Consultancy outputs and the purification of accounting technologies

Mark Christensen  
Southern Cross University  
Lismore, Australia  
mchriste@scu.edu.au

Peter Skærbæk  
Copenhagen Business School  
Denmark  
ps.acc@cbs.dk

Abstract
Consultancy is a phenomena frequently referred to in the accounting literature. However, few studies have more intensively dealt with what consultancy activities and reports may mean in terms of stabilising accounting systems. In this paper we provide detailed processual analyses of how consultancy outputs participate in the co-production of larger accounting systems in the public sector. In a case from Australia and one in Denmark we demonstrate how consultancy companies become hired by change proponents to purify accounting change in moments where the mobilisation of the accounting reforms are being opposed by various concerned groups that threaten to destabilise the innovations. By using Actor-Network Theory we demonstrate how consultancy outputs like consultancy project reports, seminars, briefings and the like are used to remove heat from situations where various groups are sceptical and exert resistance. The paper explains how work of purification can take place and be successful to naturalise accounting technologies.

Work – in – progress.

Do not quote without the permission of the authors.
1. Introduction

The public sector has experienced very high rates of change in recent decades in many countries and those changes have been frequently characterised by adoption of private sector accounting technologies with the aid of management consultants. Thus an increased incidence of management by numbers has been observed at a time when private sector management consultants have become active in the public sector. There is now, “an extraordinary usage of, and arguably reliance on, consultants” (Dent, 2002, p. 111) across the full range of activities found in all levels of government. The massive growth of consultant usage by public sectors demands analysis and one level of analysis, attempted by this paper, aims to understand the interconnections between consultants and accounting innovations.

The aim of the paper is to examine various effects of consultants’ work when producing reports, seminars and power-point presentations and the like that may appear in different times and spaces. The method of the paper is to carry out an international comparison of two implementations of managing by numbers within relatively disparate General Government Sectors (GGS) of Denmark and Australia. The international comparison provides contrasts and similarities that illuminate the dynamics of how consultants and their outputs become engaged with implementing accounting innovations and how they participate in making accounting innovations operable. As will be seen in the comparison, consultants are used as experts in different workings and attempts to inform various users, decision-makers and others that the accounting innovations are worthwhile. We label such activities of consultants’ work purification.

In examining how work of purification takes place we use actor-network theory. Actor-network theory assists in an understanding of the ways in which consultants are enrolled into an emergent network, how their consultancy outputs are constructed and how they perform when being circulated to wider audiences. The term ‘purification’ refers, according to Latour (1993), to the work of separating facts from values in order to enable various translations. Latour illustrates this using the claim that the modern constitution with practices of purification is made up of Nature and Culture and that they appear as though they are separated. However, rather than being separated Latour claims that the non-humans and humans are hybridised through practices of translation. From there in order to study work of purification and how it is blended with work of translation we make two steps. First, we will follow the processes of separating facts from values, i.e. to examine how consultants in their work make a series of transformations as means of getting at facts. This is comparable to Callon’s illustration:
Instead of exhibiting the larvae and the towlines to their colleagues at Brest, the three researchers show graphic representations and present mathematical analyses. The scallops have been displaced. They are transported into the conference room through a series of transformations (Callon, 1986, p. 218).

At the core of this understanding is identification of the transformations that relate to how the consultancy project became defined, how the consultants choose their methods and finally how they could reach conclusions. Given that focus on the consultants’ work, our second step is to follow how the consultancy outputs performed as intermediaries distributing cognitions to various audiences in moments of circulation. Again, relying upon Callon:

Having spoken of translation I can now explore the dynamics of networks - the complex processes in which actors and their talkative (sometimes indiscreet) intermediaries weave themselves together. To do this I will talk of convergence and irreversibility. Convergence measures the extent to which the process of translation and its circulation of intermediaries leads to agreement. (Callon, 1991, p. 144)

In this way we set out to examine how consultancy outputs circulate and distribute cognitions to their audiences and whether they lead to agreement or not. Our research question then is how are consultants’ outputs constructed and what effects do they have when being circulated? As is evidenced in both cases, the consultants and their outputs became powerful actants in the stabilisation of the accounting changes due to their possibility of, among other things, speaking in the name of Nature and so stabilizing the innovations. Like Latour, we depart to study processes by which this happens but in our case we focus on understanding how consultants and related materialities participate in processes of stabilizing the accounting innovations with which they were involved.

The findings of this paper are significant for a number of reasons. First, there have been limited research into how consultants perform work in specific contexts and what their outputs may imply in various spaces and times, and while it is not argued here that private sector consultants are the only agents of change in the public sector accounting, it clearly identifies why and how they have immense power to influence at least some accounting innovations. Second, this paper helps to shed light on why, in some ‘new public management’ accounting changes, private sector consultants have become so pervasive and are now an essential ingredient to many changes; for example accrual accounting implementation appears to depend on consultants in almost all adopting
jurisdictions (Christensen, 2005). In part, this contributes to narrowing the gap identified by Gendron et al. (2007) that past studies of accounting expertise have needed to “look both at the ways in which proponents promote their claims of expertise and the way in which target audiences react to them” (p. 103). Third, these findings help to identify processes by which organisational agreement to accounting innovations is achieved and to warn that these processes may preclude a comprehensive and cautious analysis of the ‘goodness of fit’ that the accounting change may possess for the specific organisation in which it is being implemented. It is notable that both cases presented here show unexpected difficulties in the implementation and operation of their respective changes and, albeit with the aid of hindsight, it is now apparent that a more robust debate at the time of considering the change would probably have anticipated the difficulties.

The paper proceeds in the following manner. Next follows a review of the literature on the role of experts like consultants in public sector accounting innovations. Section 3 provides an overview of the theoretical framework before Section 4 describes the methodology used to gather data from multiple sources. Following this the two cases are described in Section 5 before they are discussed and analysed (Section 6). Finally, Section 7 provides conclusions, limitations and directions for future research.

2. Consultants and accounting

The accounting literature has long been concerned to understand how bodies of expertise operate in processes of translating various accounting innovations (Humphrey, 1994; Chua, 1995; Malmi, 1999; Miller and O’Leary, 1994; Gendron, Cooper and Townley, 2007; Robson, Humphrey, Khalifa and Jones, 2007). The literature tends to demonstrate that “good practices” develop through a process of fact building (Gendron, Cooper and Townley, 2007). For example, Humphrey (1994) provided insights into how consultants worked to design a public sector financial management information system. Consultants were portrayed as having quite restricted notions of management which pointed to issues of their expertise and constructed knowledge bases. On consultants in the private sector Malmi (1999) characterised them as ‘packagers of accounting innovations’ so that they could diffuse these ideas among firms. Robson et al. (2007) demonstrated how the professionals in audit firms renegotiated their identity by expanding their claims of expertise. In a similar vein Gendron, Cooper and Townley (2007, p. 124) demonstrated how, within the public sector, the National Audit Office of Alberta, Canada expanded its expertise as an expert in crucial components of NPM. In a related article they emphasised how powerful the National Audit Office became as it expanded its expertise but also that this expansion created trouble for their claim of
independence (Gendron, Cooper and Townley, 2001). This development was also found in Denmark by Christensen and Skærbaek (2007) that characterised the National Audit Office of Denmark as operating with hybrid identities as both ‘modernizer’ and ‘independent auditor’ which episodically created problems amongst these identities.

In the present paper we turn our attention to the work of management consultants within the public sector and how we can understand their use of expertise. Whilst there seems to be a general acknowledgement that public sectors around the world typically use more private sector consultants than in the past, there is a relative shortage of analysis of the causes or impacts of this dramatic development (Lapsley and Oldfield, 2001). Like the accounting literature, the organization literature has characterised consultants as carriers of change (Sahlin-Andersson and Engwall, 2002) and travelling merchants (Czarniawska-Joerges, 1990) carrying a tool bag that they apply in numerous contexts. In part, these characterisations of consultants may be consistent with a demonizing of consultants where they are criticised as being unaccountable with an insidious power that ranks them “among the great folk devils of the business world” (Fincham, 1999, p. 336). Few studies of consultants take a neutral position Alvesson and Johansson, 2002) and much of the documented criticism of consultants tends to be journalistic in nature since research that attempts to be grounded in data typically faces commercial-in-confidence restrictions on data availability that make it difficult to reach quality standards expected of peer-reviewed publication. Thus the literature that demonizes consultants or deals with them in a merely prescriptive or descriptive manner (Lapsley and Oldfield, 2001) – in either the private or public sectors – tends to be unhelpful to the interests of this paper. Instead there is a small body of work relating to consultants engaged by public sectors with a relevance to accounting issues.

In the final decades of the previous century the accounting profession has been significantly affected by the creation and growth of consulting divisions within the mega-firms that have been “covering the world” (Post, 1998) with their services and since the 1990’s have more than doubled their consulting revenues (Covaleski, Dirsmith and Rittenburg, 2003, p. 335). Sturdy (1997) partly attributes a growth rate of 20-30% in the accounting firms’ consultancy incomes to public sector change and this is confirmed by Saint-Martin (2000) yet Howard’s (1990) study of public sector accounting consultant usage in Australia found a dearth of publicly available data. This seems typical of most jurisdictions. Annual reports in some jurisdictions provide one source of data regarding public sector usage of consultants (Dent, 2002) however this only partially transgresses
the usual barrier of commercial-in-confidence restrictions on data. Thus researchers interested in understanding public sector use of consultants are almost forced into using case study methods to advance our understanding. This is also sympathetic with increasingly strong calls for research of accounting as situated practice (see for example, Ahrens and Chapman, 2007; Chua, 2007). Case study methods also allow in-depth analysis of how clients and consultants use their different circumstances during the consultancy engagement. However, the choice of theoretical framework in which to apply case study methods shows greater variety in the literature.

Using an institutional theory lens, Carpenter and Feroz (2001) describe US State governments’ decisions to adopt GAAP accounting and note private sector consultants played a role in each State’s implementation. This importance of consultants is noted by Humphrey (1994) in his presentation of a detailed processual analysis of the FMI project as applied within the British Probation Service with the aid of consultants. He identifies changes in the degree of influence of the consultants and aligns those changes to the drop in confidence experienced as the consultants’ limited range of expertise (limited to accounting technologies of costing) was exposed. Thus clearly confidence in the consultants’ standing is paramount. Sympathetic to this, in an extensive study of Australian public sector use of consultants, Martin (1998) concludes that they bring gravitas to reviews of public policy and that this has been a prime explanatory factor behind a greater use of consultants by government. In another study drawn from Australia Irvine (2007) concludes that use of consultants in the not-for-profit sector has a powerful effect. Similarly, Prasser’s (2003) study of public Enquiries by the Australian Federal Government notes that many Enquiries use consultants – often in a quantum that exceeds staff of the Enquiries – and that there is an interconnection between the public profile and prestige of both the Enquiries and the consultants that they use (Prasser, 2003, p. 285). Enquiries present an interesting opportunity to test for the persuasive power of consultants: if the consultants’ work is clearly acknowledged by the Enquiry report it is probable that such acknowledgement is felt by the Enquiry to strengthen its argument compared to the situations where the consultants’ work is used but not openly attributed.

Associated with persuasion is the concept of reputation in that higher levels of reputation are likely to result in greater standing for arguments associated with consultant outputs. Corcoran and Maclean (1998, p. 40) find that the public sector places a very high importance on reputation when it searches for potential consultants. Equally, Alvesson and Johansson (2002) note the importance of prestige to consultants in terms of power and politics. However, Deakins and Dillon (2005) find
in their study of New Zealand local governments that there is both a high level of uncertainty about contracting the best consultant and a difficulty of measuring consultant performance. These difficulties act to reinforce the importance, for individual public sector agencies, of consultant reputation when dealing with consultants. Thus Lapsley and Oldfield find, “clear evidence of the consultant being brought in as a political requirement or in legitimating management actions” (2001, p. 531).

Allied to the prestige of consultants, as a group, is the view that in addition to their focus on profits, consultants frequently have a clear image of themselves as change agents with a cause. In the application of accounting consultants’ work to the public sector, this cause has been the movement of public sector accounting technologies towards private sector technologies. The recognition that there is a cause or belief that draws consultants together into an epistemic community is a theme with strong support in research of consultants in public sector accounting change (Laughlin and Pallot, 1998; Lapsley and Oldfield, 2001; Carnegie and Napier, 2002; Christensen, 2005 and 2006; Potter, 2005) and it assists in an understanding of influences on consultants as well as how their influence is strengthened. This theme thus further reinforces the usefulness of analysing the means by which consultants become a powerful mechanism in achieving change. It is apparent that, “the position of consultants is always to some extent an outcome of clients’ intentions, resources and moves” (Alvesson and Johansson, 2002, p. 244) so it is important to recognise that consultants are only part of a network of actors and actants that somehow participate in accounting change. Whilst the literature has some contributions in this endeavour (see for example Berglund and Werr, 2000, discussed in the following section) they are not dwelling in the complex intersection of a public sector environment and a private sector consultancy engagement. By engaging in detailed fieldwork of the dynamic operations of consultants in public sector accounting innovations, we seek to contribute to the growing literature on consulting expertise. For instance, whereas Miller & Rose (1994) and Chua (1995) partly black-boxed the specific processes with which consultants get involved, we highlight such processes to learn more about the specific traits, effects and dynamics of them and their outputs that assist in making accounting innovations operable.

In conclusion regarding the literature of relevance to this paper, the outstanding gap is that whilst the growing importance of consultants is acknowledged, a means to explain that importance is missing. That is, the literature has not fully addressed the processes and contributing factors that have facilitated the consultants’ work of purifying accounting change. Therefore, what guides our
inquiries is how consultancy outputs are constructed and how they purify accounting technologies when leaving the desks of the consultants to circulate in and around organizations. The informing literature for this approach is discussed in the next section.

3. Purification and consultancy outputs

The auditing literature has brought attention to the fact that audit may contribute to the smooth running of organizations by its power to purify principles of organisations. As Jary (2002, p. 58) concludes, “in the language of ‘actor network theory’ there can be no doubt that audit has become a significant ‘actant’ (Law, 1996, cited in Strathern, 2000) in the overall process of modern ‘governance and in UK higher education.” Equally, consultancy outputs can be seen as ‘actants’ that – in processes of translation - can act and influence principles of organizations. Consultancy as an institution is, among other things, about producing seminars (usually with the obligatory and pervasive power-point slides!) and reports. With its focus on materialities and not just humans, actor-network theory is useful when trying to understand how consultancy outputs make a difference. Michel Callon notes that reports or texts are intermediaries which he describes as, “anything passing between actors which defines the relationship between them” (1991, p. 134). In moments of intermediaries being put in circulation among actors they come to define, explore, stabilise, and test their identities against one another. A text or a report may become a part of a network that links heterogeneous human and non-human actors together and reconfigures their identities.

How intermediaries can be seen to stabilise identities against one another – that translation can be successful - can be taken a step further with the idea of purification (Latour, 1993). To him purification activities are important to make translations successful. His argument is that purification is not separated from processes of translation, rather they should be seen in the context of the hybrid networks of humans and non-humans, “since purification is considered as a useful work requiring instruments, institutions and know-how” (Latour, 1993, p. 78). To Latour purification is an active process where someone establishes a zone in which things – such as consultancy outputs - get de-politicised by claiming independency and expertise. The analogy between science and consultancy is appealing. Berglund and Werr (2000) emphasise that consultants can be called upon and participate in work of purification especially when on-going translations are disturbed:
When our illegitimate creation of hybrids is discovered, when the ongoing process of translations is disturbed, a lot of work is usually put in to repair the situation and return to a working consensus in which practices of purification once again are assumed (Berglund and Werr, 2000, p. 649).

To understand the work of purification Berglund and Werr are right to suggest that purification is a process of transforming opinions or statements into hard facts:

Separating facts from values is an activity of purification that is constantly taking place within organizations. Convincing others that your antagonist is expressing mere opinions, whereas you deliver the facts of the matter, is sometimes an effective rhetorical strategy (Berglund and Werr, 2000, p. 653).

The claim is that it is not only ‘pure’ scientists that can do work of purification but also consultants. But how is purification successful? To follow Latour (1987) his answer is how fact making takes place. Scientific publications may be disputed and questioned, but for critical readers such a text as a black-box is extremely difficult to open when in circulation. As Latour exemplifies from a scientific publication:

The control of growth hormone by the hypothalamus could be disputed, it has been, it will be disputed; but to do so the dissenter will be faced not with one claim in one paper, but with the same claims incorporated in hundreds of papers. It is not impossible in principle; it is just enormously difficult in practice.” (Latour, 1987, p. 42).

Even though we will not claim that consultancy outputs are scientific publications they do as a genre come close by making more or less explicit references to management (accounting) disciplines. Therefore, it may be equally difficult for audiences of consultancy outputs to question the claims as facts. To analyse the work of purification we structure our analyses in three steps. Firstly, we briefly reconstruct how the actor-network was brought together and constructed. Secondly, we analyse how the outputs of the consultants may work as ‘actants’ whilst uncovering the series of transformations related to the construction of those outputs and their content as rhetoric. Thirdly, we follow how the outputs in their circulations distribute cognitions to their audiences and how they may allow controversies to be settled in order to achieve stabilisation. Even though transformations and circulations are overlapping we keep them separated to achieve analytical clarity.
4. Methodology and data sources

This comparative study is made up of two different case studies conducted in two separated settings within elements of the Danish and Australian public sectors. The choice to compare and contrast accounting change in Australian and Danish public sectors is purposeful even though difficult to implement. International comparative public administration study has been recognised by a number of scholars as presenting challenges (Heady, 1996; Moon and Ingraham, 1998; Peters, 1990) perhaps because of at least three reasons identified by Peters (1990) being an absence of theoretical framework; an absence of data and data analysis; and, the interference of context. This paper addresses these difficulties by using the actor-network framework, gathering qualitative data through intensive interviews of actors and explicating the different contexts of each case. The selection of the two cases results in part from the two authors’ interest and data access but more importantly it is driven by a desire to use international comparative analysis to strengthen the empirics of the paper. Thus the two cases provide significant differences in context (for example different levels of government; different time periods; different technology innovations) whilst also providing sufficient similarities (for example accounting systems introduced with the aid of consultants; application of private sector technologies to the GGS\(^1\) where a profit maximisation objective is absent; significant cultural change required for implementation). From these differences and similarities emerges a strength in the comparative analysis that is observed in the illumination that the cases can provide on the work of purification to recent accounting innovations. These innovations have been an important aspect of the shift of public sector accounting systems towards private sector practice – sometimes referred to as the pervasive “accountingization” of the ‘new public management’ (Power and Laughlin, 1992).

In our research design of the study of purification, similarly to Latour and Callon, we use a method of reconstructing the actions, events and effects that relate to the work done by consultants for their clients or intended clients. In our work of reconstruction we rely on multiple sources of evidence. Consultancy outputs in the form of reports, seminars and briefings, etc. are non-human matters that become important sources in our analyses. Some of the transformations related to these outputs and their associated facts can be uncovered from intensive research of archival data. However, to support this activity we also use various human actors as informants of how the

\(^1\) Our cases are deliberately drawn from GGS organisations since the absence of a profit-making motive maximises the separation of these agencies from the private sector technologies sold by the consultants.
consultancy projects were first generated, by whom and for what reasons. We also interviewed and engaged in informal talks (summarised in field notes) with non-consultant actors such as managers and dissenters in the form of union representatives and at whom the outputs were indirectly aimed. Also very significant sources, especially for the Danish case, were newspapers and union newsletters. Almost one hundred articles about the issues were collected from these sources. In both sources many case participants had recurrently expressed their various views over several years and we have included reports of these views in our data.

How the non-consultant actors thought and acted upon the consultants’ outputs when the outputs were being circulated among them were important aspects to our enquiries of these actors. Did they come to agree with the facts in the reports? To analyse such issues we also collected and analysed copies of hand-annotated consultancy reports in which union representatives and public servants had written their concerns, agreements and/or disagreements. Also as part of the consultancy project the union representatives and managers (such as agency managers and chief constables) had the possibility of writing their comments to the consultants’ draft reports. These written statements have also been collected and used to reconstruct how consultancy outputs influence the thinking of their audiences. Finally, we followed whether the sceptical non-consultants (for example, union representatives) set out to perform new tactics and strategies in consequence of disagreement or whether they choose to accept the statements by consultants as facts or not.

Additional data sources to the oral responses by interviewees were organisational newsletters about the accounting changes, video copy of consultants’ seminar presentations, central agency memos, national and regional newspaper commentaries on the changes and/or their implications and available secondary sources such as histories that are emerging about the relevant events and their contexts. The research on both cases was initiated in 2000.

5. Consultants and the purification of accounting technologies - An international comparison between NSW and Denmark
In this section, two cases are presented where consultants were essential actants in stabilising networks that had begun to emerge in support of managing by numbers. As a technology within organisations, managing by numbers needs enrolment in order to become mobilized as a valued and

---

2 Interviews were conducted on a confidential basis and so attribution of specific comments is made by way of a reference to a numbered interview (for example, NSW Interview 1).
stabilised actant. Notwithstanding the unique position of accounting in organizations as a technique revealing performance, risk, wealth and so on, “new” translations of accounting are possible and both cases presented here provide contrasts and similarities that help us to understand the dynamics of consultancy outputs as work of purification.

5.1 Consultants’ work of purification to the accrual accounting technology – the case of NSW

5.1.1 Constructing the actor-network
The decision to adopt accrual accounting was made in 1988 and the first accrual based budget and published accounts were produced for the 1992-93 year\(^3\). That outcome was achieved after the development of an actor-network as outlined in Figure 1 and described here.

[Take in Figure 1 about here]

Prior to 1987 public sector accrual accounting did not occupy a space as an Obligatory Passage Point for improvement to administration in the General Government Sector (GGS). Before November 1987 there is only one (known) instance of advocacy for public sector accrual accounting in NSW: a small one-man accounting firm wrote to the NSW Treasurer advocating the change. In response, the NSW Treasury prepared an advice for the Treasurer that effectively said higher priority reforms were on the agenda (NSW Treasury File, 1987). This view was more explicitly put by the Treasury Secretary three months later at a public seminar on the subject, “I have the feeling that some of the proponents of full accrual accounting may not have thought through all of the issues fully” (Allan, 1988, p. 35) and there are other administrative reforms which, “have a higher administrative priority than accrual accounting” (p. 41). This is a clear reflection of resistance to public sector accrual accounting from within the powerful Treasury. In part this was based on the Treasury’s image of the non-human actant that was invoked variously by the public sector accrual accounting antagonists: the presumed needs of the public for information about their public sector. Invoking that actant is reflected in the Treasury’s argument that accrual accounting would not improve public sector accountability and efficiency as much as alternate

\(^3\) A history of the NSW Government’s move to accrual accounting has been partially written (Christensen, 2002; 2005). That history notes the importance of consultants on two counts: first by promoting accrual accounting and second, by helping to implement the change.
technologies such as cash-based Government Finance Statistics. However, this argument was to change subsequently after the actor-network was constructed around the OPP of accrual accounting.

Whilst the inner public service of NSW was opposed to accrual accounting, the public sector oversight bodies such as the Auditor-General and the Public Accounts Committee were expressing a desire for change. The Auditor-General was the most outspoken (Ryan, 1995) but was nevertheless ineffective in his advocacy:

> Everybody - and I mean everybody - was against me (about the need for accrual accounting). They thought I was an idiot or something. But I believed strongly that unless accrual accounting was used, there wouldn't be proper decisions made. (Robson, quoted by Soh, 1992, p. 12)

Thus before the enrolment of the consultants and their work of purification of public sector accrual accounting, the actor-network was not complete and public sector accrual accounting was a contested idea competing with the status quo (cash-based accounting) for domination.

The actor-network can be seen to take shape with the enrolment of the large consulting firms. Initially in the period under study (1987 to 1993), and earlier, private sector consultants’ interest in the public sector had largely rested on government business undertakings (Wright, 2002). These undertakings had a profit objective that in many respects made them comparable to the private sector. However, the consultancy firms had only limited engagements in the GGS and did they not show much interest in that sector. That lack of interest changed into a heightened interest in the late 1980s as seen in the comment of an Arthur Andersen Australian partner at the time:

> Increased competition in the private sector has caused accounting firms to develop services other than attest services, perceiving the public sector as a large potential market for such services and in turn increasing the awareness of the public sector to services that private sector firms can provide. (Banham, 1990, p. 183).

At the heart of this move was an opportunity to apply a private sector concept to the public sector: the move from cash accounting to accrual accounting. The drift towards accrual accounting in the public sector gave consultants the chance to promote something with which they were quite familiar. Additionally, there was also a strong synergy between accrual accounting and a number of other elements of reform that have been collectively grouped under the term New Public Management (Hood, 1995). Those reforms included technologies with which the consulting firms
were quite familiar such as outsourcing, performance measurement, purchaser-provider supply arrangements through competitive tendering, altered costing methodologies, and so on. Thus there is a linkage between the implementation of accrual accounting and a stream of other reforms that have, at least in hindsight, provided significant and new income streams from the public sector to private consulting firms. It is perhaps not coincidental that the consulting firms were at this stage beginning to develop specialised government services divisions (Saint-Martin, 2000; Wright, 2002) since those divisions marshalled the resources required to service the new market for expertises and to promote and implement accrual accounting.

Whilst the NSW public oversight bodies (the PAC and Auditor-General) had been interested in accrual accounting prior to the involvement of the consultants, their activity and support was increased following the consultants’ interventions. Primarily this can be seen in a seminar organised by the NSW PAC in February 1988 with the impartial title, “Accrual Accounting Seminar” but with strategic selection of speakers such that those in favour outnumbered those opposed or neutral by four to two. The speakers in favour included the NSW Auditor-General, an Andersen consultant, a financial journalist and the Chairman of the Public Sector Accounting Standards Board. These speakers followed the themes introduced by the consultants in their 1987 seminar (refer below Section 5.1.2) and increasingly invoked the interest of the citizen in a well-informed democracy. Thus at this point the attempted enrolment of the image of citizens in the actor-network becomes apparent. Evidence of the emerging enrolment of the public servants also appears in the 1988 seminar since personalised invitations to the public sector elite were issued by the PAC and Andersens (the venue was filled to capacity with 200 senior accounting or administrative public servants and a waiting list of 50 also indicated significant interest in the topic). NSW was in election mode when the PAC held its February 1988 accrual accounting seminar and within two days of that seminar the Opposition Leader pledged that if elected his government would introduce accrual accounting (Moore, 1988). Subsequently the public servants’ enrolment was significantly advanced in March 1988 when the Opposition won government and at this point the OPP of accrual accounting was firmly in place with support of the consultants, Government, bureaucracy, oversight bodies and the image of the citizenry. Two interviewees’ thoughts on the public servants’ enrolment and the subsequent formation of the network are illuminating:

If the politician shows an interest in something the public servants will become enthused about it – and there was a sense in Treasury of a desire to be at the forefront” (UoI, Interview 1).
And,
Treasury’s subsequent change of opinion was a case of “turning adversity into triumph” (PoC, Interview 6)

The sense that Treasury was at the cutting edge of public financial reform was publicly expressed with pride in the form of gratitude for the Treasurer’s “encouragement and support … in changing the State’s financial management, accounting and reporting systems to amongst the most advanced in the world” (NSW Government, 1991, p. i).

Consistent with Carpenter and Feroz’s (2001) observation of the (then) Big Six consultants’ activity in the USA, so too in NSW these firms became very active with respect to public sector accrual accounting from 1987. Whilst their motivations for enrolling in the actor-network to promote accrual accounting were clearly positive to their self-interest, it is of more interest here to explicate the means by which the consultants were able to convince further audiences, such as the GGS managers to create support for accrual accounting. For that explication, and details of the consultants’ outputs, we turn next to identify the transformations that took place as a result of the consultants’ actions and thus how accrual accounting was transformed from being just a value to being a value-free part of ‘Nature’ for the NSW public sector.

5.1.2 Transformations and the consultants’ work
A general heightened level of interest in accrual accounting was observable amongst most senior central agency civil servants after 1987. When pressed to identify what factors or events caused this, most interviewees nominated a series of seminars conducted by Arthur Andersen USA in November 1987. This point was also noted almost contemporaneously to the events:

Accrual accounting went into the political agenda immediately after that (the Andersen seminars). Greiner (then NSW Opposition Leader) picked it up and turned it into an election issue in March 1988, and as they say, the rest is history” (Ken Robson, Auditor-General quoted in Soh, 1992b, p.12).

An increase in the number of newspaper articles noting either the problems of cash-based accounting or the promise of accrual accounting for the public sector evidences this claim in that the dry topic of governmental accounting went from no popular press coverage to 13 national newspaper articles in six months following the 1987 seminars. Thus it is important to closely examine the consultants’ transformations of accrual accounting presented at these seminars. Fortuitously, the consultants’ outputs evidenced in these seminars were videotaped and these
videotapes (one of the circulations amongst others to be discussed in the following sub-section) provide detailed evidence of the arguments presented by the seminar speakers. Of particular interest here are the two speakers brought from the USA as ‘experts’ in the technology of accrual accounting in the public sector. These speakers were Morton Egol, a senior Andersen USA partner (and Director of Andersen’s Government Services Division) and Ned Regan, the New York State Comptroller and Arthur Andersen client. These speakers’ presence provided gravitas to the seminars in that they showed that others, outside the Australian public sectors, had allegedly grappled and succeeded with accrual accounting technologies in the public sector. However, their presence alone would have been insufficient to overcome the bureaucrats’ reluctance noted above. They needed strategies that would purify accrual accounting. To identify those purifications, we look here for transformations of values into hard facts as the empirical support to our argument that the consultants were of critical importance to the formation of accrual accounting as the OPP for the network. It is clear that this was achieved by the consultants; for example, a senior politician later noted about the seminars:

“I recall that some of the papers given on (accrual accounting) stressed enormously the advantages which New York State had derived ... they also gave us very practical examples of how assets are treated” (Bishop, cited in NSW Public Accounts Committee 1988, pp.69-70).

In order to understand creation of the seminars’ ‘very practical’ nature, we have analysed the consultants’ presentations, looking for transformations. Two main transformations are identified: first, the presentation by Morton Egol gives a series of tables and other graphical presentations of accrual accounting data for the USA Federal Government; second, the presentation by Ned Regan provides a history in which the story of accrual accounting applied in New York State. Both sets of transformations had powerful effect which in hindsight is heightened by the recognition, now, that accrual accounting was not in operation in USA public sectors at the time the presentations were made (refer to Christensen, 2005 and 2006 for a discussion of this; also refer to Carpenter and Feroz, 1992 for a discussion of New York State’s conversion to GAAP as modified accrual accounting). This fact was only three months later determined by NSW Treasury during a study visit to the US by its officers and assisted by Andersen Australia (Nicholls & Scullion, 1988, p. 15).

The first set of transformations, provided by Egol, were made in a series of tables that were apparently based on a notional set of financial statements and subsequently derived data. The presentation does not make a substantial effort to create the impression that the data presented was
notional and based only on a series of assumptions applied by Andersen to published cash accounts. Instead, 19 tables and graphics mostly with accounting inscriptions were presented without qualification as to the shaky nature of the data portrayed therein. For example definitive data was presented in order to correct “popular impressions” as to accumulated deficit, national debt, annual cost of government and so on. Similarly, defense expenditure was also expressed as a percentage of GNP to two decimal points of accuracy without any qualification as to how depreciation expense had been calculated on unknown asset values. Without presenting qualifications on the data or assumptions behind the inscriptions, the consultants were able to achieve transformations that meant their audience left with the belief that accrual accounting had been implemented in the USA and that it was producing meaningful information that now demonstrated the “real” level of deficit and the impending public policy problems of reduced expenditure on defense and increased expenditure on social security benefits. All of the 19 tables or graphics used by Egol evidence transformations but only one is reproduced here for illustrative purposes. Figure 2 reproduces a slide used by Egol in which highly controversial data has been subsumed below the transformation: depreciation charges on military equipment and accretion of imputed expense for military pensions have been included in the data presented within the comparative pie charts. Of course these inscriptions are mere estimates by Andersen since none of the systemic requisite accrual data definition, capture or analysis was in place in either of the two years (1974 and 1984) being compared. Nevertheless, this graphic together with the other 18 presented by Egol left his audience with the impression that accrual accounting was in place for the Federal US Government.

[Take in Figure 2 about here]

In most societies the arguments presented by Egol would be perceived as being expressions of purely political values (some argue today that defense under-expenditure is a problem!). However the transformation he achieved in his presentation was to remove these arguments from the political and place them in the accounting arena such that they lost their inherent controversy and became more a part of ‘Nature’.

The second set of transformations, provided by Regan, occurred in a story of the adoption of accrual accounting by New York State. Regan’s presentation was titled “Strategic issues in accrual accounting in Government”. Although presented as fact, this story was a fiction because the sense of “accrual accounting” as a concept in the mind of the audience appears to have differed to the
sense in Regan’s mind. That is, the audience knew the concept to mean “full accrual” or in other words meaning recognition of public sector assets and liabilities together with annual depreciation expense\(^4\). In Regan’s mind apparently the concept meant some form of partial accrual accounting that met GAAP of the time as applied to the US public sector but did not capitalise asset expenditures nor did it recognise depreciation expense (Carpenter and Feroz, 1992). However, nothing in Regan’s presentation drew attention to the fact that he was not using the words “accrual accounting” to mean what the audience thought he meant. There is some evidence that this distinction may have been appreciated by Regan or others associated with the published versions of his speeches: in the three versions of his presentations available to this research\(^5\) there are unheralded exchanges of the word “accrual” with the abbreviation “GAAP” (Christensen, 2006). There is also a significant insertion in the speech as recorded on video and the version of the printed speech sent to the new NSW Premier but is missing in the published version of the presentation. That insertion is:

Now some of you might say: “all these system changes from accrual accounting?” The answer is most certainly yes, if you view the conversion to accrual accounting as the first, and essential, step to reform of fiscal management systems. Once that large step is made, other major improvements in budgets, reports, management systems and the like can follow. The fiscal tone of all the governmental operations improves quite dramatically (Regan, 1988, private correspondence to NSW Premier).

It is curious as to why this statement does not appear in the published version of the presentation since it clearly transforms accrual accounting to a status that extends beyond insignificant accounting change. Without conjecturing on why this statement is absent from the (longer lasting) published version, it is apparent that the immediate effect of this statement together with the other parts of Regan’s support for accrual accounting, was to leave his audience with the impression that accrual accounting would deliver significant benefits and that they had been achieved in New York State. Mostly, Regan’s story dealt with the political aspects of budgetary changes that were in some way associated with a conversion of the cash-based accounting system to follow the extant GAAP.

\(^4\) The NSW GGS already had modified accrual accounting in that receivables and salary accruals were being recognised. NSW government trading enterprises were using full accrual accounting. However, the mooted move to full accrual accounting in the NSW GGS was understood by the NSW bureaucrats to be a radical change beyond partial accrual accounting.

\(^5\) The three known versions of Regan’s presentation are: a version published by the Australian Society of Accountants; a version sent by Regan to the new NSW Premier on 5 May 1988; and, a video of the Melbourne presentation made on 2 December 1987.
Regan’s presentation largely ignored specific accounting principles but instead covered how the accounting change became associated with strenuous efforts to reduce New York State’s deficit spending by identifying and reducing borrowings. In that way, Regan was able to transform accrual accounting, in the minds of his audience, into a means of achieving ‘good government’. Regan also achieved a synergy with Egol’s advice of not ‘reinventing the wheel’ but instead profiting from the New York State experience which NSW could also emulate. This is an example of ‘trust me I was there’ pragmatic rhetoric used by consultants usually with persuasive impact.

In addition to the two main transformations described above, the (then) Big Six consultants produced a number of subsequent and observable transformations before the accrual accounting project moved fully into its implementation stage. These transformations became intermediaries that functioned to draw closer and mutually reinforcing relations between the consultants and other network members. For example:

- Andersen (Australia) organised a tour of USA jurisdictions for NSW Treasury officers to discuss accrual accounting implementation in February 1988
- Andersen (Australia) provided a Partner (Ian Plater) to present a paper titled “The United States Experience” to a seminar organised by the NSW Public Accounts Committee in February 1988 on public sector accrual accounting (this seminar is discussed further in Section 5.1.3 below)
- Ernst & Whinney (Australia) prepared a report recommending accrual accounting in local government in February 1988
- Ernst & Young (Australia) conducted a review of Treasury management and strategy in 1989 and recommended establishment of a new Branch (Accounting Policy) with positions created for implementation of accounting reforms
- Coopers & Lybrand (Australia) and Ernst & Young (Australia) were contracted by NSW Treasury to provide two consultants to service a ‘Help Desk’ in Treasury to answer queries on accrual accounting over 1989 and 1990 (Scullion, 1991, p. 29)
- Coopers & Lybrand (Australia) prepared a Departmental Heads education program on accrual accounting in 1990.

Having identified the transformations that initially placed accrual accounting as the OPP the case exposition is progressed by examining the circulations of consultant outputs that meant the network stayed in place and gathered steam over time. The strengthening of the network meant that the consultants were then able to move beyond promoting accrual accounting and begin to conduct implementation activities.
The Opposition subsequently won office in March 1988 and announced a broad-ranging audit of NSW Government finances and administration with a specific term of reference focusing on the desirability of accrual accounting (Groom, 1990; New South Wales Commission of Audit, 1988). At this point (March 1988) it may have been possible for the opponents to accrual accounting within the bureaucracy to marshal their forces by attacking the false belief that accrual accounting was a “proven” technology in the public sector. However this did not happen and this appears to be as a result of the consultants’ next transformations: providing work of purification under the auspices of the independent enquiry. Through the widespread circulation of these transformations, the position of accrual accounting as the OPP and as an equivalent to ‘Nature’ became unassailable to the opponents of accrual accounting.

Although the consultants’ initial transformations described in the previous section were circulated amongst the bureaucratic elite, the next set of transformations were circulated even more widely and reached virtually all of the bureaucracy as well as receiving widespread publicity amongst the popular press. Those transformations were within the Commission of Audit response to the term of reference regarding the desirability of accrual accounting.

Andersen Australia was contracted by the NSW Commission of Audit to draft a response to the accrual accounting term of reference and to thereby craft an argument in support of accrual accounting. Even though the response to that contract was substantially re-written within the Commission of Audit, the Commission presented its findings on accrual accounting as though they were fully informed from the consultancy and so it attributed its comments specifically to Arthur Andersen. Many other consultants were used by the Commission but nowhere else in its report does it attribute matters specifically to consultants and so the accrual accounting attribution can be explained as an instance of ‘expert justification’ that used Andersen’s high professional standing as a technique of justifying the placement of accrual accounting at the centre of a program of reforms (Groom, 1990). The contrived manner in which a known advocate of accrual accounting was contracted to respond to the question of its applicability was the intermediary constructed to present

---

6 The Commission of Audit was asked in Reference 1.8 to “To advice on the impact of, and procedures involved in, applying full accrual accounting to all public sector bodies.”
accrual accounting as the solution to the State’s problems (as identified by the apparently independent Commission of Audit).

Examining the report prepared by Andersen illustrates how the purification of public sector accrual accounting was partly achieved by converting values into ‘Nature’. For example, the report blandly asserted that “accrual accounting would … help Governments avoid financial crisis” and “overseas experience and general observation suggest that the adoption of accrual accounting would mean that for the Government as a whole, a significant deficit would be disclosed” (Commission of Audit, 1988, Appendix F p. 2). Given that there was no overseas experience, nor even a firm model with which to implement accrual accounting, such assertions could only be beliefs or values of the consultants as to what might happen if accrual accounting were introduced for all NSW GGS organisations. However, this distinction between value and hard fact was not brought to the attention of the consultants’ audience and so the hopeful image of accrual accounting was presented in a black-box. For that purification to succeed it was also necessary that the report receive wide circulation.

The wide circulation within the bureaucracy for this consultant output was assured and achieved. This was because the Commission of Audit spoke directly on resource consumption and asset utilization of each Department thus every senior bureaucrat anxiously scoured its report looking for threats and opportunities. It was also common during the remainder of the new government’s term, for senior bureaucrats to have a copy of the report on open display within their offices. At this point (July 1988), it is apparent that the network with an OPP of accrual accounting had been effectively formed and had won the argument. Treasury’s enthusiasm was reinforced and supported by active assistance from the consulting firms who then moved from promotion to implementation activities. At this point an enrolment between the bureaucrats and the consultants began to form a powerful mechanism that was to advance the change to accruals with such force that it was to be delivered some five years earlier than at first planned (NSW Public Accounts Committee, 1995). Thus the NSW Government firmly committed to implement accrual accounting.

By the end of 1988 the opposition to accrual accounting had dissipated as a result of acceptance of it as the actor-network’s OPP. As described above, this remarkably quick victory was due to the effect of the consultants’ transformations. However, the work of the consultants did not stop but instead continued as the implementation phase began. The constant and more frequent circulations
of the consultants’ work, although more micro than macro, acted to reinforce the convincing effect achieved through the three major transformations described above. The remainder of this section describes the implementation work of the consultants as instances of the ways in which circulation was achieved across all GGS agencies in the NSW public sector.

One of the most notable features of the NSW implementation of accrual accounting was the pervasive presence and influence of consultants. First, Coopers & Lybrand suggested to the Premier and Treasurer that an advisory panel be established from the major consulting firms’ partners to provide voluntary advice to the government on its accounting and each firm agreed to devote partner time to this task without recompense (Christensen, 2002). This suggestion was accepted and resulted in an important institutionalisation of the consultants’ subsequent impact which is discussed further below. Second, each of the major firms seconded a staff member to an individual department as the key person in separate project teams charged with the implementation of pilot accrual projects (Scullion, 1991). Third, Coopers & Lybrand were contracted to produce an accrual-based Chart of Accounts (NSW Treasury, 1991) and did so with a full-time physical presence of its consultants in the office of its client. Fourth, approximately 80 consultants were placed on a register from which Departments could directly engage their services without further tender or evaluation.

With the exception of the first mentioned activity, the consultants’ activities fit into the usual category of fee-based projects that are not different in nature from their typical work. However, a striking difference to this was the formation and operation of the Treasurer’s Accounting Advisory Panel (TAAP).

The TAAP was charged with being “an independent source of advice to the Treasurer and Treasury on emerging accounting issues affecting the public sector” (NSW Treasury, 1991, p. 30) and it consisted of partners from each of the large accounting firms. The Panel served the interests of both the government (through the provision of technical advice) and the consultants (through the early warning of impending consulting opportunities and through opportunities to contribute to accounting policy development). Standing as a striking example of non-competitive behaviour amongst the Big Six firms, the Panel was also an effective means to ensure continued consensus on accrual accounting. The operation of the TAAP with a Treasury secretariat meant that any remaining pockets of resistance to accrual accounting within the Treasury were easily outnumbered and marginalized.
Recognition of the Panel’s importance has been explicit, “the Panel was very important and was very successful” and, “it was a group of experts saying this is the right thing to do” (NSW Interview 1). The Panel met frequently at first, up to 6 meetings in a year, whilst its meetings became less frequent as implementation proceeded. Typically a meeting would be focused on a technical accounting problem such as asset measurement and recognition as well as the implications of new financing methods being developed within the public sector (NSW Interview 7). An agenda and briefing paper would be prepared by Treasury and Panel members were called upon to offer opinions without committing the government to a particular course of action. However the Panel was problematic on controversial matters where the profession and the standard setters had not filled the void created by the incursion of accruals into accounting for the GGS. The Panel’s continued existence during its operational difficulties evidences the importance placed on it by both the government and the participating consultants. Nevertheless, whilst the Panel continued so too did the implementation activities of the consultants in the NSW public sector and so its continued operation can be seen as a mechanism used by both the consultants and Treasury to mobilise the entities who were supportive of change. Even though the accounting profession was silent on the solutions to significant problems (Chua and Sinclair, 1994) this did not result in a retarding of the rate of change because the most prominent actors (in the form of Treasury, the consultants and the Panel) could stay in control of the argument.

Every department in the NSW public sector employed consultants to convert their accounting system and so the evidence of extensive use of consultants for the implementation of this accounting change is substantial (Christensen, 2005). Once the consultancy firms had their staff operating directly within individual Departments they were able to develop intimate knowledge of Departmental workings and the operational issues involved in developing accrual basis accounts. This two-way flow of benefits was contemporaneously recognised since “such skill transfer and such exchange (with consultants) is beneficial to NSW agencies as much as it is to the firms themselves” (Mellor, 1995, p. 18). Nevertheless, typically problems were confronted with asset recognition made difficult by inadequate asset records and/or compounding difficulties of how to value assets for which there was no market (NSW Interview 5). Ways to address these problems were largely constructed by the public servants (NSW Interviews 4 and 5) with the exception of Coopers & Lybrand’s development of a new accrual-based Chart of Accounts and a ‘Reporting Code’ (NSW Treasury, 1991). That is, relations within the network had developed to the point where a synergy between the promotional efforts of the consultants and the implementation efforts
of the public servants acted to strengthen the move to GGS accrual accounting. Nevertheless, the inherent difficulty of applying for-profit accounting (based on the matching of associated revenue and expense) to the GGS meant that constant efforts in the form of purifying work would be required in order to protect the OPP from being destabilised.

Although the consultants’ work had brought stability to the accrual OPP by 1990, that condition was not permanent. Instead other parties, most notably the accounting profession and the accounting standard setting bodies had to be enrolled in the network and this happened in subsequent periods (refer Chua and Sinclair, 1994). Whilst those developments do not throw light on the focus of this paper, namely the purification work of consultants, they do show that additional transformations may be required in order for the OPP to maintain its alignment with Nature. We will return to this point after our discussion of the Danish case involving consultants’ purification of accounting change.

5.2 The consultants’ work of purification to the Danish Police’s performance measurement systems

5.2.1 Constructing the actor-network

Since 1983, as part of major public sector budget reform and the government’s modernisation program, there has been pressure on the Danish Police to generate unit cost information. Given inadequate extant systems this pressure generated forces aimed at taking the necessary steps to enable the production of such information. In this section we briefly outline how a heterogeneous actor-network of humans and non-humans was brought together to construct a whole bundle of accounting systems that could produce the information as wanted by the National Audit Office of Denmark (NAOD) and the Ministry of Finance (MoF). The NAOD and MoF have in various ways over the years conducted performance audit reviews and budget inquiries to problematize (Callon, 1986) the management of the police and its accounting systems for not providing unit cost information for external and internal accountability purposes, hence to make the activities of the police auditable (Power, 1996). At the same time it was widely held among MoF and NAOD civil servants that the police top management had done too little to modernize its management whilst receiving too much money without accounting for it in terms of value for money in police services. To enable the production of unit cost information the NAOD and MoF identified a number of other entities that should be enrolled as is illustrated in Figure 3.

Insert Figure 3 about here.
In the middle of the 1980s the Police developed an IT system called FAKTA in order to meet its cost and management requirements. In 1990 the NAOD used its Audit Report 19/88 (Rigsrevisionen, 1990) to criticise the FAKTA-system for not being a proper and modern accounting system that can be used to account for police performance and productivity. In consequence, the Ministry of Justice decided in 1992 to initiate a system development group called PULS which later developed the FAKTA-system into the POLPLAN-system. However, within the National Police top management group there was obvious scepticism towards the development of POLPLAN and the whole idea of measuring productivity. Simultaneously with the development of the POLPLAN-system, the NAOD conducted yet another audit report (15/91) in which they declared their disagreement with the top management group:

The methods of the National Police to measure productivity are primarily the FAKTA-systems. It is the opinion of the National Police that it is difficult to measure production and with it productivity within the police. According to the NAOD the FAKTA-systems provide in some areas useful data about the activities and the resource consumption that can be used for approximate calculations of productivity (Rigsrevisionen, 1993, p. 11).

In a further Performance Audit Report 7/95 (Rigsrevisionen, 1996) the NAOD emphasised that the new POLPLAN-system was under development on a grant given by the parliament and could be expected to provide unit cost data related to the unravelling of various crime cases. In 1997 a report of the PULS-groups was published by the Danish national police and a year later the POLPLAN-system was in use. One of the requirements was that in order to be able to calculate unit costs, the policemen were given the task of recording their time consumption on different purposes and activities. However, in such a moment of mobilisation, when the policemen were identified to develop interests in doing time recording, the chairman of the Danish Policemen’s union, Tommy Agerskov Thomsen, was not unconditionally convinced:

We would like to help develop such a system. However, conditionally we must require that it is absolutely clear how it is going to be used and for what purposes. (Dansk Politi, 1997).

In other statements by the chairman further scepticism was expressed and pointed to indications that the enrolment of the police officers would not be easy. As Danish Policemen’s Union Chairman Thomsen expressed himself at that time:
Now new systems, plans and targets are being implemented, however, for the individual it seems as if it is only a matter of recording to take place. If we just record then everybody will be happy, except those police officers who just want to make solid police work (Dansk Politi, 1997).

The views of the police officers seemed to be that the system would be time consuming, but they also feared that the recording would be useless and only serve to demonstrate that recording takes place. The chairman did not stop at only writing in the union’s newsletter. He also expressed himself in a major Danish newspaper which thus circulated their views to a far larger part of the Danish population:

But we do not accept that the economists of the MoF remove us from the citizen, and we do not accept that our rule of law (retspolitik) is driven by cost/benefit considerations instead of being driven from the wishes and expectations of the population (Aktuelt, 11 October, 1997).

Even though the police union expressed their scepticism, the systems were gradually developed and taken into use. Simultaneously with this development, the Danish national police in 1999 began to develop the IT-system called POLPLAN. POLPLAN was an attempt to provide more detailed information of the time consumption of the officers in relation to the various police activities. The time recordings were then to be used to calculate the cost pools of the cost objects. Officially, this system was identified by the CEO of the Danish national police as a part of the total management accounting system of the police (Dansk Politi, 1999, p. 5).

Parallel with this development, the POLSAS system – the Police’s case work system - was also developed in 1997 and, according to NAOD Report 9/03, fully implemented in 2000 (Rigsrevisionen, 2004, p. 35). From this very detailed system the cost objects as the commodities of the police in the form of arrests, detentions, case work, etc. could be extracted. Whereas POLSAS – with the recordings by police officers - delivers information for the denominator of the unit cost fraction, the POLPLAN-system (later developed into POLTID) delivers information for the numerator (see also Skærbæk and Thisted, 2004). In figure 4 we summarize how the various IT-systems noted above have been developed in the period 1985 to 2007 to provide information for the purpose of unit cost information.

The IT-systems used to measure time consumption to calculate cost pools to the various outputs used in POLSAS.

\[ \text{unit cost pr. unit} \]

POLPAI (2007-)

= unit cost pr. unit

POLPLAN (1997-)

The system is the Police’s case work system from which output measures can be extracted.

Figure 4: The unit cost fraction and the developments of Police IT-systems to deliver unit cost information.

However, even though the Police top management had taken steps to develop the POLPLAN-system, in their 1998 annual report they admitted that the system had not been developed as expected. Also, they expressed their scepticism towards the whole idea of producing unit cost information:

“Measurement of productivity and efficiency within the core activities of The Police, e.g. maintaining order, preventative activities, investigation, and prosecution of offences of law, are impeded by the absence of synonymous connections between police efforts and the effects. A number of conditions that are not under the control of the police influence the outcomes. As a consequence it makes sense only for a few well defined areas within the comprehensive activities of the police to mirror the efforts by measures of productivity and effects. (Police Annual Report, 1998, p. 11).

With such scepticism we see indications of problems enrolling the police top management. Here turning our attention to the POLPLAN-system (from 2003/4 POLTID) in particular, it also became the object of scepticism by not just the police top management groups but indeed also the police officers. In the years 1997 – 2003 several police officers expressed their dissatisfaction with the system and it became a more widely held view that the recording should be stopped.
Frustrations increased among the officers and several jokes were made about the systems as officers began looking critically at the Human Resource department within the National Police that was responsible for the running of the system. With such scepticism among the officers, the systems were not stabilized but were rather vulnerable in terms of the lack of support of an entity identified to make the highly essential recordings. Our narrative about the enrolment of consultants to participate in work on the POLPLAN/POLTID-system begins in 2003 when the Police Officers union was close to recommending their members stop recording their data in the POLTID system and the top management of the police rejected the view that POLTID can be used as a tool for management purposes.

5.2.2 Transformations and the consultants’ work

In 2003, in this situation of increasing disorder and problems of enrolling the police officers and police top management in the network to do their recordings in the POLTID, the MoF, NAOD, PAC and the Ministry of Justice became active. The MoF and the Ministry of Justice agreed to establish a Police Commission (Visionsudvalget) to reform the structure of the police. The PAC and the NAOD decided to launch yet another performance audit. As we shall see these two sets of activities were not entirely independent from each other but formed part of a concentrated effort to influence the police on administrative and management issues.

In June 2003 the PAC recommended that the NAOD conduct yet another audit of the Ministry of Justice. It was in particular pointed out that the management accounting of the police should be considered. In some 10 months - an unusually short time of production - the NAOD arrived with Audit Report 9/03 of 21/4 2004. After having read the report the PAC provided their conclusion on the last page of the report (original in bold): “The PAC criticizes that the Minister of Justice has not established an effective management accounting (okonomistyring) for a long time”. As part of the Office act S. 18, (2) it is the obligation of the Minister to make an official answer to the PAC on the necessary measures and considerations. In an eight page letter (dated 7th of September, 2004) some 18 weeks later, the Minister of Justice Lene Espersen agreed with the PAC that the police accounting systems should be modernized and developed in a continuing process. But she wrote that POLTID had been in operation since January 2004 and that sufficient financial resources had been allocated to develop the IT-systems (POLTID/POLSAS). She further criticized the NAOD for not identifying police activities from which money should be released. But she did end up promising that the NAOD’s criticisms will be considered in relation to a longstanding agreement.
between Parliament and the police. With that comment she was referring to a debate that the NAOD had in Audit Report 9/03 with the management of the Police in which the NAOD attempted to calculate the Police’s use of resources on managers and management. The NAOD used data from POLTID to show that the “amount of management within the police is high” (Rigsrevisionen, 2004, p. 39). At the same pages the NAOD quoted the police management as saying “since the Police do not find it professionally justified to participate in this type of calculation, to correct and secure the quality of data is not possible” (p. 39). From the NAOD’s viewpoint, the Police were thus criticizing the system that they themselves had developed. Thus, the police had placed themselves in a situation in which they had to commit themselves to correct the system. As a result, the issue also came to influence the work of the Police Commission.

In a parallel set of activities to the NAOD’s report work, in 2003 the Ministry of Justice took the initiative to create the Commission. The aim was to develop a ‘new vision’ for the policing function. Structural issues such as the number of police districts and what tasks the police should conduct became the official aims of the reform work. The members of the Commission were 16 prominent persons - among them professors, CEOs of private corporations and mayors. A whole series of transformations took place in relation to the Commission’s work including a comprehensive consultancy project as analyzed below. One such transformation relates to the appointment of the Chairman of the Commission who was announced as being an independent person with no organizational affiliation. Despite that, after the Commission was formally settled by the Ministry of Justice some police officer representatives felt the Chairman was just a ‘front man’ as he had close relations to the MoF and thereby could not be independent. As they concluded: “This is one of MoF’s commissions”. The union representatives were very skeptical about the MoF due to its previously conducted budget inquiries that demonstrated low productivity in the police and argued for the need to invest in the accounting systems mentioned above.

As one of the first actions of the Commission it chose to initiate a consultancy project and to hire some external consultants to do a large analysis of the districts and their work organization. In the tendering document, Appendix 1 documented the aim of providing: “….considerations on overall structural issues within the police … and how much more productivity and how much better effect can be achieved…“ (p. 1-2). The Danish consultancy company KPMG (a Danish subsidiary of KPMG) won the task in a competitive tender. However, this tendering was not without its problems since the 5 pre-qualified bidders refused to participate in the final bid. According to a KPMG
consultant they argued that the deadlines and the consultancy budget were too restrictive. Before the final bid, the consultants succeeded in negotiating a consultancy budget that in principle became unlimited and an extension of the project deadline.

The scope of the project was rather large and in their final overall report KPMG (KPMG, 2004a, p. 2) noted that 271 interviews were conducted together with 28 workshops involving the participation of 155 management representatives and employees. As a result, the amount of evidence collected could appear as being quite impressive due also to the fact that the material had been collected in 7 of the 54 police districts. Close to 500 hundred pages of consultancy reports were written by KPMG in addition to the 200 page final report by the Commission. So the amount of reading is quite substantial for an interested individual to digest. All reports are accessible at the Internet.

In contrast to the extensive reports, the evidentiary base of the consultants’ reports was strategically narrowed. In an attempt by the Commission as client to frame the work of the consultants, the tendering document (Appendix 1, p. 4) stated without further explanation that the police district of Copenhagen – which employs 25% of all police officers in Denmark - should not be included in the sample. As a union representative of Copenhagen Police Officer’s union explained after the consultancy project was finished, “our district was not involved because they knew that we are obviously skeptical of the POLTID system and that we have the resources to engage ourselves in the process”. Even though the client delimited the consultants they claimed without further evidence that the 7 districts had been randomly chosen (letters from KPMG to the 7 police districts). Similarly, in a circular letter (Justitsministeriet, June 2004, p. 2) sent by the Ministry of Justice to the chief constables of the 54 police districts it was said that the consultants’ investigations will be carried out: “…in seven police districts randomly chosen…” Both letters are in contrast to the tendering document that excluded Copenhagen from the sample and thus the way the consultants worked became the object of debate in the police officers’ union.

It would be expected that the consultants’ methods, such as data collection choices, would be determined by the project’s aims. But what was actually the aim of the project? The consultants

7 (http://www.fremtidenspoliti.dk/).
explain the aim of the project in different ways. In the overall project report it was stated that the aim was two-fold:

1. To map the Danish Police and its main activities, organization and use of resources.
2. To analyze the Danish Police with the aim of identifying where it can be relevant for the Commission to consider alternative models for, for instance, changed organization principles, task missions and resource allocation. (KPMG, 2004a, p. 1)

From this outline there is only an indirect mention of the fact that a significant part of the project came to be about POLTID. Instead the stated focus was that the consultants should map the use of resources. In letters to the participating 7 districts it was similarly noted, “the visits shall contribute to qualify the existing and very extensive set of information of the police’s resources and activities…” Thus it was not directly mentioned that a significant aim of this project was to ‘qualify’ POLTID. The qualification of POLTID was made to appear less important than overall structural issues such as changed organization principles, which quickly were interpreted to be the delineation of new police districts. Such a potential re-organization was likely to quickly attract attention since the officers’ place of work could change with a new structure. Given the statement of project purpose and the consultants’ communications to the police and each district, it is apparent that the consultants were expected (and they also were expecting) to rely on POLTID providing data for the project. In this way there is link to the debate between the NAOD and the management of the police in relation to Audit Report 9/03. Thus the NAOD had effectively ensured that the consultancy project also became a matter of qualifying the data of POLTID. The Commission made this explicit in its tender document at Appendix 4, p. 1-3 where the consultants were told that the information necessary for the consultancy was available in the two IT-systems, POLTID and POLSAS, that “can and will be used as a management instruments”. In this way the consultants could not escape assessing in some way the usefulness of these systems and their data.

On the issue of the design of the consultancy project, the consultants were also eagerly guided by the tendering document: “The examination will only be carried out in a minor number of police districts to generate general views as much as possible on all of the police districts” (Appendix 1, p. 4). That the consultants had some problems with this issue appears when the consultants commented on their methods. They wrote that the underlying reports from the 7 districts were only descriptive. As they noted: “Thus, the report and the underlying reports from the visits of the
districts are descriptive and repeating.” However, such a qualification statement was overwhelmed and forgotten since the reports did make evaluative conclusions. As is repeated in all 7 reports and here quoted from one of the reports: “Generally it is the impression of KPMG that the POLTID recordings are correct for the activities of the district of Vordingborg” (KPMG, 2004b, p. 46). Such evaluations are significant transformations which we explore further in this paper.

The problematic nature of KPMG’s evaluations of POLTID became apparent during their work as well as in interviews for this research. An objection to the use of POLTID was made by a chief constable from a large district who declared disagreement with KPMG by writing to his district staff, “The wide use of the data from POLTID is highly problematic. In summary, it is my view that nobody can draw - or at least only very carefully can draw - any conclusions based on the report”. Some other chief constables and police officer union representatives wrote similar views with one union representative noting in an interview: “POLTID is a World Cup in lies”. The reasons why such views were widely held was because the officers found it terribly difficult to record their activities in a meaningful way. The problems relate to the case that an officer’s daily duties comprise many different tasks and ad hoc activities, making it difficult to record the shifting tasks during a day. Many police activities such as patrols relate to several types of crimes or violations. In consequence many officers found that most of their time ended up being recorded on “Account 99: Patrol with several objectives”. For the police management this became a problem. If almost all of the police officers’ time became recorded on this account little useful information would be gained. To provide meaning to the ledger with all of its different accounts defined, the officers must allocate their time consumption to several accounts if not all of them. Therefore, management decided to close down access to Account 99. Police officers then had to find other accounts. Several hundred other accounts were defined in the system.

Even though objections to KPMG’s representations were given by both chief constables and union representatives, KPMG nevertheless reached the disputed finding in their main and final report that: “The largest part of those interviewed are very careful when recording in POLTID, and they consider the recording as a necessary and serious activity .. (so) .. that the recordings are not directly incorrect or misguiding” (KPMG, 2004c, p. 18). Later on this page KPMG fortified their reports by only indirectly admitting that there were problems with POLTID. However, this admission noted that such problems were only due to the usual “start up problems such as different understandings among the employees” (KPMG, 2004c, p. 18). With such a framing the consultants
signalled to others that the problems could be solved with further training of the police officers. This was also deployment of an element of the ‘trust me I was there’ pragmatic rhetoric in that the problems were depicted as ‘usual’.

In an almost unlimited series of transformations (of which we have only shown a minority here), the consultants displaced the police officers and ended up defining their identity as ‘willing and careful registrators of POLTID’. Even though a scientist could easily criticize the consultants for not having used a broad statistical survey across all police districts this issue was never raised in the interactions. Thus it is important to analyse what happened when the reports were circulated in their final form and the police officers’ reaction to this effort of easing enrolment and fixing the police officers’ identity as registrators.

5.2.3 Circulations of consultants’ outputs

There is merit in considering the physical means by which the consultants achieved circulation of their outputs. After completing their reports the consultants sent them to their in-house printers that occupy a space characterized by high security and order. The requisite number of reports (no more nor no less) were then printed and sent to the consultants for controlled dispatch to their clients; in this case, to the Police Commission. The members of the Commission received an exemplar which was, for a time, confidential. The members could not let somebody else look at them. The reports in total had more than 500 pages making it all most impossible for an individual to fully read them. This also made it extremely difficult to object to the report in a comprehensive and informed manner.

When the Commission had a meeting on this project, the consultants presented their results to the members. One of these members – a union representative of the police officers – posed questions about the trustworthiness of the conclusions regarding POLTID: “Is it really the opinion of the KPMG that the data from POLTID are accurate and useful given the many problems with it?” In answering this question the consultants drew further parallels to the private sector. They argued that the types of problems with POLTID are quite common also in the private sector. This argument

8 The printing office in KPMG is an interesting space. There are highly developed processes to avoid the free circulation of report files, additional copies or just single pages. The computers, the printing machines and the printing room are systematically supervised by a security officer to avoid anything leaving the room without approval. Such arrangements add to the construction of consultancy houses as purified zones.
was quite difficult for the representative to reject and the time in which he could ask questions was limited. While the police officer representative had hoped for support from other Commission members he experienced that nobody supported him. He was astonished because the Commission comprised of members who were publicly well-known and highly esteemed persons. In his judgement the Commission Members’ silence was a failure to sustain their personal integrity. The question died and the Commission chairman was soon looking around to see whether somebody else had other questions. For the meeting, the consultants’ claim to know what was going on in the private sector, and based on an unchallenged, implicit statement of ‘trust me, I was there’, proved to be convincing rhetoric. However, in this respect the consultants did not refer to any investigations. Instead, they argued in a more pragmatic way.

The police officers’ union considered going public with a memorandum. The memorandum was made by a university academic hired by the police officers’ union and was named ‘Comments and critiques regarding the consultancy reports made by KPMP’, and in which the arguments made by the consultants were deconstructed and criticized. However, in moments of deciding whether to follow such a strategy of circulating the memorandum, the chairman chose not to do so. He argued that there were other and perhaps more important issues at stake: “If we oppose POLTID there will be other tough battles with the MoF, NAOD and others.” The union management decided to do nothing. It may sound paradoxical that the consultants’ reports had a purifying effect even though the union did not accept the consultants’ views. But by deciding not to make official statements against the reports – this was an option explicitly rejected - the union at the same time came to accept the consultant’s reports. In this way, even though the union representatives felt the consultants were just fulfilling the MoF’s mission, the consultants succeeded in operating with the identity as ‘independent experts’.

However, the issue of whether to criticise the reports and to contest the expertise of the consultants also came up for the police top management. The Minister of Justice Lene Espersen being advised by the top management of the Police could not declare full agreement with the conclusions of the Commission. Therefore, the case came up in the government’s coordination committee (Regeringens koordinationsudvalg). Here Prime Minister Anders Fog Rasmussen, Minister of the Interior Lars Lykke Rasmussen, the KPMG consultant and Minister of Justice Lene Espersen held a meeting to attain agreement. Anders Fog Rasmussen and Lars Lykke Rasmussen both insisted that the Minister of Justice should agree with the reports and not make any public
critiques. Under these circumstances and here speaking on behalf of the police top management, the
Minister chose not to make any critical statements.

After these events, the Commission was able to launch the reform on districts and to inform the
Parliament and others that the police accounting systems were sound and useful although in need of
further development. The heat arising from the union’s criticism was dissipated and the
technologies stabilized. This condition was to last for about two years. However, the antagonists of
POLTID were not waiting passively and hence there was a continuing risk of yet new criticisms
appearing and officer refusals to use the system. As a result of that risk, the National Police’s HR
department (responsible for the operation of the systems) opted for a new strategy to develop
POLTID into what became POLPAI. The change meant that the officers would now also record
their working hours in the system in addition to the other recordings. The working hours would be
used to calculate and pay their salaries. In the system, overtime hours and night hours should be
recorded by the officers. With such a requirement, it became more difficult for the union
representatives to recommend that the officers refuse to use POLPAI. To do so the officers would
run the risk that their salaries would be paid wrongly or late. The KPMG consultancy reports as
interessement devices had thus momentarily achieved stabilization of POLTID and won time to
make a yet further interessement device to hinder a future collapse of POLTID.

However, again in 2007 the criticisms of POLPAI escalated. In the unions’ newsletter a
frustrated police officer declared his criticism, “Let us do the job we are best at: POLICEWORK.
Forget the idea of recording all of our time”. With the energy generated by the dissatisfaction he
made simple calculations of officers’ time consumption and arrived at the substantial estimate of
407,000 hours required across the Danish police force to operate POLPAI (POLTID) and he noted:

This is a week per employee per year. And what do you get for this week? Let me
be quite honest and tell you that it is absolute not a correct and valid view of our
work. The officers give you what they think you expect (Dansk Politi, 2007, p.
32).

In responding to this criticism in the very same newsletter, the HR department circulated the
conclusions of the KPMG consultancy reports once again:

In connection to the Commission’s new vision for the police the consultancy
company KPMG examined the hourly recording system (POLTID) and
summarized their results in the following way: On the basis of interviews with more than 200 employees in eight police districts it is the view of the KPMG that “... largest part of those interviewed are very careful when recording in POLTID, and they consider the recording as a necessary and serious activity. In addition it is also a widely held view among those interviewed that the data from POLTID are correct and valid. (Dansk Politi, 2007, p. 33)

By providing this quotation (but without specific citation) from the KPMG report, the Commission’s clear intention was to cool down the police union’s criticisms. The Commission maximised the prospect of achieving this impact by ensuring circulation of this consultancy finding amongst the police rank and file. Its effect was also amplified by using the consultant’s words whilst referring to the consulting firm by its name and by making reference to their method. Whilst the KPMG conclusions are seen thus as transformations, the actions taken by the Commission to use these conclusions are identified here as circulations.

In spite of the Commission’s effective use of KPMG’s consultancy project outputs, on-going stability of the accounting innovation is not guaranteed. At the time of writing, at least one of the police officers’ union districts is now determined to initiate yet other strategies to oppose POLPAI. They had been talking to several members of Parliament although without effect yet. The Vice Prime Minister of Denmark was an ex-police officer. But even he can do nothing for his previous colleagues in their disagreements with the MoF. But they are still considering yet new initiatives. As it turns out, it seems as if the accounting systems will never reach permanent stabilisation but neither do they seem to collapse in the short run. But the system has provoked the police officers and generated a concerned group that will closely follow what the antagonists are doing since:

There is nobody more obstinate, attentive, cautious and rigorous than a group of concerned people, even if they are wrongly labelled as lay people by defenders of delegative democracy, who want to know why they are enduring unbearable misfortune (Callon, 2003, p. 42).

In this case the consultants were enrolled to help handle the sceptical police officers and police management by creating the reports as yet another interessement device in addition to the stream of previously developed devices. The consultants were not just successful in achieving what the client expected but they also negotiated their fee and working conditions to a ‘satisfactory’ level.

9 The reader should not be confused since previously it has been mentioned that seven police districts were surveyed. The right number is seven even though the HR Department is stretching their use of KPMG’s work.
6. Consultant’s work of purification

The literature reviewed earlier in this paper pointed to the need for an improved understanding of the processes by which consultants have been able to exert a significant influence in the public sector adoption of accounting change. Our choice in order to respond to this need was to follow the specific outputs of consultants engaged in two public sector accounting change projects. Table 1 presents a summary of the two cases as discussed above. The two longitudinal case studies illustrate how consultants perform work of purification. In order to draw this out we sought to reconstruct the ways in which the consultants got enrolled with respect to two accounting innovations and to study how their mandates came about. This led to an investigation of specific outputs produced by the consultants for their clients and an analysis of their impact on the acceptability of the innovations. We came to analyse production of such outputs in two steps: ‘transformations’ and ‘circulations’. Even though they do somewhat overlap, we have for purposes of clarity kept them separate.

6.1 Transformations

In both cases, the interventions of consultants are notable. In appearance, the consultants’ types of activity provide a semblance of being close to the work of scientists as fully analysed by science and technology studies. Using Latour’s (1993) idea on purification we came to portray consultants’ efforts to be work of purification that allowed contested ideas to progress. The analyses uncovered a series of transformations resulting from the work of consultants. For example, the NSW case shows transformations in the form of the client's co-authoring of the consultancy reports and the powerful Treasurer’s Accounting Advisory Panel presented on-going transformations in the form of technical opinions on the implementation of accrual accounting. In the Danish case a yet further example of transformations took place. The question of whether the police officers defined their identity as ‘recorders’ to the POLTID/POLPAI became the object of the consultancy reports. In the consultants’ fact making they tended to ignore the many statements - both oral and written - by police officers claiming that the recordings are highly random, without meaning and consuming scarce police resources that could otherwise be used to better effect elsewhere. By conducting a lot of interviews with police officers the consultants succeeded in ignoring the very critical officers whilst instead claiming that they know better by virtue of having interviewed large numbers of police officers. With such a displacement, they could speak in the name of the police officers and conclude on their identity as being ‘willing and careful users of POLTID/POLPAI’. Paradoxically,
nobody raised the argument that a broader statistical survey could have been considered to provide a foundation from which to better generalize. Nor was attention drawn by either the consultants or the client (the Danish Police Commission) to the intent behind the consultancy brief’s specific delimitation of the consultant’s data gathering activities.

In our cases, the consultants’ transformations meant that the consultants became ‘fact-builders’ (Chua, 1995) that held special privilege in the accounting change projects. That privilege allowed the consultants to produce outputs that made images of public sector accrual accounting and police reporting systems into fact. This achievement was not because they faithfully represent reality but rather because of the fact-building achieved by the consultants’ interventions.

Both cases show examples where the work was crafted with the aid of actors who commissioned their outputs – the clients. Such findings can throw light on a recurring theme in the literature on consultants in management change: the question of whether the clients of consultants are their dupes or dopes and thus what is the clients’ degree of influence in the process of the consultancy? Does the consultant simply take the client’s watch in order to tell them the time or is the client manipulating the consultant in order to achieve an outcome they have already set in train? The findings from our two cases suggest both situations can be at play and so a detailed examination of the instances of purification is needed in order to illuminate this complex situation. This is consistent with the work of Werr and Styhre (2003, p. 62) finding that both consultant and client “mutually constitute the relationship that they forge together in the course of action”. However, the Danish case did provide several indications that the consultants were hired deliberately to convince police top management and to help cool the police officers as an emergent concerned group and to fix their identity as ‘careful users’ of the system. Therefore, it may be useful to consider at what moments in the formation of the actor-network that the consultants are able to produce their convincing facts. In the Australian case discussed here, their initial work of purification (the 1987 Andersen seminars) occurred in the early moments of problematization (Miller and O’Leary, 1998; Callon, 1986), whereas the Danish case shows that the consultants were enrolled in more mature stages of the accounting technologies. But in both cases a number of transformations took place. Some transformations were in the form of indirect or implicit purposes of the consultancy project. Thus our analysis showed the ways in which the consultants reached conclusions in their reports and other outputs, and how the consultants through a series of transformations indirectly come to claim being spokespersons (Callon, 1986) of police officers and public sector accountants.
However, as shown by Humphrey (1994), the ability of consultants to speak as experts – especially when doing so in the public sector – may be challenged. Humphrey’s (1994) tracing of the British Probation Service’s efforts to use consultants to install a FMIS shows initial belief and respect for the consultants’ expertise give the project momentum. That momentum was however marked by a turning point later in the project as the client began to exhibit a general questioning of expertise. In the final stages of the failed project that general questioning generated specific challenges to the consultants’ accounting technologies such that they moved from being unarguable and mundane into a state of contested expertise. Comparably, Chua (1995) reports that clients in her study of the fabrication of a hospital casemix costing and accounting system, “became quite critical of other costing consultants ‘peddling quick and dirty applications of DRG-based accounting’” (p. 135). Humphrey’s (1994) and Chua’s (1995) findings in cases quite comparable to the Danish case here, heightened our interest in understanding how the consultants in our cases were able to deal with the risk of their expertise being challenged. Two techniques related to the transformations emerging from the consultants’ outputs are identified.

A powerful technique used by the consultants in our disparate cases is deployment of rhetoric built around the advice ‘trust me, I was there’ (Berglund and Werr, 2000). Consultants use this rhetoric as a general technique designed to convert a client’s problem into a categorised problem about which the advising consultant can claim some expertise. This rhetoric appears to be particularly powerful in public sectors experiencing pressure emerging from a series of reforms aimed at moving the public sector closer to the private sector (Hood, 1995). Thus representations of ‘private sector practice’ were used by the consultants in both of our cases in a manner that acted to end debate and argument. This is sympathetic to the observation of Preston, Cooper and Coombs (1992) where they found appeals to “don’t worry it has all been sorted elsewhere” (p. 573) and “evidence of ‘before the beginning’ activities may be found in working papers, in minutes of meetings, in consultants’ tenders, in research documents and in reports on progress in pilot sites” (p. 574). Of course these sources of empirical data are the very types of outputs that were the subject of analysis in our two cases but the consultants did not rely solely on this rhetorical technique arising from their private sector locus. In addition they employed a second technique that was consistent with their accounting profession origins.

---

10 In part, the effect of converting a client’s specific problem to a categorised problem assists the consultant in redressing the power imbalance caused by clients’ possession of superior knowledge of their organisation-specific information. For a discussion of the power-knowledge relations between clients and consultants, refer Fincham (2003).
The second synergistic technique used by the consultants was to combine accounting inscriptions (Robson, 1992) with their claims regarding private sector practice. Thus in the NSW case, numbers with dollar signs – but without qualification as to their underlying assumptions – were presented in consultants’ outputs as representations of what accrual accounting would mean to the public sector. Of course, such inscriptions were figments of the consultants’ creative imaginations but a coupling of their graphic presentation (refer Figure 2) with their claim to represent private sector practice drew attention away from imagination and instead focused on fact. Presenting inscriptions purported to be balance sheet items for the USA federal government served to show the NSW public servants that the ‘magic’ of accounting from the private sector can be transferred to the public sector. Thus by rending visible the state’s purported liabilities of superannuation (public servant’s future pensions) and expenses of depreciation, public sector accrual accounting inscriptions draw attention to the ‘size’ of government without attracting discussion towards what is an asset, liability or expense in a public sector environment. This is an instance of the point made by Robson (1992, p. 698), that numbers can break loose from their originary-counting subject and result in new categories. However the significance of this observation in terms of this paper’s research objective is to show that the consultants in both cases have recognised the usefulness of inscriptions as means to improve the efficacy of the transformations delivered by the consultants’ outputs and desired by the consultants’ clients. That efficacy is shown in both cases through the impact of the consultants’ transformations in improving the acceptability of the accounting reforms.

The two cases show that consultants are enrolled in different moments of translation to help overcome some resistance or concerns among various groups. In the Australian case, it was a matter of the consultants helping the change instigators to make more trustworthy problematization, i.e. to gain a way for accrual accounting to convince sceptics to reach moments of formal decisions to implement the change. In the Danish case the consultancy reports were produced in moments of enrolment, when the accounting technologies had been developed, put in operation and being used for some years. Their purpose was to impede police officers in emerging concerned groups from destabilising the technologies. Generally speaking, the consultants are enrolled in moments where the innovations are either threatened to not gain ground or to collapse due to dissenters refusing to enrol.
The multiple points in time at which consultants may be enrolled and at which their work may stabilize appear to be a significant factor in the rapid expansion of consulting services that have been observed during the ‘accountingization’ of the public sector. That is, the extensive application of accounting change, throughout many public sectors around the globe, has produced a very large number of moments where achievement of change was dependent upon work of purification and thus generated demand for consultants’ services. Whilst it is not argued here that consultants are the only, exclusive source of purification, they clearly are a source that present clients with multiple reasons for their engagement. In order for clients to benefit from the resulting purification provided by consultants, it is important that their outputs are circulated and this issue is discussed next.

6.2 Circulations

The work of purification provided by alignment with Nature means that the report becomes a black-box with an increased level of difficulty for any antagonists wishing to dispute the contents of the accounting innovations. Hence in the cases presented here the opponents to change were silenced by the consultants’ claims that proximity to private sector expertise was of importance in justifying the two changes. These claims were provided in consultancy outputs (reports, seminar presentations and the like) that were then circulated by network members to protect the OPP and so achieve stability at least for the short term. The visibility of these outputs also meant that the process of constructing them was largely hidden such that the relationship between the consultants and their clients was not fully available to all actors in the network.

In both cases the clients of the consultants ensured widespread circulation of the consultants’ outputs. In the Australian case the outputs were at first circulated by the consultants themselves via invitations to their seminars. However that quickly changed to circulation being organised by the clients – the PAC and then the Audit of Commission as staffed by the NSW Treasury. These clients ensured that the purification that would be achieved from the consultants’ work would be widely available to the many actors in the network. In the Danish case the circulation was tightly controlled by the consultants and the client to ensure that the timing and content of the consultants’ reports would maximise the chances of providing convincing facts in support of the OPP. Another means of managing the distributed cognitions of the reports emerged from the manner in which the Commission was constituted with carefully appointed prominent senior managers chosen from selected organizations. At the meeting each member was given an opportunity to ask questions of the consultants. When the chairman of the police officers’ union asked critical questions about the
conclusions nobody supported him. All of the other members were as silent as a forest in a time of no wind. In this way the police union representative was silenced. In other episodes where other police officers confronted the consultants they were just told that the consultants’ experience shows that the systems make sense. This supports the finding that neither the client nor the consultants were interested in debates about their conclusions. In such moments of circulation, it is not just the police officers’ identity which is at stake. The consultants’ identity as ‘independent experts’ is also being negotiated, and in these episodes with success. The police officers were very sceptical about the consultants but they failed in providing the necessary steps to challenge their identity. Simultaneously, their own identity as ‘careful users’ became stabilized, at least for a time being.

There are signs that the stability provided by past work of purification is not long lived but is dependent of continuing translations as work of purification and continuing circulation of that work. Our cases show that work of purification provided by the consultants can be fragile and since this means there will be multiple points at which purification will occur, so it is thus a useful analytical framework in understanding the client-consultant relationship. For example, in extending Humphrey’s (1994) work which showed a change of fortune for consultants in the British Probation Service, identifying points where purification was achieved and where it was not, may be a powerful triangulation of Humphrey’s findings and an illuminating explication thereof. An element of this analytical usefulness is an ability to identify when circulations take place. That is, circulations of consultant outputs are frequently events that are relatively easily identified especially when compared to the difficulty of observing client-consultant relations that occur behind the shield of commercial confidentiality. Since consultancy reports in circulation distribute certain cognitions to their audiences, their very circulation can provide researchers with the ability to begin to identify the audience cognitions and the workings behind them. Thus instances of purification can be determined and so better understandings of their impact on the actor-network can emerge.

A major impact of the practice of purification is to make the purified object appear to be natural. This makes the production of the consultants’ outputs invisible, thus to black-box them, just as audit work is black-boxed (Jeppesen, 1998). With the series of transformations ending up in (frequently thick) consultancy reports or other outputs such as briefings, contributions to meetings, seminar papers and the like, the clients in the role of reformer insist on not debating the innovations that are the raison d’etre of the consultant’s outputs but nevertheless still uncertain. The consultancy companies allow themselves to participate in a series of transformations whilst they also prefer the
process by which their outputs are produced to remain invisible. The thought of being hired to do more or less predetermined jobs with predetermined conclusions is hardly consistent with their identity as ‘independent experts’ emphasising high standards of expertise and integrity. However, on occasion the identity of the consultant is revealed as though that provides added gravitas to the conclusions of the consultants’ outputs. Certainly in the case of the NSW accrual accounting project, revelation of the consultants’ identities was an important strategy in attempting to increase the effect of their work of purification. This was perhaps most notable when the NSW Commission of Audit re-wrote the consultant’s response to its enquiry and published the re-written work as though it was authored entirely by the consulting firm (Andersen). Revelation of the identity of the consultants in the Danish case also appears to be conspicuous in its calculation to influence as in the Commission’s use of KPMG’s words to refute Police Union arguments attacking the performance measurement system. Similar occurrences can be observed in the outcomes of financial audit discussions between an auditor and auditee when changes are enacted to either or both of the audit report and the financial statements after a series of negotiations between auditor and client (Bame-Aldred and Kida, 2007). In such cases the identity of the auditor is given more prominence than the (invisible) discussions that have taken place out of sight of shareholders. Thus the analytical framework used here might prove of use in research of such situations.

7. Conclusions
In this paper we set out to study the construction of consultancy outputs and what effects they have when being circulated among various audiences. Our interest arises from a background set by the literature that has some consideration of consultants in accounting change. For example, with the help of consultants the implementation of global accounting phenomena (Humphrey, 2005) has attracted some attention while tending to focus on consultants’ (restricted) knowledge bases (Humphrey, 1994) and the ways in which they accommodate accounting change and innovations. Attention has also been paid to how consultants operate to diffuse accounting innovations (Malmi, 1999) and how their claims to expertise may change their organizational field and jurisdiction (Covaleski et al, 2003). Associated with these studies have been findings that use of consultants has improved the legitimacy of ideas with which they have been associated (Alvesson and Johansson, 2002; Carpenter and Feroz, 2001; Christensen, 2005; Gendron, Cooper and Townley, 2001; Irvine, 2007; Lapsley and Oldfield, 2001; Laughlin and Pallot, 1998; Martin, 1998; Prasser, 2003).

However, the literature on consultants and accounting has for many years been sparse in providing detailed processual accounts for how consultants operate to facilitate accounting innovations. This paper contributes to this literature by demonstrating how consultants get enrolled to accounting
innovations, how their outputs such as reports are constructed in interactions with the clients and others and which effects such outputs may have to carefully identified audiences when being circulated among them.

Our research shows instances in which consultants are enrolled in moments of mobilisation involving accounting innovation. In both cases the initial enrolment of the consultants resulted in momentary stability of the accounting innovations. Tracing the transformations and circulations associated with the consultants’ work has assisted in understanding how that effect arose. In such moments where the accounting technologies have already been put in operation, consultants can be enrolled to ease the enrolment of various groups with identities defined by the protagonists; however, we also foreshadow the need for a constant flow of transformations and circulations in order for the network to maintain stability. Just as Chua (1995) and Humphrey (1994) have recounted cases where the network was destabilised as the consultants’ impact was challenged, so too our cases show signs of heat returning to their respective accounting projects.

Essential to the approach taken here is that data availability must support efforts to identify instances of where the consultants’ outputs have been of significance in creating a transformation. Equally, instances of circulation of these outputs must be known to researchers if they are to utilise the approach provided herein. In a sense this is both a strength and a limitation. It is a strength that it provides an empirically grounded approach that is sympathetic to the fact that accounting is inherently situated in practice (Chua, 2007) but it is also a limitation in that it requires in-depth data that frequently will be unavailable to researchers because it is hidden behind commercial confidentiality and organisational politics. Unfortunately, researchers are frequently unavoidable hostages of such realities and so they will likely experience frustration in uncovering data on the production of consultancy outputs.

A second feature of this paper has been its international comparative nature. Although that is not essential to the approach demonstrated it has served to highlight the exposition of our argument that identification of transformations and circulations provides a rich opportunity to understand how consultants have had growing impact on public sector accounting change. In our comparison, we have not made any allowance in our theoretical approach nor in our analyses for the differences or similarities in national and organisational cultures between Denmark and NSW. Our purpose was not to further understandings of the interaction of culture and accounting change but instead to
focus on the role of management consultants in public sector accounting change and so we exclude cultural differences as a variable in our comparisons. However, an interesting question arises from our comparative cases: what role do international consultants play as a force of structural isomorphism between public sectors around the world? Addressing that question will necessarily be based upon a view of the impact and role of culture on cross-national comparisons (Bhimani, 1999; Harrison and McKinnon, 1999).

The present paper also contributes to the growing body of literature on professional expertise involved with accounting and auditing by emphasising the work of consultants to accounting innovations. Whereas the issue of auditors’ claims of independence has attracted a lot of research (Jeppesen, 1998; Gendron, Cooper and Townley, 2001), consultancy companies’ claims of independence, expertise and integrity, whilst remaining controversial, have attracted less research amongst accounting researchers. As noted by Gendron, Cooper and Townley (2007), regarding NPM accounting experiments, “uncritical, self-reports circulate and may overwhelm sceptics; surely this is a candidate for serious academic analysis” (p. 126). Gendron, Cooper and Townley (2007) conclude that auditors do not operate as independent experts but rather exercise their expertise with interested intended effect of supporting the aims of some members of society and not others. In similar ways that auditors use their laboratories and experiments in constructing knowledge and expertise, our findings show private sector consultants with public sector engagements can also play a role in altering public servants’ way of thinking as can State auditors (Gendron, Cooper and Townley, 2007; Skærbæk and Thorbjørnsen, 2007). In our study we have demonstrated how consultants participate in defining the identities of various public sector employee groups. In both cases the consultants were enrolled to overcome and cool various scepticisms among public servants. In this way the relationship between the client and the consultants is an important relation.

Accounting researchers with interest in these enquiries have relied upon the management literature wherein a debate about the client-consultant relationship has revolved around the issue of who controls whom. As noted here, the identification of instances of purification and the specifics of circulations of consultants’ outputs can assist in better understanding the client-consultant relationship even though we do not propose the existence of a generic answer to the underlying question as to who dominates in control. On a case-by-case basis of study with process-based and detailed empirical accounts, it is possible to identify moments of translation in which purification is
being achieved and to identify actors influenced by the circulation of those purifications. These identifications work to significantly improve our understanding of the implementation of accounting innovation. Thus in the two cases examined here we have felt it necessary to identify specific transformations and purifications and to identify their impact on the actor-network and the degree of heat in the process of change. Additionally we suggest that longitudinal study of specific cases is worthwhile, as also emphasised by Malmi (1999), since in the two cases examined here there are signs that the stabilities provided by past work of purification is not long lived but is dependent on continuing purification.

To follow this line of analysis may assist in research of problems in implementation of accounting innovations including the troubling privileged status accorded to some innovations, such as public sector accrual accounting, that appear to be delivering less than was promised (Humphrey, 1994 and 2005). Equally, the detailed empirical accounts of processes illustrated here help to illuminate the role of change agents such as consultants in creation of accounting innovations. In this manner our work here may assist with the longstanding and ultimately tantalising question of why “accounting was not what it should be” (Hopwood, 1987, p. 211).

References


Regan, E.V. (1988). Correspondence to NSW Premier The Hon. Nick Greiner, NSW Treasury Archive.


**Entities**
- Public sector accountants
- Top management in central agencies: Treasury and Premier’s Department
- The average NSW Citizen
- The NSW Audit Office and Public Accounts Committee
- The politicians in power

**OPP/Obstacles**
- OPP: Public Sector Accrual Accounting in GGS Organizations
- That occupational relevance is maintained for existing accountants.
- That the GGS agencies do not avoid funding controls.
- That public sector agencies be accountable and do not resist change.
- That the NSW public sector be more ‘business like’.
- That their reports are not questioned/criticized; that their expertise is not challenged.

**Goals of entities/identities**
- To become innovative cooperators.
- To demonstrate modern management and leading change - Strategists.
- To see improvement in the NSW public sector's efficiency and effectiveness.
- To modernize the public sector - Modernizers.
- Improved management of the NSW public sector.
- Help implement accrual accounting - independent management experts.

**Figure 1: The NSW Accrual Accounting-network. (OPP = obligatory passage point).**
Figure 2: Accrual inscriptions presented as fact

Source: Egol (1987)
Entities

Police officers
Top management group in the Danish National Police
Accountants in Human resource department of National Police
The National Audit Office/MOF
The Parliament (Public Accounts Committee and Finance Committee)
Consultants

OPP/Obstacles

That time consumption is reduced to a minimum.
That the police officers do not refuse to use the system.
OPP: POLTID/ POLPAI
That police officers do their job.
That the systems operate in a technical way.
That their reports are not questioned/criticized.

Goals of entities/identities

To become the 'willing and careful registrators' of POLTID/POLPAI
To demonstrate modern management - Strategists
To make themselves indispensable by helping the Police to get rid of NAO/MOF criticism - Systems developers
To modernize the public sector - Modernizers
Improved management control of the Police - vigorous politicians.
Help implement POLTID/POLPAI - Independent management experts.

Figure 2: The POLTID/POLPAI-network. (OPP= obligatory passage point).
<table>
<thead>
<tr>
<th>Accounting technologies</th>
<th>NSW Case</th>
<th>Danish National Police Case</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accrual accounting as reform in NSW, Australian public sector.</td>
<td>Performance measurement system to provide unit cost information</td>
</tr>
</tbody>
</table>

| Moments of enrolment | To problematise cash accounting and gain a decision to implement accrual accounting | To ease enrolment of the police officers and police top management with the system being in operation for several years. |

| Transformations | * Zealous advocacy: promoting seminars; ‘Flying’ in 2 Americans to provide evidence that it works in New York.  
* The client as co-author in producing conclusions.  
* *Pro bono* implementation panel staffed by Big Six partners.  
* Implementation consultancies (paid) in every Department. | * Hidden agenda for the consultants.  
* Conclusions consistent with clients’ wishes.  
* Carefully appointed commission members with private company top managers.  
* Not including the most significant police district in the sample.  
* Complexity achieved through many hundreds of consultancy report pages.  
* Scientific methods used potentially problematic but did not become an issue. |

| Circulations | * Widespread public sector attendance at consultants’ seminars.  
* Commission of Audit report ‘compulsory reading’ to public servants.  
* Consultants using both scientific and pragmatic rhetoric.  
* Reports uncontested and came to provide hard facts. | * In Commission meeting, attempts by chairman of police officers union to criticise the reports became unsuccessful.  
* Consultants used both scientific and pragmatic rhetoric.  
* Police top management silenced by the Minister of Justice being called to order in the government’s committee of coordination.  
* Conclusions of the consultancy reports being circulated in union letters over a year later than their publication.  
* In negotiations, reports came to provide hard facts. |

| Audiences | At first to convince politicians and later to convince Treasury public servants of the need for accrual accounting | Police officers and police top management as sceptical entities.  
Members of Parliament eager to hear whether everything is ok in the police. |

| Stabilisation | The reports only provided provisional stabilisation. Groups emerging to revise accrual accounting | The reports only provided provisional stabilisation. Police officers’ union emerged as a concerned group. |

Table 1: Comparing the two cases.