Critical Perspectives on Accounting 36 (2016) 39–57

Contents lists available at ScienceDirect

Critical Perspectives on Accounting

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

Government accounting reform in an ex-French African colony: The political economy of neocolonialism

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ARTICLE INFO

Article history:
Received 12 December 2013
Received in revised form 12 October 2015
Accepted 16 October 2015
Available online 29 October 2015

Keywords:
Government accounting
Political economy
Development
Africa
Neocolonialism
Neopatrimonialism
Corruption
France
World Bank

ABSTRACT

This paper examines the political economy of introducing a computerised accounting system in a former French colony in Africa with little government accounting and few financial statistics. The reforms were a condition of structural adjustment programs imposed by the World Bank to improve governance, decision making and government accountability in a country with a turbulent political history since independence, and weak and often corrupt governance. The reform was unusual in that indigenous civil servants had considerable discretion over the choice and development of the system. Thus the local capability in developing government accounting technology suited to the local context and derived from learning by experience was created. The system was widely regarded as effective but it was abandoned for a French system which ultimately proved problematic. The decision to change the system and its ensuing problems are attributed to North-South relations, indigenous neopatrimonial leadership, and neocolonialism, especially by France in Francophone Africa.

1. Introduction

Accounting is a neglected component of development policies (Hopper, Tsamenyi, Uddin, & Wickramasinghe, 2012a). Moreover, research on accounting in Africa is sparse and needs more attention, as contributors to the special issue on African accounting in Critical Perspectives on Accounting (2010) observed. Accounting research in Francophone Africa is even sparser. Moreover, despite growing research on transnational institutions' influence upon accounting in developing countries (DCs)[1] indigenous users and accounting developers within ministries and district levels are given little direct voice. This contribution is directed at redressing this neglect.

In countries lacking a 'modern' government accounting system it is invariably (and reasonably) presumed that they need one to secure 'good governance', sound public financial management (PFM) and accountability (Akakpo, 2009; Dye, 2007; Iyoha & Oyerinde, 2010). Most DCs, especially in Africa – the site of this research – are ex-colonies and their accounting

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[1] For example, Andrews (2010, 2013); Annisette (2004); Chang (2007); Graham and Annisette (2012); Hopper et al. (2012b); Neu and Ocampo (2007); Neu et al. (2002, 2006); Schiavo-Campo (2009); Wynne and Lawrence (2012).

http://dx.doi.org/10.1016/j.cpa.2015.10.006
1045-2354/

institutions, policies and methods are often a legacy of colonial rule. Since independence many DCs followed state-led development policies which often resulted in fiscal crises. More market-based policies ensued, as aid dependent DCs had to meet demands from rich foreign governments and transnational financial institutions, especially the World Bank (WB) and their Structural Adjustment Programs (SAPs), and the International Monetary Fund (IMF) (Annisette, 2004; Chang, 2007; Neu, Gomez, de Leon, & Zepeda, 2002; Neu, Gomez, Graham, & Heincke, 2006; Schiavo-Campo, 2009). However, whatever the ideological hue of development policies, accounting was integral to their implementation (see Hopper, Tsamenyi, Uddin, & Wickramasinghe, 2009)

Thus transnational financial institutions, government development agencies of rich countries and aid institutions, largely from the 'North',[2] exert considerable influence over development policies in DCs (Andrews, 2013; Taylor, 2010, 2011; Wehner & de Renzio, 2013). Their power extends to accounting in Africa – most accounting reforms emanate predominately from the North (Andrews, 2010; Bräutigam & Knack, 2004; Harrison, 2004; Rahaman, 2010; Schiavo-Campo, 2009). As Rahaman (2010) observes:

> [Rich countries] . . . through their control of global agencies such as the WB and IMF . . . have provided *de facto* financial governance in most sub-Saharan African countries... [T]hese agencies [through] . . . 'conditionalities'... promote particular technologies of government such as accounting and auditing" (*ibid*, p. 425).

However, market-based reforms when applied in the South generally and Africa specifically did not resolve economic problems. Arguably they increased poverty (Stiglitz, 2002). For some, they promote neocolonialism, enabling former colonial powers to retain control over political and economic institutions of former colonies to the advantage of multinational corporations and trade whereby 'Southern' countries export cheap raw materials to 'Northern' countries and import high value added goods and services in return (Blaut, 1973; Nkrumah, 1965; Smith, 1977). Accounting reforms can also manifest neocolonialism, for example, international accounting standards that favor multi-national companies, neglect transparent and fairer transfer pricing, protect tax havens; and reinforce free trade to the advantage of 'Northern' providers of financial services such as 'Big Four' accounting firms. Moreover, government accounting reforms are often abandoned, or implemented but not enacted, or prove inappropriate and dysfunctional (Andrews, 2010).

However, since 1997 attention has turned to the 'Capable State' and 'Good Governance' policies to complement market-based policies (World Bank, 1997). This marks a change in development policies though critics argue that it is a symbolic and subtle gesture that fails to address the substance of deficiencies of market-based policies (Chang, 2007; Grusky, 2000; Rowden and Ocaya-Irama, 2004). Rather than regarding the state as the problem the emphasis on good governance policies recognises that it needs strengthening alongside greater civil society involvement. This has encouraged more aid being channeled directly into government coffers rather than to specific projects, building the capacity of state organisations and skills of civil servants, and greater delegation of powers and resources to national and local officials and communities. This is welcome for the neglect of local context and capabilities are often why sophisticated imported accounting systems introduced into DCs fail (Andrews, 2013; Hopper et al., 2012a).

Some accounting research has criticised policies of transnational institutions in DCs but the role of Northern governments has received less attention. Ex-colonies often retain political ties and depend on aid and advice from their former coloniser (Nkrumah, 1965). This is pronounced in ex-French colonies (Alesina & Dollar, 2000; Benquet, 2010; Pesnot, 2011; Verschave, 1998). Francophone African countries[3] have different monetary and economic systems from its African neighbours (Agbohou, 2012) and their weak transparency, poor government accounting, and opaque accountability has contributed to its poor development, weak governance and corruption (Jeune Afrique, 2012; Verschave, 2000).

However, government accounting in Africa is also shaped by indigenous factors, especially local civil servants' and professionals' capacity to formulate and implement effective reforms, and weak governance—whether neopatrimonial,[4] dictatorial or simply corrupt (Médard, 1983; Sutherland, 2011). If government employees have the capacity and inclination to institute systems that increase accountability and reduce corruption, political leaders may thwart their efforts. This is tough terrain for accounting reformers as successful implementation depends on political leaders and officials whose behavior is the object of reform. Their support can depend on their perceptions of whether the reforms threaten their power and their

[2] Rich powerful countries, mainly but not exclusively located in the Northern hemisphere are often referred to as the 'North' whereas poor developing countries are referred to as the 'South' though not all are in this hemisphere. This is common parlance in development discourses though it may not be geographically accurate but for convenience these terms are used in this paper.

[3] The following Sub-Saharan African countries fall under France's neocolonial influence to a varying degree (Verschave, 1998, 2000; Benquet, 2010): Benin, Burkina Faso, Burundi, Djibouti, Gabon, Guinea- Bissau (former Portuguese colony, but came under French influence upon integrating the CFA in 1997 – West African zone), Ivory Coast, Mali, Niger, Senegal, Togo, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea (former Portuguese colony, but came under French influence upon integrating the CFA in 1983 – Central African zone), Madagascar, Mauritania, Comoros, and Guinea.

[4] Neopatrimonialism, a term coined by Eisenstadt (1973), and developed by Médard (1983) and Clapham (1985), added the prefix 'neo' to distinguish current manifestations of patrimonialism from its traditional form. Neopatrimonialism is a hybrid post-Weberian invention—"a creative mix of two Weberian types of domination: a traditional subtype, patrimonial domination, and a rational-legal bureaucratic domination" (Erdmann & Engel, 2007, p. 104). The concept, prominent in development studies and political science since the 1970s, has been used to explain the underdevelopment and political instability of many developing countries, especially African ones (see, Roth, 1968; Clapham, 1985). Bureaucratic structures may define formal authority and relationships but decisions are highly politicized. Formal institutions and rules exist but are subverted by personal rather than impersonal authority relations (Sutherland, 2011). Consequently those in positions of power or authority can appropriate state or public resources for personal and/or political gain (Le Vine, 1980; Roth, 1968).