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**Governing the Local: A Case Study of the Use of Markets and
Strategic Performance Measurement Systems in a Local Authority
in New Zealand**

**A Thesis Submitted in Partial Fulfilment of the Requirements
for the Degree of**

DOCTOR OF PHILOSOPHY

in

Accountancy

Massey University

Robert Ochoki Nyamori

2004

This thesis is dedicated to my dear parents

Henry Nyamori Ontita

&

Abigael Nyareso

Who
With pain
Toiled
With little gain
That their eldest son
Could learn



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CANDIDATE'S DECLARATION

This is to certify that the research carried out for my doctoral thesis entitled: *"Governing the Local: A Case Study of the Use of Markets and Strategic Performance Measurement Systems in a Local Authority in New Zealand"* in the School of Accountancy, Massey University, Palmerston North Campus, New Zealand is my own work and that the thesis material has not been used in part or in whole for any other qualification.

Date 27-9-2004

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MEMORANDUM

TO: Doctoral Research Committee

FROM: Robert Ochoki Nyamori and Professor Stewart Lawrence

DATE: 17 September 2004

SUBJECT: Supervisor and Candidate Declaration

"Governing the Local: A Case Study of the Use of Markets and Strategic Performance Measurement Systems in a Local Authority in New Zealand"

We verify that:

- i. Reference to work other than that of the candidate, has been appropriately acknowledged;
- ii. Research practice, ethical and genetic technology policies have been complied with as appropriate.

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DATE: 14 September 2004

SUBJECT: Supervisor's Declaration

I confirm that Robert Ochoki Nyamori has pursued the doctoral course in accordance with Massey University's doctoral regulations.

Professor Stewart Lawrence

Parts of Thesis Published

Nyamori, R., Perera, M.H.B. and S. Lawrence (2001). The concept of strategic change and implications for management accounting research, *Journal of Accounting Literature* 20: 60-81.

Abstract

This study seeks to illuminate how markets and private sector managerial practices, especially strategic performance measurement systems (SPMS) have come to be a central part of the government of the local domain and with what effects, following far-reaching reforms to the New Zealand public sector commencing in the mid 1980s. The study uses Michel Foucault's concept of governmentality to interpret the way people are governed through regimes of practice that present certain ways of being as true and others as false, utilising traditional devices of sovereignty and discipline, as well as technologies of the self. Parliamentary bills to reform New Zealand local government were analysed as was the literature on local government reform. These illuminated the rationalities and technologies underpinning the reforms. Literature on strategic planning and management in the public sector were analysed to provide insights into the discursive formation of SPMS as a technology of government. The researcher also interviewed the city manager, managers of all the units, some non-managerial staff, The Mayor and one councillor of Future City Council¹ (FCC), a New Zealand local authority. He also collected and analysed numerous internal documents from the case study. The analysis involved a transcription of all interviews and then identification of common themes from among the interviewees. The individual interviewee's response to a theme were analysed against that of other interviewees and the internal documents so as compare their interpretation of the introduction and effects of markets and SPMS. The results of this analysis were then interpreted employing the concept of governmentality. The aim was to establish the extent to which this concept could explain the changes to local government and their effects.

The reforms to local government in New Zealand were driven by the same rationalities as those of the larger New Zealand public sector, namely, efficiency, effectiveness and accountability. The study found that these rationalities were associated with regimes of practice that sought to constitute citizen and staff as autonomous entities that could govern themselves, while at the same time gazing over each other. These practices included the separation of policy making from management, commercial operations from non-commercial ones, business from non-business departments and the introduction of competition through internal markets. These changes were associated with discourses that promoted citizens as active participants in their communities but who were at the same time autonomous individuals who could take care of themselves and who had the rights of consumers. These dividing practices sought to change the nature of the relationship between staff and citizens, supplanting trust with technologies of mistrust, enabling

¹ This is not its real name. The pseudonym has been adopted for purposes of confidentiality.

government without obvious intrusion hence overcoming the dialectic between control and freedom that is the hallmark of advanced liberal societies.

These rationalities were also associated with SPMS programmes and technologies that sought to reconfigure local spaces into communities bounded by local authorities. Since annual planning and the long-term financial strategy required consultation with their communities, citizens were interpellated into their own government. Consultation and citizen participation enabled the needs and aspirations of these communities to be known to staff of the FCC who would be expected to work towards their fulfilment. These needs and aspirations in turn became the basis for programmes of governing the conduct of the staff and elected representatives of the FCC. SPMS incited citizens to evaluate the FCC and various facets of their lives on the basis of the logic of the economic, which became the vehicle and basis for far-reaching changes to the FCC. These practices enabled FCC individual staff's work to be delineated into objectives, to which they were assigned. This in turn enabled the individual performance of staff to be calculable, measurable and visible hence tying their daily working lives with the rationalities of government. The dreams of reformers however, do not always accord with practice, as was evident at the FCC. The changes while embraced by some were resisted by others, who though subsequently defining the organisation in terms of strategy and markets, do not appear to have been overwhelmed by it.

This study hopefully contributes to accounting research in a number of ways. While the bulk of Foucaultian studies are historical, this study combines both historical and contemporary analysis of the evolution and instantiation of a discourse of markets and private sector managerialism. The study is able to show how the subject constitutes and is constituted by a discourse of community, customer and enterprise, contrary to previous studies that have relied on the study of discourse as an intermediary to the subject. The study extended previous by show how the subject is not a mere pawn of discourse, but is able to appropriate and resist discourses that contradict his or her prior identities. The study also shows the potentially rich insights, which can be gleaned from looking at accounting as part of the larger modalities for governing organisational and social life. It shows how accounting data and personnel are appropriated by staff in various units to develop and interpret strategy and measure its progress within the organisation. Importantly, accounting logic is used to link individual work with the political rationalities of strategic planning. The researcher hopes that a healthy debate would ensue regarding the reasons, means and effects of neo-liberal modes of government in the local sphere.

Acknowledgment

This project is the culmination of a long journey. During this journey, I have benefited immensely from the encouragement of a lot of people, and I thank them all.

I would like to thank the staff and elected representatives of the Future City Council most sincerely for their time and patience and for all the resources they availed to me during the course of my study. For reasons of confidentiality, I cannot disclose their names.

Professor Hector Perera came later into my intellectual life, as a colleague and supervisor. He was easily within physical reach and bore the brunt of my naïve questioning about accounting research and researchers. He provided invaluable intellectual and collegial support for me at Massey University and accompanied me on numerous field trips, which gave me the confidence to conduct remaining interviews.

Professor Stewart Lawrence introduced me to alternative accounting research. Steeped in the positivist traditions of positive accounting theory, I found his course on accounting research initially bewildering and later fascinating, so much so that I decided to undertake a PhD as a critical scholar. His constant encouragement and supervision throughout my student days at University of Waikato and later at Massey University are herein appreciated. I commend both of my supervisors Hector and Stewart for their critical, timely and patient feedback on the gibberish that is often called “drafts”.

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A project of this magnitude requires a lot of resources, hence I would like to acknowledge all those who contributed to the kitty that made it possible. I thank the New Zealand Ministry of Foreign Affairs and Trade for awarding me the NZODA scholarship, which enabled me to undertake a masters in management studies which facilitated my entry into the PhD programme. University of Waikato initially, then later Massey University funded my studies throughout and in the last year, the latter awarded me a grant, which enabled me to buy time off teaching and complete the PhD.

The challenges of the PhD were made bearable by the patience and understanding of my dear wife Nyaboke and my, initially two, then later three children, Obwocha, Mogotu and Gekonde. My daughter Mogotu loudly wondered why it took her father so long studying while she did her homework in quick time and went out to play with her friends. Numerous friends encouraged me to complete this project through incessant and annoying questions regarding when I would complete. It is partly to discourage further questions that I have endeavoured to bring what was threatening to become a lifestyle, to a much-needed conclusion.

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List of Abbreviations

BSC	Balanced Score Card
CSF	Critical Success Factors
FC	Future City
FCC	Future City Council
FMI	Financial Management Initiative
FMR	Financial Management reforms
KRA	Key Result Areas
LATE(s)	Local Authority Trading Enterprise(s)
LTFS	Long Term Financial Strategy
NPM	New Public Management
NPFM	New Public Financial Management
PPBS	Planning Programming and Budgeting Systems
RAF	Review of Activities and Funding
RDF	Results and Determinants Framework
SA	Strategic Accounting
SMA	Strategic Management Accounting
SOE(s)	State Owned Enterprise(s)
SOLGM	Society of Local Government Managers (New Zealand)
SPMS	Strategic Performance Measurement Systems
SSE(s)	State Sector Enterprise(s)