of the methods used in our study. In the section thereafter, we present our results, organized as a *Prologue*, *Episode* and *Epilogue*. We begin by exploring the development of the perception that a more business-like public sector was needed. This is followed by our main episode in which we examine the role of the EC in problematizing public sector accounting practice and developing the case for an accrual-based solution. The empirical content of the article concludes with exposition of an epilogue in which the accounting reforms are seen to diffuse with the aid of the EC. The final section contains concluding thoughts, comments on limitations, and suggestions for further research which include a challenge for critical researchers to further explore the 'could have been otherwise' dimensions and possibilities of the accrual reforms that became embedded in NPM-type reforms in public sectors internationally.

2. Theoretical inputs

2.1. Epistemic communities

An EC can be defined as a 'network of professionals with recognized expertise and competence in a particular domain or issue area ... (bonded by) their shared belief or faith in the verity and the applicability of particular forms of knowledge or specific truth' (Haas, 1992, p. 3). The EC construct was initially applied within the International Relations discipline

(Kutchesfahani, 2014). In accounting it has also received some attention, including as part of the development and advocacy of frameworks to guide future research on accounting change (Lüder, 2002; Potter, 2005), in understanding how specific innovations to accounting and auditing practice were able to occur in specific settings (Ascui & Lovell, 2012; Christensen, 2005, 2006; Irvine et al., 2011; Jacobs, 1998; Lovell & MacKenzie, 2011; Potter, 2002) as well as in accounting standard setting developments (Chantiri-Chaudemanche & Kahloul, 2012; Martinez-Diaz, 2005; Schürer, 2015; Standish, 2003). More specifically, and creating opportunity for this study, others have speculated that an EC may have been influential in shaping global NPM reforms (Laughlin & Pallot, 1998, see also Potter, 2002).

For Haas, there are two central requisites to the existence of an EC. The first is 'shared causal beliefs which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basis for elucidating the multiple linkages between possible policy actions and desired outcomes; [and, second are] shared notions of validity – that is, intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise' (Haas, 1992, p. 4). While a 'community' might infer a physical place and/or formal structures and relationships, in the case of an EC, it refers to something more (Kaidonis, 2009, p. 291). Haas (1992, p. 3) describes an EC as a 'sociological group with a common style of thinking' and it is in this sense that ECs differ from other groups such as interest groups and lobby groups (Irvine et al., 2011). The shared ways of thinking provide the opportunity for the EC to function 'as an authoritative voice of advice in state decision-making' (Dunlop, 2000, p. 138). Members of a profession or discipline do not necessarily form an EC unless they share both principled and causal beliefs (Ascui & Lovell, 2012).

The authoritative nature of ECs derives from the potential for their knowledge to be applied in providing solutions to specific problems (Meyer & Molyneux-Hodgson, 2010). Individual members of an EC possess more than their normative values and beliefs supporting the 'common policy enterprise' (Haas, 1992, p. 3); they also possess expertise and influence, often tied to their current or prior professional/scientific roles. More importantly, the EC members' 'professional training, prestige, and reputation for expertise in an area highly valued by society or elite decision makers accord them access to the political system and legitimize or authorize their activities' (Haas, 1992, p. 17). As a result, EC members may be well positioned to assist governments to formulate policy (Ascui & Lovell, 2012).

Uncertainty about the nature, seriousness or technical complexity of policy problems, cause-effect relations or the potential effects of policy solutions present major opportunities for ECs to become influential. In the face of such uncertainty, policy makers may look to technical experts with recognized expertise and competence in that particular domain (Ascui & Lovell, 2012). Where those experts are part of an EC, members have the opportunity to shape the ideas, perceptions and beliefs of those with legislative or non-legislative regulatory power to operationalize policy change (Adler & Haas, 1992; Haas, 1992; Meijerink, 2005).

The processes by which ECs can achieve policy change can vary, but typically rely on a form of translation which can occur when existing approaches and techniques are criticized (problematized) and a seemingly appropriate solution is advanced. According to Miller (1991), in accounting, innovation is likely to occur when particular accounting practices are tied to broader, desirable goals such as enhanced accountability and more efficient resource allocation. Where this occurs, particularly across an array of diverse forums, the proposed innovation becomes more difficult to argue against, even though there may be little evidence directly supporting such benefits, thereby creating the opportunity for change to occur. When framed in this way, it is perhaps not surprising that ECs have been implicated in shaping the development and diffusion of accounting reforms in a range of settings (Ascui & Lovell, 2012; Christensen, 2005, 2006; Irvine et al., 2011; Potter, 2002, 2005; Ryan, 1998; Schürer, 2015; Young, 1995). The influence of the EC can develop where the two-faced Janus (Latour, 1987) emerges, with one face of the EC advancing brave 'cutting edge' change based on claimed enhancements to accountability, while the other EC face simultaneously takes actions to silence opposing views and stifle competing changes.

While a shared view of the world is a defining feature of ECs, it is also conceivable that such communities may have a transient element, whereby experts who believe specific policy changes are warranted might add their voice to the cause for a particular policy project (Brown, 2009). Discussion, argument and mutual criticism can often contribute to shaping consensus within the community over specific concepts (Jacobs, 1998), surmounting interdisciplinary barriers and creating a common vocabulary (Adler, 1992; Rose R., 1991).

In their effort to understand the change elements at work in countries undergoing governmental financial management reform, Laughlin and Pallot (1998, p. 179) posit that 'those in governments [internationally] who have been pushing so hard for public sector management and accounting reforms seem to be pursuing similar strategies.' They tentatively identified at least two international ECs that appear to have been influential. One, they posit, was 'more intellectual', drawing on economic theories and seeking to shift attention from input and process to output and efficiency concerns. The other EC, they argued, was 'more pragmatic' and involved private sector management consultants, including transnational accounting firms, promoting ways to make the public sector into a 'look-alike private sector'. There is no suggestion that all members of these ECs agreed with each other but rather that discussion, argument, mutual criticism and events contributed to shaping consensus over the direction of reform (Rose R., 1991).

Consistent with Laughlin and Pallot (1998), we show how different EC members shared similar beliefs but worked in different ways to enable change.[3] In the presence of broader debates concerning public sector management and governance

[3] Whether this amounts to the existence of multiple ECs as speculated by Laughlin and Pallot (1998), or different components of the same EC is beyond our scope. We flag this question, and the associated consequences for understanding the dimensions of change that occur as interesting avenues for others to explore.

occurring in various locales internationally, a transnational EC assisted in narrowing or framing the debate around the key question of how to make the public sector more business-like. Key to this were efforts to disregard differences between the public and private sectors and make the public sector into a look-alike private sector. Important in doing so, was the ability to systematically criticize or problematize existing accounting approaches in the public sector, which were cash-based, and to present something better (Dean, 1999; Lovell & MacKenzie, 2011).

2.2. Problematization

According to Rose and Miller (1992), the development of public policy can be understood as a process of problematization, which can begin when existing practices are criticized as not ideal. These practices may, as a result, be made to appear deficient in some way or ways, leading to the identification of a 'problem' for which an appropriate 'solution' is required. In such instances, various techniques of calculation, computation, examination and assessment are put forward that are claimed to not only address the perceived defects, but extend substantially beyond them, offering something new and better (Miller, 1991, 1998; Potter, 2005). Not all such instances result in policy change occurring. Likewise, the problematization process may be shaped by several factors in specific settings and should not be viewed as linear, or in isolation from the political, professional and social agendas of the actors involved (Alcouffe, Berland, & Levant, 2008; Rose & Miller, 1992). This is particularly the case where those concerned may stand to gain in some way from the problematization of existing practices. The ways in which proponents for change support their claims based on the advantages of the alternative/s has been the focus for a number of studies (see for example, Alcouffe et al., 2008; Callon, 1986; Miller, 1991). Notwithstanding, when the problem is made visible, the perception is created that something needs to be done and where the suggested solution is seen to be a means of regaining some measure of order, specific policy change is likely (Miller, 1998).

Problematization offers considerable opportunity for a greater understanding of how ECs can exercise influence in specific settings and invites a focus on the complex programs, calculations, techniques, apparatuses, documents and procedures that enable such influences to occur (Dean, 1999; Rose & Miller, 1992). It is through such rationalities and technologies that we begin to understand the multiple and delicate ways the lives of individuals, groups and organizations are connected (Dean, 1999).

Through calculative technologies, particular programs of governing become possible and likely. In this study, we show how accrual accounting techniques provided the intellectual machinery for key advocates in a transnational EC. The EC members were able to narrow existing discussion and debate about public sector financial management to articulate the problem that was claimed to exist and instantiate the path to a solution, in this case, a more business-like public sector. By having an accounting system that appeared to offer a means of more systematically capturing the cost of government services and operations, a technology appeared to exist which provided a means for the public sector to become more business-like.

Problematization has been used in studies which focus on how the boundaries of various professions can change through time.[4] For example, in accounting, previous works have explored the problematization of both *existing* and *emerging* practices in order to understand how accountants have come to assume prominent roles in various domains of activity outside traditional accounting pursuits including management control, government accounting, industrial relations, sustainability reporting and assurance (eg. Alcouffe et al., 2008; Covaleski, Dirsmith, & Rittenberg, 2003; Fogarty & Radcliffe, 1999; Power, 1997a; Young, 1995). A common theme in these works is that success in bringing about accounting innovation is not solely dependent on developing technically correct rules and procedures. Instead, of importance is the seemingly more powerful ability of those involved to construct the appropriateness of particular advocated techniques and approaches and to encourage others to build on them, even though there may be a lack of objective research evidence to support the innovation put forward.

Studies which apply the problematization construct provide examples of how professional boundaries can change in specific settings. Researchers applying problematization typically allude to the influence of technical experts holding particular world views in identifying and defining accounting problems and solutions in certain, almost rehearsed, ways (Christensen & Skærbæk, 2010; Young, 1995). We seek to augment the findings of this prior work on problematization in two key ways. First, we shed light on how these experts criticized existing cash accounting in government, and what committed their efforts to the specific accrual-based approaches put forward. Second, we show how the specific problems and the associated solutions were articulated and diffused across time and space. The notion of ECs can be used to gain further insight into the problematization process and to augment an understanding of the rationalities and technologies associated with changes to the accounting domain (Potter, 2005).

[4] Problematization is also frequently deployed as a theoretical construct by Actor-Network Theory (ANT) scholars. In ANT-based research, problematization is conceptualized as the attempt by the macro-actor to define other actors' identities and interests consistent with its own interests (Callon, 1986; Latour, 1987). Compared to the use of problematization in this study, ANT scholars dwell more on the state of flux around changing identities and interests whereas an EC framework provides focus on shared causal beliefs and shared notions of validity by members of the EC. The notion of problematization is seen by ANT scholars as an integral part of beginning the creation of a network of actors (including non-human actants) whereas our focus is on how an EC promotes problematization of the *status quo* to facilitate change favourable to its common enterprise.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

3. Methodological and data choices

Our general methodological approach is to adopt an interpretive historical study in which we identify individuals and organizations associated with efforts to achieve public sector accounting change. Following those identifications, we interrogated conventional arguments put forward to justify and explain public sector accounting reforms based on notions of progress and improvement.

Earlier efforts to explain the origins of NPM such as Hood (1995) and Olson et al. (1998) together with more recent efforts (e.g. Hood & Dixon, 2015) have examined outcomes of reforms and looked for common patterns. In contrast to such approaches, this study examines historical data extracted from private and organizational archives, public and confidential documents, reports and oral histories in order to make sense of the connections between individuals and organizations influential in the reform's adoption. Our data spans the period from the 1940s to 2007 and is arranged and analysed to elucidate a prologue to set the scene for an illustration of change (episode), followed by an epilogue in the growth of public sector accounting reform. The structure of our story is shown below:

(i) *Prologue:* The early setting in which a range of discussions, debates and initiatives eventually narrowed over time to reflect the widely held belief that a more business-like public sector was needed;
(ii) *Episode:* Establishing an accrual accounting site: The role of an EC in problematizing existing accounting approaches within governments and in promoting and implementing an accrual-based solution; and
(iii) *Epilogue:* The role of the same EC in the diffusion of public sector accrual accounting reforms internationally from about the mid-1990s.

Early adopters of at least some of the core accounting technologies underpinning wider reforms are of interest here; those technologies include accrual accounting for General Government Sector (GGS) organizations; costing systems; performance measurement; outsourcing; and, private sector financing. Tracing accounting reforms allows us to identify important milestones in the growth of broader public sector reforms since they signalled *actual change* as opposed to rhetoric regarding change (Ball, Dale, Eggers, & Sacco, 1999; Carlin, 2005; Connolly & Hyndman, 2006).

The data sources used in the study are driven by the nature of the research questions and, as such, the data used varies across the events covered. One of the most notable differences is that for the main episode in our story, both oral histories and documentary sources are used to illustrate the workings of an EC whereas the epilogue and prologue rely on both primary (letters, presentations and speeches) and secondary (research studies, reviews and commentaries on events and developments) documentary sources. The resultant history comprises three phases which are interconnected in various ways by a collection of individuals, organizations and themes.

We begin our analysis in the following section which shows the early emergence of individuals who developed the belief that a more business-like public sector was needed. The prologue traces events which appear to have gained impetus from the late 1960s and 1970s. After that, we present the empirics which enable us to explore the role of the EC in problematizing existing governmental accounting approaches, proposing an accrual-based solution and diffusing that solution internationally.

4. New public management accounting reforms and epistemic communities: Some empirical evidence

4.1. Prologue: The need for a more business-like public sector

The empirical material presented here provides a prologue to the wider public sector reforms promoted internationally from the late 1970s, amid claims of public sector inefficiency, with the reforms reflecting a policy consensus that favoured privatization and deregulation.

In the US, as World War II drew to an end, the Bretton Woods agreement established a basis for future international economic order (Ainley, 1979). Two globally-oriented institutions were established in conjunction with the Bretton Woods agreement: the International Monetary Fund (IMF) to promote international monetary policy cooperation and exchange stability; and the World Bank to support growth in world trade and the economic development of developing countries. Subsequently, the Organisation for Economic Cooperation and Development (OECD) promoted among its developed country membership policy harmonization and economic growth through liberalization of international trade, initially in goods and later also in services (Ainley, 1979; Murphy, 2008). Thus, following World War II, new efforts emerged to coordinate economic policy internationally that encompassed trade liberalization. If government activities are conceptualised as the provision of goods and services, the scope for international trade liberalization is extended. While this might not have been apparent in the early days, it certainly became apparent over time.

Post-war developments within the US that drew on techniques devised during the war were subsequently advocated to integrate governmental planning, budgeting and financial management, then later promoted internationally. A Harvard University research group working with the Air Force had devised financial efficiency-oriented performance assessments of particular war initiatives, focussing on 'high target destruction with minimal cost or losses' (Watson & Wolk, 2003, p. 6). This appears to be an early illustration of what Chwastiak (2008, p. 574) describes as 'the moment when dominant

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

discourse of economy, production, contracting, costs, etc., (causes) the travesty and human tragedy to disappear'. Key members of the research group associated with this war effort moved to the RAND Corporation after the war, further developing these techniques into a sophisticated PPBS that became RAND's centrepiece innovation (Jardini, 1998).[5] PPBS, hailed as 'a way to integrate planning and budgeting', promoted reliance on 'a "rational", mathematically rigorous means of choosing among alternative future systems ...' (Jardini, 1996, p. 12–13; see also Kelly, 2003). The idea was that activities should be planned by program, and beyond the time range of the annual budget process. Focused on end functions, or outputs that would still be established politically, PPBS for defense assumed accrual accounting for cost-benefit assessments as a means of determining the costs, including depreciation, consumed in producing outputs (Jones & Thompson, 2000). It relied on economic and financial techniques alone for decision making, drawing on market efficiency theories and price comparisons with alternatives available, or presumed available, in markets. The financially-oriented techniques facilitated bureaucratic control over such decisions (e.g. see Appleby, 1948; Mosher, 1954).

A generic term, 'performance budgeting', had emerged in 1937, inspired by the form of accrual-based responsibility budgeting and accounting adopted in large corporations such as General Motors (Jones & Thompson, 2000; Kelly, 2003). Federal legislation enacted in 1949 required performance budgeting for the entire military, and in 1956 required accrual accounting throughout the federal government but there were no implementation deadlines and perhaps unsurprisingly, little initial progress was made (Mosher, 1954; Ricucci & Callahan, 2006; Smith, 1991). That changed after John F Kennedy's election in 1960 with the appointment of Robert McNamara as Kennedy's Secretary of Defense. Formerly a key member of the wartime Harvard Research Group, McNamara recruited key senior staff from RAND, including Henry Rowen and Charles Hitch to deputy positions (Jardini, 1996).[6]

McNamara required the implementation of PPBS throughout the Defense establishment, his motivation having 'as much to do with control and politics as it did with rational resource planning and budgeting' (Jones & McCaffery, 2005, p. 5). This centralised control of planning and budgeting within the Pentagon, with bureaucratic control displacing the previous military control (Anthony, 2003; Jardini, 1996; Mosher, 1969). It also earned 'the enmity of much of the military' (Jardini, 1996, p. 168). In 1965, McNamara recruited former Harvard colleague Robert Anthony to design and install a responsibility budgeting and accounting management control system throughout the Department of Defense, with major accounting firms such as Arthur Andersen (Air Force), and Peat Marwick Mitchell (Navy) assisting in this reform effort (Anthony, 2003; Jones & McCaffery, 2005; Jones & Thompson, 2000).

By this time, RAND had begun to diversify PPBS as defense-related concepts of US national security broadened to encompass 'social, economic, and military problems in under-developed countries' (Jardini, 1996, p. 298). President Johnson's 'Great Society' program announced in 1964 opened domestic opportunities for RAND when, in 1965, 'top-level economists at the federal Bureau of the Budget were looking to reassert centralized control over the new social welfare programs, [and]... their search quickly took them to the Pentagon' (Jardini, 1998, p. 8). President Johnson ordered the implementation of PPBS throughout the federal government, and McNamara's deputy and former RAND analyst, Henry Rowen, transferred from Defense to the Federal Bureau of Budget where he worked to 'civilianise' and promote PPBS more widely (Jardini, 1996, pp. 341; New York Times., 2015). RAND staff soon became spread across civilian agencies of the federal government (Jardini, 1996).

Elmer B Staats, Deputy Director of the Bureau of Budget when this initiative commenced, was appointed Comptroller General of the United States in 1966. He later described himself as 'co-leader of this extension of PPBS', calling for congressional attention to the evaluations of the effectiveness of policy, and seeking an extension to his audit role for that purpose (Eschwege, Grosshans, Horan, & Poel, 1987; Staats, 1968, p. 464).

However, there was opposition to PPBS and the systems on which it relied. The Air Force had received PPBS unfavourably when it was first developed, and its subsequent implementation in the Department of Defense damaged RAND's longstanding relationship with the Air Force (Jardini, 1996). Federal government budgeting was not based on full accrual accounting. Congress rejected Anthony's responsibility budgeting and management control system, thus preventing the integration of PPBS with formal budgeting and financial management systems (Jones & McCaffery, 2005). As a result, PPBS in the Department of Defense 'did not mature within a much-needed management control structure, it continued to subsist as a disjointed long-range planning mechanism. [It] perpetuated key weaknesses – failures in management and control' (Jones & McCaffery, 2005, p. 13). Additionally, the social policy-oriented development of PPBS proved technically and politically challenging in agencies that 'lacked the clear and singular objectives' of the Department of Defense (see Kelly, 2003, p. 317 for fuller explanation).

Rowen, McNamara's former deputy in the Department of Defense, returned to RAND as its president from 1967, and McNamara was appointed president of the World Bank. At RAND, Rowen led the further diversification of PPBS into municipal services, including 'housing, poverty, health care, education, ...police protection and firefighting' (Jardini, 1996, p. 343).[7]

[5] RAND was established by 'Air Force and industrial leaders ... [to conduct] military research and planning' (Jardini, 1996, p. 9). It became a non-profit corporation in 1948.

[6] Robert McNamara, an accounting professor who was part of the Harvard Research Group, had joined the Ford Motor Corporation after World War II with others from that Research Group. Charles Hitch had also been involved in this wartime research. Henry Rowen was one of several RAND analysts who assisted Kennedy's election campaign with ideas and draft speeches (Jardini, 1996).

[7] One well known (and controversial) initiative was RAND's joint venture with New York City (the New York City-RAND Institute) to implement PPBS (Jardini, 1998; Mosher, 1969; see also Light, 2003, p. 82 for an example of the adaptation).

The World Bank was already promoting micro-economic reforms to its member countries by 1967, these including both PPBS and accrual accounting, and these efforts accelerated under McNamara (Enthoven, 1965, 1969; McKinnon, 2003). The World Bank prescribed PPBS for aid projects in developing countries, despite evidence that the administration processes involved were beyond the capacity in those countries (Rondinelli, 1987). Additionally, some developed country members, the United Kingdom, Australia and New Zealand among them, attempted to adopt PPBS and similarly encountered capacity problems (see, for example, McKinnon, 2003).

With its reliance on market efficiency and cost and price comparisons, integration of PPBS into government budgeting and accounting systems evidently meant converting those government systems to accrual accounting that was the same or similar to that practised in business (see Jones & McCaffery, 2005). However, PPBS had been promoted, and even required, without first ensuring the accrual-based budgeting and financial management techniques needed to facilitate its integration were present and, evidently, without sufficient consideration of the capacity required to either implement or use it.[8] Perhaps as a result, by the mid-1970s, PPBS was widely discredited in the United States, but key economic evaluation techniques which included financial modelling for policy development and analysis had become widespread and remained in place (Jardini, 1996; Light, 2003).

Political differences over policy directions played out both openly and through budget acrimony, especially over debt levels during the Johnson administration (Quinn, 2017). With the strengthening of the neoliberal movement, interest grew in the idea of a unified budget, the use of accrual accounting, and the implications for the resulting debt levels recorded (Scherer, 1967). 'A pioneer in promoting the adoption of accrual accounting in Washington' (DioGuardi, 1992, p.33), Arthur Andersen built on its involvement with both PPBS and accrual accounting in the US defense establishment, and in New York, with promotion of business accounting practices in the public sector more widely. In 1975, Arthur Andersen 'pieced together' a sample set of USA 'Consolidated Financial Statements' for the federal government and, using those statements, estimated federal deficits for the previous two years that were considerably greater than those reported in the official federal financial statements (Andersen & Co, 1975; Staats, 1976). Andersen recommended that the Federal government should issue accrual-based consolidated financial statements, and Arthur Andersen's chairman, Harvey Kapnick, led an inter-agency group to develop this idea.[9] As US Andersen partner, Joseph DioGuardi, noted later (1992), Andersen saw a need for the US Government to move to accrual accounting – largely in an effort to recognise its growing liabilities. This was an early indication of what would become a central theme in the accounting reform process – that by bringing to book previously unrecorded assets and liabilities, accrual accounting would enable a more accurate financial position to be reported. In turn, depreciation could be accurately calculated (whereas previously it was not recognized), leading to a better indication of financial performance and position of government and more informed decisions by stakeholders. At the same time, it would provide an important link between budget politics, fiscal policies and financial markets (Quinn, 2017).

Arguing that the expansion of state activities into the social and economic sectors had exceeded the limits of traditional cash-based governmental accounting frameworks, the World Bank promoted the need for both accrual accounting and for Auditors-General internationally to include performance auditing in their role (International Organization of Supreme Audit Institutions (INTOSAI), 1977; McKinnon, 2003; Rondinelli, 1976). After this was endorsed by the 1977 congress of International Organization of Supreme Audit Institutions (INTOSAI, 1977), the Auditors-General of various countries became more active promoters of public sector financial management reform based on accrual principles (McKinnon, 2003).

There was also increasing attention on the accounting capacity within the government sector, including the establishment in 1978 of the International Consortium on Governmental Financial Management (ICGFM) to promote improvement in 'public sector financial management and the training available' (International Consortium on Governmental Financial Management (ICGFM), 1998, p. 1). Several national accounting professional associations became involved, including, importantly for our discussion in the next section, the Australian Society of Accountants (ASA) (later renamed CPA Australia) (ICGFM, 1998).[10]

During the 1970s, the Financial Accounting Standards Board (FASB) had adopted the financial markets-oriented concept of decision usefulness for investors as the focus of its conceptual framework for business entities (Williams & Ravenscroft, 2015). In the late 1970s, in an effort to extend its accounting standard setting jurisdiction to encompass government accounting, the FASB commissioned a study by Robert Anthony and then modified its conceptual framework while retaining the decision usefulness focus on investors (Anthony, 1978; FASB, 1978; Williams & Ravenscroft, 2015). This attempt to extend the FASB's jurisdiction failed to gather consensus (Figlewicz, Anderson, & Strupeck, 1985).[11] Had it succeeded, it would have brought universal application to the government sector of the accounting standards originally devised for business activities. Following this failure in the US, 'efforts to establish *international* accounting standards for government and studies of

[8] This is consistent with other findings that examine the role of programmatic discourse in accounting change (e.g., Miller & O'Leary, 1987; Preston et al., 1992). According to Miller and O'Leary (1987) for example, general discourse supporting change is more likely to be effective 'when it has as its counterpart an adequate technology' (p. 240). In our setting, accrual accounting provided the necessary technology.

[9] Andersen's interest in public sector accounting was closely followed by other major accounting firms: Coopers and Lybrand (Cockrill, 1976) and in 1979 Ernst and Whinney; both recommending that USA cities move to GAAP accounting.

[10] Others included the Association of Government Accountants (AGA) in the United States, the United Kingdom's Chartered Institute of Public Finance and Accountancy (CIPFA), and the Municipal Finance Officers Association of the US and Canada, later renamed the Government Finance Officers Association (GFOA). Staats and Canada's Auditor-General were the honorary co-chairmen of ICGFM.

[11] The Government Accounting Standards Board (GASB) was established in 1984 as a sister entity to the FASB with responsibility for state and municipal accounting standards (Anthony, 2003). The GASB emphasised accountability to the citizenry.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

user needs of government financial statements [became] the subject of [the ICGFM's 1986] conference' (Andersen & Co., 1987, p. 7 emphasis added; see also Staats, 1983). At that conference, Morton Egol, Arthur Andersen USA Partner and Director, Government Services Division, argued that nation states should 'follow accrual basis accounting and develop comprehensive financial reports similar to those required of large public corporations' (Egol, 1987c, n.p.), pursuing universal application of business standards in the preparation of financial reports that would be more useful for decisions. Both Egol and the International Federation of Accountants (IFAC) which established a public sector accounting and auditing committee (PSC) shortly after that conference were prominent in promoting the need for change, which we show in our next section.

Table 1 summarises the calls for public sector reform, key parties involved and the issues raised in this prologue; some of the parties also became important promoters of the need for change.

In summary, by 1986 PPBS, initially the product of the more intellectual EC members, was widely perceived as having failed (Jones & McCaffery, 2005; Kelly, 2003). Although it had been promoted as a means of integrating planning and budgeting it relied on accrual-based techniques that were not then present in governmental accounting and budgeting systems. However, some of the economic evaluation tools introduced with PPBS were retained. By this time, the debate about public sector financial reform appeared to have subtly changed as neoliberal thinking gained ascendancy. Now there was greater emphasis on the broader need for accrual accounting as a 'pre-requisite to meaningful reform and fiscal responsibility' (Andersen & Co., 1986, p. 1). Again, Arthur Andersen published a sample set of 'Illustrative Consolidated Financial Statements' for the US federal government arguing such accounting would bring multiple benefits including assessment of financial position and performance (Andersen & Co., 1986). By this time, the particular form of accrual accounting had become contentious, with debate focussing on whether the full suite of accounting standards devised for businesses should be applied as Andersen & Co. (1986) proposed, or whether a tailored approach possibly using only selected standards was more appropriate.

Andersen's recommended approach had been rejected in the US. However, there was clearly wider international scope for its advocacy as accrual accounting for government was being debated in other jurisdictions. In both Australia and New Zealand, interest in the application of accrual accounting to government increased. However, as had occurred in the United States, a division had emerged between private sector accountants seeking universal application of the accounting standards devised for businesses, and government accountants more supportive of a tailored approach involving the selective application of only some standards subject to prior analysis of likely impact. Further, the accountants needed to overcome the typical resistance to accruals from economists who had traditionally held most power in Treasuries (Brorstrom, 1998; Christensen & Parker, 2010). One jurisdiction was the Australian State of New South Wales where the radical adoption of 'comprehensive'[12] accrual accounting would achieve political and bureaucratic acceptance within a relatively short time, as is discussed next as an illustration of accounting change and the workings of an EC.

4.2. Episode: Establishing a public sector accrual accounting site (1977–1993)

An important episode in the momentum of public sector reform was the unequivocal decision in 1988 to move from cash accounting to accrual accounting for the General Government Sector (GGS) of the New South Wales (NSW) Government in Australia. That decision, together with the New Zealand Government's slightly earlier and similar decision, provided ammunition for EC members and other advocates of public sector financial management reform in their arguments regarding the feasibility and desirability of change. The force of that ammunition was to be found in the precedential nature of those decisions. In this section, we explore the roles of particular individuals and organizations in the NSW Government's decision by relying on the work of Christensen (2002, 2005) and Christensen and Skærbæk (2010). That work provides a history of this change with particular attention to the prominence of international consulting firms. We also focus on the efforts of more pragmatic EC members, dominated by practising accountants – in both the private and public sectors – as opposed to the more intellectual EC members who Laughlin and Pallot (1998) argue were less influential over this time. Using this approach allows us to explore the complex connections between key individuals and organizations involved in making the case for change. We also show the reliance by these actors on arguments, concepts and technologies that characterised the discussion and debate, enabling existing accounting to be widely problematised – as outlined in the Prologue.

NSW is a state within the Australian federation that comprises eight second-tier governments and one national (Commonwealth) government. It is the largest state in terms of population and economy and has the longest administrative history. Whilst its decision to adopt accrual accounting was made in 1988, this followed a period of eight years in which growing, but still sparse, discussion of the need for accounting reform can be found. This period reflected 'a general reach for an accounting solution in government' (Chua & Sinclair 1994, p. 678).

The Australian Commonwealth Auditor-General was a regular participant in INTOSAI meetings and joined with his (all male) state Auditors-General regularly for discussion. This linkage exposed the Commonwealth and State Auditors-General to developments outside Australia and thus formed a mechanism for the transmission and translation of ideas among knowledge-based technical elites in the accounting profession located in various locations globally. The Auditors-

[12] Several different forms of accrual accounting are said to exist, distinguished by different approaches to reporting of elements such as assets and liabilities. 'Full' accrual accounting is the label often given now to the form of accounting which requires the financial valuation and disclosure of all assets and liabilities pertaining to the entity and recognition of depreciation as an expense. Whilst advocacy was for 'full' accrual accounting, the NSW Government initially adopted the title 'comprehensive' accounting, describing it as 'accrual' accounting in explanatory documentation. In doing so, the reforms became '... more difficult to argue against, as the variant is partial financial accounting' (Mackintosh, 1992, p. 17).

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

Table 1
Summary of calls for public sector reform (refer Appendix A for abbreviations).

Issue/Concern	Organization or Individual	Period active and Main Region
PPBS, Performance budgeting and efficiency	Harvard research group; Air Force; RAND Corporation; New York City-RAND Institute; Department of Defense; Robert McNamara; Charles Hitch; Henry Rowen; Elmer Staats (Bureau of Budget; GAO; World Bank)	WWII to mid-1970s; USA and then internationally
Integration of PPBS with budgeting and management accounting systems, accrual accounting	McNamara; Anthony; Arthur Andersen; FASB	Mid 1960s to late 1970s. USA
International public sector accounting reform	INTOSAI; ICGFM; Big 8–6; IFAC; Association of Government Accountants; ASA; Government Finance Officers Association; Chartered Institute of Public Finance and Accountancy; Staats; Bowsher, Egol, Regan	Late 1970s ff; Western democracies – esp. USA and British heritage countries

General in both Australia and New Zealand had been supportive of accrual accounting since at least the late 1970s (Green & Singleton, 2009; Ryan, 1995). Initially, this support seemed limited to Auditors-General, sometimes supplemented by support from some active and high profile public servants, but with little apparent interest from the organized accounting profession (Ryan, 1998).

By the early 1980s various forces advocating accrual accounting reform were at work in several jurisdictions across Australasia. In 1980, in the Australian state of Victoria, Touche Ross (later Deloitte), having been commissioned to review Victorian governmental accounting, advocated the universal application of all accounting standards (Chua & Sinclair, 1994).[13] However, before Touche Ross issued its report in 1981, the Commonwealth Auditor-General (Steele-Craik) chaired a Task Force consisting of the NSW (Jack O'Donnell) and Victorian (Brian Waldron) Auditors-General and four others to further develop public sector relations with the accounting profession.Shand, 1983[14] This Task Force with its high profile Auditors-General and its support for reform, appears as one of the earliest Australasian efforts to institutionalise a closer connection between accounting practices and approaches in both the public and private sectors (refer also Chua & Sinclair, 1994). Not surprisingly, it was welcomed by the consulting firms who then began to invite Auditors-General and other supportive public sector accountants to various events. This coincided with similar calls from others from across the Pacific, such as US Comptroller General and former Arthur Andersen partner Charles Bowsher (1983, p. 66) who urged CPAs to 'help revamp governmental financial management systems.'

The Task Force recognized the distinctive nature of performance and accountability issues facing government and appeared to be sympathetic toward the selective application of accounting standards, calling for a separate standard-setting body for the public sector. This drew criticism from the other main Australian accounting association, the Institute of Chartered Accountants in Australia (ICAA) with the aid of Professor Robert N. Anthony and Touche Ross National Director Graeme Macmillan (Chua & Sinclair, 1994). They began to promote the universal approach, later called 'sector neutrality' – which entailed addressing accounting issues for public and private sector entities within the same regulatory framework. However, it was recognized that 'diplomatically government accountants had to be asked to find their own solutions' (Michael Sharpe, Coopers & Lybrand Senior Partner, cited in Chua & Sinclair, 1994, p. 699). These manoeuvrings around standards and institutional settings demonstrate that while there may have been broad acceptance of accounting reform *per se*, there remained significant differences over the specific application.

The establishment of the Public Sector Accounting Standards Board (PSASB) in 1983 to address issues related to public sector accounting and to develop and implement accounting standards for public sector entities was one outcome of the Auditors'-General interest in public sector accounting reform. The first Chairman of the PSASB was Dick Humphry (later Auditor-General of Victoria and administrative head of the NSW Government to implement accrual accounting). Meanwhile, members of the organized accounting profession, perhaps sensing business opportunities, continued to promote the application of private sector accounting approaches in government. This was to become an important part of the strategy advocated by what appears to be an emerging, and transnational EC.

Accounting reform in Australia offered significant opportunities for expanded business as recognized by Australia's largest accounting association, the ASA, and the international consulting firms with an accounting heritage (Christensen, 2005). The earliest evidence of explicit advocacy by international consultants of public sector accrual accounting in the Australian context was lobbying by Arthur Andersen in 1987. In conjunction with the ASA, Andersen organized and actively promoted three (repeat) seminars in the main Australian capital cities of Sydney, Canberra and Melbourne arguing that accrual accounting can work in government. These seminars featured two influential and highly regarded advocates of application of the private sector approach to accrual accounting in government: Morton Egol of Arthur Andersen USA and Ned Regan (New York State Comptroller).

Egol and Regan reported that accrual accounting had been implemented in the New York State public sector.[15] They argued that the reforms had delivered substantial benefits for municipal management, that NSW could emulate those reforms

[13] The ASA published in one edition of its journal five articles by the Touche Ross team advocating the universal approach (Chua & Sinclair, 1994).

[14] See for example David Shand's 1983 address to the Coopers and Lybrand Accounting and Education Conference (Shand, 1983).

[15] Whilst our focus here is on the persuasive effects of the EC it is of more broad interest that following the Andersen/ASA seminar the NSW Treasury despatched its two most senior accountants to the US (NSWT, 1987) and they reported that full accrual accounting was absent from the USA jurisdictions introduced to them by Andersen (refer Christensen, 2006).

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

and ‘avoid re-inventing the wheel’ by making use of consultants (Egol, 1987b, p. 4). Drawing on Andersen’s notional ‘US Government consolidated balance sheet’, Regan’s and Egol’s presentations created the sense that such reforms were realities that were also inevitable and crucial for enhancing governmental accountability, even though *how* the reforms would enable better accountability was not made clear (Christensen, 2005; Moore, 1988; Ryan, 1995, 1998).[16] Egol (1987, pp. 1, 2, 4) reported that ‘bond rating agencies’ had revised their policies to ‘require [generally accepted accounting practices] GAAP’, that a ‘key goal’ of the advocated changes was to achieve adherence to GAAP, and that this would ‘enhance confidence in government assertions as to their financial condition.’ However, this goal was not specified when setting out ‘objectives of accrual-basis reporting to the public and internally’ among which was that accountability would be demonstrated by ‘provid[ing] information to assist users in assessing financial condition, cost and service efforts, and accomplishments’, and ‘demonstrate legal compliance.’

Both speakers positioned the need for reform in a global context, arguing that reform in Australia would ‘not only achieve benefits for your nation, but hopefully, influence those who are resisting the changes necessary to bring discipline to democracies elsewhere in the world’ (Regan, 1987, p.8); and that it ‘could potentially change the way the world works’ (Egol, 1987c, n.p.). This advice also invoked images of mobile investors across national borders who would avoid investing in governments without accrual-based reports. With world stock markets in retreat, a recently floated Australian dollar declining in value and high Australian interest rates, Egol’s and Regan’s warnings had piquancy.

The presence of Egol and Regan at the Andersen/ASA seminars was no accident but, instead, seems part of a strategy of persuasion and influence of what had by now become an established EC with a particular world view of what was needed to reform government accounting. Following the seminars, press reports largely echoed the calls made by Egol and Regan with headlines such as ‘Great sales pitch for accrual accounting’ (Anon, 1987, p. 21) and ‘US expert tells govts accrual is superior’ (Norington, 1987, p. 42).

As further evidence of the complex linkages between elite level accountants and organizations advocating accrual-based change in government, the archives show senior staff at Andersen (Sydney) Ian Plater and David Hunter[17] corresponded regularly with senior public sector staff and politicians (NSW Public Accounts Committee Archive, 1987 unpublished). Plater and Hunter also corresponded with Ian Ball who, having long advocated such reform, by 1987 occupied an influential position as director of the Financial Management Support Service group established in New Zealand’s Treasury to implement New Zealand’s financial management reforms (see Ball, 1981).

IFAC’s PSC had met in Melbourne around this time, Ian Ball attending as an observer (Ball, 1989 unpublished). On 23 March 1989, the day after the Public Finance Bill proposing to legislate New Zealand’s accrual-based financial management reforms was tabled in Parliament, Ball wrote to Ken Dye (then Auditor-General of Canada and chair of IFAC’s PSC), thanking him for the opportunity to attend the Melbourne meeting and enclosing a copy of the bill. At the same time, Ball forwarded a copy of the bill to a number of influential individuals and organizations across Australia, namely: (i) six senior staff members within Australian state governments (Graham Carpenter, Comptroller-General of Victoria; John Reardon, Assistant Under Treasurer of the Queensland Treasury; Jon Hickman, Deputy Under Treasurer of the Tasmanian Treasury; Barry Sargeant, Assistant Under Treasurer of the Western Australian Treasury; David Shand, First Assistant Secretary of the Financial Management and Accounting Policy Division, Commonwealth Department of Finance; Don Nicholls, NSW State Treasury); (ii) all of the then Big Six accounting firms in Wellington (as well as to Ian Plater of Arthur Andersen and Co, in Sydney);[18] and to (iii) the New Zealand Society of Accountants, and three other individuals (Ball, 1989 unpublished). This type of ‘for your information’ communication to seemingly disparate individuals and jurisdictions highlights the diverse and informal means by which an EC can diffuse important developments in specific settings. Features of New Zealand’s legislated financial management reforms were the inclusion of a legislated deadline (1991) for the accrual accounting changes to take full effect; requirements for detailed accrual-based cost accounting of outputs; and, a purchaser-provider split that would facilitate treatment of all government activities as outputs for purchase from competing suppliers (Newberry, 2002).[19] The effort taken in this instance to inform suggests a clear desire to promulgate and institutionalise change.

In the period 1987–1993, during the implementation of accrual accounting by the NSW Government, the activity of international consultants in NSW with respect to governmental financial management reform was remarkable for its sudden increase in volume (Christensen, 2005; Wright, 2002). Perhaps sensing the opportunities emerging, within the NSW jurisdiction alone in the period from 1987 to 1993, at least ten instances of publicly acknowledged advocacy by international consultants have been found, including by: Andersen (4); Coopers and Lybrand (2); Price-Waterhouse (2); Ernst and Whinney (1) and KPMG (1). Table 2 summarises the empirics of this section, by showing the individuals identified as being active early

[16] In his presentation to the Andersen/ASA seminars, Egol’s use of Andersen’s ‘Illustrative Consolidated Financial Statements’ for the US federal government focused on interpretation (e.g., that as a proportion of total government expenditure, defense spending had fallen to record low levels) whereas he did not explain how the statements had been prepared. Having ‘pieced together’ the 1975 statements, Andersen had produced a second set in 1986 that, as noted in the detail published with those statements, had required multiple ‘reclassifications and adjustments’, and ‘were not complete and accurate in all respects’ (Andersen, 1986, p. 13).

[17] David Hunter was the most senior Australian Arthur Andersen Partner with carriage of public sector activities. He declined to cooperate with research regarding Andersen connections to accrual accounting reform in government.

[18] That the letters to the Wellington firms should not be addressed to any person seems odd because each firm was involved in advising on the financial reforms. Deloitte, for example, in their parliamentary submission on the Public Finance Bill, stated their involvement. David McDonald, subsequently New Zealand’s Auditor-General, was the Deloitte partner involved.

[19] Jones and Thompson (2000) describe New Zealand’s system as similar to Robert Anthony’s responsibility budgeting and accounting devised for the US Department of Defense.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a ‘more business-like’ public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

in arguing for the adoption of public sector accrual accounting (hereafter, 'accrual accounting'), and noting the involvement of the major accounting firms.

During this period, the criticism of existing cash-based government accounting continued and whilst a number of arguments were advanced, increasingly decision usefulness was invoked. Specifically, governments' cash-based systems were criticized for failing to recognise their assets and liabilities, for not encompassing non-cash expenses such as depreciation or the timely recording of accrued revenues and accrued expenses, and for not permitting the comprehensive assessment of financial position or periodic financial performance. Table 3 provides examples of how and by whom cash-based accounting was problematized during this period.[20]

As is evident from Table 3, much of the criticism came from those in influential positions in key organizations. The focus was on the asserted inability of cash-based accounting to capture the total costs incurred by diverse public sector organizations together with claimed inadequacy of such systems for reporting the costs of services provided and the periodic financial position and performance of the relevant entities. Consequently, cash-based systems of accounting were widely asserted to be unable to meet the accountability requirements and the information needs of financial report users. Additional criticisms related to claims that net assets were either unknown or overstated because of disregard of liabilities such as future pension payments. Such criticisms, in turn, enabled full GAAP-based financial reports, traditionally prepared by profit-seeking entities in the private sector, to be put forward as the appropriate solution. However, how the new technology would enable the asserted benefits was not yet clear, and consideration of a range of implementation issues was only nascent. That is, problematization of cash accounting acted to obviate discussion of non- or partial-accrual alternatives and hid impending problems associated with the implementation of the mooted accrual system. Nevertheless, the key EC members in influential, albeit different, positions within the profession and central rule-making agencies were able to present accrual accounting as a robust and ready-made means for achieving what was coveted as the most desirable goal: transformation to a more business-like government sector.

In both NSW and New Zealand, the implementation of accrual accounting occurred while there was a separate public sector accounting standard setting board (Australia) or committee (New Zealand). Under the chairmanships of three prominent members of the EC,[21] work was undertaken to develop Australia's first accounting standard requiring accrual-based financial reporting for government.

The separate accounting standard-setting arrangements for the public sector were short-lived. Australia had followed the FASB's financial markets-oriented investor-focused approach when devising its own conceptual framework for the business sector, and New Zealand followed Australia. By mid-1992, as outlined in a report to the OECD's Public Management Service (PUMA), efforts were under way to bring the governmental financial reporting practices into line with the approach adopted for the business sector (PUMA, 1993 unpublished; Thomson, 1993 unpublished).[22]

In both Australia and New Zealand, the separate public sector accounting standards bodies would soon be discontinued, the conceptual frameworks modified and claimed appropriate for all entities, and the universal (sector neutral) approach to accounting standard setting came into effect. In contrast to the failed effort in the US, the Australasian frameworks pre-empted likely challenges to the decision usefulness focus by claiming to encompass both decision usefulness and accountability. This, however, was based on the presumption that financial reporting standards devised for decision usefulness purposes would also be applicable to governments for accountability purposes.

Exemplifying the advocacy for this approach within the accounting profession, IFAC's PSC chairman argued that:

> . . . accounting is accounting and auditing is auditing, and . . . the techniques, whether they are used in the private or public sector, are the same. I can't see why the accounts of government, which is *no more than a huge business,* should differ from the accounts of companies (quoted in Anon, 1993, p.37, emphasis added).

This thinking of the government as 'a huge business' had already been adopted and promoted by both the NSW Auditor General (Robson, 1987) and the NSW Treasurer and Premier (and political advocate of accrual accounting) Nick Greiner in his label 'NSW Inc.' (Prasser, 2013, p. 12). However, the EC was not pressed to explain how a private sector instrumental approach to problem-solving might assist in dealing with uniquely public sector challenges such as wicked problems.

Taken together, the problematization of cash accounting and the advocacy activities of the EC members amounted to ushering in, and extending to encompass governments, a large-scale accounting revolution focused on decision usefulness for investors that Ravenscroft and Williams (2009) situate within the broader neoliberalism movement after World War II.

[20] These and other extracts reproduced here are presented to reflect the context in which the relevant report, lecture, commentary or article was prepared and delivered. For example, at the time of making his address, Graham Carpenter held the position of Comptroller General, Department of Management and Budget, Victoria. The address was given as the *Annual Research Lecture in Government Accounting* (1986), sponsored by the Australian Society of Accountants (now CPA Australia), which explains the classification of this extract in the manner shown.

[21] Richard Humphry, David Shand and Graham Carpenter were the 1st three chairs of the PSASB. Humphry brought his A-G experience from Victoria and subsequently became the head of the NSW Premier's Department as accrual accounting was being implemented; Shand went on to work in the accounting policy field for the World Bank; and, Carpenter became A-G for the Northern Territory in Australia leaving his Victorian and Queensland State Treasury positions.

[22] At the time, accounting standards and Statements of Accounting Concepts released by the relevant bodies in Australia and New Zealand were not mandated by legislation and were not legally enforceable. Rather, they were endorsed by the professional accounting bodies who could impose penalties on members for not following standards. Whilst accounting standards (but not the concepts) were later made legally enforceable, their non-mandatory nature at the time highlights the importance of the diverse, typically discursive strategies employed to bring about the desired change.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

Table 2
Accrual accounting actions and individuals (refer Appendix A for abbreviations and Appendix B for roles of individuals).

Action	Organization or Individual	Chronology
A-G advocacy	Australian (State and Federal) and NZ A-GOs	Early 1980s – mid-1990s
PSASB creation; sector neutrality discussion in the profession	Humphry, Touche Ross	Early 1980s
Accrual accounting promotion: delivering capital city seminars	Arthur Andersen (Egol; Regan)	November 1987
Accrual accounting promotion: seminar for senior public servants	NSW Public Accounts Committee; Arthur Andersen (Aust)	March 1988
Writing response to Enquiry re accrual accounting	Arthur Andersen (Aust)	July 1988
Implementation consultancies	Big 6–8	1989–93
Secondment of staff to PS agencies	Big 6–8	1990–93
Pro-bono partner contributions to the NSW accounting reform project	Big 6–8	1988–93
Post-decision accrual accounting explanation/ justification	Big 6–8; senior public servants (Shand; Humphry; Nicholls; Scullion)	1988–1990s
Advocacy for public sector accounting profession activity	Big 6–8; Humphry; N. Walker; IFAC PSC (Ball); Dye; DioGuardi;	1980–2000s

The promotion and implementation of accrual accounting in NSW can be seen as an episode in which the EC, which had developed the belief that public sector accounting should mirror private sector accounting, came to move from advocacy to action. The fledgling (and inaccurate) advice to 'learn from others' experience' (Egol, 1987c, n.p.) when implementing accrual accounting, could now be converted to a reality based on jurisdictions with similarities to both the Westminster and American systems of government (NSW in Australia and New Zealand). In these countries, the EC appeared to begin with the Auditors-General, but did not progress its cause until the international consultants became active. The consultants' activism had its foundations outside Australasia and the epilogue to those events, as discussed next, illustrates how the activities of the EC reverberated back from Australasia to consolidate and spread its ideas across additional national borders.

4.3. Epilogue: Diffusion of public sector accounting reform (post-1993)

The idea of the government as a business may be likened to the Chicago form of neoliberalism which seeks 'to re-define the social sphere as a form of the economic domain... [In this] context government itself becomes a sort of enterprise whose task it is to universalize competition and invent market-shaped systems of action for individuals, groups and institutions' (Lemke, 2001, p. 197). By 1993, three aspects of just such a market-shaping approach were emerging, all of which would be assisted by the changes to governmental accounting: the expansion of trade liberalization to encompass services as well as goods; the move to private sector-inspired techniques for the management of government debt; and the rapid growth of accountancy-based transnational management consulting firms with accounting technologies at the core of their services provided to public sector clientele.

The Australasian shift to sector-neutral accounting standards in 1993 coincided with the outcome of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations. With trade negotiations having expanded to include international trade liberalization of services, it was apparent that the range of services provided by governments represented major opportunities should those services be liberalized and privatized. Their accounting reconceptualization as government outputs to be budgeted, costed and/or procured externally, with decisions based on economic evaluation techniques alone blurs earlier distinctions between goods and services and commodifies all government activities as outputs for purchase under contract (Mintzberg, 1996).

Organizations and individuals within the accounting profession were active participants in this liberalization process. Members of Arthur Andersen & Co, for example were 'close advisers' to the US Trade Representative, one chairing the influential US Coalition of Service Industries; similarly, the European regional accounting body, Federation of European Accountants (FEE), was closely linked with those GATT negotiations. Indeed, the FEE, had organized a seminar on the Uruguay Round negotiations in 1990 at which it sought *inter alia*, 'to demonstrate the contribution which the accountancy profession can make to the successful liberation of trade in services in terms of wholehearted support for the concept of liberalization; [and] the contribution which international trade in accountancy services makes to the process of development' (Federation des Experts Compatables Europeens (FEE), 1990 unpublished, p. 2).

Following its establishment in 1995, the World Trade Organization recognized both IFAC and the International Accounting Standards Committee [since replaced by the International Accounting Standards Board (IASB)] as the 'setters of international standards for the accounting profession' (Fujinuma, 2000). With accountancy services amongst the first to be liberalized under the General Agreement on Trade in Services (GATS), this provided global opportunities, especially for the multinational accounting firms. From 1996, the World Bank and IMF funded IFAC's Public Sector Committee (PSC) to *inter alia* identify how to integrate public sector accounting standards with the financial markets-oriented international

Table 3
Instances of cash-based accounting problematization.

Epistemic community element	Member	Extract
Consultants, practitioners	Egol (1987a, p. 1)	'Cash-basis accounting'... is an oxymoron
	Regan (1987, pp. 2–7)	I learned the parlance employed to make the manipulation of cash-basis accounting seem something normal ... (but) 200-billion-dollar-a-year federal deficits, and the inability of anyone in Washington to articulate the government's financial condition, are sufficient reasons to explain investors' lack of confidence ... Conversion to an accrual-basis of accounting is obviously called for
Professional bodies: AARF; CPA Australia; ICAA	Sutcliffe (1985, p. 29)	Objectives of financial reporting which require the disclosure of information useful for an assessment of financial status, performance and compliance call into question the appropriateness of the cash basis of accounting
	Greenhall et al. (1988, p. 50)	Financial reports prepared on a cash basis are simple to compile and may provide information of relevance ... However, such reports do not disclose information about the costs of services provided (necessary for any assessment of performance) nor do they provide an accounting for assets (apart from cash) and liabilities of the local government
	Carpenter (1986, p. 16); see also MacMillan (1985, pp. 47–49)	The strong reliance upon cash-based accounting and reporting as currently applies suggests that all of the State's resources are not necessarily being effectively managed. In addition, full program costs are not available publicly
Office holders: Dept. of Finance; State and Territory Treasuries; Auditors-General/ Australian National Audit Office/Joint Committee of Public Accounts	Humphry (1987, p. 123; 1986, p. 10)	What we presently focus on [under cash accounting], because there is really no other information, is the cash deficit which, of course, is very important, but does not measure the movements in our net wealth
	Robson (1987, p. 6; 1988, pp. 9–11)	I consider the specific issues are that pure cash-based accounting and, to some extent, modified accrual accounting result in the reporting of incomplete information and can: lead to the misallocation of resources; not adequately disclose the size of assets and liabilities; cloud the full cost of programs and cost fluctuations in program costs from year to year; impose burdens on future taxpayers by deferring the bringing to account of liabilities such as long service leave and employers' deferred superannuation contributions; and impose burdens on future taxpayers, by charging in full each year, the costs of assets purchased rather than capitalising such expenditure and spreading costs over their useful life to bring to account each year the cost of using the assets employed
	Shand (1988, p. 45)	The problems with only having cash accounting systems make a clear case for accrual accounting for government entities and can be listed as follows: The costs of operating the program are not clear. Thus performance cannot be fully measured
	NSWT (1989 unpublished, p. 1)	Because accrual accounting brings to account all items as they are earned or consumed, the real cost of government undertakings, including the utilization of physical non-current assets in the form of depreciation, can be ascertained much more accurately than when a cash accounting system is in place

accounting standards (Pryde, 1996). Participants in the precedent-setting accrual accounting reforms in Australia and New Zealand became active in their wider promotion. For example, Ian Ball, the New Zealand Treasury official responsible for implementing the financial management reforms there was, by then, chairman of the PSC and led its standard-setting initiative.

This effort to integrate public sector accounting with the financial markets-oriented international accounting standards continued openly after the PSC evolved into the International Public Sector Accounting Standards Board which based its standard-setting program 'on the premise of minimum deviation from [International Financial Reporting Standards] IFRS' but has since become less transparent about its motivations (Ellwood & Newbery, 2016, p. 231). So too has the IASB's mission statement which indicates its standard-setting jurisdiction has become less transparent. Whereas its initial mission statement sought to establish a single set of financial reporting standards for capital market participants, the wording has become increasingly vague, thus providing scope for the IASB to pursue broader ambitions. As observed by the IASB's first chairman, the vaguer wording could accommodate both the public and the not-for-profit sectors within the IASB's financial reporting standard-setting jurisdiction (Ram & Newberry, 2017).

The second market-shaped system of action for which the accrual accounting changes were important involved sovereign debt management (Fastenrath, Schwan, & Trampusch, 2017). From the late 1980s, major investment banks promoted a private sector financialization approach to sovereign debt management, which both Australia and New Zealand adopted (Fastenrath et al., 2017; The Economist., 1988). Other evidence both at the time, and more recently, suggests this sector neutral accounting approach supports an increasing orientation towards international financial markets:

> All entities with equity or debt will be assessed in the international financial market on a risk/return analysis. On that basis, the Crown will be compared alongside any other large Organization seeking funds. (Newberry & Pont-Newby, 2009, p. 239, citing the chairman of NZ Parliament's Finance and Expenditure Committee, commenting in 1996 that the FEC did not use the financial reports for decision-making).

> The 'world's capital markets' identified in the IASB's mission should be read as meaning all capital markets where market participants rely on GPFSs, which would include markets for government debt (AASB, 2011a, p. 1).

> ...there is essentially one global capital market in which all types of entities ... participate and that users of financial statements of all types of reporting entities should have access to useful information for decision-making. (AASB, 2011b, p. 3).

As suggested by these comments, this development in sovereign debt management has been accompanied by a desire to view governments simply as capital market participants, as if they are no different from any other participants.

The third market-shaped system of action relevant here was an epoch-creating move by the large accounting firms into consulting: 'during the 1980s, the rapid penetration of large Anglo-American accountancies was probably the most important change in the consultancy market' (Kipping, 1996, p. 121). Prior to the 1980s management consulting firms derived mostly from engineering and personnel firms, but the accounting firms' consulting services rapidly grew in the order of 20–30% per annum in the last three years of the 1980s (Sturdy, 1997, p. 521). That growth began to outstrip auditing as an income stream (Armbrüster, 2006) in 'a booming (consulting) industry' (Lapsley & Oldfield, 2001, p. 541) and saw Arthur Andersen become the world's largest consulting practice by 1994 with over 27,000 consultants (Kipping, 1996). At the time that consultants were actively involved in the NSW adoption of accrual accounting, five of the top six world's largest firms were accounting firms; these firms provided the *pro bono* partner input into the NSW implementation project (refer Table 2).

Much of the accounting firms' management consulting growth was attributable to its IT business but it was also notable that the public sector became a client of importance for the first time during the 1980s (Christensen, 2005) and 'opened up new markets' (Sturdy, 1997, p. 521).[23] Within the services offered to the public sector were technologies that could not stand alone without accounting inputs: activity-based costing; total quality management; outsourcing; privatization; shared services management; value-for-money audits; performance measurement systems; efficiency scrutinies; purchaser-provider organizational structures based on internal markets; and a host of other 'systems' that have been characterised as an eruption of various notions of public sector 'accountable management' (Humphrey, Miller, & Scapens, 1993, p. 7) with an accounting foundation.

The advice of management consultants and political agents of change had 'a consistent appeal to devices that fall within the domain of management accounting' (Humphrey et al., 1993, p. 15). Notwithstanding the new labels to these devices and their customary three-letter abbreviations, Humphrey et al. (1993, pp. 8, 23) noted an intent to 'make economic calculation the organizing principle' and observed 'an uncomfortable parallel with the identified failings of their precursors ... including PPBS... that causes many more mistakes than it can correct' (Humphrey et al., 1993, p. 23). Nevertheless, it is the case that 'whether reorganizing the Bank of England, Royal Dutch Shell, the Government of Tanzania, or even the World Bank, management consultants disseminated American management techniques throughout the world' (McKenna, 1995, p. 57). Thus, the third market-shaped system of action had resonance in the earlier efforts to implement PPBS whilst being imbued with accounting technologies aimed at shifting to reliance on economic technical evaluation processes; of particular importance was the notion that accrual accounting was essential for calculation of cost and that reliance on the resultant calculations and comparisons would enable decision makers to achieve enhancements to efficiency via market-oriented thinking. However, whilst seemingly self-evident, these changes did not come into creation with a preordained nature (Humphrey et al., 1993).

Understanding the development of global accounting and auditing standards, and the consequential pressure on national standard-setters, together with the rise and demise of accounting firms' consulting services, extend beyond the scope of this paper. However, other scholars, notably Arnold (2005), Suddaby et al. (2007) and Humphrey, Loft, and Woods (2009) have

[23] Management consultants contributed to government in the past; notably during WWII the USA Government made extensive use of management consulting firms (McKenna, 1995, p. 57; also, refer Prologue).

demonstrated linkages between the Big Five, WTO, IMF, World Bank, and IFAC in promoting a common regulatory schema as part of the international financial architecture which includes accounting standards. It is argued here that an appreciation of the desire to converge public sector accounting with IFRS, and of the membership of the EC demonstrated above, can be helpful in understanding other aspects of transnational accounting and public sector management developments.[24] We turn next to the broader appreciations that arise from our work.

5. Concluding comments

It would be relatively simple to attribute the public sector accounting reforms in countries such as Australia and New Zealand to broad movements in public sector management philosophies such as new public management, economic rationalism or managerialism (Parker & Guthrie, 1990; Pusey, 1991; Rose N., 1988, 1991; Yeatman, 1987; Zifcak, 1994). After all, such broader movements have been linked to substantive debates regarding public administration that date back centuries (Hood, 1995). However, simply to explain changes by reference to these broader movements tells us little about the nature, timing and development of specific reforms adopted in particular countries (Guthrie & Parker, 1998; Watkins & Arrington, 2007). Such explanations fail to throw light on the process required to effect public sector reforms as widespread and as influential as have been the post-1970 reforms, why advocates from elsewhere (predominantly the US) became active in Australasia, or why advocates in Australia and New Zealand appear to have been more fanatical than those in other countries in their respective approaches to reform (Pusey, 1991).

The NPM form of public sector financial management reforms has involved efforts to reduce or eliminate differences between the public and private sectors, to treat the public sector as a lookalike private sector, and to shift the focus of accountability to financial calculations of output and results (Laughlin & Pallot, 1998). It has been just one part of the widespread 'market-oriented regulatory restructuring' that has been 'reinforced by hierarchical pressures from multilateral institutions, and strong states, and lubricated by the sprawling epistemic communities of experts, practitioners and advocates' (Brenner, Peck, & Theodore, 2009, p. 215). That restructuring has proceeded in uneven but incremental waves of reform typically commencing 'within specific national formations ... (but in conjunction with efforts to integrate economic processes internationally via) the quasi-legal restructuring of state and international political forms' (Brenner et al., 2009, p. 192, citing Gill, 1995). Australia and New Zealand provided the precedential host settings for accrual accounting developments that soon evolved into a universal, or sector neutral, approach that would help to embed technical economic evaluation tools, to facilitate expanding trade liberalization, and to re-orient thinking about governments as participants in financial markets little, or no, different from other financial market participants. In other words, this precedent helped to strengthen the idea of a more business-like public sector, not merely in aspects of its behaviour but, more importantly, as a business operation (Davies, 2014).

This study has focused on those pursuing public sector financial management reforms, noting the actions and influences of the EC and institutions that helped shape the context and reforms. It provides an historical background to the shared beliefs that supported early efforts to reshape public sectors internationally, noting in particular early developments and international dimensions that preceded the accounting changes achieved in Australia and New Zealand. While specific reforms proceeded via the identification of problems that were claimed to exist and the identification and dissemination of solutions to those problems, this study advances understanding also by exploring aspects of the underlying thinking and the avenues by which influence and change was diffused.

Those EC members that Laughlin and Pallot identified as 'more intellectual' who devised PPBS drew on and further developed financial efficiency-oriented performance assessment techniques devised during World War II. The idea advocated to promote PPBS that it would integrate government planning, budgeting and financial management, assumed decision-making reliance on economic calculations and comparisons. Those promoting PPBS achieved its rapid dissemination both within the US and abroad, extending from its initially purely military uses to encompass all US federal government activities, to some US State Governments and, via the World Bank, to both developing countries and some developed country members.

Haas (1992) observed that EC members' influence may come from their current or previous roles. As shown here, successful dissemination was assisted by the placement and movement of key people and the conversion of others to the cause. The interlocking career paths we have identified included RAND personnel appearing in the US Defense Department and the Bureau of Budget then spreading PPBS throughout the US Government, linking to the World Bank Presidency and international advocacy via the ICGFM and INTOSAI. In turn we see Auditors-General actively advocating accrual accounting and accounting consultants providing that technology.

[24] Indeed, some of the EC members identified here had roles in in IFAC, WTO and/or multinational accounting firms with respect to global trade developments such as GATS and the subsequent companion 'Disciplines on Domestic Regulation in the Accountancy Sector' (Arnold, 2005).

Such an exercise of influence, although powerful, may involve claiming benefits that have greater rhetorical appeal than evidence of validity (Humphrey et al., 1993; Miller, 1991). This influence meant rapid and widespread dissemination of PPBS but its practical limitations soon became apparent. These limitations include the difficulties of broadening PPBS from a relatively straightforward context (the military) to more complex contexts such as social policy, the acceptability of efforts to use economic, technical tools alone for decision-making purposes, the different constitutional and institutional contexts of governments in other countries, and the need for significant analytical, theoretical and resource capacity in those other contexts. Success was short-lived as limitations and capacity constraints emerged, just one limitation being the lack of articulation between PPBS and the pre-existing government budgeting and accounting systems. These developments occurred during an era of expanding government services and in the context of burgeoning belief in management science. There is no suggestion to this point that those advocating PPBS were pursuing a neoliberal agenda. However, the assumptions upon which the PPBS ideas were based drew implicitly on accrual accounting ideas, while market-oriented efficiency assessments assumed an ability to compare prices of alternative providers with public sector costs. The techniques involved could be turned to a neoliberal purpose.

By the mid-1970s with PPBS clearly faltering internationally, another reform wave flowed in as more pragmatic EC members, led by international consulting firms such as Andersen, problematized the extant form of government accounting. They advocated the reform of governmental accounting to accrual accounting, adding to the arguments for accounting change new ones that carried more obvious neoliberal thinking. Features of this advocacy included the idea that the same form of accrual accounting used for businesses should also be applied to the public sector, and the establishment of new linking organizations such as the ICGFM which brought in the involvement of professional accounting bodies. IFAC's initiative to establish international accounting standards for governments (supported by the IMF and World Bank) brought scope for quasi-legal change internationally, and offered both international and local opportunities for involvement by members of the accounting profession.

A key finding arising from our study, is that the workings of an EC are biased against alternatives to the advocated reforms. That is, the EC in action is not conducive to open, wide-ranging discussion and debate about alternative reforms. This finding is relevant to critical researchers with an interest in understanding how significant accounting change can be made to appear taken-for-granted and how alternatives can be overlooked, even despite a lack of evidence to support the asserted benefits of the advocated reforms. Key to this was the advocacy of EC members who held positions of seniority and trust.

Of particular note in both Australia and New Zealand is that Auditors-General had initially been unsuccessful in their advocacy of accrual accounting. Significant success was not achieved until international consulting firms and accounting professional bodies became involved. Auditors-General had seemed concerned to ensure accrual accounting would be tailored appropriately for application to governments (see, for example, Pallot, 2003: Funnell, 2003). As suggested here, however, the price of the increased influence from international consultants and professional accounting bodies was that the initiative became an effort to apply the pre-existing business practices, known initially in Australia as a universal approach, and later as sector neutrality. Publicly, the range of influencing activities included public lectures, keynote speeches delivered at conferences, and papers published in professional magazines and quasi-academic journals (Christensen, 2005). Via these means, key members of the EC were able to problematize existing cash-based governmental accounting and propose a seemingly superior (accrual-based) alternative as the obvious, ready-made and purportedly proven solution to the problems that were portrayed to exist. Less publicly, as evidenced in archival material in both countries, consulting firms were engaged with government policymakers, drawing support and involvement from those in positions to act, and proposing and helping to implement their solutions – even with pro bono efforts.

Hass (1992) comments on transnational efforts by ECs to persuade multiple governments, and the importance of precedent for influencing others (see also, Brenner et al., 2009). In the case of accrual accounting, with that effort having been blocked in the US, Australia and New Zealand clearly provided a precedent that would bolster the case for reform elsewhere. As, Egol (1987c, unpublished) had argued, change in Australia would 'potentially change the way the world works'.

Taken together, the developments outlined here help to shed light on EC activity as an initially widely disseminated wave of reform applying PPBS encountered practical limitations but was followed by a wave of accrual accounting reforms based on a common approach for both government and business accounting that would open scope to pursue more market-shaped developments and improve conditions for application of PPBS technologies.

By the 1980s, the hierarchical and transnational pressures of the reform movement had become apparent. The World Bank and IMF both pursued the Washington Consensus (Yonekura, Gallhofer, & Haslam, 2012) with its clear preferences for smaller governments, privatization and international trade liberalization, including trade in government services. Neu et al. (2010) identify the IMF and the World Bank as 'two key, global actors' (p. 418) playing a role in the formation of subjectivities that effectively mobilize accounting's disciplinary power; similarly, Murphy (2008, p. 715) attributes a 'crucial role' to the World Bank and other transnational financial institutions in designing and implementing the new global order.

Accounting developments during the 1990s that helped to embed neoliberal ideas internationally are exemplified by the adoption more widely of the US-derived information for investors focus of business-oriented accounting practices (Ravenscroft & Williams, 2009), and efforts to apply a single accounting approach for governments and businesses alike. With the World Bank and IMF funding IFAC's initiative to develop international public sector accounting standards, some of those involved in the introduction and implementation of public sector accounting reform in Australia and New Zealand became active internationally, successfully presenting as recognized experts in fields where knowledge was lacking (Haas, 1992). This enables our contribution to the literature on ECs by demonstrating how individual EC members were able to construct knowledge consistent with the EC's higher level shared beliefs, namely, the need for a more business-like government (such as how to implement accrual accounting principles in a cash accounting context, and how to devise sector neutral accounting standards). Thus, without explicit debate, this change to accrual accounting became a key indicator of a shift in thinking about governments and their nature and role, and as it evolved facilitated further changes, such as those affecting sovereign debt management (Fastenrath et al., 2017; Lemke, 2001).

Our analysis reveals that the EC was biased towards exclusion of alternatives to the change that the EC supported. There are significant implications in this finding for issues of accountability and it is paradoxical in the case discussed here that a reform with claims to enhanced accountability (accrual accounting) was promoted in a manner characterised by a lack of transparency. In action, the EC is shown to replace open, wide-ranging discussion and debate with concentrated attention to a specific change. Associated with this, the EC studied here spoke of 'accountability' as a virtue, utilizing the opportunity to 'free-ride on these evocative powers of accountability' (Bovens, 2010, p. 948) by avoiding discussion of how accrual accounting would improve accountability mechanisms in the public sector, or how accrual accounting would enable enhancements to accountability relative to that possible under either the *status quo* (cash accounting) or modified accrual approaches. Thus, we see rhetorical usage of 'accountability' in the manner identified by Bovens (2010, p. 949): as an 'active sense of virtuous behaviour (it) is easily used, but hard to define substantively ... essentially a contested and contestable concept *par excellence* because there is no general consensus about the standards for accountable behaviour.' However, the workings of the EC were not transparent nor were the changes being promoted actually focused on accountability. The EC's discourse did not traverse accountability mechanisms (Bovens, 2010) likely to focus on the relationship between agents (such as government departments or ministers) and forums (such as Parliament or citizen movements), nor how the reforms in question would enhance those accountabilities. Consequently, it is not surprising that the EC's model of change functioned to render 'the public sector more private' and, in doing so, to 'insulate the sector from public scrutiny'(Pallot, 2003, p. 134); importantly however, *it could have been otherwise*.[25] Critical researchers seeking to 'act in the public interest as conscience, critic and counsellor of society regarding economic, social and environmental justice' (Dillard & Vinnari, 2017, p. 88) would do well to devote more energy towards situations where an EC can be identified. This is because the characteristic 'behind the scenes' mode of persuasion inherently risks privileging the interests of EC members at the expense of other members of society who are unable to mount the same degree of influence. Just in the single case studied here it is apparent that those 'other members of society' were spoken of in absentia by EC members but their interests were not protected; it is thus likely to be justified to consider other ECs in the same critical light. For example, separate ECs may be discerned in wide-ranging matters such as accounting standard setting, calculative practices in internet-based data analytics, crypto-currency representations, and monetization of activities that previously were considered to be uniquely public sector responsibilities (such as defense, immigration processing, distribution of social welfare and so on).

An allied critical point arising from the observation that an EC does not necessarily reveal its workings, is that the accrual accounting EC managed to use language that masked the human impacts of the allied public policy changes to be implemented. The managerial discourse regarding efficiency did not draw attention to the horrors of war when relating human death or destruction to costs (Chwastiak, 2008) nor did the discourse on asset utilization make plain that statistics such as bed-occupancy rates in public hospitals would threaten to replace the Hippocratic Oath's humanitarian rationality with a managerial accounting rationality (Malmmose, 2015). Instead, the NPM discourse is 'business-like' without revealing a human impact. That reflects the new statecraft with fundamental alterations to the nature of the state in our society (Hood & Dixon, 2015). Surely it is high priority to understand how this rhetorical base has been so effective. As Humphrey and Miller (2012, p. 315) have argued, to understand shifts in the:

> theory and practice of statecraft ... requires that researchers understand and analyse the transnational communities of 'experts' that shape our ways of thinking about public services and the ways in which they should be managed. Such analysis ... requires also that researchers be able to trace how and to what extent the imperatives of often abstract policy debates intersect with operational obligations and the immediacy of service delivery demands, particularly in a climate where we hear repeatedly that 'front-line services' will be protected. (Humphrey & Miller, 2012, p. 315).

[25] The phrase 'it could be otherwise' is used within Science and Technology Studies to apply analytic scepticism to its methodology so at to maintain STS 'commitment to circumspection about making objective determinations of reality and to resisting reification' (Woolgar & Lezaun, 2015, p. 462). However, here we use the variation 'it could *have been* otherwise' to indicate that the events analysed were not preordained but were results of the work of an EC which, if it had not succeeded, may have been different. Ours is an empirical point whereas STS scholars' usage of the phrase 'it could be otherwise' is a methodological point.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

An article of this nature that spans a significant period of time and global dimensions inevitably contains multiple limitations arising from the selection of theoretical perspectives, the availability and selection of sources, and the scope for drawing conclusions from incomplete data. Those limitations are acknowledged. Other scholars have focused more closely on particular reforms, or particular contexts, for example Quinn (2017), Fastenrath et al. (2017) have much to add to our understanding of the reforms examined here and the involvement and behaviour of ECs.

This article enhances our understanding of the role of ECs in bringing about global accounting change. It is hoped that other studies will follow to assist in developing a more comprehensive understanding of how this can occur – beyond the case of public sector accounting reform. By exploring such themes, future studies could assist to develop a broader understanding of how the boundaries of accounting can shift over time (Rose & Miller, 1992) and the complex processes by which those boundaries can shift. The move to a more business-like public sector accounting is just one instance of boundary shifting for accounting – albeit a very notable instance with potential significant implications for the operation of democratic government (Newberry, 2002). As demonstrated here, a powerful way of getting behind the façade of apparently rational accounting change is to identify individuals and recurring themes and to trace connections between them. Where an identifiable group of individuals share a common set of core values that are seen, in hindsight, to have been connected to a concerted problematization of the *status quo*, it is worthwhile testing the proposition that an EC has been at work and that the EC may unlock very valuable insights into the accounting boundary shift. Accompanying that unlocking may be revelation of ways in which the 'attempts to make the world of public services resemble the dreams of reformers . . . (and) appeal to the instruments and interventions of accounting as one of the principal ways of making operable the proposed solution' (Humphrey & Miller, 2012, p. 310). At the same time, revelation of the interests of those 'dreamers' may explain why accountability mechanisms are diminished and the state provision of services is shrivelled to a shadow of its former self. Ultimately, the responsibility of a critical public sector accounting academy must be to show that the business-like public sector superstructure that has underpinned so much NPM reform argumentation *could have been different*.

Appendix A. Abbreviations.

Abbreviation	Full Title
AARF	Australian Accounting Research Foundation
AGA	Association of Government Accountants
A-G	Auditor-General
A-GO	Auditor-General Office
Andersen	Arthur Andersen and Company LLP
ASA	Australian Society of Accountants (later Australian Society of Certified Practising Accountants and later CPA Australia)
CIPFA	Chartered Institute of Public Finance and Accountancy (UK)
FASB	Financial Accounting Standards Board (USA)
GAO	General Accounting Office (from 2004 Government Accountability Office)
GASB	Governmental Accounting Standards Board
GATT	General Agreement on Tariffs and Trade
GFOA	Government Finance Officers Association
IASC	International Accounting Standards Committee
ICGFM	International Consortium on Government Financial Management
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPSASB	International Public Sector Accounting Standards Board
NPM	New Public Management
NSW	New South Wales
NSWT	New South Wales Department of Treasury
OECD	Organization for Economic Co-operation and Development
PSAB	Public Sector Accounting Standards Board
PSC	Public Sector Committee (a standing committee of IFAC)
TAAP	Treasurer's Accounting Advisory Panel (NSW)

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

Appendix B: Individuals' roles.

Name	Roles/titles	Main jurisdiction/Period active
Anthony, Robert	Harvard Business School academic; Dept of Defense Comptroller (USA)	USA and international/1960–1990s
Ball, Ian	Senior Treasury official, NZ; chairman of IFAC's PSC, led the PSC's public sector standard setting initiative, later IFAC CEO	New Zealand and International/1970–present
Bowsher, Charles	Arthur Andersen Partner (USA); US Comptroller General	1960 s-late 1990s
Carpenter, Graham	PSASB Chair; Victoria Treasury senior accounting officer (Aust)	1980 s-1990s
DioGuardi, Joe	Arthur Andersen Partner; Congressman	USA/1980 s –present
Enthoven, Adolf	Academic; World Bank consultant; ICGFM Vice-President Research	USA/1950 s-2000
Enthoven, Alain	RAND analyst; Deputy Assistant Secretary Defense (Systems Analysis) (USA)	USA/1950 s-1960s
Dye, Kenneth	A-G Canada; IFAC PSC Chair; Partner Grant Thornton; ICGFM 'early supporter'	Canada; International/
Egol, Morton	Arthur Andersen Partner	1970–1980s/USA
Carpenter, Graham	Comptroller-General of Victoria	1970–1980s
Humphry, Richard	A-G Victoria; Director-General NSW Premier's Dept.; Chair, PSASB	Australia/1970–1980s
Hunter, David	Arthur Andersen Partner (Aust)	Late 1980s
McDonald, David	Partner, Deloitte NZ; A-G NZ	1971–1994; 1995–2002 (A-G)
McNamara, Robert	Price Waterhouse (USA). accountant; Harvard Business School academic; Secretary of Defense (USA); World Bank President	1940–early 1980s
Nicholls, Don	Senior NSW Treasury Official; Secretary to 3 Commissions of Audit in Australian States.	NSW and Australia; 1970–1990s
Plater, Ian	Arthur Andersen (Aust) Partner; Member TAAP	1970–1980s
Regan, Ned	New York State Comptroller General; consultant to FASB Chairman	1970–1980s/USA (New York State)
Shailes, Fred	Senior NZ Treasury official; NZ A-G	NZ/1970–1980s
Shand, David	Senior Treasury official (Aust); PSASB Chair; IMF advisor; World Bank; ICFGM Director	Australia and international/1970–2 000s
Sharp, Michael	Coopers and Lybrand Senior Partner (Aust); member, TAAP	Australia/1970–1990s
Staats, Elmer	Comptroller General (USA); Honorary Chair ICGFM; GASB Member	1950–2000
Walker, Neil	Senior Victorian Treasury official	Australia/1980s

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

References

AASB, (2011a). Comments on 'Issues Paper – Status of Trustees' Strategy Review' (www.aasb.gov.au).
AASB, (2011b). Comments on 'Setting a Strategy for the Foundation's Second Decade' (www.aasb.gov.au).
Adler, E. (1992). The emergence of cooperation: national epistemic communities and the international evolution of nuclear arms control. *International Organization, 46*, 101–145.
Adler, E., & Haas, P. M. (1992). Conclusion: epistemic communities, world order and the creation of a reflective research program. *International Organization, 46*, 367–390.
Ainley, E. (1979). *The IMF: Past, present and future* Bangor Occasional Papers in Economics. Wales: University of Wales Press.
Alcouffe, S., Berland, N., & Levant, Y. (2008). Actor-networks and the diffusion of management accounting innovations: a comparative study. *Management Accounting Research, 19*, 1–17.
Andersen & Co (1975). *Sound financial reporting in the public sector: A prerequisite to fiscal responsibility*. Cleveland: Arthur Andersen & Company.
Andersen & Co. (1986). *Sound Financial Reporting in the U.S Government: A Pre-requisite to Fiscal Responsibility*. Arthur Andersen & Co Societe Cooperative.
Andersen & Co. (1987). *Sound Financial Reporting by Nation-States: A Pre-requisite to Worldwide Fiscal Stability*. Arthur Andersen & Co Societe Cooperative.
Annisette, M. (2004). The true nature of the World Bank. *Critical Perspectives on Accounting, 15*, 303–323.
Anon (1987). *Great sales pitch for accrual accounting*. Sydney Morning Herald, p. 21.
Anon (1993). IFAC public sector committee meets in New Zealand. *Accountants Journal, 72*, 34–37.
Anthony, R. N. (1978). *Financial accounting in nonbusiness organizations: An exploratory study of conceptual issues: Research report*. Connecticut: FASB.
Anthony, R. N. (2003). Management accounting: A personal history. *Journal of Management Accounting Research, 15*, 249–253.
Appleby, P. (1948). The influence of the political order. *American Political Science Review, 42*, 272–283.
Armbrüster, T. (2006). *The economics and sociology of management consulting*. Cambridge: Cambridge University Press.
Arnold, P. J. (2005). Disciplining domestic regulation: The World Trade Organization and the market for professional services. *Accounting, Organizations and Society, 30*, 299–330.
Ascui, F., & Lovell, H. (2012). Carbon accounting and the construction of competence. *Journal of Cleaner Production, 36*, 48–59.
Ball, I. (1981). *Measuring the cost of government services*. Wellington: New Zealand Planning Council.
Ball I. (1989) Letters following the tabling of Public Finance Bill 1989.
Ball, I., Dale, T., Eggers, W., & Sacco, J. (1999). *Reforming financial management in the public sector: lessons US officials can learn from New Zealand* Policy Study No. 258. Washington: Reason Public Policy Institute.
Bovens, M. (2010). Two concepts of accountability: accountability as a virtue and as a mechanism. *West European Politics, 33*, 946–967.
Bowsher, C. (1983). The GAO and the accounting profession: US comptroller general urges CPAs to help revamp governmental financial management systems. *Journal of Accountancy*, 66–72.
Brenner, N., Peck, J., & Theodore, N. (2009). Variegated neoliberalization: Geographies, modalities, pathways. *Global Networks, 10*, 182–222.
Broadbent, J., & Guthrie, J. (2008). Public sector to public services: 20 years of 'contextual' accounting research. *Accounting, Auditing & Accountability Journal, 21*, 129–169.
Brorstrom, B. (1998). Accrual accounting, politics and politicians. *Financial Accountability & Management, 14*, 319–333.
Brown, J. (2009). Democracy, sustainability and dialogic accounting technologies: taking pluralism seriously. *Critical Perspectives on Accounting, 20*, 313–342.
Cahill, D., & Konings, M. (2017). *Neoliberalism*. Cambridge: Polity Press.
Callon, M. (1986). Some elements of a sociology of translation: domestication of the scallops and the fishermen of St. Brieuc Bay. In J. Law (Ed.), *Power, action and belief* (pp. 196–233). London: Routledge, Keegan and Paul.
Caramanis, C. V. (2009). International accounting firms versus indigenous auditors: Intra-professional conflict in the Greek auditing professional, 1990–1993. *Critical Perspectives on Accounting, 10*, 153–196.
Carlin, T. (2005). Debating the impact of accrual accounting and reporting in the public sector. *Financial Accountability & Management, 21*, 309–336.
Carnegie, G. D., & Napier, C. J. (2017). The accounting, auditing and accountability Journal Community in its 30th Year. *Accounting, Auditing & Accountability Journal, 30*, 1642–1676.
Carpenter, G. (1986). *Accrual accounting – issues and policy implications for departments and non-business government entities. Annual research lecture*. Canberra: Australian Society of CPAs.
Chantiri-Chaudemanche, R., & Kahloul, A. (2012). The actors of international accounting standard-setting: an epistemic community? *Comptabilité Contrôle Audit, 18*, 9–37.
Chiapello, E. (2017). Critical accounting research and neoliberalism. *Critical Perspectives on Accounting, 43*, 47–64.
Christensen, M. (2002). Accrual accounting in the public sector: The case of the New South Wales Government. *Accounting History, 7*, 91–122.
Christensen, M. (2005). The 'third hand': Private sector consultants in public sector accounting change. *European Accounting Review, 14*, 447–474.
Christensen, M. (2006). On public sector accounting change: Epistemic communities, consultants, naive officials and a reply to Humphrey. *European Accounting Review, 15*, 289–296.
Christensen, M., & Parker, L. (2010). Using ideas to advance professions: Public sector accrual accounting. *Financial Accountability & Management, 25*, 246–266.
Christensen, M., & Skærbæk, P. (2010). Consultancy outputs and the purification of accounting technologies. *Accounting, Organizations and Society, 35*, 525–545.
Chua, W. F., & Sinclair, A. (1994). Interests and the profession-state dynamic: Explaining the Emergence of the Australian Public Sector Accounting Standards Board. *Journal of Business Finance & Accounting, 21*, 669–705.
Chwastiak, M. (2008). Rendering death and destruction visible: counting the costs of war. *Critical Perspectives on Accounting, 19*, 573–590.
Cockrill (1976). *Financial disclosure practices of the American cities: A public report*. New York: Coopers & Lybrand.
Connolly, C., & Hyndman, N. (2006). The actual implementation of accruals accounting: Caveats from a case within the UK public sector. *Accounting, Auditing & Accountability Journal, 19*, 272–290.
Covaleski, M. A., Dirsmith, M. W., & Rittenberg, L. (2003). Jurisdictional disputes over professional work: The institutionalization of the global knowledge expert. *Accounting, Organizations and Society, 28*, 323–355.
Davies, W. (2014). *The limits of neoliberalism: Authority, sovereignty and the logic of competition*. London: Sage.
Dean, M. (1999). *Governmentality: Power and rule in modern society*. London: Sage.
Dillard, J., & Vinnari, E. (2017). A case study of critique: Critical perspectives on critical accounting. *Critical Perspectives on Accounting, 43*, 88–109.
DioGuardi, J. (1992). *Unaccountable congress: It doesn't add up*. Washington: Regnery Gateway.
Djelic, M-L., & Sahlin, K. (2009), Governance and its transnational dynamics: Towards a reordering of our world? In C. Chapman, D. Cooper, P. Miller (Eds.) *Accounting, Organizations, and Institutions: Essays in Honour of Anthony Hopwood*, Oxford Scholarship Online. Available at: http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199546350.001.0001/acprof-9780199546350-chapter-9.
Downs, G., & Larkey, P. (1986). *The search for government efficiency: From hubris to helplessness*. Philadelphia: Temple University Press.
Dunlop, C. (2000). Epistemic communities: A reply to toke. *Politics, 20*(3), 137–144.
Dunlop, C. (2009). Policy transfer as learning: capturing variation in what decision-makers learn from epistemic communities. *Policy Studies, 30*, 289–311.
Egol, M. (1987a). Use accounting to make U.S. leaders accountable. *The Wall Street Journal*, 1–2.
Egol, M. (1987b). *Can accrual accounting work in government?* Sydney: Australian Society of CPAs.
Egol, M. (1987c). *Can accrual accounting work in government? Video recording*. Sydney: Australian Society of CPAs.
Ellwood, S., & Newberry, S. (2016). The conceptual underpinnings of international public sector accounting. *Public Money & Management, 36*, 231–234.

Enthoven, A. (1965). Economic development and accountancy: the accounting approach can accelerate the economic development which the less developed nations so urgently require. *Journal of Accountancy*, 29–35.
Enthoven, A. (1969). Accountancy for economic development. *Finance and Development*, 24–29.
Eschwege, H., Grosshans, W., Horan, D., & Poel, E. (1987). Oral history interview with Elmer B. Staats Comptroller General of the United States 1966–1981. *Harry S. Truman Library and Museum*.
FASB (1978). *Statement of financial accounting concepts 1: Objectives of financial reporting by business enterprises*. Connecticut: FASB.
Fastenrath, F., Schwan, M., & Trampusch, C. (2017). Where states and markets meet: The financialisation of sovereign debt management. *New Political Economy, 22*(3), 273–293.
Federation des Experts Compatables Europeens (FEE) (1990). The impact of the Uruguay round services negotiations on the accountancy profession. Papers from seminar at Vevey, Switzerland: 1990; 1–2 February.
Figlewicz, R., Anderson, D., & Strupeck, C. (1985). The evolution and current state of financial accounting concepts and standards in the nonbusiness sector. *Accounting Historians Journal, 12*, 73–98.
Fogarty, T., & Radcliffe, V. (1999). Extending practice: Accountants' constructions of the industrial relations arena in the USA. *Accounting, Auditing & Accountability Journal, 12*, 525–560.
Fujinuma, T., (2000). IFAC takes up the challenges of the regulators. www.ifac.org/library/speechArticle.tmp1?=NID9599436376532. downloaded 23/9/2003.
Funnell, W. (2003). Enduring fundamentals: Constitutional accountability and Auditors-General in the reluctant state. *Critical Perspectives on Accounting, 14*, 107–132.
Gallhofer, S., & Haslam, J. (2006). The accounting-globalisation interrelation: An overview with some reflections on the neglected dimension of emancipator potentiality. *Critical Perspectives on Accounting, 17*, 903–934.
Gallhofer, S., Haslam, J., & Kamla, R. (2011a). The accountancy profession and the ambiguities of globalisation in a post-colonial, Middle Eastern and Islamic context: Perceptions of accountants in Syria. *Critical Perspectives on Accounting, 22*, 376–395.
Gallhofer, S., Haslam, J., & van der Walt, S. (2011b). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting, 22*, 765–780.
Graham, C., & Neu, D. (2003). Accounting for globalization. *Accounting Forum, 27*, 449–471.
Green, D., & Singleton, J. (2009). *The watchdog: New Zealand's audit office 1840 to 2008*. Dunedin: Otago University Press.
Greenhall, D. T., Paul, J., & Sutcliffe, P. (1988). *Financial reporting by local governments* Discussion Paper No. 12. Caulfield: AARF.
Guthrie, J. (1998). Application of accrual accounting in the Australian Public Sector – rhetoric or reality? *Financial Accountability & Management, 14*, 1–19.
Guthrie, J., & Parker, L. D. (1998). Managerialism' and 'marketization' in financial management change in Australia. In O. Olson, J. Guthrie, & C. Humphrey (Eds.), *Global warning: Debating international developments in new public financial management* (pp. 49–750). Oslo: Cappelen, Akademisk Forlag.
Haas, P. M. (1992). Introduction: epistemic communities and international policy co-ordination. *International Organization, 46*, 1–35.
Hood, C. (1995). The 'new public management' in the 1980s: Variations on a theme. *Accounting, Organizations and Society, 20*, 93–109.
Hood, C., & Dixon, R. (2015). *A government that worked better and cost less?: Evaluating three decades of reform and change in UK central government*. Oxford: Oxford University Press.
Humphrey, C., & Guthrie, J. (1996). Public sector financial management developments in Australia and Britain. *Research in Governmental and Nonprofit. Accounting, 9*, 283–302.
Humphrey, C., Loft, A., & Woods, M. (2009). The global audit profession and the international financial architecture: Understanding regulatory relationships at a time of financial crisis. *Accounting, Organizations and Society, 34*, 810–825.
Humphrey, C., & Miller, P. (2012). Rethinking impact and redefining responsibility: The parameters and coordinates of accounting and public management reforms. *Accounting, Auditing & Accountability Journal, 25*, 295–327.
Humphrey, C., Miller, P., & Scapens, R. (1993). Accountability and accountable management in the UK public sector. *Accounting, Auditing & Accountability Journal, 6*, 7–29.
Humphry, R. G. (1986). *Forces for change in public sector resource management: The role of accountants* Aust. Soc. of Account. Annual Research Lecture. University of Melbourne.
Humphry, R.G., (1987). Emerging issues in public sector administration. *Biennial Conference of Public Accounts Committees Report*. No. 36, May 27–29, Sydney: 118–31.
Hyndman, N., & Lapsley, I. (2016). The new public management: The story continues. *Financial Accounting and Management, 32*, 385–408.
Ingraham, P. (1997). Play it again, Sam; it's still not right: Searching for the right notes in administrative reform. *Public Administration Review, 57*, 325–331.
ICGFM (1998). *ICGFM's 20th Anniversary: A look into the past and into the future*. Washington DC: ICGFM.
INTOSAI, (1977). *Lima Declaration*. http://www.intosai.org/Level2/2_LIMADe.html.
Irvine, H., Cooper, K., & Moerman, L. (2011). An epistemic community as influencer and implementer in local government accounting in Australia. *Financial Accountability & Management, 27*, 249–271.
Jacobs, K. (1998). Value for money auditing in New Zealand: Competing for control in the public sector. *The British Accounting Review, 30*, 343–360.
Jardini, D. (1996). *Out of the blue yonder: The RAND Corporation's diversification into social welfare research 1946–1968* (Ph.D. dissertation). Pittsburgh: Carnegie Mellon University.
Jardini, D. (1998). Out of the blue yonder: how RAND diversified into social welfare research. *RAND Review*. Available at: http://www.rand.org/pubs/periodicals/rand-review/issues/rr-fall-98/blue.html Downloaded 9/5/2016.
Jessop, B. (2002). Liberalism, neoliberalism, and urban governance: A state-theoretical perspective. *Antipode*, 452–472.
Jones, L.R., & McCaffery, J.L., (2005). Reform of the planning, programming, budgeting system, and management control in the U.S. Department of Defense: insights from budget theory. *Public Budgeting & Finance*, Fall, 1–19.
Jones, L. R., & Thompson, F. (2000). Responsibility budgeting and accounting. *International Public Management Journal, 3*, 205–228.
Kaidonis, M. A. (2009). Critical accounting as an epistemic community: Hegemony, resistance and identity. *Accounting Forum, 33*, 290–297.
Kelly, J. M. (2003). The long view: Lasting (and fleeting) reforms in public budgeting in the twentieth century. *Journal of Public Budgeting, Accounting & Financial Management, 15*, 309–326.
Kipping, M. (1996). The U.S. influence on the evolution of management consultancies in Britain, France and Germany since 1945. *Business and Economic History, 25*, 112–123.
Kutchesfahani, S. (2014). *Politics and the bomb: The role of experts in the creation of cooperative nuclear non-proliferation agreements*. New York: Routledge.
Lapsley, I., & Oldfield, R. (2001). Transforming the public sector: management consultants as agents of change. *European Accounting Review, 10*, 523–543.
Latour, B. (1987). *Science in action*. Cambridge, Mass: Harvard University Press.
Laughlin, R., & Pallot, J. (1998). A tentative analysis of trends, patterns and influencing factors in public sector management and accounting change. In O. Olson, J. Guthrie, & C. Humphrey (Eds.), *Global warning: Debating international developments in new public financial management* (pp. 376–399). Oslo: Cappelen, Akademisk Forlag.
Lemke, T. (2001). The birth of bio-politics: Michel Foucault's lecture at the Collège de France on neo-liberal governmentality. *Economy and Society, 30*, 190–207.
Light, J. (2003). *From warfare to welfare: Defense intellectuals and urban problems in Cold War America*. Baltimore: John Hopkins University Press.
Lovell, H., & MacKenzie, D. (2011). Accounting for carbon: The role of accounting professional organisations in governing climate change. *Antipode, 43*, 704–730.
Lüder, K. (2002). Research in comparative governmental accounting over the last decade: Achievements and problems. In V. Montesinos & J. Vela (Eds.), *Innovations in Gov. Account* (pp. 1–22). Boston: Kluwer Academic Publishers.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006

Mackintosh, I. (1992). *Accrual accounting for government departments and the whole of government: Costs, benefits and opportunities*. November, Canberra: CPA Annual Research Lecture in Government Accounting.
MacMillan, G. (1985). Where assets ain't assets. *Australian Accountant, 55*, 46–51.
Malmmose, M. (2015). Management accounting versus medical profession discourse: Hegemony in a public health care debate – A case from Denmark. *Critical Perspectives on Accounting, 27*, 144–159.
Martinez-Diaz, L. (2005). Strategic experts and improvising regulators: explaining the IASC's rise to global influence, 1973–2001. *Business and Politics, 7*, 1–26.
McKenna, C. (1995). The origins of modern management consulting. *Business and Economic History, 24*, 51–58.
McKinnon, M. (2003). *Treasury: The New Zealand treasury 1840–2000*. Auckland: Auckland University Press.
Meijerink, S. (2005). Understanding policy stability and change. The interplay of advocacy coalitions and epistemic communities, windows of opportunity and Dutch coastal flooding policy 1945–2003. *Journal of European Public Policy, 12*, 1060–1077.
Meyer, M., & Molyneux-Hodgson, S. (2010). Introduction: The dynamics of epistemic communities. *Sociological Research Online, 15*, 14. Available at: http://www.socresonline.org.uk/15/2/14.html May, 2016.
Miller, P. (1991). Accounting innovation beyond the enterprise: Problematizing investment decisions and programming economic growth in the UK in the 1960's. *Accounting, Organizations and Society, 16*, 733–762.
Miller, P. (1998). The margins of accounting. *European Accounting Review, 7*, 605–621.
Miller, P., & O'Leary, T. (1987). Accounting and the construction of the governable person. *Accounting Organizations and Society, 12*, 1–31.
Mintzberg, H. (1996). Managing government: Governing management. *Harvard Business Review*, 75–83.
Moore, B. (1988). Administrative chronicle – New South Wales. *Australian Journal of Public Administration, 47*, 164–170.
Mosher, F. (1954). *Program budgeting: Theory and practice, with particular reference to the US department of the army* Public Administration Service. New York: American Book-Stratford Press.
Mosher, F. (1969). Limitations and problems of PPBS in the States. *Public Administration Review*, 160–167.
Murphy, J. (2008). International financial institutions and the new global managerial order. *Critical Perspectives on Accounting, 19*, 714–740.
Neu, D., Gomez, E. O., Ponce de León, O. G., & Zepeda, M. F. (2002). Facilitating globalization processes: Financial technologies and the World Bank. *Accounting Forum, 26*, 271–290.
Neu, D., & Ocampo, E. (2007). Doing missionary work: The World Bank and the diffusion of financial practices. *Critical Perspectives on Accounting, 18*, 363–389.
Neu, D., Ocampo, E., Graham, C., & Heincke, M. (2006). Informing Technologies and the World Bank. *Accounting Organizations and Society, 31*, 635–662.
Neu, D., Rahaman, A. S., Everett, J., & Akindayoms, A. (2010). The sign value of accounting: IMF structural adjustment programs and African banking reform. *Critical Perspectives on Accounting, 21*, 402–419.
New South Wales Public Accounts Committee Archive. (1987). Miscellaneous Papers.
New York Times. (2015), http://www.nytimes.com/2015/11/20/us/henry-s-rowen-professor-economist-and-ex-president-of-rand-dies-at-90.html?_r=0.
Newberry, S. (2002). Intended or unintended consequences? Resource erosion in New Zealand's Government Departments. *Financial and Management Accounting, 18*, 309–330.
Newberry, S., & Pont-Newby, S. (2009). Whole of government accounting in New Zealand: The ownership form of control. *Public Money & Management, 29*, 235–242.
Norington, B. (1987). US expert tells govts accrual is superior. *Sydney Morning Herald*, December 2 1987, 42.
NSWT, (1987). Internal memo: Accrual accounting – Appointment of task force and overseas visit by treasury officers. 1987: 4 December.
NSWT, (1989). Accounting for physical non-current assets in the public sector. June.
Olson, O., Guthrie, J., & Humphrey, C. (1998). International experiences with 'new' public financial management (NPFM) reforms: New world? Small world? Better world? In O. Olson, J. Guthrie, & C. Humphrey (Eds.), *Global warning: Debating international developments in new public financial management* (pp. 17–48). Oslo: Cappelen, Akademisk Forlag.
Pallot, J. (2003). A wider accountability? The Audit Office and New Zealand's bureaucratic revolution. *Critical Perspectives on Accounting, 14*, 133–155.
Parker, L. D., & Guthrie, J. (1993). The APS in the 1990s: New accountability regimes in motion. *Journal of International Accounting, Auditing and Taxation, 2*, 59–81.
Parker, L. D., & Guthrie, J. (1990). Public sector accounting and the challenge of managerialism. In J. Forster & J. Wanna (Eds.), *Budgetary management and control: The public sector in australasia* (pp. 114–1127). Melbourne: Macmillan.
Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode, 34*, 380–404.
Potter, B. N. (2002). Financial accounting reforms in the Australian public sector. *Accounting, Auditing & Accountability Journal, 15*, 69–93.
Potter, B. N. (2005). Accounting as a social and institutional practice: Perspectives to enrich our understanding of accounting change. *Abacus, 41*, 265–289.
Power, M. (1997a). Expertise and the construction of relevance: Accountants and environmental audit. *Accounting, Organizations and Society, 22*, 123–146.
Power, M. (1997b). *The audit society: Rituals of verification*. New York: Oxford University Press.
Prasser, S. (2013). Nick Greiner's fate a lesson for political reformers. *Sydney Morning Herald*. 1 July, 11–12.
Preston, A. M., Cooper, D. J., & Coombs, R. W. (1992). Fabricating budgets" a study of the production of management budgeting in the National Health Service. *Critical Perspectives on Accounting, 17*, 561–593.
Pryde, D. (1996). CEO's Report. *Institute of Chartered Accountants: Annual Report 1996.*
Public Management Service (PUMA). (1993). Meeting of senior budget officials: accounting for what? The value of accrual accounting to the public sector. Paper from meeting in Paris 1993; 7–8 June.
Pusey, M. (1991). *Economic rationalism in canberra: A nation building state changes its mind*. Cambridge: Cambridge University Press.
Quinn, S. L. (2017). 'The miracles of bookkeeping': How budget politics link fiscal policies and financial markets. *American Journal of Sociology, 123*, 48–85.
Ram, R., & Newberry, S. (2017). Agenda entrance complexity in international accounting standard setting: The case of IFRS for SMEs. *Abacus, 53*, 485–512.
Ravenscroft, S., & Williams, P. F. (2009). Making imaginary worlds real: The case of expensing employee stock options. *Accounting, Organizations and Society, 34*, 770–786.
Regan, E. (1987). *Accrual accounting in government* Can accrual accounting work in government?. Sydney: Australian Society of CPAs.
Ricucci, N., & Callahan, K. (2006). Elmer B. Staats and the pursuit of good government. *Public Administration Review*, 159–166.
Robson, K. (1987). *Views on accrual accounting. Can accrual accounting work in government?* Sydney: Australian Society of CPAs.
Robson, K. (1988). Views on accrual accounting. *Report of Proceedings of the Accrual Accounting Seminar*. Report No. 38. New South Wales Public Accounts Committee, 1–19.
Rondinelli, D. (1976). International assistance policy and development project administration: The impact of imperious rationality. *International Organization, 30*, 573–605.
Rondinelli, D. (1987). *Development administration and U.S. foreign aid policy*. Colorado: Lynne Rienner Publishers.
Rose, N. (1988). Calculable minds and manageable individuals. *History of the Human Sciences, 1*, 179–200.
Rose, N. (1991). Governing by numbers: Figuring out democracy. *Accounting, Organizations and Society, 16*, 673–692.
Rose, R. (1991). What is lesson-drawing? *Journal of Public Policy, 11*, 3–30.
Rose, N., & Miller, P. (1992). Political power beyond the state: The problematics of government. *The British Journal of Sociology, 43*, 173–205.
Ryan, C. (1995). *Australian public sector financial reporting 1976 to 1993: Reforming policy agendas* (Ph.D. thesis). Griffith University.
Ryan, C. (1998). The introduction of accrual reporting policy in the Australian public sector: An agenda setting explanation. *Accounting, Auditing & Accountability Journal, 11*, 518–539.

Saravanamuthu, K. (2004). What is measured counts: Harmonized corporate reporting and sustainable economic development. *Critical Perspectives on Accounting, 15*, 295–302.
Scherer, J. (1967). The report of the President's Commission on Budget Concepts: A review. *Federal Reserve Bank of New York Monthly Review*, 231–238.
Schürer, S. (2015). *The harmonisation of GAAP and GFS financial reporting in the Australian public sector: Why and how did it happen? An agenda setting perspective* (Unpublished PhD Thesis). The University of Adelaide.
Shand, D. A. (1983). *Government accounting: true and fair? Third Coopers & Lybrand Accounting Education & Research Conference* Canberra: ANU.
Shand, D. A. (1988). *Notes for address to seminar on accrual accounting. Report of Proceedings of the Accrual Accounting Seminar. Report No. 38*. Sydney: New South Wales Public Accounts Committee. 42-51.
Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives On Accounting, 22*, 811–827.
Smith, J. A. (1991). *The idea brokers: Think tanks and the rise of the new policy elite*. New York: The Free Press.
Staats, E. (1968). The GAO: Present and future. *Public Administration Review, 28*, 461–465.
Staats, E. (1976), Statement made before the Administrative Law and Governmental Relations of the House Committee on [c H.R. 3249 – Financial Disclosure and Related Bills], http://www.gao.gov/assets/100/98232.pdf (accessed 14.12.16.).
Staats, E. (1983). Leadership opportunities for the accounting profession in the public sector. The International Journal of Government Auditing, 11–14.
Standish, P. (2003). Evaluating national capacity for direct participation in international accounting harmonization: France as a test case. *Abacus, 39*, 186–210.
Sturdy, A. (1997). The dialectics of consultancy. *Critical Perspectives on Accounting, 8*, 511–535.
Suddaby, R., Cooper, D., & Greenwood, R. (2007). Transnational regulation of professional services: Governance dynamics of field level organizational change. *Accounting, Organizations and Society, 32*, 333–362.
Sutcliffe, P. (1985). *Financial reporting in the public sector - a framework for analysis and identification of issues Accounting Theory Monograph 5*. Caulfield: AARF.
The Economist. (1988). Floppy Borrowings, p. 93.
Thomson A. (of Australian Accounting Research Foundation). (1993). Memo to Brian McCulloch of NZ Treasury. Draft discussion paper on financial reporting by governments: 10 June.
Watkins, A., & Arrington, C. E. (2007). Accounting, new public management and American politics: Theoretical insights into the national performance review. *Critical Perspectives on Accounting, 18*, 35–38.
Watson, G., & Wolk, H. (2003). 'Whiz kid' Robert S. McNamara's World war II Service. *Air Power History, 50*, 4–15.
Williams, P., & Ravenscroft, H. (2015). Rethinking decision usefulness. *Contemporary Accounting Research, 32*(2), 763–788.
Woolgar, S., & Lezaun, L. (2015). Missing the (question) mark? What is a turn to ontology? *Social Studies of Science, 45*(3), 462–467.
Wright, C. (2002). Promoting demand, gaining legitimacy and broadening expertise: The evolution of consultancy–client relationships in Australia. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 120–184). Oxford: Oxford University Press.
Yeatman, A. (1987). The concept of public management and the Australian state in the 1980s. *Australian Journal of Public Administration, 46*, 339–353.
Yonekura, A., Gallhofer, S., & Haslam, J. (2012). Accounting disclosure, corporate governance and the battle for markets: The case of trade negotiations between Japan and the U.S. *Critical Perspectives on Accounting, 23*, 312–331.
Young, J. J. (1995). Defending an accounting jurisdiction: The case of cash flows. *Critical Perspectives on Accounting, 6*, 173–200.
Zifcak, S. (1994). *New managerialism: Administrative reforms in Whitehall and Canberra*. Buckingham: Open University Press.

Please cite this article in press as: Christensen, M., et al. Enabling global accounting change: Epistemic communities and the creation of a 'more business-like' public sector. *Critical Perspectives on Accounting* (2018), https://doi.org/10.1016/j.cpa.2018.04.006