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LEGITIMATING CHANGE IN THE PUBLIC-SECTOR: THE INTRODUCTION OF (RATIONAL?) ACCOUNTING PRACTICES IN THE UK, ITALY AND AUSTRIA

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Abstract

This paper explores the deployment of rhetorical legitimation strategies during public-sector accounting reforms by investigating how organizational actors justify related changes in the central governments of the UK, Italy and Austria. The study shows that changes are largely legitimated (and rarely delegitimated) by key actors, with authorization strategies dominating. Country differences and actors' professional backgrounds also impact upon the use of legitimation strategies, with those from an accounting background and working in the UK being more likely to justify change in terms of rationalization and normalization. Italian and Austrian actors more frequently resort to authorization strategies to explain accounting change.

Keywords

legitimation strategies, accounting change, organizational change, central government
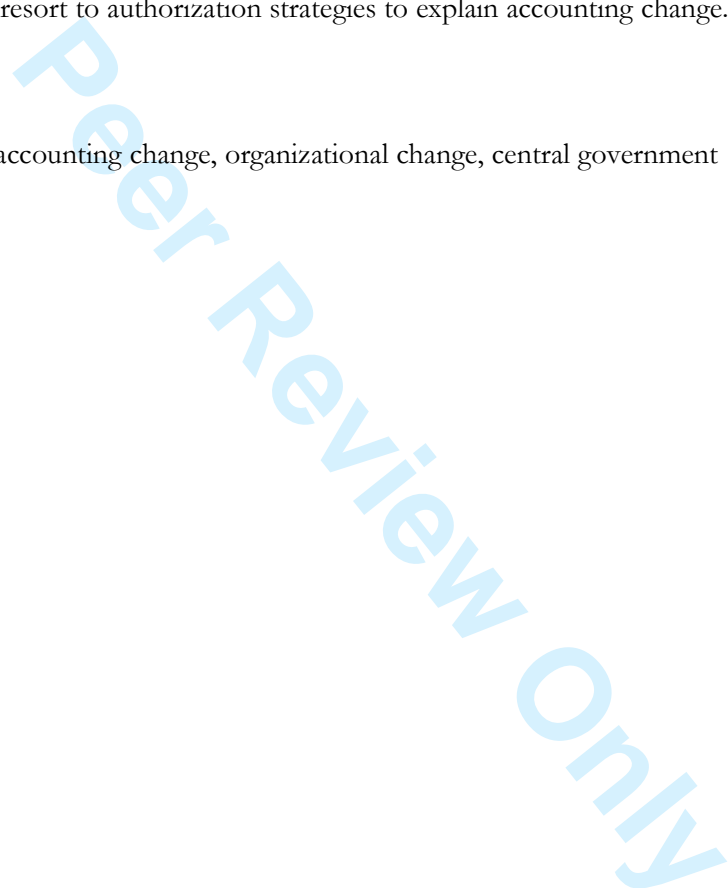
INTRODUCTION

A significant body of research has focused on legitimacy and legitimation, and the central role language plays in such processes. Discursive legitimation and rhetorical argumentation strategies have been found to be of specific importance during institutional change (Green 2004; Suddaby and Greenwood 2005). This includes debates relating to organizational shutdowns (Erkama and Vaara 2010), climate change (Lefsrud and Meyer 2012), shareholder value (Meyer and Höllerer 2010) and corporate restructuring and mergers (Vaara, Tienari and Laurila 2006). Despite these insights, there remains a lack of knowledge about how discursive legitimation strategies are embedded in particular contexts and unfold differently across different settings. Moreover, we still lack understanding of how similar change projects that result from the same global trends are legitimated across different national contexts or by different actors. Scant consideration has been given as to how reforms are discursively legitimated, or delegitimated, by individuals within the different organizations where they are implemented (or where they are to be implemented). In order to address these issues, this paper explores the discursive legitimation strategies mobilized to understand and implement change in different organizations and national contexts.

Our empirical analysis focuses on public-sector accounting reforms. Public-administration scholars have increasingly recognised that public-sector reforms, such as those associated with New Public Management (NPM) (Hood 1995; Lapsley 2009), although global in nature, have, nonetheless, been translated with significant local variations (Hammerschmid and Meyer 2005; Hyndman et al. 2014) and at times produced unexpected, divergent, results (Hood and Peters 2004; Liguori and Steccolini 2012). NPM has leaned heavily on ideas of economic rationality (Pollitt and Bouckaert 2011), with related accounting reforms frequently described as embodiments of rationalization trends (Carruthers and Espeland 1991; Olson, Guthrie and Humphrey 1998). Such public-sector accounting changes are a particularly interesting case, as they represent an expert debate among professionals (Collins and Evans 2009) and have far-reaching consequences since, in general, they affect the overall State architecture. Looking at the

United Kingdom (UK), Italy and Austria, this paper adopts the view of legitimation strategies as an embedded social practice and contributes to the literature by shedding light on the use and interweaving of legitimation strategies across different organizational and national contexts (as well as relating it to actors' backgrounds). The study investigates the use of legitimation strategies in a setting (central government), where change has often been identified as primarily triggered by external institutional pressures (Covaleski and Dirsmith 1988; Nor-Aziah and Scapens 2007). Finally, the paper contributes to research on how public-sector organizations have been subjected to change aimed at making them more managerial, rational and efficient (Arellano-Gault et al. 2013).

The paper is structured as follows: the next section reviews the literature on organizational legitimation. The empirical design and methodology are then outlined, followed by the presentation and comparison of the three cases. Finally, results are presented and discussed, and conclusions drawn.

REFORMS AND ACTORS' LEGITIMATION

Change projects introducing new practices, such as accounting, propose new ideas and tools that will need to be legitimated in order to be accepted and implemented within organizations that are embedded in specific fields and national contexts. As arguments that can be used to justify a particular position, accounts (Scott and Lyman 1970) represent discursive devices to achieve fit between 'foreign' and 'indigenous' or between the 'problematic' and 'accepted'; they are the building blocks of legitimation strategies (van Leeuwen and Wodak 1999; Creed, Scully and Austin 2002; Vaara, Tienari and Laurila 2006).

Accounts, and the related legitimation, are necessary components in the implementation of change (Tost 2011). Changes in organizational practices and policies require the new arrangements to be viewed as more legitimate than pre-existing ones (Suddaby and Greenwood 2005). Such change involves the shift in the actors' judgment and behaviours and, thus, accounts

may be also used to delegitimate previously legitimate arrangements (Suddaby and Greenwood 2005; Vaara and Tienari 2008). Only a few studies, however, have examined how organizational actors judge existing arrangements as legitimate or illegitimate and the bases on which these judgments are formed (Tost 2011; Erkama and Vaara 2010).

Legitimation involves a generalized perception that actions are desirable, proper, or appropriate within a certain system of norms, values and beliefs (Bitektine 2011). Institutional theory argues that actors need to mobilize consent and minimize dissent within their local contexts to gain support for the interpretation of a certain model (Meyer 2013). To explain the success or failure of new models and practices in an institutional field, it is essential to understand how actors legitimate or delegitimate the change vis-a-vis the status quo, and consider the arguments that they utilize. The rhetorical strategies set in place during change influence the validity of these beliefs and can strengthen or weaken the adoption of practices, and the way actors justify the usefulness of change itself (Green 2004; Bitektine and Haack 2015). The more persuasive the supporting reasons justifying the change, the more acceptable its adoption will be perceived.

Legitimation strategies

Despite the global spread of NPM, the implementation of public-sector reforms is not a mechanistic introduction of a clearly defined set of new organizational practices; rather, it represents the translation of ideas adapted to local circumstances (Sahlin and Wedlin 2008). Recent organizational studies have focused on the discursive aspects of legitimation through rhetoric (Suddaby and Greenwood 2005), narratives (Golant and Silince 2007), accounts (Creed, Scully and Austin 2002), frames (Meyer and Höllerer 2010) and actors' discursive legitimation strategies. The latter is the focus of this paper. Previous studies have looked at legitimation strategies in areas such as mergers and acquisitions (Vaara and Tienari 2002; Vaara, Tienari and Laurila 2006), immigration (van Leeuwen and Wodak 1999), policy making (Brown, Ainsworth

and Grant 2012), institutional repair work (Herepath and Kitchener 2016) and professionals' defensive identity work (Lefsrud and Meyer 2012). This literature has identified five possible discursive strategies where language is used to construct legitimation: authorization, rationalization, normalization, moralization and narrativization (or mythopoesis). As Joutsenvita and Vaara (2015, 744) highlight, these legitimation strategies are 'not always intentional or conscious ways of using discursive resources to establish legitimacy or de-legitimacy'.

Authorization refers to legitimation through authority of tradition, law and persons upon whom authority of some kind has been bestowed. Moralization strategies refer to legitimation by reference to specific value systems. With reference to accounting, previous literature suggests that moralization arguments are often used to legitimate transparency practices or delegitimate sector scandals (Covaleski, Dirsmith and Rittenberg 2003). Narrativization (or mythopoesis) is about legitimation conveyed through narratives: telling a story, indeed, can provide evidence of appropriate or preferential behaviour. Rationalization is related to legitimation by reference to the utility of the proposed change, with such a strategy mainly focusing on the benefits or outcomes that a course of action can bring. Normalization legitimates by exemplarity, reference to codes of conduct and standards, making the case at hand something professional and appropriate given a certain context (Vaara, Tienari and Laurila 2006). The relevance of professional ethics and backgrounds in the use of legitimation strategies has rarely been studied (for exceptions, see: Lefsrud and Meyer 2012; Herepath and Kitchener 2016). As this paper focuses on a highly professionalized practice (accounting), professions and professional standards may play a particularly important role, especially since the use of normalization arguments is likely to be affected by the actors' background and education. Indeed, previous studies have highlighted the importance of the accounting profession and actors' backgrounds in the design and implementation of reforms (Humphrey 2005; Christensen and Parker 2010). Accountants have been viewed as a privileged community able to understand the newly-introduced systems and likely to be supportive of modern technologies of accounting (Ezzamel

et al., 2005). Private-sector trained professional accountants have often been recruited (particularly in the UK) to support the implementation and operation of new accounting systems (Connolly and Hyndman, 2006a and 2006b). As a consequence, we would expect those with a professional accounting background (and/or private-sector work experience) to make a wider use of normalization strategies. Finally, Green (2004) and Bitektine and Haack (2015) also identify a route to legitimation via pathos, i.e. by appealing to personal emotions.

While not the focus of this paper, little is known as to how different types of legitimation may be intertwined. For instance, Vaara, Tienari and Laurila (2006) find authorization to be linked to rationalization and moralization, since authorities themselves symbolically represent specific institutions and viewpoints. Rationalization is frequently based on a view relating to morality, even when not explicitly stated. Moralization is often associated with an attempt to put authorization and rationalization into a particular perspective, while narrativization is regularly associated with multiple 'legitimations'.

Legitimation strategies are, as are all accounts, embedded in specific social contexts, and what counts as a legitimate argument may differ across various settings. As of yet, however, little attention has been devoted to such differences. There are limited insights into how similar change projects are rhetorically legitimated (or delegitimated) in different contexts, such as different organizations, policy fields and national contexts. The literature on public-sector reforms has increasingly pointed out that the adoption and implementation of such reforms has taken place following different paths, and producing a diversity of outcomes (Hood and Peters 2004; Hammerschmid and Meyer 2005; Liguori and Steccolini 2012). Moreover, it has been claimed that NPM principles, including a focus on rational and private-sector oriented management styles, market-based mechanisms and output orientations (Hood, 1995), have found wide diffusion in the UK public sector, despite them not necessarily having produced the expected results (for example, Hood and Dixon, 2016). As a consequence, they have imbued

their ethos and culture, suggesting that NPM is 'very much alive' (Hyndman and Lapsley, 2016: 385). Conversely, an increasingly significant body of literature has shown that in many continental European countries (Ongaro, 2011; Pollitt and Bouckaert, 2011), public administrations appear to remain rooted in traditional Weberian bureaucratic principles, whereby the 'State' remains a central actor, and compliance with laws and authority is fundamental in guiding actions and decisions (Pollitt and Bouckaert, 2011). It may therefore be expected that such differences will also find reflection in the ways individual actors, in different countries, justify the implementation of (supposedly rational) accounting reforms. In particular, rationalization and normalization strategies, more consistent with the NPM ethos (Hyndman and Liguori, 2016), may be expected to prevail in the UK, whereas authorization strategies may find stronger deployment in neo-Weberian contexts, such as Italy; with Austria likely to represent a midpoint on such a spectrum (which, although having a largely bureaucratic, law-based administrative culture, has, historically, tested the potential of managerialist adjustments utilising focused experimental initiatives – see later comments).

In the light of the above considerations, this paper aims to explore the deployment of rhetorical legitimation strategies during, supposedly rational, public-sector accounting reforms. It investigates how organizational actors justify accounting changes and, in doing so, it also facilitates a better understanding of the influence of professional background and country contexts on such legitimations.

METHODOLOGY

This paper explores the strategies organizational actors use to legitimate (or delegitimate) discursively the implementation of practices, such as accounting, which are generally considered to embody rationality principles (Chan 2003; Likierman 2003). It does not focus on specific changes at particular points in time, but rather on the strategies used by the actors involved to

construct a sense of legitimation around change. In order to investigate how organizational actors, from different countries and with different professional backgrounds, justify and account for the change brought about by public-sector reforms, changes from the late 1980s in financial and cost accounting (FCA), budgeting and performance management (collectively referred to as 'accounting'). These were examined at the central government level in the UK, Italy and Austria to facilitate the identification of patterns across organizations and by country. To represent the diversity of activities carried out, two similar areas of competencies were chosen (using pattern-matching sampling, Yin 2014), following Brown and Potoski's (2003) and Speklé and Verbeeten's (2014) classification of public services (in terms of measurability of activities and outputs[i]). These were rural development (RD) and higher education (HE); with the former expected to show higher output measurability than the latter. Legitimation and delegitimation were, therefore, investigated from the perspective of the receivers of change, i.e. the line departments.

The analysis was performed in different countries in order to account for different cultural-historical features and administrative traditions, and also examined the different professional backgrounds of the actors involved (given that this may impact on how changes are interpreted and understood). Prior research focusing on system/country-wide levels (Kickert 2008; Pollitt and Bouckaert 2011) emphasises how adherence to different administrative models affects form and content of administrative reforms, resulting in different reform trajectories. This may be expected, similarly, to affect the way actors understand, justify and legitimate such reforms. Hence, three countries with different traditions were selected: the UK, representing the Anglo-Saxon system (Hood 1995); Austria, a Continental-European state (Hammerschmid and Meyer 2005); and Italy, a member of the Southern-European tradition (Ongaro 2009). The UK represents the common-law tradition, where most of the accounting changes did not pass through law, but rather administrative acts (Hyndman et al. 2014); Austria and Italy have, instead, civil-law systems, where such changes are usually decided by parliamentary vote. With respect to

professional backgrounds, the Austrian and Italian civil services have been traditionally dominated by the legal profession and only recently started to rely on more diversely educated staff (Ongaro, 2011). Conversely, the UK has traditionally employed staff from a variety of professional backgrounds and, as a consequence of NPM-related accounting reforms over the past 20 years, has seen a proliferation of professionally-qualified accountants (Connolly and Hyndman 2006a, 2006b). In addition, central government accounting systems in the UK and Austria have been found to be more developed than in Italy (PwC 2014[ii]).

Data sources and analysis

Semi-structured interviews were conducted in 2013 and 2014. Based on common interview guidelines, questions were asked about the most relevant (accounting) changes since the early 1990s and their sources, the perceived reasons for them, as well as the reactions to such changes and the perceived reform outcomes. Prompts were used, if needed, to highlight specific changes in financial and cost accounting, budgeting, and performance management systems in each country if not mentioned by the interviewee. In each country, interviews were held with eight managers in comparable positions, who were responsible for accounting issues (usually heads of divisions of the line departments). In line with the aims of the study, the interviews focused on the implementation of accounting reforms rather than on their design.

Across the three countries, the interviewees (who were identified through snowball sampling, Patton, 2002) had quite diverse professional backgrounds and prior work experience. In the UK, seven out of eight of the interviewees had formal education in accounting, in contrast to Italy and Austria (those having accounting or a more general business degree represented four out of eight and two out of eight respectively). In comparison to Austria (where they were absent) and Italy (where there were only two), the number of professionally-qualified accountants was much higher in the UK (where all the interviewees with an educational accounting background were also professionally-qualified). It has to be noted that in all three

countries, acquiring a professional accounting qualification requires both the completion of at least three years on-the-job training and the passing of a series of exams. Although the requirements vary slightly depending on accounting body and country, this means that the interviewees with a professional accounting qualification also had previous work experience as accountants. Furthermore, in the UK the majority of the interviewees had previous private-sector work experience (five), while in Italy (two) and in Austria (one) this was more limited. Each interview lasted for about one hour and was transcribed in full for coding. A preliminary coding scheme was developed based on the literature on legitimation strategies. In engaging with the data, the coding scheme was further refined and applied in an iterative manner to ensure coding consistency across all interviews from the three countries (in this paper, quotations from interviews are identified by the country and a number denoting the interviewee, for example, 'UK4').

The unit of analysis was the single argument (i.e., a sentence or number of sentences). A specific argument was coded when a legitimation strategy was used with regard to, at least one, reform feature (namely, FCA, budgeting, performance management or 'reform as a whole'). For each argument, the references to reform feature(s) and legitimation strategy (or strategies) were coded differentiating whether a strategy was used to legitimate (1) or delegitimate (2). In distinguishing the legitimation (or delegitimation) strategies, the classification proposed by Vaara, Tienari and Laurila (2006) and van Leeuwen and Wodak (1999) was used – authorization (AUT1/2), rationalization (RAT1/2), normalization/ethos (NOR1/2), moralization (MOR1/2), narrativization (NAR1/2), with 'pathos' (PAT1/2) added[iii] (Green 2004; Green and Li 2011). When arguing, for example, in terms of authorization, interviewees could refer to political/financial department pressures, financial crisis, internal managers or specific legal requirements. Rationalization could refer to enhancement of effective planning, NPM ideas, or the more efficient use of resources. When arguing in a normalizing way, interviewees could refer to the role of the professions or private-public sector differences (as discussed, the accounting

profession has been identified in previous studies as being of high importance in accounting reforms). An argument was coded as moralization when a reference was made to topics such as good governance, transparency or sustainability; while when the interviewees were telling a story to illustrate the implemented changes, it was coded as narrativization. Finally, considering 'pathos' allowed us to account for references to personal commitment, career dedication or patriotism in strengthening or weakening the perceptions of change. Coding examples from the UK, Italian and Austrian interviews are presented below:

> That [the new performance management system] has had a very dramatic effect on departments. (…) if they want to go and recruit somebody from, wherever, they need to go and seek the state's approval and then Francis Maude's [UK minister] approval (…). So that's a kind of castration of authority that's never been there before. (Coded: UK3; AUT2; Performance Management)

> The reform process started with Law n. 196/2009 is defining the new budget structure. We are working at the reform under the coordination of the Spending Review units created by the Ministry of Finance. (Coded: IT2, AUT1, Budgeting)

> Universities still applied for a budget, but, what was new now, there were negotiations with the universities. Universities had to calculate their demand and had to apply for funding. (…) The presidents then were given the possibility to split the budget internally to the faculties, always keeping something apart in case something extraordinary happens... (Coded: AT6, RAT1, NAR1, Budgeting)

In order to increase internal validity and reliability (Trochim and Donnelly 2006), the full coding scheme was applied to each of the interviews independently by two researchers, with all cases of disagreement being reviewed and resolved by the team. In total, 383 arguments (units of analysis) were coded for the UK, 395 for Italy, and 575 for Austria. For the analysis of the relative prevalence of each legitimation strategy, the number of occurrences was considered. In addition, the co-occurrence between legitimation strategies and reform features was analysed. The number of occurrences for each strategy was computed so that a repetition of the same argument within the same answer/unit of analysis was only counted once. However, a number of

different strategies (or different arguments belonging to the same strategy) could co-exist and be used at the same time in relation to a certain reform feature. Similarly, more than one reform feature could be referred to in the same argument[iv]. As a consequence of this overlapping, some strategies and reform features may be counted more than once in each answer/unit of analysis (and thus the total counts reported in some tables differ).

CHANGE AND LEGITIMATION STRATEGIES IN THE THREE COUNTRIES

Figure 1 provides an overview of the main reforms in the UK, Italy and Austria. It shows that, in each country, FCA, budgeting and performance management reforms were introduced, though with different timings and features.

[Figure 1]

Table 1 highlights (by country) the absolute count and relative frequency of references by the interviewees to the different accounting reform features (i.e., FCA, budgeting, performance management or generic reference to 'reform as a whole'). It should be noted that several of the main reforms contained more than one reform feature. For example, RAB in the UK encapsulated aspects of all specific reform features (FCA, budgeting and performance management). Interviewees' responses were coded according to the specific feature they referred to; otherwise, if they spoke more broadly about the reform features together, responses were coded in terms of 'reform as a whole'. Interestingly, performance management appears to dominate Austrian interviews, whereas FCA (a more technical and expert-oriented area) is central in the comments of Italian and UK interviewees. Table 2 shows the percentages and absolute counts of the specific legitimation and delegitimation strategies in each central government, and highlights to what extent the interviewees perceptions on the reforms were positive (legitimating) or negative (delegitimating). Table 3, starting from the same base data,

presents the relationship between the strategies and the particular reform features (again, in percentages and in absolute counts). The next subsections of the paper reflect on Figure 1 and Tables 1, 2 and 3 to provide a summary (by country) of the main accounting changes and the mobilized legitimation (and delegitimation) strategies used by the interviewees.

The UK

Since the 1990s, in the UK FCA has moved from a cash-based to an accrual-based system,[v] under the title of Resource Accounting and Budgeting (RAB). This was implemented in full by 2001. The position of accrual accounting was further embedded by the decision in 1998 to produce consolidated Whole of Government Accounts (WGA). In 2007, it was announced that the financial statements of public-sector organizations would be prepared using International Financial Reporting Standards (IFRS); this was implemented by 2009. With respect to budgeting, the parallel move to resource (accrual) budgeting was implemented in full by 2003. In addition, annuality (the requirement for budget allocations to be spent by the financial year-end) was abolished in 1997, with end-year flexibility (EYF) being permitted.[vi] In 1998, Her Majesty's Treasury (HMT)-led *Spending Reviews* were initiated to set departmental budgets for multi-year periods rather than a single year. Moreover, in 2007 the *Clear Line of Sight* (CLOS) project was developed to align plans/budgets, estimates and expenditures in a way that allowed greater comparability. In the case of performance management, while there had been some moves in the 1980s to encourage a greater focus on performance (most notably with the *Financial Management Initiative*), significant systemic changes occurred from the 1990s onwards. Performance management concepts particularly came to the fore with the introduction of Public Service Agreements (PSAs) and Service Delivery Agreements (SDAs) in 1998.[vii]

Interviewees were from the Department for Environment, Food and Rural Affairs (responsible for the promotion of RD) and the Department for Business, Innovation and Skills (overseeing HE). When interviewees were asked about the overall impact of the changes in FCA,

budgeting and performance management, there was limited negativity. Many were positive about

all changes, and all were positive about at least some. For example:

> My personal view would be, pretty much all of it has been good. Actually because a
> lot of the things that have happened, to me are natural; and are the right things to
> happen; and should have already been happening. (UK2)

In the UK the majority of interviewees were accountants. Their professionalization

experience is likely to have influenced their perceptions of change and the way in which they

legitimated it. When asked about the most important changes since the early 1990s, most

references were made to FCA modifications (37.2% of references overall, Table 1), with these

often relating to the introduction of resource accounting. Professionally-qualified accountants,

especially those with private-sector training, were more inclined to engage with the language of

accrual accounting, this being at the core of their training experience. Performance management

changes were referred to less than FCA and budgeting changes (Table 1). This possibly reflects

the less central nature of performance management in the training of most professional

accountants working in central government. Relatively more references to performance

management were made in Austria and Italy, where fewer professional accountants were present.

With respect to the legitimation strategies used, by far the most frequently employed in

the UK related to authorization and rationalization (Table 2, overall AUT1 37.2%, RAT1

33.3%). For example, when referring to CLOS, and on being asked as to who was promoting the

change, interviewees highlighted the influence of HMT:

> Treasury tell us and then we ask how high they would like us to jump. (UK1)

Where rationalization was used, the main theme referred to was effective planning and

control:

> I think it [RAB] was to demonstrate costs in and around each department because before that we weren't; we were only thinking about the cash costs. You weren't ever thinking about any non-cash elements. So, as I said before, when you were buying something: well what did that mean for your future year's budget? (UK5)

Although less used than rationalization and authorization, narrativization (both to legitimate and delegitimate change) was the third most employed strategy in each of the departments (Table 2, NAR1 14.8%), and much more frequently utilised than in Austria or Italy. When used to legitimate change, it was often combined with rational arguments as a means of justifying and strengthening the actors' perspectives. These strategies were particularly used by non-accountants to construct a sense of 'why they do what they do'. Normalization was also a relatively common legitimation strategy in the UK (10% of the legitimation arguments being NOR1, Table 1); a level higher than in Austria and Italy. Normalization often related to the role professionals play because of their specialized training and active involvement in networks. Arguments were often associated with the changes being 'appropriate to ensure professional standards' or 'adhering to best-practice as was displayed in the private sector'. For example, demonstrations of accrual accounting being viewed as the correct way to account in the 'real' world were expressed by the private-sector trained accountants (possibly suggesting that the public sector was not the 'real' world):

> Cash to accruals accounting, that's the biggest movement to align with everybody else out there, with what the real world is doing. I mean it's moved and it's got better, but I don't think that's radical yet... not in a way an accountant would see it! (UK1)

Legitimation strategies were much more frequently employed than delegitimation strategies in the UK, representing over 80% of all strategies within each of the three areas of reform (FCA, budgeting and performance management), and also with respect to 'reform as a whole' (Table 3). Most interviewees saw budgeting changes as more rational, and generally more positive, than FCA and performance management changes (RAT1, Table 3, FCA 29.5%;

budgeting 37.6%; performance management 31.1%). Interestingly, some of the most contentious changes appeared to be related to performance management, often because of their perceived lack of rationality (RAT2, Table 3, 68.2% of performance management delegitimation strategies). The interviewees recalled that while HMT often articulated a wish for negotiation and consultation with respect to performance management systems, significant doubts were expressed about the implementation and meaning of the measures decided upon.

Italy

In Italy, central government budgeting, FCA and reporting have been traditionally cash and commitment-based. Their main purpose was to ensure budgetary compliance. Budget documents consisted of the annual budget, the three-year budget and the financial law. During the 1990s significant reforms were introduced, encompassing the distinction between political and managerial budgets and the increasing aggregation of the former, as well as the introduction of cost- and accrual accounting (Figure 1). The new (accrual-based) and the old (cash and commitment-based) accounting systems were to run in parallel, and reconciliations were made. While accrual budgets were developed, only the traditional cash and commitment-based budgets had to be voted on by parliament. In 2007 the traditional budget structure was again modified and reorganised into missions and programmes. Since 2008 several laws aimed at reducing expenditure were passed. These significantly affected budgeting, particularly since further adjustments to strengthen cash constraints were made in 2009 and 2011. In parallel, since 2009 performance management systems were put in place in order to complement budgeting and reporting (as well as to act as a basis for individual performance appraisal).

The interviews were conducted within the Ministry of Agricultural, Food and Forestry Policies (responsible for RD) and the Ministry of Education, University and Research (for HE). The Italian interviewees' backgrounds were largely in law or economics and business, and they each had significant experience in public administration; only one had private-sector experience.

Compared to the UK, significantly fewer were qualified accountants (2 out of 8). The reform

features mostly referred to in the interviews were FCA (37.6%) and budgeting (34.1%), with

much less mention of performance management tools and systems (22.4% of mentions,

Table 1).

With respect to the use of legitimation strategies, authorization dominated with much

less emphasis on rationalization (overall AUT1 60.5%, RAT1 24.7%, Table 2). Other strategies,

either to legitimate or delegitimate change, were rare, a feature at odds with the experiences from

the UK and Austria. Moreover, in the case of negative, i.e. de-legitimation, strategies, (which in

Italy accounted for 34.1% of the total – a much higher percentage than in the other two

countries), a large proportion of these related to authorization (AUT2 59.5%, Table 2).

Nevertheless, combinations of strategies, often drawing on both authorization and

rationalization, were not uncommon. This was particularly highlighted by the interviewees who

had an accounting background and was the case, for example, with respect to the performance

management reforms. Such changes, while being supported mainly by authorization (Table 3), in

that they are imposed by law, the EU or fiscal stress, were sometimes seen as rational, often

linked to the modernization of public management and the improvement of the management of

financial resources:

> Surely today the Stability Law is better (…) it has a clearer structure. However, it is
> also true that everything was affected by the lack of resources (…) As a consequence
> of being part of the European Union, all these financial tools tend to be connected.
> (IT2)

While the changes in FCA and performance management were also viewed as being

legitimated by authorization, they were frequently seen as more rational than budgeting reforms

(RAT1 representing 34.5% of the strategies used for FCA, 50% for performance management

and only 19.2% for budgeting, Table 3):

> Accruals- and cost-accounting are used as indicators of expenditure trends, to understand how we are performing (IT1)

> The originator of the [performance management] reform wanted to ensure that managers would set goals to make public administrations more efficient, in spite of it having been traditionally static and less inclined to output measurement. (IT6)

Overall, in both HE and RD, authorization strategies dominated in legitimating the reforms. While the source of such authorization was predominantly the law and official regulations, occasionally it was the central finance department or internal senior management within the particular department:

> We are working at the reform under the coordination of the Spending Review units created by the Ministry of Finance (…) The Ministry of Finance will submit the bill shortly (IT2)

In Italy, modernization discourses appear to have been merely grafted onto a predominantly bureaucratic culture that, far from being wiped away with the introduction of NPM-related changes, has often enveloped the managerial ideas on which most of the reforms emerged:

> We wanted managers to breathe the air of modernization and, I have to say, this has been achieved in practice. The problem, paradoxically, is that modernizing planning and management has created a 'planning and management bureaucratization'. (IT2)

> Law 196/2009... on the one hand, it highlights the importance of performance, management control, planning and budgeting, but, then, the tools used to monitor and control us are always the same, due to the importance recognized to the government's financial conditions, to cash. (IT5)

Moreover, the modernization discourse was perceived to have ignored the fundamental differences between public and private sectors (a NOR2 argument, used, in particular, for budgeting and performance management, Table 3), thus possibly condemning reforms to limited or perverse effects:

> Who introduced the reform wanted to ensure result orientation to increase the efficiency of the public administration system, which, traditionally has been static and poorly inclined to measure its outputs. They wanted to make it more similar to the private sector. (IT6)

> I feel that the set [performance management] system didn't produce the desired results. The specificities of public management weren't considered…the public manager has different problems than those in the private sector. (IT2)

Moreover, the rather limited understanding of the technicalities of the accounting changes, and the lack of awareness of their potential to support rational practices, tended to result in fairly frequent use of criticisms based on rationalisation arguments (RAT2, Table 2 and 3). A number of interviewees, in particular, pointed to the lack of alignment between performance evaluation and the financial accounting system:

> Not having been used for performance evaluation purposes, accrual accounting lost most of its meaning. (IT1)

Austria

Austria has been characterized by two major budget law reforms in 1986 and 2007/09, with incremental changes in between. The Austrian Federal Budget Law (FBL) was approved in 1986 and aimed to provide a unified law on budgeting and public-sector accounting (Figure 1). The budget was a traditional line-item budget on a cash basis with restricted possibilities for reallocation (virement). The first significant modification occurred in 1999, when the so-called 'Flexibility Clause' allowed for the empowerment of certain state units with more managerial discretion. In the first stage of the 2007/09 reform, a four-year medium-term expenditure framework (MTEF) and carry-forward options were introduced, leading to a shift of financial responsibility to ministries and a focus of the ministry of finance (MOF) towards aggregate financial control (Seiwald et al. 2013). In the second stage, global high-level budgets with significant reallocation (virement) freedoms within the financial year were introduced. With respect to financial accounting, the cash-based accounting system of 1986 was supplemented by

an accrual accounting system, although a lack of accounting standards created problems (the 1999 reform still did not engage with this issue). From 2005 onwards, the central departments were obliged to implement a cost accounting system, although no alignment with the budget was required. The consequent cost information was not considered particularly useful for steering. The second stage of the 2007/09 reform introduced accrual accounting aligned to the International Public Sector Accounting Standards (IPSAS) framework. Concerning performance management, from the mid-1990s several fragmented activities were launched in the line ministries and the 'Flexibility Clause' units had to prepare output objectives. A performance budgeting and reporting framework completed the 2007/09 reform, with outputs and outcomes being formulated for all policy fields at all organizational budgetary levels.

The activities of RD are performed by the Ministry of Agriculture, Forestry, Environment and Water Management; the Ministry of Science and Research is responsible for HE. In the ministries, competences are split between different directorates: while the general administration directorate is in charge of budgeting, accounting, human resources and other central services for the whole ministry, the other directorates are in charge of policy making. The interviewees had backgrounds in law, sciences, public administration and (a few) business administration. Most of them had significant experience in the civil service, although there were no qualified accountants among them. As regards the main reform features mentioned in the interviews, performance management (41.9%) and budgeting (28.6%) dominated, while there was considerably less reference to the reforms as a whole (16.0%) and FCA (13.5%, Table 1). While some interviewees identified limitations and areas for improvement relating to the reforms, the overall interviewees' assessment of the impacts of the three reform features was positive (Table 2).

Performance management as the main feature referred to in the interviews (Table 1) was perceived as having a high integrative potential for actors with different backgrounds. To those who had no formal accountancy expertise, performance management provided a communication

device through which organizational activities were coordinated. FCA itself was almost

exclusively mentioned in the context of the detailed managerial cost accounting recording

systems in the line ministries, but not in the context of accrual-based external reporting. This can

possibly be explained by the absence of the accounting profession in the Austrian public sector,

where reforms were largely implemented by existing staff and not by hiring qualified accountants

from outside.

In terms of the use of specific legitimating strategies, authorization (AUT1, 40.5%) and

rationalization (RAT1, 32.2%) stand out (Table 2). Across all three reform features, when

arguing in terms of rationalization, interviewees often referred to the importance of effective

planning. When referring to authorization, the interviewees largely pointed to laws, regulations

and internal managers, and, very occasionally, political forces. Internal managers were frequently

seen as the most important drivers of the reforms, particularly in the areas of budgeting and

performance management (although not in FCA). With respect to authorization, in contrast to

the UK but similar to Italy, the central finance function (MOF) played an almost negligible role

as a driver of the reforms, even though the MOF initiated the reforms and coordinated their

implementation. This logic of 'internal legitimation' of change was dominant in both HE and

RD. When referring to the role of internal managers, or the responsible minister, in pushing

change (AUT1), all interviewees positively highlighted the managerial component of

performance-related reforms:

> Regarding the supporters [of reforms], this depends really always on people… When
> Minister Hahn – who had previously worked in the private sector – came to office,
> he knew what to do with those instruments; and he was immediately positive that we
> implement this budget information system… I didn't have to explain to Hahn what
> variance analysis is about. (AT1)

Others suggested a more reactive approach by referring to working groups – consisting

of internal managers – that enhanced efficient planning and shared the implementation efforts

within the ministry:

The head of the directorate said: 'We have to make ourselves fit for those things and we have to develop a solution for this.' … There were meetings of working groups and project groups. (AT8)

Narrativization and normalization strategies, although occurring, were much less used than authorization and rationalization to legitimate reforms (NAR1 12.4%, NOR1 9.4%, Table 2). Narrativization tended to be especially associated with performance management:

We already had a sophisticated system for performance management implemented in the central ministry and its 20 agencies. When the Federal Budget Law Reform was passed, we said to ourselves: Well, do we really have to reinvent everything from scratch? We know what we are doing, we have an idea about the outcomes to be achieved, and we have the instruments implemented.… It would be sad if we abolished this all, or develop the instruments anew, because it is an immense effort in complex administrative structures. (AT5)

In relation to FCA, rationalization was often combined with narrativization (not shown in the tables) in an effort to better integrate accounting arguments into a basically non-accounting discussion. Normalization was most frequently mentioned by reference to the accounting profession, and specifically in relation to FCA information (much less so in terms of budgeting and performance management, Table 3). Here, private-public sector comparisons were made.

Delegitimation strategies, although used much less frequently than legitimation strategies (23.7% of identified strategies, Table 2), mostly occurred in relation to rationalization (RAT2 54.3% of delegitimation strategies; not shown in tables). Some reforms were not seen as being rational, and this was predominantly the case with respect to the FCA changes (Table 3), with accrual accounting changes being particularly perceived, by managers who were not extensively specialists in accounting, as externally imposed and not particularly useful. This, again, is in line with a logic of 'internal legitimation', with externally driven reforms facing more resistance and in need of special translation to be considered as relevant by the organization.

[Table 1, 2 and 3]

EXPLORING PATTERNS OF LEGITIMATION IN THE THREE COUNTRIES

The empirical analysis investigated how organizational actors, who were at the 'receiving end' of the changes, justified accounting reforms. In addition, the research also provided insights regarding the influence of professional background and country characteristics on the individual legitimation of public-sector reforms. Based on previous literature, such aspects would be expected to impact on the ways actors understand and legitimate the implementation of (supposedly rational) accounting reforms; clear evidence of this was found in the cases investigated here.

Reforms related to managerial (calculative) practices, such as accounting, have been claimed to introduce rational and economic logics into the public sector (Hyndman and Liguori 2016) and were, therefore, perhaps expected to be mostly legitimated on the basis of rational arguments. However, the findings show that such changes can be legitimated quite differently by individuals, and not always (or even mainly) relying on such rational arguments. Indeed, while it is acknowledged that the pattern of legitimation varied by country, overall, and in each country, the interviewees mainly justified change through authorization strategies. While, given previous literature, it is perhaps unsurprising to find authorization as the prevailing basis of legitimation in civil-law countries (such as Austria and Italy) that have a bureaucratic, law-based, administrative culture (Pollitt and Bouckaert 2011), this would be less expected in the UK (a common-law country, also considered a high-intensity adopter of NPM reforms).

However, in the UK, although most of the changes did not pass through law but administrative acts, these still had to be given force by political and central authorities, who had to push them into the more operational departments. As a consequence of this, accounting reforms were (also) largely legitimated in terms of authorization, and often perceived as being

strongly driven by HMT. Interestingly, in Austria, and in tandem with associated laws/regulations, internal managers were frequently the most important authorities evoked by the interviewees, illustrating that changes can be argued for both exogenously and endogenously. On the one hand, this fits with the Austrian administrative tradition, described as legalistic (Hammerschmid and Meyer 2005). On the other hand, the emphasis on the role of internal managers stresses a proactive approach to the adoption of calculative, 'rational' accounting instruments. Austria is the only country where change was constructed from the 'inside' of an organization. Here, managers, in particular, served as a source of legitimation for the performance agreements carried out and they were often viewed as 'champions of change'. Finally, in Italy, references to 'laws/regulations' were predominantly used to legitimate accounting reforms, although concerns about fiscal requirements and the financial crisis were also mobilized to provide justification. In addition, Italy was the country with the most extensive use of delegitimation arguments, frequently also referencing laws/regulations. This not only represented a main source of change (providing legitimation), but also was perceived as a factor hampering change (resulting in delegitimation).

In each of the central governments, rationalization was only the second most prevalent strategy used (and in Italy, a much more distant second). In the UK, where RAT1 arguments were relatively more used, effective planning and the effective use of resources (both financial and human) appeared to be particularly important This was the case even in HE, where activities and outputs are especially difficult to measure. When HMT tried to obtain consensus, they often won it on grounds of rationality. Also in the Austrian case, effective planning was by far the main rational argument evoked to legitimate accounting reforms. It should be noted that in both the UK and Austria, delegitimation (via rationalization) was similarly rooted in considerations about planning (in this case, ineffective planning), complexity and lack of the necessary professional skills to implement the change (or use the information). Finally, in Italy, where the

highest dissatisfaction with the changes was expressed, and the perceived positive impacts were lowest, rational legitimation was much less present. Here, greater concerns (i.e. RAT2 arguments) about resources, and limited faith in NPM-type accounting tools to make a difference, emerged to a much greater extent.

Narrativization was the third most recurring strategy in the UK and Austria (albeit considerably less used than authorization or rationalization). For the former, the extensive use of NAR1 references can be explained by the changes having been introduced over a longer period of time when compared to the other countries. As a consequence, the UK interviewees, regardless of their background, were able to legitimate the reforms through personal experience and 'real-life' examples. Perhaps surprisingly, instead, moralization was the least used strategy in each country, playing a noticeable role only in the UK, where it mainly drew on the notion of good governance. FCA, budgeting and performance management were largely seen as techniques that could support the implementation of managerial reforms by providing rational, objective information as a basis for better decision making, related to both the determination and delivery of suitable policies. The low emphasis placed on legitimation through moralization differs from previous studies (Varra, Tienari and Laurila 2006) and, especially, extant accounting literature, which viewed accounting as a way of providing transparency and fighting scandals (Covaleski, Dirsmith, and Rittenberg 2003). This may be influenced by the public sector being the sector under analysis. Public managers, and more in general those working in the public sector, indeed, may take for granted moral issues, such as the importance of being transparent towards citizens and providing them with appropriate and good administration. This would explain the relatively low mention of such arguments, these being less debated and less controversial than in the private or non-governmental sectors (even in the context of accounting changes).

It is interesting to highlight that, as regards the use of normalization to provide legitimation (NOR1 being strongest in the UK) and consistent with our expectations, the interviewees' professional backgrounds seems to explain some degree of variation across

countries and governments. In the UK, as found in previous studies, those charged with overall responsibility for accounting systems within departments are most often accountants, and this was also the case in this study. Seven out of the eight UK interviewees were qualified accountants, with most (five out of eight) coming from previous employment in the private sector. These individuals are likely to both have particular accounting-based (and normative) logics and assess change in such terms. There was greater indication in the UK that the accounting adjustments that had been introduced were viewed as positive because they related to 'what was professional', 'what was right' and 'what happens in the real world'. Because of this, the changes were also more frequently seen as rational. Consistent with this interpretation, in Italy and Austria (where fewer had an accounting background, and fewer still were professionally-qualified accountants) both rationalization and, especially, normalization arguments were used less frequently.

Previous studies in the public sector have highlighted the importance of professional and private-sector work experience in embracing corresponding values in the design and implementation of reforms (Humphrey 2005; Christensen and Parker 2010; Carter et al. 2015). In the UK, a proliferation of professionally-qualified accountants has been identified over time, with accountants often being seen as both users of information and promoters of change (Connolly and Hyndman 2006a, 2006b). These are viewed as privileged 'communities' able to understand the newly introduced technologies (Christensen and Parker 2010), akin to 'insiders' who have knowledge of technical issues and tend to be supportive of 'modern' technologies (Ezzamel et al. 2005). As a consequence, it may be argued that, for those belonging to a profession or having experience in the private sector, legitimation will rely on different, more normative, arguments. Such a conclusion is further strengthened when examining strategies by reform feature in this research; it is clear that there is a stronger reliance on normalization justifications when discussing FCA changes (rather than changes relating to the other reform

features) in all three countries. This is consistent with expectations, as normalization strategies particularly stress professional standards and values, and thus find perfect ground in the most technical and professionally-driven reform area. These features, combined with the indication that the interviewees saw these changes as having the force of authority behind them, contributes to the fact that in the UK these were generally seen as positive and 'good'.

A very different situation was presented in Italy and Austria, where managers were either sector-specific experts (such as agricultural engineers) or had a general management or law background. Such backgrounds may inhibit the development of perceptions of rationality with respect to accounting tools, and potentially undermine attempts at embedding change. This may be especially the case in Italy (which had the lowest use of legitimation via normalization), where there were few professionally-qualified accountants, and changes were introduced with no pilot projects that facilitated learning. In addition, the interviewees perceived limited, or no, opportunity to engage in discussions regarding necessary or beneficial modifications. In Austria, while interviewees had limited private-sector experience (only one of eight interviewees) and accounting background (two of eight), they had been repeatedly exposed to business-like tools (for example, cost and accrual accounting) as part of an on-going and longitudinal set of pilot projects. This may explain why they were at ease referencing financial-accounting standards and techniques in terms of normalization, although it also appeared to facilitate the questioning of this most technical area of reform (FCA was the most delegitimated reform feature in Austria).

Overall, in our study, rationalization and normalization strategies, expected to be more in line with the NPM ethos (Hyndman and Liguori, 2016), prevailed in the UK, whereas authorization strategies were more frequently deployed in neo-Weberian contexts, such as Italy. Contrary to the expectations, however, Austria, albeit being a civil-law, continental country, showed more similarities with the UK legitimation patterns, probably as a consequence of the more shared (pilot-project based) process of reform. Moreover, when authorization and

rationalization were both used extensively to construct and legitimate change (as in the UK and Austria), interviewees appeared to be generally positive regarding the reforms (this was particularly noticeable in the UK, as highlighted also by the scant presence of delegitimation). Differently, when authorization represented the dominant trigger (as in Italy), actors appeared to be more sceptical about the actual impact of the new practices. Italians particularly delegitimated performance management reforms, probably because these were among the most recent changes at the time of the interviews and were fresh in their minds of interviewees as they tried to make sense of them. More generally, the study shows that delegitimation strategies were infrequently used. This is in line with previous findings relating to political discussions of accounting changes (Hyndman et al. 2014), but contradicts studies with a more general focus on public-sector reforms (Newman 2001; Vogel 2012; Hurrelmann, Gora and Wagner 2013). The explanation for this could be twofold: first, in contrast to previous research, mainly based on textual analyses, this study explored the legitimation strategies used by different actors to construct a sense of reality about the changes to which they were directly exposed. This may imply that while interviewees are more critical of changes still in progress, their retrospective interpretation of reforms is more positive. Second, it may be more difficult to delegitimate a calculative practice, such as accounting, that has been often argued for on the basis of rationality and as necessary for better management.

CONCLUSIONS

Discursive legitimation and rhetorical strategies have been found to be particularly important in the introduction of new practices (Green 2004; Herepath and Kitchener 2016). Limited consideration, however, has been given to understanding how practice changes and reforms are translated and legitimated by organizational actors. This paper fills this gap by making a threefold contribution. Firstly, it is the first to explore organizational actors' deployment of rhetorical legitimation strategies in public-sector reforms. Focusing on an allegedly rational practice

(accounting), the study intimates that the professional background of the key actors involved influences the extent to which calculative practices are understood and, potentially, implemented (Miller 2001; Keevers et al. 2012). In our study, belonging to the profession makes a difference in the use of normalization strategies and in the individual understanding and justification of changes. Having such individuals involved in policy formulation and leading change may increase the extent to which change will be embedded (notwithstanding the issue of whether such change is desirable – which is not the subject of this paper). Secondly, it shows that, despite accounting reforms being viewed as ways of infusing rationality into the public sector, there is a diversity of legitimation (and delegitimation) strategies that can be used to construct and justify such reforms, with authorization dominating across countries, regardless of the administrative tradition. While not overstating the case until more studies are conducted, this initial investigation suggests that change, and managerialism itself, need to be rooted in legitimation based on authorization (the traditional source of legitimation in the public sector) in order to be even taken into consideration by the organizational actors. This is especially true for neo-Weberian countries, like Italy, but appears also to hold in the UK, where the managerialist wave is generally described as having stronger impact. Thirdly, with regard to the specific setting under analysis, over the past decades public-sector organizations have been subjected to a number of change initiatives to make them more 'managerial' (Pollitt 2001; Townley, Cooper, and Oakes 2003): this study focuses on how such changes are accounted for differently in different contexts and by different actors. It particularly highlights the diversity of strategies that can be used to legitimate or delegitimate very similar public-sector reforms.

From a managerial point of view, this study calls for more attention to the ways in which changes are explained, discussed and justified when implementing reforms. There is no single, best-strategy of legitimation of reforms, but some may be more effective than others in shaping change and leading it towards its intended outcome. An appropriate mix may depend on context, type of reform and personal background of the implementers. In a context such as the public

sector, the presence of symbolic authority, in particular, will be essential to legitimate processes of reform, although this may not be enough to achieve the desired results. Similarly, public-policy makers should perhaps pay more attention to the arguments emphasized (or deemphasized) in political speeches and documents when introducing specific reforms.

As with all empirical studies, this also has its limitations. First, taken-for-granted ideas may often remain 'under the radar' (Green 2004; Colyvas and Powell 2006), and this may have influenced some of the results (particularly the case with moralization strategies). Second, the interviews were analyzed without exploring possible actor-network constellations and interactions in the actors' legitimation processes (this not being the purpose of the paper); such exploration is a possible way of extending the work. Thirdly, recognising this as an initial study of a complex area, further research might broaden the scope of analysis by including other practices, ministries and policy areas, or by focusing more on the role of delegitimation strategies during processes of change. Finally, while patterns of legitimation varied by country, in each jurisdiction the dominant strategy used to justify change was authorization Given that the countries had different administrative traditions (common-law versus civil-law systems), this may influence the discursive legitimation strategies of public officials. Legitimation through authorization in common-law countries may rely more on the actions and statements of politicians and managers, whereas in countries with civil-law systems the influence of written texts is likely to be grater. This may also impact on the types of argument used (even when those arguments fall under the broad 'authorization' strategy) and the source of those arguments. Although beyond the scope of this study, further research using more fine-grained analysis (capable of identifying and analysing sub-strategies by country) would provide additional insights.[viii]

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NOTES

[i] Measurability here is meant in terms of the potential contractibility of the related public services (see, for example, European Commission 2012, for a set of indicators).

[ii] The study analyses the "estimated current degree of compliance of the government's accounting rules" (p. 32), benchmarking recent developments in international public-sector accounting (e.g. the International Public Sector Accounting Standards [IPSAS] for Italy and Austria and the International Financial Reporting Standards [IFRS] for the UK).

[iii] For length reasons, only some examples are reported in the paper. The full coding scheme is available from the authors on request.

[iv] For example, when the interviewees talked about the Resource Accounting and Budgeting reform in the UK, this, depending on the focus of the comments made, could have been coded as either 'Financial and Cost Accounting', 'Budgeting', 'Performance Management' or even 'Reform as a Whole' (or a combination of these reform features).

[v] Under cash-based accounting, revenues are reported for the period in which the cash is received and expenses are reported when the cash is paid out. Under accruals accounting, revenues are reported on the income statement when they are earned and expenses when they occur or expire (which is often in a period different from when the actual payment is made).

[vi] EYF system abolished in 2011 due to financial pressures (replaced by Budget Exchange).

[vii] In 2004 SDAs were replaced by performance-focused Delivery Plans.

[viii] We thank one of the reviewers for making this very helpful suggestion for further research.

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FIGURES
6
7 **FIGURE 1** *Main reforms by country*
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Country		UK		Italy		Austria
Financial and Cost Accounting	1994	Resource Accounting and Budgeting (RAB) changes: announced accrual accounting to be introduced in all government departments	1997	Introduction of accrual (cost) accounting	1986	Codification of Federal Budget Law (*Bundes-haushaltsgesetz/BHG*) based on cash accounting with supplementary accrual accounting (no accounting standards defined)
	1998	Scoping study for Whole of Government Accounts (WGA)	2007	Revision of cost accounting system and annual spending review		
	2001	Resource (accrual) accounting 'live' in all central government departments			1999	*Flexibility Clause* (ca. 20 pilot agencies) implemented still in a cash accounting regime
	2007	Announced that UK public-sector bodies would use IFRS in financial statements			2005	Cost accounting on the federal level
	2009	Move to IFRS completed			2013	Accrual accounting; IPSAS-based fiscal statement (federal level)
	2011	First set of Whole of Government accounts (WGA) produced				
Budgeting	1994	RAB changes: accrual budgeting to be introduced in all government departments	1997	Introduction of accrual budgeting	1996	Top-down budgeting (cash-based)
	1997	End-year Flexibility (EYF) allows budget carry forward	1997	Political vs. managerial budgets	1999	*Flexibility Clause* (pilots): global budgets and EYF
	1998	Treasury-led *Spending Reviews* initiated to set firm and fixed spending limits for multi-year periods	2007	Reorganisation of the cash and commitment based budget	1999	Announced budget monitoring to be introduced for all ministries
	2003	Resource (accrual) budgeting 'live' in all central government departments	2009	Experimentation: drawing on cash only	2009	Binding medium-term expenditure framework (4 years); EYF
	2007	*Clear Line of Sight* (CLOS) project to ensure better alignment of accounts, estimates and budgets			2013	Dual budgeting: appropriation based on *cash* and on *accruals*, global budgets with reallocation flexibility, performance-informed budget with definition of main policy objectives and core outputs (including objectives for key performance indicators)
	2011	EYF abolished (due to financial pressure), replaced by a system of Budget Exchange				
Performance Management	1988	*Next Steps Initiative*: executive agencies established with strict reporting regime	1997	Cost accounting with linked performance indicators	1999	*Flexibility Clause* (pilots): performance contracts; management by objectives
	1994	*Statements of Resources by Departmental Aims and Objectives* introduced in all government departments as part of the RAB changes	2009	New law emphasizing performance management based on outputs and outcomes (linked to personnel appraisal)	2009	Strategy report for all ministries outlining main policy objectives and challenges
	1998	Performance-focused Public Service Agreements (PSAs) and Service Delivery Agreements (SDAs) introduced (quasi-contracts)			2013	Outcome oriented management (*Wirkungsorientierte Verwaltungsführung*): performance reporting and contract management introduced for the whole federal sector
	2001	*Statements of Resources by Departmental Aims and Objectives* required as part of the RAB changes in all central government departments				

TABLES

TABLE 1 – Reforms feature

	Financial and Cost Accounting	Budgeting	Performance Management	Reform as a Whole
UK total (481)	37.2% (179)	30.6% (147)	20.8% (100)	11.4% (55)
IT total (425)	37.6% (160)	34.1% (145)	22.4% (95)	5.9% (20)
AT total (706)	13.5% (95)	28.6% (202)	41.9% (296)	16.0% (113)

TABLE 2 – Comparison of strategies by country

	Legitimation Strategies								Delegitimation Strategies								TOT Legitimation	TOT Delegitimation
	AUT1	RAT 1	NOR 1	PAT 1	MOR 1	NAR 1	TOT 1		AUT 2	RAT 2	NOR 2	PAT 2	MOR 2	NAR 2	TOT 2			
UK total	37.2% (194*)	33.3% (174)	10.0% (52)	0.4% (2)	4.4% (23)	14.8% (77)	100% (522)		14.9% (11)	54.1% (40)	4.1% (3)	16.2% (12)	0.0% (0)	10.8% (8)	100% (74)		87.6% (522)	12.4% (74)
IT total	60.5% (294)	24.7% (120)	3.7% (18)	6.2% (30)	2.5% (12)	2.5% (12)	100% (486)		59.5% (150)	23.8% (60)	4.8% (12)	2.4% (6)	0.0% (0)	9.5% (24)	100% (252)		65.9% (486)	34.1% (252)
AT total	40.5% (225)	32.2% (179)	9.4% (52)	4.3% (24)	1.3% (7)	12.4% (69)	100% (556)		21.4% (37)	54.3% (94)	11.6% (20)	10.4% (18)	0.6% (1)	1.7% (3)	100% (173)		76.3% (556)	23.7% (173)

* Absolute counts of all strategies presented in parentheses below the percentages.

TABLE 3 – *Legitimation strategies by reform feature*

	Legitimation Strategies								Delegitimation Strategies								TOT Legitimation	TOT Delegitimation
	AUT1	RAT1	NOR1	PAT1	MOR1	NAR1	TOT1		AUT2	RAT2	NOR2	PAT2	MOR2	NAR2	TOT2			
UK																		
FCA*	34.7% (67**)	29.5% (57)	18.1% (35)	0.5% (1)	2.6% (5)	14.5% (28)	100% (193)		4.9% (2)	46.3% (19)	7.3% (3)	22.0% (9)	0.0% (0)	19.5% (8)	100% (41)		82.5% (193)	17.5% (41)
Budgeting	33.5% (58)	37.6% (65)	9.8% (17)	0.6% (1)	1.2% (2)	17.3% (30)	100% (173)		4.5% (1)	50.0% (11)	4.5% (1)	22.7% (5)	0.0% (0)	18.2% (4)	100% (22)		88.7% (173)	11.3% (22)
Performance Management	33.3% (45)	31.1% (42)	5.2% (7)	0.7% (1)	6.7% (9)	23.0% (31)	100% (135)		18.2% (4)	68.2% (15)	0.0% (0)	9.1% (2)	0.0% (0)	4.5% (1)	100% (22)		86.0% (135)	14.0% (22)
Reform as a Whole	38.5% (30)	32.1% (25)	6.4% (5)	0.0% (0)	9.0% (7)	14.1% (11)	100% (78)		33.3% (3)	44.4% (4)	0.0% (0)	11.1% (1)	0.0% (0)	11.1% (1)	100% (9)		89.7 (78)%	10.3% (9)
Italy																		
FCA*	58.6% (102)	34.5% (60)	3.4% (6)	3.4% (6)	0.0% (0)	0.0% (0)	100% (174)		66.7% (36)	33.3% (18)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	100.0% (54)		76.3% (174)	23.7% (54)
Budgeting	73.1% (95)	19.2% (25)	0.0% (0)	0.0% (0)	3.8% (5)	3.8% (5)	100% (130)		52.6% (50)	21.1% (20)	5.3% (5)	0.0% (0)	0.0% (0)	21.1% (20)	100.0% (114)		57.8% (130)	42.2% (95)
Performance Management	41.7% (50)	50.0% (60)	0.0% (0)	0.0% (0)	4.2% (5)	4.2% (5)	100.0% (120)		50.0% (55)	31.8% (35)	4.5% (5)	4.5% (5)	0.0% (0)	9.1% (10)	100.0% (110)		52.2% (120)	47.8% (110)
Reform as a Whole	20.0% (4)	0.0% (0)	40.0% (8)	40.0% (8)	0.0% (0)	0.0% (0)	100.0% (20)		0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)		100% (20)	0.0% (0)
Austria																		
FCA*	30.1% (25)	36.1% (30)	20.5% (17)	2.4% (2)	0.0% (0)	10.8% (9)	100% (83)		6.9% (2)	65.5% (19)	17.2% (5)	10.3% (3)	0.0% (0)	0.0% (0)	100.0% (29)		74.1% (83)	25.9% (29)
Budgeting	39.6% (84)	37.7% (80)	2.8% (6)	1.4% (3)	0.9% (2)	17.5% (37)	100% (212)		31.7% (13)	51.2% (21)	2.4% (1)	12.2% (5)	0.0% (0)	2.4% (1)	100.0% (41)		83.8% (212)	16.2% (41)
Performance Management	35.6% (101)	34.5% (98)	9.9% (28)	3.5% (10)	1.8% (5)	14.8% (42)	100% (284)		24.3% (17)	44.3% (31)	11.4% (8)	14.3% (10)	1.4% (1)	4.3% (3)	100.0% (70)		80.2% (284)	19.8% (70)
Reform as a Whole	47.3% (43)	25.3% (23)	8.8% (8)	11.0% (10)	1.1% (1)	6.6% (6)	100% (91)		28.3% (13)	52.2% (24)	15.2% (7)	4.3% (2)	0.0% (0)	0.0% (0)	100.0% (46)		66.4% (91)	33.6% (46)

*FCA – Financial and Cost Accounting; ** Absolute counts of all strategies presented in parentheses below the percentages.