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The Institutionalization of a New Accrual-based Public Sector Accounting System: The Case of Cape Verde*

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ABSTRACT

This paper analyses the process of institutionalization of a new public sector accounting system. Taking the Cape Verdean Central Government as setting, it seeks to understand what have been the main factors interfering in the reform, how such action has led to the institutionalization of the system currently in force, and how it may determine future reforms. From the theoretical perspective of contingency, several stimuli drive the reform of public sector accounting in emerging countries. In Cape Verde, they have been: changes in the political regime, the dominating doctrine of business accounting, financial pressures, and requirement of a wider public sector reform. In the light of institutional perspectives, behaviors of seeking for legitimacy and presence of mimetic and coercive forces in the reforms, have been evident. This study makes other countries with similar contexts and under public sector accounting reforms, aware of how to promote and manage these processes successfully.

KEYWORDS

Governmental accounting; reform process; contingency Model; Neo-Institutional Theory; emerging countries

Introduction

Recently, many countries around the world, including in emerging countries as Cape Verde, have undergone reform processes of their public financial management and accounting systems, in order to address new information needs within the scope of the New Public

Management, but also for the purpose of keeping up with the process of international harmonization. These reforms have brought the accrual-basis regime to public sector accounting systems, in an approximation to business accounting, and the adaptation of public sector accounting international standards.

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*Cape Verde is an archipelago formed by ten volcanic islands in the central region of the Atlantic Ocean. At about 570 kilometers off the coast of West Africa, the islands cover a total area of just over 4,000 square kilometers, currently with a total of 549,333 inhabitants. The capital city is Praia, located in the island of Santiago.

The Cape Verdean economy focuses mainly on growing tourism and foreign investments, which benefit from the warm climate all year round (annual average temperature between 20°C–25°C), the diverse landscape and cultural wealth, especially in music. The country's political and social stability, welcoming and dynamic atmospheres, and strategic location in the Atlantic, allow it to be inserted in several markets, offering great business opportunities, in several sectors.

Since its discovery in 1460, Cape Verde was colonized by the Portuguese, becoming an independent country in 1975. The official language is Portuguese, but the national language is *criolo*.

Cape Verde has a semi-presidential republican political regime, with representative democracy. In 1991, political opening took place and multiparty elections were for the first time held. According to the *Economist Intelligence Unit Democracy Index*, it is currently one of the most democratic nations in the world. The country follows a so-called 'non-alignment' policy in terms of international relations, through which developing nations aim at creating an independent route, not becoming involved in conflicts between the largest nations; it maintains cooperation relationship with all countries. Angola, Brazil, China, Cuba, France, Germany, Portugal, Spain, Senegal, Russia, Luxembourg and the United States, maintain embassies in city of Praia. The country is actively interested in foreign affairs, especially in Africa.

The Cape Verdean government maintains close bilateral relations with some Portuguese-speaking countries and maintains participation in international organizations. It also participates in international conferences on political and economic issues. Since 2007, Cape Verde has had a special partnership status with the EU, within the scope of the Cotonou Agreement, and may come to request special membership, not least because the Cape Verdean Escudo is indexed to the Euro.

(Sources: https://pt.wikipedia.org/wiki/Cabo_Verde and <https://www.governo.cv/>)

Several reforms have been contributing to these conditions. Since the 1990s, considerable improvements have been made, including in public administration, and public sector accounting and financial management overall. Some of these reforms are explained in these paper (section 3). Because it was a frontrunner country in advancing with these type of reforms in Portuguese speaking African countries, Cape Verde is interesting to study on these matters. Important lessons can be learned to other emerging countries, namely African, with political, social and administrative contexts comparable to this country, and embarking or intending to embark in public financial management and accounting reform processes. One can realize the importance of coercive forces, both internal and external to the country, to stimulate the reforms, as well as of certain political and administrative conditions, which can be managed more or less favorably to conduct these changes successful. Overall, this study is useful for governing authorities (initiators of reforms), as well as for public managers, audit institutions, public finance management officials, consulting firms, and academics, as they are generally the main actors in the reform process in most contexts.

The topic of reform processes of public sector accounting systems is relevant since, in addition to its role of financial information reporting for decision making and accountability, public sector accounting is considered an instrument to promote financial transparency, supporting the prevention and the fight against fraud and waste in public sector entities and governments overall. The information obtained from the public sector accounting systems must be reliable in order to allow understanding how public monies have been spent and where they have been applied. Public sector accounting and financial reporting have the ultimate purpose of protecting and managing public monies and allow for accountability (Chan, 2003).

In emerging countries, the importance of public sector accounting systems and their reforms is pivotal, considering these countries have weak democratic and economic systems, low transparency levels, and are highly dependent of external funds, namely from donors and international organizations. These conditions push financiers to demand for accountability of the funds provided, for which developed accounting and reporting systems are central. Accordingly, it comes important to understand how governmental accounting and reporting systems can and are being reformed, and work in these contexts. Particularly in the African countries setting, studies are almost non-existent, so this paper intends to make here a contribution.

In Cape Verde, the Decree-Law no. 29/2001 of 19 November, which defined the principles and standards for the financial regime of public sector accounting, aimed at reforming the system, which should be built on the basic principles of rigor, transparency, good management and financial discipline, effectiveness of the financial system, and the overall view of the financial situation of the Administrative Public Sector (Article 1).

The National Plan of Public Sector Accounting (NPPSA/PNCP – *Plano Nacional da Contabilidade Pública*), approved by Decree-Law no. 10/2006 of 30 January, emerged in the wake of a series of procedures that were underway to reform the State's financial administration. This Plan foresees changes in the public sector accounting system, including the transition from a cash to an accrual regime. The accounting transactions must be recorded using the double entry method. However, as will be explained below, its implementation is presently still in a very incipient state.

According to the preamble of Decree-Law 10/2006 of 30 January, despite some changes, there was still lack of information and transparency in the accounts of public sector entities in Cape Verde. Within the

Central Administration, the Government did not possess information on the value of its assets (money, receivables, consumables, buildings and land, vehicles, equipment, etc.), payables, and of its economic activity in general. There was no up-to-date inventory of all patrimonial assets (private of each entity) nor of the State's public domain assets affected to their activities. This situation continues to this day, despite some improvements. As a consequence, financial statements, in particular the Balance Sheet and the Income Statement, have not yet been prepared in most Central Government bodies.

In this context, this study aims at analyzing the current situation of the Cape Verdean accounting system referring to the Central Government, in order to understand how the various factors involved in the reform process (determinants, actors involved, etc.) have proceeded, how this procedure has led to the institutionalization of the system currently in practice, and how it might define other future reforms.

Specifically, it seeks to answer the following research questions in the context of the Cape Verdean Central Government:

- (1) What are the contextual factors and the main actors that have affected the reform of the public sector accounting system in Cape Verde?
- (2) How the contextual factors and the actors have been interacting in public sector accounting reforms to this date?
- (3) How have the main changes in the public sector accounting system in Cape Verde been institutionalized?
- (4) How are the current contextual factors and key actors constituting a more or less favorable scenario for further reforms?

The analysis is based on interviews with several individuals who held key positions in the reform process. The small size of the country and some political changes towards more transparency, made it easier to gather the information, and to better understand the reform process and its institutionalization.

The study has as one of its theoretical references the Lüder's (1994, 2002) reform process model of public sector financial management and accounting, based on a contingency approach, which will also allow to infer on the probability of new reforms come to occur. Additionally, it resorts to neo-institutionalist approaches to understand the process of institutionalization of the public sector accounting system in the Cape Verdean Central Government.

It makes an interesting addition to the literature, namely in the combination of the two theoretical approaches, and also to the better knowledge of the practices of reform in the realities of emerging countries – it is an unprecedented study within the Portuguese-speaking African countries. Knowledge on the reform process is important for understanding the why of the system that was or will be adopted, and how it has been institutionalized and translated into practice.

The case of Cape Verde contributes by making other countries with a similar context and under public sector accounting reforms (e.g., other Portuguese-speaking African countries), aware of what affects these processes, to better understand how to promote and conduct them successfully. Lüder's Contingency Model and the neo-institutional theory, with the factors that allowed evidence in the Cape Verdean context, may also be used to explain public sector accounting reforms that may come to happen in those countries.

Hereafter, the paper is organized in five sections. Section 2 presents the theoretical framework. Section 3 describes the recent reform of the public sector accounting system in Cape Verde. The methodology is explained in section 4. The results are presented and discussed in section 5, and section 6 summarizes the main conclusions.

Theoretical framework and literature review

The financial management reform process model

The contingency model is used in this study as a reference to analyze the factors and actors that influence the reform of public sector accounting, applying it to the case of the latest reforms in the context of the Cape Verdean Central Government.

The most recent version of the model (Figure 1) – designated Public Financial Management Reform Process (FMR) Model – while continuing to give great importance to the contextual variables, it corrects, in comparison to the previous versions, the emphasis on the reform context over the behavior of the reform actors. In addition, it links the actors' behaviors and attitudes during the reform process with the results of the reform, allowing the model to be applied in the various stages of the process, i.e., before the reforms occur, but also afterwards (Jorge, 2003).

The Contingency Model, in its initial version, clearly distinguished users from producers/preparers of the accounting information, presenting them in separate clusters (Jaruga & Nowak, 1996; Lüder, 1994). In the FMR Model this dichotomy between the users and the preparers of financial information was surpassed.

Thus, the FMR Model relates two clusters of contextual variables (*stimuli* and *institutional arrangements*), three clusters of behavioral variables (*reform drivers*, *political reform promoters* and *stakeholders*) and two clusters of instrumental variables (*reform concept* and *implementation strategy*). These clusters of variables are related to each other by lines of influence, impact and feedback (Lüder, 2002).

The different clusters of variables of the FMR Model can be briefly characterized as follows (Jorge & Mattei, 2017; Lüder, 2002):

- *Stimuli* (contextual variables) – usually the stimuli remain unchanged over a relatively long period of time. However, in the FMR Model, the fiscal crisis as a stimulus for the reforms, considered in previous versions of the model, was replaced by an economic-financial crisis, in which the fiscal factor is usually implicit. The information requirements derived from an administrative reform were added to clarify that the public sector accounting reform can be included in a broader administrative reform process. The stimuli are considered only as having a direct impact on the politicians responsible for the initiation/promotion of the reform.
- *Institutional arrangements* (contextual variables) – include the contextual and structural variables that, in the previous version of the model, were considered social and political factors, and barriers to implementation. They have a direct impact on the reform concept and on the implementation strategy, and are directly influenced by political promoters and indirectly influenced by reform drivers and stakeholders. Despite the various categories of variables within this cluster remain quite broad, Lüder (2002) presents some additional explanations, *inter alia*:
 - Legal systems – in general terms, these may be classified in civil law and common law systems; different legal systems may be associated with different types of governance. The legal system also involves the electoral system and the flexibility of the budget law.
 - State structure – referring to aspects such as unitary/federal structure, one chamber/two chamber parliament and division of powers between electorate and executive.
 - Administrative structure – alludes to organizational and management characteristics and the division of powers between organizational units, namely centralized/decentralized, and

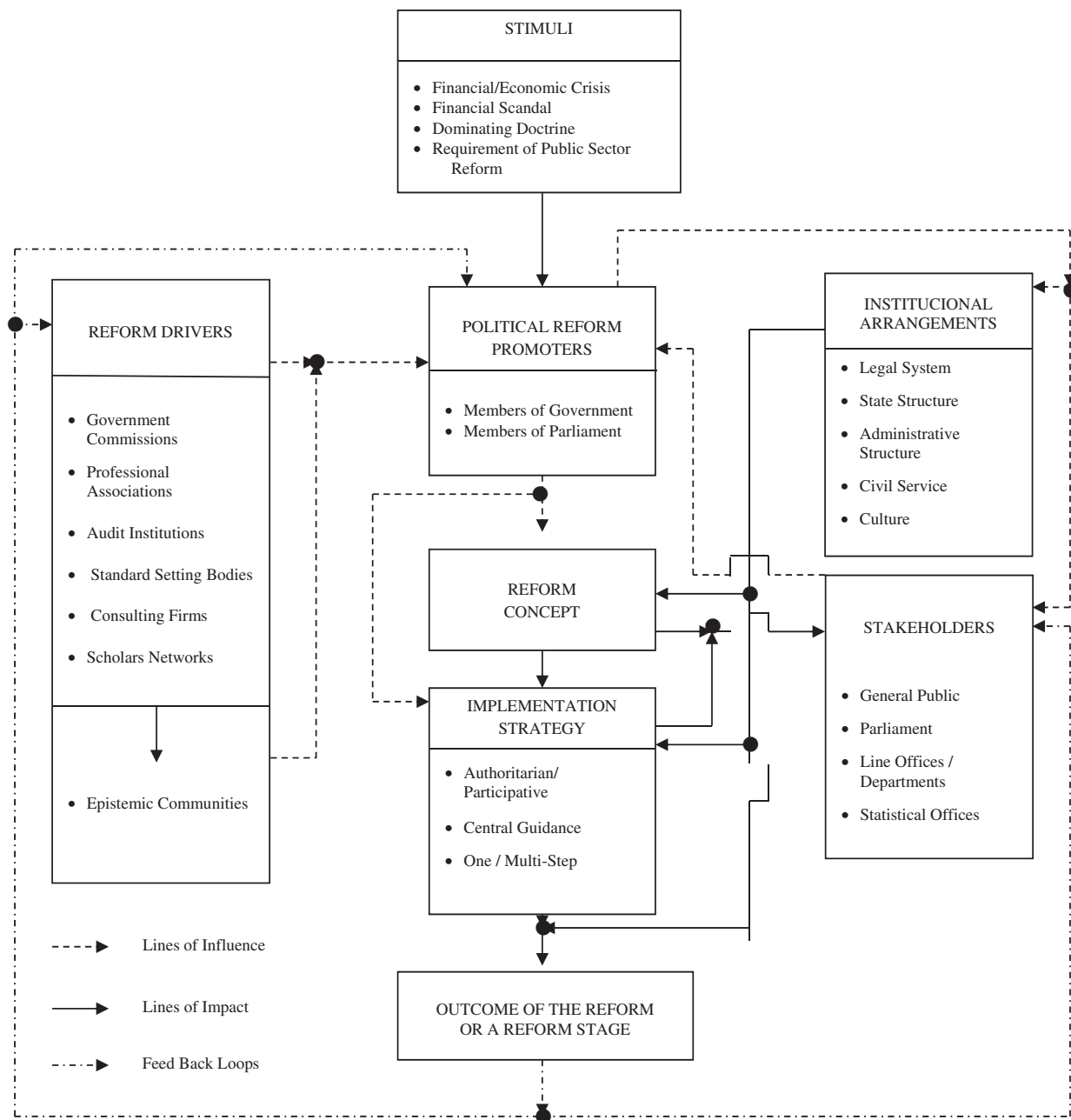


Figure 1. Financial management reform process model (FMR model).

concentration/fragmentation of the financial management functions.

- Civil service – refers particularly to the qualification of those who deal directly with accounting, but also of other civil servants, and may affect the cost of reforms and the speed of their implementation.
- *Reform Drivers* (behavioral variables) – correspond to professionals and institutions that hold some recognition and promote the reform through oral or written publications. They attempt to make the reform a political issue, thereby influencing the

political decisions associated with it. They reflect on problems that may be the reasons for politicians to move forward with reforms, thereby seeking to shape them by influencing the political reform promoters. This influence can be enhanced when organized in *epistemic communities*.

- *Political Reform Promoters* (behavioral variables) – all reforms need promoters or initiators (e.g., politicians who initiate the reform and have the power to make it effective).
- *Stakeholders* (behavioral variables) – institutions or individuals that influence the reforms positively

or negatively (but are not reform drivers or political promoters), and are also affected by it, such as the general public, parliament, government departments and agencies, and statistical offices.

- *Reform concept* (instrumental variables) – corresponds to the innovations that allow the public sector accounting system to provide useful information, in order to assure financial accountability and the adequate public management and decision-making; corresponds to conceptual changes and not only to changes in procedures. It has a direct impact on the *implementation strategy*.
- *Implementation strategy* (instrumental variables) – influences the success or failure of the reform, as well as the deviations between the concept of the reform and the outcome obtained.

Jorge (2003) summarizes that FMR Model, by Professor K. Lüder, is a tool that essentially clarifies the relationship between contextual and behavioral variables, and the conduciveness to reforms in a public sector accounting system of a given country, in order to make it more informative.

Many studies have explored public management reforms in a variety of contexts, and it has often been argued that the public sector accounting (also designated as government accounting) plays a central role in reform trends that have occurred in the public sector over the last three decades (Hood, 1995; Lapsley, Mussari, & Paulsson, 2009).

Some authors have used the Contingency Model (from its initial version to the FMR Model), to describe the contextual situation and/or explain the reform(s) of public sector accounting in several countries. In the context of emerging countries, for example, Godfrey, Delvin, and Merrouche (1996) applied the model at the Central Government level in East African countries (Kenya, Tanzania and Uganda). More recently, Upping and Oliver (2011) applied the model in Thai public universities. The following paragraphs synthesize the approaches and conclusions of these authors.

Godfrey et al. (1996) – East Africa

The study by Godfrey et al. (1996) was the first attempt to apply the Contingency Model to less developed countries, in particular to Kenya, Tanzania and Uganda. This application resulted in suggestions for some modifications to the initial model, which the authors summarized as follows:

- The authors recognized that financial pressures, together with the pursue for more public

participation in political life (more democracy), are stimuli for reforms in public sector accounting; these stimuli directly influence the expectations of the general public (although not as users of information, as admitted in more developed countries) and the behavior of the government; public administrators and managers' behavior may be indirectly influenced.

- “Regional culture” was considered a component of the social structure – the level of political, economic, social and regional development, particularly in neighboring countries, was considered to be favorable or, conversely, to have adverse implications on the governments of underdeveloped nations.
- The country's “international reputation” was included in the social variables – it corresponds to its international position and can influence its external evaluation, particularly by those who provide external resources, a critical condition for supporting the developing economies of these countries.
- The process of democratization, leading to the decentralization of the government structure, price liberalization, privatization, and Local Government restructuring, results in the pursuit for a more extensive disclosure of the financial situation of governmental organizations and public sector entities in general, not by the general public, as may occur in developed countries, but by international organizations and donor agencies. The authors consider that international organizations and donor agencies, which play an instrumental role while providing assistance in the pursuit and change of funding for nations, benefit from the public sector accounting system and therefore seek to shape it to their financial information needs.

The great contribution of this study, relevant for the situation in Cape Verde, is that the authors have been able to show that the Contingency Model, although drafted from the reality of developed countries, can also be applied in economically less developed or emerging countries, with great external financial dependence and with less democratic political regimes.

Upping and Oliver (2011) – Thailand

Upping and Oliver (2011) used the model developed by Lüder (1992) adapted having other studies as reference (e.g., Christensen (2002) and Saleh and Pendlebury (2006)), to explain the public sector accounting reform in Thailand, in particular in Thai universities. This

combination provided an integrated framework, conceptualizing the internal and external factors influencing accounting reforms and those that may constitute barriers or enable change in developing countries.

The proposed model, which continues to rely on the contingency theory, has, thus, four components: internal and external pressures for change, barriers to change, and promoters of change. Drawing on the concepts of other models it has inspired from, including those from the private sector, the “Adapted Accounting Change Model” seeks to understand the causes, impellers and barriers to change in public sector accounting in the context of public organizations in emerging countries (Upping & Oliver, 2011).

The motivators, the facilitators (Innes & Mitchell, 1990) and the stimuli (Lüder, 1992) are occurrences that arise at the initial phase of change. Producers and users of information (Christensen, 2002; Lüder, 1992) and reform managers (Cobb, Helliard, & Innes, 1995) assist in the steering of the process. Internal and external pressures may impel the reform of the accounting system, but the success of such process depends on facilitating conditions, i.e., on factors that provide for change, and on those that constitute barriers to change (Cobb et al., 1995; Innes & Mitchell, 1990; Lüder, 1992).

The contribution of this model lies in the combination of private sector and public sector approaches to analyze changes in the public sector accounting system, particularly focusing on an organizational perspective.

This study is important for Cape Verde precisely because it demonstrates that, in the context of developing countries, there are concepts in the models used to explain private sector reforms that may be useful in explaining public sector accounting reforms.

Institutional theory

The institutional theory, particularly the neo-institutionalism perspective, is used in this study to analyze how actors institutionalized the reform. Thus, it is researched whether there was any type of isomorphism, or legitimation of the reform, specifically before international organizations.

Accounting practices are no longer created and introduced solely by rational logic and imbued solely with economic orientation, but also immersed in symbolic systems, processes of legitimation, power relations, habits and routines and other aspects of a cultural nature. This observation, which goes beyond the economic dimension, has been especially supported by sociological studies based on organizational institutionalism (Lawrence, 2008; Powell & DiMaggio, 1991; Thornton & Ocasio, 2008). In this context, one verifies

that the Cape Verdean case fits into the new institutionalism, i.e., the organizational institutionalism.

In the literature, several institutional theory perspectives have been developed, such as the Old Institutional Economics or the Economics Institutionalism, and the New Institutional Sociology, also known as Organizational Institutionalism (Major & Vieira, 2009). This last trend has the designation of “new” because it appeared at the end of the 1970s (Powell & DiMaggio, 1991).

From the old to the new institutionalism, much has been added and modified regarding the conceptual framework of the institutional theory. Despite the more recent and relevant contributions, much of the new institutionalism incorporates from the old institutionalism (Selznick, 1996). Common in the new and old institutionalism is the importance attributed to the relationship between the organization and the environment, both understood as cultural entities, and the limiting character they attribute to instrumental rational approaches (Powell & DiMaggio, 1991). One highlights, therefore, the pertinence of institutions and behavior patterns of norms and values, of beliefs and assumptions, in short, of the culture, for individuals, groups and organizations.

There are certain concepts that are considered crucial by the neo-institutionalists. The following are highlighted, for their importance in the present study: institutions and institutionalization, legitimacy and isomorphism.

There is a very close relationship between institutions and power. Institutions exist insofar as they are powerful and influence behaviors, beliefs and opportunities of individuals, groups, organizations and societies. Institutions are stable patterns of social practice, but they are more than that: institutions are patterns of practice for which deviations from the pattern are neutralized in a regulated manner, through socially constructed controls, by some reward or sanction (Jepperson, 1991).

Organizations need more than material resources and technical information to survive and thrive in their social environment. They also need social acceptability and credibility, i.e., they require legitimacy (Scott, 1992). In the organizational context, legitimacy can be defined as the generalized perception or assumption that an entity's actions are intended, suitable or appropriate within a socially formed system of norms, values, beliefs and definitions (Suchman, 1995). Thus, organizational structures and practices tend to approach socially correct standards (Scott, 1991), in order to guarantee contextual support and social validity.

In search of social legitimacy, organizations try to adapt their structures and practices to environmental values. The pursuit for compliance arises because it appears to increase the organizations' chances of survival to a greater degree than effectiveness or immediate performance of the strategies and procedures adopted (Meyer & Rowan, 1977).

Legitimacy is the fundamental concept in organizational institutionalism, given that organizations, in addition to relying on efficiency based on the concepts of rational systems, their survival also depends on the adoption of legitimate and socially accepted forces (Meyer & Scott, 1992). This means that organizational actors adopt and implement innovations because of legitimacy and efficiency. Reforms sometimes occur because entities legitimize their behavior towards other entities. The entities adapt their activities based on norms and impositions in order to obtain legitimacy by the social environment.

Compliance with environmental characteristics or isomorphism results from the influence of coercive, mimetic and normative mechanisms (DiMaggio & Powel, 1983). These institutional isomorphic mechanisms relate both to the maintenance and to the changing of cultural values and practices. The situation of change is shaped by the incorporation of new values and practices in the institutional context, based on different origins and possibilities, namely: influence of new conceptions originating in a wider institutional context; structural transformations in power relations between social entities; conflicts of interest between social groups; technological innovations, among others (DiMaggio & Powel, 1983).

The coercive isomorphism results from formal and informal pressures exerted on organizations by other organizations of which they are dependent, or by the cultural expectations of society. Mimetic isomorphism occurs when one organization imitates the other's practices in order to confront environmental uncertainties, corresponding to a process of reproduction or imitation of policies, structures, technologies, strategies, production systems, services, and administrative practices in general. The normative isomorphism derives from the establishment of standards by a determined professional community, with the purpose of cognitively substantiating and giving legitimacy to the activity developed by itself (DiMaggio & Powel, 1983).

Institutional isomorphism is well suited to the study presented in this paper, as governments in developing countries often accept change to gain legitimacy (to secure external support on a continuous basis), as they rely heavily on external donors. Since they finance many of the country's public administration activities, donors require innovations based on the best international practices. In summary, considering that the reform of public sector

accounting in Cape Verde is a crucial issue for the country's continued development and for securing its sources of financing, it is expected that funders will have explainable behavior in the framework of institutionalism.

The institutional theory has been applied in various fields and types of organizations – public sector, non-profit organizations and financial entities. Among several studies that have applied this theory in the public sector accounting, the following are some examples regarding emerging countries.

Adhikari, Kuruppu, and Matilal (2013) developed a comparative study on the dissemination and institutionalization of public sector accounting reform in the Central Government of Nepal and Sri Lanka, where they applied institutional isomorphism.

In the case of Sri Lanka, normative and mimetic factors such as professionalism, education and awareness of international trends were observed. These factors were derived from seminars and experiences where some of the ideas of public sector accounting reform were conceived, such as the introduction of accrual accounting and program and performance budgets. At the same time, this study demonstrated the presence of resistance in the implementation of reforms, particularly reforms to the introduction of accrual accounting, by lower-level employees in both countries (Adhikari et al., 2013).

Goddard, Assad, Issa, Malagila, and Mkasiwa (2016) analyzed public sector accounting practices in Tanzania at the levels of central and local government and non-governmental organizations. They used the institutional theory to interpret the different forms of demand for legitimacy behavior in response to the pressures exerted by international donor organizations in relation to the principles of New Public Management. Empirically, they studied activities of legitimation pursuit taken by the stakeholders involved, concluding that legitimacy, interaction between the systems and isomorphism, occur in all three levels of the public sector.

These studies are particularly interesting for the present research, since they apply the institutional theory in accounting reforms in emerging countries. Being Cape Verde also a middle-income country, making part of the emerging economies, the conclusions of these studies are important to the Cape Verdean context.

Recent reforms in the public sector accounting system in Cape Verde

Cape Verde gained independence from Portugal in 1975 (Cardoso, 1993).

Prior to the year 2000, public sector accounting in Cape Verde was essentially cash-based budgetary accounting, by colonial heritage. However, in the last

decades, a significant reform has begun, since the approval of Decree-Law no. 29/2001, 19 November. The aim of this diploma was to reform public sector accounting, which came to be based on principles of rigor, transparency, good management and financial discipline, effectiveness of the financial system, the overall view of the financial situation of the Administrative Public Sector, and modernization of the State and public management, mainly through the use of new information technologies (Preamble of Decree-Law no. 29/2001, 19 November).

From 2001 onwards, accounting transactions started to be recorded using the double-entry bookkeeping method, and in 2006 public sector accounting changed from a cash-based only regime to also include an accrual basis regime, by the diploma that approved the NPPSA (Decree- Law No. 10/2006, 30 January).

These reforms, as referred to in Decree-Law no. 29/2001, generally seek to improve the financial management practices of the Government and of public administration entities at large, ultimately seeking some benefit in the public services themselves.

The NPPSA was introduced with the aim of bringing the accounting system applied in private business companies, to the State, having its inspiration in the National Business Accounting Plan in force, and in the best practices of several countries.

The NPPSA, when fully implemented, will provide budgetary, financial and patrimonial information to Cape Verde's public sector accounting, which assists public managers in the decision-making. The new accounting system based on the NPPSA will preserve and improve the monitoring practice of the budget execution, by the State.

The State is the owner of a vast property (money, receivables, inventories, land and buildings, vehicles, equipment, etc.) which is in constant change and has a great spatial dispersion. The implementation of the NPPSA will also allow the State to know the value of this property. In addition, the NPPSA brings a proximity to business accounting, intending to apply the accrual regime and financial accounting. As a management tool, the NPPSA enables greater accuracy in the State's accounts, timely information and effective control (internal control, fixed assets control, debt control, etc.) (Decree-Law no. 10/2006, 30 January).

As shown in the respective legal regulation, the NPPSA comprises four dimensions: dimension 1 (financial accrual-based accounting), Accounts Classes 1 to 7 – in these classes are included the cash on hand and deposits, receivables and payables, inventories, non-current assets, net worth, public debt, and revenue

and gains; dimension 2 (budgetary accounting), Accounts Class 8 – this class incorporates essentially records associated with the budget execution process; dimension 3 (management accounting), Accounts Class 9 – this category for management accounting is of free development, adapted to each entity, and can be used for costs by functions, activities or processes of the entity; and dimension 4 (off-balance sheet accounting), Accounts Class 0 – this class registers contingent or future liabilities.

Thus, the public sector accounting system in Cape Verde based on the NPPSA, once implemented, will cover three subsystems (Table 1): budgetary accounting, financial accounting and, according to the needs and specificities of each public entity, management/cost accounting. It also includes auxiliary accounting modules, namely for inventories, receivables and payables, non-current assets, human resources and contingencies (Decree-Law no. 29/2001, 19 November, Article 92).

The implementation of the NPPSA has been slow, in particular with regard to the introduction of financial and management accounting in an accrual basis. Nevertheless, according to one of the stakeholders interviewed for this work, currently “(...) *some public sector business entities began preparing management accounting, e.g., in the case of hospitals and of water resources management and renewable energies*” [translation by the authors].

Methodology

As mentioned, this research aims to study public sector accounting in the Central Government of Cape Verde, especially the reforms that have occurred recently and what has affected them (determinant factors, actors involved, detected behaviors, etc.).

The Central Government of Cape Verde can be seen as a case study, because it corresponds to a social unit, and a phenomenon (the accounting reform process) that happens in one place is being studied. According

Table 1. Cape Verdean system of public sector accounting.

Subsystems	Budgetary accounting	Financial accounting	Management accounting
Purpose	Description, monitoring and control of revenue and expenditure.	Provides accounting information on the economic, financial, patrimonial situation and of contingencies, of public entities.	Allows collecting information about costs by functions, activities or services.
Recording Method	Single entry	Double entry	Single or double entry
Accounting regime	Cash basis	Accrual basis	Accrual basis

to Vilelas (2009), a case is a unit of analysis, which can be an individual, the role played by him/her, or an organization, a group, a community or even a nation. A case study is a detailed investigation in which data over a period of time is usually collected from a phenomenon within a context. The objective is to provide a context and process analysis that clarifies the theoretical topics to be studied. The phenomenon is not isolated within its context; it is of interest precisely because the goal is to understand how behavior and/or process are influenced and influence the context (Babbie, 2007; Eisenhardt, 1989).

The case study is appropriate in this paper, as one seeks to understand the context in which the reform occurs – which stimuli; how it has been influenced, relationship between actors, ... ; the understanding of the “why” and the “how”.

This study is an exploratory research of qualitative and interpretative nature, following a deductive approach, based on two theories to explain a specific reality. In fact, it starts from known theories (Lüder’s Model and the Neo-Institutional Theory), to interpret data pertaining the reality studied. The techniques of data collection were based on document analysis and interviews.

In the document analysis, the information was gathered from reports, minutes of meetings, legislation, public sector entities’ accounts and other similar elements, mainly to characterize the ‘case’ of the Cape-Verdean Central Government accounting (the reform process, those that have interfered, etc.), explained in section 3.

For the interviews, the field of data collection, in particular, covered a set of units and people most directly involved in the reform process, namely: the Reform Coordination Unit (RCU),¹ the National Department of Budget and Public Sector Accounting, the General Department of Taxes and Contributions, and a few individuals who were part of the government during the early stages of the reform, to whom semi-structured interviews were directly made, taking into account their specialties.

Thus, the interviews included former members of the Government, several Directors-General and individuals who were part of the Reform Commission. A total of fifteen (15) people were interviewed: the former Minister of State Reform and of National Defense, the former Secretary of State for Finance, the three former reform coordinators, and the former Directors of Public Sector Accounting and of the National Department of Budget and Public Sector Accounting, of the Treasury, for Planning, a public official of the Ministry of Finance, the NPPSA

Manager, the Director of the Patrimony (Assets), a Counsellor Judge and two officials of the Court of Auditors – who assumed key positions in the reform.² These interviewees were classified according to the categories of actors presented on the FMR Model (Table 2).

The interviews were semi-structured, with open questions and follow-up, given that the interviews transcripts were sent for verification by the interviewees.

The data collected was analyzed and interpreted using the content analysis proposed by Bardin (2009) to carry out the process of explaining, systematizing and expressing the content of the messages.

The “Gioia Method” was also applied to analyze and to structure the data from the interviews, which implied a clear delimitation of the themes (categories of the FMR Model clusters) and of the subcategories (simple descriptive phrases, used by the interviewees), and the aggregation of dimensions (variables of the FMR Model), through a qualitative and directed content analysis (Hsieh & Shannon, 2005) and the interpretation of the data provided by the interviewees (Corley & Gioia, 2004). Thus, an open codification was performed in a first phase, presenting the main concepts (categories) from the literature. In the second phase, it was performed the axial codification, establishing the various categories and, in a more detailed analysis based on simple descriptive phrases used by the interviewees, defining subcategories that were grouped in sets, searching for the existing relationship between the categories previously defined. Subsequently, in the third stage, these subcategories were grouped into several dimensions corresponding to the global themes that form the basis of the theoretical framework.³ Table 3 summarizes the categories, subcategories and dimensions resulting from this process.

In order to ascertain the validity of the research findings, relevant documents such as reports, minutes of meetings, legislation, accounts and financial

Table 2. Classification of respondents – FMR model.

Actors/Respondents	
Former Minister of State Reform and National Defense	<i>Promoter 1</i>
Former Secretary of State for Finance	<i>Promoter 2</i>
Former Reform Coordinators	<i>Drivers 1, 2, 3</i>
Former Directors of Public Sector Accounting, NDBPSA and MF official	<i>Stakeholders 1, 2, 3</i>
Director General of the Treasury	<i>Stakeholder 4</i>
Former National Director for Planning	<i>Stakeholder 5</i>
NPPSA Manager	<i>Stakeholder 6</i>
Director of the Patrimony (Assets)	<i>Stakeholder 7</i>
Counsellor Judge and official of the Court of Auditors	<i>Stakeholder 8, 9, 10</i>

Table 3. Codification of the content of the interviews – Gioia method.

Categories	Subcategories	Dimensions	
Stimuli/Motives	✓ New instrument (NPPSA) ✓ Corporatization ✓ Need for another accounting system ✓ Transparency ✓ Modernization	• Dominating doctrine • Legitimation • Mimetic isomorphism • Requirement of a wider public sector reform	Contextual variables and Neo-Institutional Theory
Institutional arrangements	✓ Legislation ✓ De-concentration ✓ Decentralization ✓ Bureaucracy ✓ Autonomy ✓ Human Resources ✓ Resistance	• Legal System • Administrative Structure • State Structure • Civil Service	
Actors	✓ Political participation ✓ Undertake reforms ✓ Shape the reform ✓ Technical involvement ✓ Promote the law ✓ Technical participation ✓ Implement the reform ✓ Empower entities ✓ Internal political decision ✓ Recommendations ✓ Donor imposition ✓ Internal coercion ✓ External organization requirements ✓ External influence	• Political promoters • Reform drivers • Stakeholders • Coercive isomorphism	Behavioral variables
Pressures	- Accounts within the deadline (timely) ✓ Accrual basis principle ✓ Double entry ✓ Financial accounting ✓ Asset management ✓ State's assets (patrimony) ✓ Phases	• Reform concept • Implementation strategy	Neo-Institutional Theory
Objectives	✓ Best Practices	• Outcomes	Instrumental Variables
Implementation			
Outcomes			

statements and data files about public sector accounting reform, were analyzed for the purpose of allowing the triangulation of information, performing the intersection of this information with the responses from the interviews. In order to analyze the reliability of the study, the criteria of credibility, consistency and reliability were verified (Lincoln & Guba, 1991).

Presentation and discussion of results

This section presents the main findings of the research, organized as follows. It starts with the context, combining the Lüder's model with the Neo-Institutional Theory perspectives. The actors and the concept of

reform and implementation process follow, for which the Lüder's model is fundamentally used. In the last point, also in the light of the FMR Model, it is alluded the probability of the current context leading to future reforms.

Each table presented corresponds to a category from Table 3, from which, in a first phase, the respondents' phrases (directed content analysis) were searched. In the second phase, to perform a more detailed analysis, the main subcategories were defined, resulting from the combination of the MAXQDA and the researcher analysis, selecting expressions that best fit the subcategories. In the third phase, the subcategories were aggregated in dimensions, relating them to the concepts of the FMR Model and the Neo-Institutional Theory.

Factors that have affected the institutionalization of public sector accounting reform in the Central Government of Cape Verde

Context – stimuli

In Table 4 data are organized according to the “Gioia Method”, corresponding to the stimuli/motives that encouraged the reform, using, as it showed to be more suitable, the Neo-Institutional Theory perspectives, the FMR Model, or a combination of both.

As shown in Table 2, the reform promoters are the politicians, the drivers are the coordinators of the reform, and the Directors-General and the technical directors were considered as stakeholders.

Regarding the motives that constitute the stimuli belonging to the group of contextual variables of the FMR Model, considering the summary in Table 4, based on the interviews, as well as the analysis of documents on the reform of the public sector accounting system in Cape Verde, it was observed the country's transition to democracy, and the introduction of a multiparty system (Cardoso, 1993). Thus, **changes in the political regime** were an important stimulus for the reform.

According to one of the interviewees, considered a stakeholder of the reform, “(...) in 1990 there were

several reforms (economic, institutional, ...); Cape Verde became a democratic country, [this process resulted in what was] considered as the 2nd Republic” [translation by the authors].

Another stimulus was a **dominating doctrine of business accounting**. “(...) the objective was to bring to the State a bit of the business companies management” [translation by the authors], according to one of the drivers of the reform.

In 2007, Cape Verde was reclassified by the United Nations from least developed country to middle-income country. Therefore, external development aid and investors associated with debt, created new impositions to the system of public sector financial management and accounting. Thus, it can be considered that some **financial pressures**, particularly external pressures, have contributed to impel the reforms in the accounting system.

According to the opinion of the majority of the interviewees, the reform of public sector accounting in Cape Verde is part of a broader reform – the State Administrative and Financial Reform, with a milestone in 2001, with the publication of the aforementioned Decree-Law no. 29/2001, which defined the principles and rules relating to the financial regime. Consequently, another stimulus for the reforms is

Table 4^a. Main motives for the reform.

1 st Phase – Concepts/Text [translation by the authors]	2 nd Phase - Subcategories	3 rd Phase – Dimensions
Promoter 2 “Allows the State to know what it owns. The NPPSA will provide a global picture of the State's patrimony (assets)”.	New instrument (NPPSA)	Dominating doctrine
Driver 1 “One of the reasons for the reform was the modernization of the State. The vision of the State (Administrative Public Sector) as if it was a company. The vision of unity”.	Corporatization	Dominating doctrine
Driver 2 “For the State to understand the real situation (patrimony). At the time, we did not have the General State Account (GSA). It was not possible to elaborate the GSA. If we want transparency, economy, efficiency and effectiveness, it is necessary to organize and also to have the GSA”.	Transparency/ Accountability	Legitimation
Driver 3 “The importance of accountability. Transparency requires timely provision of accounts. The way in which public sector accounting was managed did not allow for the provision of the accounts on time. It was necessary to learn from the best international practices.”	Transparency/ Accountability	Mimetic isomorphism
Stakeholder 2 “Transparency and good governance. Several reforms took place (economic, taxes, etc.).”	Transparency	Requirement of a wider public sector reform
Stakeholder 3 “One of the motives for the reforms is the implementation of financial accrual accounting”.	Need for another accounting system (NPPSA)	Dominating doctrine and Legitimation
Stakeholder 4 “The reforms were carried out to cover the gaps; it was necessary to have knowledge of the assets”.		
Stakeholder 5 “The modernization of the whole of the State apparatus, because Cape Verde always tried to excel in transparency in the management of public resources. This contributes to an increase in confidence by the international partners”.	Modernization	
Stakeholder 9 “Follow existing international standards, the transparency of the ‘public thing’, given that, the financial accrual accounting reports all movements and financial operations that exist, in a more transparent manner”.	Transparency Need for another accounting system (NPPSA)	Mimetic isomorphism

^aNot all respondents appear in the tables because their answers were either not considered relevant to the analysed aspects, or because the answers they gave often led to the same factors already pointed out by others.

evidenced, which is the **requirement of a wider reform of public administration**.

One of the reform stakeholders pointed out that “(...) in 1990 there were several reforms (economic, institutional, and of the public finances ...); in that period, the [regulation for the] State Administrative and Financial Reform was created. In 1998/99, the Basic Law of the State Budget [Law no. 78/V/98 of 7 December] was published, which is still in force” [translation by the authors].

According to one of the interviewees, the objective was to modernize the State’s financial and administrative management (legal review, computerization, ...), aligning the reforms with the best international practices. Thus, one denotes a mimetic isomorphism. On the other hand, the agencies conducted the reform in a certain direction to show their legitimacy, i.e., they have tried to legitimize their behavior and the image of the country to the international donors and funders.

Context – pressures

Table 5 summarizes the answers on possible pressures, institutional relations and powers, occurred during the reform process, which are explained within the scope of the Neo-Institutional Theory, following with the “Gioia Method”.

According to the answers of the respondents, there was pressure to implement the reforms, mainly from international partners, but there was also some internal pressure, notably from the Ministry of Finance. Therefore, it can be said that the reform resulted from some **coercive isomorphism**.

As one stakeholder explained, “(...) evidently, there was pressure! The governing authorities themselves initiated and pressed for the reforms to be implemented. The country defined a certain threshold to be reached in a [determined temporal] horizon; it is known that maintaining the [existing] status quo will not allow its reach; for this purpose, it is needed to undertake a set of reforms to improve procedures, make them more transparent, sometimes more complex. Also, the fact that Cape Verde is part of several international organizations and we defined normative technical convergence; there is a set of reforms that arise within the framework of the international agreements that the country has and the decisions that the different governments have taken during the terms of office” [translation by the authors].

Context – institutional arrangements

Table 6 shows the data of the respondents’ answers regarding the institutional arrangements, again following the “Gioia Method”.

The dimensions of Table 6 correspond to the contextual variables of the FMR Model, within the cluster of institutional arrangements.

According to the analysis of the interviews and the information gathered in the documents and legislation, it can be concluded that the **legal system** in Cape Verde has been crucial in guiding the reforms. Cape Verde, being a country of Civil Law, issues laws for the main administrative actions. Therefore, the legal system is very important in instructing public sector accounting and financial management reforms. In fact, in this case, several legal instruments have been published, among which the following stand out: Law no. 78/V/98 –

Table 5. Pressures to the implementation of the reform.

1 st Phase – Concepts/Text [translation by the authors]	2 nd Phase - Subcategories	3 rd Phase – Dimensions
Promoter 1 “The reform was a political decision and we had the will and the ambition to do it.”	Internal political decision	Coercive isomorphism
Promoter 2 “I would not say ‘pressure’, but rather an advice from the external entities”.	Recommendations	
Driver 1 “Clearly there was pressure, in the direction of achieving transparency/accountability”.	Donor imposition	Internal coercion
Driver 2 “The internal pressure we received from two internal working groups, came from the Minister of Finance, since she wanted to see the NPPSA implemented”.	Internal coercion	
Stakeholder 4 “Obviously, there was pressure. But the main pressure starts from the country itself. International organizations visit the country, monitor and give recommendations”.	Requirements of external organizations, and internal coercion	Recommendations
Stakeholder 3 “International partners made recommendations; they inject resources through loans and donations/ grants, therefore they want to know what is the State’s property (assets), versus the debt; the State’s payment capacity”.	Recommendations	
Stakeholder 8 “There was external influence (IMF, EU)”.	External influence	Internal and external coercion
Stakeholder 9 “The Minister of Finance herself was pressuring her officials to implement the reforms. Pressure came in several orders: internal and external”.	Internal and external coercion	

Table 6. Institutional arrangements of the reform.

1 st Phase – Concepts/Text [translation by the authors]	2 nd Phase – Subcategories	3 rd Phase – Dimensions
Promoter 1 <i>"The legal system has made it difficult".</i>	Legislation	Legal system
Promoter 2 <i>"There are de-concentrated services, since Cape Verde is formed by islands, so it somewhat disrupts the overall reform".</i>	De-concentration	Administrative structure
Driver 1 <i>"There was a need for change management in the people, as people were showing resistance".</i>	Resistance	Civil service
Driver 2 <i>"Everything was computerized, so the bureaucracy drastically reduced".</i>	Bureaucracy	Administrative structure
Stakeholder 2 <i>"There has been reform at the level of de-concentered services. Thus, decentralization was carried out; some competencies have been delegated to the decentralized entities, according to the current context of the country. "</i>	Decentralization	Administrative structure
Stakeholder 8 <i>"We have the Administrative Public Sector, the State in general and the Autonomous Services and Funds. There are services with administrative autonomy and services with administrative and financial autonomy".</i>	Autonomy	State structure
Stakeholder 9 <i>"The complexity of the implementation is related to the limitation of human resources, training and competence in the area".</i>	Human Resources	Civil service

Budgetary Framework Law, Decree-law no. 29/2001 – defines the principles and rules related to the financial regime, and Decree-Law no. 10/2006, which approved the NPPSA. For this reason, the legal system can be considered as favorable to reforms in public sector accounting.

According to what one of the drivers explained, the *"(...) legal system, statutory audit and the procedures are necessary in any reform. There are essentially four pillars in all reforms: human resources, technology, legislation and procedures"*. [translation by the authors].

Regarding the **(administrative) structure of the State**, Cape Verde is a sovereign, unitary and democratic Republic (Article 1 of the Constitution of the Republic of Cape Verde – Constitutional Law no. 1/V/99, 23 November).

The administrative reform of the public administration has been carried out towards decentralization, and even devolution, of some services, leaving only the main financial functions in the central services. In this context, there is a department in the central administration that concentrates all matters related to the budget and the accounting system – the National Department of Budget and Public Sector Accounting.

One of the stakeholders explained that *"(...) there has been reform at the level of de-concentrated services. There was decentralization and some competencies were delegated to the decentralized entities, according to the current context of the country"* [translation by the authors].

At the present, regionalization is a subject of public debate in Cape Verde, i.e., the need for a decentralized and regionalized State to maintain the national cohesion of its people. Subsequently, it can be concluded that the organizational structures of the Cape Verdean public administration have contributed in a favorable way to the reforms introduced in public finances and accounting.

The **bureaucracy of the administrative system** has been reduced, mainly due to the adoption, from 2004, of an Integrated System of Budgetary and Financial Management – ISBFM (Ministério das Finanças, 2013). The reduction of bureaucracy has favored the reform of public sector accounting.

However, in the opinion of some stakeholders, bureaucracy still exists and, as one in particular recognizes, *"(...) it has to do with people's mentalities"* [translation by the authors].

As far as the **Civil service** is concerned, in the execution of reforms, there is sometimes resistance by people who are part of public services, civil servants who do not want or fear something new. In public sector accounting, for example, with accrual accounting and double entry, civil servants were not used to these concepts and practices; also had (and continue to have) considerable training needs. Thus, the characteristics of civil servants have not helped in the reforms.

Actors who have intervened in the institutionalization of public sector accounting reform in the Central Government of Cape Verde: political promoters, drivers and stakeholders

Table 7 summarizes interviewees' replies of those involved in the reform process. Again the "Gioia Method" was followed, proceeding to the aggregation in general dimensions, associated to the outset theoretical framework.

In Cape Verde several institutions and entities, as summarized in Table 7, had (and still have) an important role in the decision-making and in the accomplishment of the reforms.

The respondents highlighted the role of political promoters (Minister and Secretary of State of Finance) and of the technical officials, as general managers, who,

Table 7. Main actors of the reform process.

1 st Phase – Concepts/Text [translation by the authors]	2 nd Phase – Subcategories	3 rd Phase – Dimensions
Promoter 2 “The involvement of Government Members namely: the Minister of Finance and the Secretary of State, the NDBPSA and the whole of public sector accounting service”.	Direct participation as a politician and technical involvement	Political Promoters and Stakeholders
Driver 1 “General Directors, officials in the area, and the reform coordinators”.	Technical involvement	Stakeholders and Drivers
Driver 2 “Coordinators for the implementation of the reforms”.	Shaping the Reform	Drivers
Driver 3 “The Government in general, because it was a decision taken in the Council of Ministers; the Project Manager and the Ministry of Finance”.	Political participation Promote the Law	Political Promoters and Stakeholders
Stakeholder 1 “The Director of Public Sector Accounting in 2005. I was involved in the budget execution de-concentration process and in the NPPSA support”.	Technical participation	Stakeholders
Stakeholder 2 “The National Department of Budget and Public Sector Accounting, in capacitating the various entities that interfered in the process of public sector accounting reform.”	Empower entities	Stakeholders
Stakeholder 9 “The Audit Office participated in the technical meetings. The AO is called upon to supervise, control and judge all central government and social security accounts”.	Technical participation	Stakeholders
Stakeholder 10 “The first main actor is the Government that triggered the whole process, through the MF, with collaborations of other institutions that are the target of this plan”.	Undertake reforms Implement	Political Promoters and Stakeholders

according to the FMR Model, have been essentially stakeholders, in collaboration with several institutions, which implemented the reforms. Some interviewees reported there was considerable involvement of the reform drivers, namely the reform coordinators.

Considering also the document analysis, other drivers of reform were evidenced, namely **governmental commissions** – several fronts of reform, with joint plans of action, have been generally created for the accomplishment of the reforms.

Regarding the possible intervention of **audit institutions**, the Court of Auditors (CA) stands out, which has fulfilled its role, contributing to the improvement of the public sector accounting resulting from the reform process.

As one of the reformers pointed out, “(...) the Ministry of Finance has to present to the CA, the accounts for audit in a time period of one year and the CA, then, has another year to audit the accounts and submit them to the Parliament. Currently, they intend to reduce deadlines using technological tools; it will be more automated”. [translation by the authors].

According to the opinion of the majority of respondents, in Cape Verde the networks of researchers and academics, if existent, had no influence in the reforms, nor did the professional associations (e.g. Institute of Professional Auditors and Accountants of Cape Verde).

Finally, the **statistical offices**, namely the National Statistics Institute (NSI), played an important role as a stakeholder in the reform of public sector accounting in Cape Verde. As one other stakeholder referred, “(...) the NSI contributed to the reform, especially at the level

of the patrimony/assets (the catalogue of goods and services), and is consumer of information” [translation by the authors].

Reform concept and process of implementation

The innovations in public sector accounting in Cape Verde referred to in section 3 (in particular, double entry, the introduction of accrual accounting and the NPPSA) have contributed to more transparent and reliable public financial information, which supports good governance and is useful for decision.

As referred by one of the drivers of the reform, the goal is “(...) timely presentation of the accounts, as it will allow all data to be in the system and worked in a timely manner. The Department of Public Sector Accounting will have all the information and will present, within the legal deadlines, the accounts of the State” [translation by the authors].

With regard to the expected outcome(s) of the reform, specifically from 2006, with the NPPSA, it was possible to bring good management practices from the business companies to the State, seeking to modernize public management, within the framework of New Public Management. This reform has thus improved the management of the patrimony (assets), rights, and obligations and liabilities of the Cape Verdean State.

In our view, there has been some delay in implementing certain aspects, notably the NPPSA. In fact, the legislation was passed in 2006 and more than a decade later, it is still not fully implemented. As one of the stakeholders

explained, it “(...) initiated with the implementation of the ISBFM [technological integrated system] and later it will integrate the accrual regime. In the Department of Patrimony, they are finalizing the evaluation and inventory of the assets. The implementation of accrual accounting has already begun, we are testing the system; when fully validated, we will put it into practice as a whole, that is, the implementation of the NPPSA will be extended to all central government” [translation by the authors].

The strategy adopted for the implementation of the reform has been essentially **authoritarian** because the reforms were decided, imposed and initiated by the central government. However, several fronts/areas of reform were defined, with several working groups to carry out the actions.

In order to carry out the reforms, priorities/targets have been defined annually. For example, for 2009/2010 the following objectives were outlined (Ministério das Finanças, 2009): consolidate the devolution to the sectors or services that hold each of the ISBFM modules, to support budgetary management; endow the country with a National System for Planning, Monitoring and Evaluation of Programs and Projects; update the functional classifier. For the year 2010 (Ministério das Finanças, 2009): consolidate the implementation of new public accounting (with the financial scheme and NPPSA implemented). In 2011 the objective was mainly the Banking of the Treasury, aiming at simplifying the processes of collecting revenue. The main objective in 2015 was to improve property management, starting with georeferenced inventorying (Ministério das Finanças e do Planeamento de Cabo Verde, 2015). Thus, it has been observed that the reform has been **multi-stage**.

Future prospects for reform

According to Lüder (1992, 2002), the environment of the financial management and public sector accounting reform (considering the contextual, behavioral and instrumental factors that influence changes), directs the process more or less favorably.

Table 8 summarizes, considering the analysis of the previous sections, the intervention of the various factors involved in the process of public sector accounting recent reform in the Central Government of Cape Verde.

It was observed, therefore, that there was a generally favorable climate in Cape Verde for reforms to begin and to continue. In fact, it should be highlighted:

- The *stimuli* (contextual variables), e.g., the pressures of the external financiers (+), led favorably

(+) to the reforms. There was a change of paradigm, since the international partners, to the detriment of financing concrete projects, began to finance the State Budget. Thus, the Cape Verdean State was able to borrow to invest, modernizing the public sector accounting and financial management system, as recommended by the international partners.

- In the *institutional arrangements* (contextual variables), the civil service has sometimes been unfavorable (+ -), since employees lack training and have shown resistance to change.
- Regarding behavioral variables, the *political promoters* were the initiators of the reform, so they contributed considerably and positively to its implementation (+). The main *reform drivers* were the commissions that accompanied the reform (namely the RCU) (+), given that professional associations are recent in the country, not having participated until the present time, but in future reforms they may be invited to participate (= /+). Among the *stakeholders*, the various Departments-General played an active role (+) in the implementation of the reforms.
- Regarding the instrumental variables, the center of the *reform concept* was the elaboration and implementation of the NPPSA, which, although not yet fully implemented, has contributed to innovations (+), providing the State with a global picture of its assets and accounts generally more informative and transparent. The *implementation strategy* (authoritarian, where the orientations come from the central government and the reforms are carried out in phases) seems to also have a positive (+) impact on the implementation of the changes.

Considering: the progress that continues to be made in the implementation of the NPPSA; the most recent conditions of the political, economic and social context of the country, which benefits from social peace; improvements in the country's economic condition in international terms; increasing importance of accounting standard-setting bodies and professional associations in the area; and some increase in the academic community and university degrees related to public management – it can be anticipated that the Cape Verdean context will continue to favor future public sector accounting reforms, with a view to greater efficiency and effectiveness in the public sector, namely moving forward to the adoption of the international standards, since this has been the trend also in business accounting in the country.

Table 8. FMR model in Cape Verde: contextual conditions for innovations/reforms in public sector accounting.

Criteria	Conduciveness to Innovations
Stimuli	
✓ (External) Financial Pressures	+
✓ Dominating doctrine (business accounting)	+
✓ Requirements of a wider public sector reform	+
✓ Changes in the political regime	+
Institutional arrangements	
✓ Legal System	+ -
✓ State/Administrative Structure	+
✓ Civil Service	+ -
✓ Culture	+
Reform drivers	
✓ Government Commissions	+
✓ Professional Associations	= /+
✓ Standard Setting Bodies	= /+
✓ Scholars Networks	= /+
Political Reform Promoters	
✓ Members of Government	+
✓ Members of Parliament	+
Stakeholders	
✓ Parliament	+
✓ Line Offices/Departments	+
✓ Audit Institutions	+
✓ Statistical Offices	+ = /+
✓ General Public	
Reform Concept	
✓ National Public Sector Accounting Plan:	+
• Switching from a cash basis to an accrual basis	
• Double-entry	
• Financial accrual accounting	
• Procedure-based innovations	
• Budgetary accounting	
• Increased transparency and accountability	
✓ Program and performance-based budget	+
Implementation Strategy	
✓ Authoritarian	+
✓ Central Guidance	+
✓ Multi-Step	+
OVERALL ASSESSMENT	Favorable

Key: + Favorable; + - Sometimes unfavorable; - /+ Moving towards favorable; +/ = Moving towards not important; = /+ Moving towards important.

Source: Adapted from Godfrey et al. (1996); and Jorge (2003).

Conclusion

This paper combines the theoretical approaches of the Luder's Contingency Model (FMR Model) with the Neo-Institutional Theory (in the perspectives of legitimacy and isomorphism) to analyze the institutionalization of the public sector accounting system in an emerging country, specifically in Cape Verde.

The empirical study showed that several stimuli impelled the public sector accounting reform in that country, namely: changes in the political regime, the dominating doctrine of business accounting, financial pressures, and the requirement of a wider public sector reform.

Several actors participated in this reform, namely: Members of the Government – Minister of Finance and the Secretary of State for Finance; all departments of the Ministry of Finance; and a specific team/commission created for the management of the reform project, called “NPPSA implementation project” (*Projeto de implementação do PNCP*).

With regard to the Neo-Institutional Theory perspectives, legitimacy-seeking behaviors and the presence of mimetic forces were observed, given that international partners served as a reference for good practices for the reform. In addition, coercive isomorphism was also observed, as external partners began to make more demands to the financial management and public sector accounting system, since Cape Verde became a medium-income country.

Regarding the application of the FMR Model, in general, the contextual factors (stimuli and institutional arrangements), as well as the actors (political promoters, reform drivers and stakeholders), have contributed positively to the reforms and continue to be positively combined to encourage future reforms.

As contributions to be highlighted, this study allows other countries with identical contexts to Cape Verde, namely other African countries for which there are no studies, to know about innovations, and to better

understand what affects the processes of public financial management and accounting reform. This will permit them to realize how to impel and drive those processes successfully. Lüder' Model and the Neo-Institutional Theory in the perspectives applied in this study, may be used to explain the processes of public sector accounting reforms eventually happening in those countries too. Context similarities – namely countries considerably financially dependent of others or of international organizations, make them susceptible of being pressured for requirements of reforming the public financial management and accounting systems.

Therefore, the present study is useful for governing authorities (initiators of reforms), as well as for public managers, audit institutions, public finance management officials, consulting firms, and academics, as they are generally the main actors in the reform process in most contexts.

Overall, it contributes to the development of research in Administrative Sciences and to communicate the reality of Cape Verde in terms of governmental accounting reforms.

Finally, the “Gioia method” and the summative content analysis applied make an important contribution to the literature, especially about African countries, regarding which research is still incipient. Indeed, the use of this methodology to analyze and structure the data from the interviews, which implied clearly limiting the themes (categories) and subcategories, and aggregating the dimensions through a directed content analysis, as well as summative content analysis, is still very little used in studies outside the Anglo-Saxon countries, so this study makes here also a significant addition.

As main limitations of the research, the categorization of interview elements must be highlighted, which created some difficulties, requiring input from the researcher, which may have led to some subjectivity in the analysis.

For future research it is proposed to carry out a comparative study to analyze the accounting systems of other African countries and what has affected them. For example, there are African countries (e.g. South Africa) that have already adopted IPSAS and others that are moving towards these standards (e.g. Ghana, Nigeria). In this context, it would be interesting to analyze what motivated these countries to adopt the IPSAS and compare them with others, using another perspective of the Institutional Theory, the competitive isomorphism (Meyer, 1979) to analyze the reforms.

Notes

1. The RCU coordinates the implementation of the various projects, ensuring the integration, control of the

execution, as well as the follow-up and evaluation and consolidation of the reports to be submitted to the Steering Committee. In addition, it provides technical support whenever it proves necessary. It may be comprised of a Coordinator, a Program Manager Consultant for revenues and receipts, a Program Manager Consultant for expenditures and payments, and a Project Assistant, if so required (Ministério das Finanças, 2009).

2. In addition, according to Vilelas (2009), this number of interviews allowed to guarantee a certain degree of reliability of the research, since values between 15 and 20 interviews fit the parameters accepted by the author as acceptable. Finally, there was a certain ‘saturation’ in the responses, which began to be repeated by the last interviewees.
3. All these procedures were performed with the support of the MAXQDA software.

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