



UNIVERSITÀ DEGLI STUDI DI PARMA

UNIVERSITA' DEGLI STUDI DI PARMA

DOTTORATO DI RICERCA IN ECONOMIA DELLE AZIENDE
E DELLE AMMINISTRAZIONI PUBBLICHE
CICLO XX

TITOLO TESI

**PERFORMANCE ACCOUNTABILITY IN UNITED NATIONS SYSTEM
ORGANIZATIONS: BETWEEN MANAGERIAL REFORMS
AND THE SEARCH FOR LEGITIMACY**

Coordinatore:

Chiar.mo Prof.

Antonello Zangrandi

Tutor:

Chiar.ma Prof.ssa

Ileana Steccolini

Dottorando:

Daniele Alesani

Performance Accountability in United Nations System Organizations: Between Managerial Reforms and the Search for Legitimacy

Table of Contents

GLOSSARY	7
EXECUTIVE SUMMARY.....	ERREUR ! SIGNET NON DEFINI.
CHAPTER 1 DEFINING THE OBJECTIVE OF ANALYSIS: INTERNATIONAL ORGANIZATIONS AND UNITED NATIONS SYSTEM	13
1.1 INTERNATIONAL ORGANIZATIONS: BASIS FOR A COMMON UNDERSTANDING	13
1.1.1 <i>International Organizations: Basis for a Terminological Understanding.....</i>	<i>13</i>
1.1.2 <i>Families of International Organizations.....</i>	<i>14</i>
1.2 THE CHOICE OF THE UNITED NATIONS SYSTEM AS OBJECTIVE OF INVESTIGATION	18
1.2.1 <i>The Significance of UN System in the Previous International Literature on IOs.....</i>	<i>18</i>
1.2.2 <i>The Relevance of the “UN System”</i>	<i>20</i>
1.3 THE UNITED NATIONS SYSTEM: AN OVERVIEW	22
1.3.1 <i>The Architecture of the United Nations System.....</i>	<i>22</i>
1.3.2 <i>The Peculiar Nature of the United Nations Organizations.....</i>	<i>26</i>
1.3.3 <i>Governance and Functioning of the United Nations System Organizations: Complementary Perspectives.....</i>	<i>30</i>
1.3.3.1 <i>The Agency Theory Perspective.....</i>	<i>30</i>
1.3.3.2 <i>The Rationalist Perspective</i>	<i>34</i>
1.3.3.3 <i>The Public Value Perspective</i>	<i>36</i>
CHAPTER 2 MANAGERIAL REFORMS AND THE EMERGENT NEED OF ACCOUNTABILITY AND TRANSPARENCY.....	41
2.1 THE STRUGGLE FOR REFORMING THE UNITED NATIONS: GOVERNANCE AND MANAGERIAL REFORMS	41
2.1.1 <i>The Governance Reforms - Missing Opportunities and the Emergence of a New Order..</i>	<i>42</i>
2.1.2 <i>Managerial Reforms in United Nations System Organizations.....</i>	<i>43</i>
2.1.2.1 <i>A Chronological Overview of the Managerial Reforms in UN system.....</i>	<i>43</i>
2.1.2.2 <i>The Need of a Coordinated Approach to Managerial Reforms.....</i>	<i>44</i>
2.1.2.3 <i>The Main Areas of the Managerial Reform in UN System.....</i>	<i>45</i>

2.2 THE EMERGENCE OF ACCOUNTABILITY AND TRANSPARENCY ISSUES IN THE STREAM OF MANAGERIAL REFORMS	54
2.2.1 <i>The Transition Towards the International Public Sector Accounting Standards</i>	55
2.2.1.1 The Long Journey from UNSAS to IPSAS	55
2.2.1.2 The Adoption of IPSAS: Expected Benefits and Open Issues	57
2.2.1.3 IPSAS Implementation by UN System Organizations: Technical and Political Processes	61
2.2.2 <i>The Harmonization of the Extra-Budgetary Projects' Documents</i>	63
2.2.3 <i>The Transition Towards a Result Based Management and Reporting Model</i>	67
CHAPTER 3 FACTORS AFFECTING ACCOUNTABILITY: DEVELOPMENT OF THE HYPOTHESES FROM CONTINGENCY AND LEGITIMACY THEORY PERSPECTIVES	71
3.1 THEORETICAL APPROACHES TO ACCOUNTABILITY	72
3.1.1 <i>Theoretical Approaches to Accountability: an Overview</i>	72
3.1.2 <i>Relations Between the Relevant Theories - Contingency and Legitimacy as Complementary Approaches to Accountability</i>	73
3.2 THE CONTINGENCY THEORY	75
3.2.1 <i>Overview of the Theory and Applications by International Literature</i>	75
3.2.1.1 The Paradigm	75
3.2.1.2 The Concept of Fit	77
3.2.1.3 Development of the Theory and Applications	78
3.2.1.4 The Criticisms	82
3.2.2 <i>Use of Contingency Theory in the Accounting Literature</i>	83
3.2.2.1 Overview	83
3.2.2.2 The Nature of Contingency Variables Influencing the Accounting Systems	85
3.2.2.3 The Attributes of Accounting Systems Affected by Contingent Variables	86
3.3 THE LEGITIMACY THEORY	87
3.3.1 <i>Overview of the Theory and Applications by International Literature</i>	87
3.3.1.1 The Paradigm	87
3.3.1.2 Development of the Theory and Applications	89
3.3.1.3 The Criticisms	90
3.3.2 <i>Use of Legitimacy Theory in the Accounting Literature</i>	91
3.3.2.1 Overview	91
3.3.2.2 The Nature of the Legitimizing Factors Affecting Accountability	93
3.3.2.3 The Attributes of Accounting Systems Affected by Legitimizing Factors	94

3.4FACTORS AFFECTING ACCOUNTABILITY: DEVELOPMENT OF HYPOTHESES FROM CONTINGENCY AND LEGITIMACY LITERATURE	95
3.4.1 <i>Organizational Factors</i>	96
3.4.2 <i>Corporate Governance Factors</i>	98
3.4.3 <i>External Factors</i>	101
CHAPTER 4 RESEARCH METHODS.....	105
4.1 TARGET INTERNATIONAL ORGANIZATIONS' POPULATION: UN SYSTEM ORGANIZATIONS.....	105
4.2 OPERATIONALISATION OF THE FACTORS INFLUENCING ACCOUNTABILITY: THE CASE OF UN SYSTEM ORGANIZATIONS.....	108
4.2.1 <i>Organizational Factors</i>	108
4.2.2 <i>Corporate Governance Factors</i>	112
4.2.3 <i>External Factors</i>	115
4.3 THE SELECTION OF REPORTING DOCUMENTS – A STAKEHOLDER PERSPECTIVE.....	120
4.4. THE ACCOUNTABILITY CHECKLIST	126
4.4.1 <i>Development of the Checklist</i>	126
4.4.2 <i>Checklist Sections and Items</i>	126
4.4.3 <i>Approach to rating accountability</i>	130
4.5 THE CHOICE AND USE OF CLUSTER ANALYSIS	131
4.5.1 <i>Definitions and Overview of the Applications</i>	131
4.5.2 <i>Main Criticisms to Cluster Analysis</i>	132
4.5.3 <i>Methodological Issues</i>	133
4.5.4 <i>The Neglect Use of Cluster Analysis by the Body of Literature Taken into Consideration</i>	134
4.5.3 <i>Use of Cluster Analysis in the Present Work and Methodological Clarifications</i>	136
CHAPTER 5 RESULTS AND DISCUSSION.....	139
5.1 STATISTICAL ANALYSIS OF THE FACTORS AFFECTING UN SYSTEM ORGANIZATIONS' ACCOUNTABILITY	139
5.2FACTORS AFFECTING INTERNATIONAL ORGANIZATIONS' ACCOUNTABILITY: RESULTS OF THE TEST ON THE UN POPULATION.....	144
5.2.1 <i>Organizational Factors</i>	144
5.2.2 <i>Corporate Governance Factors</i>	147
5.2.3 <i>External Factors</i>	149
CHAPTER 6 CONCLUSIONS AND FURTHER RESEARCH.....	153
6.1.CONCLUSIONS: FACTORS AFFECTING UN SYSTEM ORGANIZATIONS' ACCOUNTABILITY	153
6.2.THEORETICAL AND MANAGERIAL IMPLICATIONS OF THE STUDY	155
6.3.LIMITATIONS AND FURTHER RESEARCH	156

APPENDIX 2 – UN PERFORMANCE ACCOUNTABILITY CHECKLIST – RESULTS..... 163

**APPENDIX 3 –FACTORS POTENTIALLY AFFECTING UN ACCOUNTABILITIES -
MEASUREMENT 167**

APPENDIX 4 - TEST OF HYPOTHESES – GRAPHS AND RELEVANT STATISTICS..... 169

REFERENCES 183

Glossary

List of Acronyms cited in the text

CEB – United Nations Chief Executive Board for Coordination

DG – Director General

EBRD – The European Bank for Reconstruction and Development

EC – European Commission

FAO - Food and Agriculture Organisation

HQ – Head Quarter

HR – Human Resources

IAEA - International Agency for Atomic Energy

ICAO - International Civil Aviation Organisation

ICRC - The International Committee of the Red Cross

IFAD - International Fund for Agricultural Development

IFIs – International Financial Institutions

IGOs – Inter-Governmental Organizations

ILO - International Labour Organisation

IMO - International Maritime Organisation

INGOs – International Non Governmental Organizations

IOM - International Organisation for Migration

IOs – International Organisations

ITC - International Trade Center

ITU - International Telecommunication Union

JIU – UN system Joint Inspection Unit

OECD – The Organization for Economic Cooperation and Development

PAHO – Pan American Health Organisation

UN – United Nations

UNAIDS - Joint United Nations Programme on HIV/AIDS

UN-Habitat - United Nations Centre for Human Settlements (Habitat)

UNCTAD - United Nations Conference on Trade and Development

UNFCCC - United Nations Convention for Climate Change

UNCHR - Office of the United Nations High Commissioner for Human Rights

UNDG – United Nations Development Group
UNDP - United Nations Development Programme
UNEP - United Nations Environmental Programme
UNESCO - United Nations Educational, Scientific and Cultural Organisation
UNFPA - United Nations Population Fund
UNHCR - United Nations office of the High Commissioner for Refugees
UNICEF - United Nations Children Fund
UNIDO - United Nations Industrial Development Organisation
UNITAR - United Nations Institute For Training and Research
UNODC - United Nations Office on Drugs and Crime
UNOPS - United Nations Office for Project Services
UNRWA - United Nations Relief and Works Agency for Palestine Refugees in the
Near East
UN Secretariat - United Nations Secretariat
UNU - United Nations University
UPU -Universal Postal Union
WFP –World Food Programme
WHO - World Health Organisation
WIPO - World Intellectual Property Organisation
WMO - World Maritime Organisation
WTO - World Tourism Organisation

Executive Summary

The main aim of the present work is to contribute enriching the existing literature on the main factors influencing the accountability level of public and private sector organizations. Two main points which make original the present work are: i) the exploration the field of International Intergovernmental Organizations, which is relatively unexplored by the managerial literature and the organizational studies; ii) the treatment of contingency and legitimacy frameworks as complementary and sometimes alternative, rather than opposite approaches to explaining differences in the level of disclosure.

In the present work we proceeded in the following way: in the first chapter we set the context of the international organizations, clarifying the difference between international NGOs and Intergovernmental Organizations; we tried to categorize the I(G)Os consistently with different families which can be identified in relation to their operational nature, their membership and other relevant characteristics. We then explained our interest for the United Nations system in the light of the significant attention given by previous literature and of the peculiarities of this system, which make it a unique object of observation within the IOs population. The identification of the UN system as objective of observation allowed us to explain in depth the basic elements of the functioning and governance systems of these organizations, the understanding of whose is fundamental for the analysis which followed.

In chapter two we provided an overview of the governance and managerial reforms of the UN system; while a great attention has been given to the first, despite their scarce success to date, managerial reforms have been until recent largely understudied. Since the late 90s' though these reforms attracted growing attention by practitioners and literature. We consequently reviewed the most significant elements of the managerial reforms at the UN system level, with a particular attention to the role played by the issue of transparency and accountability. In this chapter we pointed out the main aspects of the managerial reforms related to accountability, and in particular: *i)* the current transition to the IPSAS; *ii)* the methodological consistency

among organizations of the budgeting and reporting for extra-budgetary projects and the progressive implementation to the result based management and reporting. All these three aspects are equally important, but, how we explained, the focus of the present study has been on the last mentioned aspect, judged as the most significant in the perspective of the transition from a traditional model of accountability -input and compliance based- to a performance based model of accountability.

In the first two chapter we hence set the context and focused the object of our study: the performance-related accountability dynamics of the UN system organizations.

In the third chapter we identified and analysed the theoretical perspective of the present work and we developed the relevant hypothesis which have been tested in the empirical part of the study.

We first identified the theoretical frameworks most commonly used by the existing international literature related to accountability in public and private sector organizations -decision usefulness, positive accounting theory, political economy theory, stakeholder theory. contingency theory and legitimacy theory. We noted that these frameworks are often strictly interrelated and complementary and we selected two frameworks which seems to be the most frequently used by the organizational studies focused on accountability, the contingency and the legitimacy frameworks. These are very broad theoretical constructs, grounded on political economy framework and the systemic (or “open system”) view of the organization. We consequently reviewed the development of these theories, their main assumptions, the criticisms moved to them and the specific use of these theories in the accounting literature.

This review showed us that the two selected theories can be usefully considered as complementary and sometimes alternative in explaining accountability features, rather than opposite, as considered by a large body of literature. In this sense, we combined the constructs of both theories to develop our hypotheses regarding the factors potentially affecting the accountability features of UN system organizations.

We identified three main categories of factors potentially influencing organizational accountability: *organizational factors* (resource availability, complexity, decentralization, financial performance as capacity to attract resources or to

effectively use available resources), *corporate governance factors* (presence of warranty mechanisms for stakeholders, accessibility for them to the executive organs, concentration of contributions and bargaining power) and *external factors* (environmental uncertainty, market dependence, prevailing activity of the organization). Consistently with the previous contingency and legitimacy literature, for each of these factors we hypothesized a positive or negative influence on the financial and/or non financial accountability level to be tested.

Chapter four explains the methodological approach we used to analyse UN system organizations' reporting documents, accountability levels and relations with influencing factors. The main methods analyzed in this chapter are: *i*) operationalisation of the factors considered relevant in affecting accountability in the environment of international organizations; *ii*) identification of the target international organizations' population to be analysed and the specific method of analysis; *iii*) selection of the reporting documents suitable for the analysis; *iv*) development of a checklist to analyse the contents of reporting documents, based on the literature on disclosure and accountability indices; *v*) use of cluster analysis as main tool for interpretation of data.

Chapter 5 presents the main results of the empirical study: the first paragraph describes the distribution and the main statistical data of the independent variables of the study and their reciprocal linear correlation. It is for example worth to notice that larger organizations are also the more complex and decentralized, and that the more exposed is the organization to environmental uncertainty, the more it is dependent on the market of voluntary contributions. These data contribute to a greater understanding of the considerations developed in the second paragraph, which took into consideration the single hypotheses developed in chapter three. By the results of the data analysis, we draw the general conclusion that between contingency and legitimacy theory it cannot be identified a clearly prevailing framework to explain the accountability differences among UN system organizations'. The two theories are concurring at explaining different aspects of the UN organizations' accountability. In some cases, accountability seems driven by contingent elements –i.e. resource availability and level of decentralization seem to lead to a greater financial accountability- while in other cases it is at least in part due

to the search of legitimacy by the organizations –i.e. organizations with larger bargaining power disclose more information consistently with a long term strategy to legitimize and maintain consensus-.

Nonetheless, contingency approach seems to be relatively stronger as explaining rationale than legitimacy; linking this result to the broader context of the study, managerial reforms and “rational” reactions to contingent internal and external factors seem relatively more suitable to explain variations in UN organizations’ accountability than factors linked to the search for legitimacy towards the main stakeholders. This evidence can be interpreted as a sign of the fact that UN organizations react and adapt to their environmental dynamics improving their accountability, rather than putting in action cosmetic strategies to respond to social and stakeholders’ claims.

The category showing more verified hypothesis is represented by the external factors, followed by the internal factors, while the corporate factors quite unexpectedly seem less relevant in explaining differences among organizations in the accountability level. The most sensitive accountability dimension to the identified influencing factors seems by large to be the financial one, which also shows the more significant variations among agencies.

Implications of the study are both on the theoretical and the practical side; on the first side, further research can be conducted based on our results, for example refining the parameters used to operationalise the influencing factors, modifying the accountability checklist in relation to new developments in the performance reporting of the organizations or enlarging the panel of organizations/the historical series of the considered data. In the perspective of professionals, the present study can represent a point of reference for managers willing to confront their performance reports with other organization’s to improve their level of accountability or to re-design relevant contents. In a system wide perspective, this work can be a starting point to homogenize languages and tools for performance reporting, improving the overall transparency and consistency of the system as a whole.

Chapter 1

Defining the Objective of Analysis: International Organizations and United Nations System

The present chapter sets the context of the whole work and presents an overview and analysis of some definitions and concepts related to international organizations: the difference between international “inter-governmental” and “non-governmental” organizations (INGOs and IOs) and the identification of various “families” of IOs. The choice of the UN system as objective of observation of the present work is explained and the main elements and peculiarities of such system of are described. Concepts regarding the functioning and governance system analyzed in the last part of the present chapter are fundamental for the understanding of the main elements of the empirical study developed in the following chapters.

1.1 International Organizations: basis for a common understanding

1.1.1 International Organizations: Basis for a Terminological Understanding

International Organizations (IOs) is a generic term which can represent two main kind of organizations: Intergovernmental Organizations (known as IGOs) and International Non Governmental Organizations (INGOs). Usually, the multinational companies are excluded from the IOs group. The main element of differentiation between IGOs and INGOs appears to be the governance system or the “ownership” of these organizations: if IGOs’ constituencies are national states (and more recently supranational institutions, such as the European Union), the INGOs’ constituencies are private subjects, individuals, companies, other non profit organizations, etc. For example, a typical IGO is the World Health Organization, which is a UN specialized agency constituted by two main governing bodies, the General Assembly and the executive board, where representatives of member states are sitting and politically running the organization. An example of INGO is *Medicins Sans Frontiers*, (MSF), which is participated by several national physicians’ unions, professionals as individuals and health protection organizations all around the globe. The distinction

between IGOs and INGOs based on this criteria is apparently simple but not always unequivocal. On one side, National Ministries often participate in INGOs in their public capacity, operating through them some of their sectoral foreign policies. For example, the UICC (International Union Against Cancer) is participated –and governed- by a mix of private companies and health ministries of developed countries and operates in the area of cancer prevention, detection and early diagnosis in a very similar fashion with the Technical Cooperation Agencies such as WHO. On the other side, in this case participation by governments does not mean “ownership”, which would qualify these organizations as IGOs, but rather funding and collaboration.

On another page, IGOs could be defined in terms of the “public” nature of the organization’s mandate towards the international community. In other words, usually international organizations’ mandates have been agreed within the community of the national states, giving to their action a sort of legitimacy in the international law settings. For example, the United Nations High Commissioner for Refugees received the mandate to protect displaced people and refugees internally and out of the origin country. This gives to the organization the so called “extra-territorial” powers. On the other hand, there are some INGOs which benefits as well from these kind of powers: the best suited example is the International Committee of the Red Cross (ICRC), which has been entitled by the Geneva Convention on war and armed conflicts to supervise the respect of the accord between the conflicting parties and the right to intervene in protection of the civilian in the war zones. The ICRC is formally an INGOs even if it substantially plays the role of an Intergovernmental Organisation.

The present work adopts the definition of IGOs based on the principle of national states’ ownership of the governance structure of an organization and in what follows for simplicity uses the generic term IOs to indicate the IGOs.

1.1.2 Families of International Organizations

In the common language, it is really common to associate the expression “International Organizations” with the United Nations family. However, taking into consideration the taxonomy of IOs in **Tables 1.2-1.4, Appendix 1**, there are several families of IOs and even if there is not a common understating of their classification

and some sort of overlapping is inevitable, it is possible to identify at least five main types of organizations:

- The organizations of the United Nation systems;
- The Bretton Woods institutions;
- The international financial institutions;
- The supra-national organizations;
- The organizations administering regional and sectoral intergovernmental agreements.

The organizations of the United Nations system can be classified in three main categories: United Nations Secretariat-related; Funds and Programmes, Specialized Agencies. These three categories differ mainly in terms of governance mechanisms and level of independence from the central UN representative bodies (General Assembly, Economic and Social Council, Security Council), which will be further explored in the next paragraph. The system has been growing constantly since its foundation and currently counts nearly thirty organizations.

The Bretton Woods (BW) institutions, -the World Bank group (WB), the International Monetary Fund (IMF) and the World Trade Organization (WTO)-, got their label from the system of international monetary management, which established the rules for commercial and financial relations amongst the world's major industrial states, being the first example of a fully negotiated monetary order intended to govern monetary relations among independent nation-states. The Bretton Woods' financial system formally died in the 1970's, with the abolishment of the golden standard system, but since several trade agreements and financial system rules related to that system still exist and are administered by these institutions, this category of organizations could still be considered as existing.

The group of the International Financial Institutions (IFIs) is mainly formed by regionally based organizations -African Development Bank (AfDB); Asian Development Bank (ADB); Caribbean Development Bank (CDB); European Bank for Reconstruction and Development (EBRD); Inter-American Development Bank (IDB)-. and some global membership institutions, such as the International Fund for

Agricultural Development and IFAD. IMF and WB could be considered as part of the IFIs' family as well-

These institutions' main purpose is to promote development through lending to national governments and other public entities in beneficiary countries, providing public value through a facilitated pay-back system and a technical cooperation service to secure fair and knowledge-based fund utilization. IFIs are usually funded by the most prominent development countries (from CEB data issued in 2005 the OECD countries cover from 70 to 80% of the overall fund of IFIs) and their funds are periodically replenished to sustain special conditions granted to the least developed countries and to protect the financial soundness of organizations from lenders' defaults.

The main characteristic of the supra-national institutions is to be considered a further level of government to which the national governments pass over some sovereign functions or powers. These institutions are the only ones with a legislative power directly impacting on the domestic law system. The most suitable example of supranational institution is the European Union; in particular, with the creation of the monetary union the member states gave up their ownership on monetary policies to the Central European Bank administering the Euro area policies as a whole. Sometimes the supranational institutions are opposed to and considered stronger than the other IOs because, while in their case states accept to put another level of governance above them, the other organizations do not have any overarching power on member states but are neutral organizations operating at their same level in the international arena.

A residual category of IOs can be then identified covering a wide spectrum of sectoral and regional agreements: several organizations can be for example found in the trade area (NAFTA, MERCOSUR), and in the security area (NATO, OCSE, etc.). These organizations are usually in charge of the administration, monitoring and advancement of the constituting agreements, and their main function is to support the member states in coping with the existing commitments and negotiating new arrangements and to report periodically on the functioning and the respect of the agreements.

As mentioned, the proposed classification presents some physiological overlapping, inherent to the very nature of the IOs: for example, WB is a BW institution and an IFIs at the same time, WTO is a BW institution and an agreement administering institution; IFAD is part of the UN family but at the same time is one of the global IFIs. Moreover, this classification should be taken as a first attempt to identify some main families of IOs but cannot be fully exhaustive since it is always possible to find alternative criteria to classify the international organization.

For example, according to their scope and membership, it is possible to subdivide IOs in different families: there are institutions, which serve as political forums for countries to meet and discuss common issues (i.e. UN, WTO, ITC, UNCHR); there are organizations which are in charge of researching and providing training, information and standards (UNEP, ITU, ICAO, UNITAR); there are those responsible of building capacity and promote development (UNIDO); there are the emergency agencies, reacting to crisis or natural disasters (UNHCR, UNRWA, WFP); there are institutions, which serve as lenders to other nations in difficulties (regional and global IFIs), there are institutions which act as financial intermediaries towards implementing agencies and INGOs (UNDP). This is again only a partial classification of IOs and some overlapping is possible: i.e. UNDP is at the same time a development cooperation agency and a financial intermediary for the UN system, WFP acts at the cross line between food emergency and agricultural development.

A further possible way to classify IOs is according to their structural and institutional nature: in particular, according to the rationalist theory (Koremenos and others 2001) the IOs could be differentiated in relation to their level of “centralization” between Institutions and Organizations. Institutions are a set of rules and agreements without a centralised structure or with an essential staff which support the constituencies in their negotiations and administration of the agreements. Organisation are characterized by the presence of a formal (centralised) structure dedicated to international agreement management, to delivery of service or public goods.

All these possible classifications are valid and at the same time cannot be considered completely exhaustive; the observer will identify the most suitable one from time to time, depending on the scope and specific aim of the observation.

1.2 The Choice of the United Nations System as Objective of Investigation

Having clarified the several ways under which is possible to classify the IOs, the present work takes into consideration the first proposed classification as the most suitable for our purposes. In particular, among the five identified families of IOs the present work takes into account the United Nations System family. For the purpose of this work, the UN family appears to be the more interesting to take into consideration for a number of reasons which will be further discussed in Chapter 4:

- A consolidated stream of managerial reforms, envisaged since late eighties and initiated in the middle of the nineties;
- The number of existing studies, researches and official documents about the United Nation system and its governance and managerial reforms;
- The recognized nature of “system” of this group of organizations: the concept of United Nations system has always been in place but in the last decade has become more and more important in parallel with the progressive growth of the number of organizations and the increasing competition for the voluntary resources donated by constituencies for determinate projects (the so called “extra-budgetary resources”);
- The variety of core operations among organizations, balanced by the homogeneity of the basic functioning rules and procedures.

1.2.1. The Significance of UN System in the Previous International Literature on IOs

Focusing on the second point, it should be noticed that UN system organizations are by far the most investigated object in the previous international literature on IOs’ functioning and reforms. These have been interested by various streams of literature, with a strong prevalence of the political scientists. In particular, the international relations scholars studied these organizations in relation to their very nature, their autonomy and the dependence upon the member states; while “liberalists” (Russet and Oneal, 2001) and “rationalists” (i.e. Jacobson H. 1984, Koremenos and others,

2001) state the space for an autonomous identity and policy making by these organizations, encouraged by the most recent governance reforms, “realists” consider these institutions as branch of the foreign policies of the most powerful states, based on the power and conflicts paradigms (Mershmeier, 1994). In particular, some political scientists have been studied the IOs with reference to the extent to which the individual goals of the constituencies are able to influence the governance patterns and rules (Rhodes 2000, Van Kersbergen & Van Waarden, 2004, Rosenau, 2000) while other scholars focused on the power dependence on the decision making of multilateral institutions such as the IOs (Ritchie, 1995; Rahaman, 1998, Gordenker and Weiss 1995). An interesting review of the different approaches offered by the political scientists is offered by Rojas, 2000.

Political scientists have been also studied the IOs under the game theory perspective, with particular reference to the governance of the negotiations and the role of IOs in mediating information asymmetries between negotiating parties, in mitigating moral hazard and in turning “dilemma’s prisoners” situation into successful collaborative games (Dupont, 1994; Lax and Sebenius, 1991).

Macroeconomists usually try to understand how the presence and activity of IOs can influence the international economy, the trade exchange among countries and the level and distribution of development (Lele and Gerrard, 2003; Thomas, 2004; Swamy, 2004).

Finally institutional theorists approached some issues related to civil society-business-government relations (Keim, 2003) and agency theorists explores the different tiers and the various delegation and responsibility enforcement mechanisms governing the IOs (Eisenhardt, 1989; Jensen & Meckling, 1976; Zahra & Pearce, 1989, Buchanan & Stubblebine, 1962; Caves, 1990).

Only recently, some authors have embraced organizational theories, and in particular managerial approaches, to study IOs. Among them, the stakeholder theory (initiated by Freeman, 1984) is particularly diffused even if it generally considers the IOs as one of the major stakeholders of multinational companies or NGOs in the policy making processes or in the companies’ strategies and they are rarely taken into consideration as the nexus of the stakeholder relationships. According to such studies, IOs are considered as stakeholders of multinational business companies

affecting their exchange transactions, their power dependencies, their legitimacy degree and other claims (Doh and Teegen, 2002; Mitchell, Agle, & Wood, 1997, Forster & Snyder, 1989; Hill, 1992; Van de Walle, 2002). To them (*accountees*) companies (*accountors*) have an accountability obligation to fulfill. In other cases, IOs are considered within the spectrum of INGOs advocacy and technical cooperation activity, as means or institutional tool but also as “regulator” (Eibrahim, 2003)

The present works will observe the IOs under the organizational theories’ perspective, contributing to strengthen a relatively unexplored approach for the study of this kind of organizations.

1.2.2. The Relevance of the “UN System”

Regarding the third item cited above and in light of the IOs’ classification exercise, it should be at first noticed that the UN system is the largest recognizable group or “family” of international organizations. In relation to the other possible aggregations of IOs, the organizations of the UN system share common governance patterns, similar funding and membership arrangements, have a decision making mechanism generally based on *consensus*, share a common charter and are formally committed to contribute to the same objectives and missions.

Secondly, the UN system can be considered as a significant and autonomous dimension of analysis by itself. Significant efforts recently put on gaining consistency and unity of the system as a whole given the growing –and not always fair- competition for resources and visibility among UN agencies. As chronological note, at the 2005 World Summit in New York, the Secretary-General has established a High-level Panel to explore how the UN System could work more coherently and effectively across the world in the areas of development, humanitarian assistance and the environment¹.

The study was intended to lay the groundwork for a fundamental restructuring of the United Nations operational work, complementing other major reform initiatives currently under way at the United Nations system level, including the creation of a

¹ See *High-level Panel on System-wide Coherence* at <http://www.un.org/events/panel/index.html>

new Peacebuilding Commission, the negotiations over the establishment of a new Human Rights Council and a proposal for comprehensive management reform.

As a result to its mandate, the High-level, produced in 2006 a report called “*Delivery as One*”.

This report mainly consists of a set of recommendation, based on the following five strategic directions (United Nations, 2006):

- Coherence and consolidation of UN activities, in line with the principle of country ownership at all levels (country, regional, headquarter);
- Establishment of appropriate governance, managerial and funding mechanism to empower and support consolidation, and link the performance and results of UN organizations to funding;
- Renovation of business practices of the UN system to ensure focus on outcomes, responsiveness to needs and delivery of results by the UN system;
- Creation of significant further opportunities for consolidation and effective delivery of One UN through a profound review of the field presence and coordination mechanisms of the implementing agencies;
- Urgency in the implementation, without mismanagement and bad planning efforts that could compromise permanent and effective change.

More recently, the recommendations of the panel have started to be put in place as pilot projects under the coordination of the UNDG development group, testing in eight countries how the UN family – with its many and diverse agencies -- can deliver in a more coordinated way at country level. The label of the project, “One UN”, stands for one budget, one country office and one staff body for all the UN agencies involved in the field and its final objective is to ensure faster and more effective development operations and to accelerate progress towards the achievement of the so called, Millennium Development Goals (MDGs)².

² The Millennium Development Goals (MDGs) are a set of 8 main objects set in 2000 by 194 States, UN Organizations and Bretton Woods Organisations, which embody “a concerted attack against the poverty and the problems of illiteracy, hunger, discrimination against women, unsafe water and degraded environment” (see www.un.org/millenniumgoals).

Moreover, relevant efforts have been putting in place in the harmonization of the business practices as well, in several areas such as HR management, accounting and accountability system, information technology for development, mainly by an interagency body called Chief Executive Board for Coordination, through its High Level Committee on Management (HLCM).

Further insights on the accountability area will be offered later but the main message for this paragraph is that the significance of UN system as object of observation relies on the tendency to create a coordinate system of organizations strictly integrated on programme and service delivery and homogeneous in relation to their operations, practices and procedures. This makes the UN system a unique environment to study the coordination and change processes related to management reforms in the IOs arena.

1.3 The United Nations System: an Overview

1.3.1 The Architecture of the United Nations System

Until now the United Nations system has been described as a “black box”. It is now important to draw a picture of the overall architecture of the system in order to understand the specificities of each part of the system.

It is worthwhile to notice that in this overview we are interested to explore the differences between the different organizations composing the UN system rather than to describe the various operative and governing bodies, their roles and capabilities.

The United Nations System (**Picture 1**) It is formed by six principal organs of governance: the General Assembly, the Security Council, the Trusteeship Council, the International Court of Justice, the Secretariat and the Economic and Social Council, which is the main body taking care of the development issues.

Highly connected to the main governing bodies of the UN System³, and in particular to the General Assembly (UNGA) and the Economic and Social Council (ECOSOC),

³ See *United Nations System of Organizations* at <http://www.unsystem.org/>

are the Funds and Programmes, such the UN Development Programme (UNDP) and the UN Children's Fund (UNICEF). They receive the regular funds directly to the UNGA and receive strategic directions from this organ and from the ECOSOC, to whom report directly at the end of each biennium, which is the regular administrative period of these organizations.

Originally, the main difference between Funds and Programmes is that the first ones have been linked to a specific Fund, while usually the programmes are more differentiated and fragmented in terms of source of funding and areas of implementation. This difference appears not relevant anymore, since for example the UNICEF administers nowadays more than 200 trust funds open by single states, groups of them or private donors.

Both Funds and Programmes are to some extent dependent on the UN Secretary as well. In particular, this organ is the administrative branch of the UNGA and coordinates some important administrative and support central services.

On the contrary, connections between the governing bodies of the UN and the fifteen specialized agencies are more untied. In fact, these organizations are fully independent from the UNGA and are not necessarily bounded by the decision of the ECOSOC. They receive political inputs by their own representative organs (usually called General Assemblies or Conferences) and they are linked to the “institutional” part of the system through special protocols which includes the mandate and the activities of the Specialized agencies within the broader spectrum of the UN charter and prohibit the competition with the other UN system organizations. Specialised agencies born as the truly operative bodies of the system in the economic, social, cultural, educational, health and related fields. The majority of the Agencies born in the 60s' and 70s', in parallel with the quantitative growth of the system (UNIDO, UNESCO, etc.), others of the *International Labour Organization* and the *Universal Postal Union*- are older than the UN itself and chose later to join the system.

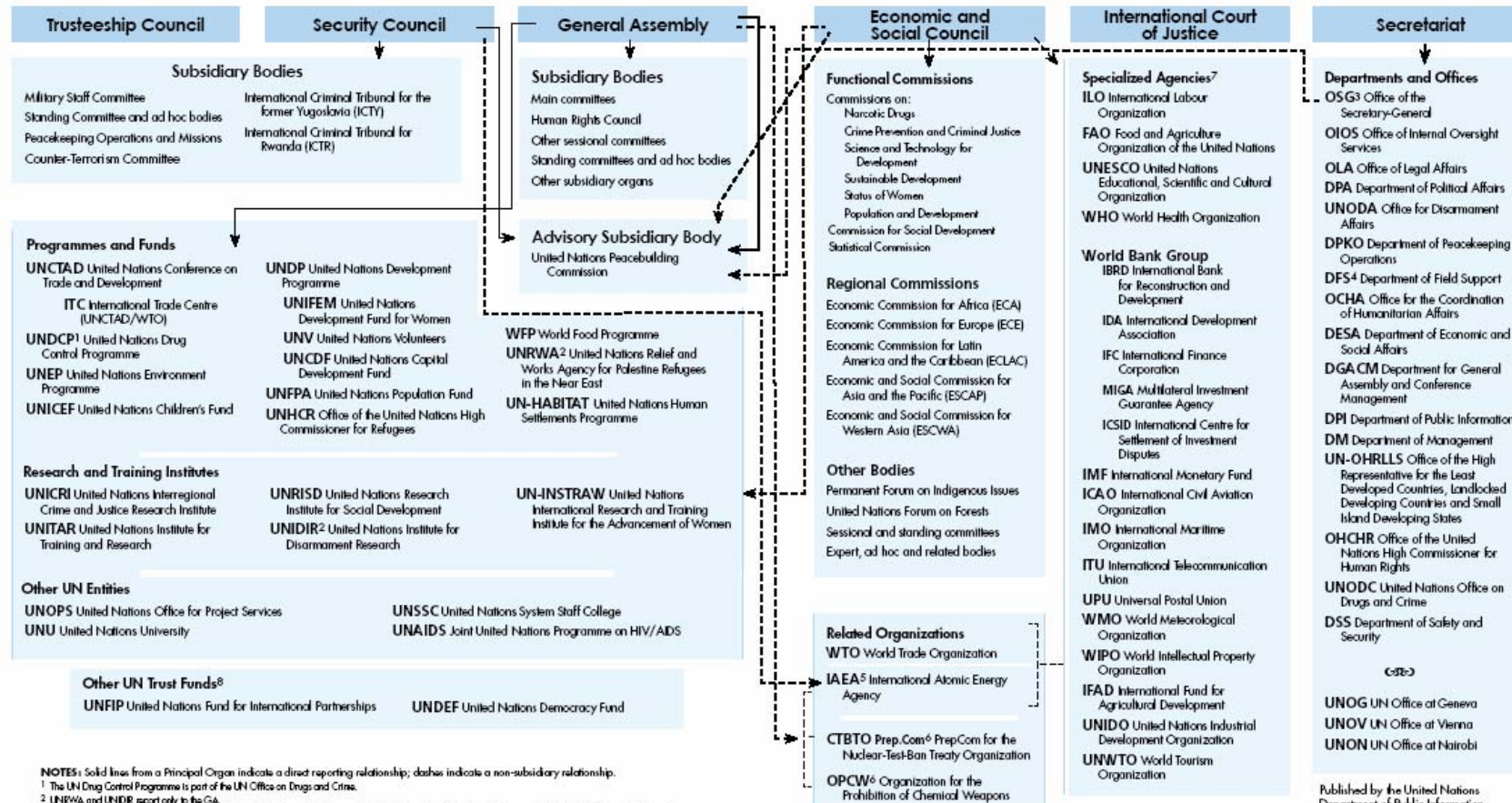
More in general, in most of the coordination and common policies there is a constant and significant tension between the institutional part of the system (UN, UN Secretariat, Funds and Programmes) and the Specialised Agencies; while the first one try to impose their role as leading and “core” part of the system, the second ones

struggle to demonstrate their programmatic and operational independency and their superior efficiency and effectiveness on the field.

Picture 1.1 shows the overall architecture of the UN system..

The United Nations System

Principal Organs



NOTES: Solid lines from a Principal Organ indicate a direct reporting relationship; dashes indicate a non-subsidiary relationship.
¹ The UN Drug Control Programme is part of the UN Office on Drugs and Crime.
² UNRWA and UNIDIR report only to the GA.
³ The United Nations Ethics Office, the United Nations Ombudsman's Office, and the Chief Information Technology Officer report directly to the Secretary-General.
⁴ In an exceptional arrangement, the Under-Secretary-General for Field Support reports directly to the Under-Secretary-General for Peacekeeping Operations.
⁵ IAEA reports to the Security Council and the General Assembly (GA).
⁶ The CTBTO Prep.Com and OPCW report to the GA.
⁷ Specialized agencies are autonomous organizations working with the UN and each other through the coordinating machinery of the ECOSOC at the intergovernmental level, and through the Chief Executive Board for coordination (CEB) at the inter-secretariat level.
⁸ UNFIP is an autonomous trust fund operating under the leadership of the United Nations Deputy Secretary-General. UNFIP's advisory board recommends funding proposals for approval by the Secretary-General.

Picture 1.1 The Architecture and Composition of the United Nations System

1.3.2 The Peculiar Nature of the United Nations Organizations

One of the main debates in the management literature and among practitioners deals with the necessity to tailor the managerial practices and tools around different kind of organisations.

Drawing from the relevant literature (Lee, Brewster 2003, 2004; Schneider, Barsoux, 2003; Bauer, Knill 2007) some of the main specificities of IOs relevant for the management practice design and implementation, which are explored further in the following paragraphs can be summarized as follows:

- International nature: UN organizations are truly international organisations, usually with no home base and with large proportions of their employees at Headquarters being expatriates to the country in which the HQ is located. The HQ is usually proper of the hosting country (i.e. the well known Swiss culture of the International Committee of the Red Cross) while the field is dominated at the grass root level by the local culture; the HQ is closer to the bureaucratic and political centres of power while the field has a more operative and practical and interventionist perspective (Box 1 offers some quantitative evidences of the underlined dynamics). Consequently, there is usually a lack of a consistent and unified organizational culture and there is the strong possibility to experience severe conflicts between the organizational cultures of an organization at the HQ and in the field.
- Peculiarity of the “mission” and absence of a single bottom line: IOs, as well as other public sector organizations, have not the profit maximisation as an objective; management of financial resources is critical but more as a mean than as an end. These organizations have broad missions concerned with alleviating hunger or poverty; providing medical support in times of crisis; controlling nuclear science; establishing internationally accepted rules, or a thousand other socially and ethically desirable purposes. This makes complex to define and to measure performances of the organizations as a whole and more complex to judge the contribution given to them by individuals and groups.
- Politically driven organisations: these organizations have a public character: they are either intergovernmental organisations, or publicly and visibly managed NGOs. The effect is that these organizations are -with a large or a small “P”- politically managed. Without the simple “bottom line” measure, even the balance of objectives

within these organizations is subject of political negotiation (Handy, 1988; Hind, 1995).

- Centrality of values: personnel operating in these organizations is motivated by ethical and moral values more than by money. The relevant presence of volunteers and of NGOs staff collaborating with the UN agencies in the field accentuate this character. The co-presence of professionals and volunteers may for example make more difficult the implementation of some managerial tools such as the result-based management.
- Clashes between political, professional and technical rationales: at the top level UN organizations are run by political personnel, representatives of their own countries' interests; at the same time, the day by day management is held by professionals and line managers whose mindset is grounded in the respective technical areas (healthcare, engineering, psychology, etc.). When it comes in particular to the technical personnel, a variety of distinctive professional cultures needs to be accommodated, managed and controlled. Yet it is not unusual for the imperatives associated with any one of these different professional cultures to be diametrically opposed to those exhibited by other professional cultures present in the organisation at the same time (Bruce, 1998). Distinctive professional cultures found in these organizations are those of a) professionals directly involved in service provision (medical, nursing, social welfare professionals); b) professionals associated with a marketing, fundraising, sales and public relations alignment; c) policy prescription experts (development professionals, policy analysts and campaigners) and d) professionals commonly associated with administrative and general management. It is common to find each of these distinctive professional cultures existing side by side within international organisations. The presence of these three distinct rationales and mindset can create problems since concretely there is not a clear hierarchy among them in the real management of the IOs.

BOX 1.1 – A quantitative analysis of the UN system staff

Tables 1-5 show the quantitative and qualitative profile of the United Nations System staff and is useful to understand the international nature of the IOs and its possible impacts on management practices (data from CEB Secretariat, 2005).

Staff by Location

Allocation	Headquarters	%	Other established	%	Projects	%	Total
Total	22295	41%	27733	51%	4351	8%	54379
Male	10319	37%	15060	54%	2510	9%	27889
Female	12185	46%	12450	47%	1854	7%	26490

Staff by Level

	General (Admin) staff	%	Professionals (P1-P5)	%	Directors (D1-D2, UG)	%	Total
Total	32291	60%	19781	36%	2307	4%	54379
Male	13817	49%	12265	44%	1807	7%	27889
Female	18474	70%	7516	29%	500	2%	26490
Expatriates	2260	7%	18199	92%	2099	91%	

Staff by Source of Funding

# Posts	Regular Budget	%	Extra-budgetary resources	%	Total
Posts	25015	46%	29364	54%	54379

Staff by Level and Years of Service

	Less 5 years	%	5-15 years	%	15-25 years	%	Over 25 years	%
Professional and Directors	9650	49%	7351	37%	3587	18%	1320	7%
General Staff	10552	33%	11727	36%	6876	21%	3165	10%

Staff by Nationality – Top 10 State Donors and Other OECD Members

Top 10 Donors	# Empl.
France	4052
United States	3999
UK	2437
Italy	2190
Canada	1518
Germany	1001
Russia	827
Japan	808
(Australia)	551
(China)	548

Other OECD Countries	# Empl.
Austria	1080
Developing Countries	# Empl.
Philippines	1488
Kenya	1442
India	1414
Ethiopia	1090

BOX 1.1 (continues)

The relative majority of UN staff (51%) is allocated in Regional and Country Offices other than in the HQ (41%); the rest of personnel is directly allocated in field projects (8%). Looking at the gender balance in terms of geographical allocation, it can be noticed that there is a relative prevalence of women in HQ and of men in decentralized offices and on projects. Here the percentage of "local" people tends to be much higher than in HQ, due to the direct involvement in service delivery. The more common situation in country offices and in the field projects is to have expatriates as project or programme manager (92% of professional and 91% of Directors are expatriates) and as professionals with the "local" people employed as general staff.

Under the professional qualification perspective, UN staff can be divided in three main categories: General Staff (assistants and administrative staff), Professionals (P1-P5 in relation to work experience, technical and professional experience and other parameters), and Directors (D1-D2-UG in relation to the position covered). There is a significant imbalance in favor of men in the higher positions of the organizations, while women cover General Staff positions in a higher percentage.

As far as the length of service is concerned, a high percentage of short term experience staff in particular among the Professionals (49% of people with less than 5 years of service), in particular in the lower positions (P1-P3) and in the field, while among the General Staff and the Directors, especially at the HQ, a longer average length of service can be noticed.

As previously mentioned, the low average length of service can be well explained by the escalation of the "extra-budgetary" resources, voluntary resources given by single or groups of member states for a limited amount of time for specific projects. The UN staff currently paid under voluntary contributions, which is in a higher percentage "local", allocated on the field and "temporary" hired (usually 2 years) is quantitatively higher than the staff permanently hired and paid with ordinary resources or "regular budget" (54% versus 46%).

The national origin of staff is the last parameter taken into consideration; surprisingly enough, there is not a significant direct relation between the amount of States' contribution and the nationality of staff: two over ten top donors of United Nations –Australia and China- have less than 700 representatives while three developing countries -Philippines, Kenya and India- have more than 1400 staff members. The most numerous national community is the French one (4052), followed by the one of the United States (3999). However, if we go a little deeper in the analysis, we will discover that the bulk of HR from developing countries are allocated in General Staff or low Professional positions in the field, while a relative majority of the developed countries employees fill up the General Staff position at HQ or the higher Professional positions in the field or at HQ.

To summarize the main characteristics, in HQ there is a prevalence of western and developed countries staff, in particular in the General and Administrative Staff positions, with a higher female presence. On average, HQ have a more experienced and technical/bureaucratic staff, highly multinational at the top levels (D1-D2-D3) with the co-presence of very dissimilar national culture in terms of power distance and uncertainty avoidance (i.e. UK and Italy) or in terms of managerial practices and attitudes toward management by objectives (i.e. US and France) .

The staff on the field is on average younger, with a higher incidence of men, more "local" at least at General Staff level, while the project management level is filled with expatriates; the majority of the temporary hired staff at the Professional level is located on the field, situation that creates a stronger link with the Region or Country of reference than with the HR or the organization itself.

1.3.3. Governance and Functioning of the United Nations System Organizations: Complementary Perspectives

The purpose of the present paragraph is to describe and analyze the main elements and features of the governance of IOs. For this purpose and in light of the strong multidisciplinary approach which characterizes the study of the IOs, we collect here the contribution of three main theoretic approaches, which can be used as complementary to explain the IOs' governance features: the agency theory perspective, the rationalist perspective, and the "public value" paradigm.

1.3.3.1. The Agency Theory Perspective

A first important contribution is given by the agency theory. The main elements of the governance system in IOs, with a specific consideration of the United Nations (UN) organisations; could be represented as in Picture 2 and explained as follows:

- A triadic relationship is in place among single member states, representative plenary Organs (General Assemblies or Conferences) and Executive Organs; states have direct access to the first organs, while there are peculiar appointment processes and rules for the second organs; the Representative Bodies -collecting the whole community of the member states- decide upon the general orientations of the organizations (economic resources, main areas of intervention), while the Executive Bodies –formed by a limited number of temporary appointed members chosen under different criteria- politically run the organization deciding the day by day strategies of the organization coherently with the general directives of the Representative Bodies. A "principal-agent" relationship is run, with the representative organs in the "principal" position and the executive organs in the "agent" one. In this perspective, the Executive Bodies have to be internally accountable for the actions performed and the results achieved within the autonomy conceded by the Representative Bodies.
- Not all the IOs have own Representative Bodies in relation to their member states' community; in particular, within the UN system Programmes and Funds depend collectively on the UN General Assembly, while Specialised Agencies have their own general assemblies.

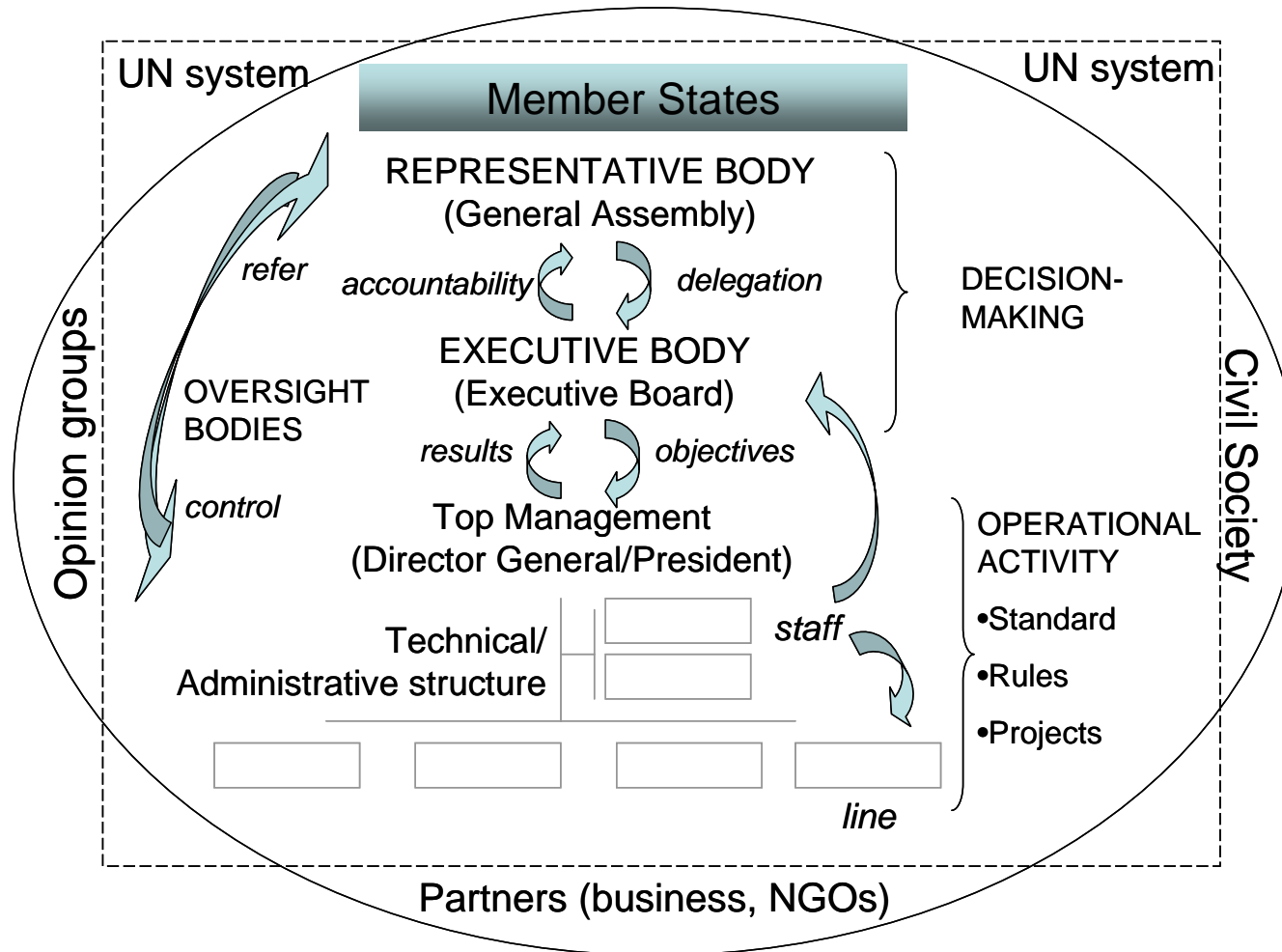
- Technical/administrative structures receive inputs -political objectives and directives- from the Executive Bodies and handle autonomously financial and human resources to manage the organizations on a day by day basis –regulations, technical proposals, administrative procedures, project planning and implementation-. The relation is usually supervised by the Executive Head -called Director Secretary General/President- who represents the technical structure as a whole in front of the Executive branch and plays a role of mediator or facilitator between the political and professional side; under the expectation of result achievement; given the nature of the IO activity, these results are often difficult to measure.
- The internal and external oversight bodies (auditors, evaluation bodies) operate in the interest of the community of member states, controlling the legitimacy of the executive and technical bodies' activity consistently with the organization constitutions and regulation and with the international law, and sometimes judging the efficiency, and effectiveness of the operations.

Even the external environment has an important role in shaping the institutional design and the actual functioning of the IOs; in particular:

- Inter-organizational relations influence decision-making and operations. In the example of the UN system, the organizations belonging to the system are more or less dependent from the institutional part of the system, composed by the General Assembly, the Economic and Social Council, the Security Council. The Specialised Agencies have a higher level of autonomy, their own Representative Bodies and do not have a direct hierarchical dependence on the central bodies of the UN. Funds and Programmes are on the contrary strictly dependent on the central bodies of the UN for internal regulations, strategic directives, monetary resources and doesn't have own Representative Bodies.
- Business organizations and NGOs play an important role at the “grassroot” level; as partners or “outsourtees” they play an important role in the project implementation, managing direct relationship with populations and institutional stakeholders in the field; as stakeholder represent significant transnational interests and can exert significant bargaining power over member states and IOs.

- Civil society and opinion groups play an important advocacy role, in particular in the situations where the IOs' activities are more visible to the media or specific enlarged consultative processes are incorporate in the organisations' decision making.

Picture 1.2. The GovernanceSystem in the IOs: the UN System Perspective. Adapted from Jacobson, 1984.



1.3.3.2. The Rationalist Perspective

A second, complementary contribution to the governance determinants' classification in IOs comes from the Rationalist theorists (Koremenos and others 2001). The Rational theory, grounded in the International Relations studies, tries to understand why organizations are what they are, in relation to behaviours and objectives of their constituencies and other relevant external issues (uncertainty, information asymmetry, etc.). In this perspective, differences in governance systems are not random, but the result of conscious States' choices tending to maximise their expected gains.

IOs are seen as rational responses to the problems international actors face and are important since they can facilitate or impede the achievement of states' objectives in trade, economic and social development. Within the IOs, nation states look to further their own goals in a cooperative way, when single states' expected gains are stronger enough to support cooperative arrangements. In this light, states put attention to the corporate governance design as elements shaping the political game played within IOs.

The present work does not take into account the relation between powers of the single/group of states and governance features, which is on the contrary the main objective of this theoretical framework, but uses the main governance variables in the IO environment identified by the rationalist summarised by **Table 1.1** as basis for a common understanding of the mechanisms regulating UN system organizations' functioning:

Table 1.1. The Corporate Governance Variables in IOs Environment with Particular Reference to the UN System Organizations. Adapted from Koremenos and Others 2001.

CORPORATE GOVERNANCE ELEMENT	OPERATIONALISATION
Centralisation	
	Institution VS Organisation
Decision Making Processes	
Voting Procedures	Simple/weighted voting
Decision Model	Consensus, unanimity, majority, veto powers
Control	
Directly Representative Organs	Existence of a plenary organ for the decision making ("General Conference")
Organisational Interdependence	Level of independence from other organizations of the system (Programmes and Funds VS Specialized Agencies)
Accessibility to Member States to Executive Bodies	Number, appointment and rotation of members in Executive Bodies
Power of Executive Organs	Executive Bodies' level of autonomy: - in decision making - in receiving extra-budgetary resources
Existence and Power of Oversight Bodies	Inspection powers on executives and technical bodies Appointing arrangements (election from representative body, rotation)
Flexibility	
	Organisation's charter/regulations: - room for institutional re-design - flexibility of the basic agreements the organization is administering
Stakeholder Management	
	Mechanisms for non state stakeholders participation in decision-making (NGOs, representative of beneficiary groups, companies, etc.) Mechanisms/bodies deputed to evaluate complaints by general people and interest groups affected by organisation's decisions

This theoretical perspective proposes a broader spectrum of governance variables to consider if compared with the agency theory. In particular, it proposes the centralization as one of the most important variables: Institutions, set of rules and agreements without centralised structure are opposed to Organizations, characterized by the presence of a formal (centralised) structure dedicated to international agreement management and service delivery. Decision making models are taken into consideration as well: simple

voting is opposed to the weighted mechanism -weights are usually attributed based on member's contribution capacity- and consensus building model – the most usual one, which means that decisions are taken in absence of opposition to a proposal, is opposed to unanimity (rarely used, especially for amendments to charters or basic agreements), which indicates the agreement by the totality of the members; under the veto power regulation single members holder of this power can individually block any collective decision of an organ.

The “control” and the “stakeholder management” dimensions mirror the variables considered by agency theory, while another peculiar element considered by the rationalists is the flexibility. This element may vary widely among organizations along two main dimensions: room left for institutional re-design in the basic texts constituting the organization (charter, regulations) and flexibility in the interpretation, management and amendment of the agreements and mandate of the organization. This is a really important characteristic since the mandate of IOs should have a dynamics consistent with the needs of the international community and the lack of flexibility can cause resistance and worsen the physiological “institutional inertia” of this kind of organizations.

1.3.3.3. The Public Value Perspective

A third interesting theoretical perspective to explore IOs governance mechanisms is the adoption of the “public value” paradigm (Moore, 2003). As **Picture 3** shows, a confrontational relation between politics and managements seems to dominate the corporate governance features of IOs. This relation could be represented as well in terms of juxtaposition between the intergovernmental representation system, negotiating and producing plans and programs of intervention and agreements and the managerial system, purchasing and using physical, financial and human resources to produce the expected output (material and immaterial services, public and individual goods) and ultimately determining outcomes and impacts on the reality.

As Moore suggests and several national authors pointed out in their works referred to domestic public sector organizations (Borgonovi 2005 who elaborates on, Meneguzzo, Rebora 1990, Mussari 1994 and Rebora 1999), the public value creation is given by a combination of:

- The quality of the political action, which determines sound political agreement to be implemented, or realistic programmes and plans of actions as a result of the

political representation and the negotiation done through the established decision making mechanisms;

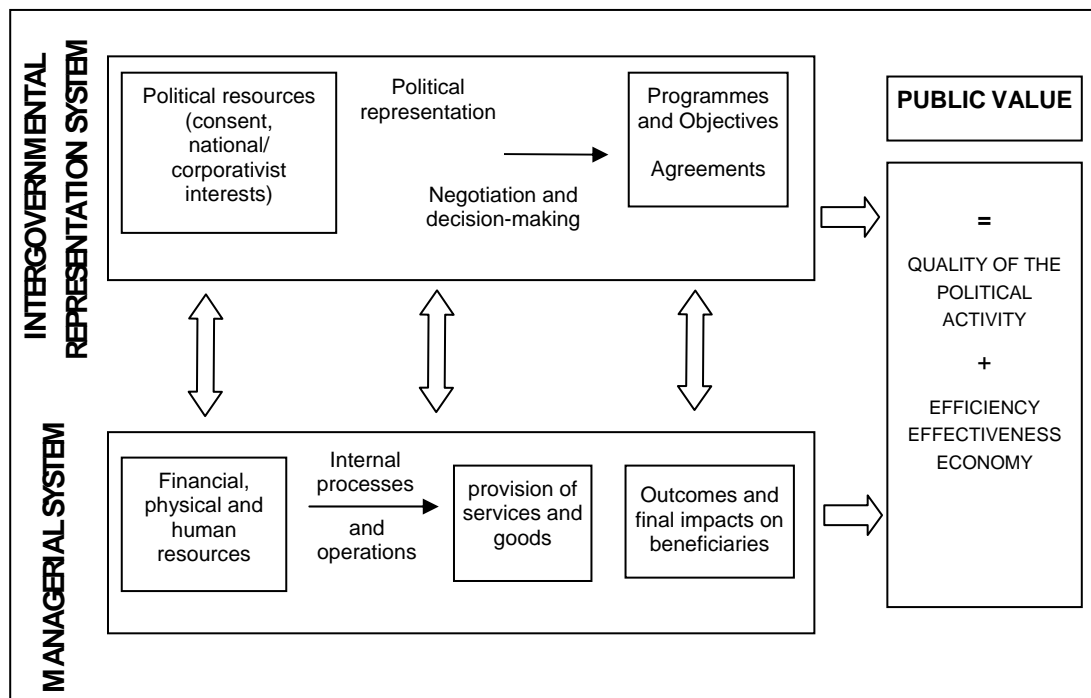
- The efficiency, effectiveness and economy of the operational processes the organizations are using to transform resources in goods and services.

Undoubtedly, an efficient service delivery is not sufficient without a sound political programming and planning, since the outputs will fail to address the intended outcomes. On the contrary, a qualitative political action not sustained by an efficient administrative machine and by effective processes and operation will waste public resources without producing results.

Bearing in mind that this framework has been adapted by studies on domestic governmental organizations, the transposition to the reality of the IOs should take into account and incorporate:

- The different constituencies and representative processes: domestic public sector organizations represent their citizens who delegated to them authority to perform public functions, while the constituent member states of the IOs do not accept a principle of delegation but simply of cooperation and the representative processes are auxiliary rather than exclusive. This difference influence the nature of the political negotiation processes involved in the intergovernmental “representation system”;
- The various mandates and operations of the IOS -technical cooperation projects, international agreements’ administration, studies and research, technical support for negotiation- which makes more difficult to measure efficiency (transformation of inputs into outputs) and effectiveness (inputs / outcomes) along the “managerial system”.

Picture 1.3. The Creation of Public Value between the Representation and the Managerial Systems in IOs.
Adapted from Rebora, 1999



Broadly speaking, putting together the contributions of the three mentioned complementary theoretical approaches, the governance system of IOs is characterized by the dichotomy between politics and management, where:

- Given the intrinsic political nature of IOs, management depends on the political decision making and the quality of political decisions taken is the first and main input to take into account;
- Political bodies act as principals, defining the scope of the management mandate;
- Political bodies are though extremely variable in terms of membership and orientations, while management is on average more stable and could impact more deeply on the organization.

Several authors contested the dual nature of the IOs (Mearsheimer, 1994), affirming the primacy of the political and representative system over the managerial one and the inexistence of an autonomous management of these IOs. On the contrary, a pre-condition of the present work is that some “room for management” does exist in these organizations and the real point does not consist in defining this space, but perhaps in using it.

Having analyzed in depth the approaches to study the IOs, the possible classifications and definitions involved in it, and having clarified our choice for the United Nations system as the object of observation, the next chapter will approach the phenomenon at the center of the present work, the managerial reforms in UN system with particular reference to the dynamics and motivating factors interesting accountability and transparency of UN organizations.

Chapter 2

Managerial Reforms and The Emergent Need of Accountability and Transparency

The present chapter gives a broad picture of the main objective of observation of this study. Reforming the United Nations has been a common rhetoric since the early eighties, and different elements have been touched ever since: governance and funding mechanisms, renewal of administrative functions (accounting, HR management, ICT, etc.) service delivery systems, accountability and transparency tools. The present chapter offers a logical and chronological overview of the different elements of the so called “managerial reforms” and focuses in particular on the significant and contents of the dynamics related to accountability and transparency issues. In particular, the chapter approaches the recent developments related to the transition towards the International Public Sector Accounting Standards, the strengthening of methodological consistency of budgets and reports to extra-budgetary resources donors among organizations and the advancements towards a result-based reporting model. The transition towards a result based reporting has been selected as objective of observation for our empirical investigation, since it represents the most important example of the transition from a “traditional” model of accountability –input and compliance based- to a proactive, anticipatory and performance-based model.

2.1. The Struggle for Reforming the United Nations: Governance and Managerial Reforms

Since the birth of the United Nations “System” there has been a continuous stream of suggestions for changes in several different aspects of the organisation’s mission, structure, financing or operations.

The reforms affecting the United Nations system in the past decades could be classified in two main streams:

- Governance reforms;
- Managerial reforms.

2.1.1 The Governance Reforms - Missing Opportunities and the Emergence of a New Order

The first element refers in particular to the reforms processes related to the decision making in the UN Security Council, the improvements and revisions of the structure and functioning of the General Assembly and the reform of the membership and tasks of the Fifth Committee (Administrative and Budgetary Committee)⁴.

It is possible to identify two main phases of the governance related reforms: the 1955-1989 phase and the post 1989 phase. In the first phase the reforms initiative focused on the overcoming of the Russian/US bi-polar system and on the blocked situation experienced by the Security Council, the second one focused on the search of a new role and operational capacity for the Council and the General Assembly. Several areas were touched in this phase of reform: mainly the changes were applied to the voting mechanisms of the UN Security Council. Also, new tools became active with the establishment of peacekeeping operations. These measures allowed the UN System to be more flexible and effective while facing the multiple difficulties of the Cold War. The other visible result of the first phase is the enlargement of the number of players involved –at least formally- in the decision making: enlargement of the membership of the Council to 15 members, improvement of the role of the fifth committee in deciding upon allocation of financial resources. These results showed their impacts in the following phase, where the global de-polarization made more relevant the difference between “north” and “south” (or between developed and developing countries) with the emergence of spontaneous aggregations of Developing Countries (the most famous experience is the “Group of 77” one) as opposed to the dominance of the Developed Countries (and specifically of the OECD countries). The numerical predominance of the developing countries posed significant problems to the Developed Countries, in particular within the General Assembly decision making and the developed countries started to ask for some compensatory mechanisms to take into account their contribution to the budget of the UN. Several proposals were made around the concept of weighted vote, recalling the mechanism traditionally in place in Development Banks such as the WB and IMF. These proposals culminated in the decision to put a ceiling on the contributions to the UN, traditionally based on a series of parameters linked to the GDP (in early 1990 the US Congress reiterated its decision to put a ceiling of 20% contribution on UN regular budget, between 5

⁴ For a comprehensive overview see De Guttery, Pagani 2005, chapter IV

and 7% below the due rate). The other proposed reforms haven't so far concretized and if on one side the observers noted the emergence of a "new order" based on the numerical preponderance of the developing countries in the UNGA, on the other side there is the perception of a disinvestment and loss of importance of the multilateralism in favour of a bilateral model of cooperation. One of the most significant data in this sense is the slow pace of the regular resources conceded to the UN system opposed to the steady increase of the voluntary resources given by single states for determined (and more directly controlled) projects.

2.1.2. Managerial Reforms in United Nations System Organizations

2.1.2.1. A Chronological Overview of the Managerial Reforms in UN system

For the large majority of the observers (for a review cfr. Geri, 2001), the reforms of the governance and decision making were largely inconclusive from the point of view of making politically more effective and proactive the UN system. In this sense, management reforms have been often criticized to be "auxiliary" and pushed forward in substitution of the governance ones, politically too difficult to negotiate and put in place.

The call for a more efficient, flexible and delivery oriented organizations became very pressing and repetitive from the 1980s, coinciding with the Reagan Administration in the United States of America, when administrative reforms were encouraged in order to increase the level of efficiency in UN institutions. The beginning of the long path of managerial reforms could be associated with the election, in 1997, of Kofi A. Annan as Secretary General and with the programmatic document "Renewing the United Nations: A Programme for Reform", which established the programme for reform that was intended to be followed in order to facilitate the change.

In this document, it was recognized and clearly stated that the UN organizations needed to be significantly reconfigured in order to better meet the needs of the international community. The idea was that changes could potentially improve administrative efficiency and therefore produce efficiency savings that could in the long run, have a positive impact on the United Nations' ultimate goal of "alleviating poverty and enhancing the prospects of developing countries" (United Nations, 1997). In order to allow the organization to act with greater unity of purpose, coherence of efforts and agility in responding to challenges it

seemed necessary to go through a radical phase of major transformation of the leadership and management structure.

The 1997 document is a comprehensive programme for a managerial reform of the UN guided by two fundamental principles (United Nations, 1997):

- Strengthening efficiency and effectiveness in resource allocation and use;
- Strengthening transparency and accountability under both an “internal” perspective (decentralisation, debureaucratisation and delegation of authority, stronger relations between representative, executive and operative bodies) and an “external” one (transparency, capacity to evaluate the UN activity, access to information for third parties).

The following phase of the UN managerial reform coincides with the document “An Agenda for Further Change” issued in 2002, where the SG tries to correct some trajectories of change and broaden the scope of the reform.

At the 2005 World Summit, the Secretary-General opined to Member States that it was time for “bold decisions” and submitted his report “In Larger Freedom”. On management reform in particular, and the World Summit Outcome Document the Secretary-General was requested “to submit proposals for implementing management reforms to the General Assembly for consideration and decision in the first quarter of 2006.” He subsequently did so in his March 2007 reform report “Investing in the United Nations: For a stronger organization worldwide”.

2.1.2.2. The Need of a Coordinated Approach to Managerial Reforms

It should be upfront clarified that managerial reforms in the “institutional” part of the UN system (*cf.* Chapter 1) directly involved the UN Secretariat and the main UN Funds and Programmes but had a significant impact on the managerial reform agenda of the rest of the UN system as well. For this reason, in the present paragraph we present the UN overall agenda for change as representative of the managerial reform contents in the On the other side, the change processes and dynamics were largely un-coordinated and reached different stages of development. It was in 2001, towards the Johannesburg meeting on the Millennium Development Goals (MDGs) that the need for a coordinated action towards the managerial reforms was perceived as vital for the success of the initiative at the system level. The Committee on Administrative and Budgetary Questions

(ACABQ) was then transformed into the Chief Executive Board for Coordination (CEB) with the mandate to promote and concretely support the advancement of managerial reforms in a coordinated fashion.

2.1.2.3 The Main Areas of the Managerial Reform in UN System

Over the last decade the UN system has undergone a significant shift towards a managerial model, which had been envisaged since the late 80s' (see Mathiason, 1987; Bertrand, 1988).

The managerial reforms of the United Nation systems are mainly grounded in the rhetoric of the New Public Management (NPM) (Pollit, Boukaert, 2000) and the related currents (i.e. Osborne, Gaebler, 1992). This paradigm describes the wave of public sector reforms that occurred around the world starting in the 1980s. This stream of reform was intended to make the public sector organizations able to provide goods and services at market conditions, without sacrificing the delivery of public value, through the institutional decision-making processes. Some of the common elements of the NPM paradigm identifiable in the UN managerial reforms are the following: downsizing and externalization of the service delivery, outsourcing of non-core operations, encouragement of competition for extra-budgetary financial resources by the main donors.

More precisely, taking into account the broad managerial reform movement in the UN system, it is possible to identify three main areas of intervention:

- Service delivering and partnerships;
- Management systems and organizational features;
- Accountability, oversight and transparency.

Service delivering and partnerships

In the first area of intervention the three main elements were taken into consideration:

- Restructuring of headquarter and field operations; UN organizations has always been struggling to make their intervention in field operations effective and efficient, such as the dismantling or reduction of these operations when needed (solution of an internal crisis). However, in the past decades the UN staff in the field seemed to grow incrementally and in a stratified way instead of smoothly transiting from one country of intervention to the next one. This is in part due to the historical policy to

hire locally and the rigidity of the contractual arrangements. The managerial reforms in this area encouraged the downsizing and the use of temporary contracts, mainly linked to the extra-budgetary resources given by the donors for single projects and hence inherently limited in time. On the headquarter side, some outsourcing and out-posting of administrative services exercises have been recently carried out. If the outsourcing of non core services (i.e. maintenance, IT services, etc.) does not seem particularly critical, the out posting exercises are attracting attention and critics. With out posting we identify a mechanism used to relocate a branch of the organization, usually the administrative one, away from the HQ, possibly in several regional hubs or in a new central hub. In the practical studies done for IOs on the subject advantages of this exercise are the possibility to lower the cost of labor, locating the administrative staff in developing countries, provide an increase in service levels through specialization, unified processes and leveraging the benefits offered by modern technology, including a force to accelerate necessary standardization, separate the administrative and support centres from the political ones (PricewaterhouseCoopers, 2006). Among the disadvantages, it should be included the complexity of the exchange between headquarters, administrative hub and field and the loss of an organic organizational culture. The most well known exercise in this area has been performed by UNHCR (for a comprehensive report on the change process cfr. UNHCR, 2006a and 2006b).

- Partnership with NGOs and implementing partners – in operative terms, in the UN system there are regulative and research organizations (such as UNEP), financial transferring organizations (i.e. IFAD, WB, IMF), whose function is to finance implementing agencies (i.e. UNDP) and implementing organizations (i.e. UNICEF, UNHCR, UNRWA). These organizations are competing more and more directly for resources with other non state actors, both NGOs, foundations (i.e. Ford Foundation and Gates Foundation) and philanthropic branches of business organizations. The official position of the UN implementing organizations is that their neutrality and public institutional nature differentiate and protect them from the competition with the other actors of the development sector, but at the same time they are also considering the selective strategic outsourcing as one of the opportunities for restructuring at the field level, gaining efficiency and better coordinate with the actors already present on the field. In this perspective it is very important to maintain, strengthen the quality of action and control over operation, since: *i)* the UN agencies

are ultimately responsible for the outcome delivery and *ii*) the conservation of their actual role in the “value chain” of the Development Sector depends on their capacity to control and deliver results (Scott - DFID, 2004). This trend is obviously more pronounced among the lending agencies (IFAD, World Bank), which for their very nature just monitor and supervise the development project they finance. For example, As of January 2004, about 1000 NGOs had been involved in IFAD-supported projects compared to 173 in 1993. The shift toward an indirect model of service delivery is as well noticeable in the implementing agencies: following a recent UN CEB statistics the financial transfers by the five “ex-COM” agencies has grown by 13% in the past years.

The other major initiative to transform the UN system in an open system is the “Global Compact” initiative, which can be synthetically explained as strategic partnership between UN, civil society and multinational business organizations to reach the MDGs ⁵. The Global Compact is not a regulatory instrument; it relies on public accountability, transparency and the enlightened self-interest of companies, labor and civil society to initiate and share substantive actions in pursuing the principles upon which the Global Compact is based. Through collective actions, the Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solutions to the challenges of Globalization.

It is probably too early to judge the concrete usefulness of this initiative as means to realize the community empowerment towards the MDGs, but the main risk lies in the fact that the participation of business and non governmental organizations is a CSR-image indirect marketing related strategy which takes advantage of the voluntary nature of the coalition.

⁵ It is a global voluntary network formed by private corporations that represents a framework for businesses committed to align their operations and strategies with the following 10 principles::

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. Businesses should be not complicit in human rights abuses;
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Businesses should support the elimination of all forms of forced and compulsory labour;
5. Businesses should support the effective abolition of child labour;
6. Business should promote the elimination of discrimination in respect of employment and occupation;
7. Businesses should support a precautionary approach to environmental challenges;
8. Businesses should undertake initiatives to promote greater environmental responsibility;
9. Businesses should encourage the development and diffusion of environmental-friendly technologies;
10. Businesses should work against corruption in all its forms.

- UN Coherence: “Delivery as One” and “One UN” initiative: one of the major criticisms to the UN system organizations in the last decade has been the proliferation and duplication of organizations with similar and competing mandates in the field. In 2005, a comprehensive study issued the UN High Level Panel on System Wide Coherence identified some way forward to unify and strengthen the capacity of action of the UN at the field level which has been identified with the “Delivery as One” principles. In the last years several initiatives have been undergone, among which it is worthwhile to mention the strengthening of the role of the UNDP resident coordinator for the development agencies⁶, the renewal of the mechanisms and practices of the Office for Coordination of Humanitarian Affairs, OCHA⁷; the new role of the High Level Committee on Programmes (HLCP) within the UNCEB in strengthening the consistency of the strategic planning of the implementing agencies and most of all the “One UN” initiative. This initiative started with the specific purpose to test in eight countries how the UN System could deliver in a more coordinated way at country level. The objective is to ensure faster and more effective development operations in order to accelerate progress to achieve the Millennium Development Goals by establishing a consolidated UN presence with one programme and one budgetary framework and an enhanced role of the UN Resident Coordinator while building on strengths and comparative advantages of the different entities of the UN family. The programme was launched in eight developing countries, namely: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Viet Nam, which voluntarily decided to become “One UN” pilots. During the next years, the eight countries will pilot different models to deliver as “One”, unifying development activities at country level, reducing the need of coordination within agencies at upper levels (mainly regional level) and, as a result, leading to considerable savings of resources, enhancing local participation in development programmes and boosting

⁶ The *UN Resident Coordinator System* is aimed at strengthening coordination among UN agencies, to achieve a better focus and enhance the impact of their activities at *country level*. With a separate budget and a specific work plan, this system promotes a multidisciplinary approach to the needs of recipient countries, under the leadership of the UN Resident Coordinator. The coordination of operational activities is based on the comparative advantages of each UN agency or programme in its area of expertise and includes sharing of information, joint planning for collaborative activities, common approaches to cross-cutting issues and harmonization of programme cycles. (see *UN Resident Coordinator System* at <http://www.un.ro/coordinator.html>).

⁷ OCHA carries out its coordination functions primarily through the Inter-Agency Standing Committee (IASC). Participants include all humanitarian partners, from UN agencies, funds and programmes to the Red Cross Movement and NGOs. The IASC ensures inter-agency decision-making in response to complex emergencies. These responses include needs assessments, consolidated appeals, field coordination arrangements and the development of humanitarian policies

the overall quality of operations. The initiative is managed by the United Nations Development Group (UNDG) created in 1997, to improve the effectiveness of UN activities at the country level, bringing together the operational agencies working on development⁸. Even if it is too early to express an opinion on these different initiatives, a significant effort to gain consistency through the adoption of common frameworks and interagency body's activity is visible; the main risk related to this strategy consists in adding a further layer of negotiation and bureaucracy to the functioning of the system instead of facilitating its consolidation and quantitative reduction.

- Peacekeeping, Peace-building, and Protection mechanisms: A High-Level Panel, chaired by Lakhdar Brahimi, conducted a comprehensive review of the UN's peace operations in 2000, what was to be later called the "Brahimi Report". This has also resulted in a major strengthening of the Organization's planning and staffing capacity, its rapid deployment capability and its ability to draw on the lessons learned from the large number of field missions deployed over the last 15 years. Concrete improvements include the ability to draw on pre-positioned "strategic deployment stocks" and the development of a capacity for training and deploying civilian police to the missions. The UN's operations in East Timor and Sierra Leone – commonly

⁸ The UNDG is an interagency body for coordination, originally formed by the so called "Ex-COM agencies" (UNDP, UNICEF, UNFPA, WFP) and now enlarged to 28 members (<http://www.undg.org/index.cfm?P=13>); UNDG develops policies and procedures that allow member agencies to work together, analyze country issues, plan support strategies, implement support programmes, monitor results and advocate for change. These initiatives are intended to increase the UN impact in helping countries to achieve the MDGs. Activities of the UN Development Group are managed by a number of sub-groups⁸, namely:

- The *UNDG Executive Committee*, which is formed by its "founding members" (UNICEF, UNFPA, WFP and UNDP). It focuses on reforming the work methods of the funds and programmes and manages the mechanisms of the UNDG;
- The *Support Group*, which is the forum through which all member organizations and observers contribute to preparing the UNDG programme of work and issues for UNDG decisions;
- The *Management Group*, which focuses its activities on improving the efficiency of the Resident Coordinator System⁸ and address the simplification and harmonization of programme procedures including preparation, approval, execution, and financing;
- The *Programme Group*, which develops policies, guidelines and procedures to improve the quality and effectiveness of UN Country Team programme collaboration, particularly in support of national efforts to implement the Millennium Declaration and achieve the Millennium Development Goals.
- The *Country Programme Support Group*, which monitors the implementation of UNDG programme policy, tools and procedures at country and regional levels. It also makes recommendations to the *UNDG Management* and *Programme* groups on strategic results, lessons learned and best practices for enhanced simplification and streamlining of UN programming, as determined by UN reform directives.

The main governing organ of the UNDG is the *Development Group Office (UNDGO)*, which is UNDG Secretariat. It works with member agencies to prepare issues, policies and guidelines for decision by the UNDG and its Executive Committee.

regarded as successful missions – have benefited from clearer mandates and better management systems and capacities.

Managerial functions and systems

The principles of the reform were translated into major changes, which involved all the main administrative functions (United Nations, 2002; Joint Inspection Unit, 1995, 1999):

- Procurement of Goods and Services;
- Human Resources Management;
- Information technology;
- Ethics and Internal Justice;
- Staff Security in field operations;
- Finance, Budget and Accountability Reforms.

In particular, HR management, IT management and finance and budget reforms can be seen as the most important ones in the perspective of contributing to the managerial theory and practice in a comparative fashion with the national civil service experiences (United Nations, 2007).

In this paragraph we will offer a brief review of the literature on managerial reforms in UN system in the first two areas, leaving for the next paragraph an in depth analysis of the reforms involving accountability issues.

The Human Resource management area. In the resource management areas, several studies have been intended to present the state of the art of the practices (Brewster, Ommeren and Farndale, 1999; Lee, Brewster, 2004), while other studies tried to understand the main differences of the HR management in IOs in comparisons with the reality of the business organizations (Brewster, Lee, 2006). In particular, these scholars point out that a contingency approach to HR management in IOs should be adopted to take into consideration the peculiar governance mechanisms, the difficulty to measure individual and team staff contribution to the end goals of the organization, the links between politic and managerial rationalities, the traditional rigidity given by the public nature of the organizations. This is as well the focus of the most recent empirical studies on the main areas of HR management reforms which interested the following areas:

- Proactive Workforce planning opposed to a reactive succession management; United Nations Secretariat is one of the pilot organizations in this area: at the central level, human resources department identifies the relevant profiles and workforce trends in the Secretariat matching them with the expected competencies and skills that the organization needs to face in the future challenges. Starting from this analysis, at the department level, managers realize and implement the so called HR action plans including two main elements: i) The development of the human resources within the department (succession of the present posts, profiles to hire/include, etc.) and ii) The implementation and customization of the HR tools. The main difficulty in this exercise is the formal nature of the succession and promotion process which limits the scope and the flexibility of the workforce planning exercise to formal succession processes for retirees (United Nations Secretary General, 2006);
- Balanced career development system opposed to a promotion-focused one; Opposite to the idea that career development corresponds with the obtainment of a series of salary increase and formal progressions in the organisational hierarchy, Career Development system should be composed by an integrated cycle of four main complementary components: Training, Performance Evaluation, Mobility and Promotion. Such a career development system enables determined career path and releases non monetary rewards (such as work flexibility, mobility and specific training) based on past performance, qualifications, attitudes and behaviours demonstrated by employees. World Trade Organization is one of the organizations trying to implement such a system, facing difficulties related to the staff culture, the unpreparedness of the supervisors and of the organization to facilitate the new career development system (Figuerola, 2005; Figuerola, Alesani, 2006);
- Sound employees performance evaluation system (PES) to effectively align behaviors to organization's objectives and strategies; several specialised agencies tried to implement such a system –i.e. World Trade Organization, International Labour Organization- experiencing difficulties related both to design and to the process of implementation of the PES. In the design of the system the main issues are related to the significance of the performance measures at the individual and staff level for administrative, financial transferring and research based organizations; to the risk of bureaucratization and disalignment with the field office operations of the PES, to the confusion between activity/process and performance

measures in non-implementing organizations, to the redundancy of the system. Process related issues are for example the unpreparedness and the lack of interests of the supervisors towards the system, the traditional predominance of technical skills over organizational and leadership behaviors and the automatic link with the salary and the compensation systems in highly political and bureaucratic contexts (Hennes, Joint Inspection Unit, 1995, United Nations, A/60/883, 2006).

- Internal and external mobility system to avoid the plateau effect⁹ and to motivate employees: Mobility in the broad sense it is a mechanism to facilitate the enrichment of working experience and employees' skills, in other functions within the same organization or the UN common system. Several organizations with relevant field operations (the so called "implementing agencies") are in the first line in this policy –UNICEF, UNHCR-, some of them enforced a mandatory "rotation", as internal mobility policy, between field and headquarter offices in order to promote the integration of staff and the development of a strong and unified organizational culture (UNHCR, 2006). The main difficulty the UN organizations are encountering in this area is to establish a real market for mobility and to include this element as career development choices parameter: mobility is starting to be appreciated at the operational and field level, even if is often seen as a punishment mechanism, people subject to mobility encounter difficulties in pursuing their career in their organization of origin and the high specialization of professionals profiles may limit the exchange mechanisms (CEB, 2005);
- Job grading system: In the UN family there are three main categories of posts, linked to progressive salary scales: i) general staff (GS), or administrative and support positions; ii) professionals (P) and iii) Directors. Under the traditional job grading system career advancements are linked to achievement of managerial positions (from P to D); significant efforts have been made to break this consequentiality, drawing specific career paths for excellent professionals, recognizing that excellent professionals could be paid more than managers and aligning salaries and treatments with the external market, and re-grouping the job categories in few broad-banded positions belonging to job families. The most relevant experience of this is represented by the Development Banks, outside the UN system, with particular reference to EBRD (Jugand, 2007), and to OECD

⁹ The so called plateau effect characterizes the mid career employees laying for several years in their positions looking for assuming managerial positions.

(Poels, 2007), while the UN system organizations are still in the vision phase of this change management process.

The Information Technology area. Drawing from the CEB approach to this area, the main developments of reform can be listed as follows: *i)* automatization of workflow through the implementation of the so called Enterprise Resource Planning (ERP) information management systems; *ii)* implementation of management information systems to support the decision making and *iii)* exploitation of the potentiality of the IT for development applications. In particular, the ERP systems are supposed to help the organizations to better control their administrative transactions (finance and accounting system, planning and budget, human capital management, payroll, procurement, asset and stock management, supply chain management, project management, travel management), to gain efficiency, make faster the administrative workload and empower the organizations' information management. From a survey realised in 2006 (CEB, 2006) the large majority of the UN organizations adopted the ERP system, with a differential approach in terms of modules and providers. The main difficulty so far seems related to the change management process involved in the adoption of the ERP, from a silo mentality to an integrated workload (2006 ERP Survey, business process experience paragraph) and to the need to make useful the adoption of the new systems in the managerial perspective. The main risk is related to the lack of customization of the IT system originally thought for business organizations, on one side, and the waste of the potentiality of these systems caused by the lack of preparedness of the organizations on the other side.

The IT for development applications are various and differentiated: e-justice, e-health, distance learning constitutes just few examples. This element of the reform is not strictly linked to the functioning of the organizations but rather to their effectiveness in terms of empowerment of beneficiary countries and communities. Several experiences and reports are available on this topic (United Nations, A/60/323, 2006).

2.2 The Emergence of Accountability and Transparency Issues in the Stream of Managerial Reforms

If these reforms were mainly intended to strengthen efficiency and effectiveness, the enhancement of transparency and accountability has been a major managerial reform trend as well. From the early eighties, the main stakeholders of the UN organizations and specifically the member states as main donors have been asking the United Nations organizations for a more anticipatory and proactive model of accountability, especially regarding the “public” and “performance related” accountability type directed to the constituencies’ community opposed to the one directed to single constituencies.

This request coincided with a severe crisis of legitimation of the multilateral system of development and technical cooperation with at its center the UN family. The visible sign of this crisis is demonstrated by the significant shift between regular and extra-budgetary resources, which in the last ten years double their percentage on the total resources, reaching 70% in 2003.

In this light, the accountability and transparency related reforms can be seen:

- On one side as a reaction to the lack of trust on the implementing agencies by their main constituencies and as an attempt to demonstrate that the multilateral system of cooperation could produce the expected results and that the single organizations are reliable on their results and sustainability;
- On the other side as regulator of the “competition” for the voluntary resources between UN system organizations.

On a complementary note, the accountability and transparency reforms could be seen as an attempt to adequate the languages and codes for external communication with the new roles and structures of the United Nations system. In the last decades the UN system and the development and cooperation sectors as a whole have been subject of an incremental complexification and enrichment. This inevitably shaped the environment of the development agencies, pushing forward the expectations and the information requests of donor organizations and suggesting an enrichment of the communication modules.

The three main aspects of the managerial reforms of UN linked to accountability and transparency can be listed as follows:

- Transition to accrual accounting and more precisely to the International Public Sector Accounting Standards;
- Coordination and revision of the extra-budgetary and voluntary activities' budget structure and presentation to the member states (transition to voluntary resources);
- Result-based budgeting and reporting (RBB and RBR), as part of a more comprehensive transition towards a result based management model (RBM).

These are three complementary aspects. The transition to IPSAS is expected to enrich the financial reporting system of the UN organizations with information regarding cost of the services, economic sustainability in the middle run, asset value towards the main external stakeholders –member states and other donors-. This is expected to support “externally” more informed decisions on regular financing of these organizations and “internally” a better financial management and information on costs of services as input for the RBM. The coordination of the extra-budgetary activities' budget structure is expected to improve the level of transparency in relation to the negotiation for the voluntary funding from state and non state donors and to guarantee a fair competition among agencies for these funds. The transition towards a result-based management model is expected to make more meaningful the communication with the main constituencies, strengthening their capacity to evaluate the organizations' effectiveness.

2.2.1 The Transition Towards The International Public Sector Accounting Standards

2.2.1.1 The Long Journey from UNSAS to IPSAS

United Nations system organizations have traditionally adopted a commitment accounting system without a homogeneous approach. This situation, traditionally justified with the peculiarities of the single organizations, progressively changed thanks to the call of the member states for a more transparent and homogeneous financial communication by the UN system organizations. In particular, the first significant step forward can be considered the adoption, in 1993, of a common body of accounting standards, called UNSAS (United Nations Accounting Standards). This body of principles, grounded in the commitment accounting with the co-presence of some elements typical of the accrual accounting –i.e. recognition of some categories of assets in the balance sheet, recognition of pension and other after retirement services liabilities- (UNAS, VII, 2006).

This was the first attempt to progressively and incrementally promote a homogenization of the UN system organizations accounts, without subverting the traditional and consolidated accounting systems (UN ACC, 2001). However, observers and practitioner pointed out that for their very nature the UNSAS were too loose to effectively promote the homogenization (WFP, 2005; Steccolini, Alesani, 2006): they for example left the organizations free to choose the interest rate between a monthly market rate, a yearly budgeted UN rate or a monthly rate fixed by the organization and they leave the option for asset evaluation between historical cost, replacement value or historical price¹⁰. These commentators also noticed the incompleteness of the transition towards the accrual accounting; for example, the UNAS do not request to account for asset depreciation, they allow organizations to expend important assets of implementing agencies such as machinery, inventories and vehicles and do not request the recognition of payables and receivables.

The critiques towards this regime were also accompanied by critiques towards the “modified cash” system: in a period where the central and local government organizations of the main developed nations and some of the other IOs adopted the full accrual system – i.e. EU, OECD- the fact that the UN system was still adopting the traditional public sector accounting system was seen as a lack of transparency and accountability towards the main constituencies. In this sense, the adoption of a full accrual system has been stimulated and provoked both by internal dissatisfaction with the homogenization process realized through the UNAS and with external pressure for a transition to the full accrual system.

From 2003 to 2006 the main UN system advisory bodies for administrative and financial matters discussed the adoption of the International Public Sector Accounting Standards, evaluating in particular the suitability of the new standards in relation to the peculiar operational and administrative nature of the UN system organizations.

The main doubts around the adequateness of the IPSAS principles were the following:

- Under the technical perspective, the problems related to the customization of the standards to the reality of the public sector organizations –i.e. presence of revenues from non-exchange transactions, peculiar nature of employee benefits, peculiar nature of asset ownership, concept of “asset control” in the implementing and financial transferring organizations, presentation of the financial statements and disclosure of resource allocation by destination-. IPSAS were derived by the IFRS

¹⁰ This should be put in context of the UN organizations asset management regimes, where several assets as buildings and lands are conceded for a symbolical value to the organizations.

(International Financial Reporting Standards) for the business organizations and at the time of the discussion upon their adoption these standards were still in the development phase; on the same page, some scholars observed that the IPSAS were born without a specific conceptual framework but just adapted the business organizations' one (Ellwood 2003; Chan 2004) falling short in interpreting public sector peculiarities and heading towards a commercialization of the adopting organizations' accounts.

- Under the administrative perspective, the adoption of a full accrual accounting system would have generated the need for significant additional administrative workload, mainly in relation to the notion of “control” –i.e. expenses for financial transferring organizations should be recognized only when the beneficiary organization expended the sum- and “ownership” –i.e. assets bought for project implementations (vehicles, machines, shelters) are property of the organizations after the project but they are often not managed maintained or even inventoried because “meant” to remain on the field,; other asset are usually not inventoried or evaluated-.
- Under the cultural and organizational perspective, the transition to accrual accounting generates the need of specific technical skills traditionally not present in the organizations, information management systems, and specific procedures.

2.2.1.2. The Adoption of IPSAS: Expected Benefits and Open Issues

In 2005, the interagency Task Force on Accounting Standards recommended the adoption of IPSAS. After the CEB Finance and Budget Network endorsement, the HLCM approved IPSAS adoption on 30 November 2005 and in 2006 the UNGA resolved to adopt the IPSAS (UNGA; 2006, A/RES/60/283). Under this resolution, all United Nations System organizations plan to adopt International Public Sector Accounting Standards (IPSAS) effective no later than 2010.

Determinants of this decision were: *i)* external political pressures by some national governments which had already undertaken the full accrual accounting reform; *ii)* the significant development of the body of IPSAS standards in the period 2002-2005 and *iii)* the acceptance of UN system representatives as members (with observatory status) of the IPSAS Board.

Benefits expected from the IPSAS adoption are both on the internal and external accountability. In particular, drawing on the consolidated literature on this topic the main

benefits can be summarized as follows (Anessi 2001, 2007; Anessi Steccolini 2005; FEE 2007):

- Better financial management:
 - Improvement of the asset management practices; organizations should be more sensitive to manage assets controlled and/or owned than when they directly expended them to the projects and activities;
 - Recognition of revenues and expenditures consistently with the project realizations and real utilization of the service/good, leading to a better control and project costs management;
 - Better financing of the organization in relation to the long term financial obligations of the organizations.

- Improved meaningfulness of the financial statements:
 - Recognition of the fair value of the organization's assets and the "net asset" as its economic value as a whole and as independent item of the accounts;
 - Recognition of the actual costs sustained by the organization for the delivery of its services and recognition of the real value of projects and activities realized in a certain period;
 - Recognition of the pressure on the current expenditures given by the increasing after service related expenditures;
 - Recognition of the liabilities accumulated yearly towards employees and collaborators;
 - Better understanding of the provisions needed to manage on a continuous base the organizations;

- Improved credibility of the accounts and confidence on them:
 - Alignment with the accounting system recently adopted by developed countries' governments and by other intergovernmental organizations, i.e. EU and OECD;
 - Possibility to audit and certify the financial statements under internationally recognized standards;
 - Actual homogenization of the accounts of the UN organizations as opposed to the incremental and unsatisfactory one realized by the UNSAS and the possibility to consolidate the UN system organizations accounts;

On the other hand, some main concerns regarding the achievement of the expected benefits can be drawn from the international literature on the accrual accounting system adoption for the domestic public sector organizations, from the experience of the implementing governmental organizations and from the IPSAS implementation processes (next paragraph).

A substantive body of literature (Guthrie and Johnson 1994, Monsen and Nasi 1998, Monsen 2002, Christiaens and Rommel 2006) suggests that the cash/commitment accounting is more in line with the proper ends of the public sector organizations bringing in a number of different reasons. Cash system is seen as in line with the authoritative resource allocation function of the accounting systems in this environment; cash accounting allows to better link resources allocated to specific purposes with expenses.

The misalignment between costs and expenses –which makes interesting accrual accounting under a cost management perspective- is not so relevant, especially for non implementing organizations, i.e. organizations working as political forums, research and financial transferring organizations; IOs have a limited amount of “exchange” transactions, typical of the business organizations.

Inconsistency should be noticed between some concepts of the accrual accounting, in particular financial provision for asset depreciation, and presence of financial transfers for specific capital expenses. Moreover, there is a risk of inadequacy of the accrual accounting financial statements structure in relation to the user needs of the constituencies’ (in this case member states’) representatives; more precisely, if the financial accounting statements show resource allocation by destination and areas of intervention, accrual accounting statements show this allocation by nature of the inputs/factors of production. Lack of usefulness of some of the basic concepts of the accrual accounting as “profit”, and of the main indices as liquidity and solidity indices, under the assumption that these concepts are linked willingness to pay of the member states more than on the actual current position of the IO.

On some of the “theoretical” points mentioned above a substantial body of literature states on the opposite direction: for example, the authoritative nature of financial resources allocation is not incompatible with the nature of the accrual accounting. The concept of profit does not apply but the need to preserve the organizations from economic losses is a condition of sustainability, expressing the balance between resources requested from the community of the member states and resources used by the organization in the fulfillment of its mandate. The “net asset value” is as well a significant element for IOs as residual

economic value of the organization as independent subject (for a complete reference of these arguments see Anessi, 2007)

Some other points seem to be particularly present in the current debates among the UN system professionals and commentators.

As first, accrual accounting system for its very nature requests suppositions and estimates and is potentially a richer object of manipulation. It re-presents a new language for the main constituencies of the UN organizations, who are still unprepared to catch the richness of the system and may interpret the use of some figures and mechanisms (depreciation, provision for accrued liabilities, provision for risks and eventualities) as an attempt to make less transparent the organizations' accounts and as an obstacle for the substantive homogenization of the UN system organizations' accounts.

Secondly, many financial management advantages of the transition to accrual accounting (i.e. better cost recognition and management) seem to be linked to the abandonment of cash system in favor of the full accrual system and to the development of management accounting systems in accrual accounting. This has not always been the case in the previous reforms of domestic public sector, where often the cash system continued to be the main form of registration and a parallel system of cash and accrual accounting has been maintained or the financial statements in accrual accounting were simply derived by the cash system.

In other words, the adoption of IPSAS do not guarantee by itself that the accrual accounting become the main form of accounting and the main language for management accounting; it requires a radical cultural change in managerial attitudes and to some extent managerial culture.

To this extent, another relevant issue currently at the stake is the adoption of an accrual budgeting model. This document is the main institutional tool for resource allocation used; for this document the observations that the cash accounting is in line with the ends of the public institutions and the information needs of the decision makers (financial resources allocated by destination/area of intervention) are particularly relevant. On the other hand, the consistency between budgeting and reporting is one of the most relevant success factors mentioned in the literature and in the practice of the accounting reforms (Anessi, Steccolini, 2005). The adoption of the accrual accounting is still under debate by the UN system representatives and different designs are at the study to preserve the "institutional" significance of the document (CEB, 2007).

A final concern regards the usefulness of the information provided by the accrual accounting in terms of costs and asset management: many organizations do not have significant service delivery processes nor significant productive assets: organizations such as WTO, UNEP, FAO, IFAD are research or financial transferring organizations and do not base their value creation on service or good production/distribution/delivery, contrarily to the so called implementing agencies (i.e. WFP, UNIDO, UNHCR). Still for these organizations a relevant benefit of the accrual accounting standards implementation may derive from: *i)* the information about the inputs “used” rather than “acquired” –some organizations tend to - and *ii)* from the financial transfers to NGOs and other implementing partners actually expended by the beneficiaries, as opposed to the received ones.

2.2.1.3. IPSAS Implementation by UN System Organizations: Technical and Political Processes

The decision of the UNGA to implement the IPSAS was bounded on the “need to further tailor and specify the IPSAS where needed”, meaning on the intention to identify specific UN system accounting policies to make IPSAS more tailored to the UN system organizations. In particular, the task force on IPSAS started in 2006 its work to produce guidance and policy papers on the various IPSAS principles and on some aspects non contemplated in the standards but integral part of the current accounting system of the UN organizations (i.e. fund accounting). In August 2007, the majority of the principles and accounting aspects were covered by specific papers issued by the CEB finance and budget network on a task force, where two main kind of papers have been released by the task force:

- “Accounting policies”, addressing explicit options within IPSAS. United Nations System organizations will be expected to comply with accounting policy decisions stated in these documents.
- “Authoritative guidance”, supporting organizations’ understanding of IPSAS. Authoritative guidance has an important role in supporting IPSAS compliance and system-wide consistency. They do not address options within standards, but explain what a standard means.

The accounting policies are in this sense a stronger tool to address the organizations towards a homogeneous behavior than the authoritative guidance. It is interesting to comment the merit of the choice between the two instruments operated by the UN system

organizations. On one side, the “softer” instrument is apparently being used where the different operational nature of the organizations impacts on the accounting policies and makes difficult or not advisable a unified approach to the accounting policy. On the other side, the differentiation mirrors the negotiation process undergone among the specialized agencies and their preferred options. An example could help to clarify this point: fund accounting is an element not contemplated by the IPSAS standards but clearly out of the principle of uniqueness of the enterprises encompassed in the principles. The result of the FB network negotiation was an authoritative guidance explaining the alternative ways to represent the accounts for the funds other than the main financial statements but without prohibiting the organizations to keep them in. As a matter of fact, some organizations mainly manage regular resources granted by the community of the member states for each biennium (ex. UN Secretariat). Other UN organizations, on the contrary, manage a significant number of funds and grants with resources given by donors and other constituencies and dedicated to special purposes and projects. For example, in 2003-2004 UNDP managed 216 different funds and the UNHCR quota of extra-budgetary resources represents the 96% of the organization’s total budget. To this extent, if for the first kind of organizations consolidating the results of the funds in a single statement and eliminating the statements for specific funds as integral part of the organization’s balance sheet would not cause any problem, for the second one this would mean changing dramatically the communication with the main constituencies and would impact on the very perception of the organization as a series of funds administered by a Secretariat instead of a unified organization managing its mandate on different grounds.

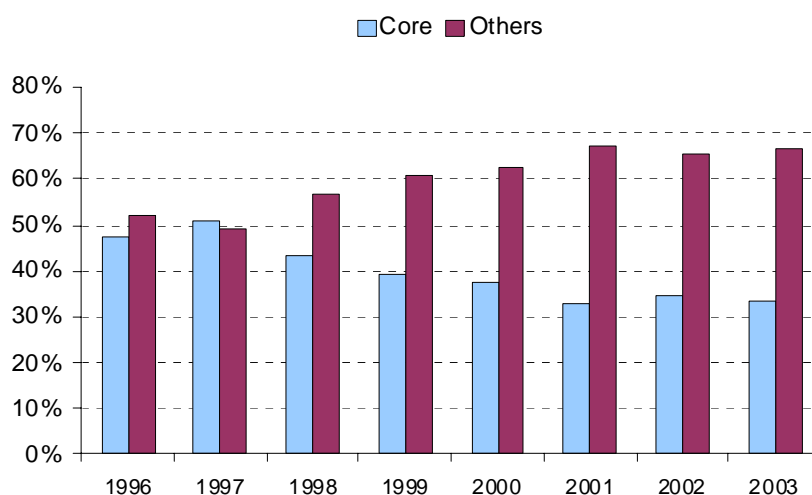
In the light of this example, the quality and of the guidance papers in operationalizing the IPSAS principles into the UN organizations’ specificities and their effectiveness in homogenizing policies and practices will contribute to qualifying the final result of the actual IPSAS implementation process.

2.2.2. The Harmonization of the Extra-Budgetary Projects' Documents

Financial resources of UN system organizations can be categorized in two broad classes: the budgetary resources (also called core or ordinary resources), approved by the UN General Assemblies and the extra-budgetary resources, which donors voluntarily concede to organizations for specific projects consistent with their mandate:

- Between biennium 1996-1997 and biennium 2004-2005 the extra-budgetary resources incremented on average by 21%, while the budgetary resources only by 9%;
- In relative terms, the percentage of “core” resources lowered from 48% resources in 1996 to 32% in 2003, while the “other” resources, including the extra-budgetary ones and the peacekeeping operations increased correspondingly from 52% to 68% (figure 2.1).

Figure 2.1 Shift in the Relative Percentage of “Core” and “Other” Economic Resources within the UN System. Source: UN Chief Executive Board for Coordination Website



This dynamic undoubtedly represents a shift from the multilateral system of cooperation and development, where the community of states decides upon strategies and allocation of

resources, to a bilateral model which directly involves the single donors and the implementing agencies.

In this context, in the past years donors and member states have often denounced the lack of transparency and consistency in these practices and policies, encouraged donors to look for what appeared to be the “best conditions in the market” to implement projects they want to fund. In this direction, often organizations played to lower the charges for indirect support costs, to make the organizations looking more efficient to donors. In the perspective of some organizations, this situation created an unfair competition on voluntary resources, not based on distinctive competencies of the organizations but on the ability and flexibility to manoeuvre their accounts, leading to a growing financial unsustainability. In fact, the rationale behind the recovery of a percentage of support and administrative costs through a percentage of the extrabudgetary project revenues lies on the fact that the central and regional services an organization often work to support the realization of extra-budgetary projects; the shift towards voluntary resources and the competition to lower the “project support cost recovery charges” (PSC rates) creates a pressure on the administrative and support costs financed by ordinary resources threatening the capacity of the organizations to realize the ordinary/core programmes.

Consequently, growing attention has been given by the coordination bodies to the homogenization of the budget proposals structure for voluntarily funded activities (the so-called “extra-budgetary activities”) and to the harmonization of UN system organizations’ policies on cost recovery for these activities.

In 2002, the Joint Inspection Unit report on “Support Costs related to Extra Budgetary Activities in Organizations of the United Nations System” reviewed policies and practices in this area. The report raised a number of issues, among which the multiplicity of budget structures and PSC rates among the UN organizations and the lack of harmonization of the principles upon which these rates are based-.

In response to the pressure placed on UN system organizations, various HLCM and UN Development Group (UNDG) working groups were activated between 2003 and 2007. A first result of this work has been the agreement on a broad level cost categorization and a set of cost recovery principles: direct costs, indirect variable costs and indirect fixed costs¹¹. Organizations agreed on the principle that direct costs are recoverable and should

¹¹ Three main cost categories were identified (CEB/2004/HLCM/8:

be charged directly to the projects; fixed indirect costs should be financed by regular/core resources (except for the organizations that do not have core resources); variable indirect costs should be totally recovered from extra-budgetary projects in one way or another, as a percentage rate or even as a cost component of the project direct costs (CEB/2005/HLCM/R.22).

In 2005, the UNDG management group agreed on a common support cost recovery rate (PSC) of 13%, with the possibility for certain projects to lower that at 7%, obtaining the consensus of the Excom agencies on Multi-Donors Trust Funds initiative but failing so far to align the organizations to that rate as a general behaviour.

There are two main lackages in the state of the art of this reform at 2007: on one side the agreed PSC rate policy has been originally decided and shared just among the organizations belonging to the UNDG, on the other side, they were based on a broad cost categorization without a common understanding on what type of costs belonged to what category. This made impossible both a common and shared identification of the costs behind the PSC rates and an homogeneous structure of the budget proposals for extra-budgetary activities.

A new working group has been created in 2007 with the mandate to further explore the cost classification practices of the UN organizations, to discuss the main differences and homogenization issues and to produce ad hoc guidelines. In particular:

- Guidelines on cost classification and cost accounting methodologies related to PSC calculation - drawing from the analysis of the state of the art and the existing differences between organizations the working group could try to find a convergence on practices related to classification of costs as direct costs or indirect

-
- Direct Costs are incurred for and can be traced in full to an organization's activities, projects and programmes in fulfilment of its mandate. Included are costs of project personnel, equipment, project premises, travel and any other input necessary to achieve the results and objectives set out in programmes and projects.
 - Fixed Indirect Costs are incurred by the organization, regardless of the scope and level of its activities, which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include the top management of an organization, its corporate costs and statutory bodies not related to service provision.
 - Variable Indirect Costs, usually referred to as Programme Support Costs, are incurred by the organization as a function and in support of its activities, projects and programmes, and cannot be traced unequivocally to specific activities, project or programmes. These costs typically include service and administrative units, as well as their related system and operating costs.

variable costs and should try to identify a common approach to calculate the PSC rates starting from the quantification of IVC and DC;

- Guidelines on extra-budgetary activities budget structure, to ensure an overall consistency between the organizations on the categories of costs considered as direct costs of the XB activity and the categories considered as “lumped in” the PSC rate – of course this is a sensible issue and we could aspire to have a list of costs by nature classified as “direct” and a list of them classified as “indirect” and a list of conditions to consider as “direct” or “Indirect” the most controversial ones (cfr. Results of table 2a).

2.2.3 The Transition Towards a Result Based Management and Reporting Model

The transition towards RBM indicates a broad branch of managerial reform grounded in the NPM principles and paradigms and intended to improve management capacity and to align individual and team behaviours towards efficiency and effectiveness; this is done through the identification and monitoring of logical frameworks setting final goals, expected results and meaningful strategies to realize them, tailored for the implementing organizations and their internal environment. These frameworks are extensively used in decision making and in particular in resource allocation and human resource management decision¹².

The UN system organizations progressively introduced RBM tools and systems from the mid nineties. Some of the main characteristics underlined by the empirical studies in this area can be summarized as follows (Mitzutani, 2004; CEB, 2007¹³):

- Development of ad hoc logical frameworks stimulated a reflection by the single organizations on their positioning and contribution potential towards the achievement of common strategic objectives represented by the Millennium Development Goals.
- Fragmented and not systematic adoption of the RBM model; RBM is intended to be a continuous cycle of managerial learning and improvement, where performance measures are constantly refined and targets are progressively tailored to the needs of the organizations and where commitment towards the achievement of results is stimulated through proper management of incentives and internal communication process.

¹² Drawing from a review of studies and practices issued by OECD in 1999, key elements of RBM include:

- Identifying clear and measurable objectives (results), with the aid of conceptual frameworks tailored for the mandates and mission of the organizations;
- Selecting indicators that would be used to measure progress towards each objective;
- Setting explicit targets for each indicator, used to judge performance;
- Developing performance monitoring systems to collect data on actual results on a regular basis;
- Analyzing and reporting actual results vis-a-vis the targets;
- Integrating evaluations to provide complementary performance information not readily available from performance monitoring systems;
- Using performance information for internal management learning and decision making and for external reporting.

¹³ The work done by Mitzutani, incorporated in a Joint Inspection Unit report is an early exercise exploring the RBM practices of the United Nations Organizations. The Finance and Budget Network of the United Nations CEB started in 2006 a Community of Practices in RBM; one of the first activities of the Community has been the realization of the survey on the state of the art of the RBM of the participant organizations – ILO; UNESCO; ICAO; WHO; ITU; WIPO; IFAD; UNIDO; IAEA; UNDP; UNOPS; UNFPA; UNRWA; UNHCR; UNEP; WFP; UN-ESCAP; UN-HABITAT-. The synthesis is taken from the main points of this second work, and some comparative analyses are realized with the earlier study.

- Focus on specific tools rather than on the RBM process at large, in particular on the budgeting side. The abandonment of an input budget and the adoption of the programme and results-based budgeting has been chronologically speaking the first meaningful step towards the RBM model; RBB is supposed to provide a more meaningful allocation of resources and responsabilization of management on significant programme items and allows the organization to link monetary resources to quantifiable objectives;
- Need to further develop the performance measurement system both in the designing phase –ability to tailor target measures in relation to the adopted logical frameworks and to adopt a relevant and non-redundant set of measures both at the field/operational level and at the corporate level- and in the implementation phase – capacity to monitor and report on the results on a regular base with a sustainable workload-. For this reason, the introduction of the results-based reporting (RBR) happened more recently and the majority of the UN organizations began to produce these documents between 2000 and 2002;
- On the management information systems perspective, significant improvements are expected from the adoption of the accrual accounting systems and the ERP systems, in order to add meaningful information on cost of activities and services (efficiency perspective) and to make easier the monitoring phase;
- Lack of precise organizational collocation for units in charge of managing and feeding the information system behind the RBM tools and consequent lack of proper internal recognition for the RBM function, coupled with the progressive but still limited buy-in of the system by the line managers;
- Embryonic design of the links between RBM and the system of incentives and in particular lack of meaningful link between performance measures in RBM, employees performance evaluation systems and consequent monetary compensation policies.

Focusing the attention on the main tool of the RBM model, the result-based reporting represents a shift in the model of accountability used by the UN organizations which can be analysed both under an “internal” and an “external” perspective.

Under the “internal” perspective, a shift is envisaged from a “traditional” to a “performance-based” model of accountability, involving the evolution from bureaucratic to managerial controls. In other words, the responsibility for compliance -involving enforcement of rules,

formal legitimacy and inspective control- has to be replaced with a professional and anticipatory accountability, related to pro-active initiatives, capacity to pursue organisation outcomes and to act within an adaptive context, where the control function is shaped as a guide, rather than an inspection (Joint Inspection Unit, 1993; Abraszewski and others, 1995).

In the new model, accountability essentially means responsibility to someone for ones' actions taken and results obtained: this refers to the responsibility of international civil servants to executive heads and to governing bodies and the latter's responsibility in turn to member States and citizens. Obviously, the new model of accountability needs mechanisms to enforce the principle of responsibility, such as delegation of authority, flexibility of procedures and organisation processes, information systems supporting decision-making and management control, renewed competencies and attitudes by internal oversight services, effective programming and feed-back mechanisms, explicit mechanisms for evaluating resources and objectives. In this sense, organizations have adopted differentiated approaches and tools (Joint Inspection Unit, 1999).

Under the "external" perspective, the reform aims at addressing the issue of weak connections among planning, programming, monitoring and evaluating phases, which affect the traditional external accountability of UN organisations. The reform requires organizations to design and implement a clear "accountability cycle", where: *i)* member States in representative bodies focus primarily on setting measurable and time-bound goals, objectives and targets for the organization; *ii)* executive bodies ensure that the established goals and objectives are translated into effective programmes and activities and that resources are used efficiently for those purposes; *iii)* oversight bodies, both internal and external, satisfy member States' information needs, while observing their respective mandates; *iv)* technical structures give a comprehensive reporting on discretionary resource allocation, financial performance and goals reached, coherently with the strategic framework built up, activating feed-back mechanisms from the executive and representative bodies.

Consequently, UN organizations have in the last few years reviewed the entire programming and reporting cycle, with the following trends:

- Development of strategic frameworks embedded in medium-long term strategic plans (3 to 7 years), in which organizations fix the expected outcomes in relation to the Millennium Development Goals, common targets for the UN system;

- Evolution from an input-based budget to a result-oriented budget, which requests a radical change of the structure of financial statements (the appropriations are expressed by programmes and objectives rather than by the nature of economic factors) and a set of non-financial objectives operationalising the expected results of the organisation;
- Development of a comprehensive reporting disclosing financial and non-financial performances.

So far, the result based reporting may be considered the best example of the “anticipatory” accountability model envisaged by the managerial reform of the UN system. Professionals and constituencies demonstrated to appreciate this new tool; in the recent years specific guidelines have been developed for result based budgeting and reporting (RBB, RBR) in UN system¹⁴ in relation to the specificity of the organizational goals, the measurability of the results and the capacity to adapt the consolidated organizational culture. The donors’ community as well recently developed interest towards these practices and started to link their funding to the level of transparency and accountability, often considered as one of the proxies of the agency’s effectiveness¹⁵.

For the mentioned reasons, we adopt the RBR as objective of our empirical study on factors impacting on performance accountability of UN system organizations, which will be developed in the rest of the present work.

¹⁴ For further reference see for example CEB (2005).

¹⁵ For example, the British Department for Foreign Interests (DFIF) developed a specific methodology to rate the development agencies’ effectiveness including the meaningfulness of the RBR as one of the main determinants: cfr. Scott A. (2005).

Chapter 3

Factors Affecting Accountability: Development of the Hypotheses from Contingency and Legitimacy Theory Perspectives

In the present chapter, we look for the identification of the relevant theoretical paradigms which can be used to explain the differences in the level of accountability of the IOs. The chapter proposes first a brief review of the relevant literature on the theoretical approaches, two related theoretical perspective, the contingency and the legitimacy theories are then adopted. These approaches have been traditionally considered as opposite or mutually exclusive, but the chapter points out the possibility so see them to some extent as complementary and to some extent alternative in terms of assumptions and rationales, mutually enriching the possible explanations for accountability trends.

The two theories are analyzed in their logical and chronological development, their main criticisms are explained and the application to accounting clarified. The main findings of the literature drawn by the two theories are then used to develop a series of hypotheses regarding the factors influencing the IOs accountability both in terms of identification of the relevant influencing variables and of the direct or reverse relation between these and the level of accountability.

3.1 Theoretical Approaches to Accountability

3.1.1. Theoretical Approaches to Accountability: an Overview

Several rationales have been suggested to explain the level of transparency, accountability and disclosure of the enterprise. The main rationales taken into consideration in this study are decision usefulness, positive accounting theory, political economy theory, stakeholder theory, contingency theory and legitimacy theory. These frameworks are often strictly interrelated and complementary.

The decision usefulness approach refers to a huge body of literature (see Gray and others, 1995 for a review) which deals, from both a positive and a normative point of view, with the importance attributed by users to reporting information and in relation with their decision-making. In this sense, reporting contents and presentation depend on the managerial perceptions of the main recipients' needs. As extension of this postulate, the contents of financial reporting are also set in relation to the capacity of the recipients to understand different levels of information in a continuum between technical and non technical information.

The positive accounting approach (Watts and Zimmerman, 1978) develops a theory of the determination of accounting standards by studying lobbying behavior based on the assumption that self-interested managers will maximize a company's wealth; an extension of this approach suggests that disclosure may be used by managers to pursue their own wealth interests and it is hence related to the agency theory (for an analysis and critique, see Milne and Patten, 2002).

According to the political economy of accounting approach, corporate disclosure can be designed to set the agenda and to mediate, mystify and shape the world (for instance, see Woodward and others, 2001). In this view, grounded on the notion of class contrasts, management uses accounting as a language to shape the desired image of the exchanges between the organization and its environment, in order to manipulate the political and economic agenda and to make the relevant interest converging on the company.

Stakeholder theory (Freeman, 1984) is based on the idea that each company has a large number of counterparts, in addition to its shareholders. If this assumption holds, it is necessary to supply information to all these stakeholders, and to enlarge the functions of the company and corporate stewardship beyond its focus on shareholders (see Roberts, 1992 for a review). In this sense, accountability features will be design in such a way to

maximize the expected contribution to the realization of its mission obtainable by the company in the relations with each relevant stakeholder category. In that, links with decision usefulness are quite visible. Consequently, the analysis of the information that the various stakeholder categories expect to find in organizations' reporting and their impact on the content of relations with the organizations constitutes the basis for the design of the reporting contents.

Legitimacy theory (Dowling & Pfeffer, 1975) is based on the idea that, in order to continue operating successfully, enterprises must act within the bounds of what society identifies as socially acceptable behavior (Richardson, 1997). This implies that a corporation will want its 'social' activities and impacts, at least, to appear (partly by means of disclosure) to be consistent with what society regards as appropriate and acceptable, so that they can be considered legitimate, thus enabling them to continue operating successfully (Davidson, 1991; Guthrie & Parker, 1989). Contingency theory is based upon the assumption that organizations adapt their structures and systems to face the contingencies that their external environment poses to them (Chandler, 1962). Accounting is one of these systems and as such its main features tend to adapt to the relevant elements of the environment – societal variables, stability and competitiveness of the environment; technology and industry, user characteristics and other sources of information, organizational attributes both “structural” (i.e. centralization) and “soft” (i.e. culture, nationality, leadership style) to maximize the impact on the performances of the enterprise (Thomas, 1991).

3.1.2. Relations Between the Relevant Theories - Contingency and Legitimacy as Complementary Approaches to Accountability

The last two theories are the most used in the managerial literature to interpret accountability trends; in particular within the literature dealing with the variables affecting organizational reporting (Merchant, 1981, 1984, Chenhall, 1994, O'Donovan, 2002, Thomas, 1999, Adams, 2002), contingency and legitimacy theories represent two of the main theoretical approaches adopted or tested. As the theoretical literature explains (Deegan 2002), these theories are strictly related as well. They both refer to the political economy view of the enterprise and they belong to the so called system-oriented theories.

System-oriented view of the organization permits to focus on the role of information (disclosure) and organizational systems in determining the relationships between

enterprises and its environment (Gray, 1996, Maurer and others, 1997). Within a system oriented perspective, the entity is assumed to be influenced by, and in turn to have influence upon, the society in which it operates. The perspective embraced in political economy theory and in all system oriented approaches is that society, politics and economics are inseparable and economic issues cannot be meaningfully investigated in the absence of considerations about the political, social and institutional framework in which the economic activity takes place. In particular, under these approaches, accounting reports are social, political and economic documents. They serve as a tool for constructing, sustaining and legitimizing economic and political arrangements, institutions and ideological themes for a pluralistic set of report recipients.

If we take into consideration the stakeholder approach as a "descriptive" framework - organizations are trying to maximize the relations with their relevant stakeholders, controlling core resources for the organizations, through managerial actions (such as disclosure) in order to survive-, stakeholder approach could be considered the logical bridge between legitimacy and contingency theory. Under the legitimacy approach, managers have an incentive to disclose information about their various programmes and initiatives to particular stakeholders (operationalizing the "society at large" stakeholder category) to indicate that they are conforming to the stakeholders' expectations to gain resources of legitimacy. Under a contingent point of view, relevant stakeholders shape and define the environment of an enterprise; in turn, the organization adapts the main features of its disclosure to fit with their interests, capabilities and needs and organizational complexity and activity; the fit with the environment ensure the survival of the enterprise.

Consequently, legitimacy and contingency theories gives interrelated but complementary explanation of the accountability.

On the legitimacy side the accountability is a tool to maximize and make up for the societal requests of a larger transparency and to avoid critics and legitimacy crises. Organizations hence put in action exogenous and often "cosmetic" adaptation strategies to constantly supply the legitimating resource. On the contingency side, this comes as "rational" adaptation of the accounting systems to more complex and competitive environment, requesting a larger disclosure and transparency, a more accurate accountability, a finer control.

Because there is a deal of overlap between these two theories, and because they can provide slightly different and useful insights, there has been a move by some researchers

to use more than one theory to provide an explanation for managerial actions (i.e. Fiedler and Geegan, 2002).

This is the analytical approach we will undertake in the present work, combining the main assumptions and statements of the theories to develop our hypothesis regarding the main factors affecting accountability in UN system environment.

3.2. The Contingency Theory

3.2.1 Overview of the Theory and Applications by International Literature

3.2.1.1. The Paradigm

The contingency theory approach to the study of organizations developed beginning in the 1950's as a response to prior theories of management -from Scientific Management to the Human Relations movement to the Human Resources movement- that, despite their diversity, commonly emphasized "one best way to organize.

This approach is summarized by Szilagyi and Wallace (1980):

"The contingency approach attempts to understand the interrelationships within and among organizational subsystems as well as between the organizational systems as an entity and its environments. It emphasizes the multivariate nature of organizations and attempts to interpret and understand how they operate under varying conditions ..."

Contingency theory has been developed in accordance with the open system theory, by which an enterprise interacts with, adapts to and seek to control its environment in order to survive and reach its goals. In particular, contingency theory postulates that the effectiveness of the organization in coping with the demands of its environment is contingent upon the elements of its various subsystems being designed in accordance with the demands of the environment which they interact with (Burrell and Morgan, 1979).

The ability of an organization to implement, maintain and develop its subsystem accordingly with the "contingent" elements of its specific environment influences its ability to perform. Hence, the influencing variables, or "contingencies", identified by the contingency theorists are expected to affect organizational performance to the extent that the design and implementation of the organization structure and subsystems (strategy, accounting, HR management tools) fit with the identified contingencies.

To this extent, several early studies attempted to operationalize and measure these influencing variables and determine their effects on performance. Seminal studies were done by researchers such as Lawrence and Lorsch 1967 (influence of the environment on organizational integration and differentiation), Burns and Stalker 1961 (influence of environment on organization structure), and Woodward 1965 (influence of the technology on organizational structure).

There are a number of important assumptions in the contingency approach, some explicitly stated and others left implicit. Some of the important ones are listed in summary form below.

- Fit. The better the fit among contingent factors (e.g. technology and organizational structure) and between them and the external environment determines, the better the performance of the organization. Performance is generally defined as a function of financial variables such as return on investment, profit or net wealth;
- Rationality. Organizational actors perform in ways that are always in concert with the Super-ordinate goal of organizational effectiveness. As a consequence, there is always goal consensus among decision makers within an organization;
- Situational determinism. For example, the environment is given and managers and thus organizations cannot influence it;
- Deterministic models. Clear causal inference is often made;
- Cross-sectional and non-historical empirical methods. Contingency theory applications use longitudinal studies strictly limited in time to demonstrate the envisaged relations;
- Linear model of contingency variables. Most contingency studies rely on statistical methods which are based on the general linear model, e.g., regression.

3.2.1.2 The Concept of Fit

The concept of fit is perhaps the most important theoretical assumption of the theory and its operationalization and application one of the most sensible elements; it should therefore be explored further. Drawing by the relevant literature (for a comprehensive review see Gerdin, Greve, 2003) many different forms of fit have been used in different streams of the theory. To explore these differences is important to understand the richness of the theory but at the same time its inherent diversity.

A first distinction is made between a *Cartesian* approach and a *Configuration* approach. This division originates from the debate between advocates of a traditional “structural contingency theory” and their critics. The traditionalists argue that fit between context and structure is a continuum that allows frequent, small movements by organizations from one state of fit to another (see e.g. Donaldson, 1996). By contrast, analysts advocating a Configuration approach hold that there are only a few states of fit between context and structure, with organizations having to make “quantum jumps” from one state of fit to another (Meyer and others, 1993; Otley, 1980 and Mintzberg, 1983).

The next distinction derives from Drazin and Van de Ven's (1985) division between a *Congruence* approach and a *Contingency* approach. The former assumes that only the best-performing organizations survive and therefore can be observed. Hence, the research task explores the nature of context-structure relationships without examining whether they affect performance. Under a Contingency approach, it is assumed that organizations may have varying degrees of fit. Thus, the researcher must show that a higher degree of fit is associated with better performance. In other words, fit is understood as a positive impact on performance due to certain combinations of context and structure. Accordingly, high performing as well as low performing firms do exist as a result of more or less successful combinations of context and structure (or by extension, organizational subsystems).

A further distinction in the concept of fit is between *Moderation* and *Mediation* (Luft & Shields, 1999 and Shields, Shields, 1998). The former specifies that the effects of an independent variable on a dependent variable are a function of a moderating variable. In other words, it is assumed that the impact of an independent variable on the dependent variable is contingent on the level of a third variable, the so-called “moderator”. That is, the underlying theory specifies that the third variable moderates the effect that the independent variable has on the dependent variable (Luft, Shields, 1999 and Venkatraman, 1989). For example, different business strategies employed by firms may moderate the degree by which a certain management accounting design affects

performance. Significantly enough, following the theory, the moderator is not theoretically related with either the dependent or the independent variable (Shields and Shields, 1998). The mediation form of fit specifies the existence of a significant intervening mechanism between an independent variable and the dependent variable (Venkatraman, 1989). In contrast with the previous, it allows that one or more variables influencing performance can be dependent on each other, i.e. the design of management accounting system is dependent on the strategy, which, consistently with its degree of fitting with the environment, determine a good or bad performance. In this case, there is an assumption that management accounting system could be more or less significant and reliable in relation to a determined strategy, which in turn fits or do not fit with the contingency of the enterprise environment determining performances.

Finally, the concept of fit is divided into two groups based on whether it depicts the *strength* of a relationship between variables, or its *form* (see i.e. Hartmann & Moers, 1999 and Venkatraman, 1989). An example could better clarify the differences of the two perspectives. In a strategy-management accounting application, under a moderation model of fit, when researchers claim that the predictive ability/reliability of management accounting systems (MAS) on performance differs across different strategies, this proposition reflects the *strength* of the moderation. The “value” of correlation between MAS and performance for different strategies expresses the strength of predictive power. When researchers argue that the direction of the *impact* of MAS on performance differs across different strategies, they are making a statement about the *form* of the moderation. To summarize, many different forms of fit have been used in the strategy-MAS literature. Some conceptualizations are “mutually exclusive” inasmuch as their theoretical meanings are so different that results based on one form must not be related to results of the other (cf. the Cartesian and Configuration forms of fit). Other conceptualizations may be complementary—fit in one form reduces the probability of fitting in another form (cf. the Congruence and Contingency approaches). Finally, there are forms of fit that may result in corresponding results. However, there is no reason to expect that they should do so (cf. the strength and form variants of moderation fit).

3.2.1.3 Development of the Theory and Applications

The contingency theory is one of the most known and applied theories in managerial sciences. The development of contingency theory may be seen in terms of its historical evolution as an “ever expanding” theory.

Contingency theory was originally thought as an organizational theory whose explicative power was tailored on structural aspects of the organization and progressively expanded to embrace the main management tools and systems (information systems, accounting, human resource systems, risk management, etc.) the so-called organizational sub-systems. In parallel with the expansion of the scope of the analysis, the chain of contingent factors influencing the organizational system has been enlarged to create a chain of influencing and “mediating” organizational factors explaining the association between environment and performance.

The earliest work on the subject by Burns and Stalker (1961) emphasized the influence of environmental conditions, such as technological uncertainty, on organizational form. Around the same time, Woodward (1965) emphasized the technology employed by the firm as a key contingent variable. An example of such contingency would be the type of production system used in the firm. In the literature that followed, the list of contingencies was extended: to corporate strategy by Chandler (1962), and to market environment by Lawrence and Lorsch (1967). The more recent work of Anderson and Lanen (1999) emphasizes both the national culture and competitive strategy as having major effects on the organizational form. The scope of the contingency theory framework continues to expand both in terms of contingent variables and organizational systems object of investigation.

The contingent perspective of organizational strategy developed along the assumption that “for a certain set of organizational and environmental conditions, an optimal strategy exists” (Harvey, 1982). In this sense, strategy has been viewed by some as adaptive and dependent variable or “the strategic response to independent contextual variables”, both external –environment features such as level of competition, stage of the product life cycle, exposure to international markets and new technologies- and internal –organizational features- (Schoonhoven, 1981, Harrigan, 1980). If, for some, strategy is conceptualized as a pattern of responses to the organizational and environmental contingencies, for others the choice of strategy itself is an important contingency for many administrative decisions such as organization structure, management systems, and choice of key accounting and HR management features (Ginsberg, Venkatraman, 1985). This is understandable in the light of the fact that given the complexity of the strategy concept (Ginsberg, 1984, Hambrick, 1980) researchers generally have focused their attention on exploring complementing “middle range” relationships. The general consequence of this branch of

literature is that improved business performance requires an organizational structure, information systems and management styles that are related to a firm specific strategy which in turn is fitting with the external environment (Miles and Snow, 1978; Hoque, 2004, Hofer 1975).

The literature on contingency approaches of business strategy can be seen as pivotal to the development of the contingency theory as well. In fact, the recent literature focused on the impact of contingent organizational and environmental variables on the organizational subsystem as management information systems, accounting systems, human resources management systems (Miller 1992). The focus of these studies mainly concerns the effective design of these managerial systems in relation with the contingencies of the organization, and, while some of the studies are of a positive nature (see for example Nicolau 2000 on management information systems) most of them are of a prescriptive nature. In these applications, many of the organizational conditions of the enterprise – management style, organizational culture, organizational structure, level of centralization and coordination/integration, governance and control- are intended as independent variables, sometimes second level ones, because influenced by other variables – environment and technology- (*mediation* model), sometimes at the same level of the external ones (*moderation* model). Wide variations can be seen in the contingent organizational variables used by these studies, which is understandable in the light of the fact that many possible relations between organizational systems could be considered as relevant object of study.

Among the most important studies of this category it is worth to remember the study of Kaplan and Mackey (1992), linking organizational structures and the relative level of centralization, line management autonomy and coordination among organization units to the design of the performance evaluation systems.

Other relevant applications of the contingency theory on organizational subsystem concern for example the design of HR management systems and in particular the compensation/pay for performance strategies, in relation to environmental and technologic pressures (exposure to industry competition, obsolescence of technical knowledge), where the main elements of the strategy –balance between monetary and non monetary incentives, scale of monetary compensation, design of the performance evaluation appraisal measures- were considered as dependent variables (Balkin, Gomez-Mejia, 1997). In the area of MIS the main dependent variable at the stake is the level of integration and automatization of the information systems, to be seen in relation with the

“technology” (nature of core operational processes) on one side, the business model (strategy) and the level of centralization and coordination on the other.

The application to the management accounting systems and the financial reporting systems is the other main functional area where the theory has been applied, with different interests, ranging from the design of the management accounting systems to the periodicity and transparency of the financial reporting. This will be treated separately in the following paragraph.

Regarding the sector of analysis, the literature on the public sector has largely used the contingency theory:

- In a positive way, to explain and argue the need for a tailored approach to managerial systems and tools in the public sector organizations;
- In a more prescriptive way, to explain some of the main shortfalls of the managerial reforms in the public organizations in the light of the poor customization of the traditional managerial tools to the reality and the environment of the public organizations.

In this sense, the contingent variables have been often operationalized in the public sector environment differently from the typical business environment. In terms of external variables; the main elements taken into consideration are: *i*) the clash between political and technical rationalities on governance mechanisms; *ii*) the organizational culture and managerial styles, grounded in the bureaucracy model; *iii*) the lack of preparedness to change and *iv*) the incompatibility of some of the main features of managerial tools in business with the nature and the mission of the public sector organizations (Borgonovi, 2000, 2005; Del Vecchio 2001). The contingent approach has been used for example to indicate the design of the performance evaluation systems in a consistent way with the absence of a single bottom line and the presence of a “triple bottom line” (Elkington, 1997), to draw attention on the link between (personnel) performance appraisal and monetary compensation strategies, to discuss the usefulness and the meaning of the transition to accrual accounting and to performance based budgeting and reporting models (Anessi, Steccolini 2005), to evaluate internalization/externalization options on the delivery of public services.

Given the scope of this work, we have chosen to not even try to synthesize the use of the contingent approach in the public management literature, but just to offer some of the main references drawn from the Italian and international literature.

3.2.1.4. The Criticisms

The contingency approach has been widely used and extensively developed over the years; it has been heavily criticized as well. Drawing by the relevant literature (Dent, 1990; Fisher, 1995; Galunic and Eisenhardt, 1994; Langfield and Smith, 1997; Otley, 1980) the main criticisms can be summarized as follows:

- Lack of empirical evidences on the relation between identified contingent factors and enterprises' performances, coupled with the poorness of the methodologies used to test the relevant hypotheses, contrasting with the monotone and direct relations envisaged by the theory;
- Ill defined concept of "fit" between contingencies (independent variables) and organizational systems/subsystems (dependent variables);
- Fragmentation of the theory's assumption and the lack of an overall framework for the analysis of the relationship between contingent factors and main features of accounting systems given by the contradictory results achieved over the years by different studies;
- Lack of recognition of the possibility of non-rational objectives contributing to shape the organizational systems;
- Fragmented operationalization of the contingency variables influencing the organizational systems –societal and environmental variables, technology and industry- and undecided relation between external and internal independent factors (see the differentiation between mediation and moderation approach in the previous paragraph).

The over-riding criticism is that the contingency variables account for only a small percentage of the variance in performance. The presence of intermediate variables shaping the relationship between performance and organizational systems/subsystems counterbalance this criticisms; it is stronger for the studies belonging to the *mediation* approach and is often motivated by the fact that studies with a limited number of observations try to draw linear relations based on regression models.

The critics argue that the weak empirical support to the main assumptions of the theory can be traced back to the ill-defined concept of "fit" and performance. In particular, we previously examined the differentiated operationalizations of the concept of fit in the various streams of the contingency theory –cartesian VS configuration model; congruence

VS contingency model; moderation VS mediation model; strength VS form model-, resulting in the difficulty to relate to findings of different streams and in claims of contradictory findings when is not necessarily the case (Gerdin, Greve, 2003).

On the point of fragmentation, contingency theory has been criticized for being both too macro and too micro in its approach. Argyris (1977) point out that it is not possible to leave people out of the analysis. They argue that research must become more micro and bring in the values, perceptions, and attitudes of players. These shape behavior and ignoring them is to look at organizations as disembodied units.

Critical theorists point out that contingency theory is too narrowly managerial and rational, of extreme positivist nature and underpinned with the firm belief in the existence of a measurable, albeit illusive, objective reality. They pointed out that contingency approach systematically excludes discussions of, for example, subjective judgement, non strictly rational objectives brought by powerful decision makers and class domination issues (Braverman, 1974, Edwards, 1979, Benson 83).

On the absence of an overall framework, in an empirical test of the assumptions of contingency theory based on the work of Galbraith, Schoonhoven presented a number of damaging criticisms (Schoonhoven 1981). These include the lack of clarity in contingency theory arising from the ambiguous nature of statements used. Schoonhoven argues that contingency theory is not a theory at all but an orientating strategy with no substance.

Trying to summarize all the various criticism to the theory, the most relevant lack of the theory seems grounded in the fact that, while general relations between organization, environment and performance seems to be founded and while the detailed relations between organizational subsystems and contingent variables seems reasonable and rationally grounded, there is a severe lack of empirical evidences of the association at this detailed level with the performance and hence a scarce explicative/predictive power of the theory in its more developed applications (for a review see Chapman, 1994).

3.2.2 Use of Contingency Theory in the Accounting Literature

3.2.2.1. Overview

In accounting theory a traditional dilemma exists; on the one hand, there are those who seeks universal laws relating to the measurement of income, valuation of assets, etc. At the other extreme, there are those who argue that management has an incentive to select accounting methods under internal or external conditions suggesting the adoption of

determinate features. For example, the positive theory of accounting framework, argues that management has an incentive to select accounting methods which maximize shareholders' wealth and that these depend on their relative income effects (Watts and Zimmerman, 1978). The contingency perspective can be seen as an intermediate position in this dilemma, in that it provides an alternative to "universal truths" and standard settings on one hand and unique situational approaches on the other.

The most prominent postulate of the contingency theory is that the design of the organization "subsystems" should be tailored on "contingent elements" such as environmental uncertainty, technology and organizational size. This has led several authors to suggest that a contingency framework may provide a more holistic approach to the design of financial and management accounting systems (Gordon and Miller, 1976, Hayes 1977; Waterhouse and Tissen 1978). The logical extension of these developments in organization theory is that variations in these influencing factors give rise to differences in corporate financial reporting systems (Thomas, 1986).

According to contingency theory, the effectiveness of an organization in coping with its environment is contingent on its own interaction with different internal and external organizational sub-systems (Lawrence and Lorsch, 1967; Thompson, 1967; Perrow, 1967). Financial reporting represents one of these sub-systems with which the organization interacts and which in turn determines its organisational structure (Burrell and Morgan, 1979, Thomas, 1999, 1986). This contingent holistic approach to management accounting and corporate financial reporting is based on the assumption that there is no universally appropriate accounting and reporting system applicable equally to all organizations in all circumstances (Gordon and Miller, 1976, Hayes, 1977, Waterhouse and Tiessen, 1978, Emmanuel and others, 1990). In fact, the features of an appropriate system will depend on the specific circumstances in which an organization finds itself. How effective the design of the system depends on the organization's ability to adapt to changes in external and internal factors (Haldma and Laats, 2002). Corporate financial reporting practices, forms and contents are then contingent on both internal and external constraints, such as organizational size, environmental uncertainty and technology (Thomas, 1999, Chenhall, 1994).

The purpose of the two following paragraphs is to clarify the main conceptual elements of the contingency theory: the influencing variables and the main affected features of the financial reporting systems. The operationalization of the influencing factors and the relations between influencing variables and the features of accounting will be then further

explored in the hypothesis development paragraph, bringing together the assumptions of contingency and legitimacy theories.

3.2.2.2. The Nature of Contingency Variables Influencing the Accounting Systems

The most pervasive contingency theories of accounting identify a number of different classes or types of variables and a homogeneous classification is hard to find. For example, Gordon and Miller (1976) provide a framework comprising: environment; organization and decision making style. Similarly, Hayes (1977) cites three major contingencies, which consist of: environmental, interdependence (level of dependence of the organization from its environment) and internal. Waterhouse and Tiessen (1978) develop a model based on two contextual variables, namely technology and environment. Drawing from the relevant literature and based on the review done by Thomas (1991) there are four main classes of contingent variables that may affect financial reporting systems, which consist of: *i*) societal variables; *ii*) the environment of the enterprise; *iii*) organizational attributes. The first category refers to elements of the economic, legal and political systems where enterprises operate; the economic system is often conceptualized in terms of methods of ownership of the means of production, the legal system in term of degree of codification (common/civil law), political systems are categorized on a continuum between democracy and oligarchic. Obviously this category of factors become relevant in comparison “across the border”, while for studies on national enterprises or heavily international organizations does not seem a relevant variable because of the difficulty to differentiate between players.

The environment of the enterprise has been traditionally conceptualized in terms of “uncertainty”, having at least two dimensions: a “stable-dynamic” dimension and a “homogeneous-heterogeneous” dimension. Level of systematic risk and degree of competition contributes to both dimensions.

There is some confusion in the contingency literature concerning the distinction between environmental variables and organizational attributes, understandable in the light of the difficulties in defining an organization. Generally speaking, organizational attributes are conceptualized in relation to the kind and amount of resource available for an enterprise and to the ways these are organized. Originally, in the contingency theory this mainly includes organizational size and technology, where the last variable was conceptualized as a proxy of the sector where the enterprises operate in terms of balance between

capital/labor intensive operations and in terms of core processes responsible for the value creation of the enterprise. In the development of the theory, the relevant elements of the corporate governance systems were included in this category of factors, such as for example the level of engagement of the stakeholder in the decision making, the presence of warranty mechanisms for legitimate interests, the concentration of ownership, the management style.

Each of the mentioned variables has been operationalized in different ways; in the hypotheses development paragraph we will go through the relevant literature to find the right fit in relation to the reality of international public sector organizations.

3.2.2.3. The Attributes of Accounting Systems Affected by Contingent Variables

The main interest of the contingency literature has been towards financial reporting. Relying again on the review done by Thomas, 1991, the main affected characteristics can be summarized as follows:

- Disclosure, classification, presentation, valuation and measurement requirements of different countries;
- Frequency of the reporting, methods of measuring events, time element of information (i.e. forecasts), degree of aggregation and decentralization (consolidated accounts and segmental reporting), cost allocation methods (expenses versus capitalization, period of amortization) and disclosure of special purpose reports such as value added statements, employment reports and other forms of social accounting
- Methods of reporting (e.g. statements, charters and diagram), its cognitive complexity (readability) and disclosure of certain special purpose reports, such as simplified accounts.

Management and performance reporting has been analyzed (Chenhall and Morris, 1986, 2003; Covalleski 1996) in terms of: kinds of performance measures (quantitative/qualitative), structure and detail of the reporting; kinds of recipients and periodicity of the reporting; reliance of the performance measures in relation to the organizational goals and strategies.

3.3. The Legitimacy Theory

3.3.1 Overview of the Theory and Applications by International Literature

3.3.1.1. The Paradigm

Legitimacy theory is built upon the construct of the political economy theory and the resource dependence theory. Consistently with the view that organizations are part of a broader social system, the perspectives provided by legitimacy theory indicate that organizations are not considered to have an inherent right to resources or, in fact, to exist. Organizations exist to the extent that a particular society confers upon the organization the state of legitimacy. This is consistent with Mathews (1993) who states: "the social contract would exist between corporations and individual members of society. Society provides corporations with their legal standing and attributes and the authority to own and use natural resources and to hire employees".

In other words, the idea of "legitimacy" can be directly related to the concept of a "social contract" as referred to above by Matthews. Specifically, it is considered that an organization's survival will be threatened if society perceives that the organization has breached its social contract. Where society is not satisfied that the organization is operating in an acceptable, or legitimate, manner, then society will effectively revoke the organization's "contract" to continue its operations. As a theoretical construct, the terms (or clauses) of its social contract cannot be known with any precision, and different managers will have different perceptions about the various terms of the contract(s).

Gray (1996) suggests that legal requirements provide some explicit terms of the contract, while other non legislated societal expectations embody the implicit terms of the "contract". It is in relation to the composition of the implicit terms of the "contract" that we can expect managers' perceptions to vary greatly. Legitimacy itself has been defined.

Legitimacy is considered to be a resource on which an organization is dependent on for survival (Dowling and Pfeffer, 1975); however, it is a "resource" that the organization can impact or manipulate (Woodward and others, 2001). Consistently with the resource dependence theory, legitimacy theory would suggest that whenever managers consider that the supply of a particular resource is vital to organizational survival, then they will pursue strategies to ensure the continued supply of the resource. In relation to legitimacy, the organization can (Fiedler and Deegan, 2002):

- Adapt its output, goals and methods of operation to conform to prevailing definitions of legitimacy;
- Attempt, through communication, to alter the definition of social legitimacy so that it conforms to the organization's present practices, outputs and values;
- Attempt, through communication, to become identified with symbols, values or institutions which have a strong base of legitimacy.

In other words, an organization could employ *substantive* or *symbolic* means to seek legitimacy. While the substantive management produces actual changes by or within the organization, symbolic management refers to the attempt to appear consistent with one's external expectations in order to be able to continue business as usual (see i.e. Ashforth and others, 1990, Richardson, 1995).

Returning to the idea of a social contract, which is central to the notion of organizational legitimacy, there are often several contracts to whom the managers perceived to be linked, in relation with the different interests, stakeholders within the broad category of the society at large (employers, environmentalists, local communities where the organizations operates) and elements defining the concession of the legitimacy to operate.

The concept of legitimacy is dynamic in itself and is linked to management perceptions (Lindblom 1994). An organization's level of legitimacy may change or be lowered for several reasons: societal perceptions and expectations about externalities generated by certain industries or operational processes, events detrimental for the reputation of the organization or the industry, adverse social or environmental events that are linked to the operations of the organization, media and public opinion attention. Sethi (1977) for example, suggests that the source of a legitimacy gap may involve changing societal expectations resulting from a gradual awareness of some matters (Tobacco companies, started coming under fire as more information was gleaned about the potential health effects of cigarette smoking). Alternatively, a legitimacy gap may arise out of new information suddenly gained about an organization, particularly if it differs from the organization's image (Miles and Cameron, 1982). In this sense, when a legitimacy gap is perceived by managers a legitimacy strategy is activated. Moreover, the greater the probability of diverse shifts in the social perceptions of how organization is acting, the greater the likelihood for managers to attempt to manage these shifts in social perception (Dowling and Pfeffer, 1975, Lindblom, 1994).

This view is expanded and enriched by some scholars (i.e. O'Donovan, 2002) who envisage that specific legitimating strategies can be differently addressed and tailored to

recover, maintain or strengthen the legitimacy level of the organization.

3.3.1.2. Development of the Theory and Applications

The legitimacy theory has not developed as a contingent theory but as an umbrella of concepts stemming from a variety of disciplines, ranging from resource dependence theory over new institutionalism to management theory (for an overview, see Suchman, 1995); hereby we offer two examples concerning two main aspects of the theory.

Two main different “traditions” of legitimacy approaches have explained the motivations behind the research for legitimacy have been analyzed and developed differently by the legitimacy theorists belonging to the “strategic” and “institutional” approaches. From a strategic point of view, the focus rests on the organization (managers looking out) and assumes a relatively high degree of managerial control over the legitimating process (Dowling and Pfeffer, 1975; Lindblom, 1994, Perrow 1961); this is the closer branch to the managerial, resource dependence and stakeholder theories. In the institutionalist tradition, a broader perspective is taken (society looking in) focusing on how organizations or groups of organizations adapt to their institutional environments in order to manage legitimacy. Here legitimacy is not seen as a resource but rather as a set of external constraints forming the actions of the organization (Di Maggio and Powell, 1983, Hahn, 2004, Suchman, 1995, Zucher, 1987).

The second aspect is strictly related to the first one, depending on the different theoretical arrays, the concept of legitimacy and its perception vary widely and a number of subtypes of organizational legitimacy have been identified. A distinction can be made between pragmatic legitimacy, moral legitimacy and cognitive legitimacy (Suchman, 1995). While the first type is grounded in the self interest of the organization’s stakeholders, aiming for influence or a tangible return in exchange for granting legitimacy, moral legitimacy is based on a conscious judgment of the audience whether the actions of the organizations should be granted with moral approval or not. In contrast with the pragmatic legitimacy, the decision is not merely based on self-interest calculations (Hahn, 2005). The third type, cognitive legitimacy, is fundamentally different from the former two in that it is not the result of a communicative discourse between the organization and/or its stakeholders (Scott, 1995). Instead, it is based on cognition, either because the organization itself or its actions are comprehensible or are taken for granted (Suchman, 1995). To this extent, two main kind of legitimacy process exists, the “preconscious” (taken for granted approach) and the

“post-conscious” (based on an evaluation process).

3.3.1.3. The Criticisms

Legitimacy theory has been widely used to analyze social and environmental reporting and a mounting evidence that managers adopt legitimating strategies have been brought in the last twenty years of literature.

One of the main critics moved to some applications of the legitimacy theory is the creation of strong causal relations between social/environmental performance and legitimizing behaviors while hiding intermediate factors. One of the general assumptions of the theory is that the extent of information provided by organizations in their reports is a function of exposure to public pressure in the social and political environment. Based on this theory, enterprises facing greater exposure, as firms with poorer environmental performance are assumed to do, would be expected to provide more extensive disclosure in an attempt to address the increased threats to their legitimacy as “citizens”. As such, a negative association between an enterprise’s social performance and its environmental disclosure is posited to exist. However, examinations of the performance/disclosure relation report mixed results. Patten (2002), for example, reviews the earlier investigation of the relation between environmental performance and environmental disclosure and notes that, in general, these studies fail to document any significant relation, positive or negative, between performance and disclosure. This is because, other scholars argument (O’Donovan 2002; Patten, 2002), these studies fail to take into account other important intermediate factors impacting on the perceived legitimacy of the enterprise, such as industry, media attention, particular events and scandals. Significant part of the following literature has developed in this direction.

In second, as a theory based on managers’ perceptions of social contracts and potential breaches thereof, legitimacy theory does suffer resultant problems in relation to precision of prediction, linked for example to the difficulty to foresee the sensitivity to legitimacy threats (Deegan, 2002). Further, even if managers were to agree on when and whether there is a legitimacy threat, conceivably different managers will adopt different legitimizing strategies from the array of possibilities that would be available – and again any prediction would be problematic. Along these lines, critics of this point state that legitimacy theory does arguably provide useful insights into the managerial decision-making process, which is left largely unexplored by the theory.

Finally, while legitimacy theory might provide useful insights, it can still be considered an

underdeveloped theory. There are many gaps in the literature which embraces legitimacy theory (Deegan, 2002). For example, do legitimizing activities actually work and if so, which forms of disclosure media are more successful in changing community views about an organization (see Milne, Patten 2002)? Further, there is still a general lack of knowledge about whether particular groups in society are relatively more influenced by legitimizing disclosures than others, or indeed, whether managers think particular groups are more readily influenced than others. Also, how do managers most effectively become aware of community concerns and therefore, the terms of the “social contract”? How do managers determine which segment of society (referred to as “conferring publics” by O’Donovan 2002 or “relevant publics” by Lindblom, 1993) are conferring the much needed legitimacy? What is the relative explicative power of legitimacy in relation to alternative approaches to accountability such as contingency theory? These questions are for the future literature to answer,

3.3.2 Use of Legitimacy Theory in the Accounting Literature

3.3.2.1. Overview

Legitimacy theory is grounded on social and political theory studies (Cooper and Sherer, 1984; Deegan and others, 2002; Gray and others, 1995; Gray, 2002; Tilt, 1994; Tinker and others, 1991, Moerman and Van Der Laan, 2005). It posits that organizations are continually seeking to ensure that they operate within the bounds and norms of society (Blomquist and Deegan, 2000). Consistently, Richardson (1987) asserts that accounting is a legitimating institution and provides means to link social values with economic actions.

Because the theory is based on perceptions, any remedial strategies implemented by the manager, to have any effect on external parties must be accompanied by disclosure. The Information is in fact necessary to change societal and stakeholder perceptions.

Remedial actions which are not publicized will not be effective in changing perceptions (Comier and Gordon, 2001). This perspective highlights the strategic importance and power of corporate disclosures, such as those made within annual reports, "performance reports" or "social and environmental reports", which have always been the main object of observation of the legitimacy theorists.

According to the legitimacy theory, disclosure is the main tool because, being the legitimacy process based on perceptions, both the *substantive* and *cosmetic* initiatives are

communicated through company reports. More in general, through disclosure organization can seek to (Lindblom, 1994):

- Educate and inform relevant publics about actual changes in the organization's performance and activities;
- Change perceptions of the relevant publics but not change its actual behaviors;
- Manipulate perceptions by deflecting attention from the issue of concern to other related issues through an appeal to, for example, emotive symbols, or
- Change external expectations on its performances.

The legitimacy literature has been mainly focused on the social and environmental accounting and reporting (SEA and SER) issued by the private companies, both incorporate in the annual reports or as a separate document. More recently, the legitimacy approach or related approaches (accountability as managerial fashion tool) has been applied to performance budgeting and reporting issued by domestic public sector organizations (Carlin and Guthrie 2003; P. Aucoin, R. Heintzman 2000; Marcuccio, Steccolini 2005).

The interest of the legitimacy literature on the SEA has been strongly influenced by an early paper from Guthrie and Parker (1989). The authors sought to match the disclosure practices of BHP across the period 1885-1995 with an historical account of major events relating to BHP's history. The argument was that if corporate disclosure policies are reactive to major social and environmental events, then there should be correspondence between peaks of disclosure and events which are significant in BHP's history. Whilst the paper does not provide evidence supportive of the legitimacy theory, a large number of subsequent research studies have been used to refine their arguments (Patten, 2002, 1995; Gray 1995; Deegan and Rankin, 1996; Deegan And Gordon, 1996; Walden and Shwartz).

Two main areas of research and interest are the identification of the most effective means of communication managers can use to change societal perspectives on the company (Milne, Patten 2002) and the identification of the most effective groups within the society in conferring legitimacy to the enterprise (this branch of the literature has significant overlapping with the stakeholder theorists, see i.e. Mitchell and others, 1997). Other topic heavily assessed by the literature focusing on quantitative research methodology is the demonstration of the inverse relation between disclosure and social/environmental performance; Patten presents a critical review of this studies, stating that they miss to

consider other important intermediate variables influencing SEA and SE disclosure (industry, scandals and exceptional events, dynamic of societal expectation, change in management, etc.; Halme, Huse, 1997). Another part of the literature build on and try to demonstrate that managers' legitimizing strategies will conceivably differ depending upon whether they are trying to gain, maintain or repair legitimacy of their organization –to maintain is easier than to repair or to gain- and that different organizations have different levels of legitimacy to maintain with the implication that the more the organization relies on its level of legitimacy to reach its bottom line or institutional goals, the more vigilant it needs to be to potential legitimacy threats (i.e. O'Donovan, 2002). Here it comes the part of the literature closer to the managerial behavior and decision-making process: some scholars concentrated on managers' and investors' reaction to particular events (O'Donovan 2002; Milne and Patten 2002). These studies are often simulation of managerial and investment decisions (for which data are from primary or secondary resources) to raise the predictive power of the theory in the causal relation between contingencies and legitimating strategies. A related but independent focus of the literature consists in exploring the managerial perceptions about motivations for corporate societal reporting; these studies are mainly intended to understand the relevance of social pressures and to assess the explicative power of the legitimacy approach (Mohamed and others, 1999; Neu and others, 1998).

3.3.2.2. The Nature of the Legitimizing Factors Affecting Accountability

Similarly to contingency literature, the strategic branch of the legitimacy theory recognizes that the main factors affecting the extent and the nature of ethical, social and environmental reporting are size, industry, political and social issues, economic context and internal processes (for a review see Adams, 2002; Halme, Huse, 1997). In particular, some scholars as Patten (see the author's review at 2002) state how societal expectations towards companies in terms of sustainability, corporate social responsibility, etc., which are directly determined by the political and social context where the enterprise operates, can be directly related to the size, the sensitivity of the industry in relation to the main externalities, the peculiar technology, materials and human resources implied in the core operational and support processes. As some scholars suggest (i.e. O'Donovan, 2002) managerial changes and perceptions could also be strongly influential factors to take into consideration, even if difficult to operationalize and measure.

In this sense, as we will see more in depth in the next paragraph, several influencing

variables are the same of the contingency theory, -internal organizational variables, external contingency variables- but the motivating factors for the disclosure are often opposite or alternative.

3.3.2.3. The Attributes of Accounting Systems Affected by Legitimizing Factors

The legitimacy literature has traditionally analyzed the extent of social and environmental disclosure released by the analyzed companies. Some researches used the extent of social and environmental information intended as “other” or residual elements, intended to distract attention on the main economic indicators and performance financial (Deegan, 2002). A considerable amount of researches focus exclusively on the environmental contents of the disclosure and it is often the case that the notion of “social” disclosure encompasses the environmental aspects as well (see for example the analysis by Lindblom, 1984, McGavin, 1991). Several studies drawn from the legitimacy approach uses the content analysis method to identify some sort of accountability indexes (i.e. Van Staden, Hooks, 2007); some of these studies try to link main accountability features to some relevant stakeholders’ information interests and level of technical understanding (see for example Mitchell and others, 1996; Guthrie and others, 2003).

An interesting part of this literature focuses on the content of the disclosure in relation to what is “true” or in relation to the balance between what is said and what reporting avoid to mention (Deegan, Rankin, 1996).

In relation to the process involved in Social Environmental Reporting (SER), scholars analyzed the existence and the depth of a social and environmental accounting system as indicator of substantive strategies as opposed to a cosmetic SER. A further interesting analytical perspective is the effectiveness of the disclosure/communication tool -internet site, paper based, etc.-.

If compared with the contingency theory, legitimacy seems to focus mainly on the SEA and related disclosure, being of main interest both the extent and the kind information provided by the organizations and the balance between substantial disclosure and cosmetic communication strategies to raise stakeholders’ perceptions on the level of transparency of an organization.

3.4 Factors Affecting Accountability: Development of Hypotheses from Contingency and Legitimacy Literature

The two analyzed bodies of literature identify different, sometimes overlapping, categories of factors affecting external reporting and often identify divergent causal relations. As analyzed in the previous paragraphs, literature applying contingency and legitimacy theory to accounting systems categorized in different ways and at different levels of detail the factors influencing the organizational subsystems of an enterprise.

In the present work we try to offer a reasoned and balanced categorization of these factors, re-classifying the factors mentioned by the relevant existing literature in three broad categories:

- Organizational, concerned with general characteristics of an organization;
- Corporate governance, more specifically related to the ownership, the stakeholder access to governance and the main decision making rules;
- External, regarding environmental and technological characteristics outside the organization. As showed further in the paper, these categories can be helpful to systematize factors under both a contingency and a legitimacy perspective.

In the following three sub-sections we will proceed in the following way:

- We will identify and explain the relevant factors affecting reporting features, drawing both by contingency and legitimacy theory;
- We will state the kind of relation – direct or reverse- envisaged by the two theories for each of the identified influencing variables;
- We will formalize the envisaged relations as relevant hypothesis for the present study, with the intent to understand the explicative power of each of them in the analyzed environment.

As a methodological note, it should be noted that in the hypotheses development we do not consider accountability level as a whole, but we follow a more specific distinction between “financial” accountability and “non financial” accountability.

3.4.1 Organizational Factors

According to contingency approaches, managerial choice of corporate financial reporting practices is considered as being contingent upon internal and external constraints (Thomas, 1999), such as organizational attributes (resources available to an organization), organizational structure (specialization, standardization, centralization, etc.), size, etc. (see Cowen and others 1987, Deegan and Gordon 1996, Grey et al 1995, Hackson and Milne 1996, Bruns and Waterhouse, 1975; Trotman and Bradley 1981; Merchant, 1981, 1984; Mia and Chenhall, 1994, Chenhall, 2003).

As organizations become larger, the need for handling and providing greater quantities of information increases and leads to richer and more detailed control and reporting tools (Khandwalla, 1972, Child and Mansfield, 1972, Burns and Waterhouse, 1975, Merchant, 1981, Anderson and Lanen, 1999, Haldma and Loots, 2002).

The general concept of dimension can assume different meanings, but mainly develops in two ways:

- As organization's size, expressed in terms of resource availability;
- As organization's complexity.

The organization's size is traditionally translated into *resource availability*. Organizational size can affect the choice of accounting methods and disclosure practices. In fact, a higher amount of resources to manage requires more structured administrative processes, which in turn determines greater attention to the organizations' accountability.

Size is a variable traditionally used by the contingency theory. However, it should be noted that some of the legitimacy studies used the size in an instrumental way to demonstrate that the biggest companies, being more visible, exposed and impacted to the societal and media opinion, are more sensitive towards SER and adopt more aggressive legitimizing strategies. In this sense, the legitimacy theory goes in the same direction predicting that the bigger enterprises will disclose more information regarding social and environmental aspects, so basically non financial aspects.

Organizational *complexity* has been operationalized in various ways by the previous literature as organizational model adopted (divisional, matrix, etc.) level of independence of divisions, geographical dispersion of the enterprise. In the present study we chose to measure complexity with the number of employees, which can be considered a good proxy of administrative complexity, is a fairly "objective" measure and has been used by several studies. As the complexity grows it might be expected that: *i*) the volume of information

needed to manage the organization and that *ii*) the volume of information request for disclosure related to personnel grows in parallel (i.e. positions, tasks, gender information, etc.) (Adams, 2002, Thomas, 1999, Trotman and Bradley, 1981, Adams and others, 1998, Cowen and others, 1987, Hackson and Milne, 1996, Patten, 1991). Thus, it may be hypothesized:

- Hp1*
- a) The higher the resource availability for an organization, the higher the amount of financial information disclosed in the report.*
 - b) The higher the resource availability for an organization, the higher the amount of non financial information disclosed in the report.*
 - c) the higher the level of organizational complexity in terms of number of people employed by the organization, the higher the amount of non-financial information disclosed in the report.*

According to contingency theory, the degree of *decentralization* can be considered a further factor influencing disclosure. (Chenhall & Morris, 1986, Chia, 1995, Libby & Waterhouse, 1996, Tornqvist, 1999, Berland, 2001). More decentralized organizations must control more complex flows of information and processes and eventually are themselves more complex. Consistently with this literature, the amount of externally disclosed information (both financial and non-financial) is expected to be positively related to the level of organizational decentralization:

- Hp2*
- a) The higher the organizational level of decentralization, the higher the amount of financial information disclosed in the report.*
 - b) The higher the organizational level of decentralization, the higher the amount of non-financial information disclosed in the report.*

Finally, according to contingency theory *financial performance* –differently measured in the private company environment in terms of profit, return on asset or investments, etc.- represents the final result of the fit between organizational and environmental variables. Basically, the theory predicts that organizations with a higher level of accountability are better adapting organizations and are consequently better performing organizations. In the reality of the public sector organizations the absence of a single bottom line does not allow to consider the equivalent of “profit” -or, expressing the concept in cash terms,

the amount of savings the organization is able to realize- as a measure of financial performance. This variable can be further specified in two dimensions:

- 1 organizational capacity to attract financial resources;
- 2 organizational capacity to use the available financial resources.

Briefly, for a public organization the financial performance could be measured with the capacity to attract resources to be spent for its objectives (the increment of resources spent in the public interest is the proxy of performance in this case). Alternatively, the traditional measure used by the public sector accounting literature (Anessi and Steccolini 2005) is the capacity to fully use the available financial resources.

As a consequence, the following hypotheses can be formulated:

- Hp3*
- a) *The better the organization's past performance in attracting financial resources, the higher the amount of financial information in the report.*
 - b) *The better the organization's past performance in attracting financial resources, the higher the amount of non-financial information in the report.*
 - c) *The better the organization's past performance in using financial resources, the higher the amount of financial information in the report.*
 - d) *The better the organization's past performance in using financial resources, the higher the amount of non-financial information in the report.*

It should be noted that the outlined hypotheses 3b) and 3d) clash with the legitimacy theory perspective (see for example Edwards, 1998; Hackson and Milne, 1996, Roberts, 1992), which predicts that a bad financial performance -in our case is a bad performance in attracting or using financial resources- is associated with higher disclosure on peripheral elements (such as social and environmental policies) in order to "justify" the organization's results and re-orient stakeholders' attention.

3.4.2. Corporate Governance Factors

Corporate governance has been addressed both by authors referring to contingency and legitimacy theory, and is generally related to ownership and internal functioning (Thomas, 1999, Adams, 2002).

The literature suggests that good corporate governance is associated with increased

transparency and clear financial disclosures (Whittington, 1993, Forker and Green, 2000, Mallin, 2002, Bhimani and Soonawalla, 2005). An emerging body of literature identifies links between governance style and legal, financial and accounting systems (Carlin and Meyer, 1999; Bushman and Smith, 2000). In general, corporate governance attributes identified as affecting external reporting include: the ownership structure (Craswell and Taylor 1992; Mckinnon and Dalimunthe 1993; Hossain, Tan and Adams 1994; Raffournier 1995, Halme and Huse, 1997), the existence of dominant personalities outside the formal ownership structure and composition (Millstain, 1992, Ruland and others, 1990), the proportion or existence of independent directors (Forker, 1992; Malone and others, 1993), the appointment of a non-executive director as chairman and the existence of an audit committee (Forker 1992).

Although mandatory disclosure rules ensure equal access to basic information, they have to be supported by voluntary disclosure of the firms and information provided by intermediaries (Jensen and Meckling, 1976, Malone and others, 1993; Raffournier 1995; Lang and Lundholm 1996). There are many market incentives to disclose information voluntarily and managers' attitudes change according to the perceived relationship of the costs and benefits involved (Gray and others, 1990; Healy and Palepu 1995; Simon and Kar Shun Wong 2001). Bushman and Smith (2000) see financial reporting as the outcome of financial and legal aspects of corporate governance. Legal protection of investors and concentration of ownership are identified as fundamental elements which characterize corporate governance systems (Shleifer and Vishny, 1997; Coffee, 1999). They have traditionally been found to be negatively related (Franks and Mayer, 1998). Wang and Coffey (1992) propose a positive relationship between ownership dispersion and the diffusion of environmental issues from the organization. Nevertheless, different authors (Blair, 1995; Monks and Minow, 1995; Jensen, 1989) have claimed that an active and concentrated ownership can make the organizations consider environmental issues as important in order to improve reputation and gain more public legitimacy under a long-term strategy.

Therefore, two different relationships can be identified drawing on the two different theories at the stake. According to contingency theory, the *concentration of ownership* and the existence of dominant personalities among stakeholders are expected to lead to fragmented information and to align reporting contents to prevailing clusters of interests, with a consequent lower degree of accountability. This is given by the fact that the most prominent personalities are directly involved in the decision making and do not need

formal disclosure to satisfy their needs. On the opposite, consistently with a legitimacy view, a higher *organization's bargaining power* is expected to be associated with greater attention to external disclosure. This would be consistent with a long-term legitimating strategy of the organization's dominant personalities, seeking to legitimize their operate and to maintain high collection of contributions levels or low levels of arrears.

- Hp4*
- a) *The higher the concentration of ownership, the lower the amount of financial information disclosed in the report.*
 - b) *The higher the concentration of ownership, the lower the amount of non-financial information disclosed in the report.*
 - c) *The higher the organization's bargaining power towards its stakeholders, the higher the amount of financial information disclosed in the report.*
 - d) *The higher the organization's bargaining power towards its stakeholders, the higher the amount of non-financial information disclosed in the report.*

Moreover, drawing from a "rational" contingency perspective, we expect the presence of investors' legal protection mechanisms to be positively associated with organizational accountability (Shleifer and Vishny, 1997; Coffee, 1999). We could say that, more in general, the *accessibility for stakeholders to executive bodies and decision-making activities* is expected to be associated with a higher degree of organizational accountability thanks to the higher allowed involvement. Similarly, the *presence of interest warranty mechanisms for stakeholders not represented in executive bodies* might increase organizational disclosure because of this warranty function.

- Hp5*
- a) *The higher the accessibility for stakeholders to executive bodies and decision-making activities, the higher the amount of financial information disclosed in the report.*
 - b) *The higher the accessibility for stakeholders to executive bodies and decision-making activities, the higher the amount of non-financial information disclosed in the report.*
 - c) *The presence of interest warranty mechanisms for stakeholder not represented in executive organs enhances the amount of financial information disclosed in the report.*
 - d) *The presence of interest warranty mechanisms for stakeholder not represented*

in executive organs enhances the amount of non-financial information disclosed in the report.

3.4.3. External Factors

The main external factors examined at the organizational level in accounting research are related to environmental uncertainty and technology (Khandwalla, 1977; Merchant, 1990; Chapmann, 1997; Hartmann, 2000; Thomas, 1999; Adams, 2002; Chenhall, 2003).

As far as the former is concerned, Merchant (1990) shows that *environmental uncertainty* generates a trade-off between the pressure to meet financial targets and the flexibility due to a higher possibility of information manipulation. According to contingency theory, environmental uncertainty can be operationalized through two main dimensions (Thomas, 1999):

- stable vs. dynamic -the degree to which external factors affecting organization's decision-making processes remain basically the same over time-;
- homogeneous vs. heterogeneous -the degree to which external factors affecting organization's decision-making processes are few and similar-.

In the contingency approach of the organization, environmental dynamism creates the need for the organizations to manage different conditions and different relations in a short period of time, this in turn stimulates the accounting and reporting systems (Thomas, 1986). Consequently, financial reporting is expected to exhibit: *i*) greater disclosure of non-financial information on organizational activities (e.g. changes in market conditions); *ii*) increased frequency (interim reports with more information, segmental or consolidated reports); *iii*) disclosure of more forecast information relating to the organization's future perspectives (profit forecasts, proposed capital expenditure) and *iv*) greater conservatism in the allocation of expenses.

Furthermore, when environmental heterogeneity increases the reporting system will be adapted to specific environmental sub-segments and information will be compartmentalized to enable investors to evaluate the contribution given by the different areas of activity, which fosters the production of segmental reports. Drawing on the

existing contingency literature we investigate the following relationships¹⁶:

Hp6 a) The higher the environmental uncertainty, the higher the amount of financial information disclosed in the report.

b) The higher the environmental uncertainty, the higher the amount of non-financial information disclosed in the report.

The level of *market dependence* seems to be important under both legitimacy and contingency views. According to the former approach, the growing capitalization of a company and the differentiation of the sources of funding positively influence the amount of information disclosed to the public (Thomas, 1999, Adams, 2002). Milne and Patten (2002) have shown that the amount of disclosure positively influences market investment decisions, at least in the long run. Thus, we expect organizations with a higher amount of resources obtained from the market to disclose a higher amount of information disclosed in their reports.

Hp7 a) The higher the organization's market dependence, the higher the amount of financial information disclosed in the report.

b) The higher the organization's market dependence, the higher the amount of non-financial information disclosed in the report.

Finally, drawing on contingency theory, the so called technological factors are considered; these factors include for example the nature of the production process, its degree of routines and the variety of tasks (Emmanuel, and others, 1990, Haldma and Loots, 2002). Drawing on the concept of technology, a new not investigated variable is proposed which further specifies organizational tasks: the *type of performed activity*. In the literature on public sector organizations, three main types of activities are acknowledged (Osborne and Gaebler, 1992; Anessi Pessina, 2002, Borgonovi, 2004): (i) regulation, which in administrative bureaucracies has changed its focus over time shifting from a "rowing"

¹⁶ It was not possible to find in legitimacy literature studies of hypotheses concerning environmental uncertainty; at the same time, environmental situation in terms of media attention and societal perception of the company are main concerns of the legitimacy theory. In a dynamic and non homogeneous environment, an organization is expected to have a more aggressive approach to defend its legitimacy and is expected to face more severe threats in this perspective. Consequently, the assumptions drawn by legitimacy theory would be consistent with the ones of the contingency theory on non financial disclosure. This is one of cases where contingency and legitimacy theories come up with similar statements regarding the factors affecting accountability, even though motivating them with opposite rationales. We chose not to extend this hypothesis to the legitimacy theory, to the extent that there is no existing legitimacy literature actually proposing or testing this hypothesis, which is nonetheless a logical extension of the theoretical framework assumptions.

function to a “steering” one; (ii) financial transferring, which represents the traditional function of resources re-allocation exerted by public administrations; (iii) direct action/intervention.

The first two dimensions are the ones which specifically qualify the activities of public sector organizations and IOs. In fact, the large majority of UN system organizations perform to various extent implementation activities, while there usually is a clearer distinction between organizations with a prevailing regulative or financial transferring nature.

Drawing on a contingent perspective, a regulative activity is expected to be accompanied by a focus on the provision of financial data, because of the difficulty to measure the results of such activity in terms of outputs and outcome. Also the transfer of financial resources might lead to an increased focus on financial information. As a consequence, we hypothesize:

- Hp8*
- a) When an organization performs a prevailing regulative activity, this is associated with a prevailing amount of financial information displayed in the report.*
 - b) When an organization performs a prevailing financial transferring activity, this is associated with a prevailing amount of financial information displayed in the report.*

Table 3.1 summarizes the variables proposed by literature and their expected relationships with the UN external disclosure. As we can see, in many cases legitimacy theory and contingency theory give complementary assumptions regarding the factors affecting the various aspects of accountability; in some cases, the same hypotheses can be drawn from both theories, even if as a consequence of different causal relationships.

Table 3.1 – Expected Effects of the Variables on Organizational External Reporting: a Summary

Variable	Organizational Factors	Corporate Governance Factors	External Factors
Resources managed by the organization (contingency - financial- and <i>legitimacy</i> – <i>non financial</i> -)	+ (financial) + (non financial)		
Organizational complexity (contingency)	+ (non financial)		
Organizational decentralization (contingency)	+ (financial) + (non financial)		
Organization's past performance in attracting financial resources (contingency)	+ (financial) + (non financial)		
Organization's past performance in using financial resources (contingency) (<i>legitimacy</i>)	+ (financial) + (non financial) - (<i>financial</i>) - (<i>non financial</i>)		
Concentration of ownership (contingency)		- (<i>financial</i>) - (<i>non financial</i>)	
Organization's bargaining power (<i>legitimacy</i>)		+ (<i>financial</i>) + (<i>non financial</i>)	
Accessibility for stakeholders to executive bodies and decision-making activities (contingency)		+ (financial) + (non financial)	
Presence of interest warranty mechanisms (contingency)		+ (financial) + (non financial)	
Environmental uncertainty (contingency)			+ (financial) + (non financial)
Organization's market dependence (<i>legitimacy</i>)			+ (<i>financial</i>) + (<i>non financial</i>)
Organization's prevailing regulative activity (contingency)			+ (financial)
Organization's prevailing financial transferring activity (contingency)			+ (financial)

Chapter 4

Research Methods

In the first two chapters we analysed the broad context of this study –International Organizations and emergence of the accountability issue within the broad movement of Managerial Reforms in IOs-; in the previous chapter we clarified our research question: which organizational, governance and external factors, drawn from the relevant contingency and legitimacy theory, are most effectively orienting the level of financial and non financial accountability of the UN system organizations. The understanding of the explicative power of the two alternative theories of accountability is a strictly related objective of the work.

In the present chapter we present the main criteria and methods used in the present research. In particular, the following paragraphs report on: *i)* operationalisation of the factors considered relevant in affecting accountability in the specific environment of international organizations; *ii)* identification of the target population of international organizations to be analysed and the specific way of analysis; *iii)* selection of the reporting documents suitable for the analysis, *iv)* development of a tool to analyse the contents of reporting documents, on the basis of the literature on disclosure and accountability indices; *v)* use of the cluster analysis as the main tool to analyse the emerging trends between influencing factors and accountability levels.

4.1 Target International Organizations' Population: UN System Organizations

In the first chapter we clarified that the IOs universe is rather complex and difficult to classify. We explained that IOs can be grouped in “families” accordingly to different criteria, such as the operational nature -implementing technical cooperation agencies, regulative agencies, financial intermediaries-, their membership -global or regional-, the appartenance to systems of organizations –United Nations, International Financial Institutions, European Commission and its agencies, etc.-. We also recalled that, while these classifications give overlapping results and a single organization may belong to one or more identified categories, it is not possible to treat the IOs as homogeneous group of organizations, because of the wide differences in terms of governance structures, operational arrangements and mission statements within the group.

In the light of a review of the basic constitutive texts and the international literature on IOs, the organizations of the United Nations system seemed the first and most suitable group of organizations for a system-wide analysis on dynamics regarding aspects related to the managerial reforms (in this case the accountability trends). These are the main reasons:

- Size of the UN system: United Nations system is the largest “system” of IOs; it is in fact significantly larger than the other formally recognized systems (specialised agencies of the European Communities and International Financial Institutions);
- Comparability of the main independent variables selected for the study, due to the similarities in functioning and decision making mechanisms: For example, United Nations organizations share a common body of basic texts regulating the process for resource attribution and allocation (i.e. notion of regular and extra-budgetary resources) and share the same mechanisms for member representation within the executive boards and the same basic decision-making principles (i.e. the so called consensus building);
- Similarity of the pattern of managerial reforms and membership, making comparable the internal and external environment (i.e. in terms of pressure for accountability and reform) faced by the examined organizations. This should be considered a very important characteristic, since the two theoretical frameworks taken into consideration come out from the system-oriented approach to organizations (contingency and legitimacy approach) and the political economy theory (legitimacy approach) and consider the social, political and economic environment of the organization as fundamental variable.
- Attention given by the international literature to the UN system reforms; while governance reforms have been extensively investigated by the social scientists (i.e. Gordon, 1994; Russett, 1996; Weiss, 2006), managerial reforms are still under investigation and only recently they kept the attention of the researchers (Childers, Urquhart, 1994; Bauer, Knill, 2007). On the contrary, managerial reforms in UN kept practitioners’ attention, witnessed by the abundance of official documentation (for further reference see Chapter 2 of the present work). From here the interest to bridge a current lack in the literature regarding managerial reforms applied to public sector organizations.

In synthesis, the UN system has been considered the first and most important object of study, since they represent the biggest and most homogeneous system of IOs and given

the growing attention of the practice and the international literature to the managerial stream of reforms. In the research design phase, we tried at first to take into account a larger population of IOs than the only UN system, such as Development Banks, Bretton Woods Institutions and Supranational Organisations, like the European Union. Given the significant differences between the UN population and the other IOs in terms of mission, mandate and intervention areas, functioning processes and governance rules, this option was finally abandoned in favour of an exclusive focus on UN system population.

The present work takes into consideration the entire population of UN organisations, composed by twenty one organizations, between funds, programmes and specialised agencies.

As we previously mentioned, the UN system organizations share common rules, procedures, business processes and general environment -for example in terms of political agenda and main stakeholder categories-. On the other side, they still present a good diversity in relation to the above identified influencing factors. In particular, it is worth to notice that the UN system is composed of two different kinds of organisations, i.e. twelve Specialised Agencies and nine Funds and Programmes. These two kind of organizations are fairly specific in relation to: (i) composition of representative and executive bodies, (ii) level of autonomy and self-determination within the UN system, (iii) accountability and hierarchical dependency from other UN bodies (central Services and Offices, UN Secretariat, UN General Assembly). The first type of organizations has a higher level of autonomy, a specific representative body and does not have a direct hierarchical dependence on the central bodies of the UN. The second type of organizations is strictly dependent on what we previously called the Institutional part of the UN system, for internal regulations, strategic directives, monetary resources and does not have direct representative bodies. In this sense the UN system present an interesting “universe” of organizations for the scope of this work.

4.2 Operationalisation of the Factors Influencing Accountability: the Case of UN System Organizations

In the present paragraph we operationalise the main factors identified by the contingency and legitimacy literature into measures fitting with the specific environment of the UN system organizations. During this exercise, in some cases we have been drawn the measures by the existing literature and slightly adapted them; in other cases, such as the corporate governance and the external environment factors, we proposed original measures capturing the concept behind the factors identified by the pre-existing literature but significant in the the UN environment. For example, we translated the “technology” variable -indicating the industry or the core process characterizing the organization- into the type of performed activity, marking a general differentiation between regulative/informative and financial transferring nature organizations. This exercise, reviewed in the following paragraphs, allowed us to have a set of measures consistent with the previous private and public sector literature and at the same time significant for the selected object of study. It should be noticed that we based our measurement on the biennium 2002-2003 data –the most updated data at the time of our research-, often in comparison with the previous biennium 2001-2002¹⁷.

4.2.1. Organizational Factors

With reference to the *organisational factors*, the resource availability of an organisation is generally measured in the private organizations’ environment with the sales volume, turnover or asset value/ capital employed. These measures are usually strictly related, so that the accounting literature often used them interchangeably, without a specific preference for one of them (Hossain, 1995; Cowen, 1987).

In the UN environment, the closest measure to the sales volume is the total amount of resources available for an organisation within a financial period, which is normally a two years period. The total budget of an organization is given by the sum of regular and extra-

¹⁷ The data collection and analysis was particularly time consuming and requested the commitment of 4 researchers; the analysis started in October 2005 and was completed in late 2006; the most updated data available at the time we started the research referred to the administrative period 2002-2003. Often the selected measures compare current and historical data, where the latter are always referred to the previous biennium. In several case a longer historical comparison could have been beneficial for the analysis, but many organizations started issuing performance reporting documents in late 90s’, making impossible to refer to periods antecedent to 2000-2001.

budgetary resources; even if the latter ones are highly volatile and their actual impact on the organization has been debated, the overall budget seems the only proper measure to capture the size of an organization. The first reason for the inclusion of the extra-budgetary resources in the parameter lies in the quantitative significance of this kind of resources, which in the biennium 2002-2003 represented almost the 70% of the overall resources of the UN system. Secondly, the fact that organizations rely more and more heavily on the extra-budgetary resources actually makes these resources affecting the organization. On this point, it should be noted that more and more staff is hired under financing of extra-budgetary resources and temporarily renovated from period to period; moreover, the volume of administrative transactions is actually significantly affected by the volume of procedures caused by the extra-budgetary projects.

The information about the total amount of resources available has been obtained from the organisations' financial reporting.

The organizational complexity has been operationalized by the previous literature in various ways as organizational model adopted (divisional, matrix, etc.) level of independence of divisions, geographical dispersion of the enterprise, concentration of the industry (Adams 1998), diversification of the business areas (Hackson, Milne; 1996), level of systematic risk¹⁸ (Trotman and Bradley 1981, Roberts 1992), etc. The measure adopted for the present work is the number of employees; this measure has obviously both advantages and disadvantages. Clearly it is not the most comprehensive measure for organizational complexity, it is though a good proxy of the administrative complexity of an enterprise, it is simple to measure, it is more objective than other measures which implies a judgment of the researcher on the level of complexity of different organizational forms (i.e. matrix is more complex than divisional organization) and it has been used by some previous studies (Adams 2002, Gray, 1995). In the reality of the international organizations, alternative measures could have been for example the number of hierarchical level of the organization, the number of geographical areas of intervention or the adopted model for service delivery. The measure we chose is though simpler, highly comparable and more objective, and has been obtained from official website of the organization.

¹⁸ The systematic risk of an enterprise is a measure of the inherent risk of the core processes and operations and more in general an inherent risk of the business model itself. It has been calculated in different ways (Trotman and Bradley 1981).

The information regarding the number of employees was found in the organizations' websites or has alternatively been searched in the notes to the financial statements.

The level of decentralisation of a UN organisation has been differently measured in the private sector literature with indicators expressing the amount of resources spent/earned abroad (i.e. export on sales ratio, Raffournier 1995) or with some proxy of geographical distribution of the firm, such as the number of countries where the company has operations or selling activities (Cooke, 1989) or countries where the organization issue reports (Roberts, 1992).

In the present work we measured this variable with the amount of financial resources spent by the organization away from the headquarter, in the country and regional offices. This choice is given by the fact that: *i)* on the revenue side, it is difficult to find measures linked to the level decentralisation¹⁹ and *ii)* the available measures of geographical dispersion -such as the number of regional and country offices held by the organization- does not take into account the relative size of the operations performed by the organization in the field (liason offices are different from operative/implementing offices) and their weighting is complex and does not offer objective results.

The amount of resources spent away from the headquarter is on the contrary a good measure of the level of decentralisation, intended as the amount of operations performed away from the headquarter; in IOs, financial resources are usually heavily related to personnel distribution and size of operations; one of the disadvantages it is that is not a measure of geographical distribution of the firm (resources could be spent in few regional offices as well as a multitude of country offices).

The amount of decentralised expenditures, overall and by world Region²⁰, is normally included in the performance reporting documents issued by executive bodies or in notes of the financial statements.

In the previous chapter (development of hypotheses), we stated that in the private sector the financial performance is traditionally measured by profit or return on investments ratios (Cowen et al, 1987; Patten, 1991, Roberts, 1992). In the public sector, given the absence of a single bottom line, the financial performance variable could be operationalized into two

¹⁹ The extra-budgetary resources are allocated to specific projects on the field but is not possible to find a comprehensive measure taking into consideration the whole amount of available resources.

²⁰ In the UN classification the World is divided into five main Regions, accordingly to a geo-political criterion: North America and Europe, Latin America and the Caribbean, Arab States, Africa, Central and Pacific Asia. Each region is then subdivided in sub-region (i.e. North Africa, Western Africa, etc.) which are the geographical basis for the so-called "regional offices".

relevant factors: *i*) the capacity to attract resources and *ii*) the capacity to use available financial resources.

In the UN organizations' environment, the former can be measured by the rate of increase in "extra-budgetary resources"²¹; this kind of resources is the more volatile for the organization, because it depends on its capacity to compete for voluntary resources with other technical cooperation agencies, both from within and outside the UN system. The rate of the increase, as opposed to the absolute amount of resources of a given administrative period, is indicative of the level of success of the competitive efforts made by an organization to raise voluntary resources to fulfill its core mission. We measured the increase in extra-budgetary resources in two subsequent biennia (increment of 2002-2003 in relation with 2000-2001); this choice was obliged by the fact that only recently UN organizations have started to report systematically this kind of resources; a longer time series would have perhaps allowed an even more significant measure.

Regarding the second factor we mentioned, the traditional public sector literature identifies financial performance as the capacity to use and commit money to the budgeted programmes (Wildavsky, 1992; Borgonovi, 1996; Anessi and Steccolini, 2005; Jacobsen, 2006); the rationale behind this is that constituencies give public sector organizations resources to manage the public needs; as a consequence, the percentage of obligated resources over the budgeted resources within a financial period could be considered a proxy of the organizational capacity to realise the core programmes and hence of the financial performance of the organization.

We found the information about the rate of increase in extra-budgetary resources in the notes of the 2000-2001 and 2002-2003 financial statements; the information about the percentage of obligated resources over the budgeted ones was found on the document "budget execution", annex to the financial reports of the organizations.

²¹ UN organizations typically manage two different kinds of resources: (i) the so-called "ordinary resources", conferred by the member states in the representative bodies (Specialised Agencies) or by the central bodies -UN General Assembly and Economic and Social Council- (Programs and Funds) to realise the regular programme of the organisation; (ii) the "extra-budgetary resources", given voluntarily by single states, groups of them or members of the civil society to fund specific projects and activities.

4.2.2. Corporate Governance Factors

Turning to *corporate governance* factors, the peculiar nature of the UN system organizations requires a partial adaptation of the definitions of such variables.

Looking at the basis components of the governance system, member states and other non state donors may be considered as constituents of an IO and they can be reckoned as its “shareholders”. Much debate is still going on about this point within the community of professionals and diplomats. On one side, infact, there are some who refuse a “corporate view” of the IOs, to the estension that these organizations are independent democratic fora regulated by *consensus* rather than corporations. In this view, IOs are autonomous organizations and the voting rights of the member states can not be assimilated to ownership shares of IOs The alternative view, on which the present work holds, suggests that member states are shareholders of the organizations, in that they are the only direct constituencies of the organizations and substantially determine their holding rights in relation to a series of factors such as their financing capacity and their relative political power within the formal and informal decision making mechanisms. Some organizations actually function through a system linking the financing capacity to a weighted voting rights system, with the decision making rights weighted for the financing rates on the organizations (World Bank, International Monetary Fund); for these organizations, the association between states and shareholders becomes natural. The majority of the other IOs normally works on a *consensus* basis; even for these organizations, though, governing bodies are occupied -on a rotation basis- by representatives of the most influential member states, acting like “shareholders” and sometimes representing the interest of some of the other minor holders which cannot be represented in the governing bodies.

In this sense, the most convincing assonance between member states and shareholders is that governments of member states are the only directly recognizable constituencies of the IOs and directly exert their powers as constituencies through the formal and informal decision making mechanisms.

Given the mentioned assumptions, the variable “concentration of ownership” has been measured through the concentration of contributions and the percentage of ordinary resources offered by the first ten contributors to total ordinary resources. Infact, as a first proxy, we can assume that the contributive capacity of a member state determine its substantial power in the decision-making structure, if not directly, thanks to the indirect power given by the capacity to stop contributing to the organization through missed

payments. In this sense, the contributing capacity of a member states gives to its government a greater influencing power, especially in relation to the technical and administrative part of the organization.

Previous private sector literature calculates the concentration of ownership in different ways (cfr. table 2 below); we took into consideration the percentage of shares owned by the first 10 shareholders (Hossein and others 1994) as a reference point; in the UN entity this measure has been translated into the percentage of ordinary resources given by the first ten state contributors. We intentionally excluded extra-budgetary resources from this measure; the main reason is that the most eminent donors of this kind of resources are non state subjects (organizations such as Ford Foundation, Turner Foundation and Bill & Melinda Gates Foundation contributed massively in the last years to the UN budget); under our previous reasonement they cannot be considered as shareholders of the organizations -they do not even participate to the formal decision making of the organizations, even if substantially orient a part of their activities through the concesison of extra-budgetary funds-.

The “accessibility of shareholders to executive bodies” has been operationalized in the previous private sector literature with the presence or absence of shareholders’ warranty and minority rights (Shleifer and Vishny, 1997); the literature interested in IOs translated this measure into the balance of stakeholders’ power (Mearsheimer, 1994), a qualitative parameter related to the presence of check and balances systems in the decision-making mechanisms (i.e. consensus building as opposed to qualified majority mechanisms; relative size of executive organs, relative powers of plenary committees opposed to elective ones, etc.). This measure has been considered complex and difficult to capture in numerical terms. For this reason, in the present work the accessibility to executive organs has been translated into the level accessibility of member states to organizations’ governing bodies and measured by the number of years needed for a complete rotation of members within the executive bodies. Usually, the number of years range from 1 to 4, while some organizations do not present rotation mechanisms. The higher the rotation, the higher the accessibility: score 1 was attributed to organizations with rotation each year; score 4 to organizations with rotation every four years; score 5 has been attributed to organizations for which the executive bodies’ membership does not rotate.

The “presence of warranty mechanisms” for members not represented on executive bodies has been trasitionally measured in the private sector literature as the presence of a

corporate social reporting committee (Cowen and others, 1987) or the existence of legal protection mechanisms for investors (Shleifer and Vishny, 1997; Coffee, 1999).

In the reality of UN system organizations, the presence of a representative body that is a direct expression of all the member states -UN organizations may have a different number of members, ranging from 50 to 194- constitutes the closest measure to the one identified by the previous literature. Such bodies are usually called General assemblies or General Conferences and are divided into committees, whose membership can be plenary (for example the fifth commission on budgetary matters of the UNGA) or based on a geopolitical representation elective principle. Such organs are always present in the Specialised Agencies, but they cannot be found in Programmes or Funds. These organizations regularly refer to the UNGA and have their executive bodies elected from their membership, which could be remarkably different from the United Nations one (i.e. The United Nations Environmental Programme has just 52 members). This is inherently a binomial nature variable, where the presence of the intended mechanisms scores “1” and their absence scores “0”.

Finally, the “bargaining power” of an organization has typically been related to the specific technological and economic context or to the locus of power of the organization at the stake (Dunlop and Healy, 1953). An alternative view of the power is linked to the need and consequent ownership of critical resources; the so called resource-based power (Yan and Gray, 1994). In studies focusing on multinational groups, power has been linked to the level of organizational interdependence in relation to the holding and other organizations of the group (Thompson, 1967). In studies focused on single industries, power has been linked to the relative shares of the market detained by the firm or to the number of firms in the industry –hypothesis of quasi-perfect competition where size does not actually matter in terms of power- (Paroter, 1980; Sherer, 1980). Power has as well been linked to the level of technical leadership, intensity of investments and export capability (Lecraw, 1984) or property rights (Hart, 1995), which can effectively constitute barriers at entry and source of power for companies. Other studies linked power to the political influence exerted by the firms -in particular to the money spent by the enterprise to sustain e political action committee to political campaigns (Roberts, 1992)- or more in general to the social ties and networks constituted by organizations (Coff and Blyler, 2003).

To measure the bargaining power of the UN organizations we mainly followed a resource dependence approach. We chose the capacity to collect the resources pledged or promised by member States as parameter. The power of the organisation is inversely

related to the total amount of arrears concerning contributions, so that we operationalised it as the percentage of contributions collected by the organization in the financial period 2002-2003 in relation to the total amount of resources approved and or pledged by member states. The higher the percentage, the higher the power. It should be noted that we considered the total amount of resources as base of this indicator; infact, even if organizations have the most relevant difficulties in collecting ordinary resources, the increase in extra-budgetary resources caused a growing phenomenon of non-collected (pledged but not received) resources.

Regarding the source of information, all the *corporate governance* variables related measures have been drawn from the Basic texts of the organisations, such as the Constitution and the Rules of procedures of the Governing Bodies, or from the financial reports (for exsample the case of arrears).

4.2.3. External Factors

With reference to the third category of variables, the *external factors*, environmental uncertainty has been measured in several ways.

At first, there are two ways to look at the uncertainty: it is possible to link it to the perceptions of the most relevant stakeholders or trying to link it to more “objective” characteristics of the external environment. The first option measures the perceived environmental uncertainty of suppliers, competitors, customers, financial markets, government and regulatory agencies, labor unions, mainly through surveys or content analysis of official documents (Ireland and others, 1987). Perceived uncertainty could be operationalised in different ways depending on the scope of the analysis and can focus on government policies, macroeconomic variables, market conditions and competition (Werner and others, 1996).

Among those who tried to assess environmental uncertainty in a more “objective” way we found a conceptual differentiation between two characteristics of uncertainty: environmental dynamism –or the probability of an environment to change repetedly in a short period of time- and environmental complexity –measuring the level of complexity of the competitive and socio-political environment-. In the private sector context, environmental dynamism has been measured through the volatility of net sales in an

industry and the volatility of operating income (Keats and Hitt, 1988). Complexity has been linked to the variety and range of organization's activities i.e. divisionalization, and concentration/dispersion of firm in an industry (Dess and Beard, 1984; Duncan, 1972, Keats and Hitt, 1988).

In the present work, we operationalised environmental uncertainty as the weighed percentage of the decentralised resources (or resources spent on the field). The rationale behind this choice is that we tried to understand and measure the level of exposure to the environmental risk represented by the field conditions the organizations face in their core operations. Intuitively, implementing agencies working in emergency areas in eastern Africa or middle east (i.e. UNHCR, WFP) face a higher risk than regulative agencies with the majority of their operations in the headquarters (i.e. WIPO, ILO). On the other side, it has been proven difficult to quantify objectively the level of uncertainty actually faced by the organizations. We relied on the information regarding the resource allocation in the different "regions" of the world and we tried to find a measure of political/social uncertainty of each region. We proceeded in the following way: we rated the the level of "political instability" of each country where the UN organizations have operations consistently with the classification on instability drawn from a specialised website (www.ppu.org.uk)²². Each world region has been awarded with a weight representing the simple average of the uncertainty level of the countries comprised in each region; as a result, the regions were ranked in a 1 to 5 scale North America and Europe scored 1, Asia and Pacific 2; Arab States 3; Africa 4; Latin America and the Caribbeans 5. Consequently, the weighed percentage of the decentralised resources has been calculated as a percentage on a scale 1-5 attributing to the percentage of resource spent by the single organization in each world region its relative weight. For example, if an organization spent 20% of the decentralised resources in Europe and Commonwealth, 20% in Asia and Pacific, 30% in Arab States, 0% in Africa, and 50% in Latin America and the Caribbeans the level of risk is: $(0,2*1 + 0,2*2 + 0,3*3 + 0,5*5)/5 = 4/5 = 80\%$. The percentual value recalls the level of risk reached by the organization in relation to the maximum one (potentially reachable by organizations with a resource allocation 100% decentrated in the most risky region, Latin America and the Caribbeans).

²² We intended instability as a comprehensive parameter including the risk of war and civil disorder, the existence of militaristic and autocratic political systems, the internal or external situation of population displacement.

In the private sector literature, the market dependence has been linked to the level of reliance on debt and financial markets to finance the company activity: the two most used measures are the average debt to equity ratio over time (Roberts, 1992) and the net amount that has been raised from external capital markets (Adam, 2002) given by the cash flow.

UN organizations usually do not rely to financial markets to raise funds, excluding in some very limited use made by the IFIs. The real market of the UN organizations is represented by the voluntary contributions issued by member states and other non state donors. We do not consider the ordinary resources as part of the market sources for the UN organizations, because it is really unlikely that an organization does not get an incremental flow of these resources from period to period (usually the assignments are based on percentual increment on the historical amount of nominal resources).

Consequently, market dependence has been associated to the reliance on “market” or “non captive” resources, and more specifically to the percentage of extra-budgetary resources over the total resources of the organization. In the present study, we took into account a single biennium (2002-2003); given the significant dynamicity and volatility of the extra-budgetary resources, it could have been beneficial to consider a longer period of time. Unfortunately, organizations just recently began to measure and report the extra-budgetary resources in public reports.

Finally, we have taken into account the factor “technology”, mainly taken from the contingency literature. This factor conceptually refers to the industry and kind of core/operational processes of the organizations.

In these terms we can note a significant differentiation among the UN system organisations. Infact, they share the common mission to “contribute to bring, keep and maintain global peace and wellbeing” in different fields, such as economic and social development, education and culture, healthcare, environmental protection. However, each institution has specific “means” to contribute to this mission. Some perform mostly regulative and informative activities -international agreements, technical advice to state governments, research, study and information activities-. Others carry out activities which are predominantly of a financial transferring nature -grants to member States, contributions and grants to partners for managing projects on the field-. Many organizations have an implementing nature, meaning that they directly or indirectly perform technical cooperation projects. It is though often difficult to identify the boundaries between the implementing

and the financial transferring nature of organizations, since many organizations maintain both natures and since in the recent years many organizations passed from a direct to an indirect delivery.

For these reasons, we split up the UN population into two groups: organizations with prevalence of regulative nature and organizations with prevalence of financial transferring nature. Given the lack of quantitative information about the financial resources spent on the different activities, we just distinguished between “high”, “medium” and “low” level of regulative/informative activities and financial transferring activities, based on organizations’ official documents. In particular, we examined the constitutions and the strategic plans of the organizations in the parts concerning the means of implementation of the institutional mission.

Table 4.1 summarizes the measures identified to operationalise the factors which are likely to affect IOs’ external accountability.

Table 4.1- Operationalisation of Factors Likely to Affect Accountability in the UN Environment

Influencing Factors	Literature	Measures – UN environment
Organisational factors		
resource availability	Gross Income/Turnover (Hossain and others 1995) Profit (Cowen and others 1987)	Total monetary resources (regular and extrabudget) available for biennium 2002-2003
Complexity	Number of employees in relation to sector and industry composition (Adams 2002, Gray, 1995) Diversification: number of business areas/markets (Hackson and Milne, 1996) Industry "membership" (i.e. concentration) (Adams, 1998) Systematic risk (Trotman and Bradley 1981, Roberts 1992)	Overall number of employees
decentralisation	Export on sales ratio (Raffournier, 1995) Number of countries company has operations or selling activities (Cooke, 1989) Countries in which the organisation reports and country of ultimate ownership (Guthrie and Parker, 1990, Roberts 1990)	Percentage of monetary resources spent "on the field" (away from the headquarter)
Financial performance - capacity to attract monetary resources	Consolidate or current profit (Cowen et al, 1987; Patten, 1991, Roberts, 1992)	Percentual increase in extra-budgetary resources collected on total resources available (two consecutive biennia: 2000-2001/2002-2003)
Financial performance - capacity to use monetary res. Available	Expenditure rate as financial efficiency (Jacobsen, 2006; Wildavsky, 1992; Borgonovi, 2004; Anessi and Steccolini, 2005)	Percentage of "obligated" resources on total resources available for biennium 2002-2003
Corporate governance factors		
concentration of ownership	Type of ownership: private companies/public listed companies shares ownership diffusion/dispersion (Raffournier 1995) Percentage of shares owned by the first 10 shareholders (Hossein and others 1994) % of corporation owned by management and by individual shareholders owning more than 5% of out standing shares (Roberts, 1992) Total percentage of shares that are owned by corporations, which hold more than 10% of the outstanding shares of the company (Adam, 2002)	Percentage of ordinary resources given by the first ten contributors (member States)
accessibility of stakeholders to executive bodies	Balance of stakeholders' power (Mearsheimer, 1994) Shareholders' warranty and minority rights (Shleifer and Vishny, 1997).	Stability/rotation of member States in executive bodies (year/s needed for entire rotation of members in executive organ)
presence of warranty mechanisms for members not represented in executive bodies	Presence of a corporate social reporting committee (Cowen and others, 1987) Existence of legal protection mechanisms for investors (Shleifer and Vishny, 1997; Coffee, 1999)	Presence of representative bodies composed by all member States attending the organisation ("1" if the representative organ is present; "0" if it is absent)
organisation's bargaining power	Typically related to the specific technological and economic context and locus of power (Dunlop and Healy, 1953) Level of organizational interdependence (Thompson, 1967) Number of firms in an industry group and relative shares (Paroter, 1980; Sherer, 1980) Technical leadership, intensity of investments, export capability (Lecraw, 1984) Dollars contributed by corporate political action committee to political campaigns (Roberts, 1992) Context based vs. resource based power (Yan and Gray, 1994) Property rights (Hart, 1995) Social ties and networks (Coff and Blyler, 2003)	Percentage of resources collected on total resources pledged and promised by contributors (1 – % of total arrears left from current and previous years contributions on total resources available for biennium 2002-2003)
External factors		
environment uncertainty	Perceived environmental uncertainty about: suppliers, competitors, customers, financial markets, government and regulatory agencies, labor unions (Ireland and others, 1987) Perceived environmental uncertainty and international risk about: government policies, macroeconomic trends, market conditions and competition (Werner and others, 1996) Environmental dynamism: volatility of net sales in an industry, and volatility of operating income (Keats and Hitt, 1988) Environmental complexity: variety and range of organization's activities i.e. divisionalization, and concentration/dispersion of firm in an industry (Dess and Beard, 1984; Duncan, 1972, Keats and Hitt, 1988)	Weighted percentage of "decentralised" resources (weight ascribed to the % of resources spent in every world Region consistently with the political instability of the Region) of biennium 2002-2003
market dependence	Average debt to equity ratio over time (Roberts, 1992) Financing net cash flow as the net amount that has been raised from external capital markets (Adam, 2002)	Percentage of extra-budgetary resources on total available resources for biennium 2002-2003
type of activity performed	Regulative, financial transferring and direct intervention activities (Osborne and Gaebler, 1992; Anessi Pessina, 2002, Borgonovi, 2004)	Qualitative assessment of the prevailing nature of organisation: (i) regulative-informative; (ii) financial transferring

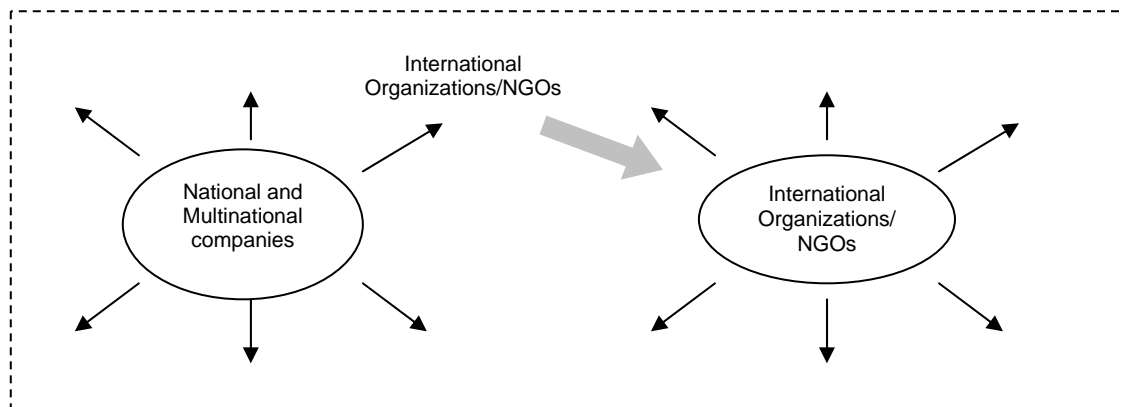
4.3 The Selection of Reporting Documents – a Stakeholder Perspective

UN system organizations issue a multitude of different reports to address the information needs of the various stakeholder categories. The scope of the present work required to choose the kind of document which is most representative of the corporate performance accountability of the organization to the competent public.

To explain the choice we made in relation to the mentioned dimensions, we need to introduce a stakeholder approach to the IOs and to give a brief overview of the different kind of documents issues by the UN organizations in these terms.

Application of stakeholder theory traditionally missed to focus on the reality of the IOs; these organizations are often taken into considerations as significant stakeholders of multinational companies (i.e. Mitchell, Agle, Wood, 1997; Doh, Guay, 2006) and NGOs (Unerman, O'Dwyer, 2006) but are rarely put on the spot as nexus of the stakeholder relationship to be studied (among the rare examples see Udall, 1998; Nelson, 2001).

Picture 4.1: The Adoption of Stakeholder Theory: Put the International Organizations on the Spot.



Even if it is hard to find a common definition in the existing literature, in general terms, stakeholders of IOs can be defined as “all the subject which affect and/or are affected by the activity of the organization and have a vested or at least legitimate interest in the organization” (Gray, 1995).

Main stakeholder categories of the IOs and content of relationship with them can be summarised as follows (United Nations, 2007; Hemmati, 2002):

- Member states: constituencies (or shareholders) of the organization, national governments represent the domestic interests but at the same time participate to the IOs to promote the international cooperation and development and are interested in pursuing foreign policy programmes through their participation to IOs (national governments as donors and givers of technical knowledge). On the other side, national governments can be considered the main category of direct beneficiaries of the IOs' technical cooperation and capacity building activities (national governments as beneficiaries and takers of knowledge). In the perspective of the IOs, the shift towards the extra-budgetary resources makes the single national governments (donors) more and more influential face to the community of the member states as a whole.
- Other non state donors, and notably other international organizations, NGOs and private foundations. These organizations' contributions to IOs are growing increasingly and consequently their capacity to influence recipients' politics and strategies is more and more significant, even if this kind of donors cannot participate to the formal decision making of the organizations (i.e. negotiation of the agreements and of the regular budget).
- Beneficiaries and subjects affected by the core activity of the organization: the final beneficiary of IOs' activity are the citizens and local communities affected by them. In the technical cooperation projects, national governments are the intermediaries while communities are the final beneficiaries, influenced by the domestic public policies. This is particularly the case of the IFIs' lending activity, always linked to public sector or domestic reforms. In the emergency/healthcare/industry development projects, local communities are directly affected and targeted by the IOs in their field activities. It is commonly believed that this kind of stakeholder just appreciate the "positive" impacts of the IOs' activity (i.e. promotion of development, health and security, while there is a growing movement towards giving voice and rights to the local communities who directly or indirectly experiencing the "negative" impacts of the IOs' activity. In this direction, UN has recently created an appellation body for physical subjects who believe to be damaged or who, in light of a vested interest in the UN activity, wants to be heard directly. This new kind of direct/democratic hearing should be considered a promising example of the growing importance of this stakeholder for the UN system, in the direction of changing the traditional relation citizens/national governments/IOs regulated by the political

representative process. Further interesting subjects affected by the IOs' activity are the multinational companies, with particular reference to externalities intensive sectors (i.e. chemicals, pharmaceuticals). These organizations can be affected by regulations, standards and agreements regarding their activity –i.e. standards of ethical conduct and respect of human rights, regulations about the core processes and/or against emissions- and consequently lobby with their national governments for that. In the UN system there are some formal mechanisms of representation of these interests (i.e. ILO contemplates a tripartite decision making structure, where representative of the employers, of the unions and of the national governments are represented).

- Suppliers and other contractors, among which could be encountered some important implementing NGOs (i.e. Oxfam international, emergency, etc.); an important distinction should be made between suppliers of materials and contractors for services. Suppliers usually lobby through the respective national governments or directly to the UN administrative units; the first case is more common in the extra-budgetary projects; it is well known for example that one of the conditions applied by the US in their voluntary donations to the WFP is that the food supply is bought by the organization among the domestic suppliers accredited to the UN. The second case concerns the regular budget resources, where accredited suppliers –meeting the minimum standards of quality and delivery capacity required by the UN organization- acquire contracts through competitive tendering. Service contractors –more in particular organizations to whom project delivery is delegated by the IOs- are fundamental stakeholders, since they have direct contact with the affected communities and local governments and the quality and transparency of their service is directly affecting the image of the delegating IO. Several outsourcees can be seen as competitors as well, since in some cases (i.e. AgaKhan foundation) they have flexible and significant presence on the field and efficient support processes.
- Competitors and partners, which can be the other UN agencies, other technical cooperation agencies, private foundations or NGOs. As a general trend, the humanitarian and technical cooperation sectors are experiencing a complexification of their “value chain”: more and more often, national states give contribution to IOs which allocated resources consistently with political agreement within the international community and externalize the project delivery to partner

organizations. In the indirect delivery, the IO is responsible to control the quality, impartiality, efficiency and effectiveness of the outsourcees. To this extent, implementing NGOs are to be considered partners, but more and more often they could try to substitute themselves to the IOs towards the donors' community, relying on their supposed greater efficiency as competitive advantage. The counter argument of the UN system organizations is that NGOs cannot offer the formal endorsement of the international community on the design of the projects and do not enjoy the same quality of the political acquaintance on the planned intervention.

- Media and general public: Media have a double position in relation to IOs: on one side they can put some relevant issues on the political agenda; on the other side they can comment and criticize the operate of the IOs.

The above categorization has meant to give an idea of the main kinds of relations and interests converging on the IOs, even if overlapping between stakeholder categories are inherent in the very nature of the public sector organizations, characterized by a significant convergence on IOs of a multitude of potentially conflicting interests on the same subjects (Borgonovi, 2000). To this extent, for example, member states could be constituencies, beneficiaries and/or donors; NGOs as Oxfam could be contractors, partners and/or competitors, big corporations could be suppliers of materials/support services, donors or competitors (through their foundations).

The main relations between IOs and their main stakeholders are usually covered by communication tools, which can be specific or more general; in this perspective we would like to offer an overview of the main documents issued by the UN organizations. These documents can be easily categorized; they do not vary significantly between organizations, even if specialised agencies issue a larger number of reports for their stakeholders than funds and programmes and observe a strict compliance with the reporting standards of the UN system.

- Statistical analyses and reports: this kind of document is one of the output of an IO's technical cooperation activity, several beneficiary countries lack expertise to hold public nature registers and statistical data (population, diseases, immigration and displacement). These reports are addressed to beneficiary member states and to interested public/investors/citizens;

- Policy, technical and research papers: this kind of paper is the main input of technical cooperation projects and is intended to address public policies; the papers explain the reform/macroeconomic model/innovations introduced by a determined project. These reports are often used by the IFIs during the lending cycle phases (design, implementation, monitoring and evaluation). Main recipients of these reports are the technical bodies of the recipient governments and the community of the member states;
- Project reports: this kind of reports is similar to the previous one, with the difference that is used in emergency/healthcare/development implementing projects, where the direct intervention of the IOs' staff (or outsourcee) is required. These reports are issued along the project cycle (feasibility, design, implementation, monitoring and evaluation phases); their main recipients are the beneficiary states, the donors (in case of extra-budgetary projects) or the community of the member states. For their very nature, these reports are the most interesting for the final beneficiaries and for the media, since they report in a detailed way the activity of the organization and its results. These documents are really important for the partners and the contractors too in terms of their accountability face to the IOs (indirect service delivery);
- Project and programme audit reports: this kind of reports is issued by the audit or the monitoring and controlling bodies appointed by the IOs. The monitoring and controlling bodies can be sited in two different positions: consulting the management (i.e. office of internal evaluation, WB) or independently sited supporting the strategic control function of the governing bodies over the management (i.e. Office of Internal Oversight, UN). Often, several monitoring bodies co-exist in the same organization supervising different control aspects: quality at entry (common in the lending organizations and where relevant feasibility studies are required), fraud and administrative rules compliance, efficiency and effectiveness in resource utilization, ex post effectiveness and evaluation of the effects of the implemented public policies. All these organs produce reports; the majority of them are for internal use only and are addressed to the community of the member states but the real recipients are management or the governing bodies in their role of "agents";
- Financial statements and reports: UN organizations issue financial reports at the end of each administrative period, which for the large majority of the organizations

- is two years long (all the funds and programmes, some of the specialized agencies) and for some of them is one year long (other specialized agencies such as ICAO)²³;
- Performance reports: these reports are often issued together with the financial statements and mirror the structure of the programme of work of the organization contained in the Programme and Budget documents of the organization, presented at the beginning of the administrative period. Usually this kind of documents contain financial information about the programme realization (the so-called “budget execution” data on financial resources spent for each programme and sub-programme) and non financial information, constituted by a mix of qualitative information about the activity realized and quantitative data on results achieved (i.e. number of beneficiaries, amount of service delivered, economic indicators). This is the most recent category of documents in chronological order; the majority of the organizations began to issue performance reports starting from the second part of the 90s’;
 - Official releases, press and conference releases: a residual category of documents is represented by the official releases issued by the organizations when taking official or significant decisions (i.e. approval of the budget, start-up of a new project) and they are often in the form of a declaration of the head of the technical structure (Secretary/Director General).

Considering the scope of this work, the performance reports seem the most suitable documents to be analysed. This kind of reporting is, in fact: (i) issued by all the UN organizations (Agencies, Programmes and Funds); (ii) focused on data and results at the “corporate” level, rather than at the single Region, Programme or project level; (iii) both an “internal” and “external” accountability medium. Under the former perspective, the document is presented by the technical and executive bodies to the representative ones in order to report on the resource allocation and on results achievement. Under the latter perspective, it is a document presented to all the “skilled” stakeholders: governments not attending the organisation, civil society representatives, third parties.

The first two points ensure a high level of comparability, while the last one allows us to embrace the most comprehensive idea of accountability.

²³The transition to the IPSAS will oblige all the organizations to align their financial and administrative period to one year by 2010.

4.4. The Accountability Checklist

4.4.1. Development of the Checklist

The contents analysis of the UN organisations' performance reports has been conducted using a checklist developed on the basis of the literature on disclosure and accountability indices.

There are several studies measuring the degree of disclosure of financial reporting in the private sector (for some examples, Cerf, 1961; Buzby, 1974; Barrett, 1976; Cooke, 1989; Meek and others, 1995). Public sector disclosure indices are more recent and less numerous. In some cases, they are used to compare the reporting practices of public organizations in different countries (Jones and Pendlebury, 1982; Pina and Torres, 1996; Coombs and Tayib, 2000), while other studies (Ingram, 1986; Boyne and Law, 1991; Taylor and Rosair, 2000) are aimed at measuring the degree of disclosure and accountability of reporting, at pointing out weaknesses or strengths in reporting practices, at finding correlations with other variables, such as the type and size of government (for example, Ingram and others, 1988; Ryan and others, 2002).

The checklist we applied to UN organisations' reports on performance has been developed with the purpose of analysing the extent and the mix of information disclosed within the documents, but not of "rating" them according to the quality of their disclosure (an example of study on information reliability is Milne and others, 1999). In other words, we measured the kind and the quantity of information provided by the organizations in their documents, rather than the "quality" of information in terms of reliability, readability or understandability.

4.4.2. Checklist Sections and Items

The checklist is divided into eight sections: 1) Introductory information, 2) Indicators and analysis on cash- and obligation-based data; 3) Financial performance information; 4) Indicators and analysis on statistical and empirical data concerning intervention areas; 5) Input indicators; 6) Level of disclosure about activities realised; 7) Disclosure about goals attainment; 8) Ethical issues and policies.

For each section, a list of relevant items likely to be found in the annual report has been identified on the basis of previous studies about accountability and transparency in public sector organizations (Anthony, 1978; Drebin and others, 1981; Pina and Torres, 1996; IFAC-PSC, 2000) and in particular IOs (Ryan and others, 2002; Scott, 2005). The process we followed consisted in identifying the main aspects and contents checked by the previous literature on performance accountability/reporting and exploding them in relation to the UN system environment.

In the following paragraphs we underline and explain some of the items of the checklist and their importance in the context of the UN system, while the complete checklist is shown in **Table 4.2, Appendix 2**.

As general comment it should be noted that, in order to increase the flexibility of the checklist, we included in each section of the checklist a residual item to catch contents considered important in terms of accountability level but not contemplated in the regular checklist items, because of the peculiarity of the single organizations or the difficulty to categorize them (the item is named “others”).

In the first section we expected to find the basic introductory information regarding the environment where the organization operates (context and external dynamics) and regarding the organization (governing and organizational structure), an executive summary of the report (in line with the policy of the UN system to make more readable and immediate the documents through an effective synthesis) and the recall of the strategic framework of the organization to be found in the planning and programming documents. This must be considered a very important element to link the performance reporting to the programming and monitoring cycle.

The second section –“indicators and analysis on cash and obligation based data”- analyzes the presence of information about the kind of financial resources managed by the organization (regular resources, extra-budgetary resources, provenience and allocation of voluntary resources) and about expenditures: given the nature of performance reporting, we expected to find breakdown of expenditure consistently with the programmatic structure of the organizations: major programmes -defined as authoritative allocation of resources by destination approved by the community of the member states-, programmes, subprogrammes and lines of action -defined as allocation of resources by destination concerted between management and governing bodies-. We also expected to find other breakdowns of the expenditures: by modality of action, by geographical allocation of

financial resources and expenditures, by percentage of resources spent in the period over total available resources. The last mentioned breakdowns could potentially be expected in relation to the total resources or to the resources allocated to the programmes/modality of action, to form a sort of matrix.

Section three has been dedicated to Financial performance information. As first indicator of the financial performance we expected to find information about the amount of standing arrears against the ordinary and voluntary contributions of the donors, The level of reserves and working capital funds²⁴ is a second expected element, along with the analysis of the administrative and support services costs in relation to the core programmes. This information, variously presented in the reports (researches used flexibility for evaluating the availability of such information from the financial statements or qualitative analyses, where available) is intended to evaluate the efficiency of the administrative and support structure and the ability of the organization to allocate the maximum amount possible of resources on the field. The last element listed in this section is the comparison between current and previous years/biennia data regarding resources available and spent.

The fourth section of the checklist presents just one item; it is in fact dedicated to the presence of statistical data concerning the areas of intervention. We chose to include this element to evaluate how carefully the organization presents the general environment it is working on, these information should be intentionally given as a context of the performance report, rather than result of the organization's intervention.

The fifth section of the checklist –“input indicators”- is dedicated to the personnel, which is the single most important input of the international organizations in terms of costs. In this section we measured the presence of information related to the number, location, gender and position (technical, professional, administrative, managerial) of staff.

The sixth section is intended to analyze the level of disclosure on the activities performed and/or controlled by the organization: a first element into consideration is the kind of activity described in the report, which can be classified in two main groups: organization's own activity and interagency activity. In the first group we wanted to analyze if the report presents just the activities financed by ordinary resources or includes as well the extra-budgetary activities, which as mentioned for their nature have dedicated reports to the

²⁴ The working capital fund is a special fund made of anticipation of contribution requested to member states; its main function is for the organization to be able to face expenditures while ordinary contributions not yet cashed are standing.

donors. A second element of analysis has been the depth/analitycity: we identified three main level of activity description: “essential”, “analytical” and “very analytical”. The judgement was expressed on the two main breakdowns previously identified for the expenditures: by element of the programmatic structure (programmes/subprogrammes, lines of activity etc.) and by geographical allocation (region/country office). Finally, in this section we evaluated the completeness of the field reporting: several reports contained the information regarding the number of field offices which participated to the monitoring of the activity and performance data; this seemed to be an important element to evaluate the non financial accountability²⁵.

The seventh section -goals indicators- tests the most proper element of the results-based type of reports. A first main item identified is the kind of goal indicators presented in the reports; we distinguished in the first instance between quantitative and qualitative data and again within the first category between financial and non financial indicators. The non financial indicators have been further explored with a list of possible performance dimensions (projects realised, number of beneficiaries/users, data of impact on the intervention areas or outcomes, efficiency level). A second item which we expected to find in the report was the link between the organisational goals and the MDGs, important in the system-wide perspective as well. In the same section we also rated the level of detail used by the organizations to report by objectives. Higher scores were attributed to the organizations which exploded their objectives at programme/subprogramme/linje of activity level and at the regional/field level.

Furthermore, in this section we evaluated the presence of qualitative comments (lesson learned, limitations, weakness, impediments) and quantitative analyses (financial or non financial; es. link with budgeted performance level/goals). This is an important attribute to judge the overall accountability level since it shows the confidence of the organization in handling its objectives. Finally, we checked the presence of comparisons between values of the goals indicators referred to the current period against the previous periods ones.

The last section of the checklist is dedicated to ethical issues and policies; we looked for information regarding the gender balance (number of male and female by post category and by location, with special consideration for the headquarter/field balance), the language used in official communications and the accessibility to corporate reporting.

²⁵ Reports not contained information about the number of the field office reporting scored a “0”.

4.4.3 Approach to rating accountability

The process we used to attribute the score to each analyzed document is as follows. For each item included in the checklist, if the item was absent, a value of “0” was attributed to the report, if the item was present, a value of “1” was given. A slightly different process was used for the items included in sections 1, 4, 6, 7 and the sub-sections 2.f.2, 2.g.2, 2.h.2, 3.e.2 of the checklist. These items are by their very nature qualitative and can be present with different intensity. Consequently, if the item was rarely present/had a low incidence in the analysed document, we attributed a score of “0,33”; if it was often present/had a medium incidence we used a “0.67”. Finally, “1” was attributed when the given item was very frequent/had a high incidence in the report. This method clearly requested a stronger subjective judgement by researchers. The residual item of each section of the checklist (“others”) was rated in this way as well.

The simple average of the scores attributed to the items in each section of the checklist constituted the score –or level of accountability- reached by an organization in each section; the score obtained for each checklist section is consequently expressed as a percentage, where 100% is the maximum possible level of accountability and 0% the minimum one.

The scores obtained by each organization in each section were used to develop two kinds of synthetic indices: *i)* the “overall accountability” index, the average of the scores obtained from the eight sections on the checklist; *ii)* the “financial accountability” and the “non-financial accountability” indices. The two last indices were obtained as follows: items within the checklist sections were classified as belonging to the financial or non financial kind of accountability; Items belonging to sections 1, 4, 5, 6, 7 (excepted 7.a.1) and 8 were classified as “non-financial”, items belonging to sections 2, 3 and item 7.a.1. were classified as “financial”. The average of the scores obtained by each document for all the items classified as financial/non financial gave the financial/non financial accountability index. The three indices have consequently been expressed by percentages.

Since the indices were developed to explore the amount and the mix of information provided in the performance reports, no weights were assigned either to the single items to determine the score of the section or to the single sections in the checklist to determine the value of the index; this approach could have been consistent with the intent to analyze the relative importance attributed by the organizations to the items on the checklist. Rating

the items would have required a subjective judgement on their importance (however, it should be noticed that indices are intrinsically subjective - Marston and Shrives, 1991).

The rating process we followed presents in any case a significant degree of subjectivity, which can be summarized in the following elements: *i)* the qualitative judgement used for some items (rates “0,33”, “0,67”); *ii)* the number of the items included in each section; within more populated sections, the relative weight of the single item on the overall section score is in fact lower than the one of items in less populated sections; *iii)* the use of the simple average of the items as method to determine the value of the sections and of the indices. In all these cases, we already explained the rationale behind the use of such a subjectivity.

Table 4.2 in Appendix 2 summarises the values of the overall, the financial and the non-financial accountability indices, as well as the synthetic values of the sections on the checklist for all organisations.

4.5. The Choice and Use of Cluster Analysis

4.5.1. Definitions and Overview of the Applications

The term cluster analysis collectively refers to several different algorithms used to group similar entities. Each entity is usually described by its position on a set of attributes (dimensions) and the boundaries of the groups are not pre-specified (Joyce and Channon, 1966; Ball and Hall, 1967; Green, Frank and Robinson, 1967). Rather these boundaries are derived according to patterns found in the attribute measurements and in the distribution of the records along the identified attributes/dimensions. This characteristic makes cluster analysis a suitable tool for estimating the heights of mobility barriers which segregate groups or clusters formed by the examined records, assuming that researchers can isolate dimensions and dimensions which describe the key differences among the selected population (Harrigan, 1985).

In other words, cluster analysis takes a sample of elements (i.e. organizations) characterized by some core attributes/dimensions and groups them in such a way that the statistical variance among elements grouped together is minimized while variance between groups is maximised.

Cluster analysis has been extensively used at first in natural sciences; disciplines such as biology, anthropology and medicine, to define and classify species and families of the studies “entities” such as vegetables/animals/pathology.

The technique has been extensively used in the social sciences as well; coming to managerial sciences, marketing and strategy/organization seem to be the disciplines which more recurred to this technique for their research objectives. In particular, this technique is interesting because it allows the inclusion of multiple variables as source of configuration definition, permitting to group and to classify organizations. For example, marketing studies used the technique to group consumer behaviour and preferences (Punj, Stewart, 1983). As we explain below, managerial sciences used cluster analysis mainly to group, treat and elaborate large dataset where several attributes/variables are attributed to examined organizations.

4.5.2. Main Criticisms to Cluster Analysis

Use of cluster analysis in managerial sciences has been frequently under attack; (i.e. Barney Hoskinsson, 1990; Meyer, 1991; Thomas and Venkatraman, 1988; Everitt, 1979). A first cause of concern is the extensive reliance on researcher judgement inherent in cluster analysis. This is an issue throughout the technique but perhaps most troubling is the fact that unlike other techniques such as regression and analysis of variance, cluster analysis does not offer a statistic test that provides a clear answer regarding the support or lack of support of a set of results for a hypothesis of interest. Instead, to a large extent researchers are the arbiters of the meaning of results acquired through the analysis in terms of selection of most important variables (hierarchical clustering analysis) number of groups and their characterisation in relation with the hypotheses of the study (Ketchen, Shook, 1996). A second major issue is the perception that most applications of cluster analysis in management have lacked an underlying theoretical rationale. Often clustering dimensions seem to be selected haphazardly (Reger, Huff, 1993). This is particularly true in the inductive approach (as opposed to the deductive or cognitive approach; see more extensively below and Ketchen and others, 1993), which focuses on exploratory classification of observation; neither the clustering variables nor the number and the nature of the resultant groups are tightly linked to a deductive theory. Without a theoretical foundation. however, clusters may just reflect statistical artefacts that capitalize random numerical variations across organizations (Thomas and Venkatraman, 1988). Thus, cluster

analysis has the potential not only to offer inaccurate depictions of groupings in a sample, but also to impose groupings where none exists.

4.5.3. Methodological Issues

As we mentioned before, the concept of cluster analysis is an umbrella covering a series of various techniques and methodologies. Without entering in much detail on the differences among the various aspects of the mechanism (the interested reader is referred to Aldenderfer and Blashfield, 1984; Everitt, 1980; Hair and others, 1992; Lorr 1983; Punj and Stewart, 1983) the most interesting issue regards the selection and treatment of variables to cluster and the clustering algorithms.

The selection of the variables could be deductive or inductive; in the first case there is a specific theory offering hypotheses to be tested. In the second case, used often in the exploratory studies, the researchers select a series of variables and observe/interpret the forming clusters.

In the treatment of the variables, two main approaches could be followed: consider the variables for their absolute values or standardize them. Because cluster analysis groups entities (organizations) such that the distance between groups along all clustering variables is maximised, variables with large ranges are given more weight in defining a cluster solution than those with small ranges. One of the possible remedies is standardization, which transforms the distribution of entities (organizations) along variables so that each has a mean of zero and a standard deviation of one. This can in turn eliminate meaningful differences among elements and for this reason the choice of the method is an equivocal issue (Edelbrock, 1979; Hair and others, 1992). Finally, strong correlation between variables can be problematic in the clustering process, because it may overweight one or more underlying constructs. Thus, researchers may want to correct multicollinearity between variables, especially if it is desirable that constructs are equally weighted in the clustering process (Hair and others, 1992).

As far as the clustering algorithms are concerned, there are two basic types of algorithms: hierarchical and non-hierarchical. The first type of algorithms progresses through a series of steps that build a tree-structure by adding individual variables. The resulting cluster have a hierarchy of variables which are classified in relation to their relative importance. Usually this approach is used in organizational deductive studies. Non hierarchical

algorithms partite a dataset into a pre-specified number of clusters. All the algorithms of this kind function in essentially the same way (Hair and others, 1992): after the center points of clusters (so called “centroid”) along the determined attributes/variables are selected, each observation is assigned to the group with the nearest centroid. Through a process of recalculation of centroids and multiple passes through a dataset, to allow observations to change cluster membership based on their distance from the recomputed centroids - a “stable” and optimal solution is found (Andenberg, 1973). This method is more consistent with an exploratory and inductive approach to cluster analysis. The number of clusters can be considered a strictly related methodological issue; in hierarchical methods, the number is visually determined as resulting from the process of aggregation of the variables; researchers look for natural clusters of the data that are indicated by relatively dense “branches”; notably, this method heavily relies on interpretation (Aldenderfer and Blashfield, 1984).

4.5.4. The Neglect Use of Cluster Analysis by the Body of Literature Taken into Consideration

As far as the two frameworks taken into consideration by the present study are concerned, the contingent approach literature used cluster analysis mainly to group organizations with similar characteristics (size, industry, number of employees, etc.), in order then to link them with various strategies and levels of financial performance/profit (Hatten and others, 1978). More in general, contingency studies used cluster analysis to make simpler the inherent complexity of panelling organizations, identifying groups of organizations with similar characteristics (see for example Harrigan, 1985). These studies then often use statistical regression (usually linear regression method) to link the “independent” variables commonly found in the identified groups to dependent variables such as performance, accountability, etc. Contingency theory has traditionally heavily relied on statistical methods even in such cases where the research was based on a relatively limited number of observations, sometimes ranging from 40 to 60 (for a review see Ginsberg, Venkatraman, 1982). It is rare to find other empirical approaches within the theory, such as case study or cluster analysis, because the theory seeks for general relations between organizational characteristics and performances. This approach has often been criticised, on the base of the fact that, in order to have significant results, a larger panel of

organizations should be displayed. On this point, statistical significance is “a constricted, technical, narrow term which simply tell us the probability to find in the universe what we found in our sample (...) it is a minor quality of statistical certainty directly dependent on the size of “*n*” (Cohen, Hyman, 1979).

When it comes to legitimacy theory, the majority of the studies trying to demonstrate the link between industry, visibility or environmental performances on one side and social and environmental disclosure on the other side, generally uses panels of organizations limited by the sector, the size or the appurtenance to a certain country (i.e. Patten, 1992, 1992; Deegan, Rankin and Voght 2000). Here quantitative correlation methods are the only used. Here the critics to the limited size of the panels compared with the linear and causal relations found by the researchers echoes the ones moved to the contingency theory (Deegan, 2002). Some legitimacy theory studies used different approaches, based on case studies or decision-making simulation exercises; in particular, some studies focused on the linkages between media attention and social and environmental disclosure by an eminent company (see the well known case of BHP, first analyzed by Guthrie and Parker, 1989, and then studied by Deegan, Rankin and Tobin, 2002) analysing the response to a greater external attention (measured under the Media Agenda Theory) by companies, through SER. Other studies examined through interviews the managerial perceptions of the social claims/threats and the importance attributed to SER.

A final body of literature tests through simulation the impacts of disclosure policies on decision making (i.e. investment choices). The large majority of these studies adopts a strictly quantitative method (linear relations between managerial perceptions, media attention, environmental performance and level of disclosure) and a strict minority of studies adopt qualitative case studies methodologies (i.e. Chenhall, Morris, 1986).

Summarizing the review done up to this point, we can state that cluster analysis has been used mainly by contingent theorists as a way to group and treat organizations with similar organizational characteristics; it has been largely neglected as a tool to interpret dataset and more in particular to link independent and dependent variables, almost always preferred to quantitative methods –linear regression- even in the case of limited panels of observations. Cluster analysis is nonetheless presented in this present study not in opposition but in combination with a regression method, as a way to overcome the lack of solidity of quantitative measures of statistical significance when reporting to a very limited series of observations.

4.5.3 Use of Cluster Analysis in the Present Work and Methodological Clarifications

The present research adopt a fairly simple cluster analysis methodology. Our purpose is to find some relevant linkages between single independent variables -the factors identified both by the contingency and the legitimacy theory as potentially influencing accountability patterns of organizations- and the independent variables –the level of financial and non financial accountability shown by the UN system organizations in their annual performance reports-.

To this extent, we clusered UN organizations according to their financial and non-financial accountability levels (our dependent variables) and the relative value of the selected *organizational, corporate governance and external* influencing factors (our independent variables).

For the present study the cluster analysis is an alternative to the exclusive use of regression analysis; we chose the cluster approach because the limited number of observations offered by the selected target population, composed by twenty one organizations, would have made non reliable any significant statistical relation. Nonetheless, in our analysis we chose to display the linear and polynomial correlation as quantitative proxy of the trends identified with the cluster analysis. In other terms, we used the cluster analysis as qualitative method, heavily based on the researchers' impression, to capture some relevant groups of organizations underlying relevant variables in influencing accountability and we used the regression method to complement and validate the general trends identified with the cluster analysis, without expecting that this method gives back a solid answer to the relation between independent and dependent variables.

Describing the cluster analysis approach in the present work in methodological terms, we can first of all state that we used a *deductive* approach to the identification of the variables, given by the hypotheses elaborated drawing from the previous contingency and legitimacy literature. The difference between hierarchical and non hierarchical methods does not come into consideration in the present study, since we did not construct clusters based on an aggregation of multiple independent variables, but we did consider the distribution of independent variables one by one in relation to the dependent variables. The number of clusters has not been predetermined, but we explicitly looked at the formation of two or more clusters underlying some significant trends.

We looked first at the linear-monotone relations, for which we also used the graphical support of the line of linear regression; in most of the cases where we identified relevant clusters we found two-group formations (values of independent/dependent variables – “low/low” and “high/high”; “low/high” and “high/low”) or three groups formations. We also looked at the non-linear and non-monotone relations which could be found in the distributions, for which we used the graphical support of the polynomial regression function. In this case, we usually identified three main clusters (U-shapes or inverse U-shapes)

In practical terms, for each analyzed relation, the number of clusters and elements belonging to them have been determined by the researchers through a qualitative process and with the help of the linear and polynomial regression analysis. The central points have been consequently determined as rounded average of the elements belonging to each cluster. To make more complete our qualitative analysis, we underlined the number of elements falling out the determined clusterization.

Chapter 5

Results and Discussion

In the present chapter we show and discuss the result of our study. We first analyze the distribution of the factors potentially affecting IOs accountability as drawn by the existing literature (chapter 3) and operationalized in the reality of the IOs (chapter 4) through basic descriptive statistic. We then show the existing trends between the different factors at the study, noting that even for the UN system organizations' population, some of them are significantly related in line with the previous findings of the international private sector literature (i.e. size and complexity).

We then propose the results of the test of hypotheses identified in chapter 3 through qualitative cluster analysis: we will recognize hypotheses which in light of the data turned out to be relevant as opposed to hypotheses which seem not relevant and within the first category we will underline if a positive or negative impact of the factor on the financial/non financial accountability level of the organization exists, in line or contrarily to the relation we hypothesized in chapter 3. We will analyse the significant trends emerging from the data and we will comment them in light of the alternative or complementary explanations given by the legitimacy and contingency theories applied to the reality of the UN system.

5.1. Statistical Analysis of the Factors Affecting UN System organizations' accountability

Table 5.1 in Appendix 3 shows the complete records of the identified factors potentially influencing UN system organizations' accountability for the entire population taken into consideration; **Table 5.2** summarizes some descriptive statistics related to the influencing factors and the two main accountability dimensions presented in Section 4.

As the reader can notice, the statistics were produced for the factors with continuum values; no statistics were produced for the two variables with discrete and binomial distribution ("Presence of warranty mechanisms for members not represented in executive organs", "Type of performed activity" and "Accessibility for members to executive organs").

Table 5.2. Distribution of the Factors Affecting UN System Organizations' Accountability. Descriptive Atatistics.

Variable	Min	Max	Mean	Median	Variance	Strd Error
Financial accountability	7%	83%	43%	46%	5,66%	23,78%
Non-financial accountability	34%	77%	57%	56%	1,11%	10,55%
Resource availability (USD/biennium)	48.519.643	5.949.800.000	1.278.318.284	452.183.694	2.833.482.279.280.910.000	1.683.295.066
Complexity (n.employees)	81	4.426	1.415	857	1.953.258	1.398
Decentralisation (% resources spent on the field)	0%	89,50%	46,04%	51,80%	9,43%	30,70%
Financial performance - capacity to attract monetary resources (% variation extrabudgetary resources current/previous biennium)	-27,14%	96,86%	25,27%	17,52%	9,69%	31,13%
Financial performance - capacity to use monetary resources available (% financial resource spent on total assessed contributions)	69,79%	100,07%	92,63%	94,83%	0,63%	7,96%
Concentration of ownership (% contributions first ten state donors on total available resources)	24,25%	86,77%	65,15%	69,49%	3,07%	17,51%
Presence of warranty mechanism for members not represented in executive organs (presence of plenary representative organs)	...	...	...	...	...	...
Accessibility for members to executive organs (n. years for executive organs' membership rotation)	1	4	...	...	...	...
Organisation's bargaining power (1- % of standing arrears on total available financial resources current biennium)	55,50%	99,78%	87,93%	90,67%	1,12%	10,58%
Environment uncertainty (weighted percentage of decentralized resources)	0%	73,50%	43,09%	54,12%	6,96%	26,37%
Market dependence (% extrabudgetary resources on total financial resources available)	3,80%	100,00%	60,01%	69,90%	10,41%	32,26%
Type of performed activity (regulative/financial transferring)	...	...	...	...	...	...

Table 5.3 shows the correlations between all the considered variables, both “independent” (accountability influencing factors) and “dependent” ones (level of financial and non financial accountability). Our two dependent variables, in particular, are strongly correlated (positive correlation coefficient 0,48), supporting the idea that they represent two dimensions of the same overall accountability construct. They have though different distributions, where financial accountability varies more widely across organizations and has a lower average value than non financial accountability (variance: 5,66% against 1,11%; standard error: 23,78% and 10,55%; arithmetic mean: 43% and 57%; cfr. Table 5.2).

Looking only at Table 5.3, we can notice that financial accountability is on average more correlated with the independent variables than non financial accountability, allowing the interpretation that this item is more sensitive to the identified influencing factors.

In terms of correlation between independent and dependent variables, we find a strong direct relation between both types of accountability and environmental uncertainty (0,58 with financial accountability and 0,35 with non-financial accountability). We also find a strong positive correlation between financial accountability and both size and complexity (respectively 0,39 and 0,40), which in turn are strictly related, with a coefficient of 0,70. A significant relation could be found as well between this kind of accountability and decentralization (0,37), which seems to grow in parallel with size and complexity (0,55 and 0,34). A similar path could be noticed for the environmental uncertainty.

Another interesting point is that the capacity to attract monetary resources seems to follow a trend opposed to the financial accountability, probably because of the tendency of organizations heavily relying on voluntary contributions to shift the accountability modules to the extra-budgetary donors.

As far as the relation among the independent variables is concerned, there is undoubtedly a strong positive link between size, complexity, decentralization and environmental uncertainty. All these variables are negatively related with the capacity to use available resources. This trend is explainable in the light of the fact that larger, more complex and decentralized organizations experience more severe difficulties in foreseeing their future expenditures and realizing all the programmes. Possible reasons behind this could be that: *i*) it is easier to programme for small organizations (and budgets) and *ii*) costs generated at the headquarters have a strong fixed and administrative nature (personnel, materials and services, travels, etc.) and their amount is highly foreseeable, while costs generated on the

field are linked to the operational activities and hence experience the greatest variations in relation to the budgeted resources.




More in general, it seems that the capacity to use financial resources is negatively linked with quite a lot of independent factors: the exposure to the environment and to the market, the concentration of ownership and the organization's bargaining power. Decentralised, larger and more complex organizations experience as well a greater exposure to the environment uncertainty and market dependence. Decentralization, being strongly positively related with market dependence, shows that a larger differentiation in the funding sources is associated with higher power delegation.

As a final interesting trend to notice, the most concentrated organizations in terms of ownership are the most exposed to the market, to the environment and are, in turn, the biggest, more complex and decentralized.

Table 5.3. Correlation Between the Factors Affecting IOs Accountability. The UN System Case.

	Financial accountability	Non-financial accountability	Resource availability	Complexity	Decentralisation	Financial performance - capacity to attract monetary resources	Financial performance - capacity to use monetary resources available	Concentration of ownership	Organisation's bargaining power	Environment uncertainty
Financial accountability	1									
Non-financial accountability	0,481681571	1								
Resource availability	0,392891985	-0,052662584	1							
Complexity	0,402443353	-0,031720036	0,705215695	1						
Decentralisation	0,344732462	0,298081103	0,53656037	0,324289356	1					
Financial performance - capacity to attract monetary resources	-0,281422834	-0,189796417	0,158329023	-0,060814044	0,084712132	1				
Financial performance - capacity to use monetary resources available	-0,135765257	-0,066298627	-0,126788371	0,100112484	-0,681185638	0,099490265	1			
Concentration of ownership	0,16771292	0,157131909	0,326869131	0,230767508	0,373931486	-0,227900732	-0,363471907	1		
Organisation's bargaining power	0,04712197	0,117607773	0,235065581	0,213626124	0,308188348	0,151890624	-0,308314714	-0,148216235	1	
Environment uncertainty	0,584746842	0,349950109	0,386546341	0,415871535	0,602292658	0,010036819	-0,369822208	0,486407708	-0,201817577	1
Market dependence	0,242204045	-0,131497089	0,408087918	0,32707866	0,606346205	0,108397036	-0,362609828	0,365888541	0,081559684	0,562836266

Coeff. Correlation

0,25-0,40	
0,401-0,6	
0,601-1	

5.2. Factors affecting International Organizations' accountability: results of the test on the UN population

As explained in chapter 4 about research methods, given the relatively small number of UN system organizations, the main hypotheses have been tested through a qualitative cluster analysis, while the regression analysis has been added as useful reference to the general trends found. In fact, a pure statistical analysis would not have returned reliable and solid results. In the following pages, emergent relationships are discussed and possible explanations for evidences are given. *Organisational, corporate governance* and *external* factor hypotheses are reviewed in order, making explicit the theoretical approach they refer to. The relevant graphics and statistical data (covariance, linear or polynomial correlation coefficient) recalled in the following paragraphs are reported in **Appendix 4**. The results regarding the relevance and the support/confutation of the envisaged relations are summarized and graphically presented in **Table 5.4**.

Before proceeding with the analysis of the results, we would like to recall an important methodological element from Chapter 4: the number of clusters and of elements belonging to them were determined by the researchers through a qualitative process and with the help of the linear and polynomial regression analysis; the central points have been determined as rounded average of the elements belonging to each cluster. We underlined the number of elements falling out the determined clusterization.

5.2.1 Organizational Factors

The first hypothesis done regarding *organizational* factors concerned the positive relation between organizations' dimension and accountability level. **Hypothesis 1a** stated that resource availability encourages a higher financial disclosure. Looking at the results of the analysis, reported in **Appendix 4**, we can notice two main clusters of organizations: the first one characterized by a total budget of about 850 million USD/biennium or smaller and a level of financial accountability equal or below 45% (small budget/low accountability). This is a very concentrated cluster. The second cluster is more spread out and includes organizations with budget higher than 850 million USD and financial accountability higher than 45% (larger budget/higher accountability). Just two organizations remains out of these two clusters. In light of these data, the relation stated in hypothesis 1.a., could be considered relevant and verified in the panel of the UN system organizations.

Consistently with the contingency approach, a possible explanation for this trend is that a larger resource availability is related to larger administrative services and units able to better support the organizations in the realization of detailed disclosure.

Hypothesis 1b, linking resource availability to non-financial accountability, turns out to be not relevant. This result is confirmed when considering the aspects strictly linked to ethical and social responsibility issues. Legitimacy theory predicts that bigger and more visible organizations are more exposed to and impacted by societal concerns and media opinion, are more sensitive towards SER and consequently adopt more aggressive legitimizing strategies. On the contrary, drawing by the results it seems that dimension –and visibility– itself is not sufficient to determine reactive legitimizing strategies by the organizations concretizing in a higher amount of non financial information.

Hypothesis 1c, linking the level of organizational complexity to non-financial accountability seems to be not relevant. On the other side, a different relationship emerged from the data: growing levels of complexity seem to be accompanied with greater financial accountability.

This unpredicted result appears to be consistent with the contingency framework: the more complex the organisation, in fact, the greater the need for disclosing financial information. In particular, looking at the graph we can identify two main cluster of organizations, with central points in the following n. employees/financial accountability values: 1000/20% (low/low) and 3800/70% (high/high).

Consistently with the theory, more complex organizations have more articulated stakeholder relations (externally) and more complicated financial management issues (internally), which lead to a greater financial disclosure in the performance reporting.

Hypothesis 2a and 2b concerns the degree of decentralization.

Hypothesis 2a states that organizations with a higher degree of decentralisation (i.e. which manage a higher amount of resources at their headquarters than they do at their field offices) have a greater financial accountability. Results seem consistent with hypothesis 2a and contingency theory. Looking at the data, in fact, we could draw two clusters with their centroids in the points with the following level of decentralisation/financial accountability values: 20%/20% (low/low) and 70%/50% (high/high). Just one observation falls out this clusterization.

This evidence shows that the UN system organizations react and adapt to a greater complexity in terms of decentralised operations on the field with a greater amount of financial information. This evidence shows also that UN organizations are successful in overcoming the inherent difficulty related to the headquarter-field financial information flow, determined by the high level of geographical dispersion of the organizations (the most decentralised ones, like UNDP, have offices in nearly one hundred countries with a variety of different operations).

Hypothesis 2b seems not to provide relevant relationships: looking at the data there is a general trend consistent with the hypothesis –correlation coefficient is 0,30 and high level of accountability are shown by organizations with medium or high level of decentralization- but we cannot identify any relevant group of clusters which endorses the hypothesis 2b. In other words, it seems that the more sensitive accountability dimension to organizational decentralization is financial accountability, while no clear trends can be identified for the non financial accountability.

Hypothesis three was articulated in four points, since we operationalized the financial performance of UN organizations in two different ways: *i*) as organizational capacity to attract financial resources (hypothesis 3a, 3b); *ii*) as organizational capacity to use the available financial resources (hypothesis 3c, 3d). In both cases, contingency theory predicts a positive relation between the financial performances and financial/non financial disclosure, while legitimacy theory predicts that bad performers minimize financial accountability and focus on non financial accountability.

Hypothesis 3a. Drawing from our data, organizations with higher financial performance - intended as capacity to attract resources from the donors- generally appear to be less financially accountable. Correlation coefficient of -0,28 seems to confirm this relation. On the other hand, it is slightly difficult to identify relevant clusters in this case; to the high end of the financial performance axis there is a pretty defined group of eight organizations which delimitates a first cluster and seems to indicate that good performers actually have a lower level of accountability; on the contrary, the group of organizations at the low end of the financial performance axis appears to be non homogeneous and highly differentiated in terms of accountability. For example, six organizations of this group are characterized by medium/high level of accountability. In conclusion, given our research method and the

consideration we developed, we do not have enough evidence to declare that hypothesis 3a is relevant.

Hypothesis 3b seems to be not relevant in light of the available data; organizations' level of accountability varies widely at different level of capacity to attract monetary resources and does not seem possible to identify precise clusters of organizations. Correlation coefficient is slightly negative, -0,18.

Looking at the data, a further significant trend emerged: the bad financial performers have a higher level of overall accountability than the good performers. It is possible in fact isolate two main clusters of organizations, with central points at the following “% variance extra-budgetary resources current-previous biennium” / “overall accountability” values: +5%/55% (low/high) and 65%/40% (high/low). This trend, even if not contemplated as hypothesis, confutes the contingency framework and is consistent with the evidences we found for hypothesis 3a. Correlation coefficient of -0,33 confirms the interpretation of the data done through cluster analysis.

A possible explanation, grounded on legitimacy theory, of the fact that organizations with high capacity to attract voluntary resources experience low level of overall accountability is that they tend to focus on the accountability towards the member states and the non states donors, as opposed to the disclosure addressed to the general public. This phenomenon could be partially alleviated for the non financial accountability because organizations may try to contrast bad past performance in attracting financial resources by “justifying” the organization's behaviours and results and by explaining in more details how resources have been spent.

Hypotheses 3c and 3d, developed within the contingency framework, seem not to be relevant, since it is not possible to identify any significant cluster of organizations supporting or confuting them.

5.2.2 Corporate Governance Factors

Turning to *corporate governance* factors, there are not clear evidences that a higher concentration of ownership is related to a lower level of financial or non-financial accountability -**hypotheses 4a and 4b**-. For both accountability dimensions is not possible to identify significant clusters of organizations, since high levels of accountability are shown by both organizations with high and low concentration of contributions.

Our data suggests that competing forces could be in action determining mixed results. On one side, the presence of big donors implies a shift towards a more private-like model of performance reporting, in spite of the traditional public sector reporting completeness. This could determine a negative tension towards a public type of accountability by the most concentrated organizations. On the other side, having already noticed that the concentration of contributions goes in parallel with the dimension of the organizations and having noted the positive association between size and accountability, dimension could represent a positive tension towards accountability.

Hypothesis 4c, drawn by the legitimacy approach, directly relates the bargaining power with the level of financial accountability; it seems not to be entirely supported but shows nonetheless interesting trends. In particular, looking at the graph it is possible to identify a “U shape” in the positioning of the organizations; three main clusters can be identified with the central points in the following “1-% consolidated arrears on total available resources” / “financial accountability” values: 60%/20% (low/low); 90%/60% (medium/high), 98%/35% (high/low). We can notice that the distribution of the variable “bargaining power” is strongly skewed towards its high end (in fact we consider 60% as a “low” value for the variable). In qualitative terms, we noticed that up to a certain point (bargaining power about 90%) the bigger is the organization’s bargaining power, the greater is the financial disclosure. This could be consistent with the long term legitimizing view by which more powerful organizations try to legitimize their operate and maintain their power through disclosure. On the high end though -bargaining power higher than 90%- , the relation is inverted and the most powerful organizations tend to disclose less information than the others. This is consistent with a general contingency explanation: the more powerful is the organisation, in fact, the less it is obliged to disclose its figures and money allocation to stakeholders.

Finally, **hypothesis 4d** does not provide relevant results. The distribution of the organizations along the identified variables does not allow to determine a clear clusterization.

Similarly, data do not highlight significant relations between both the presence of interest warranty mechanisms and the accessibility for stakeholders to executive bodies on one side and the financial/non financial accountability on the other (**hypothesis 5a, 5b, 5c and 5d**).

The fact that the presence of interest warranty mechanism has been operationalized as binomial variable (presence/absence of plenary representative organs) could have influenced negatively this result, and further research could consider other ways to measure this factor. A possible alternative is to identify an index whose value is determined by several conditions –presence of plenary representative organs, presence of appellate bodies, appointment rules and functioning of auditing and control bodies, etc.-. This could allow a more comprehensive measurement of the factor and probably more significant results in the relation with the accountability level.

The same reasoning could be done for the accessibility of stakeholders to executive bodies; rotation is just one of the measures of this factor, while a more comprehensive index taking into consideration for example the proportion of executive bodies' (EB) members on the totality of member states or the principle of geo-political representation applied in the identification of the EB members could be beneficial for the significance of the analysis.

5.2.3 External Factors

As far as *external* factors are concerned, results highlight interesting and relevant trends in relation to the identified hypotheses.

In particular, **hypothesis 6a** seems to be supported: increasing levels of financial accountability are associated to higher environmental uncertainty. Looking at the data shown by the relative graph in appendix we can identify two relevant clusters with their central points in the following values of the “weighted % of resources spent on the field” / “financial accountability”: 2%/20% (low/low) and 60%/50% (high/high).

This result is consistent with the contingent approach, according to which an unpredictable environment is likely to foster organizations' financial reporting in order to allow external stakeholders to better evaluate trends and activities. In particular, this result is consistent with the idea that a fair and transparent identification of the resources allocated in the most uncertain (and hence in need) areas of the world is considered a powerful communication element towards the main donors and publics.

Results regarding **hypothesis 6b** show as a whole a similar trend to hypothesis 6a; increasing levels of non financial accountability are associated to higher environmental uncertainty, even if values of non-financial accountability are more levelled and close values can be found at very different environmental conditions. Looking at the data shown by the relative graph in appendix we can identify two relevant clusters with their central points in the following values of the “weighted % of resources spent on the field”/non financial accountability: 2%/50% (low/low) and 60%/60% (high/high). Five organizations fall out the identified clusterization.

The minor intensity of the relation found for non financial accountability when compared to the financial one could be partly due to the fact that in most uncertain areas of operation, media and other actors’ attention is also higher. Stakeholders can then gather contextual and non- financial information from many other different sources.

Hypotheses 7a and 7b, although not supported, remark a possible inverted U-shaped relationship between market dependence and respectively financial and non-financial accountability. High levels of market dependency, in fact, are associated with high accountability up to a threshold. At about 48% of market dependency, an increase of the variable seems to be associated with a decrease in the financial and non-financial information disclosed. This might suggest that when organizations become too much dependent on the market (about 50%) their accountability starts decreasing in favour of alternative forms of reporting and disclosure addressed to single and groups of donors of voluntary resources. Specifically, three main clusters emerge: i) organizations mainly financed by ordinary sources and thus showing a relatively low level of (financial and non financial) accountability; ii) organizations mainly financed by extra-budgetary sources and again showing mid or low levels of accountability; and iii) organizations gathering resources from different sources and dealing with a more uncertain situation and a higher market exposure. The latter condition tends to increase their accountability, consistently with a possible legitimating strategy.

Hypotheses 8a and 8b state the relationship between the type of activity performed by different UN organizations and their relative degree of accountability. Recalling Chapter 3, we made hypotheses regarding organizations characterized by a prevalent regulative and informative nature (8a) and by a prevalent financial transferring nature (8b) as opposed to organizations with a prevalent implementing and project management activity. In both

cases, contingency theory states that the organizations with prevalent regulative/financial transferring nature show higher levels of accountability. Organizations have been rated accordingly to a low/medium/high level of regulative and informative activity.

Specifically, **hypothesis 8a** seems to be relevant but confuted; organizations sited on the low end of this variable show the highest values of financial accountability of the entire population, with an average of about 62%, while organizations on the high end show low financial accountability values, with an average of 25%. Just two organizations in the high end seem to fall out this clusterization. Organizations with a regulative nature of medium intensity show average accountability values.

The negative association between regulative activities and financial accountability could be explained by the presence, in the regulative organizations, of a main focus on internal procedures and processes and a consequent lower attention to the provision of financial data. On the contrary, organizations performing a relatively lower amount of regulative activities (and having thus a different focus) could pay less attention to internal procedures and compliance and provide more financial information because of their difficulty to measure differently their actual results.

Finally, **hypothesis 8b** seems to be verified. Organizations with a prevalent financial transferring nature show higher levels of financial accountability than organizations rated with a low financial transferring nature. Looking at the data, organizations on the low end of the independent variable show an average accountability of 16%, while organizations sited on the high end score on average an accountability rate of 55%.

The relations resulting from the empirical analysis and discussed above are summarized in **Table 5.4**.

Table 5.4. Resulting Effect of the Tested Variables on Organizational Performance Reporting: a Summary

Variable	Organizational factors	Corporate governance factors	External factors	Hypothesis
resources managed by the organization (contingency)	+ (financial)			1a - verified
resources managed by the organization (legitimacy)	not relevant (non financial)			1b – not relevant
organizational complexity (contingency)	not relevant (non-financial) + (financial-emergent relation)			1c – not relevant emergent relation complexity/financial acc. (+)
organizational decentralization (contingency)	+ (financial) not relevant (non financial)			2a – verified 2b – not relevant
organization's past performance in attracting financial resources (contingency)	not relevant (financial) not relevant (non financial) + (overall – emergent relation)			3a – not relevant 3b – not relevant emergent relation financial performance/overall acc (+)
organization's past performance in using available financial resources (contingency)	not relevant (financial) not relevant (non financial)			3c - not relevant 3d – not relevant
concentration of ownership (contingency)	not relevant (financial/non financial)			4a – not relevant 4b – not relevant
organization's bargaining power (legitimacy)		U-shape (financial)		4c – modified (U-shape) 4d – not relevant
accessibility for stakeholders to executive bodies and decision-making activities (contingency)		not relevant (financial/non financial)		5a - not relevant 5b - not relevant
presence of interest warranty mechanisms (contingency)		not relevant (financial/non financial)		5c - not relevant 5d - not relevant
environmental uncertainty (contingency)			+ (financial) + (non-financial)	6a – verified 6b - verified
organisation's market dependence (legitimacy)			inverted U-shape (financial) inverted U-shape (non financial)	7a - modified (inverted U-shape) 7b - modified (inverted U-shape)
organization's prevailing regulative activity (contingency)			- (financial)	8a – confuted (opposite)
organization's prevailing financial transferring activity (contingency)			+ (financial)	8b – verified

Chapter 6

Conclusions and Further Research

The main aim of the present work has been to contribute to the existing literature on the factors influencing accountability in public sector organizations, taking into consideration the relatively unexplored field of International Intergovernmental Organizations. The adopted methodological perspective can be considered original in that we started from the assumption that contingency and legitimacy theory can be usefully considered as complementary rather than opposite.

6.1. Conclusions: Factors Affecting UN System Organizations' Accountability

In the present work, we set the accountability issue within the broader context of managerial reforms in IOs; we identified the UN system as the suitable object of analysis; we developed hypothesis regarding the factors potentially influencing accountability drawing from the existing international literature on contingency and legitimacy frameworks; we operationalised these factors identifying suitable measures for the reality of the UN system and checked the organizations against these measures; we identified the suitable type of reporting for the empirical analysis and we developed a content analysis tool which has been used to rate financial and non financial accountability level of the UN organizations.

The results of the analysis show that the features of UN organisations' reporting are influenced both by the contingent nature of the organizations and the search for legitimacy. In fact, for each theory, some of the proposed hypotheses are supported. On the contingency side, financial accountability seems to be positively influenced by the size of the organization (this is also consistent with a legitimacy approach), by its level of decentralization, environmental uncertainty and by a prevailing financial transferring nature. Moreover, an emergent positive trend between financial disclosure and organizational complexity, consistent with the contingency approach but not included in the hypotheses, seems to be verified. Hypotheses grounded in contingency theory and involving non financial accountability are generally not verified, with the relevant exception of the positive relation with the environmental uncertainty. This confirms the overall scarce

attitude shown by non financial accountability to be influenced by the identified independent factors.

Test of hypotheses linked to legitimacy theory produced more complicated results: in three cases in fact, instead of a linear and monotone relation a significant U-shape/inverted U-shape relation appears. Legitimacy theory can help explaining at least in part these trends; organizations with a low and high bargaining power enjoy higher accountability -under legitimacy approach organizations with higher bargaining power experience higher accountability as a long-term strategy to maintain their power and justify their actions-, organizations with low or high market dependence show lower levels of both financial and non financial accountability than the others -under legitimacy approach organizations react to the market dependence with more aggressive disclosure policies to defend their legitimacy towards the community of voluntary donors-.

From an overall perspective, then, it is not possible to find an exclusive explanatory approach but we can state that contingency factors seems predominant. On the other side, is true that a larger number of valid hypotheses were verified for contingency theory, but this is partially due to the fact that we developed a larger number of hypotheses grounded on this theory rather than on the legitimacy theory.

In this sense, a first important result of our analysis is that the contingency and the legitimacy approaches are indeed complementary approaches rather than opposite.

Regarding the sensitivity of accountability to the different kind of influencing factors identified, our study shows that *external factors* are the most relevant in influencing accountability: financial accountability is positively influenced by environmental uncertainty and the regulative or financial transferring nature of the organizations, while market dependence has a negative influence on both financial and non-financial disclosure in its low end and a positive influence on its high end. In particular, environmental uncertainty is the only variable able to influence both financial and non-financial accountability. *Organizational factors* follow: size, level of complexity and decentralization (heavily correlated each other) have a positive influence on financial accountability. Finally, contrarily to the significant attention reserved to the *corporate governance factors* by the existing international literature, these factors turned out to be the less significant in determining accountability trends: stakeholder's accessibility to executive organs and presence of warranty mechanisms for vested interests do not seem relevant elements, while organizations' bargaining power shows an interesting U-shape trend with financial accountability levels.

Almost all the identified trends concern financial accountability. This latter seems to be positively affected by organization's size, level of complexity, degree of decentralization, level of environmental uncertainty faced by the organization, prevalence of financial transferring activities as opposed to regulatory activities. On the contrary, considering the number of not significant or verified hypotheses, non-financial accountability seems to be less meaningfully affected by the proposed external, corporate governance and organizational factors. Nonetheless, growing levels of environmental uncertainty determine richer non financial disclosure and market dependence seems to be an interesting variable to explain external accountability as well. In fact, organizations relying almost entirely on either extra-budgetary or ordinary resources show a lower level of non-financial accountability than those relying on a more balanced mix of resources. This could be the result of a larger effort to be visible towards both the international community and the specific donors at the same time.

Trying to link our results with the broader context of IOs reforms, we can state that managerial reforms and "rational" reactions to contingent internal and external factors seem relatively more suitable to explain variations in UN organizations' accountability than factors linked to the search for legitimacy towards the main stakeholders. This evidence can be interpreted as a sign of the fact that UN organizations react and adapt to their environmental dynamics improving their accountability, rather than putting in action cosmetic strategies to respond to social and stakeholders' claims. Financial accountability seems to be the more sensitive dimension to the identified influencing factors, among which the external contingencies and the organizational factors seem to play a prevalent role. The subsidiary role of performance reporting in terms financial disclosure can be one of the explanations of the wide variations among organizations; emergence of more homogeneous levels of non financial accountability is a positive sign for the success of the managerial reform.

6.2. Theoretical and Managerial Implications of the Study

Focusing on the implications of the present research, the logical framework and the results offered in the present paper aim to contribute to both theory and management practice.

From a theoretical perspective, we adopted both contingency and legitimacy theory and challenged them as possible approaches to explain variations in the level of financial and

non-financial accountability among UN system organizations. We showed the usefulness to consider them as concurrent and complementary approaches to accountability, rather than mutually exclusive. In practical terms, the development of hypotheses realized through the combination of both contingency and legitimacy approaches permitted to enrich the explanatory power of the single theories and test them as alternative explanations for the same analyzed dynamics.

Moreover, the analysis of a context largely under-investigated such as the UN organisations' system can represent a first important contribution to the enlargement of the managerial and organizational studies towards the international organizations and the UN system in particular. A large body of political science and macroeconomics literature has been developed around this organizations, but the significance of the managerial reforms and the peculiarity of the operational nature and the public management issues make this context suitable for further managerial studies and researches.

From a managerial perspective, the checklist developed for the analysis of the reporting contents can be a useful tool for the comprehension of the main dimensions of UN organisations' accountability. This tool can be used by managers for positioning their organizations in relation to other UN system organizations in terms of financial, non financial and overall accountability, for monitoring their capacity to be accountable to their stakeholders and for strengthening, rethinking or redesigning their disclosure.

Moreover, in a UN system-wide perspective, the analysis of the differences in accountability levels and in the contents of organizations' disclosure may give useful directions for homogenising the disclosure on performance within the system, and sharing languages, contents and forms of reporting. This could be a positive contribution to strengthen the overall coherence of the UN system as a whole.

6.3. Limitations and Further Research

The main methodological limitation of the present study concerns the small number of observations taken into consideration, which in any case represents the entire target population of UN system organizations. The limited number of observations obliged us to run a mainly qualitative cluster analysis rather than a complete statistical analysis. This kind of analysis was used to complement and confirm the results of the cluster analysis, because, in the developed research settings, its exclusive use would have determined not

solid statistical evidences. Relying on cluster analysis we were obliged to an extensive use of judgment by the researchers.

Moreover, due to the general lack of literature focused on UN organizations' accountability, we had to adapt and operationalize variables found in the private and public sector literature to suit the specificities of the analyzed field. It could be useful to review some of the measures we set, with particular reference to the corporate governance variables, which seems the most complex and articulated to capture.

Further research claims for the review of these measures, the refinement of the checklist contents to mirror the prospective evolution of the UN organizations' performance reporting and the enlargement of the historical series of data used to measure the influencing factors in UN organizations.

Other interesting research prospectives involve the extension of the scope of the present study to other aspects of organizational accountability, such as the transition to accrual accounting and the level of disclosure reached by organizations in their documents to voluntary donors, in both the budgeting and reporting phase. A successful transition to IPSAS is expected to have significant effects on the communication languages with member states and constituencies (externally) and the internal delegation processes and managerial approach to financial management issues (internally). The improvement of homogeneity and transparency in extra-budgetary activities' documents currently represents the most important aspect to fairly regulate the growing internal competition and to strengthen consistency of the UN system.

Finally, the present study is highly replicable. The general theoretical framework we adopted can be usefully extended to other international organizations' families, such as the international financial institutions, the supranational organizations -i.e. EU specialized agencies-, the bilateral cooperation agencies. This enlargement would request an adaptation of the measures used to operationalize the factors potentially influencing accountability and of the content analysis tool.

Appendix 1

Table 1.2: United Nations' Specialized Agencies

Title	Constitution	Headquarter	Sector
<i>FAO</i> Food and Agricultural Organization	1945	Rome (Italy)	Agricultural Industry Improvement and Alimentation
<i>IAEA</i> International Atomic Energy Agency	1957	Wien (Austria)	Atomic Energy Use Regolamentation and Control
<i>ICAO</i> International Civil Aviation Association	1947	Montreal (Canada)	Avial Transportation Development, Regulation and Control
<i>ILO</i> International Labour Organization	1946	Geneva (Switzerland)	Employees Rights and Labour regulations
<i>IMO</i> International Maritime Organization	1948	London (UK)	Maritime Transportation Regulation
<i>ITU</i> International Telecommunication Union	1947	Geneva (Switzerland)	Communication Development
<i>WMO</i> World Meteorological Organization	1947	Geneva (Switzerland)	Climat Change and Environmental Research
<i>WIPO</i> World Intellectual Property Organization	1974	Geneva (Switzerland)	Intellectual Propery

Table 1.2 United Nations' Specialized Agencies (continues)

Title	Constitution	Headquarter	Sector
<i>WHO</i> World Health Organization	1946	Geneva (Switzerland)	Healthcare promotion
<i>UNESCO</i> UN Education, Science and Culture Organization	1945	Paris (France)	Science, Education and Culture Promotion
<i>UNIDO</i> UN Industrial Development Organization	1986	Wien (Austria)	Industrial Development in Developing Countries
<i>UPU</i> Universal Postal Union	1948	Bern (Switzerland)	Collaboration among National Postal Services

Table 1.3 United Nations' Programmes and Funds

Title	Constitution	Headquarter	Sector
<i>IFAD</i> International Fund for Agricultural Development	1977	Rome (Italy)	Agricultural Industry Improvement and Alimentation
<i>UNCTAD</i> UN Conference on Trade and Development	1964	Geneva (Switzerland)	Commerce and Development Research
<i>UNDP</i> UN Development Programme	1965	New York (U.S.A.)	Technical Cooperation
<i>UNEP</i> UN Environmental Programme	1972	Nairobi (Kenia)	Environmental Protecion and Research
<i>UNFPA</i> UN Population Fund	1972	New York (U.S.A.)	Technical Cooperation in Demographic Policies
<i>UNHCR</i> UN office of the High Commissioner for Refugees	1950	Geneva (Switzerland)	Refugees and Displaced Protection
<i>UNICEF</i> UN Children's Fund	1946	New York (U.S.A.)	Childhood Protection
<i>UNITAR</i> UN Training and Research Institute	1965	New York (U.S.A.)	Education and Technical Training for Developing Countries
<i>WFP</i> World Food Programme	1974	Rome (Italy)	Agricultural Industry Improvement and Alimentation

Table 1.4 Other International Organizations

Title	Constitution	Headquarter	Sector
<i>ADB</i> Asian Development Bank	1966	Manila (Philippines)	Regional Development
<i>AfDB</i> African Development Bank	1964	Abidjan (Avory Coasr)	Regional Development
<i>APEC</i> American-Pacific Economic Cooperation	1989	Singapore	Economic and Social Development
<i>ASEAN</i> Association of the SouthEast Asian Pacific	1967	Bangkok (Thailand)	Economic and Social Development
<i>AU</i> African Union	1999	Addis Abeba (Etiopia)	Economic and Social Development
<i>CDB</i> Caribbean Development Bank	1970	Barbados	Economic and Social Development
<i>EBRD</i> European Bank for Reconstruction and Development	1991	London (UK)	Economic and Social Development in East Europe Countries
<i>ICCO</i> International Cocoa Organization	1973	London (UK)	Industrial Development
<i>ICO</i> International Coffee Organization	1963	London (UK)	Industrial Development

Table 1.4 Other International Organizations (continues)

Title	Constitution	Headquarter	Sector
<i>ICRC</i> International Committee of Red Cross	1863	Geneva (Switzerland)	Industrial Development
<i>IDB</i> Interamerican Development Bank	1959	Washington (U.S.A.)	Regional Development
<i>MENADB</i> Middle East and North African Development Bank	1995	Cairo (Egypt)	Regional Development
<i>MERCOSUR</i>	1991	Montevideo (Uruguay)	Economic and Social Development
<i>NAFTA</i> North American Free Trade Agreement	1992	Ottawa (Canada) Mexico City (Mexico) Washington (U.S.A.)	Free Trade Promotion
<i>NATO</i> North Atlantic Treaty Organization	1949	Bruxelles (Belgium)	Regional Security and Defence
<i>OECD</i> Organization for the Economic Cooperation and Development	1961	Paris (France)	Economic Research
<i>OSCE</i> Organization for Security and Cooperation in Europe	1975	Wien (Austria)	Regional Security and Defence
<i>IMF</i> International Monetary Fund	1947	Washington (U.S.A.)	Regulation of the Intetrnational Monetary/Financial System
<i>WTO</i> Workd Trade Organization	1995	Geneva (Switzerland)	Free Trade Promotion

Appendix 2 – UN Performance Accountability Checklist – Results

Table 4.2 – Results of the Test on Performance Accountability of UN system Organizations’ Reports

Sections/Items		UNDP	UNEP	FAO	WHO	UNESCO	UNICEF	ILO	UNFPA	UNHCR	WFP
1	Introductory information	0,58	0,84	0,58	0,58	0,75	0,58	0,75	0,58	0,75	0,67
a	Executive summary	0,67	0,67	1	1	1	0,33	1	0,33	1	0,67
b	Context and external dynamics	0,33	1	0	0	0	1	1	1	1	1
c	Strategic framework recall	1	1	1	1	1	1	1	1	1	0
d	Governing structure and organisational structure	0,33	0,67	0,33	0,33	1	0	0	0	0	1
e	Others										
2	Indicators and analysis on cash and obligation based data	0,64	0,09	0,73	0,82	0,82	0,73	0,09	0,58	0,58	0,48
a	Resource analysis: percentage of regular, extrabudget and other fund in trust resources	1	1	1	1	1	1	0	1	1	1
b	Expenditure by major programmes (compulsory/authoritative level)	1	0	1	1	1	0	0	1	1	1
c	Expenditure by programs/subprogrammes/line of actions (non compulsory/authoritative level)	1	0	1	0	1	1	0	0	0	1
d	Expenditure by "goals"/"strategic objects" (output/outcome)	1	0	1	1	0	1	0	0	0	0
e	Expenditure for main modality of action/instrument (coordination, advice, studies and analyses, training, operational activities, etc.)	0	0	0	0	0	0	0,33	0,00	0,00	0,33
f	Level of decentralisation on expenditure										
f.1	total resources	1	0	1	1	1	1	0	1	1	0
f.2	by programme/line of action/modality of action/goal	1	0	0	1	1	1	0	0,33	0,33	0
g	Regionalisation of expenditure										
g.1	total resurces	0	0	1	1	1	1	0,33	1	1	1
g.2	by programme/line of action/modality of action/goal	0	0	0	1	1	1	0,33	1	1	1
h	Budgeted resources versus expenditure										
h.1	total resurces	1	0	1	1	1	1	0	1	1	0
h.2	by programme/line of action/modality of action/goal	0	0	1	1	1	0,33	0	0	0	0
i	Others										
3	Financial performance information	0,67	0,17	0,78	0,50	0,50	0,50	0,17	0,33	0,33	0,67
a	Arrears by country	0	0	0	0	0	1	0	1	0	0
b	Level of reserves and other funds	1	0	1	1	1	0	0,33	0	0	0
c	Entity/percentage of general and administrative costs on total costs (or on total core programme costs)	1	0	1	1	1	1	0	0	1	1
d	Entity/percentage of indirect costs (programme support services) on total costs	1	0	1	1	1	1	0	1	1	1
e	Comparisons with previous biennium										
e.1	resource amount by source of funding	1	1	1	0	0	0	0,33	0	0	1
e.2	resource distribution (by country/region; by programme/subprogramme/line of action;by modality)	0	0	0,67	0	0	0	0,33	0	0	1
f	Others										
4	Indicators and analysis on statistical and emphyrical data concerning intervention areas	0	0,33	0	0,33	0	0,33	0,67	0,33	0,33	0,33
5	Input indicators	0,25	0	0,67	0	1	0,66667	0	0,3333	0	0
a	Posts by grade and location	0	0	1	0	1	1	0	1	0	0
b	Post decentralisation/by Region	0	0	1	0	1	1	0	0	0	0
c	Post by position (technical, professional, administrative, managerial)	0	0	0	0	1	0	0	0	0	0
d	Others	1									

Sections/Items		UNDP	UNEP	FAO	WHO	UNESCO	UNICEF	ILO	UNFPA	UNHCR	WFP
6	Activities: disclosure level	0,72	0,45	0,72	0,50	0,72	0,33	0,61	0,56	0,67	0,78
a	Kinds of activities										
a.1	own activities										
a.1.1	financed by ordinary resources	0,33	0	1	0,33	0,67	1	0,66	1	0,67	0,67
a.1.2	financed by extra-ordinary resources (extrabudget res., funds in trust, etc.)	0,33	0	0,33	0	0,67	0,33	0,00	0,00	0,67	0,67
a.2	interagency cooperations	1	1	1	1	1	0	1	1	1	1
b	Description level (essential, analytical, very analytical)										
b.1	activity detail by programme/subprogramme/line of action/modality of action	0,67	1	1	0,33	1	0,33	1	1	0,67	0,33
b.2	activity detail by regional/country office	1	0,67	1	0,33	1	0,33	1	0,33	1	1
c	Number/percentage of country/regional office reporting under the document (all/majority/minority)	1	0	0	1	0	0	0	0	0	1
d	Others										
7	Goals indicators (result-oriented report)	0,61	0,47	0,72	0,67	0,61	0,80	0,60	0,40	0,27	0,47
a	Kinds of indicators										
a.1	Identification of measurable goals and disclosure about their realisation level										
a.1	financial data (level of expenses)	0	0	0,33	0	0	0,33	0	0	0	0
a.2	non financial data										
a.2.1	activities or projects realised	1	1	1	1	1	1	1	1	0,67	1
a.2.2	number of beneficiaries/users/partners	0,33	1	0	0,33	0,33	0,33	1	0,67	0,67	1
a.2.3	statistical data concerning intervention areas/phenomena (outcomes)	0,33	0,33	0	0	0	1	1	0	0	0,67
a.2.4	efficiency level (expenditure for activity/projects)	0,33	0	1	1	0,67	0,67	0	0	0	0,67
a.2.5	other data	1		1	1	1					
a.2	Identification and disclosure about strictly qualitative goals	1	1	1	1	1	1	1	1	0,67	0
b	Link between organisational goals and millennium development goals	1	0,67	0	0	0	0	1	1	1	0
c	Goals: level of detail/structure										
c.1	organisation as a whole	1	1	1	1	1	1	1	1	1	1
c.2	main core programmes	1	1	1	1	1	1	1	1	1	1
c.3	sub-programmes/line of activities	1	0	1	1	1	0	1	0	0	0
c.4	regional/country office	0	0	0	1	1	1	1	0,33	0,67	1
c.5	support services	0	0	1	1	1	1	0	1	0	0
c.6	main modality of action	0	0	0	0	0	0	1	0	0	0
c.7	others										
d	Goals/performances reached: comments and analysis										
d.1	qualitative analysis (lesson learned, limitations, weakness, impediments)	1	0	0	1	1	1	1	1	1	0
d.2	quantitative analysis (financial or non financial; es. link with budgeted performance level/goals)	1	0	1	1	0	0	0	0	0	0
e	comparison with previous biennium indicator	0,67	0	0,67	0	0,67	0	0	0	0	0
8	Ethical issues and policies	0,75	0,7	1	0,4	0,7	0,9	0,8	0,7	0,3	0,3
a	Gender policies (posts male/female; female by grade)	0	0	1	0	0	1	1	1	1	0
b	Languages and terminology (used in publications, meetings, etc.)	1	1	1	1	1	1	1	0	0	1
c	Information accessibility to stakeholder	1	1	1	0,33	1	0,67	0,33	1	0	0
d	Others	1									
	<i>average value of chcklist sections</i>	4,217	3,00024	5,20	3,84	5,07	4,83	3,66	3,78	3,26	3,73
	accountability index	8	53%	38%	65%	48%	63%	60%	46%	47%	41%
	<i>average value of issues classified as "financial" or "non financial"</i>										
	financial accountability	61,1%	11,1%	72,2%	66,7%	66,7%	63,1%	11,0%	46,3%	46,3%	51,8%
	non financial accountability	60,9%	44,8%	64,6%	55,5%	69,7%	57,3%	64,6%	53,1%	46,9%	46,9%

Sections/Items		IFAD	UNRWA	ITC	ITU	ICAO	UN-Habitat	WTO	UPU
1	Introductory information	1,00	0,92	1,00	0,50	1,00	0,58	1,00	0,67
a	Executive summary	1	1	1	0	1	0		0
b	Context and external dynamics	1	1	1	1	1	1	1	1
c	Strategic framework recall	1	1	1	1	1	1	1	1
d	Governing structure and organisational structure	1	0,67	1	0	1	0,33	1	0,67
e	Others								
2	Indicators and analysis on cash and obligation based data	0,82	0,82	0,11	0,33	0,09	0,18	0,09	0,27
a	Resource analysis: percentage of regular, extrabudget and other fund in trust resources	1	1	1	1	1	1	1	1
b	Expenditure by major programmes (compulsory/authoritative level)	1	1	0	1	0	0	0	0
c	Expenditure by programs/subprogrammes/line of actions (non compulsory/authoritative level)	1	1	0	0	0	0	0	0
d	Expenditure by "goals"/"strategic objects" (output/outcome)	0	0	0	0	0	0	0	0
e	Expenditure for main modality of action/instrument (coordination, advice, studies and analyses, training, operational activities, etc.)	1	0	0	0	0	1	0	1
f	Level of decentralisation on expenditure								
f.1	total resources	1	1	0	1	0	0	0	0
f.2	by programme/line of action/modality of action/goal	1	1	0	0,33	0	0	0	0
g	Regionalisation of expenditure								
g.1	total resources	1	1	0	0	0	0	0	0
g.2	by programme/line of action/modality of action/goal	1	1	0	0	0	0	0	0
h	Budgeted resources versus expenditure								
h.1	total resources	1	1	0	0,33	0	0	0	1
h.2	by programme/line of action/modality of action/goal	0	1	0	0	0	0	0	0
i	Others			0,33					
3	Financial performance information	0,83	0,61	0,00	0,33	0,33	0,50	0,50	0,39
a	Arrears by country	0	0	0	0	0	0	0	0,33
b	Level of reserves and other funds	1	1	0	0	0	1	1	1
c	Entity/percentage of general and administrative costs on total costs (or on total core programme costs)	1	0	0	0	0	0	1	0
d	Entity/percentage of indirect costs (programme support services) on total costs	1	1	0	0	0	1	1	0
e	Comparisons with previous biennium								
e.1	resource amount by source of funding	1	1	0	1	1	1	0	1
e.2	resource distribution (by country/region; by programme/subprogramme/line of action;by modality)	1	0,67	0	1	1	0	0	0
f.	Others								
4	Indicators and analysis on statistical and empirical data concerning intervention areas	0	0,33	1	0,67	1	0,33	0,67	0,67
5	Input indicators	0,33	1	0	0	0	0	0	0,33
a	Posts by grade and location	0	1	0	0	0	0	0	0
b	Post decentralisation/by Region	0	1	0	0	0	0	0	0
c	Post by position (technical, professional, administrative, managerial)	1	1	0	0	0	0	0	1
d	Others								

Sections/Items				IFAD	UNRWA	ITC	ITU	ICAO	UN-Habitat	WTO	UPU
6	Activities: disclosure level			0,83	0,83	0,67	0,73	0,67	0,72	1,00	0,73
a	Kinds of activities										
a.1	own activities										
a.1.1	financed by ordinary resources			1	1	1	1	1	1	1	1
a.1.2	financed by extra-ordinary resources (extrabudget res., funds in trust, etc.)			1	1	1	1	1	1	1	1
a.2	interagency cooperations			1	1	0	1	0	1	1	1
b	Description level (essential, analytical, very analytical)										
b.1	activity detail by programme/subprogramme/line of action/modality of action			1	1	1	0,33	0,67	0,67	1	0,67
b.2	activity detail by regional/country office			1	1	1	0,33	0,67	0,67	1	0
c	Number/percentage of country/regional office reporting under the document (all/majority/minority)			0	0	0			0		
d	Others										
7	Goals indicators (result-oriented report)			0,73	0,53	0,60	0,53	0,60	0,47	0,80	0,53
a	Kinds of indicators										
a.1	Identification of measurable goals and disclosure about their realisation level										
a.1	financial data (level of expenses)			1	0	0	0	0	0	1	0
a.2	non financial data										
a.2.1	activities or projets realised			1	1	1	1	1	1	1	1
a.2.2	number of beneficiaries/users/partners			1	1	1	1	0	1	1	1
a.2.3	statistical data concerning intervention areas/phenomena (outcomes)			0,67	0,67	1	0,67	1	0	1	0,67
a.2.4	efficiency level (expenditure for activity/projects)			0	0	0	0	0	0,33	0	0
a.2.5	other data										
a.2	Identification and disclosure about strictly qualitative goals			1	1	1	1	1	1	1	1
b	Link between organisational goals and millennium development goals			1	1	0,33	0	0	1		0
c	Goals: level of detail/structure										
c.1	organisation as a whole			1	1	1	1	1	1	1	1
c.2	main core programmes			1	1	1	1	0	1	1	1
c.3	sub-programmes/line of activities			1	1	1	0	0	0,33	1	0,33
c.4	regional/country office			0,33	0,33	0	0	0	0,33	0	0
c.5	support services			0	0,33	1	0	0	0	0	0
c.6	main modality of action			0	1	1	0	0	1	0	0
c.7	others										
d	Goals/performances reached: comments and analysis										
d.1	qualitative analysis (lesson learned, limitations, weakness, impediments)			1	1	1	1	1	1	1	0
d.2	quantitative analysis (financial or non financial; es. link with budgeted performance level/goals)			0,33	0,33	1	0,33	0	0	0	0
e	comparison with previous biennium indicator			0	0	0	1	0	0,33	0	0
8	Ethical issues and policies			0,0	0,7	0,3	0,0	0,3	0,3	0,666667	0,3
a	Gender policies (posts male/female; female by grade)			0	1	0	0	0	0	0	0
b	Languages and terminology (used in publications, meetings, etc.)			0	1	1	0	0	0	1	0
c	Information accessibility to stakeholder			0	0,33	0	0	1	1	1	1
d	Others										
	average value of chcklist sections			4,55	5,718987	3,71	3,102061	4,025576	3,116984848	4,727576	3,93
	accountability index			8	57%	71%	46%	39%	50%	39%	59%
	average value of issues classified as "financial" or "non financial"										
	financial accountability			83,3%	70,4%	7,0%	31,4%	16,7%	27,8%	27,8%	29,6%
	non financial accountability			60,4%	77,1%	66,7%	46,2%	46,3%	54,1%	64,4%	48,4%

Appendix 3 –Factors Potentially Affecting UN Accountabilities - Measurement

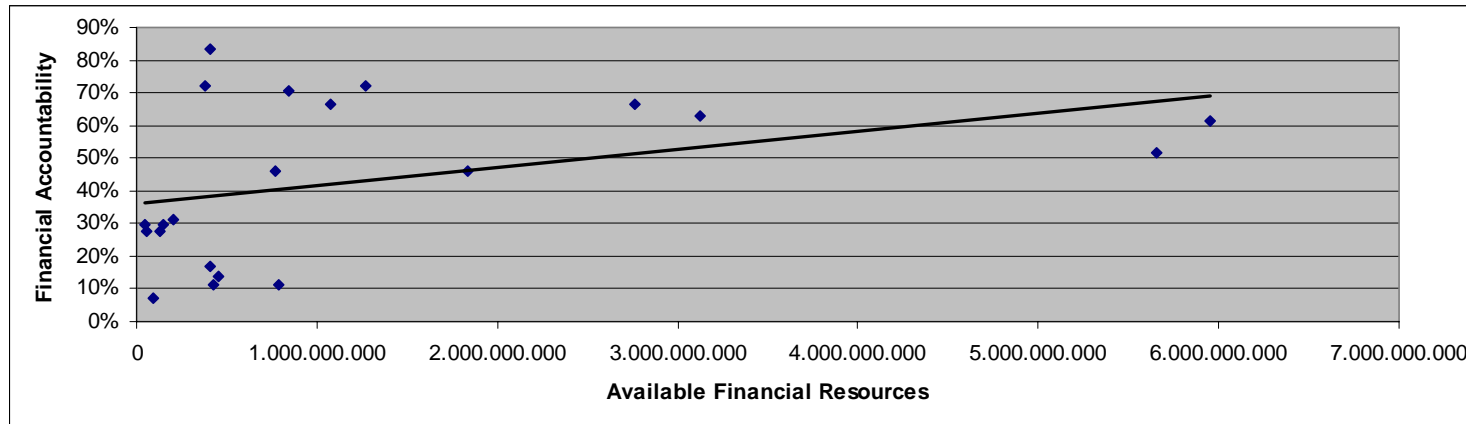
Table 5.1 – Organizational, Corporate Governance and Environmental Factors Influencing Accountability: Measurement for UN Organizations

FACTOR	MEASURES	UNDP	UNEP	FAO	WHO	UNESCO	UNICEF	ILO	UNFPA
ORGANISATIONAL FACTORS									
Resource availability	total resources available (regular+extrabudgetary resources)	5.949.800.000	424.387.000	1.271.713.000	2.758.452.000	1.073.700.000	3.126.764.000	791.165.000	770.720.000
Complexity	total number of employees	4200	860	3450	3686	2145	7 224	1336	972
Decentralisation	percentage of monetary resources spent away from the headquarters (in regional and country offices)	75,8%	33%	38%	56%	47,6%	83,0%	38,30%	88,32%
Financial performance - capacity to attract monetary resources	variation in % extrabudgetary resources current/previous biennium	18%	13%	6%	17,7%	31,8%	34,4%	46,9%	-5,8%
Financial performance - capacity to use monetary resources available	percentage of obligated resources on total available resources	90,4%	91,1%	90,5%	97,0%	95,2%	92,5%	99,97%	69,79%
CORPORATE GOVERNANCE FACTORS									
Concentration of contributions	percentage of resources offered by the first ten contributors on total ordinary resources	86%	77,8%	78%	68,5%	74,67%	45,91%	74,04%	64,78%
presence of warranty mechanism for members not represented in executive organs	presence of direct and plenary representative organs (Assemblies/Conferences)	0	0	1	1	1	0	1	0
Accessibility for members to executive organs	n. years taken for membership rotation in executive organs	1		2	3	4	3	3	1
Organisation's bargaining power	percentage of resources collected on total resources pledged and promised by contributors	99%	99,4%	91,0%	83,4%	83,4%	91,4%	82,4%	99,8%
EXTERNAL FACTORS									
Environment uncertainty	"weighted" uncertainty of decentralised resources (domain: 0-100)	69%	3,4%	55%	54%	72%	54%	58,60%	55,25%
Market dependence	percentage of extrabudgetary resources on total resources available	76,3%	95,9%	48,7%	69,9%	48,2%	96,2%	31,3%	94,2%
External visibility	number of member states attending the organisation	190	58	187	192	190	174	149	171
Type of performed activity	regulative and informative nature	1	3	1	3	2	1	3	1
	financial transferring nature	3	1	3	1	1	3	1	3

FACTOR	MEASURES	UNHCR	WFP	UNIDO	UNDCP/ UNODC	IFAD	UNRWA	ITC	ITU	ICAO
ORGANISATIONAL FACTORS										
Resource availability	total resources available (regular+extrabudgetary resources)	1.839.490.000	5.654.690.590	383.653.900	152.064.835	410.007.000	848.033.528	88.854.000	207.041.050	411.923.000
Complexity	total number of employees	4426	2287	698	500	295	125	208	931	854
Decentralisation	percentage of monetary resources spent away from the headquarters (in regional and country offices)	58,6%	87,3%	56,4%	59,1%	2,2%	89,50%	48,62%	9,60%	29,51%
Financial performance - capacity to attract monetary resources	variation in % extrabudgetary resources current/previous biennium	17,52%	82,64%	14,8%	14,3%	3,2%	-27,1%	65,8%	38,3%	-8,2%
Financial performance - capacity to use monetary resources available	percentage of obligated resources on total available resources	100%	87%	98,3%	90,7%	100,1%	78,47%	96,60%	94,50%	91.47%
CORPORATE GOVERNANCE FACTORS										
Concentration of contributions	percentage of resources offered by the first ten contributors on total ordinary resources	55,39%	83,14%	40,18%	85,94%	77,39%	86,77%	53,81%	24,25%	69,49%
presence of warranty mechanism for members not represented in executive organs	presence of direct and plenary representative organs (Assemblies/Conferences)	0	0	1	0	1	0	0	1	1
Accessibility for members to executive organs	n. years taken for membership rotation in executive organs	1	1	2		4	0	2	4	3
Organisation's bargaining power	percentage of resources collected on total resources pledged and promised by contributors	98,5%	91%	90,34%	55,50%	77%	94,1%	98.66%	85,3%	74,7%
EXTERNAL FACTORS										
Environment uncertainty	"weighted" uncertainty of decentralised resources (domain: 0-100)	58.07%	59,09%	54,25%	65,76%	63%	50%	0%	24,90%	50,80%
Market dependence	percentage of extrabudgetary resources on total resources available	94,8%	100,0%	60,6%	89,0%	82,9%	24,9%	46,6%	14,5%	72,6%
External visibility	number of member states attending the organisation	145	36	171	126	163	58	233	191	189
Type of performed activity	regulative and informative nature	1	1	3	2	1	1	3	3	3
	financial transferring nature	3	3	1	3	3	3	1	1	1

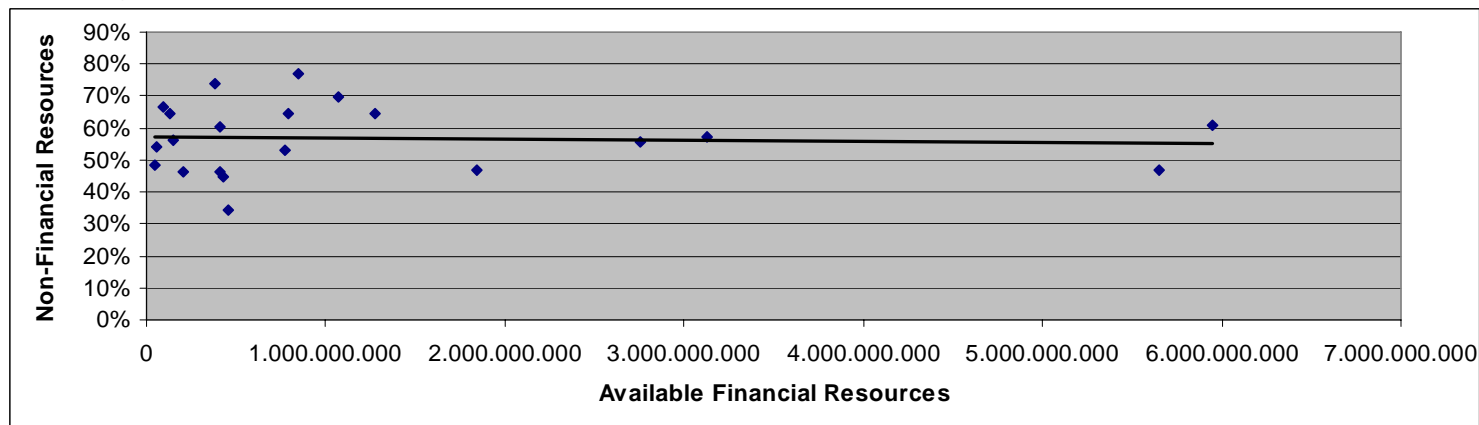
Appendix 4 - Test of Hypotheses – Graphs and Relevant Statistics

Hp1 a) *The higher the resource availability for an organization, the higher the amount of financial information disclosed in the report (contingency theory)*



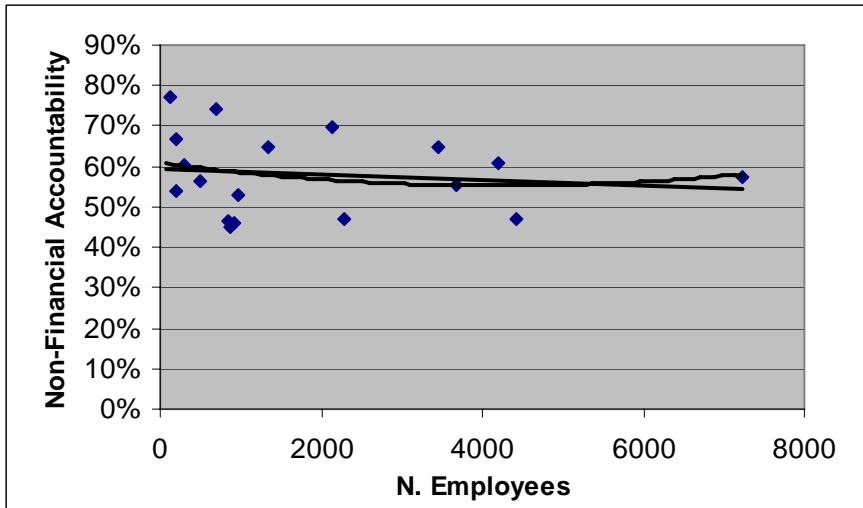
covariance 157294844
correlation 0,39

Hp1 b) *The higher the resource availability for an organization, the higher the amount of non financial information disclosed in the report. (legitimacy theory)*



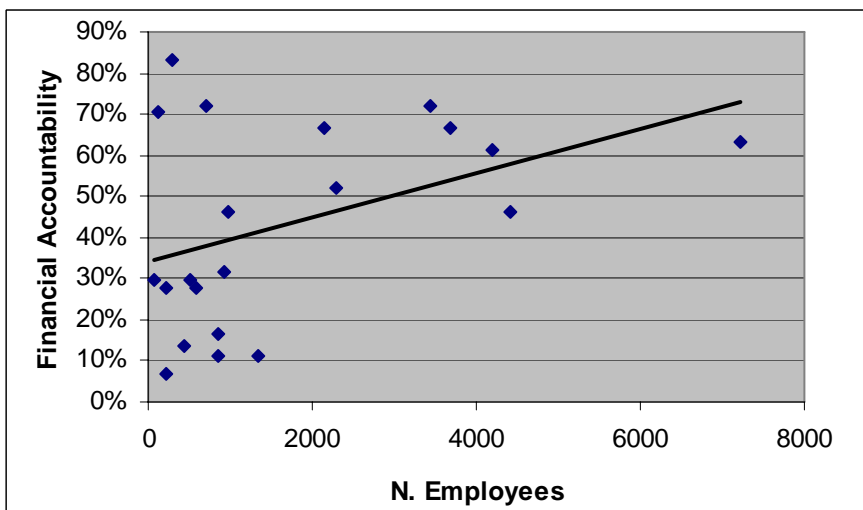
covariance -4,79
correlation -0,031

Hp1 c) the higher the level of organizational complexity in terms of number of people employed by the organization, the higher the amount of non-financial information disclosed in the report (contingency theory)



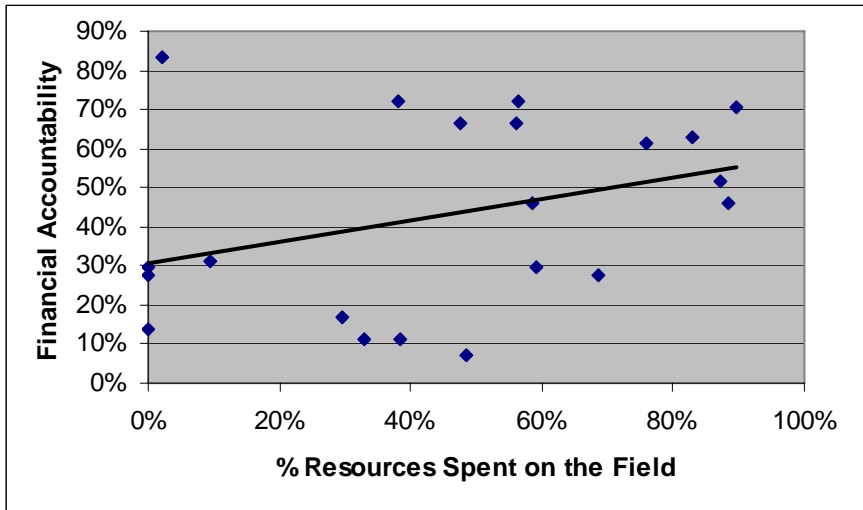
covariance -3,28
correlation -0,031

Relation1.d) the higher the level of organizational complexity in terms of number of people employed by the organization, the higher the amount of financial information disclosed in the report (emergent from the data but consistent with the contingency approach)



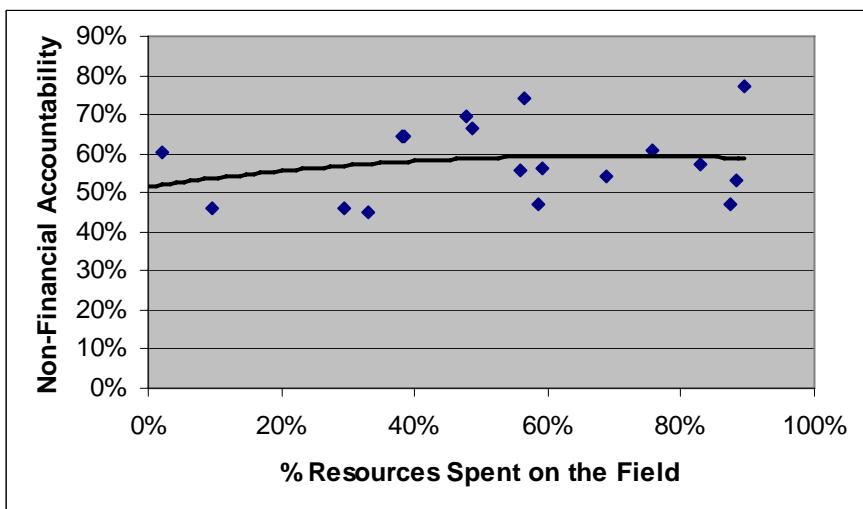
covariance 183,39
correlation 0,40

Hp2 a) *The higher the organizational level of decentralization, the higher the amount of financial information disclosed in the report. (contingency theory)*



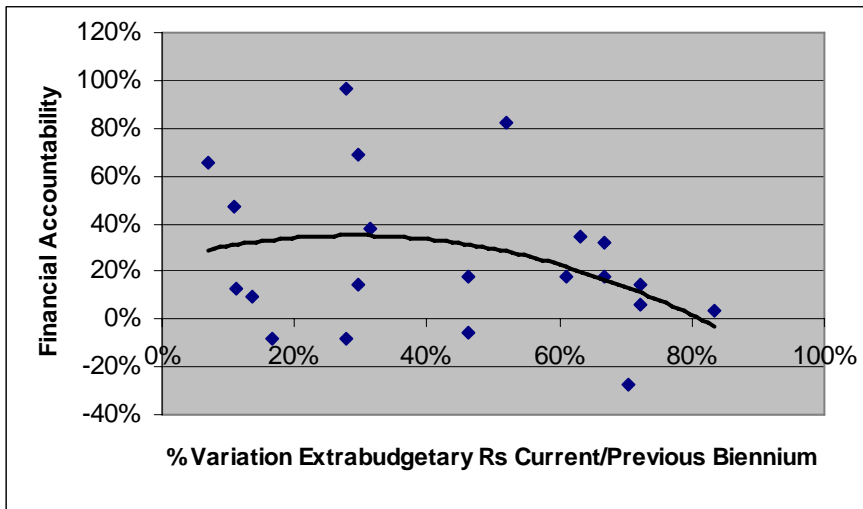
covariance 0,024
correlation 0,34

Hp2 b) *The higher the organizational level of decentralization, the higher the amount of non-financial information disclosed in the report. (contingency theory)*



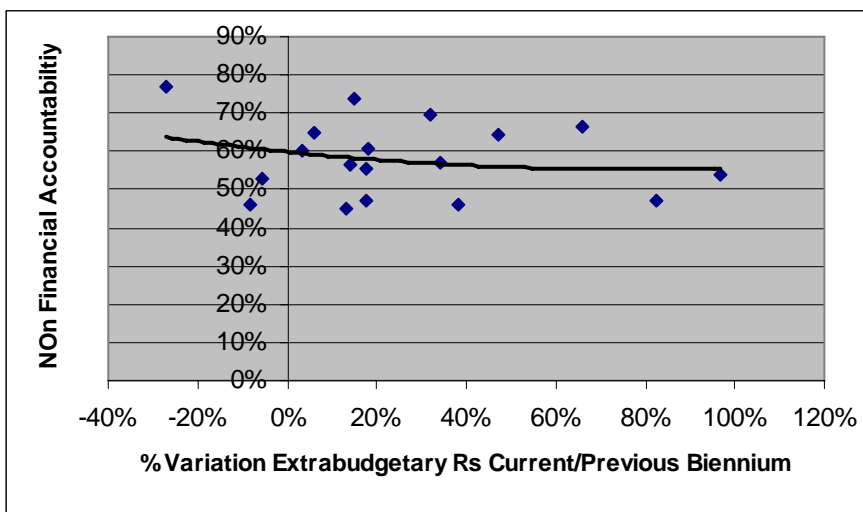
covariance 0,0094
correlation 0,30

Hp3 a) The better the organization's past performance in attracting financial resources, the higher the amount of financial information in the report. (contingency theory)



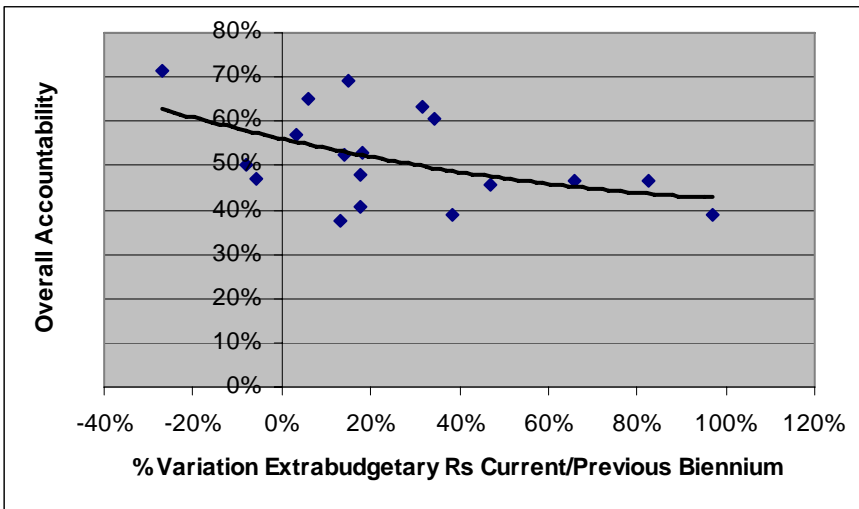
covariance -0,021
correlation -0,28

Hp3 b) The better the organization's past performance in attracting financial resources, the higher the overall accountability level of the report (contingency theory)



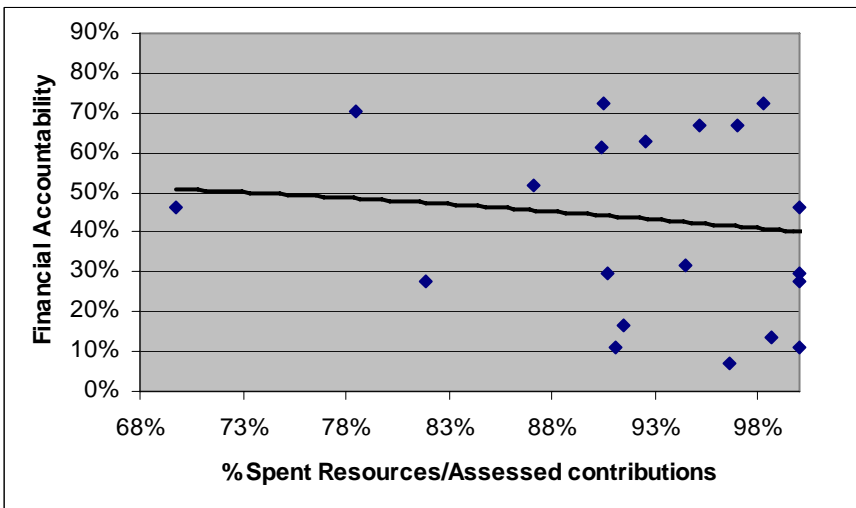
covarianza -0,0062
correlazione -0,19

Relation3.bis) The better the organization's past performance in attracting financial resources, the higher the amount of information disclosed in the report (emergent from the data but consistent with the contingency approach)



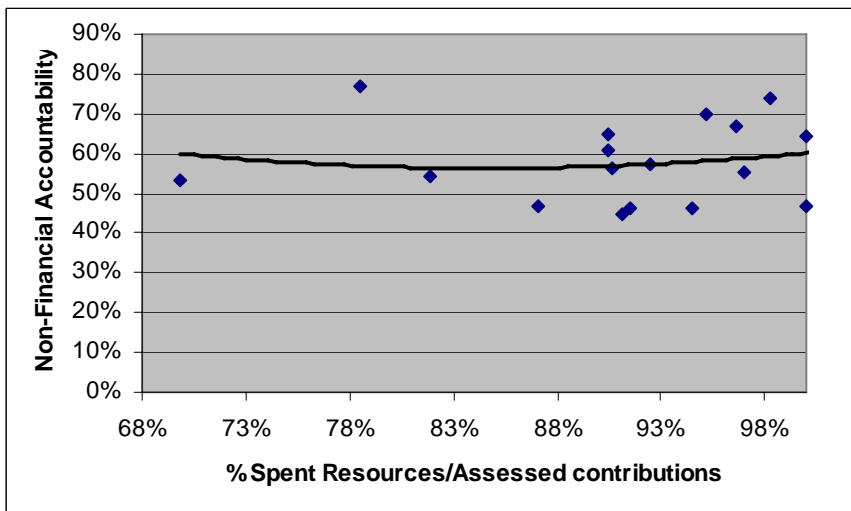
covariance -0,012
correlation -0,33

Hp3 c) The better the organization's past performance in using financial resources, the higher the amount of financial information in the report. (contingency theory)



covariance -0,0022
correlation -0,13

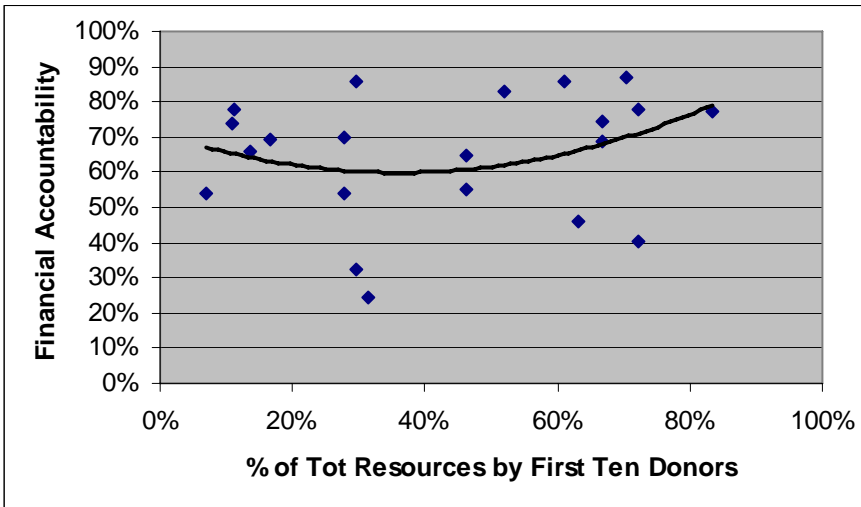
Hp3 d) The better the organization's past performance in using financial resources, the higher the amount of non-financial information in the report. (contingency theory)



covariance -0,00047

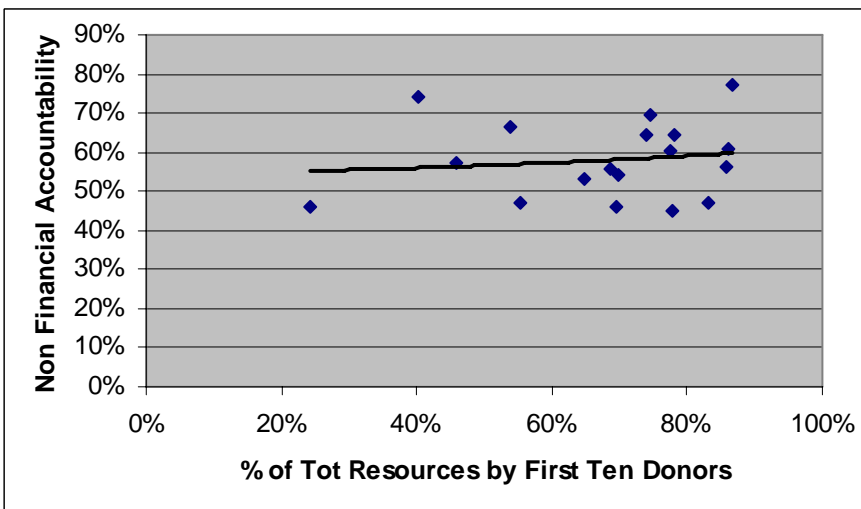
correlation -0,06

Hp4 a) *The higher the concentration of ownership, the lower the amount of financial information disclosed in the report. (legitimacy theory)*



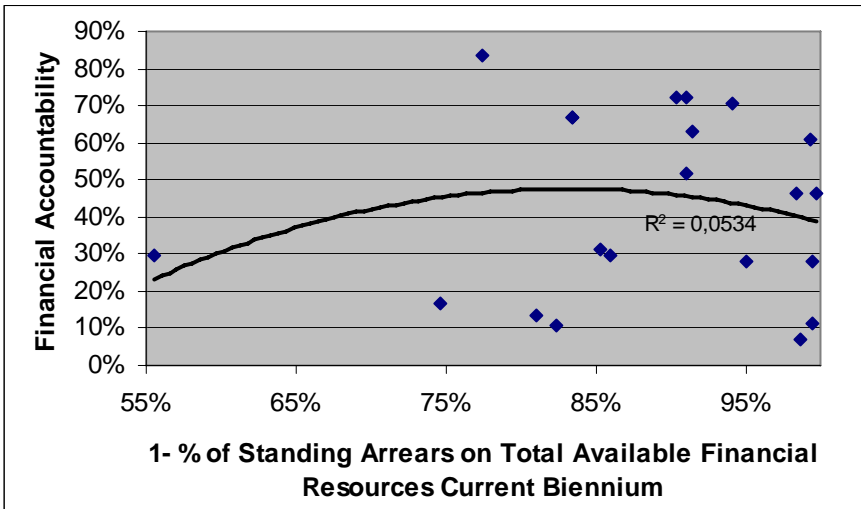
covariance 0,006986
correlation 0,16

Hp4 b) *The higher the concentration of ownership, the lower the amount of non-financial information disclosed in the report. (legitimacy theory)*



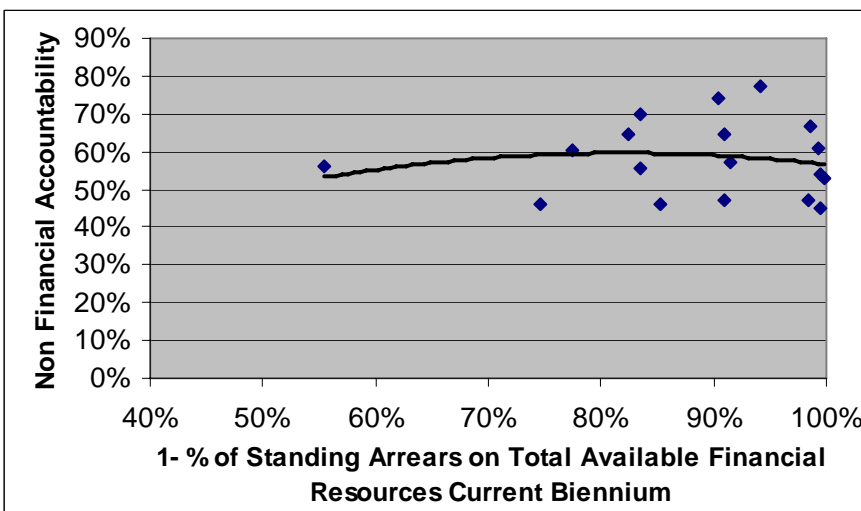
covariance 0,002903
correlation 0,15

Hp4 c) *The higher the organization's bargaining power towards its stakeholders, the higher the amount of financial information disclosed in the report. (legitimacy theory)*



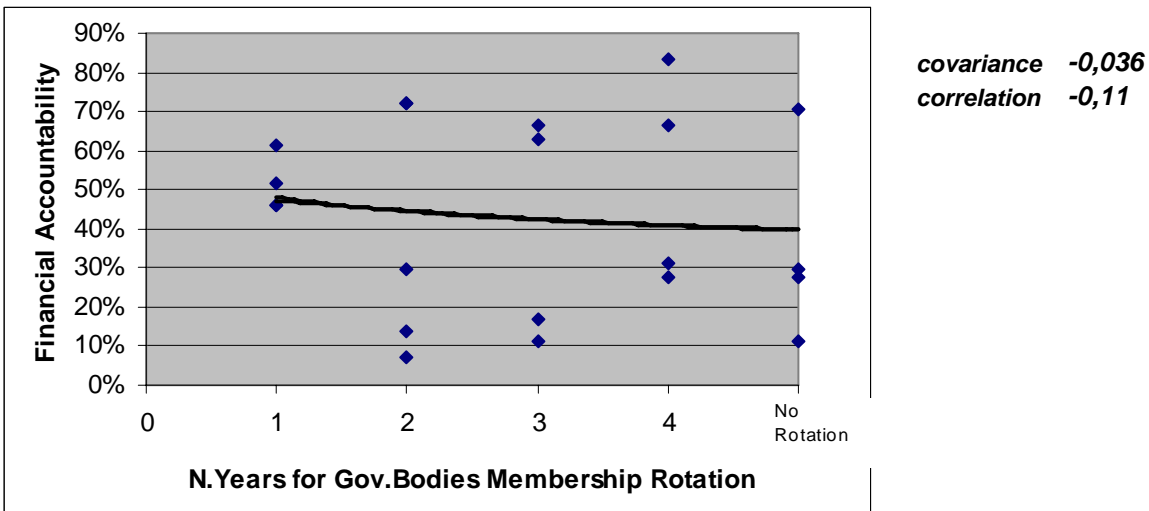
covariance 0,001185
lin. correlation 0,047
pol. correlation 0,05

Hp4 d) *The higher the organization's bargaining power towards its stakeholders, the higher the amount of non-financial information disclosed in the report. (legitimacy theory)*

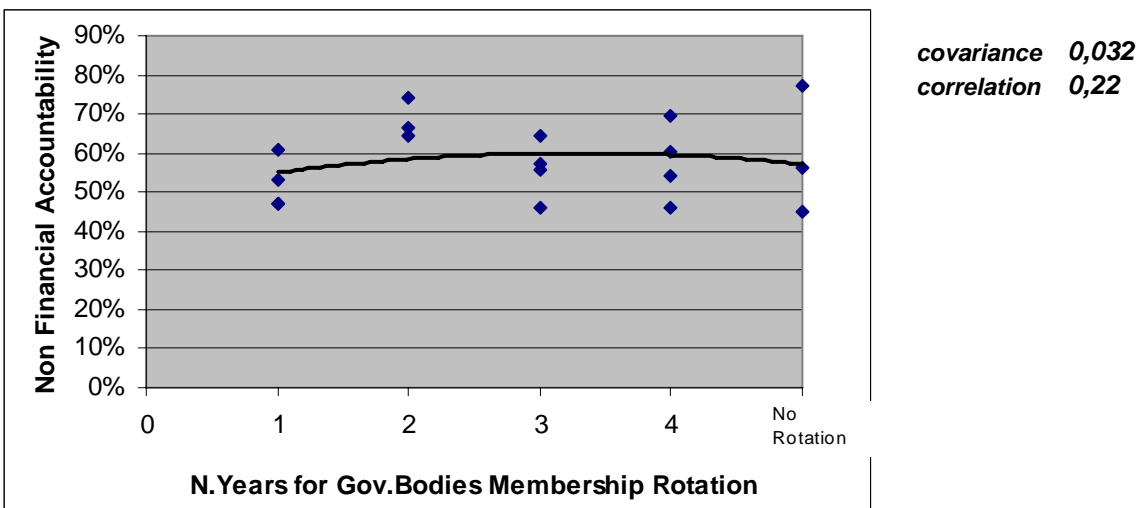


covariance 0,001312
correlation 0,11

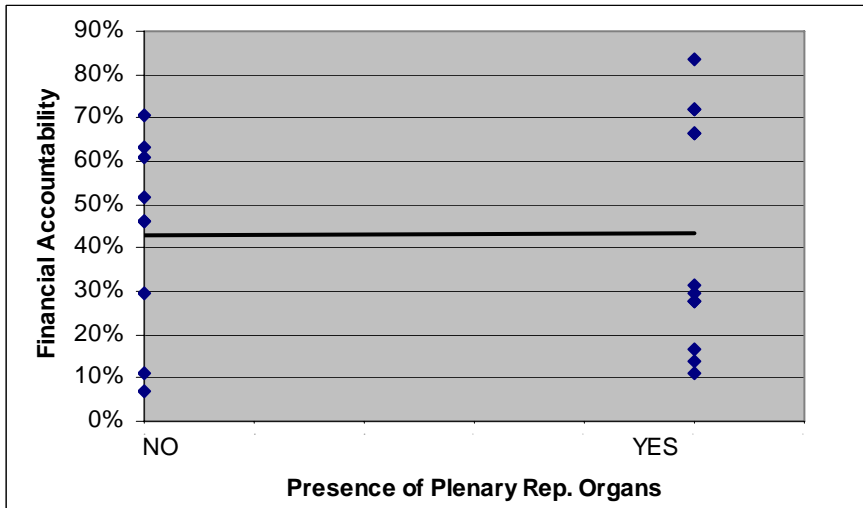
Hp5 a) The higher the accessibility for stakeholders to executive bodies and decision-making activities, the higher the amount of financial information disclosed in the report. (contingency theory)



Hp5 b) The higher the accessibility for stakeholders to executive bodies and decision-making activities, the higher the amount of non-financial information disclosed in the report. (contingency theory)

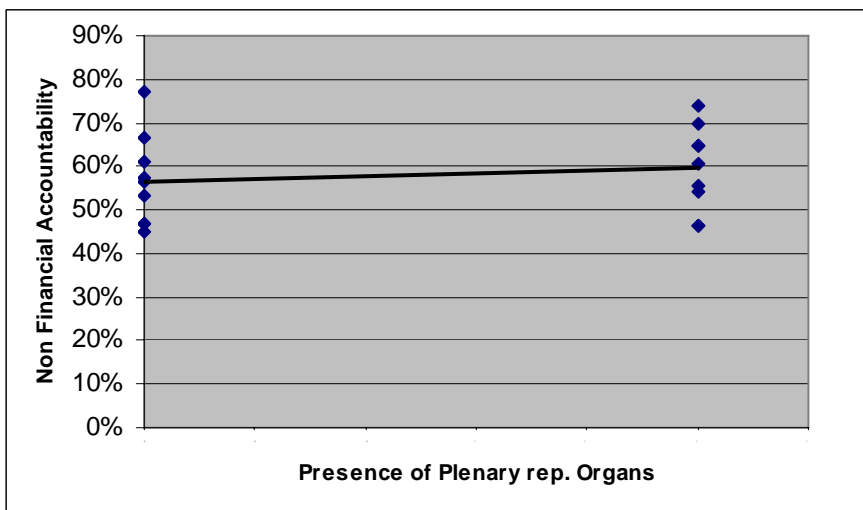


Hp5 c) *The presence of interest warranty mechanisms for stakeholder not represented in executive organs enhances the amount of financial information disclosed in the report. (contingency theory)*



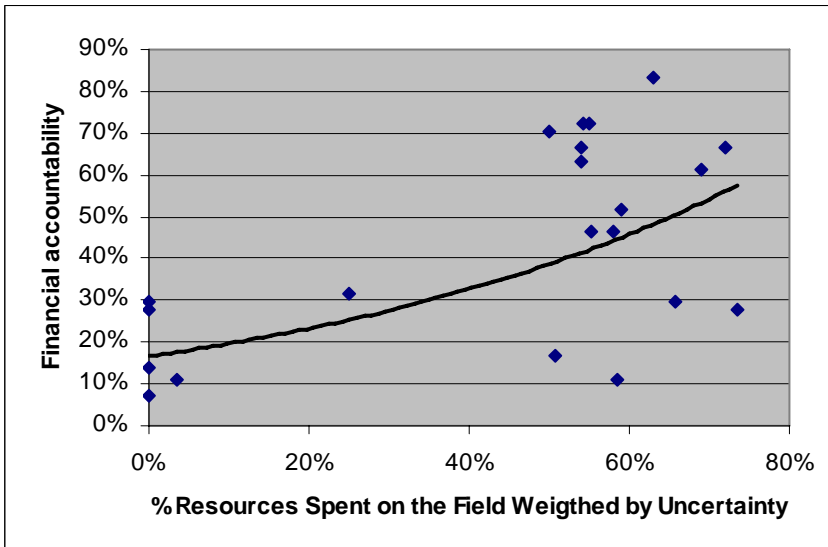
covariance 0,00072
correlation 0,0061

Hp5 d) *The presence of interest warranty mechanisms for stakeholder not represented in executive organs enhances the amount of non-financial information disclosed in the report. (contingency theory)*



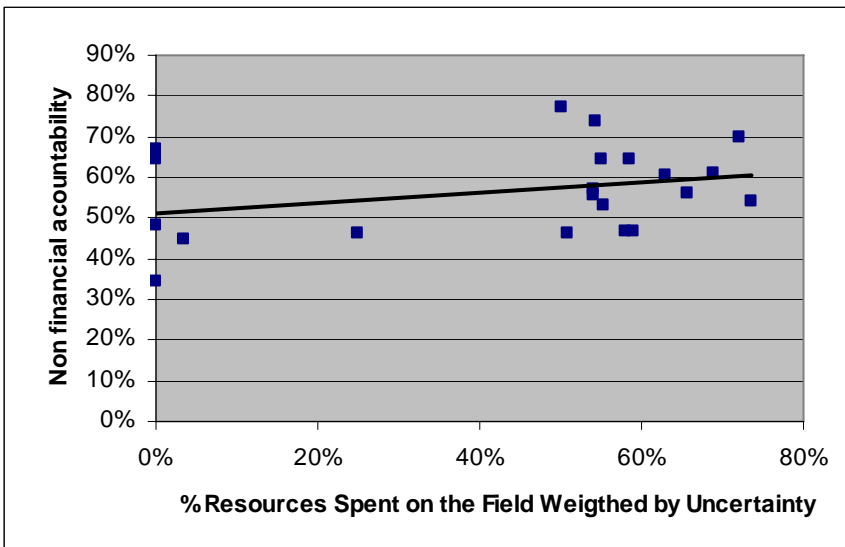
covariance 0,00053
correlation 0,010

Hp6 a) *The higher the environmental uncertainty, the higher the amount of financial information disclosed in the report. (contingency theory)*



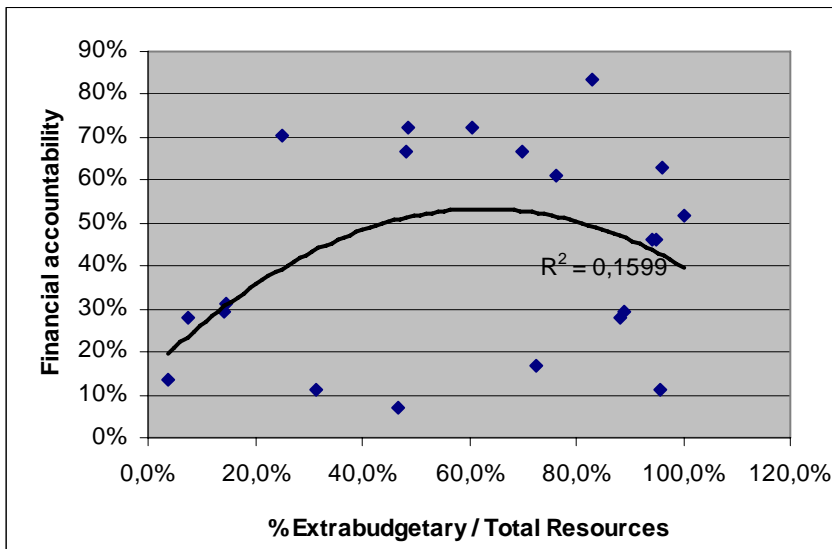
covariance 0,036
lin correlation 0,58
pol. Correlation 0,36

Hp6 b) *The higher the environmental uncertainty, the higher the amount of non-financial information disclosed in the report. (contingency theory)*



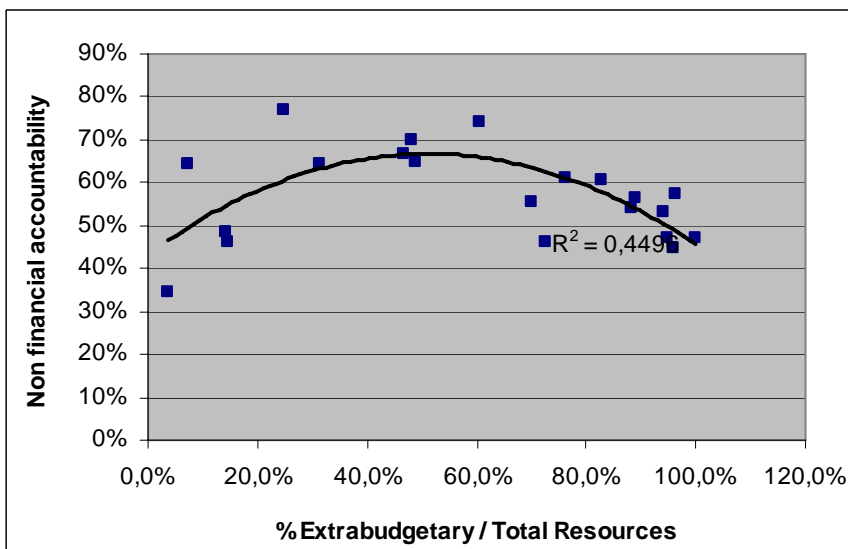
covariance 0,0086
lin. correlation 0,31

Hp7 a) The higher the organization's market dependence, the higher the amount of financial information disclosed in the report. (legitimacy theory)



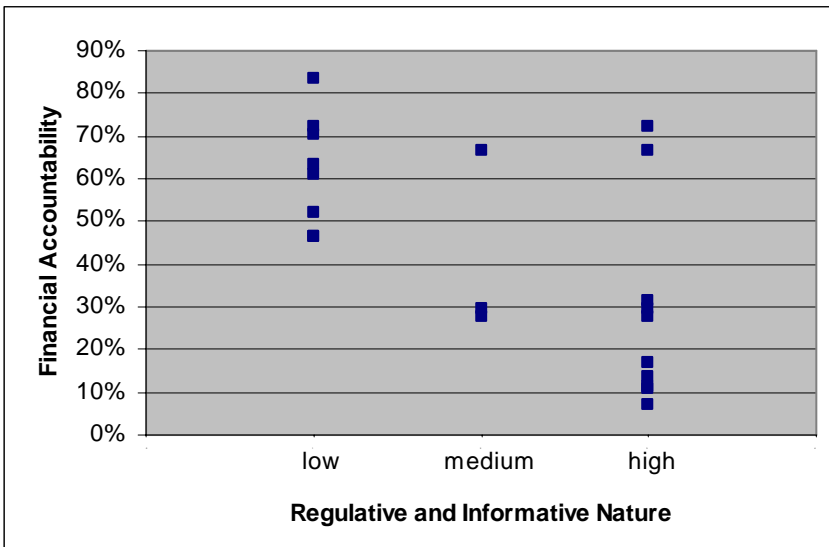
covariance 0,019
pol. correlation 0,15

Hp7 b) The higher the organization's market dependence, the higher the amount of non-financial information disclosed in the report. (legitimacy theory)



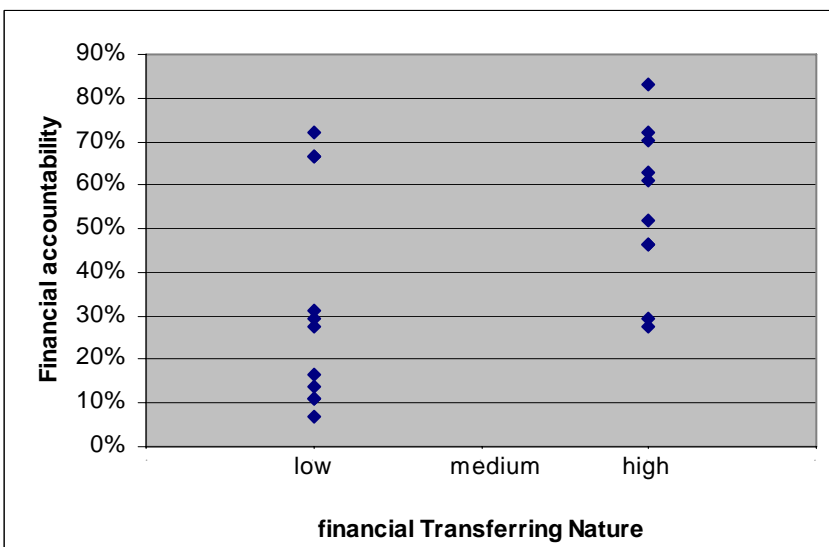
covariance -0,0044
pol. correlation 0,44

Hp8 a) When an organization performs a prevailing regulative activity, this is associated with a prevailing amount of financial information displayed in the report. (contingency theory)



covariance -0,14
lin correlation -0,64

Hp8 b) When an organization performs a prevailing financial transferring activity, this is associated with a prevailing amount of financial information displayed in the report. (contingency theory)



covariance 0,11
lin. correlation 0,48

References

Official Documents

- Chief Executive Board for Coordination (2002) *High Level Council on Management Handbook: accounting standards and methods*, NY, UN Press.
- Chief Executive Board for Coordination (2003) *Report of the Task Force on the Review of UN System Accounting Standards and International Public Sector Accounting Standards* High Level Committee on Management, 5th session.
- Chief Executive Board for Coordination (2004a) *United Nations Accounting Standards - VI revision*.
- Chief Executive Board for Coordination (2004b) *Conclusion of the meeting of the finance and budget network*
- Chief Executive Board for Coordination, United Nations (2005) *Interagency Mobility Accord*, November 2005, https://hr.unsystemceb.org/reference/16/base_view
- Chief Executive Board for Coordination (2005) *Concept Paper on Result Based Management in the organizations of the UN system*, CEB/2005/HLCM/R.6.
- Chief Executive Board for Coordination (2006) *Enterprise Resource Planning in United Nations*, 2006 survey.
https://ict.unsystemceb.org/reference/05/survey/base_view
- Chief Executive Board for Coordination (2007) *Questionnaire for participants: preliminary report on the findings*, Workshop on results-Based Management, 3-4 May 2002, Geneva, CEB/HLCM-HLCP/RBM/2/Add.1.
- Chief Executive Board for Coordination (2007) *IPSAS Adoption Progress Report for the Task Force and the FB Network*, Agenda item 2, Meeting of the CEN Finance and Budget Network, Geneva 20-22 June 2007.
- IFAC, Public Sector Committee (1994) *Implementing Accrual Accounting in Government: The New Zealand experience*, Occasional Paper.
- IFAC, Public Sector Committee (2003) *Principi contabili internazionali per il settore pubblico* a cura di Istituto di Ricerca dei Dottori Commercialisti, Milano, EGEA.

- IFAC, Public Sector Committee (2003) *Transition to the accrual basis of accounting: guidance for governments and government entities*, Occasional Paper.
- IFAC Public Sector Committee (2005) *external review survey of PSC on IPSAS*, IFAC Special Report.
- ILO (2004) *Financial report and Audited Financial Statements 2002-2003 and report of the Board of Auditors*.
- Joint Inspection Unit (1993) *Accountability and oversight in the United Nations Secretariat*, UN document A/48/420.
- Joint Inspection Unit (1995) *Management in the United Nations: Work in progress*, UN document A/50/507.
- Joint Inspection Unit (1999) *The continuing process of management and administrative reform in the United Nations System of Organisations*, Geneva, UN Press.
- Organization for Economic Cooperation and Development (OECD) (2000) *Development Assistance Committee (1999) Result-based management in the development cooperation agencies: a review of the experiences*, Executive Summary, DCD/DAC/EV.
- PricewaterhouseCoopers, *UNHCR – Out-Posting Feasibility Study*, Final Report, 16 April 2007; United Nations General Assembly, A/60/883; Sixtieth session, Agenda items 46 and 120; Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields - Follow-up to the outcome of the Millennium Summit, 10 July 2006.
- United Nations, (1997), *Renewing the United Nations: a program for reform*, Report of the Secretary-General, United Nations.
- United Nations, (1998) *The Reform of Human Resources Management in the United Nations System*; policy statement adopted by the executive heads of all organizations of the United Nations Common System.
- United Nations ECE, (1998), *The United Nations Economic Commission for Europe Convention on Access to Information. Public Participation in Decision-Making, and*

Access to Justice in Environmental Matters (ECECEO/43), Geneva : United Nations Publications.

- United Nations, Office for Inter-Agency Affairs (1999) *The Continuing Process of Management and Administrative Reform in the Organizations of United Nations System, (on the basis of information compiled by the Consultative Committee on Administrative Questions (CCAQ)*, January.
- United Nations (2000) *Ways in which the full implementation and the quality of mandated programmes and activities could be ensured and could be better assessed by and reported to member States*, Report of the Secretary General (A/54/117), UN Press, New York.
- United Nations (2003a) *Strengthening of United Nations: an agenda for further change*, Resolution of the United Nations General Assembly.
- United Nations (2003b) *Improvement to the current process of planning and budgeting* Note of the Secretary General to the 39th General Assembly, United Nations System.
- United Nations (2006a) *Comprehensive review of Governance and Oversight within the United Nations, Funds, Programmes and Specialized Agencies - Volume IV – Oversight Current UN Practices, gap analysis and recommendations*”, UN Press.
- United Nations (2006b) *Information and communication technologies for development: progress in the implementation of General Assembly resolution*, Report of the Secretary General 57/295, New York, A/60/323.
- United Nations (2006c) *Investing in the United Nations for a stronger Organization worldwide: detailed report*, Resolution A/60/283.

<https://ict.unsystemceb.org/reference/15/N0547825.pdf/view>

- United Nations (2006d) *Budgetary and financial situation of organizations of the United Nations system A/47/449*, Note by the Secretary-General transmitting the statistical report of the United Nations System Chief Executives Board for Coordination on the budgetary and financial situation of the organizations of the United Nations system, 2006.

- United Nations office of the High Commissioner for Refugees (2006a) *Structural and Management Change Process Progress Report*, 37th Meeting of the Standing Committee 20-21 September 2006.
- United Nations office of the High Commissioner for Refugees (2006b) *Staff Task Force on Reform Position on PricewaterhouseCooper's UNHCR Outposting Feasibility Study Final Report*, White Paper, Geneva, 24 May 2007.
- World Bank, (2000), *World Bank policy on information disclosure*, Discussion Draft, World Bank, Washington DC, Operations Policy and Strategy, September 18.
- World Food Programme (2005) *International Accounting Standards*, Document presented for consideration to the Executive Board by the Committee on Resource, Financial And Budgetary Matters on 16 September 2005, WFP/EB.2/2005/5 C/1.
- World Health Organization *Financial Report and Audited Financial Statements 2002-2003*.

Articles and books

Literature on International Non profit and Intergovernmental Organizations

- Abbot K., Snidal D. (1998) "Why States act through formal International Organisations?", *Journal of Conflict Resolution*, 42 (1).
- Annisette M. (2004) "The true nature of the World Bank", *Critical Perspectives on Accounting*, 15, pp. 303–323.
- Arroyo W.R. (2002) *International Organisations: autonomous actors or dependent subjects?*, Working Paper, Universidad de Puerto Rico, Recinto de Mayagüez.
- Barnett M., Finnemore M. (1999) "The Politics, Power and Pathologies of International Organizations", *International Organisations*, 53 (3).
- Cox R., Jacobson H. (1973) *The anatomy of influence: decision making in International Organisations*, Yale University Press.
- Doh J.P., Teegen H., (2002) "Nongovernmental organizations as institutional actors in international business: theory and implications", *International Business Review*, 11, pp. 665-684.
- Doh G., Guay T. (2006) "Corporate Social Responsibility, Public Policy, and NGO Activism in Europe and the United States: An Institutional-Stakeholder Perspective", *Journal of Management Studies*, 43 (1).
- Dupont C. (1994) "Domestic Politics and International Negotiations: a sequential bargaining model", in Allan P., Schmidt C. *Game theory and International Relations*, Cheltenham, Elgar Publisher; pp.156-190.
- Ebrahim A., (2003), "Accountability in Practice: mechanism for NGO's"; *World Development*, 31 (5), pp.813-829.
- Gordenker L., Weiss T.G., (1995), "NGO participation in the international policy process", *Third World Quarterly*, 16 (3), pp.543-555.
- Keim G., (2003), "Nongovernmental organizations and business-government relations: The importance of institutions" in Doh J. P., & Teegen H. J (Eds.), *Globalization and NGOs: Transforming business, governments, and society*, Westport, CT: Praeger.

- Keohane R. (1984) *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton University Press.
- Koremenos B., Lipson C., Snidal D. (2001) "The rational design of International Institutions", *International Organisations*, 55 (4).
- Koremenos B., Lipson C., Snidal D. (2001) "The rational design of International Institutions", *International Organisations*, 55 (4).
- Jacobson H. (1984) "The powers, functions and Structures of International Organisations", *Networks of Interdependence: International Organizations and the Global Political System*.
- Lax D.A., Sebenius J.K. (1991) "Negotiating Through an Agent", *Journal of Conflict Resolution*, 35, pp.474-493.
- Lele U., Gerrard C., (2002), "Global Public Goods, Global Programs, and Global Policies: Some Initial Findings from a World Bank Evaluation", *American Journal of Agricultural Economics*, 85 (3), pp.686-691.
- Mearsheimer J. (1994-1995) "The False Promise of International Institutions", *International Security*, 19 (3), pp.5-49. Winter.
- Moore F.T., (1960), "The World Bank and Its Economic Mission", *The Review of Economics and Statistics*, 42 (1), pp.81-93.
- Nelson P.J., (2001), "Transparency Mechanisms at the Multilateral Development Banks", *World Development*, 29 (11), pp.1835-1847.
- Ness G., Brechin S. (1988) "Bridging the Gap: International Organizations as Organisations", *International Organisations*, 42 (2).
- Park S. (2004) "The role of transnational advocacy in reconstituting International Organizations Identity" *Journal of Diplomacy and International Relations*, Summer Fall.
- Pierson P. (2000) "The Limits of Design: Explaining Institutional Origins and Change." *Governance*, 13 (4).
- Rosendorff B., Milner H. (2001) "The Optimal Design of International Trade Institutions: Uncertainty and Escape", *USC CLEO Research Paper No. C01-9*.
- Russett B., Oneal J.R.(2001) *Triangulating Peace: democracy, interdependence and International Organizations*, New York, Norton.

- Young O. ed. (1999) *The Effectiveness of International Environmental Regimes: Causal Connections and Behavioral Mechanisms*. Cambridge: MIT Press.

Literature on United Nations and UN System Accountability and Managerial Reforms

- Alesani D., Liguori M., Steccolini I. (2007) "United Nations' accountability: between managerial reforms and social claims", Bauer M, Knill C. (eds.) *Managerial Reforms in International Organizations*, NOMOS, Baden Baden.
- Abraszewski A., Hennes R., Martohadinegoro K., Othman K. (1995) *Accountability, Management Improvement and oversight in UN system* UN Joint Inspection Unit, UN Press, Geneva.
- Bauer M., Knill C. (2007) *Managerial Reforms in International Organizations*, eds., NOMOS, Baden Baden.
- Bergesen, Lunde (1999) *Dinosaurs or dynamos? The United Nations at the turn of the century*, Earthscan Publications Ltd., Bergesen.
- Bertrand, M. (1988) "Planning, Programming, Budgeting and Evaluation in the U.N.", in Fromuth J. (ed.) *A successor vision: The United Nations of Tomorrow*. Lanhan (MD): University Press of America.
- Bhimani A., Soonawalla K. (2005) "From conformance to performance: The corporate responsibilities continuum", *Journal of Accounting and Public Policy*, 24, pp. 165–174.
- Blair M.M. (1995) *Ownership and control. Rethinking corporate governance in the Twenty-first Century*. The Brookings Institution, Washington.
- Brewster C., Van Ommeren J., Farndale G. (1999) "Human Resource Management Policies and Practices in the United Nations Family of Organizations and Related Agencies"; *The Cranfield Report*, Cranfield School of Management, London.
- Brewster C., Croucher R. (2003) "Human Resource Management Policies and Practices in International Organisations"; *The Cranfield Report*, Cranfield School of Management, London.
- Brewster C., Croucher R., Tyson S. (2003) "Human Resource Management Policies and Practices in International Organizations - An analysis of AHRMIO"; in Various Authors *The Cranfield Report*, Cranfield School of Management, London.
- Childers, Urquart, (1994) *Renewing the United Nations System*, Dag Hammarsk, Uppsala.

- Dalton M., Von Hippel K., Kent R., Maurer R. (2003) *Changes in humanitarian financing: implications for United Nations* UN press, New York.
- De Guttery A, Pagani F. (2005) *Le Nazioni Unite - Sviluppo e riforma del sistema di sicurezza collettiva*, Milan, Il Mulino.
- Gordon W.C. (1994) "The United Nations at the Crossroads of Reform", M.E. Sharpe, Armonk, New York, NY.
- Jugand J.B. (2007) *Pay for Performance Staff Motivation and Compensation at EBRD*, Presentation held at the 11th Annual Meeting Of International Financial Institutions Compensation And Human Resources Specialists, 3-5 September 2007, Geneva.
- Lee S., Brewster C. "Human Resource Management (HRM) Performance Measurement, *The Non-profit Sector: Toward a Theoretical and Practical Understanding*, Proceedings of 33rd ARNOVA Conference, Los Angeles, November 2004.
- Meltzer R. I. (1978) "Restructuring the United Nations System: Institutional Reform Efforts in the Context of North-South Relations", *International Organization*, 32 (4).
- Mizutani, T (2004), "Results-based budgeting and performance management in the United Nations system", EGPA 2004 Annual conference, 1-4 Sept, Ljubljana, Slovenia

<http://www.fu.uni-lj.si/egpa2004/html/sg4/Mizutani.pdf> 20/10/2005
- Poels J.F. (2007) *HR Policy review OECD*, Presentation held at the 11th Annual Meeting of International Financial Institutions Compensation and Human Resources Specialists, 3-5 September 2007, Geneva.
- Reinisch, August (2001) "Securing the accountability of international organizations", *Global Governance*, 7, pp. 131-149.
- Russett B. (1996) "Ten Balances for Weighing UN Reform Proposals", *Political Science Quarterly*, 111 (2)
- Schneider S. (2005) *The International Federation of the Red Cross*, University of Geneva Business Cases Series, – HEC
- Scott A. (2005) *DFID's assessment of multilateral effectiveness*, Department for International Development, UK.

- Udall L., (1997), *The World Bank inspection panel: A three year review*, The Bank Information Centre, Washington DC, October.
- Udall L., (1998), "The World Bank and Public Accountability: Has Anything Changed?" in. Fox J.A, Brown L.D. (eds.) *The Struggle for Accountability*, Massachusetts, The MIT Press.
- Weiss G. (2006) *The Illusion of UN Security Council Reform*, The Washington Quarterly Woods.
- Narlikar A. (2001) "Governance and the limits of accountability: the WTO, the IMF and the World Bank", *International Social Science Journal*, 170.

Literature on Public Sector Managerial reforms

- Anessi, E. (2002) *Principles of public management*, Milan, EGEA.
- Borgonovi E. (2006) *Principi e Sistemi aziendali per le Aziende e le Amministrazioni Pubbliche*, Milan, EGEA.
- Borgonovi E. (2005) *Ripensare Le Amministrazioni Pubbliche: Tendenze Evolutive E Percorsi Di Approfondimento*, EGEA, Milan.
- Bryson J.M. (1995), *Strategic Planning for public and non profit sector organizations*, Jossey-Bass, San Francisco, CA.
- Caves R. E., (1990) "Lessons from privatization in Britain: State enterprise behaviour, public choice, and corporate governance", *Journal of Economic Behaviour and Organization*, 13, pp.145–169.
- Condrey J., Brudney S. (1992) "Performance Based Management Pay In Federal Government: Does Agency Matter?", *Journal of Public Administration Research and Theory*, 2 (2).
- Condrey J., Brudney S. (1993) "Paying For Performance: Explaining The Differences In Managerial Motivation", *Public Productivity and Management Review*, Vol. 17 (2).
- Del Vecchio M. (2001) *Dirigere e Governare le Amministrazioni Pubbliche: Economicità, Controllo e Valutazione dei Risultati*, Milan, EGEA.
- Dent J.F. (1990) "Strategy, organization and control: some possibilities for accounting research", *Accounting, Organization and Society*, 15, pp. 3-25.
- Ferlie, E., Ashburner L., Fitzgerald L., and Pettigrew A. (1996) *The New Public Management in Action*, Oxford, Oxford University Press.
- Figuerola M. I. (2005) *Human Resources reform: WTO learning policies and guidelines*, WTO Press, Geneva.
- Figuerola M.I., Alesani D. (2006) *Human Resources Strategies in International Organizations – The WTO experience in renewing HR management function*, Working Paper, IOMBA, University of Geneva.

- Guthrie, J., Jones L. R., Steane, P. (2001) *Learning from international public management reform*, Amsterdam: Elsevier Science.
- Halal W.E. (1990) "The new management: business and social institutions in the information age", *Business in the Contemporary World*, Vol.2 (2), pp. 41-54.
- Hill L.B., (1992), "Taking bureaucracy seriously" in Hill L. B. (eds.), *The State of Public Bureaucracy*, Armonk, NY: M.E. Sharpe.
- Jensen M.C. (1989) "Eclipse of the public corporation", *Harvard Business Review*, 67, pp. 61-71.
- Marcon, G. (1999) "The state of Public Management and Public Management in Italy: lessons for research methodology", paper presented at the International Public Management Network Workshop, Siena, July.
- Mathiason, J. R. (1987) "Who Controls the Machine? The Programme Planning Process in the Reform Effort", *Public Administration and Development*, 7 (2).
- Meneguzzo M., Rebori G. (1990) *Strategia Delle Amministrazioni Pubbliche*, UTET, Turin.
- Mussari R. (1994) *Il Management Delle Aziende Pubbliche: Profili Teorici*, Padova, CEDAM.
- Mussari, R. (1997) "Autonomy Responsibility and New Public Management" in Jones, L.R. And Schedler, K. (eds) *International Perspectives on the New Public Management*, London: Jai Press.
- Olson, O., Guthrie, J. And Humphrey, C. (1998) "International Experiences with "New" Public Financial Management (NPFM) Reforms: New World? Small World? Better World?" in Olson, O., Guthrie, J. And Humphrey, C. (eds), *Global Warning: Debating International Developments in New Public Financial Management*, Oslo: Capelen Akademisk Forlag As.
- Osborne D., Gable T. (1992) *Reinventing Government: How Entrepreneurial Spirit Is Changing The Public Sector*, Addison Wesley, Reading, MA.
- Palmer, I. And Dunford, R. (2001) "The diffusion of managerial innovations: a comparison of Australian public and private sector take-up rates of new organisational practices", *International Public Management Journal*, 4 (1), pp 49-64.

- Pollit C., Bouckaert G. (2000) *Public management reform*. Oxford: Oxford University Press.
- Rebori G. (1999) *La Valutazione Dei Risultati Nelle Amministrazioni Pubbliche*, Milano, Guerini e Associati.
- Walker, David M., "Imperatives for governmental accountability", *The Public Manager (US)*, Fall 2001, pp. 5-7.
- Wildavsky A. (1992) "Political Implications of Budget Reform: A Retrospective", *Public Administration Review*, 52 (6), pp. 594-599.

Literature on Development of Accounting Systems

- AA.VV. (2004) *Applying International Financial Reporting Standards*, Oxford, Butterworth Heinemann.
- Adhémar P. (2004) *Gli IPSAS e il ruolo del Public Sector Committee*, in Farneti G., Pozzoli S. (eds.) *Principi e sistemi contabili negli enti locali*, Franco Angeli, Milano.
- D.Alesani. I.Steccolini (2006) “I principi contabili delle Nazioni Unite: stato dell’arte e prospettive di sviluppo”, AA.VV. *I processi di standardizzazione in azienda*, Franco Angeli, Milan.
- Anderson S.W., Lanen. W.N. (1999) “Economic Transition, Strategy and the Evolution of Management Accounting Practices: The Case of India”, *Accounting, Organizations and Society*, 24 (5/6), pp. 379-412.
- Anessi Pessina E. (2000), *La contabilità delle aziende pubbliche*; Milano, Egea.
- Anessi Pessina E., Steccolini I. (2001), “La contabilità economica dell’ente locale: problemi teorici, soluzioni tecniche, riscontri empirici”, *Azienda Pubblica*, n.1.
- Anessi E., Steccolini I. (2005) “Evolutions and Limits of New Public Management Inspired Budgeting Practices in Italian Local Governments”, *Public Budgeting & Finance*, Summer.
- Anessi Pessina E., Steccolini I. (2005), “Evolution and limits of New Public Management – inspired budgeting practices in Italian Local Government”, *Public Budgeting and Finance*, vol.25, n.2.
- Anessi Pessina E. (2005) “La contabilità economico-patrimoniale nelle aziende pubbliche: dal “se” al “come””, *Azienda Pubblica* n.4.
- Anessi Pessina E. (2007) “I vantaggi comparativi della contabilità economico patrimoniale”, *L’evoluzione dei sistemi contabili pubblici*, Milan, EGEA.
- Baskerville R.F., Newby S.P. (2002) “Due process failure in sector-neutral accounting standard-setting” *Financial Accountability & Management*, 18 (1).
- Barrett M. E. (1976) “Financial Reporting Practices: Disclosure and Comprehensiveness in an international setting”, *Journal of Accounting Research (Spring)*, pp.11-26.

- Bebbington J., Song E. (2004) *The adoption of International Financial Reporting Standards in EU and New Zealand*, Canterbury.
- Borgonovi E. (2004) "Principi contabili anche per il settore pubblico?", *Azienda Pubblica*, 2, pp. 173-178.
- Campedelli B. (1994) *Ragioneria internazionale. Principi contabili e di bilancio delle imprese e dei gruppi*, Turin, Giappichelli.
- Caperchione E. (2000) *Sistemi informativo-contabili nella Pubblica Amministrazione: profili comparati, evoluzione e criteri per la progettazione* Milan, Egea-
- Cahan J.L. (2002) "Global government accounting principles", in Eichorn and Brauning (a cura di) *Public Management, accounting standards and evaluation models*, Normos Verlag, Baden Baden, pp.152-163.
- Chan J.L. (2003) "Government accounting: an assessment of theory, purposes and standards", *Public Money and Management*, 1.
- Chan J. L. (2004) "Une revolution mondiale dans la comptabilité publique? Une analyse des IPSAS et quelques recommandations", *Revue Française de Comptabilité*, 362 (1), pp. 27-31.
- Christiaens J., Rommel J. (2006) *Governmental accounting reforms: going back where we belong?* Universiteit Gent Working Paper N. 2001/113.
- Ellwood S. (2003) "Bridging the gap across the UK Public Sector", *Accounting and Business Research*, 33 (2), pp.105-121.
- Emmanuel C., Otley, D., Merchant, K. (1990) *Accounting for Management Control*, 2nd ed., London: Chapman & Hall.
- Federation Des Experts Comptables Européens (2007) *Accrual Accounting in the Public Sector*, paper issued in January 2007 by the FEE Public Sector Committee.
- Guthrie, J. (1998) "Application of Accrual Accounting in the Australian Public Sector: Rhetoric or Reality?", *Financial Accountability & Management*, 14 (1), pp1-19.
- Guthrie J. (2003) *Accounting Standards in the Australian and New Zealand Public Administrations: Experiences and Perspectives*, presented to the International Congress on Accounting Standards for Public Administration, Ferrara.

- Guthrie J., Johnson M. (1994) "Commercialization of the public sector: Why, how and what? A prospective view", Whiltshire K. (eds.), *Governance and economic efficiency*, pp. 87-108, Sidney, CEDA.
- Ingram R. W. (1986) "Tests of the fund accounting model for local governments", *Contemporary Accounting Research*, Vol. 3, No 1, 200-221.
- Jones R., Pendlebury M. (1996) *Public Sector Accounting*, Pitman Publishing, London.
- Karan, R. (2001), "Commercialisation of public sector accounting and public accountability", in *Proceedings of the Third Asia Pacific Interdisciplinary Research in Accounting Conference*, Adelaide.
- Lapsley I. (1999) "Accounting and the New Public Management: Instruments of Substantive Efficiency or a Rationalising Modernity?" *Financial Accountability and Management*, 15 (3/4), pp. 201-7.
- McGregor W., (1999), "The pivotal role of accounting concepts in the development of public sector accounting standards", in *Australian Accounting Review*; Marzo 9, 1; p. 3.
- Monsen N. (2002) "The case of cameral accounting", *Financial Accountability and Management*, 18 (1), pp. 39-72.
- Monsen N., Nasi S. (1998) "The Contingency model of governmental accounting innovations: a discussion", *European Accounting Review*, 7 (2), pp.275-288.
- Nahapiet, J. (1988) "The Rhetoric and Reality of an Accounting Change: a Study of Resource Allocation. Accounting", *Organizations and Society*, 13 (4) pp333-358.
- Nobes C., Parker R. (eds.) (1991) *Comparative international accounting*, third edition, London, Prentice Hall.
- Pozzoli S. (2003) "I Principi Contabili Internazionali e Nazionali: una riflessione" *AziendItalia* (9).
- Rahman S.F., (1988), "International accounting regulation by the United Nations: a power perspective", *Accounting, Auditing & Accountability Journal*, 11 (5), pp. 593-623.

- Steccolini I. (2001) "La contabilità generale", Mussari R. (eds.), *Manuale operativo per il Controllo di gestione dell'ente locale*, Rome, Dipartimento della Funzione Pubblica, 2001.
- Steccolini I., Alesani D. (2004) "Le riforme dei sistemi informativo-contabili degli enti locali: il caso della Nuova Zelanda", Farneti G., Pozzoli S. (eds.) *Principi e sistemi contabili negli enti locali*, Milan, Franco Angeli.
- Sutcliffe P. (2003) "The Standards Programme of IFAC's Public Sector Committee" *Public Money and Management*, 1 (January), pp.29-36.
- Zambon S. (1996) *Profili di ragioneria internazionale e comparata. Un approccio per aree tematiche*, Padova, Cedam.
- Watts, R.L. And Zimmerman, J. L. (1978) "Towards a Positive Theory of the Determination of Accounting Standards", *The Accounting Review*, 53 (1), pp112-134.

Literature on Contingency Theory

- Abernethy, M.A. and Guthrie, C.H. (1994) "An empirical assessment of the "fit" between strategy and management information system design", *Accounting and Finance* November, pp. 49–66.
- Abernethy, M.A. and Lillis, A.M. (1995) "The impact of manufacturing flexibility on management control system design", *Accounting, Organizations and Society* (20), pp. 241–258.
- Adams C. A. (2002) "Internal organizational factors influencing corporate social and ethical reporting", *Accounting, Auditing and Accountability Journal*, 15 (2).
- Anderson S.W., Lanen W.N. (1999) "Economic transition, strategy and the evolution of management accounting practices: the case of India", *Accounting, Organization and Society*, 24 (56), pp. 379-412.
- Argyris C. 1977. Organizational learning and management information systems. *Accounting, Organizations and Society* 2 (2), pp. 113-123.
- Balkin D.B., Gomez Mejia R.G. (1987) "Toward a Contingency theory of Compensation Strategy", *Strategic Management Journal*, 8 (2), pp. 169-182.
- Bouwens, J. and Abernethy, M.A. (2000) "The consequences of customization on management accounting system design", *Accounting, Organizations and Society*, 25, pp. 221–241.
- Braverman H. (1974) *Labor and Monopoly Capital*, Monthly Review Press.
- Burns WJ., Stalker G. (1961) *The Management of Innovation*, Tavistock, London.
- Burrell G., Morgan G. (1979) *Sociological paradigms and organizational analysis*, Heinemann, London.
- Chapman, C.S. (1997) Reflections on a contingent view of accounting. *Accounting, Organizations and Society*, 22, pp. 189–205.
- Chenhall, R.H. (1997) Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, Organizations and Society*, 28, pp. 127–168.

- Chenhall, R.H., Langefield-Smith, K. (1998) "The relationship between strategic priorities, management techniques and management accounting: an empirical investigation using a systems approach", *Accounting, Organizations and Society* 23, pp. 243–264.
- Chenhall, R.H., Morris, D. (1986) "The impact of structure, environment, and interdependence on the perceived usefulness of management accounting systems", *The Accounting Review*, 61, pp. 16–36.
- Chenhall R.H., Morris, D. (1993) "The role of post completion audits, managerial learning, environmental uncertainty and performance", *Behavioral Resource Accounting*, 5, pp.170-86.
- Chong, V.K., Chong, K.M. (1997) "Strategic choices, environmental uncertainty and SBU performance: a note on the intervening role of management accounting systems", *Accounting and Business Research*, 27, pp. 268–276.
- Coffee J. C. (1999) "The Future as History: The Prospects for Global Convergence in Corporate Governance and its Implications", *Northwestern University Law Review*, Spring.
- Cowen S.S., Ferreri L.B., Parker L.D. (1987) "The impact of corporate characteristics on social responsibility disclosure: a typology and frequency based analysis", *Accounting, Organizations and Society*, 12, pp. 111-122.
- Dent, J.F. (1990) "Strategy, organization and control: some possibilities for accounting research", *Accounting, Organizations and Society*, 15, pp. 3–25.
- Donaldson, L., 1996. *For positivist organization theory: proving the hard core*, Sage, London.
- Doty, H., Glick, W.H. and Huber, G.P. (1993) "Fit, equi-finality, and organizational effectiveness: a test of two configurational theories, *Academy of Management Journal*, 36, pp. 1196–1250.
- Drazin, R., Van de Ven, A.H. (1985) "Alternative forms of fit in contingency theory", *Administrative Science Quarterly*, 30, pp. 514–539.
- Duncan R. B. (1972) "Characteristics of Organizational Environments and Perceived Environmental Uncertainty", *Administrative Science Quarterly*, 17(3), pp. 313-327.

- Fisher, J. (1995) "Contingency-based research on management control systems: categorizing by level of complexity", *Journal of Accounting Literature*, 14, pp. 24–53.
- Galunic, D.C., Eisenhardt, K.M. (1994) "Renewing the strategy–structure–performance paradigm", *Research in Organizational Behavior*, 16, pp. 215–255.
- Gerdin J., Greve J. (2003) *Forms of contingency fit in management accounting research: a critical review*, online working paper.
- Ginsberg A. (1984) "Operationalizing organizational strategy: toward an integrative framework", *Academy of Management Review*, 9, pp. 548-557.
- Ginsberg A., Venkatraman N. (1985) "Contingency perspectives of organizational strategy: a critical review of the empirical research", *The Academy of Management Review*, 10 (3), pp. 421-434.
- Gordon L.A., Miller D. (1976) "A contingency framework for the design of accounting information systems", *Accounting, Organization and Society*, 1, pp. 59-69.
- Govindarajan, V. (1988). A contingency approach to strategy implementation at the business level: integrating administrative mechanisms with strategy. *Academy of Management Journal*, 828–853.
- Haldma T., Lääts K. (2002) *Influencing Contingencies On Management Accounting Practices In Estonian Manufacturing Companies*, University of Tartu - Faculty of Economics and Business Administration Working Paper Series, n.13.
- Halme M., Huse M. 1997, "The influence of corporate governance, industry and country factors on environmental reporting", *Scandinavian Journal of Management*, 13 (2), 137-157.
- Hambrick D.C. (1980) "Operationalizing the concept of business-level strategy in research", *Academy of Management Review*, 5, pp. 567-575.
- Harrigan K.R. (1980) *Strategies for Declining Businesses*, Lexington, MA, Heath.
- Hart O. (1995) "Corporate Governance: Some Theory and Implications", *The Economic Journal*, 105 (430), pp. 678-689
- Hartmann F. (2000) "The appropriateness of RAPM: towards the further development of theory", *Accounting, Organizations and Society*, 25 (4-5), pp.451-482.

- Hartmann, F.G.H., Moers, F. (1999) "Testing contingency hypotheses in budgetary research: an evaluation of the use of moderated regression analysis" *Accounting, Organizations and Society*, 24, pp. 291–315.
- Harvey D.F. (1977) "Strategy and the business portfolio", *Long Range Planning*, 10 (1), pp. 9-15.
- Hayes D.C. (1977) "The contingency theory of managerial accounting", *Accounting Review*, 52 (1), pp. 22-39.
- Hofer C.W. (1975) "Toward a contingency theory of business strategy", *Academy of Management Journal*, 18, pp. 784-810.
- Hoque Z. (2004) *A contingency model of the association between strategy, environmental uncertainty and performance measurement: impact on organizational performance*, online journal.
- Kaplan SE., Mackey JT. (1992) "An examination of the association between organizational design factors and the use of accounting", *Journal of Management Accounting Research*.
- Ireland R. D., Hitt M. A., Bettis R.A., de Porrás D. A. (1987) "Strategy Formulation Processes: Differences in Perceptions of Strength and Weaknesses Indicators and Environmental Uncertainty by Managerial Level", *Strategic Management Journal*, 8(5), pp. 469-485.
- Keats B.W., Hitt M.A. (1988) "A Causal Model of Linkages among Environmental Dimensions, Macro Organizational Characteristics, and Performance", *The Academy of Management Journal*, 31 (3), pp. 570-598.
- Khandwalla, P.N. (1972) "The effect of different types of competition on the use of accounting controls", *Journal of Accounting Research*, 10, pp. 275–285.
- Langfield, Smith, K. (1997) "Management control systems and strategy: a critical review", *Accounting, Organizations and Society* 22, pp. 207–232.
- Lawrence P.R., Lorsch J.W. (1967) *Organization and environment: managing differentiation and integration*, Harvard University, Boston, Mass.
- Luft, J., Shields, M.D. (1999) "Mapping management accounting: graphics and guidelines for theory-consistent empirical research", *Accounting, Organizations & Society*, 28, pp. 169–249.

- Mallin C. (2002) "Editorial: The relationship between corporate governance, transparency and financial disclosure", *Corporate Governance*, 10 (4), 253–255.
- Merchant K.A. (1981) "The design of the corporate budgeting system; Influences on managerial behaviour and performance", *Accounting Review*, 56 (4), pp. 813-829.
- Merchant K.A. (1984) "Influences on departmental budgeting: an empirical examination of a contingency model", *Accounting, Organizations and Society*, 9 (3/4), pp. 291-307.
- Merchant K. (1990) "The effects of financial controls on data manipulation and management myopia", *Accounting, Organizations and Society*, 15, 297–313.
- Meyer, A.D., Tsui, A.S., Hinings, C.R. (1993) "Configurational approaches to organizational analysis"; *Academy of Management Journal*, 36, pp. 1175–1195.
- Mia, L., Chenhall R. H. (1994) "The usefulness of management accounting systems, functional differentiation and managerial effectiveness", *Accounting, Organizations and Society*, 19 (1), 1–13.
- Miles, R.E., Snow, C.C. (1978) *Organizational strategy, structure, and process*. , McGraw-Hill, New York.
- Miller D. (1992) "Environmental fit versus internal fit", *Organizational Science*, 3 (2), pp. 159-178.
- Miller, D. (1982) Evolution and revolution: a quantum view of structural change in organizations. *Journal of Management Studies*, 19, pp. 131–151.
- Miller, D. (1986) Configuration of strategy and structure: toward a synthesis. *Strategic Management Journal*, 7, pp. 233–249.
- Miller, D., Friesen, H. (1984) *Organizations, a quantum view*, Prentice Hall, Englewood Cliffs.
- Mintzberg, H. (1983). *Structure in fives: designing effective organizations*, Prentice-Hall, Englewood Cliffs.
- Monks R.A.G., Minow N. (1995) *Corporate Governance*, Balckwell Business, Cambridge.
- Nicolau A.I. (2000) "A contingency model of perceived effectiveness of accounting information systems: Organizational coordination and control effects", *International Journal of Accounting Information Systems*, 1, pp. 91-105.

- Otley, D.T. (1980) "The contingency theory of management accounting: achievement and prognosis", *Accounting, Organizations and Society*, 4, pp. 413–428.
- Pennings, J. (1992) "Structural contingency theory: a reappraisal, in: Staw, B.M., Cummings, L.L. (eds.) *Research in organizational behavior*, vol. 14, JAI Press, Greenwich CT.
- Perera, S., Harrison, G. and Poole, M. (1997) "Customer-focused manufacturing strategy and the use of operations-based non-financial performance measures: a research note", *Accounting, Organizations and Society*, 22, pp. 557–572.
- Perrow C. (1967) "A framework for the comparative analysis of organizations", *American sociological review*, 32 (2), pp. 194-208.
- Pettigrew A., (1990), "Longitudinal field research on change: theory and practice", *Organizational Science*, 1 (3), pp. 267-92.
- Porter, M.E. (1980) *Competitive strategy*, Free Press, New York.
- Porter, M.E., 1985. *Competitive advantage: creating and sustaining superior performance*, Free Press, New York.
- Schoonhoven, C.B. (1981) "Problems with contingency theory: testing assumptions hidden within the language of contingency theory", *Administrative Science Quarterly* 26, pp. 349–377.
- Shields, J.F. and Shields, M.D. (1998) "Antecedents of participative budgeting", *Accounting, Organizations and Society* 23, pp. 49–76.
- Shoonhoven C.B. (1981) "Problems with contingency theory: testing assumptions hidden within the language of contingency theory", *Administrative Science Quarterly*, 26, pp. 349-377.
- Simon S.M., Kar Shun Wong Ho (2001) "A study of the relationship between corporate governance structures and the extent of voluntary disclosure", *Journal of International Accounting, Auditing & Taxation*, 10, pp. 139–156.
- Simons, R. (1987) "Accounting control systems and business strategy: an empirical analysis", *Accounting, Organizations and Society*, 12, pp. 357–374.
- Szilagyi Jr., Wallace M. (1980) *Organizational Behavior and Performance*. Goodyear Santa Monica, California.

- Taylor, D. W., Rosair M. (2000) "The effects of Participating Parties, the Public, and Size on Government Departments' Accountability Disclosures in Annual Reports", *Accounting, Accountability and Performance*, Vol. 6, No 1, 77-97.
- Thomas A.P. (1986) "The contingency theory of corporate reporting. Some empirical evidence", *Accounting, organization and society*, V.11 (3), pp.253-270.
- Thomas A.P. (1991) "Towards a contingency theory of corporate financial reporting systems", *Accounting, Auditing and accountability Journal*, 4 (4), pp.40-57.
- Thompson J.D. (1967) *Organizations in action*, McGraw-Hill, New York.
- Trotman B. (1981) "Association between social responsibility disclosure and characteristics of companies", *Accounting, organization and society*, 6 (4), pp. 355-62.
- Venkatraman, N., (1989) "The concept of fit in strategy research: toward verbal and statistical correspondence", *Academy of Management Review*, 14, pp. 423–444.
- Zahra, S.A., Pearce, J.A., (1990) Research evidence on the Miles–snow typology. *Journal of Management* 16, pp. 751–768.
- Waterhouse J.H., Tiessen P. (1978) "A contingency framework for management accounting systems research", *Accounting, Organizations and Society*, 3 (1), pp. 65-76.
- Whittington G. (1993) "Corporate governance and the regulation of financial reporting", *Accounting and Business Research*, Special issue, pp. 311–319.
- Werner S., Brouthers L.E., Brouthers K.D. (1996) "International risk and perceived environmental uncertainty: the dimensionality and internal consistency of Miller's measure", *Journal of International Business Studies* 27(3), pp. 571– 87.
- Woodward J. (1965) *Industrial Organization: theory and Practice*, Oxford University Press, London.
- Yan A., Gray B. (1994) "Bargaining Power, Management Control, and Performance in United States-China Joint Ventures: A Comparative Case Study" *The Academy of Management Journal*, 37 (6), pp. 1478-1517.

Literature on Legitimacy Theory

- Adams C.A., Hill W.Y., Roberts C.B. (1998) "Corporate social reporting practices in western Europe: legitimating corporate behaviour ?", *British Accounting Review*, 30, pp.1-21.
- Ashforth B.E., Gibbs B.W. (1990) "The double edge of Organizational Legitimation", *Organization Science*, 1 (2), p.177.
- Aucoin, R. Heintzman (2000) "The Dialectics of Accountability for Performance in Public Management Reform", B.Peters, D. Savoie (ed.) *Governance in the twenty-first century, revitalizing the public service*.
- Bowman E.H., Haire M. (1976) "Social impact disclosure and corporate annual reports", *Accounting Organizations and Society*, 1 (1), pp.11-21.
- Brown N., Deegan C.(1998) "The public disclosure of environmental performance information – a dual test of media agenda setting theory and legitimacy theory", *Accounting and Business Research*, 29 (1).
- Buhr N. (1998) "Environmental performance, legislation and annual report disclosure: the case of acid rain and Falconbridge", *Accounting, Auditing and Accountability Journal*, 11 (2), pp. 163-90.
- Carlin T., Guthrie J. (2003) "Accrual output based budgeting systems in Australia: The rhetoric - reality gap", *7th International Research Symposium in Public Management*, Hong Kong.
- Cho C.H., Patten D.M. (2006) "The role of environmental disclosures as tools of legitimacy", *Accounting, Organization and Society*, 32, pp. 639-647.
- Cooper D.J., Sherer M.J. (1984) "The value of corporate accounting reports: arguments for a political economy of accounting", *Accounting, Organizations and Society*, 9 (3-4), pp. 207-232.
- Cowen S.S., Ferreri L.B., Parker L.D. (1987) "The impact of corporate characteristics on social responsibility disclosure: a typology and frequency-based analysis" *Accounting, Organization and Society*, 12 (2) pp.111-22.

- Davidson, D. K. (1991) "Legitimacy: How Important is it for Tobacco Strategies?," *Business & the Contemporary World*, Autumn, pp. 50-58.
- Deegan, C. (2002) "Introduction. The legitimising effect of social and environmental disclosure – a theoretical foundation", *Accounting, Auditing and Accountability Journal*, 15 (3), pp. 282-311.
- Deegan C., Blomquist C. (2001) "Stakeholder influence on corporate reporting: an exploration of the interaction between the World Wide Fund for Nature and the Australian minerals industry", *Third Asian Pacific Interdisciplinary Research in Accounting Conference*, Adelaide, July.
- Deegan C., Carrol G. (1993) "An analysis of the incentives for Australian firms to apply for reporting excellence awards", *Accounting and Business Research*, 23 (91).
- Deegan C., Gordon B. (1996) "A study of the environmental disclosure practices of Australian corporations", *Accounting and business research*, 26 (187-199), pp.219-27.
- Deegan C., Rankin M., Tobin J. (2002) "An examination of the corporate social environmental disclosures of BHP from 1983-1997. A test of legitimacy theory", *Accounting, Auditing & Accountability Journal*, 5 (3), 312-343.
- Deegan C., Rankin M., Voght P. (2000) "Firms' disclosure reactions to major social incidents: collective rationality in organizational fields", *American Sociological Review*.
- Di Maggio, P. And Hirsch, P. (1976) "Production organizations in the arts", in Peterson, R. A. (eds) *The production of culture*, Beverly Hills: Sage.
- Dowling, J., Pfeffer, J. (1975) "Organizational legitimacy: Societal values and organisational behaviour", *Pacific Sociological Review*, 18 (1), pp. 122-136.
- Edwards D. (1998) *The link between company environmental disclosure and financial performance*, Earthscan, London.
- Elsbach K. D. (1994) "Managing organizational legitimacy in the California cattle", *Administrative Science Quarterly*, 39 (1), p.57.

- Fiedler T., Deegan C. (2002) "Environmental collaborations within the building and construction industry: a consideration of the motivations to collaborate", *Critical Perspectives on Accounting*, 1, pp.193-212.
- Gibson K. (1997) "Courses on environmental accounting", *Accounting, Auditing & Accountability*, 10 (4), pp.584-93.
- Guthrie, J. And Parker, L. D. (1989) "Corporate Social Reporting: A Rebuttal of Legitimacy Theory", *Accounting and Business Research*, 19 (76), pp. 343-352.
- Hackson F., Milne J. (1996) "Some determinants of social and environmental disclosures in New Zealand companies", *Accounting, Auditing & Accountability Journal*, 9 (1), pp. 77-108.
- Hahn T. (2004) "Why and when companies contribute to societal goals: the effect of reciprocal stakeholder behaviour", Paper Presented at the Best Paper Proceedings of the 2004 Annual Conference of the Academy of Management "Creating Actionable Knowledge", New Orleans.
- Lang M. H., Lundholm R. J. (1996). "Corporate disclosure policy and analyst behaviour", *The Accounting Review*, 71 (4), pp. 467–492.
- Lecraw D.J. (1984) "Bargaining Power, Ownership, and Profitability of Transnational Corporations in Developing Countries", *Journal of International Business Studies*, Palgrave.
- Lindblom C.K. (1993), "The implications of organizational legitimacy for corporate social performance and disclosure", *Critical Perspectives on Accounting Conference*, New York, NY.
- Lindblom C.K. (1994) "The implications of organizational legitimacy for corporate social performance and disclosure", *Critical Perspectives on Accounting Conference*, New York.
- Marcuccio, Steccolini (2005) "Social and environmental reporting in local authorities", *Public Management Review*, 7(2), pp. 155 – 176.
- Marcuccio, M., Steccolini, I. (2004) *Social reporting in Local Governments and the search for accountability*, paper presented at the 8th International Research Symposium on Public Management, Budapest, April 2004.
- Mathews M.R. (1993) *Socially Responsible Accounting*, Chapman Hall, London.

- McGavin B. (1991) "Goin green – but how about workers ?" *Employment Gazette*, pp.11-19.
- Miles R., Cameron K. (1982) "Coffin Nails and Corporate Strategies", *The Journal of Business Strategy*, 4 (2), pp. 3-15.
- Millstein I. (1992) *The Limits of Corporate Power: Existing Constraints on the Exercise of Corporate Discretion*, New York: Macmillan.
- Milne J., Patten M. (2002) "Securing organisational legitimacy", *Accounting, Auditing and Accountability Journal*, 15 (3).
- Moerman L., Van Der Laan S. (2005) "Social reporting in the tobacco industry: all smoke and mirrors ?" *Accounting, Auditing and Accountability Journal*.
- Mohamed A.A., Gardner W.L. Paolillo J. (1999) "A taxonomy of organizational impression management tactics", *Advances in Competitiveness Research*, 7 (1), pp. 108-30.
- Neu D. Warsame H., Pedwell K. (1998) "Corporate social disclosure: a note on a test of agency theory", *British Accounting Review*, 23 (3), pp. 211-18.
- O'Donovan, G. (1999) "Managing Legitimacy Through Increased Corporate Environmental Reporting: An Exploratory Study", *Interdisciplinary Environmental Review*, 1 (1), pp. 63-99.
- O'Donovan G. (2002) "Environmental disclosure in the annual report. Extending the applicability and predictive power of legitimacy theory", *Accounting, Auditing and Accountability Journal*, 15 (3), pp. 344-371.
- Patten D.M. (1991) "Exposure, legitimacy and social disclosure", *Journal of accounting and public policy*, 10, pp. 297-308.
- Patten D. (1995) "Variability in social disclosure: a legitimacy-based analysis", *Advances on Public Interest Accounting*, 6, pp.273-85.
- Patten D. (2002) "The relation between environmental performance and environmental disclosure: a research note", *Accounting, Organization and Society*, 27, pp. 763-773.
- Pfeffer J. (1981) "Management as symbolic action: the creation and maintenance of organizational paradigms", in Commungis L.L., Staw B.M. (eds.) *Research in Organizational Behavior*, 13, pp.1-52, Greenwich, CT, JAI Press.

- Pfeffer J. Salancik G.R. (1978) *The external control of organizations: a resource dependence perspective*, New York, Harper and Row.
- Perrow (1961) "The analysis of goals in complex organizations", *American Sociological Review*, 26 (6), p.854.
- Powell, W., Di Maggio, P. (1983) "The iron cage revisited: institutional isomorphism and collective rationality in organizational field", *American Sociological review*, 48 (2) p. 147.
- Powell, W., Di Maggio, P. (1991) "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields", Powell, W., Di Maggio, P. (eds) *The New Institutionalism in Organizational Analysis*, Chicago: The University of Chicago Press.
- Puxty A.G. (1986) "Social accounting as imminent legitimation: a critique of a technist ideology", *Advances in Public Interest Accounting*, 1, pp.95-112.
- Puxty A.G. (1991) "Social accountability and universal pragmatics", *Advances in Public Interest Accounting*, 4, pp.35-46
- Rahaman, A. S., Lawrence, S. And Roper, J (2004) "Social and environmental reporting at the VRA: institutionalized legitimacy or legitimation crisis?", *Critical Perspectives on Accounting*, 15, pp. 35-56.
- Richardson A. J. (1985) "Symbolic and Substantive Legitimation in professional practice", *Canadian Journal of Sociology*, 10 (2), pp. 139-152.
- Richardson, A. J. (1997) "Accounting as a legitimating institution" *Accounting, Organizations and Society*, 12 (4), pp. 341-355..
- Roberts R.W. (1992) "Determinants of corporate social responsibility disclosure", *Accounting, Organization and Society*, 17 (6), pp. 595-612.
- Ruland W., Tung S., George, F. (1990) "Factors associated with the disclosure of managers' forecasts", *The Accounting Review*, 65, pp.10-21, South China Morning Post (SCMP).
- Scott R. (1995) *Institutions and Organizations*, Thousands Oaks, Sage.
- Sethi S.P. (1977) *Advocacy Advertising and Large Corporations*, DE Heath, Lexington, MA.

- Suchman M., (1995), "Managing legitimacy: strategic and institutional approaches", *Academy of management review*, 20 (3), pp. 571-610.
- Tilt C.A. (1994) "The Influence of External Pressure Groups on Corporate Social Disclosure. Some Empirical Evidence", *Accounting, Auditing & Accountability Journal*, 7 (4), pp. 47-72.
- Tinker A.M., Lehman C., Neimark M. (1991) "Falling Down the Hole in the Middle of the Road: Political Quietism in Corporate Social Reporting", *Accounting, Auditing & Accountability Journal*, 4 (2), pp. 28-54.
- Trotman K.T., Bradley G.W. (1981) "Associations between social responsibility disclosure and characteristics of companies", *Accounting, Organization and Society*, 6 (4), pp. 355-62.
- Van de Staden C.J., Hooks J. (2007) "A comprehensive comparison of corporate environmental reporting and responsiveness", *The British Accounting Review*, 39, pp. 197-210.
- Van de Walle S., (2002), "Public service performance and trust in government: The problem of causality", *Paper presented at the Conference of the European Group of Public Administration*, Potsdam, Germany.
- Walden W.D., Schwartz B.N. (1997) "Environmental disclosures and public policy pressure", *Journal of Accounting and Public Policy*, 16, pp. 125-154.
- Woodward D., Edwards P., Birkin F. (2001) "Some evidence on executives' views of corporate social responsibility", *British Accounting Review*, 33 (3), pp. 357-97.

Other Literature on Accountability, Governance and Stakeholder Management

- Abrahamson E.; Rosenkopf L. (1993) "Institutional and Competitive Bandwagons: Using Mathematical Modeling as a Tool to Explore Innovation Diffusion", *The Academy of Management Review*, 18 (3), pp. 487-517.
- Ball, A. (2004) "A sustainability accounting project for the UK local government sector? Mapping theories of social, environmental and sustainability accounting and locating a frame of reference", *Critical Perspectives on Accounting*.
- Bebbington KJ., Gray R. (1997) *An account of sustainability: failure, success and reconceptualization*, working paper, Centre for Social and Environmental Accounting Research, University of Dundee, Dundee
- Bebbington, J., Gray, R., And Owen, D. (1999) "Seeing the wood for the trees: taking the pulse of social and environmental accounting", *Accounting, Auditing and Accountability Journal*, 12 (1) pp. 47-52.
- Bell F. Lehman G. (1999) "Recent trends in environmental accounting: how green are your accounts?", *Accounting Fourm*, 23 (2), pp.175-92
- Blyler M., Coff R.W.(2003) "Dynamic capabilities, social capital, and rent appropriation: Ties that split pies", *Strategic management journal*, 77, pp. 677-686
- Blomquist C., Deegan C. (2000) *Stakeholder influence on corporate reporting: an exploration of the interaction between the World Wide Fund for Nature and the Australian minerals industry*, working paper, University of Southern Queensland, Darling Heights, Toowoomba.
- Bowman E.H., Haire M. (1976) "Social impact disclosure and corporate annual reports", *Accounting Organizations and Society*, 1 (1), pp.11-21.
- Boyce, G. (2000) "Public discourse and decision making: Exploring possibilities for financial, social and environmental accounting", *Accounting, Auditing and Accountability Journal*, 13 (1), pp. 27-64.
- Boyne, G., Law J. (1991) "Accountability and Local Authority Annual Reports: The Case of Welsh District Councils", *Financial Accountability & Management*, 7 (3), pp. 179-194.

- Broadbent J., Jacobs K., Laughlin R., (2001), "Organizational resistance strategies to unwanted accounting and finance changes", *Accounting, Auditing and Accountability Journal*, 14 (5), pp. 565-86.
- Burritt, R. L. And Welch, S. (1997) "Accountability for environmental performance of the Australian Commonwealth public sector". *Accounting, Auditing and Accountability Journal*, 10 (4), pp. 532-561.
- Bushman R. M., Smith A. J. (2000) *Financial Accounting Information and Corporate Governance*, Working paper, University of North Carolina, Chapel Hill.
- Buzby S.L. (1974) "Selected items of information and their disclosure in annual reports", *The Accounting Review*, XLIX, 3, pp. 423-435.
- Carlin W., Mayer C. (1999) "Financial systems and economic performance, Keynote presentation", Corporate Governance in the Next Millennium, International Corporate Governance Conference, University of Sheffield, December.
- Cerf A.R. (1961) *Corporate reporting and investment decisions*, The University of California Press, Berkeley.
- Cooke T.E. (1989) "Disclosure of the Corporate Annual Reports of Swedish Companies", *Accounting and Business Research* (Spring), pp. 113-124.
- Coombs H.M., Tayib M. (2000) "Financial Reporting Practice: A comparative Study of Local Authority Financial Reports between the UK and Malaysia", in Caperchione E. and R. Mussari eds. *Comparative Issues in Local Government Accounting* Kluwer Academic Publishers, London, pp. 53-68.
- Cormier D., Gordon I. (2001) "An examination of social and environmental reporting strategies", *Accounting, Auditing and Accountability Journal*, 14 (5), pp. 587-616.
- Craswel, A., Taylor S. (1992) "Discretionary disclosure of reserves by oil and gas companies: an economic analysis", *Journal of Business Finance and Accounting*, 19, pp. 295–308.
- Dess G.G., Beard D.W. (1984) "Dimensions of Organizational Task Environments", *Administrative Science Quarterly*, 29 (1), pp. 52-73.
- Dunlop J.T., Healy J.J. (1953) *Collective Bargaining: Principles and Cases*, Chicago, Irwin Publisher.

- Ebrahim A., (2003), "Accountability in Practice: mechanism for NGO's"; *World Development*, 31 (5), pp.813-829.
- Eisenhardt K. M., (1989), "Agency theory: An assessment and review", *Academy of Management Review*, 14, pp.57–74.
- Elkington J. (1997) *Cannibals with forks: the triple bottom line of 12st century business*, Capstone publishing, Oxford.
- Fletcher A, Guthrie J, Steane P, Roos G and Pike S (2003) 'Mapping stakeholder perceptions for a third sector organization', *Journal of Intellectual Capital Special issue - The transparent enterprise. The value of intangibles*, 4 (4), pp. 505-527.
- Florini A., (2000), "The politics of transparency", *paper presented at the Annual Meeting of the International Studies Association*, Los Angeles, March 17th.
- Freeman R., (1984) *Strategic management: a stakeholder approach*, Boston: Pitman.
- Frumkin, P. and Galaskiewicz, J. (2004) "Institutional Isomorphism and Public Sector Organizations", *Journal of Public Administration Research and Theory*, 14 (3), pp. 283-307.
- Gibson, R., Guthrie, J. (1995) "Recent Environmental Disclosures in Annual Reports of Australian Public and Private Sector Organizations", *Accounting Forum*, 19 (2/3) pp. 111-127.
- Gray S. J., Radebaugh, L. H., Robert C. B. (1990) "International perceptions of cost constraints on voluntary information disclosures: a comparative study of UK & US multinationals", *Journal of International Business Studies*, Fourth Quarter, pp. 597–622.
- Gray, R., Kouhy, R., Lavers, S. (1995) "Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure", *Accounting, Auditing & Accountability*, 8 (2), pp. 47-77.
- Gray, R. (2002) "The social accounting project and Accounting Organizations and Society – Privileging engagement, imaginings, new accountings and pragmatism over critique?", *Accounting, Organizations and Society*, 27 (7), pp. 687–708.

- Gray, R., Haslam, J. (1990) "External Reporting by UK Universities: An Exploratory Study of Accounting Change", *Financial Accountability & Management*, 6 (1), pp. 51-72.
- Gray R., Owen D., Maunders K. (1987), *Corporate social reporting*, Englewood, Cliffs, NY, Prentice Hall.
- Guthrie J., Parker L.D. (1990) "Corporate social disclosure practice: a comparative international analysis", *Advances in Public Interest Accounting*, 3, pp.159-76.
- Guthrie J. Fletcher, A. Steane P. (2003), "Mapping stakeholder perceptions for a third-sector organizations", *Journal of intellectual capital*, 4 (4), pp. 505-527.
- Healy P. M., Palepu, K. G. (1995) "The challenges of investor communication: the case of CUC International, Inc.", *Journal of Financial Economics*, 38 (2), pp. 111–140.
- Hemmati M. (2002) *Multi-stakeholder Processes for Governance and Sustainability: Beyond Deadlock and Conflict*, EarthScan, New York.
- Hossain M., Tan L. M., Adams M. (1994) "Voluntary disclosure in an emerging capital market: some empirical evidence from companies listed on the K.L. Stock Exchange", *International Journal of Accounting*, 29, pp. 334–351.
- Kovach H., Neligan C., Burall S. (2003) "Power without accountability?", *The global Accountability Report 2003*, One world Trust;
- Kuasirikun N., Sherer M. (2004) "Corporate social disclosure in Thailand" *Accounting Auditing and Accountability Journal*, 17 (4), pp. 629-660.
- Jacobsen D. (2006) "Public Sector Growth: Comparing Politicians' And Administrators' Spending Preferences", *Public Administration*, 84 (1), pp. 185-204.
- Jensen M.C., Meckling W. H. (1976) "Theory of the firm: managerial behaviour, agency costs and ownership structure", *Journal of Financial Economics*, 3, pp. 305–360.
- Lapsley I., Pallot J., (2002), "Accounting, management and organizational change: a comparative study of local government", *Management Accounting Research*, 11, pp. 213-29.

- Laughlin R., (1991), "Environmental Disturbances and Organizational Transitions and Transformations: Some Alternative Models", *Organization Studies*, 12 (2), pp. 209-32.
- Malone D., Fries C., Jones T. (1993) "An empirical investigation of the extent of corporate financial disclosure in the oil and gas Industry", *Journal of Accounting, Auditing and Finance*, pp. 249–273.
- Maurer J.G. (1971) *Readings in organizational theories: open-system approaches*.
- Mckinnon J. L., Dalimunthe L. (1993) "Voluntary disclosure of segment information by Australian diversified companies", *Accounting and Finance*, May, pp. 33–50.
- Meek G. K. (1995) "Factors influencing voluntary annual report disclosures by U.S., U. K. and continental European multinational corporations", *Journal of international business studies*, third quarter, 555–571.
- Milne, M. R. (2002) Positive Accounting Theory, Political Costs and Social Disclosure Analyses: a Critical Look. *Critical Perspectives on Accounting*, 13 pp369-395.
- Pina, V., Torres L. (1996) "An international comparison of governmental annual accounts", in Chan J. L. eds, *Research in Governmental and Nonprofit Accounting*, Jai Press, Greenwich.
- Rhodes R.A.W., (2000), "Governance and public administration", in Pierre J. (ed.), *Debating governance: Authority, steering and democracy*, Oxford: Oxford University Press.
- Ritchie C., (1995), "Coordinate? Cooperate? Harmonise? NGO policy and operational coalitions", *Third World Quarterly*, 16 (3), pp.513-524.
- Roberts, R. W. (1992) "Determinants of corporate social responsibility disclosure: An application of stakeholder theory", *Accounting, Organizations and Society*, 17 (6), pp. 595-612.
- Ryan C. (2002) "Accountability Disclosures by Queensland Local Government Councils: 1997-1999", *Financial Accountability & Management*, 18, (3), pp. 261-289.
- Unerman J., O'Dwyer B. (2006) "Theorising accountability for NGO advocacy", *Accounting, Auditing & Accountability Journal*, 19 (3).

- Vagnoni, E. (2001) *Social Reporting in European Health Care Organizations: An Analysis of Practices*, paper presented at the Third Asian Pacific Interdisciplinary Research in Accounting Conference, University of Adelaide, 15-17 July.
- Van der Laan Smith J., Adhikari A., Tondkar R.H. (2005) "Exploring differences in social disclosure internationally: a stakeholder perspective", *Journal of Accounting and Public Policy*, 24, pp.123-151.
- Van Kersbergen K., Van Waarden F., (2004), "Governance' as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy", *European Journal of Political Research*, 43, pp. 143–171.
- Zucher L. G. (1987) "Institutional theories of organization", *Annual review of Sociology*, 13, pp. 443-464.
- Wang J., Coffey B.S., (1992) "Board composition and corporate philanthropy", *Journal of business ethics*, 11, pp. 771-778.

Other Literature On Research Methods – Statistical And Qualitative Analysis

- Anderberg, M. R. (1973) *Cluster analysis for applications*. New York, Academic Press.
- Aldenderfer, M. S., R. K. Blashfield (1984). *Cluster Analysis*. Sage, Newbury Park, CA.
- Ball G.H., Hall D.J. (1967) "A clustering technique for summarizing multi-variate data", *Behavioural Science*, 12, pp. 153-155.
- Barney, J. B. and R. E. Hoskisson (1990), "Strategic groups: Untested assertions and research proposals", *Managerial and Decision Economics*, 11, pp. 187-198.
- Bernard H. R., (1995) *Research methods in anthropology* (2nd ed) , Walnut creek, CA: Alta Mira.
- Cohen S.A., Hyman J.S. (1979) "How Come so Many Hypotheses in Educational Research Are Supported? (A Modest Proposal)", *Educational Researcher*, 8 (11), pp. 12-16.
- Edelbrock, C. (1979) *Comparing the accuracy of hierarchical clustering algorithms: The problem of classifying everybody*, *Multivariate Behavioural Research*, 16, pp. 367-384.
- Eisenhardt, K. M. (1989) "Building Theories from Case Study Research", *Academy of Management Review*, 14 (4), pp. 532-550.
- Everitt, B. (1980). *Cluster Analysis (2nd ed.)*, Heineman Educational Books, London.
- Gren P., Frank R.E., Robinson P.J. (1967) "Cluster analysis in test market selection", *Management Science*, 13, pp. 387-499.
- Hair, J. F., R. E. Anderson, R. L. Tatham and W. C. Black (1992) *Multivariate Data Analysis (3rd ed.)*, Macmillan, New York.
- Harrigan K. (1985) "An application of clustering for strategic group analysis", *Strategic Management Journal*, 6 (1), pp.55-73.

- Hatten K., D. Schendel A. Cooper (1978) "A strategic model of the United States brewing industry, 1952-1971", *Academy of Management Journal*, 21 (4), pp. 592-610.
- Joyce T., Channon C. (1966) "Classifying market survey respondents", *Applied Statistics*, 15, pp. 191-215.
- Ketchen D., Shook C. (1996) "The application of cluster analysis in strategic management research: an analysis and critique", *Strategic Management Journal*, 17, pp. 441-458.
- Ketchen, D. J., J. B. Thomas and C. C. Snow (1993) "Organizational configurations and performance: A comparison of theoretical approaches", *Academy of Management Journal*, 36, pp. 1278- 1313.
- Lorr, M. (1983). *Cluster Analysis for the Social Sciences*, Bossey-Bass, San Francisco, CA.
- Marshall C., Rossman G.B., (1999), *Designing qualitative research* (3rd ed.), Thousand Oaks, Sage Publications.
- Meyer, A. D. (1991). "What is strategy's distinctive competence?", *Journal of Management*, 17, pp. 821-833.
- Reger, R. K. and A. S. Huff (1993) "Strategic groups: A cognitive perspective", *Strategic Management Journal*, 14 (2), pp. 103-124.