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## Power, politics and privatization: A tale of a telecommunications company

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### ABSTRACT

The purpose of this paper is to demonstrate the confluence of the political and economic interests of the Fijian elite in transforming state assets into private property and financial gain. Drawing on a Habermasian theoretical framework applied to a privatized state monopoly (Telecom Fiji), we demonstrate how the implementation of privatization concealed social and political interests, and how the implementation of privatization provided a ruling elite with a convenient rhetoric and tool to achieve social and political gain. For those within the telecom company, the ethos of public service could not withstand the message of capitalism with its rhetorical call for greater efficiency, effectiveness and consumer awareness. As is the case, however, with many other privatization programmes around the world when state enterprises are privatized, the results of Telecom Fiji's privatization are not reflected in either improved organizational performance or the wellbeing of the ordinary citizen.

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## 1. Introduction

Many less developed countries have been encouraged by the World Bank and the IMF to pursue privatization policies (Uddin & Hopper, 2001, 2003; Sharma & Lawrence, 2009). The public sector, once viewed as a positive model of social and economic development, has come to be portrayed as an 'ugly sister' of the supposedly more effective and efficient private sector (Czarniawska, 1985). The effectiveness of privatization implementations in different countries and cultural contexts has been studied extensively and remains controversial (Lapsley, 2008, 2009; Mueller & Carter, 2007). The purpose of this paper is to focus on the case of the privatization of Telecom Fiji as a means to understand the social and political context of a privatization programme. The argument is that the privatization, though part of a broader general movement, was more an instrument for the personal and political interests of the ruling elite than part of an economic restructuring for the general good. In the case of Telecom Fiji, attempts to privatize the telecommunication company met with strong resistance from employees who were expected to undertake a metamorphosis from public servants to servants of business and capital. The metamorphosis, as portrayed in this paper, took many years to accomplish. The paper contributes to the extant literature on less developed countries by providing insights into the local and global influences affecting a privatization programme. The privatization of Telecom Fiji was suffused with political interests. Until the military coup of Bainimarama, Fijian politics

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were dominated by Fijian chiefly interests and ethnic polarization. The two major ethnic groups are Fijians and Indians and ethnic polarization was evident even at the organizational level.

The paper employs Habermas's theory of societal development to critically examine the implementation of a privatization programme in Telecom Fiji (FTL). We chose Jurgen Habermas because the power of his theorizing provides a framework for a theoretical and practical understanding of the appropriateness of organizational change such as the privatization of Telecom Fiji set within the context of an overall model of societal development. The ability to understand and evaluate in relation to the wider societal model is central to Habermas's work. The aim is to employ reason and rationality to understand and judge the dynamic world in which we live. Habermas offers the openness which enables critical appraisal. Furthermore, there are relatively few empirical studies of accounting which specifically draw on Habermas's theory of societal development. In light of the empirical evidence, the paper also presents some critical reflections on Habermas's theory of societal development.

The rest of the paper is organized as follows: Section 2 delineates Fiji's historical, social and political context. Section 3 provides literature on privatization and Section 4 sets out the theoretical framework for the study. Section 5 describes the research method and Section 6 presents the background information on the case study. Section 7 presents the research findings. Section 8 provides the discussion and Section 9 concludes the paper.

## 2. Fiji's historical, social and political context

In this section, we outline some of the historical, political and social aspects of Fiji as context for the case study because we need to go back to the foundation of the colony when the first Governor General, Arthur Gordon, established a constitution that would safeguard the indigenous population against potential 'land grabs' by the colonizers.

The colonization of Fiji by Great Britain was formalized with the signing of the Deed of Cession in 1874. One unusual feature of the colonization as pointed out by [Lawson \(1990\)](#) was the attempt to protect the traditional lifestyle of the indigenous Fijians so that they would not suffer the plight experienced by indigenous peoples in other colonies. The indigenous peoples in other colonies had their land taken away from them by foreign interests. Fiji's first Governor General wanted to ensure that this was not the plight of Fijians. A very important feature of the first constitution was that it prohibited foreign ownership of land. All land was vested in a Native Land Trust Board (NLTB) which was to administer the land as a communal asset, with the exception of some land which had already been appropriated by European planters prior to colonization. Currently 83 percent of the land is owned by the indigenous Fijians in a Trust, and the rest either being state-owned or freehold ([Lloyd, 1983](#)). Communal, rather than private ownership is deeply embedded in the Fijian psyche, as explained below. It was the Eastern chief, Cakabou, who ceded Fiji to Britain. From the colonial days, the British collaborated with the Eastern chiefs in ensuring the welfare of Fiji. Historically, the indigenous Fijians had engaged in tribal wars with Cakabou (Eastern chief), the King of Fiji and his tribe winning most battles ([Lawson, 1990](#)). Since independence, most governments have been controlled by Eastern chiefs.

Communalism places the expectations on Fijian villages that they will work together for the benefit of the group. The belief is that proper social relations are the basis for other spheres of life, including its psychological and economic aspects. Fijian villagers also continue to engage in 'kerekere' (borrowing), where members of the unit ask each other for items with the expectations that no request will be turned down ([Nayacakalou, 1978](#)). With kerekere, there is no requirement to pay back what was borrowed. Kerekere is seen by villagers as a source of pride as it shows generosity of their culture ([Brown, 2009](#); [Davie, 2000](#); [Davies, 2004](#)). [Coulter \(1942\)](#) points out:

The social duty known as kerekere had a place in old-time Fijian society; in the old native community, it was a kind of social security when a man lost his crops by flood or hurricane, he went to his relative or neighbour and asked for food or other aid. If his friend had it, he could not refuse it (p. 35).

'Vanua' is also a widely used term in Fiji that has multiple meanings. It is a term for land and a place but it also encompasses people in that place and bound to the land ([Overton, 1999](#)). [Ravuvu \(1987\)](#) has been the foremost writer on issues of vanua.

The word vanua has physical, social and cultural connotations. It refers to the land area with which a person or a group is identified, together with its flora, fauna and other natural constituents. It also means the members of a group, the members of which relate socially and politically to one another. . . Culturally, the word vanua also embodies the values and beliefs which people in particular locality have as common. It includes their philosophy of living and their beliefs about life in this world and in the supernatural world. Thus, the concept of vanua is an encompassing one; it is the totality of a Fijian community ([Ravuvu, 1987](#), pp. 14–15).

From independence in 1970s up to 1987, Fijian politics were relatively stable, with five contested general elections ([Cameron, 1993](#)). The same political party – The Alliance Party, dominated by indigenous Fijians – formed the government for the whole of this period but with a large Indian opposition party in the elected legislature ([Lal, 1986](#)). The two main political parties – the indigenous Fijian Alliance and Indo-Fijian National Federation Party – mobilized their votes at election times along ethnic lines. This tendency was encouraged by the 1970s Constitution which formally used ethnicity as a criterion for allocating voters to legislature constituencies.

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