ACCOUNTABILITY IN FIJI’S PROVINCIAL COUNCILS AND COMPANIES: THE CASE FOR LAU AND NAMOSI

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ACCOUNTABILITY IN FIJI'S PROVINCIAL COUNCILS AND COMPANIES: THE CASE FOR LAU AND NAMOSI

by

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DECLARATION

Statement by Author

I, Masilina Tuiloa Rotuivaqali, declare that this thesis is my own work and that, to the best of my knowledge, it contains no material previously published, or substantially overlapping with material submitted for the award of any other degree at any institution, except where due acknowledgement is made in the text.

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Statement by Supervisor

The research in this thesis was performed under my supervision and to my knowledge is the sole work of Mrs. Masilina Tuiloa Rotuivaqali.

Signature……………………………… Date………………………………...

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DEDICATION

This thesis is dedicated to my beloved daughters Adi Filomena Rotuisolia, Adi Fulori Rotuisolia and Adi Losalini Rotuisolia and to my niece and nephew, Masilina Tehila Tuiloa and Malakai Ebenezer Tuiloa. I hope this thesis will instill in them the desire to continue pursuing their education. As Nelson Mandela once said and I quote "Education is the most powerful weapon which you can use to change the world."

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Explanation of Terms and Abbreviations used in this Thesis

AGM	Annual General Meeting
ANZ	Australia and New Zealand Bank
BLV	*Bose Levu Vakaturaga*
CCF	Citizen's Constitutional Forum
CEO	Chief Executive Officer
CMDA	Capital Markets Development Authority
CPS	Cash Payments Statement
CRS	Cash Receipts Statement
DAS	Development Assistance Scheme
FAB	Fijian Affairs Board
FHL	Fijian Holdings Limited
LPA	Lau Provincial Administrative office
LPC	Lau Provincial Council
MIW	Mucunabitu Iron Works Contractor Cooperative Society Limited
NDC	Namosi Development Company Limited
NLTB	Native Land Trust Board
NPA	Namosi Provincial Administrative office
NPC	Namosi Provincial Council
OAG	Office of the Auditor General
OTC	Over-The-Counter
PBA	Provincial Board of Assessment
PCA	Provincial Council Accounts
SBU	Small Business Unit
SPSE	South Pacific Stock Exchange
TAB	*iTaukei* Affairs Board
YHL	Yasana Holdings Limited
YLC	Yatu Lau Company Limited

ABSTRACT

Accountability is recognised as a vital facet of governance for any organization, as society needs to be kept aware of the performance of such organizations controlled by management on behalf of the people (Lodhia and Burritt, 2004). The purpose of this research project is to obtain insights into systems of accountability found in provincial councils and companies the councils have established in Fiji, utilising the accountability web framework (Gelfand *et al.*, 2004). Research on this issue is important so that it can provide some insights on the accountability configuration within provincial council and company settings. This will assist in the understandings of factors affecting the current accountability framework and how accountability can be improved to raise provincial stakeholders' confidence.

In-depth case studies are undertaken for the Lau and Namosi provincial councils and companies in order to construct and analyse accountability webs for the four entities.
The study provides insights into the systems of accountability practiced by provincial councils and how it has been able to influence the system of accountability of provincial companies. Analysis of the entities studied revealed accountability has been influenced by the power distance in society, high levels of trust placed on those in authority coupled with low self-accountability, the culture of respect and silence, and the lack of attention to detail and planning. This has resulted in weak accountabilities being provided to the provincial population.

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Chapter One

Introduction

1.1 Introduction

"*The process of holding people to account, in its many different forms, lies arguably at the heart of human society*" (Kelsall, 2003).

The process of holding or attempting to hold people to account is a feature of all societies. But as societies are all different, the process of accounting as well as the ends of accountability can take a variety of different forms (*ibid*). The term accountability has been referred to as "concerned with the relationships between groups, individuals, organizations and the rights to information that such relationship entails" (Gray *et al*., 1997). Therefore, the accountability that would arise would be dependent on how groups, individuals and organizations choose to organise their existing relationships and obligations (Mataira, 1994).

Accountability is recognised as a vital facet of governance for any organization, as society needs to be kept aware of the performance of such organizations controlled by management on behalf of the people (Lodhia and Burritt, 2004). In many Western societies, means of rendering accountability is "underpinned by accounting technologies of putative universal appeal" (Kelsall, 2003). However, accounting is merely one element of formal accountability systems (Jones and Dugdale, 2001) and through its quantitative and monetary representations – financial data – becomes a means of promoting accountability (Carnegie and West, 2005). This is based on the assumption that shareholders are generally motivated by wealth maximizing strategies, which cause them to focus on expressly "financial variables, such as reported profits, dividend paying capacity and solvency" (*ibid*, p. 915).

Therefore, accounting has the potential to enable and sustain systems of accountability and to be incorporated in them (Jones and Dugdale, 2001). However, accounting must be first accepted as a useful language and a relevant analytical tool. Only then may it be called forth in systems of accountability (*ibid*).

> "…*Their calling forth depends upon people deploying their potentiality to support and raise issues through controlling interpretations of accounting results* (Mouritsen, 1994, as cited in Jones and Dugdale, 2001).

Lodhia and Burritt (2004) identified that accounting systems imparted from other, typically western societies, were often culturally inappropriate and consequently led to poor accountability. Such appears to be the case in Fiji's public sector. The system of accounting employed was not "designed primarily to meet its own information needs" (Briston, 1978, as cited in Lodhia and Burritt, 2004). An additional factor could be the lack of common understanding on the term "accountability" among the indigenous Fijians, and the misinterpretation and misrepresentation of accounting and its role within an organization (Rika et al., 2008).

Gelfand *et al*. (2004) argues that much of the theory and research of accountability in organisations has focused almost exclusively on the individual level of analysis and has been conducted exclusively in Western contexts such as United States and Western Europe. Hence, recognizing the narrow and technical definition of accountability Gelfand *et al*. (2004) provided an alternative definition:

> "…*the perception of being answerable for actions and decisions, in accordance with interpersonal, social, and structural contingencies, all of which are embedded in particular sociocultural contexts*." (p.137)

Gelfand *et al*. argues that one of the basic ways in which cultures vary is the nature of their accountability systems. This is as in a society individuals are acculturated through socialization in their particular sociocultural context and as a result would develop cognitive maps of how various individuals, groups and organizations are answerable or accountable to one another (*ibid*). Therefore, Gelfand *et al*. has suggested the use of accountability webs to advance the cultural perspective on accountability in organisations.

The provincial councils, a system of governance established in Fiji's colonial period still operates today (*see* Davie, 2000 & 2007; Durutalo, 1997; Rika *et al*., 2008). The provincial councils are local government authorities within a province[1] that serves the rural indigenous Fijians and their villages. In the early post-independence period, the provincial councils facilitated indigenous Fijian participation in commerce (Ratuva, 2000) through initiating the establishment of provincial companies and cooperatives.

Provincial companies in Fiji are registered as private companies. The first and now most profitable provincial company[2] was established in 1972 as an investment vehicle for the province of Lau (Kontiki Capital Ltd, 2007). For the other thirteen provinces, some own private companies and others cooperatives. These were established from the early 1970s to the 1990s. The companies offer an interesting area of research, as "provincial investment has generally not been a success story" (Kontiki Capital Ltd, 2007) and there have been criticisms that the systems of accountability have not functioned effectively and in some cases not at all (Durutalo, 1997; Qalo, 1984; Ratuva, 2000). Some companies have liquidated (Qalo, 1984; Ratuva, 2000), whereas others continue to operate at a loss. The companies have been criticized as not achieving their objectives, which is "with sound investment and good businesses, the benefits of development would filter down to the ordinary indigenous Fijians" (Ratuva, 2000, p. 230).

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[1] There are fourteen provinces in Fiji, excluding the province of Rotuma.

[2] The "Yatu Lau Company Ltd" established by its founder the late Ratu Sir Kamisese Mara.

Utilising the accountability web framework (Gelfand *et al.*, 2004), this study explores the accountability frameworks of the Lau and Namosi provincial councils and provincial companies in Fiji. Research on this issue is important so that it can provide some insights on the accountability configuration within provincial council and company settings. This will assist in the understandings of factors affecting the current accountability framework and how accountability can be improved to raise provincial stakeholders' confidence.

The justification of this thesis, and its aims and objectives are outlined below.

1.2 Justification and Motivation for this study

The aim of this research is to 'flesh out' the systems of accountability (i.e. internal and external; formal and informal) that currently exist within provincial councils and companies, drawing from the accountability literature, using the concept of accountability webs (Bracci, 2009;Gelfand *et al.*, 2004) as the basis of analysis. Bracci (2009) and Gelfand *et al*. (2004) have both argued that using the accountability web framework avoids the use of a culturally biased framework. This is as recent literature suggests accountability frameworks are historically and culturally distinct, rather than universal (Goddard, 2004; Bovens, 2005) and are socially constructed (Sinclair, 1995). Additionally, accountability processes and technologies do not remain constant but rather vary in time and space according to the localized situation and culture (Bracci, 2009). Hence, it is necessary to be specific about the meaning of 'accountability' in any given context (Cordery, 2008). Provincial councils and companies operate within the province where traditional Fijian culture and protocols predominate and impact on accountability. This study attempts to understand the meaning and form of accountability practiced in this context.

Additionally, it has been argued that accountability is the central link for the effective functioning of organisations (Bracci, 2009; Gelfand *et al*., 2004). Provincial councils and companies have been mainly financed through public funds, especially from their respective provinces, and the appropriate accountabilities are not forthcoming, neither have they functioned effectively. Hence, using the accountability web framework would assist in identifying the appropriate accountabilities taking into consideration the cultural specificity of the indigenous Fijian context, and evaluate the factors affecting accountability and performance.

Furthermore, all provincial companies in Fiji have a long list of objectives in their Memorandum of Association that allows them to do just about anything of a commercial nature. However, it is not clear as to whom the companies are accountable to and the real objectives of such companies. Only once this has been resolved will it be possible to assess their performance, and effectiveness of their systems of accountability. Therefore, this study would contribute to the limited research on provincial companies by examining and evaluating their accountability systems.

Finally, this research will contribute to the limited body of existing literature on accountability in Fiji's cultural context. There has been no prior studies undertaken that has studied the provincial companies from an accounting perspective. Hence, it is important to explicate accountability within these entities, as there have been calls for improved accountability and transparency in relation to provincial funds over the years. This study would identify factors needed for an effective accountability framework in relation to the provincial councils and companies.

1.3 Aims and Objectives

Aims

The aims of this research are to study the accountability systems of the Lau and Namosi provincial councils and companies. Analyzing the accountability structures in place within the two respective provincial councils and companies would highlight if appropriate accountabilities are being provided and if such accountability is suitable given the cultural influences. This study will utilize the accountability web framework (Gelfand *et al*., 2004) in evaluating the current accountability systems and suggest appropriate cultural accountability configurations.

Objectives

Specifically, the study will address the following research questions in relation to the Lau and Namosi province.

- To identify what is accounted for and how it is accounted for.
- To identify to whom is accountability provided for each provincial council and company.
- To evaluate why the provincial council and company follow such systems of accountability.
- To identify the form of accountability stakeholders in the province seek.
- To determine what are the implications of any incongruities that emerge between accountability provided and accountability sought?

1.4 Summary and Organisation of Thesis

This chapter has provided a brief description of the need for studies on accountability in specific settings with the use of cultural frameworks such as the accountability web by Gelfand *et al*. (2004). It has introduced the main research questions and has laid down the aims and objectives of this study.

The next chapter provides an in-depth discussion of the accountability literature and the concept of accountability webs (Gelfand *et al*., 2004). It also reviews the limited literature on the accountability practiced by an indigenous owned business, relating it to the accountability web framework.

Chapter three addresses the methodological issues and the associated research methods for undertaking this research. Chapter four provides a historical background of provincial councils and companies in Fiji. Chapters five and six are used to report and analyze the findings of the empirical research. They provide discussions of the accountability systems within provincial councils and companies and the incongruities of accountability provided and accountability sought. The concluding chapter will highlight the accountability practices of the Lau and Namosi provincial councils and companies, and provide suggestions in the improvement of accountability given the cultural context in which they operate.

Chapter 2

Accountability and Culture – A Review of the Literature

2.1 Introduction

Accountability systems have always been fundamental for the survival and functioning of social systems (Bracci, 2009; Gelfand *et al*., 2004). This is as systems of accountability use devices of control to reduce the variability of human behaviour and produce stable patterns of activity (Gelfand *et al*., 2004). Hence, not only does accountability serve as a way to achieve external legitimation but also fosters effective functioning within societies (Gelfand *et al*., 2004). As reflected by Roberts (1991) accountability processes reflect interdependence within social relationships. Therefore, as Sinclair (1995, p. 220) suggested, "to increase accountability, there is a need to understand how it is constructed by, and extracted from, those who are held accountable".

However, Velayutham and Perera (2004) argue that the adoption of western systems of accountability as a solution to a problem of accountability in a non-western environment will not produce desired outcomes, as there are deeply rooted impediments in the cultural configuration of such societies which can lead to dysfunctional effects on the host culture and society (Ratmono & Mas'ud, 2005).Therefore, research in accountability can only be fully developed through a wide range of empirical case studies in different cultural settings (Laughlin, 2000).

This chapter provides a brief review of the literature on accountability and culture. It is divided into four sections and is structured in the following manner. Firstly, an overview of the literature on accountability is provided. Next, a brief overview of culture is discussed. This is followed by discussion of the accountability web framework. Finally, a review of accountability in the traditional indigenous Fijian context is provided, as well as a review of accountability practices in an indigenous Fijian business. This is followed by a summary of the chapter.

2.2 Accountability: Summary of Theoretical Insights

Accountability is a "distinctive and universal feature of any social system" (Bracci, 2009, p. 294) and is essential to the maintenance of a social system (Gelfand, *et al*., 2004). This is as social systems maintain order and coordination between individuals, by creating standards to which individuals and groups are answerable, and to which entities are judged and sanctioned (Schlenker and Weigold, 1989; as cited in Gelfand *et al*., 2004).

It is systems of accountability that provides such moral order, creating a complex system of reciprocal rights and obligations (Roberts and Scapens, 1985). Involving monitoring, evaluation and control of organizational agents to ensure they behave in the interests of the shareholders and other stakeholders (Keasey & Wright, 1993). It is in systems of accountability that individuals, groups and organizations, behaviours, results and experiences are made visible and intelligible to others. This reproduces an organisation which is more cohesive and coherent (Bracci, 2009; Llewellyn, 1994).

This section will provide a review of the various definitions and forms of accountability as identified in the literature.

2.2.1 Definition and Concepts relating to Accountability

The definition of accountability is an elusive concept in the extant literature (Sinclair, 1995). Accountability is required in various social contexts, such as religion (Jacobs & Walker, 2004; Laughlin, 1990); education (Agyemang, 2008; Bracci, 2009; Broadbent *et al*., 1994); corporate social reporting (Gray, Owen, Maunders, 1988); health (Brinkerhoff, 2004; Emanuel & Emanuel,1996); and government (Ezzamel & Willmott, 1993; Funnell & Cooper, 1998; Gray & Jenkins, 1993; Humphrey, Miller & Scapens, 1993; Larmour, 2005). The term accountability has various meanings which arise from the different contexts researched.

Accountability, according to Boland and Schultze (1996, p. 62) "…is the capacity and willingness to give explanations for conduct, stating how one has discharged one's responsibility'. Similarly, Broadbent and Laughlin (2003, p. 24) referred to accountability as "associated with giving reasons for conduct for responsibilities or authority granted". Roberts and Scapens (1985, p. 447) explained that at the heart of the accountability process is the "giving and demanding of reasons for conduct".

Bracci (2009) explained that accountability definitions follow two specific themes. The first, is related to the context, that is, who and what is involved in a certain situation, and the second involves the need for an evaluation and feedback activity. This is evident in the commonly researched hierarchical accountability model, which is based on a 'principle-agent perspective' (Bracci, 2009; Munro & Hatherly, 1993) whereby, the agent is subject to observation and evaluation by the principal. Hence, the 'principal' is the party that has certain rights to make demands for information and the 'agent' is the party with responsibility to supply the information (Gray, Owen and Maunders, 1988). Similarly, Stewart (1984) explained the accountability relationship as involving 'the account' (provided by the agent) and 'the holding to account' (as demanded by the principal) with its associated rights and obligations.

The content of the account itself, as Goddard and Powell (1994) suggested can be seen in Stewart's (1984) 'ladder of accountability', where the 'different bases of accountability' are identified. These include: 'accountability for probity or legality'; 'process accountability'; 'performance accountability'; 'programme accountability', and 'policy accountability'. Accountability for probity or legality is concerned with ensuring funds are used properly in the manner authorized. Process accountability is concerned with ensuring adequate procedures and efficiency are followed by the agent;

performance accountability with achievement of required standards; programme accountability with achievement of goals and objectives and policy accountability where the goals and processes are undefined and uncertain (Goddard and Powell, 1994; Laughlin, 2000). As Laughlin (2000) explained that not every accountability relationship or accountability system in practice "involves operationalizing all the levels of Stewart's ladder", rather "many of the more formal accountability relationships in practice have a tendency to reflect either only one or both of the first two levels" (p. 53).

Stewart (1984) likened the accountability relationship that would arise as a power relationship, which would determine if there is a 'bond of accountability' or not. Where there is a bond of accountability, the person to whom the account is given should have the power to hold to account the person who gives the account. However, where there is no bond of accountability, there is only a 'link of account'. Accountability is rendered as a matter of custom rather than through any legal commitment. Laughlin (2000, p. 54) articulated the disagreements in the literature of what constitutes accountability and views both the 'bonds' and 'links' as accountability relationships existing in different contexts.

Furthermore, central to accountability is the concept of responsibility. Stewart (1984) emphasized that where there is a 'bond of accountability' there is recognition of responsibility to be publicly accountable for their actions. Velayutham and Perera (2004) explain the purpose of calling one to account is to determine whether one has discharged his/her responsibility appropriately. Hence, accountability is not an end in itself, but ensures the discharge of responsibility (Velayutham and Perera, 2004), which is potentially more encompassing as it involves a longer and wider trajectory of events (Lindkvist and Llewellyn, 2003).

Responsibility implies stewardship in the proper use of things or the achievement of objectives charged to a person (Hoskins, 1996; as cited in Bracci, 2009). Bracci (2009) differentiated the concepts of accountability and responsibility, noting how they entail different meanings and perspective. Accountability relates to events and results placed both in the past and the future, whereas, responsibility refers only to the present (Olsen *et al*., 2001; as cited in Bracci, 2009). As a result, responsibility binds together the past and future content of accountability through the decisions and actions delivered in the present (Bracci, 2009).

Bracci (2009) further adds another concept that of "autonomy" to accountability and responsibility relationships. That is individual or social responsibility can only be effective if autonomy to make decisions and solve problems is given (*ibid*). Thus, for an individual to be accountable he or she "needs to be autonomous in the sense of having the possibility to achieve the given objectives and be held responsible". On the other hand, where there is autonomy without accountability, this may lead to lack of responsibility in the organization (Bracci, 2009).

The next section outlines the different forms of accountability as identified in the literature.

2.2.2 Forms of accountability

For different societies, accountability relationships change due to modernization, as the norms and values in a particular society changes and this would have an impact on the nature, forms and processes of accountability (Bayri, 2000). Thus, transforming from informal, interpersonal, unwritten, particularistic and local accountability relationships in their communal forms towards more formal, impersonal, written, general and universal ones in the contractual forms of relationships (Broadbent, Dietrich, & Laughlin, 1996, as cited in Bayri, 2000). Subsequently, Sinclair (1995, p. 219) suggested "accountability will be enhanced by recognizing the multiple ways in which accountability is experienced", rather than focusing on the "chameleon quality of its definition". This has resulted in an increase in research interests trying to theorize how

accountability is actually exercised in practice in different situations (Laughlin, 2000), as it is recognized that accountability is socially constructed (Sinclair, 1995).
The broad literature on accountability has identified various forms of accountability such as: formal and informal (Roberts and Scapens, 1985); contractual, administrative and communal (Birkett, 1988); 'individualising' and 'socialising' (Roberts, 1991; 1996); political, public, managerial, professional and personal (Sinclair, 1995); contractual and communal (Laughlin, 1996); hierarchical and lateral (Willmott, 1996); patronage (Bayri, 2000).

Laughlin (2000) argues that such alternative bases and types of accountability relationships in different practices have brought out clearly the varying contexts of these practices and how they mould the nature of accountability relationships. Thus, showing that the meaning of accountability is drawn from or specific to the context in which it is studied. For the purposes of this research; the following forms of accountability are identified and characterized below.

Table 2.1 *Forms of accountability*

Author	**Forms of Accountability**	**Characteristics**
Roberts and Scapens (1985)	Formal	Impersonal, written, superior-subordinate relations
	Informal	Interpersonal, unwritten
Birkett (1988)	Contractual	Formal set of accountability relationships
	Administrative	Task accomplishments is supreme
	Communal	Informal set of accountability relationships
Roberts (1991, 1996)	Individualising	Hierarchical-formal accountability Independent-individualistic sense of self
	Socialising	Non-hierarchical-informal accountability Reciprocal dependence Open dialogue with others and mutual understanding
Sinclair (1995)	Political	Hierarchical parliamentary accountability

Author	Forms of Accountability	Characteristics
	Public	Informal and direct public accountability
	Managerial	Focus on monitoring inputs and outputs or outcomes (principal-agent relationship)
	Professional	Membership of a professional or expert group, and upholding professional standards
	Personal	Internalized moral and ethical values drive individual's accountability
Laughlin (1996)	Contractual	Formal set of accountability relationships Explicit expectations over conduct and information demand and supply
	Communal	Informal set of accountability relationships Implicit expectations over conduct and information demand and supply
Munro and Hatherly (1993); Wilmott (1996)	Hierarchical	Formal accountability Vertical accountability Explicit expectations
	Lateral	Informal accountability Non-hierarchical accountability Implicit expectations Reciprocal relationships
Bayri (2000)	Patronage	Hierarchical-informal accountability Clan or communal forms of control

Roberts and Scapens (1985) differentiated between accountability relationships as formal and informal. The former relating to a hierarchy where superior and subordinate are clearly defined and often involves 'accounting-type information flows', particularly where principal and agent are separated geographically (Laughlin, 2000). The latter relates to a social setting where defined roles are unclear and uncertain, and there is 'less structured talk' (Laughlin, 2000). Frink and Klimoski (1998; as cited in Bracci, 2009) refer to informal accountability as internal mechanisms, such as code of ethics, moral values, professional norms, which can be perceived differently by individuals.

Birkett (1988) on the other hand, draws out three possible accountability practices, which he links to three forms of relationships (Laughlin, 2000): contractual, administrative and communal. Laughlin (2000, p. 54) described these three forms of relationships as follows:

1. Contractual is where 'relationships between individuals are configured in terms of rights and duties which are contractually derived'.
2. Administrative or bureaucracy is where 'task accomplishment is supreme and individuals have roles and responsibilities relevant to such accomplishment'.
3. Communal is a 'form of association that is internal, organic, private, spontaneous'.

Similarly, in Laughlin's (1996; as cited in Bayri, 2000) description, the contractual forms of accountability involve a more formal set of accountability relationships where expectations and information demand and supply are tightly defined and clearly specified. On the other hand, the communal forms of accountability involve a more informal set of accountability relationship where expectations over conduct and information demand and supply are less structured and defined. Laughlin (1996, as cited in Chew and Greer, 1997) suggests an accountability model which depicts the nature of accountability as a function of the levels of trust has the potential for value conflict. It is conjectured that:

> *"the presence of "high trust" may lead to the use of "communal" forms of accountability, where expectations are left ill-defined and ex post probity and legality forms of reporting are likely to be acceptable (if needed at all). In a "low trust" situation it is possible that "contractual" forms of accountability will be more apparent with expectations clearly spelt out and, where possible, expressed*

in measurable form, with all levels of Stewart's ladder operational, with ex ante reports probably being the norm (Laughlin, 1996, p. 230)."

Roberts (1991; 1996) highlights two seemingly mutually exclusive contexts. The first is an 'individualising' form of accountability, which is a hierarchical form of accountability encouraging an independent individualistic sense of self (Bayri, 2000), "with only an instrumental sense of connection or relation to others" (Roberts, 1996). Individualising forms of accountability reflect "formal accountability as a powerful and legitimate instrument that provides a compulsory visibility of action through its invisible disciplinary power" (Bayri, 2000). In contrast, 'socializing' forms of accountability strengthen the reciprocal dependence and dialogue with others, through 'interaction' (Roberts, 1991) and is similar to informal accountability as described above.

Sinclair (1995) explores five forms of accountability namely, political, public, managerial, professional and personal. The research findings confirm that accountability is multiple and fragmented that is, "being accountable in one form often requires compromises of other sorts of accountability" (p.231). This shows that accountability can exist across a wide spectrum from general (that is political) to specific (that is personal).

Political accountability is described as to do with responsibility vested in a civil servant, as exercising authority on behalf of their representatives. Public accountability is understood as more informal, however it involves direct accountability to the public, interested community groups and individuals, and is seen as complementary to political accountability. Managerial accountability "arises by virtue of an individual's position in a hierarchy, in which a superior calls to account a subordinate for the performance of delegated duties" and "focuses on monitoring inputs and outputs or outcomes". Professional accountability refers to the "sense of duty one has as a member to a professional or expert group, which occupies a privileged and knowledgeable position in society". Lastly, "personal accountability is a commitment to personal conscience in basic values such as respect for human dignity and acting in a manner that accepts responsibility for affecting the lives of others" (Sinclair, 1995, p. 230). Sinclair (1995) explained that such a form of accountability is enforced by psychological, rather than external controls, and can be reinforced by an organizational culture where shared values and beliefs are articulated.

Munro and Hatherly (1993) and Wilmott (1996) used the terms 'hierarchical' and 'lateral' to describe accountability relationships. Hierarchical accountability refers to the vertical alignment of accountability with management hierarchy, whereas lateral accountability is referred to as the collapse of traditional controls, reworking accountability away from its vertical alignment with hierarchical reporting systems to lateral arrangements (Munro and Hatherly, 1993).

Bayri (2000) identified another form of accountability, 'patronage accountability', which is hierarchical and informal. Bayri (*ibid*) explains that the patronage network provides a mechanism of dependency and control through close informal, interpersonal and particularistic associates. It is this impersonal order of formal hierarchy that masks or ignores deep and largely unconscious attachment to informal hierarchy in which individual autonomy and responsibility is constituted by parent-like attitudes of the superior and the child-like reciprocal dependency of the inferior (*ibid*). Such traditional hierarchical control technologies provide space for recognizing also the potential of clan or communal forms of control (Alvesson and Lindkvist, 1993; Ouchi, 1980; as cited in Bayri, 2000).

In summary, the various forms of accountability identified should be seen as interrelated to each other but are defined from fundamentally different perspectives and contexts (Bayri, 2000). In the literature, hierarchical accountability is observed as being the same as formal accountability. Hence, hierarchical-formal accountability is viewed as similar to Laughlin's contractual accountability and Roberts' 'individualising' form of accountability or Birkett's contractual and administrative (bureaucratic) models, which tends to be hierarchical and these characteristics can be found in Sinclair's political, public, managerial and professional forms of accountability. Such forms of accountability derive from the 'principal-agent model', which is considered to be the most general framework of accountability in the accounting literature (Chew & Greer, 1997; Diegling, Anderson, & Guthrie, 1996; Laughlin, 1996). This hierarchical model assumes that some individual, small group or organization, called the principal, has certain "rights" to make demands on the conduct of an agent as well as to demand reasons for the conduct undertaken by that agent. As Laughlin (1996) explained "these rights are assumed to derive from the fact that the principal transfers resources to the agent with expectations as to how these resources are to be used: '*he who pays the piper calls the tune*' ".

On the other hand, there is non-hierarchical-informal accountability and this is embedded in communal relations without hierarchy (Bayri, 2000). This is viewed as similar to Laughlin's communal form of accountability, Roberts' 'socialising' form of accountability or Birkett's communal model and has characteristics of Munro and Hatherly's lateral form of accountability. However, Bayri (2000) perceived patronage accountability as different from the present forms of accountability identified in the literature. This is as patronage accountability is hierarchical as well as informal, unlike the other forms of accountability that is categorized into mainly two categories; hierarchical-formal accountability and non-hierarchical-informal accountability.

All the various forms of accountability discussed above can exist in different contexts and are reinforced by the organisational culture where shared values and beliefs are articulated. The next section provides a brief overview of the understandings of the term 'accountability' in the indigenous Fijian perspective.

2.2.3 Accountability Understanding – Indigenous Fijian Perspective

There appears to be no generally accepted understanding of the term accountability in indigenous Fijian society. Rika *et al*. (2008) from a review of Fijian language dictionaries observed that there is no single word in the Fijian language that readily captures the notion of accountability. Accountability may be understood as being discharged in different ways in different contexts. This creates a divergent understanding of the term accountability and would likely hinder introduction and development of concepts of accountability in indigenous Fijian societies (*ibid*). For example, a person in authority may discharge accountability by stating that a piece of work is complete without offering any details and may not be subject to question, whereas a person of lower status would be called upon to provide detailed explanations.

Rika *et al*. (2008) when surveying explanations of accountability in Fijian, received meanings in relation to:

> "*…trustworthy in your work and responsibilities …. credibility in money matters … faithful and honest in leadership role*."
> "*To do what is right…*"
> "*…provide a precise and written record…*"
> "*… information is clear to recipients…*"

In both cases, there have been references to the word "*dina*". Qalo (1993) argues that the concept of *dina* is too general and imprecise. The English translations of *dina* means truth, honesty, trustworthiness, sincerity, being genuine or authentic (*ibid*).

Qalo (1993) warns that in the Fijian traditional context *dina* may become a weapon

> "*…when used by chiefs coupled with the habit of not asking questions*"

This is as

> "*It is still considered disrespectful to directly question the validity of a statement made by a …chief…or senior village member*"

Qalo (1993) documented this when attending a *Tikina* council meeting where a member asked a question about the ownership of a communally-planted pine plantation. The chair who is the chief of the *Tikina* took the question as an "affront on the authority of the Natewa chiefs and severely admonished the questioner" (p.230). This made him an example to others who may have had similar questions and no one dared to speak for fear of being admonished publicly. This illustrated the need for accountability by members in the *Tikina*, especially for communally owned assets, for which ownership of the asset and its distribution tends to remain implicit. However, members are not able to voice their questions and resort to silent murmurings (*ibid*).

Rika *et al*. (2008) conclude that in the context of their study, accountability is understood as: there being a third party as the recipients of the information; recognition of the importance of providing right or accurate information, and such information must be clear or transparent. However, in the indigenous Fijian society where there is evidence of large power distance, statements or explanations made by a chief may potentially be regarded as *dina* as it carries authority (Rika *et al*., 2008). Hence, people accept the statement or explanation out of loyalty or obedience, even though it may be incomplete, unsubstantiated or vague (*ibid*); as such the degree of accountability provided becomes questionable. Acceptance without questioning is a key feature of acquiescent benevolence and typical of British colonialism where notions of authority in a developing plantation economy was legitimized throughout society, especially in Fiji[3].

As culture impacts on accountability, a brief overview of culture is provided next.

[3] I acknowledge Dr. Eci Nabalarua, examiner of this thesis, who pointed this out in her examination report.

2.3 Culture

The importance of culture in the development of accounting and financial reporting practices has been considered by several studies in the accounting literature which have indicated the relationship between accounting and culture (Doupnik and Tsakumis, 2004; Perera, 1994; Salter and Niswander, 1995).

Culture has therefore, been recognised in the accounting literature, as vital to understanding how social systems change. This is as culture influences the norms and values of such systems and explains and predicts the behaviour of groups (Harrison & McKinnon, 1986). Salter and Niswander (1995) suggested that within a given culture its set of societal values will drive its institutional form and practice. Hence, an understanding of culture is crucial and the definition of culture that has been widely recognised in the accounting literature is that from Hofstede (1984, p. 21) "the collective programming of the mind which distinguishes the members of one group or society from those of another".

Baskerville (2003, p. 2) in her critique of Hofstede (1980) suggested that the concept of culture is itself "elusive all-embracing but contradictory", however, there are others that believe "there is a general agreement about what culture involves". Alternative explanations / definitions of culture as noted in Baskerville (2003, p. 2) include:

> "*…a historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and attitudes towards life*." (as cited in Geertz, 1993, p. 89)
>
> "*…a matter of ideas and values, a collective cast of mind*." (as cited in Kruper, 1999, p. 227)

Triandis (1994, p. 16-20) also acknowledged the wide range of definitions of culture available and has summarized the three characteristics of culture that most researchers agree upon. First, culture emerges in adaptive interactions. Humans within a particular culture have developed their own unique ways of organizing and constructing systems of operations that is effective for them. That is, they develop "symbols; evaluations; patterns of behaviour; intellectual, moral and aesthetic standards; knowledge, religion; and social patterns (e.g., marriage, kinship, inheritance, social control, sports)". Second, culture consists of shared elements amongst the people who live together. For instance, they would be sharing the same language, however diffusion and acculturation is common in today's globalised world, where people move to other cultures and pick up or influence the local culture. Third, culture is transmitted across time periods and generations.

2.3.1 Cultural Dimensions

Hofstede[4] (1980) established four cultural dimensions of common social preference that can be used to measure the base values of individual societies (Ratmono and Mas'ud, 2005). This include: power distance, uncertainty avoidance, individualism and masculinity. Whereas, Gelfand *et al*. (2004) in relating culture to systems of accountability, while acknowledging that there are numerous cultural dimensions that could also be subjected to analysis , the primary cultural dimensions are 'individualism and collectivism', 'cultural tightness and looseness' (uncertainty avoidance), and 'hierarchy versus egalitarianism' (power distance). These cultural dimensions are briefly outlined below as explained by Hofstede (1980) and Gelfand *et al*. (2004).

[4] Hofstede (1980) as a cultural framework has been long established and has proven robust notwithstanding criticisms. Baskerville (2003) critique of Hofstede was rebutted and Hofstede's cultural framework continues to be used internationally and has been employed successfully in the Fiji context (see Chand and White, 2007)

Individualism versus collectivism

The central theme under this dimension is that it “contrasts the extent to which people are autonomous individuals or embedded in their groups” (Gelfand *et al*., 2004, p. 143). Hofstede (1984, p. 83-4) described individualism as the preference for a loosely knit social framework where individuals are supposed to take care of themselves and their immediate families only. On the other hand, collectivism describes a society which prefers a tightly knit social framework, where individuals expect their relatives, clan or other in-group to look after them with unquestioning loyalty.

Large versus small power distance (Hierarchy versus egalitarianism)

Different societies will put different weights on prestige, wealth, and power to create status in society and this creates human inequality (Hofstede, 1984). Gelfand *et al*. (2004) explained that cultures can be differentiated on hierarchy versus egalitarianism and power distance measures the way inequalities in status are handled by members of a society. Large power distance societies accept the established hierarchical order in which everybody has a place and this needs no further justification. There are fixed (ascribed) hierarchical roles in structuring interactions and allocation of resources. In small power distance societies its members strive for power equalization and members of the society demand justification for power inequalities.

Strong versus weak uncertainty avoidance/Cultural tightness and looseness

Uncertainty avoidance describes the extent to which the members of a society feel comfortable with uncertainty and ambiguity. Strong uncertainty avoidance societies tend to have rigid codes of belief and behaviour and tend to be intolerant towards deviant persons and ideas. In contrast, weak uncertainty avoidance societies maintain a more relaxed atmosphere where pragmatism is more important than theoretical principle and deviant behaviour is more acceptable.

Gelfand *et al*. (2004, p. 146) mentions that 'uncertainty avoidance' as stressed by Hofstede (1980) may provide an initial operationalization of the construct 'cultural tightness and looseness'. Gelfand *et al*. (2004) referred to cultural tightness and looseness as contrasting cultural systems on the degree to which norms are clearly defined and reliably imposed. As explained by Triandis (1995, p. 52) tightness is the "extent members of a culture (1) agree about what constitutes correct action; (2) must behave according to the norms of the culture; and (3) suffer severe criticism for even slight deviations from norms".

Consequently, tight cultural systems are rigorously formal, disciplined and have high compliance with norms (Gelfand *et al*., 2004). The social norms are clear on expected and acceptable behaviour across social situations, individual discretion on behaviour is very limited and deviant behaviour is not tolerated (*ibid*). By contrast, in loose cultures there are fewer social norms, which are less clearly defined and are expressed through a wide variety of alternative channels (Gelfand *et al*., 2004). They tend to lack discipline as norms are not strictly enforced; hence, there is a greater range of behaviours seen as acceptable or permissible across social situations (*ibid*). Individuals have a lot of discretion on how to behave and there is significant tolerance for deviance from norms (*ibid*).

Masculinity versus femininity

This addresses the way society allocates social roles. A society is said to be masculine if it attributes higher value to the characteristics of achievement, heroism, assertiveness, and material success. On the other hand, a society is said to be feminine if it prefers nurturing relationships, modesty, caring for the weak and the quality of life.

The next section discusses the concept of accountability web by Gelfand *et al*. (2004).

2.4 Accountability Web (Gelfand *et al*., 2004)

Gelfand *et al*. (2004) argues that much of the theory and research of accountability in organisations has focused almost exclusively on the individual level of analysis and has been conducted exclusively in Western contexts such as United States and Western Europe. Hence, recognizing the narrow and technical definition of accountability Gelfand *et al*. (2004) provided an alternative definition:

> "*the perception of being answerable for actions and decisions, in accordance with interpersonal, social, and structural contingencies, all of which are embedded in particular sociocultural contexts*" (p.137).

Gelfand *et al*. (2004) argues that one of the basic ways in which cultures vary is the nature of their accountability systems. This is as in a society individuals are acculturated through socialization in their particular sociocultural context and as a result would develop cognitive maps of how various individuals, groups and organizations are answerable or accountable to one another (*ibid*). Therefore, Gelfand *et al*. (2004, p. 136) has suggested the use of accountability webs to advance the cultural perspective on accountability in organisations.

The accountability web is a 'cognitive map' (Gelfand, *et al*., 2004), which "specifies the expectations and obligations among individuals, groups or organizations" (p.299). The authors demonstrated that cultural forces for accountability are found at multiple levels in the organisation: individual, interpersonal and group context, and to the organisation at large, which form a loosely coupled accountability web or system.

In describing the characteristics of an accountability web, Gelfand *et al*. (2004) established that first the connections in the accountability web between the 'individuals, groups or entities'[5] needs to be determined. Second, to understand the systems of accountability existing in the organization, how the elements are interrelated must be determined, in particular focusing on the direction of connection and the strength of the connection between the elements. Additionally, another important component of accountability webs is alignment or the consistency between accountability webs within an organisational system, as it is recognized that there exist multiple levels of accountability (*see* Figure 2.1). The three types of alignments described are: structural alignment, web alignment and organisational alignment.

2.4.1 Who are the 'elements' to be held accountable?

One of the key questions in defining accountability is to determine 'who is accountable?' (Bracci, 2009). Therefore, within an organisational setting it is ideal to determine all the parties that are possibly answerable to each other, from which it would be determined with whom does the party perceive an accountability relationship with (Gelfand, *et al*., 2004). The appropriate elements needs to identified, otherwise no one may take moral or legal responsibility for tasks and the discharging of accountability (Cordery, 2005).

Figure 2.1 below illustrates how accountability webs differ on the type and number of cross-level relationships. Accountability "cross-level connections" is between individuals and groups, individuals and organization, or groups and organisation. Gelfand *et al*. (2004) identifies four levels of analysis within an organisation, in which the different elements perceive their cross-level connections in terms of accountability.

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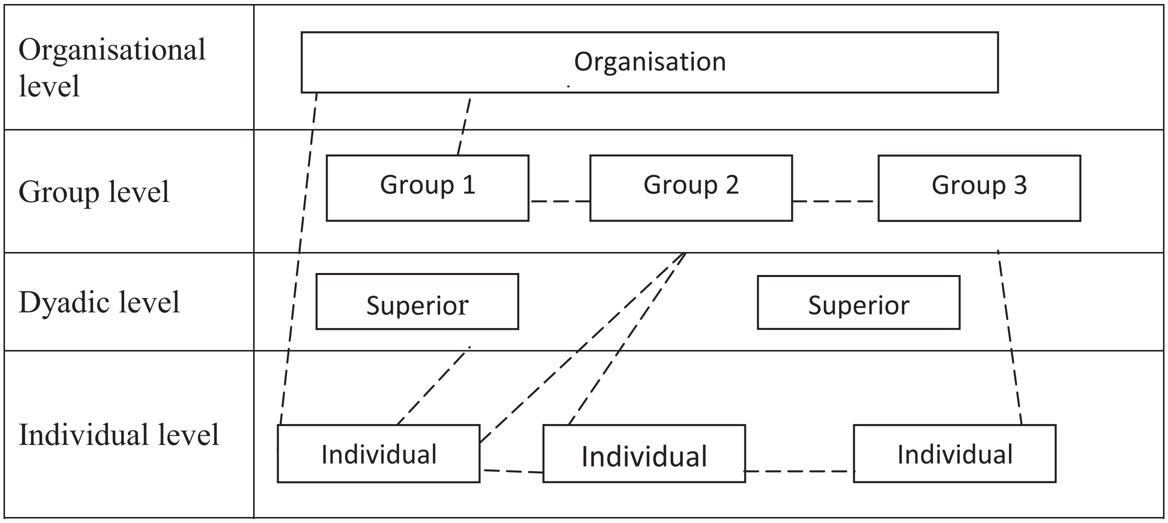
[5] Hereinafter, referred to as 'elements'

Figure 2.1: *Elements and cross-level connections in Accountability webs*



Source: Gelfand *et al*. (2004)

2.4.2 How are the 'elements' connected?

Gelfand *et al*. (2004) emphasized that to understand accountability relationships in an organization, it is necessary to have an understanding of the ways in which the elements are connected within an accountability web. The connections in an accountability web are defined by their 'direction of connection' and 'strength of connection'.

2.4.2.1 Direction of the connection

Within an accountability web the direction of the connection refers to who is accountable to whom (Gelfand, *et al*., 2004). Gelfand *et al*. criticizes the principal-agent accountability model which does not recognize the potential for mutual accountability and influence processes, rather it focuses on the agent who is monitored by the principal. The authors (*ibid*) propose three types of linkages between the elements in an accountability web which can be either 'unidirectional' or 'bidirectional' between elements and 'self-accountability'.

Unidirectional relates to a one-way accountability relationship between two elements, whereas, bidirectional is a two-way accountability relationship between two elements. Referring to *Figure 2.1*, Gelfand *et al*. (2004) illustrated the former as an individual who perceives accountability to the group supervisor, without the supervisor being accountable to the individual. Bracci (2009) pointed out that this was typical of a principal-agent relationship. However, in reference to the latter case the same individual may perceive accountability with a coworker and the coworker is mutually accountable to the individual (bidirectional). Additionally, the individual may also perceive accountability to him or herself, known as 'self-accountability'. This is where accountability is directed internally, wherein one evaluates one's own actions or decisions and compares them with their own internal standards (Gelfand, *et al*., 2004).

2.4.2.2 Strength of the connection

The second descriptor of how elements are connected in an accountability web is the 'strength of the connections' between the elements (Gelfand *et al*., 2004). This refers to "the clarity and pervasiveness of the connections" between the elements (*ibid*, p.140). The strength of the connection can be seen in the "clarity of the standards and expectations that are expressed" and the pervasiveness of the connection between two elements is a function of the number of rules and obligations that one element has to the other (*ibid*).

There is a strong connection between the two elements when the norms, expectations, and obligations are clearly stated and understood by both elements, and this leaves little room for deviation from expectations. Such a strong connection due to high clarity in expectations restricts the possibility for the individual to negotiate the terms of the relationship (Gelfand *et al*., 2004). On the other hand, when there is a weak connection, there is little clarity in role expectations and this permits one or both elements to negotiate the terms of the relationship, and so the nature of the accountability relationship becomes changeable (*ibid*).

For the pervasiveness of the connection between the elements, this can be seen in the amount of expectations that bind the elements together. For instance, if there are only a few expectations that bind the parties then the connection between the two parties is weak with respect to pervasiveness (*ibid*). However, where several expectations between the elements exist, then there is a very strong or pervasive connection between the elements (*ibid*).

2.4.3 Alignment in Accountability Webs

This relates to the consistency of the accountability webs within an organizational system and differentiates two types of alignment in accountability webs: structural alignment, and web alignment.

2.4.3.1 Structural alignment

Structural alignment is the extent to which individuals and groups' expectations and standards are explicated in formal organisational policies, rules, and procedures (Frink and Klimoski, 2004; as cited in Gelfand *et al*., 2004). As people respond according to their subjective perception about some reality, it is important to examine the individual's perception of accountability webs and whether it is aligned to the structural conditions in the environment (Gelfand, *et al*., 2004). Hence, where there is high structural alignment, the accountability webs of individuals and groups would be perfectly consistent with expectations enacted in organisational policies (*ibid*). However, in an organization with low structural alignment, Gelfand *et al*. (2004) suggests that expectations of accountability are dictated in formal mechanisms and will not necessarily reflect the perceptions of individuals and/or groups.

2.4.3.2 Web alignment

Web alignment is the extent to which the accountability webs held by individuals and groups are similar to each other. Gelfand *et al*. (2004, p. 142) identified four levels of alignment that can be compared to each other to check for congruity of accountability webs at the different levels. The different levels as illustrated in *Figure 2.1* are individual, dyadic, group and the organizational levels. Alignment can be examined horizontally (at the same level) or vertically (across levels) to determine the congruity between the different levels' of accountability webs.

At the individual level, the focus would be on the individual's accountability web and whether it is consistent with the other individuals. Similarly, this can be applied to the group or the organizational level. For organizational alignment, this refers to the collective perception at the organizational level, who is accountable to whom and with what strength and pervasiveness.

Gelfand *et al*. (2004) states that for effective functioning aligned accountability webs are important between individuals; groups and the organization, especially where there is intergroup coordination and cohesion. For any misalignment can result in conflicts, confusion and intergroup coordination and cohesion would suffer (*ibid*).

2.5 Cultural Dimensions and Accountability Webs

Gelfand *et al*. (2004) argues that taking a cultural perspective on accountability would illuminate the basic aspects of culture and at the same time, illustrate the culture-specific aspects of organizational functioning. Illuminating the cultural differences in accountability that exist in a particular society would allow outsiders to be able to understand the unique cultural configurations of accountability that exist within that organizational setting (*ibid*).

In understanding culture the three primary cultural dimensions Gelfand *et al*. focuses on are: individualism-collectivism, cultural tightness-looseness, and hierarchy-egalitarianism (power distance). Gelfand *et al*. (2004) chose these three primary cultural dimensions, as they are able to establish a distinction between cultures, and link them to accountability webs. The authors argue that the primary cultural dimensions influence the norms and values of social systems, which in turn shape accountability webs of individuals in a society (Bracci, 2009; Gelfand *et al*., 2004).

The three primary cultural dimensions (individualism-collectivism, cultural tightness-looseness, and hierarchy-egalitarianism) have been discussed previously with Hofstede's cultural dimensions. Below the specific aspects of accountability as influenced by the three primary cultural dimensions, are discussed.

2.5.1 Individualism - Collectivism

The central theme under this dimension is that it "contrasts the extent to which people are autonomous individuals or embedded in their groups" (Gelfand *et al*., 2004).

Gelfand *et al*. (2004) argue that there are four basic ways in which individualistic cultures differ from collectivistic cultures, in terms of accountability webs. That is, the types and numbers of cross-level connections, standards of accountability and nature of reactions to breaches of conduct.

Table 2.2 *Fundamental ways that accountability webs vary in individualistic and collectivistic cultures*

Differences in Accountability Webs	**Individualistic cultures**	**Collectivistic cultures**
Types of cross-level connections	Specific individuals	Entire groups
Number of cross-level connections	Individuals connected to supervisor through contracts. Self-accountability highly salient.	An individual's connection to the organisation would be determined by the group. Extraorganisational sources of accountability highly salient.
Standards of accountability	Formalized and explicit standards, communicated directly to individuals.	Informal and implicit standards, indirectly communicated to society.
Nature of reactions to breaches of conduct	Individuals are held accountable.	Groups held culpable for violations of standards.

***Source*:** Adapted from Gelfand *et al*. (2004)

Firstly, in collectivistic cultures, accountability rests with entire groups, which provide much of the expectations and monitoring for norm compliance (Gelfand *et al*., 2004). It is the groups that are accountable to the organisation, and individuals are not identified (Chen, Chen, & Meindl, 1998; as cited in Gelfand *et al*., 2004). However, for individualistic cultures, accountability generally rests with specific individuals, both for organizational successes and failures (*ibid*).

Secondly, there exist differences in the number of cross-level connections, as identified by Gelfand *et al*. (2004, p.145) in collectivistic cultures "the group mediates the connection to the organization for the individual", whereas; in individualistic cultures "individuals primarily have connections to their immediate supervisors through rational contracts specifying particular expectations".

Another difference is that in collectivistic cultures, there would be "*extraorganisational sources* of accountability" (Gelfand *et al*., 2004) such as expectations from family members and the society at large that would be highly salient. In contrast, for individualistic cultures extraorganisational sources of accountability do exist but are not expected to be as salient. Hence, the number of cross-level connections would be fewer in individualistic cultures compared to collectivistic cultures.

Thirdly, the manner in which standards are communicated, perpetuated and integrated into individual accountability webs is another way accountability in collectivistic and individualistic culture is expected to differ. Gelfand *et al*. (2004) states that in individualistic cultures; there is direct communication of standards which are formalized and explicit in symbolic forms in the social context (e.g., manuals, written communication, regulations, to name a few). However, in collectivistic cultures there is indirect communication of standards, which tend to be informal and implicit in the social context (e.g., in roles, duties, group norms etc.). Gelfand *et al*. (2004) stress that this would mean that even though the same standard can be applied in individualistic and collectivistic cultures, the way it would be communicated would vary and comprehension of the standards would be dependent on an understanding of the social context.

Finally, given the differences in accountability webs for differing cultural systems there is going to be variations as well to the reactions to breaches in codes of conduct in an organizational setting. This is due to the differences in the type and perceptions of cross-level connections in organizations (Gelfand *et al*., 2004). Hence, in collectivistic cultures any violation to codes of conduct, the group is held responsible and not individuals (Gelfand *et al*., 2004). This can be contrasted to individualistic cultures where violations to codes of conduct become the responsibility of the individual, who will be held accountable, regardless of any group membership (*ibid*).

2.5.2 Cultural tightness - looseness

Gelfand *et al*. (2004) referred to cultural tightness and looseness as contrasting cultural systems on the degree to which norms are clearly defined and reliably imposed.

Therefore, the nature of accountability webs within organisations of tight and loose cultures is expected to be differentiated by virtue of the strength of the connection and the degree of alignment of the accountability system (Gelfand *et al*., 2004).

Table 2.3 *Tight-loose cultures impact on accountability webs*

Nature of Accountability Webs	**Tight Cultures**	**Loose Cultures**
Strength of the connection – clarity & number of standards	Many standards Clear standards Standards are imposed and received Monitoring of standards Severe consequences for deviance	Fewer standards Unclear standards Standards are proposed and interpreted Less monitoring of standards Less severe consequences for deviance
Alignment	Shared understandings of accountability High Structural alignment	Divergent understandings of accountability Low structural alignment

***Source*:** Adapted from Gelfand *et al*. (2004)

Gelfand *et al*. (2004) argues that in tight cultures order and predictability are important. Hence, there are clear social norms, which are strictly enforced and there is little tolerance for deviance. Organisations in such cultures are more likely to enact processes to ensure expectations are delineated in policies, practices and procedures to create predictability and order, through explicit mechanisms in individualistic cultures or implicit mechanisms in collectivistic cultures (*ibid*). Therefore, individuals within such cultures develop more shared understandings of accountability (*ibid*, p. 148), resulting in more alignment in accountability webs among individuals and their peers (horizontal alignment), individuals and their supervisors (vertical alignment), as well as individuals within and between groups (group alignment).

On the other hand, in loose cultures where standards are fewer and more ambiguous, this engenders less monitoring of standards and less severe consequences for deviance from such standards in organisations. Therefore, “individuals have more varied and idiosyncratic experiences” (*ibid*), and so, their understanding of accountability is more likely to diverge resulting in a lack of alignment between individuals and groups with respect to accountability webs. Gelfand *et al*. (2004) suggest that this will result in lesser predictability and order in the organization.

2.5.3 Hierarchy-egalitarianism (power distance)

This cultural dimension of hierarchy versus egalitarianism is related to the direction of connections in accountability webs, which can be unidirectional or bidirectional (Gelfand *et al*., 2004). In hierarchical cultures, standards are predetermined, based on ascribed status and it is people with high-power positions that set standards to be obeyed by subordinates (*ibid*). On the other hand, in egalitarian commitment cultures standards are based on abstract principles that are mutually adhered to by individuals, regardless of status (*ibid*). Therefore, in hierarchical cultures the direction of connections is expected to be unidirectional, whereas, in egalitarian commitment cultures the direction of connections is bidirectional or pertain to mutual accountability (*ibid*).

Having reviewed how different cultural dimensions can mould accountability webs of individuals in a particular culture, the resulting accountability configuration as developed by Gelfand *et al*. (2004) is provided below.

2.6 Cultural Accountability Configurations

From the above, linkages of the primary cultural dimensions to accountability webs have been explicated, however, in actual cultural systems the three cultural components would exist in combination and must be simultaneously considered to understand and predict the accountability behavior that would exist in an organizational setting (Gelfand *et al*., 2004). Therefore, even though in reality any culture can have numerous forms of accountability webs existing, Gelfand *et al*. (2004) argues for any particular culture, a combination of the three cultural dimensions would create a particular accountability configuration that can be expected to exist in that social context.

Gelfand *et al*. (2004) locates eight accountability configurations, however, outlines only four accountability configurations[6] that could exist in a particular culture. However, Gelfand *et al*. does not provide analysis on the other four accountability configurations and this needs to be considered when studying developing societies. The four accountability configurations discussed by Gelfand *et al*. include:

(1) an individualistic, loose, and egalitarian configuration.
(2) a collectivistic, tight, and hierarchical configuration.
(3) an individualistic, tight, and hierarchical configuration.
(4) a collectivistic, loose, and egalitarian configuration.

A summary of the cultural accountability configurations by Gelfand *et al*. (2004) is discussed in Table 2.4 below.

[6] Gelfand *et al*. (2004) locates eight different accountability configurations but discusses only the above four due to space limitations.

Table 2.4 Cultural accountability configurations – implications at multiple levels

Organizational level							
Example of cultural configurations	**Locus of Accountability**	**Standards (explicit or implicit)**	**Number of cross-level connections**	**Strength of accountability webs** **1. No. of standards** **2. Clarity of standards** **3. Degree of monitoring**			**Overall alignment within the organisational system**
				1.	2.	3.	
Individualistic, loose, egalitarian	The self and peers / Supervisor	Explicit	Low	Few	Low	Low	Low
Collectivistic, tight, hierarchical	The immediate supervisor, group, the organization and entities outside the organization (e.g., families)	Implicit	High	More	High	High	High
Individualistic, tight, hierarchical	Self, superior, and the organization	Explicit	Moderate	More	High	High	High
Collectivistic, loose, egalitarian	The group and entities outside the organization (e.g., families)	Implicit	Moderate	Fewer	Low	Low	Low

Interpersonal/group context and individual level

Example cultural configurations	**Amount of role sending**	**Nature of role sending**	**Degree of role conflict**	**Felt responsibility to external standards**	**Amount of self-accountability**	**Strength of reactions to violations of standards**
Individualistic, loose, egalitarian	High	Greater role making	High	Low	High	Low
Collectivistic, tight, hierarchical	Low	Greater role taking	Low	High	Low	High
Individualistic, tight, hierarchical	Low	Greater role taking	Low	Moderate	High	Moderate
Collectivistic, loose, egalitarian	High	Greater role making	High	Moderate	Low	Moderate

Source: Gelfand *et al*. (2004, p. 150)

Interestingly enough no prior study of accountability in developing economies makes reference to Gelfand *et al.'*s (2004) work. It is possible that accountability configurations that Gelfand *et al*. discusses are not necessarily found in the accountability webs that can be constructed in such societies. While the collectivistic, tight, hierarchical configuration would appear to be appropriate to indigenous Fijian culture that may not be found in reality. This study explores that issue.

The next section explores accountability in the context of indigenous Fijian culture through a review of the limited literature available.

2.7 Accountability in Traditional Indigenous Fijian Society

Mataira (1994) and other studies (Bracci, 2009; Gelfand, *et al*., 2004; Laughlin, 1996) have recognised that accountability should not be seen as a culturally neutral phenomenon. Hence, "in order to determine what it means for an individual to be accountable in any given situation, we must look to the norms of the community, and determine what obligations the individual members of the group have to each other" (Mataira, 1994, p. 32). As Mataira (1994) stressed it is important to understand the purpose of those relationships, the processes by which information is exchanged or communicated, and the meaning attached to that information.

Gelfand *et al*. (2004) has provided a cultural accountability framework whereby cultural dimensions shape the important aspects of accountability. This section will illustrate the primary cultural dimensions in indigenous Fijian culture and Gelfand *et al*.'s framework will posit the appropriate cultural accountability configuration. Then a study of an indigenous Fijian family owned business (Qalo, 1997) will be reviewed to identify aspects of accountability in such a context.

2.7.1 Cultural Dimensions in Fiji

A brief review of indigenous Fijian literature has been undertaken to explain the appropriate cultural dimensions in indigenous Fijian culture.

2.7.1.1 Collectivism

The dominant form of indigenous Fijian organisation is seen in its social structure (*see* Figure 2.2) and this defines relationships and obligations of individuals in the society. In a traditional Fijian village there are several '*Tokatoka*'[7] (extended family units) which are part of one '*Mataqali*' (sub-clan). Several *Mataqali* will form to make a larger clan known as a '*Yavusa*'(clan) and several *Yavusa* will belong to a certain land mass known as the '*Vanua*' (confederation of *Yavusa* / tribe / chiefdom). Ravuvu (1983, p. 76) described the *Vanua* as:

> *"…the living soul or human manifestation of the physical environment which the members have since claimed to belong to them and to which they also belong. The people are the lewe ni vanua (flesh or members of the land) by which a particular Vanua (land in both its physical and social dimensions) is known to other outside groups. They are the social identities of the land, and also the means by which the land resources are protected and exploited for the sake of the Vanua, the people and their customs."*

The classical indigenous Fijian social structure as illustrated by Ravuvu (1983, p. 77) is shown below.

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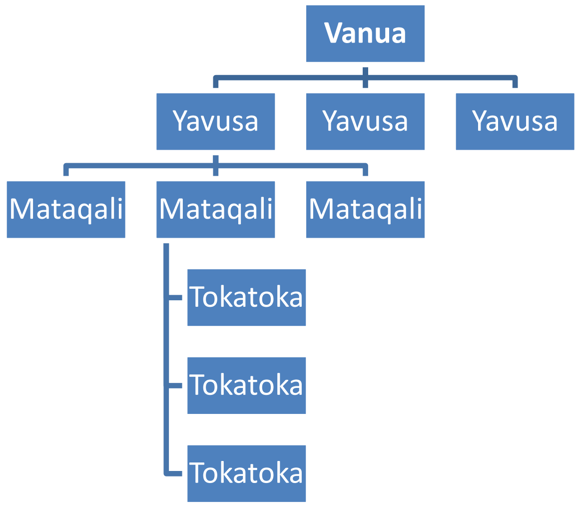
[7] Refer to the glossary for interpretations of selected Fijian terms.

Figure 2.2: *Classical Fijian Social Structure*



Source: Ravuvu (1983, p.77)

The various social groups who are subdivided according to blood and other kinship ties normally reside in a defined physical territory known as *Koro* (village) and a *Koro* may consist of several *Mataqali* (Nayacakalou,1975, p. 21) . The *Mataqali* is a collective unit, which collectively owns resources and is collectively responsible for its usage. Additionally, the *Mataqali* has a responsibility to the *Yavusa*, in terms of its specific role explained below and is directly responsible to the *Turaga ni Yavusa* (clan chief) or *Turaga ni Vanua* (paramount chief).

Hence, indigenous Fijian societies can be considered collective in nature, where it consists of a society which has a tightly knit social framework.

2.7.1.2 Large power distance / Hierarchical

In the indigenous Fijian social structure illustrated in *Figure 2.2*, each *Mataqali* has its own special role to play in the village society. Each *Mataqali* will be given a specific role and position in society, no *Mataqali* can have dual roles. Therefore, within a Yavusa there may be nine *Mataqali*(s) in these various roles: chiefs/leaders (*Turaga*); chief advisors and installers (*Qase ni Vanua / Sauturaga*); spokesmen (*Matanivanua*); priests

(*Bete*); warriors (*Bati*); heralds (*Matake*); carpenters and craftsmen *(Mataisau*); and fisherfolk (*Gonedau*) (Seruvakula, 2000, p. 25-29).

As explained above the *Vanua* is made up of several *Yavusa*, however, one will be the *Yavusa Turaga* (chiefly clan), which will have several *Mataqali* where one will be the *Mataqali Turaga* (chiefly sub-clan) and will be predominant and head that *Yavusa* and *Vanua* as a whole. Similarly, within the *Mataqali Turaga* there are several *Tokatoka* of which one is the *Tokatoka* (chiefly family unit) will head that *Mataqali Turaga* and one member of that *Tokatoka* will be the *Turaga i Taukei* (paramount chief). It is the *Turaga i Taukei* who is the most prominent chief and will head the *Vanua*. However, other *Yavusa* and *Mataqali* will also have their *Liuliu ni Yavusa* (clan leader) and *Liuliu ni Mataqali* (sub-clan leader), but will all be subservient to the *Turaga i Taukei*. Qalo (1997) referred to such as the manifestation of 'traditional authority'.

Therefore, it can be seen that in an indigenous Fijian society every individual is born into a *Mataqali* that has a specific role and position within that society. Only individuals born into the chiefly sub-clan can become chiefs and individuals born into the spokesmen sub-clan can become a spokesman. Hence, your birthright determines your status and role in society.

2.7.1.3 Cultural tightness / Strong uncertainty avoidance

Indigenous Fijian societies have tight cultural systems with social norms for various social situations, such as births, marriages, and deaths that are understood and followed by members of the society.

Seruvakula (2000, p. 43) explained

> "*…sa vakadeitaka makawa tu o ira na qase na vuda na sala vakavanua me yavu ni veitaratara ka i vakaukauwa ni veiwekani ena noda koro, tikina kei na veivanua e taudaku ni noda yavutu*."

Translated as

> "*…our forefathers from generations past have established firmly our traditional customs as a foundation to strengthen the kinship relations in our village, district, province and outside of it*."

Therefore as seen in *Figure 2.2*, Fijian social structure dictates the roles and interaction of individuals within an indigenous Fijian society. Seruvakula (2000, p. 30) stresses that each and every *Mataqali* role is considered highly and respected from the chiefly household, and if the chief requires a task to be accomplished by one of the *Mataqali* according to their traditional role, he will send his spokesman with a *tabua* (whales tooth) or *yaqona* to the leader of that *Mataqali* to make known the chief's request. When the *Mataqali* has accomplished the chief's request, they will send word to the chief's spokesman, who will make this known to the chief and this will be met with a gift of appreciation from the chief.

Seruvakula (2000) explained that the *Vanua* represented by the paramount chief has authority over its members and any rebellion is not tolerated. Members who do not follow the decisions made by the *Vanua* in the olden days could be clubbed to death by the warrior clan known as *Bati*, or they may fall ill for no reason, or face an unexplained accident, or be chased out from within that *Vanua*. However, in modern Fijian society it is still characterized by "traditional authority, loyalty, obedience, reciprocity, and respect for authority" (Qalo, 1997, p. 111).

2.7.2 Accountability Constructs in Indigenous Fijian Societies

According to the accountability web framework by Gelfand *et al*. (2004), indigenous Fijian cultural accountability configuration is collectivistic/tight/hierarchical (*see* Table 2.4) and the accountability to be expected is:

- accountability to entire groups.
- many standards of accountability but they would be implicit, informal and indirectly communicated to society.
- low tolerance for deviance.
- high degree of monitoring.
- shared understandings of accountability.
- uni-directional accountability.

The above cultural accountability configuration posited by Gelfand *et al*. (2004) will be explored in the following study in indigenous Fijian business context (Qalo, 1997). However, Qalo (1997, p.65) explained that the main factor in Fijian economic failure "lies within the flexibility of Fijian traditions". Therefore, the above posited cultural accountability web framework can be expected to differ in different contexts.

2.7.2.1 Exploring Accountability within an Indigenous Fijian Business Context - MIW

Qalo (1997) studied the Mucunabitu Iron Works Contractor Cooperative Society (MIW), an in-depth study of an indigenous Fijian family in business. The successful projects of the MIW were single-handedly managed by the General Manager.

> "*Aisake's management style is based on planning the processes that is most suitable to a particular job…it is vital to him for managers to read the plan thoroughly before determining the processes that will yield the greatest return*." (p. 155)

> "*…Aisake as a hands-on manager who knows these various jobs and is always confident of taking them on*." (p. 163)

However, when the General Manager was away on field work in the western part of Fiji's mainland from 1986-1989, there was "…apathy in the board, reducing or negating flexibility…debt accumulated that had to be written off" (p. 171).

This shows that accountability has to be practiced from the top, in this case, the General Manager. Instances are shown of the General Manager discussing with work groups, allocating tasks, negotiating on contract prices etc. As Qalo explained in his line of work, the General Manager "will involve paying attention to the best person suited for the job (in terms of workmanship, experience, and speed), material that will be necessary, procurement of material, transport, erection, invoicing and making receipts on payments" (p. 155). The General Manager possesses the knowledge and skills, as well as perseverance, prudence, and firmness in decision-making (p. 203). As Qalo concluded "businesses have to have the right people to make exchanges that are pure" (p. 212).

This is in line with the cultural values of collectivism and large power distance. Workers are more comfortable taking directions from recognized authority rather than making their own decisions. Therefore, having a leader to dictate directions and provide clear accountability on the affairs of the company is central to successful and efficient operations, as seen in the case of MIW.

MIW diversified into other projects led by other family members, such as farming, fishing, restaurant, and tailoring. All such projects, resulted in losses to MIW due to lack of clear direction and leadership, lack of attention given to details on managing finances, and trusting family connections (*see* Qalo, p. 184-196).

The next section will be divided according to strong and weak forms of group accountability, outlining the contexts in which either is practiced in MIW.

2.7.2.1.1 Strong Group Accountabilities

The strong group accountabilities identified from Qalo (1997) are discussed below.

In the formal context, there are monthly board meetings where there are open discussions between the directors. Additionally, there is monthly floor meetings conducted between management and workers. This is a forum for workers to voice their opinions. However, senior workers dominate discussions with younger workers preferring to remain silent (p.160).

In the informal context, there are frequent family meetings where ‘frank discussions and questions’ are asked from the extended family members. Additionally, during the job there are informal gatherings around the *kava* bowl with managers, board members and workers, all members are able to discuss openly (p. 116 & 160). This shows that young workers are more comfortable in discussions in informal settings, whereas, in formal settings they recognize their traditional roles in leaving the discussions to senior workers.

Another strong group accountability identified in the informal context, was in the way the MIW family organized the funeral of one of their founders. Family members came together to organize the traditional funeral ceremony. Funds were collected, accounted for in daily family meetings and tasks allocated and discussed (p. 120).

Hence, there are strong group accountabilities when the context is informal, as young members are also able to openly contribute to discussions. However, in the formal context such as floor meetings, only senior workers are able to voice their opinions.

2.7.2.1.2 Weak Group Accountabilities

Weak group accountabilities identified in the formal context relate to:

- the allocation of employees to jobs – completing a job using all employees did not allow "personal responsibility and accountability for proper job completion and client satisfaction" (Qalo, 1997, p. 138).
- the poor documentation of details such as costing, resulting in underestimation of job costs. In 1992, $83,000 worth of completed jobs over five months was yet to be invoiced (p.138).
- the establishment of a restaurant by the women of the family. There was no financial reporting of how funds were utilized (p. 139, 189). The "report was too general and was a mere statement of what was being done. There were no figures for sales, expenditure, profit/loss or explanations of how the club used MIW funds."
- board meetings where the managers in charge of the farm, restaurant, tailoring, and fishing projects only gave oral presentations without any written reports.

It was also identified that family members who are workers in MIW had low self-accountability. Qalo (p. 139) referred to this as using "kinship as an excuse to ignore responsibilities" such as missing work, and requesting for loans from MIW without a project plan.

Challenges to accountability are the oral presentations, instead of providing written reports, tend to "digress" from the objectives of discussion (Qalo, p. 152). The attitude of ignoring details that is the "absence of precise abstractions measured in numerical or notation, a monetary system, timing system…" (p. 136).

> "*…running a business could not be profitable if details could not be recorded on time, as well as the work it demanded*" (p. 187)

Then there is the traditional custom of respect and not asking questions, for "to ask a question is to doubt" (p. 116). Additionally, the communal meetings lead to "everything decided on consensus…" (p. 190). Traditional authority has dominated in decision-making like in the establishment of a restaurant without providing the necessary accountability.

Qalo (1997) noted that members' reluctance to address and expose limitations that existed in the business was tolerated by fellow members, in order not to lose face and authority in family decision-making. Therefore, as Qalo (1997, p. 190) explained for family members

> "*…the solution was to evade financial planning, management and technicalities. Everything was decided on consensus, recorded but not followed through*."

This is consistent with Velayutham and Perera (2004), who found in their study that in collectivistic and large power distance societies, there tends to be a low degree of accountability in societies. For such societies would have a preference for confidentiality and restriction of disclosure of information about the organization only to those closely involved with its management and financing, so that not to lose face, which in some societies is "the most delicate standard by which … social intercourse is regulated" (*ibid*, p. 59).

Such traditional customs as outlined by Qalo (1997) show that individuals are indeed acculturated through socialization in their particular sociocultural context and have developed cognitive maps of accountability expectations.

2.8 Some research questions that arise from the literature

Accountability is often presented as a rational practice that can and should be implemented in all civil societies, economic institutions and organisations (Velayutham and Perera, 2004). However, it has been recognized that culture does influence accountability (Bracci, 2009; Gelfand *et al*., 2004; Velayutham and Perera, 2004; Mataira, 1994) and the demands for accountability in the western sense as highlighted in the literature may not produce the expected outcomes (Ratmono and Mas'ud, 2005; Velayutham and Perera, 2004). This raises many questions about the system of accountability that is practiced and accepted by indigenous Fijians in the context of Fiji's provincial councils and companies, which are communally owned by the respective provinces.

Some of the questions that arise from the current literature and are to be answered in the context of provincial councils and companies are: What form of accountability is provided to stakeholders? What form of accountability is expected by the stakeholders? How is such accountability extracted from those who are held accountable? What influences such forms of accountability?

2.9 Summary and Conclusion

The literature investigated shows the main theoretical and empirical studies on accountability, identifying the different forms of accountability that can exist in society and importantly, how such forms of accountability are influenced by the culture within a society (see Bracci, 2009; Gelfand *et al*., 2004). Therefore, with the increased calls and pressure for accountability as understood from the western context, there is a need to first understand how accountability is constructed by individuals in a particular society and extracted from those who are held accountable (Sinclair, 1995). This is as "accountability arises in any society in a variety of situations where relationships and obligations exist in the way people choose to organize themselves" (Mataira, 1994, p.33).

Utilising Gelfand *et al*.'s (2004) accountability web framework, based on the three primary cultural dimensions, is useful in understanding and predicting the behaviour in organisations and the particular accountability configuration it would generate. This would provide an understanding of the accountability system in provincial companies which is important, given the increased calls for "reinforcing transparency, fairness and accountability" (Singh and Dakunivosa, 2001) in the Fiji society. A case study of two provincial councils and companies exclusively owned by indigenous Fijians serve to demonstrate the systems of accountability that currently exist and how cultural factors have shaped the forms of accountability. Such a study would add to the literature on the compatibility or otherwise of western systems of accountability to indigenous cultures, and consider if accountabilities can be adapted to engender positive outcomes in Fiji's provincial councils and companies.

Chapter Three

Methodology

3.1 Introduction

This chapter addresses the methodological issues on which this research is based and the rationale for the selected research methods. The purpose of this research project is to obtain insights into systems of accountability found in provincial councils and companies the councils have established in Fiji. The provincial councils and companies understudy are that of the Lau province and Namosi province. That is, the Lau Provincial Council (LPC) and Yatu Lau Company Limited (YLC), and the Namosi Provincial Council (NPC) and Namosi Development Company Limited (NDC).

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Gelfand *et al*.’s (2004) accountability web framework hypothesizes the accountability configuration to be expected in particular cultures and organisations within such cultures (*refer to Table 2.4).* This can be applied to understand and predict patterns of accountability and behavior in a given community.

Researching systems of accountability in provincial councils and companies is important given the increased calls for “reinforcing transparency, fairness and accountability”

(Singh and Dakunivosa, 2001) in Fiji's society. Review of the literature has identified the cultural traits particular to Fiji and the appropriate accountability web configuration as posited by Gelfand *et al*. (2004). This research is context specific and reveals the accountability processes and technologies used by provincial councils and companies that are understudy. This research seeks to construct accountability webs for the two provincial councils and their companies understudy and compare these with the nature of accountability expected in such entities. Tensions that may arise owing to differences between the actual and culturally appropriate accountability framework are identified and the implications for the operations of the entities explored.

As Bracci argues (2009) the use of the concept of accountability webs provides a means of analyzing accountability systems in the context of the culture in which the systems are applied and facilitates the redesign of such systems, internal and external, formal and informal. This avoids the cultural bias inherent in analyzing accountability systems with systems that are seen to operate successfully in other contexts. Additionally, the use of a cultural-based approach is more effective in understanding the real functioning of accountability in provincial councils and companies.

The present research is based on the naturalistic method of research, which utilizes individual case studies and detailed fieldwork. Naturalistic research commences from specific real-world situations; the main intention is to understand the systems of accountability that provincial councils and companies practice, given the cultural context in which they operate. Hence, the research explores the role of accountability in the context of the Lau and Namosi provincial councils and companies, rather than seeking to provide generalisable conditions for a wide segment of society (Tompkins and Groves, 1983), in this case all provincial councils and their companies.

Use of a scientific approach is both impractical and inappropriate for the following reasons.

- Accountability as explained in the literature is socially constructed and exploratory studies are needed to understand what is accounted for, how it is accounted and why is such accountability provided.
- There is limited number of possible observations; given Fiji only has fourteen provinces. Thus, only fourteen provincial councils and companies can be studied.
- Despite provincial councils and companies having apparent common objectives, there will be different perspectives on what constitutes provincial development in each province and different sets of economic opportunities for the different provinces. Additionally, provincial populations differ in both size and in terms of urban and rural concentrations.

This chapter is structured in the following manner. Firstly, the methodological basis for this research is outlined. Secondly, the research methods and justification of the choice of methods is discussed. Thirdly, a discussion of the data collection method is provided, and finally a summary of the chapter is provided.

3.2 The Methodological Basis of Research

For every investigation that is conducted within a research study, there will be an underlying assumption of the research approach. Such an assumption would be based on the research paradigm adopted and contains all aspects from the ontological assumptions to the detailed choice of data collection methods (Laughlin, 2007). As Ryan, *et al*. (2002) suggests that:

> "*…the assumptions which the researcher holds regarding the nature of the phenomena's reality (ontology), will affect the way in which knowledge can be gained about the phenomenon (epistemology), and this in turn affects the process through which research can be conducted (methodology). Consequently, the selection of an appropriate methodology cannot be done in isolation of a consideration of the ontological and epistemological assumptions which underpin the research in question*." (p.35)

To make a choice of the nature of the social world and what constitutes reality, Morgan and Smircich (1980) provide a continuum of core ontological assumptions ranging from a purely objective view of concrete reality to a subjective view of reality being merely a projection of human imagination as shown in Table 3.1. Morgan and Smircich's six-way classification illustrated the different ontological views held by social scientists making clear the basic assumptions about ontology, human nature and epistemology. Naturalistic research falls to the left side of the research continuum where reality becomes subjective, moving away from the highly objective and positivist view towards the right side of the research continuum.

For the purpose of this research work, the ontological view adopted is 'reality as a social construction'. Hence, assumptions about human nature views man as a social constructor to make his world intelligible not only to the constructor but to others as well. However, Morgan and Smircich (1980) make clear that each paradigm is not perceived as discrete. The network is to be understood as a continuum allowing insights to be drawn from a neighbouring paradigm. Hence, there can be some movement between the fifth and fourth paradigms, where reality is viewed as a realm of symbolic discourse, with emphasis on understanding the meanings that people attach to symbols and relationships. This is developed in section 3.2.1.

Table 3.1: *Network of Basic Assumptions Characterizing the Subjective-Objective Debate within Social Science*

	Subjectivist Approaches to Social Science					**Objectivist Approaches to Social Science**
Core ontological assumptions	Reality as a projection of human imagination	Reality as a social construction	Reality as a realm of symbolic discourse	Reality as a contextual field of information	Reality as a concrete process	Reality as a concrete structure
Assumptions about human nature	Man as pure spirit, consciousness, being – humans are viewed as intentional beings, directing their psychic energy and experience in a meaningful, intentional form. They shape the world within the realm of their own immediate experience	Man as a social constructor; the symbol creator – humans create their realities in the most fundamental ways, to make their world intelligible to themselves and others. Individuals create a shared reality, which may disappear when not sustained by the members	Man as an actor, the symbol user – views humans as social actors interpreting their milieu and orienting their actions in ways that are meaningful to them through their world of symbolic significance	Man as an information processor – human beings are engaged in a continual process of interaction and exchange with their context	Man as an adaptor – human beings exist in an interactive relationship with their world	Man as a responder - humans are responding mechanisms; product of the external forces in the environment to which they are exposed
Basic epistemological stance	To obtain phenomenological insight; revelation – knowledge rests within the subjective experience - appreciation of the	To understand how social reality is created – analyzing the specific processes through which reality is created – demonstrate the	To understand patterns of symbolic discourse - emphasis is on how social situations should be researched to reveal its inner	To map contexts – emphasis is on the importance of understanding contexts in a holistic fashion	To study systems, process, change – emphasis on the need to understand process and change	To construct a positivist science - emphasis on the importance of studying the nature of relationship

	world phenomena, dependent on the ability to understand the way in which human beings shape the world from inside themselves	methods used in everyday life to create a subjectively agreed or negotiated social order	nature. Findings may not be generalizable but provides insightful and significant knowledge about the social world			among the elements constituting the structure
Some favoured metaphors	Transcendental	Language game, accomplishment, text	Theatre, culture	Cybernetic	Organism	Machine
Research Method	Exploration of pure subjectivity	Hermeneutics	Symbolic analysis	Contextual analysis of Gestalten	Historical analysis	Lab experiments, surveys

(***Source***: Adapted from Morgan and Smircich (1980, p.492))

3.2.1 Fifth Paradigm of the Morgan and Smircich Framework and its Applicability

The core ontological assumption of the fifth paradigm is 'reality as a social construction', viewing man as a 'social constructor, the symbol creator' (Morgan and Smircich, 1980). The ontological assumption is that the social world is a continuous process and in order to establish a realm of meaningful definition, individuals work together to create shared, but multiple realities (*ibid*). According to Morgan and Smircich (1980), the emphasis in this category is to understand the methods and processes through which human beings concretize their relationship to their world.

Knowledge is confined to an understanding of the methods and processes used to structure reality, resulting in an agreed or negotiated social order. The reality that is constructed becomes objectively real to the members due to conscious or unwitting collusion (Chua, 1986; Morgan and Smircich, 1980). Therefore, there is a created social framework , which is a temporarily stable construct and becomes institutionalized, taken for granted and used to structure experiences (Chua, 1986).

Moving from the right to the left side of the Morgan and Smircich (1980) framework, in Table 3.1, the epistemology involved in naturalistic research does not hold that findings can be universally generalizable. Nevertheless such research, which is relative and specific to the immediate context and situation from which it is generated, provides insightful and significant knowledge about the nature of the social world (Morgan and Smircich, 1980).

The unit of analysis in this research is Fiji's provincial councils and companies, which have an established place within the provincial society and the national economy for the development of indigenous Fijians. A provincial council is a local government authority looking after the welfare of the indigenous Fijians within a province. Provincial companies were established by their respective provincial councils to operate the province's commercial activities and contribute to social and economic development within the province. The financial performance of provincial companies has not generally been a success story over the years (Kontiki Capital Limited, 2007) and there have been criticisms that the systems of accountability to the respective provinces has not functioned effectively or at all in most cases for both provincial councils and companies (*see* Durutalo, 1997; Qalo, 1984; Ratuva, 2000).

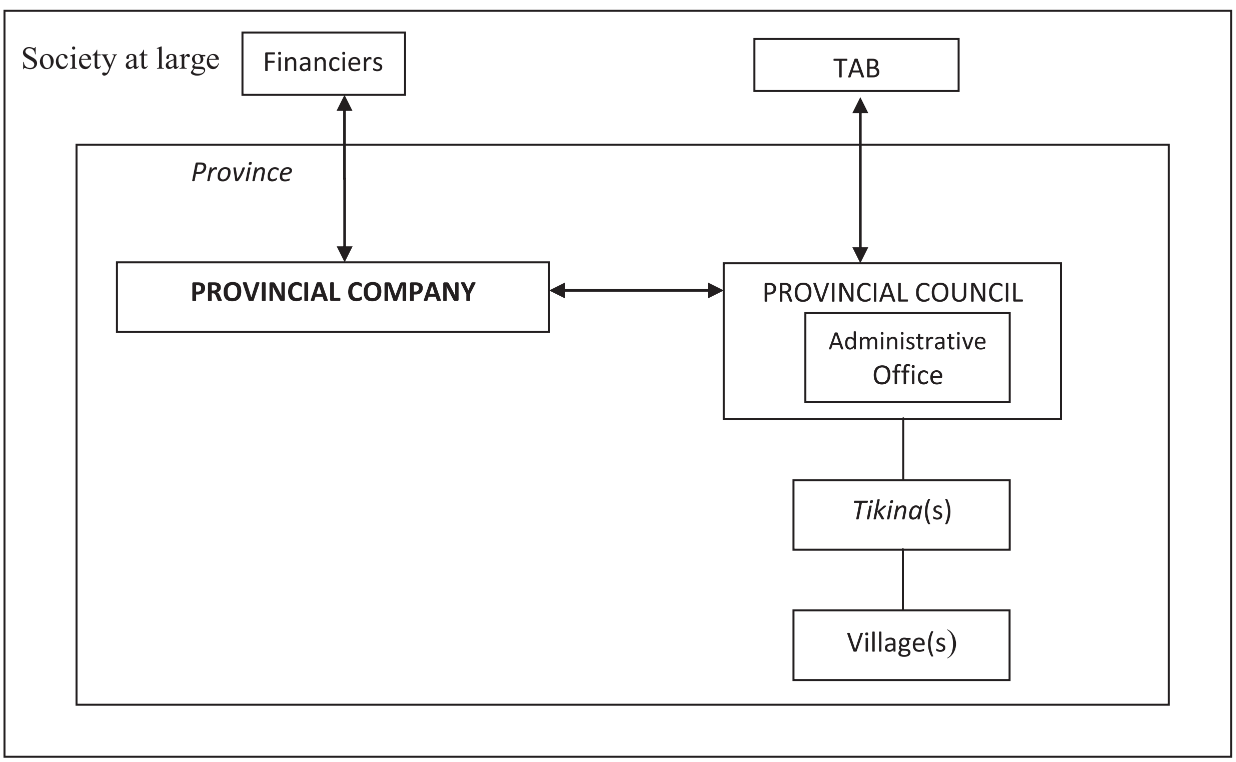
All the fourteen provinces in Fiji have established a provincial company or cooperative, mainly through the collection of funds from the provincial and district levels (Narube, 2007).This distinguishes provincial companies from individual entrepreneurs. Provincial companies are intended to provide services and / or an income stream to a particular province. The business activities the provincial companies become involved in are naturally determined by the economic opportunities that are available in the particular province. These naturally vary from province to province. Also the different provincial leaders may employ differing rhetoric in the establishment of their provincial company, thus articulating differing explicit objectives.

However, they tend to have a common mission in fostering activities in remote areas where operating costs are high, where other business enterprises would not choose to operate and subsidizing traditional activities of the province upon requests from the Council. As a consequence they have usually reported low or negative profits.

This research focuses on provincial councils and companies, and their accountability to their various stakeholders within a provincial set-up (*see* Figure 3.1). As there are different groups involved from the provincial council leaders, to the *Tikina* representatives and the *Turaga-ni-koro*s (village headmen), each group would have a shared but multiple perceptions and expectations of the operations of their respective provincial council and company. Gelfand *et al*. (2004) outlined in Table 2.4 that people in different cultures have different needs for accountability and the cultural traits within a particular society would determine how accountability would be provided. Additionally, as explained by Bracci (2009) accountability processes and technologies do not remain constant but rather vary in time and space according to the localized situation and culture.

Within the province, the various parties identified in *Figure 3.1* have different needs for accountability. The council itself, the provincial population and the TAB may all have differing expectations of the provincial company's roles. Consequently expectations gaps with regards to accountability could emerge, creating misalignment in accountability webs leading to tensions and conflicts among stakeholders. This could be expected where there is significant power distance in society. Rika *et al*. (2008) for example found that accountability provided by the Namosi Provincial Council to members of the province, who contributed to the council's funding, was seriously lacking.

Figure 3.1: *Provincial council and company key party relationships*



This research considers the cultural traits influencing accountability in Provincial Councils and how they have in turn influenced accountability within their provincial companies. Further the study attempts to gain a deeper understanding of the processes which led to the creation of provincial companies and in doing so understand the provincial councils' and companies' accountability systems, as well as the expectations of accountability sought by the province. It also considers the implications of employing accountability frameworks where they are seen to be at odds with stakeholder needs and cultural norms.

3.3 Research Method

The definition of 'case study' adopted is that of Yin (2003). Case study research is seen as an empirical enquiry that investigates a contemporary phenomenon within a real live context, especially when the boundaries between phenomenon and context are not clearly evident *(ibid).* Furthermore Yin points out the functions of a case study that relate to the work in question. First the case study method is suited (but not exclusive) to explanatory and exploratory studies. Second, the research questions relate to contemporary events, over which the researcher has little or no control. Thirdly, the case method's unique strength lies in its ability to deal with a full variety of evidence – documents, interviews and observations. This illustrates the ability of the "all-encompassing method" to collect a wide range of evidence for analysis and conclusions to be drawn. As quoted by Yin (2003, p.12),

> *"The essence of a case study is…it tries to illuminate a decision or a set of decisions: Why they were taken, how they were implemented, and with what result."* (Schramm, 1971)

Yin (2003) explains that the research questions indicative of the case study strategy are in terms of "who", "what", "where", "how" and "why". This study's main research questions are: What is accounted for and how it is accounted for? To whom is accountability provided? Why provincial councils and companies follow such systems of accountability? What form of accountability do stakeholders in the province seek? What are the implications of any incongruities that emerge between accounting provided and accountability sought? Hence, the type of research questions focused on in this research is indicative of the case study method (Yin, 2003), making it appropriate for this research.

The methodology chosen reflects the assumptions of the adopted research paradigm (Collis and Hussey, 2003) and in turn determines the research method chosen. Hence, within the interpretative research approach where there is a lack of theory and real difficulties in defining context, the case study approach to research and inquiry offers such an advantage (Hagg and Hedlund, 1979; as cited in Mala, 2006). This is as case studies "focus on understanding the dynamics present within a single setting" (Eisenhardt, 1989; as cited in Collis and Hussey, 2003, p. 68). Additionally, "case study research is extremely useful in raising questions, highlighting issues, developing and testing theory, and providing guidance in solving problems"(Cooper and Morgan, 2008, p. 161).

Case studies are usually undertaken for exploratory purposes with a view to go beyond mere descriptions towards explanations (Otley and Berry, 1994). Similarly, Bracci (2009) argued that case study research is an important method for theory construction, in the context of obtaining insights into the operation of accountability webs. Hence, this study explores the role of accountability in the context of two provincial councils and companies in Fiji, by the use of in-depth case studies. The use of the case study research method is useful as it "…considers the values, interests, and operations of power involved – who gained, who lost, and why" (Cooper and Morgan, 2008, p. 160). It also provides deeper understanding and helps articulate and explore the conflicts about values, interests and power in complex situations (*ibid*, p.164).

The comparative cases are that of the Lau and Namosi provincial councils and companies. As the provincial companies were established by the provinces to assist the provinces they are inherently linked to their respective provincial councils. The selection of these two councils and companies was made on the basis of a profitable and non-profitable company. Accessibility also influenced the selection. Namosi is relatively close to Suva (Fiji's capital city) and has only five *tikinas,* all within ready travelling distance. Although Lau is a maritime province the Yatu Lau company office, its management and Board of Directors are all located in Suva. Contact with the companies' officers had been established prior to the commencement of the research. The executive officers of the two entities understood the objectives of the research and had agreed to interviews and to provide access to company documents on the public record.

The Yatu Lau Company Limited was established in 1972. The company now owns a substantial portfolio of commercial property and equity investments with shareholders from within the province as well as outside, made possible by the company's public offer of shares in 2007 (Kontiki Capital Limited, 2007). The Namosi Development Company Limited was established in 1994 is heavily indebted and has not made profits over the years since its establishment (*see* Table 6.8). The Lau and Namosi provincial councils are also studied as they play a pivotal role in the establishment of their respective provincial companies, and have also been criticized for lack of transparency and accountability to their respective provinces. Therefore, the case studies illustrate the councils' and companies' performance and outline the accountability provided and required from the respective organizations.

An understanding of the accountability mechanisms in the case of Fiji's provincial councils and companies is crucial, given the magnitude of government expenditures in the area of indigenous affairs, the intractable problems faced by the provincial councils, official reports over the years (1957-2007) emphasizing the lack of accountability, inadequate practices of accounting and monitoring, and the slowly increasing proportion of disgruntled people they are supposed to serve. However, as each provincial council and company operates in different cultural and economic contexts, conclusions drawn from studying the Lau provincial council and company cannot automatically be deemed to apply to a provincial company elsewhere. Neither can conclusions drawn from a study of the Namosi provincial council and company.

This research work can stand as a pilot study, which can be extended to analyse accountability frameworks in the other provincial councils and their companies. This would assist other provinces understand how accountability is affected by culture and the appropriate forms of accountability to be practiced in their organizations to improve their operations and increase the confidence of stakeholders in such institutions.

3.4 Data Collection

For the purposes of this research, data was collected through content analysis of the annual general meeting minutes, provincial council meeting minutes and annual reports of the respective provincial councils and companies, including using information that was forthcoming from the public domain. Additionally, there were semi-structured interviews with the council and company executives, as well various stakeholders of the provincial councils and companies.

The semi-structured interview schedules were developed from a review of the previous literature and contain certain guiding questions, while being flexible enough to delve deeper into issues that emerge during the course of each interview. Interviews were conducted with the company executives of the respective companies, as well as with the provincial council officers and TAB officers, and *Tikina* representatives of the respective provinces. The intention of each interview is to gain understanding of the role of the provincial council and company within the province from the different parties, the level of accountability provided to stakeholders and what form of accountability is sought from the members of the province in respect of their provincial council and company.

For each case, an initial interview was conducted with the Chief Executive Officer (CEO) and one interview with the chairman of the respective companies. Follow-up interviews were conducted with the CEO for verification and gathering additional information regarding the companies. Additionally, for the Lau province six *Tikina* representatives were interviewed, whereas for the Namosi province five *Tikina* representatives and four company directors were interviewed. Also, additional follow-up interviews were conducted with both Lau and Namosi provincial council and company for clarification and verification. These interviews lasted from 60 to 120 minutes and to enhance the reliability of the collected data, each interview started by describing the objectives of the study. Interviewees were asked regularly to provide specific examples to substantiate their thoughts. Furthermore, all interviews were tape-recorded and transcribed upon completion. Complete anonymity and the guarantee that no other organisation member would examine the transcript were provided.

In order to support the interview data and enhance the reliability of the derived findings, for each case, archival materials – specifically minutes of meetings, annual reports, corporate plans, articles and memorandum of association, newspaper articles and other news media – were obtained and analysed. Furthermore, observations at provincial council meetings generated numerous field notes, containing a wide variety of impressions, comments and anecdotes. These field notes provided an overall impression of the relationship between the provincial council, the provincial population and the provincial company.

3.5 Summary

This chapter discussed the methodological framework and the research methods used in this research. Details on the data collection methods employed in this research are highlighted. The chapter argues that the assumptions about ontology, epistemology and human nature shape the research method chosen. Comparative case studies of the two provincial councils and companies provides an understanding of the accountability systems in place, and the implications of any incongruities between accountability provided and accountability sought. Additionally, utilizing the accountability web concept (Gelfand *et al*., 2004) enables the use of a cultural framework to understand the real functioning of accountability within provincial councils and companies. Hence, the case study method is appropriate for this research, as it is a valuable tool in understanding complex phenomena (Cooper and Morgan, 2008).

Chapter Four

Provincial Councils and Companies in Fiji

4.1 Introduction

The provincial councils were established by the British colonial administration in Fiji's fourteen provinces[8] (see Davie, 2000, 2007: Durutalo, 1997; Rika *et al*., 2008). They still form part of the Fijian Administration (*see* Figure 4.1). In the early post-independence period, the provincial councils facilitated indigenous Fijian participation in commerce (Ratuva, 2000) through initiating the establishment of provincial companies and cooperatives. From the years 1968-1996, all the fourteen provincial councils have established at least one provincial company with the purpose of generating additional income streams for the provincial council and members of the province.

This chapter is divided into two sections. Firstly, a review of the Fijian Administration is provided to understand the context in which provincial councils and companies were established. Secondly, the limited literature on provincial councils and companies and their systems of accountability will be considered.

4.2 The Fijian Administration

Fiji was annexed to Great Britain on the 10th October 1874 under the Deed of Cession. This was a treaty signed between leading Fijian chiefs and the British Government whereby Fiji became a British Crown Colony. The British in the 1800s expected all their colonies to be self-financing, at least in the long term and indigenous collaboration generally facilitated this objective (Davie, 2000, 2007). Hence, the traditional chiefly structures were extended and transformed into "instruments of surveillance, control and accountability" (Davie, 2000 p. 334). This resulted in a "very powerful chiefly elite who

[8] Excluding the island province of Rotuma.

came to regard themselves as the custodians of Fijian customs and traditions" (Durutalo, 1997, p. 3). Therefore, social control of the indigenous Fijians was exercised through the chiefs (Durutalo, 1997, p. 37) and importantly served two purposes: first, it "enabled a handful of colonial officials to control a much larger indigenous population" and second, was a "relatively inexpensive style of colonial rule" (Davie, 2007, p. 257; Durutalo, 1997; Sutherland, 1992). Therefore, the "significance of the extant Chiefly hegemony in Fiji has colonial roots" (Davie, 2005, p. 552).

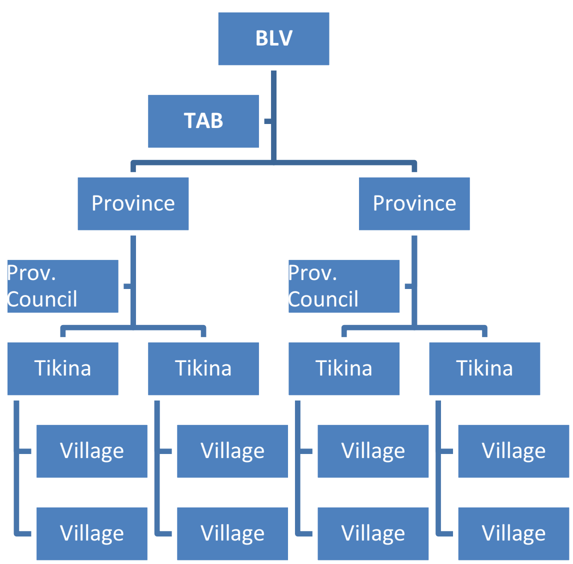
To enable the above and enhance collective administration, Fiji was first divided into geographical entities, often with different *Vanua*(s) having minimal links to each other, amalgamated to form a province (Durutalo, 1997). The *Vanua* is a traditional Fijian district encompassing all the resources (human and non-human) in a defined boundary (Durutalo, 1997; Qalo, 2005). Thereafter as seen in *Figure 4.1*, every province came under the charge of its provincial council, which became the "cornerstone" of control for the colonial administration (Durutalo, 1997). A province was then divided into districts (*tikina*s), with each district containing a number of villages. The enforcement of social control was further enhanced as traditional chiefs were given the leadership of the different "communal units" (Davie, 2007) with a fixed salary under the colonial provincial government (*see* Durutalo 1997, p. 84). Hence, chiefs who were able to maintain an orderly society were rewarded as *Roko* (provincial governor) or *Buli* (district chief) and educated as provincial administrators (*ibid*). This entrenched a hierarchical authoritarian social system, where orders filtered from the apex to the base and obedience, with allegiance, filtered back from the base to the apex (*ibid*, p. 7).

The chiefs were elevated to greater status and authority in 1945 during the reorganization of the Fijian Administration, which gave leading chiefs almost full command over Fijian affairs (Norton, 2002). For not only was their authority strengthened as provincial/district administrators, but the chiefly authority was also effectively established as an autonomous body within the general government of Fiji

(Durutalo, 1997) as depicted in *Figure 4.1* below. The Bose Levu Vakaturaga[9] (BLV) legitimized the chiefly bureaucratic and political elite and they were projected as the guardians of indigenous Fijian identity, culture and economic benefits in the face of the growing Indian population[10] (*ibid*, p. 138; Norton, 2002, p. 108). Davie (2005, p. 552) argued that the chiefly hegemony was reinforced through the creation of provincial councils and created a recognised political and social aristocracy within the indigenous Fijian community.

The BLV continued at the apex of the hierarchical structure of the Fijian Administration and became the common voice of the indigenous Fijians (Ratuva, 2000; Singh & Reddy, 2007), until April 2007 when the august body was suspended and now remains dormant[11].

Figure 4.1 *Fijian Administration* (1945)



Source: Rika *et al.* (2008, adapted from Durutalo, 1997)
The number of districts (or *tikina*) and villages varies from one case to another.

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[9] Also known as the Great Council of Chiefs (GCC), hereinafter, referred to as BLV.

[10] The Indo-Fijian population first came to Fiji as a result of the economic imperatives of colonialism. This necessitated the import of indentured Indian labourers to Fiji between the periods 1879 to 1916 to extract profit from the sugar plantations (Ghosh, 2000).

[11] Fiji's interim government suspended the BLV due to an unworkable relationship.

Each province is governed by a provincial administration operated by the *iTaukei* Affairs Board (TAB) through the *Roko Tui*[12] and the provincial council. This provincial council shall be made up of *mata-ni-tikina*(s) (*Tikina* representatives); *Tikina* chiefs; women's representative; youth representatives; and urban dwellers representatives (Anon., 1996). The functions of the provincial council is to formulate and implement policies for the promotion of economic, cultural and social development of the province and other functions, which is administered from the Ministry of Indigenous Affairs or the *iTaukei* Affairs Board (*ibid*).

Each communal unit (i.e. village, district and province) has its own 'council', through which issues of concern are discussed and decisions disseminated. For instance, the village council holds monthly meetings held under the chairmanship of the village chief to discuss issues of concern to the village. Then at every quarter of the year, the village chiefs and headmen within a district congregate for the *tikina* council meeting meet to discuss development priorities for the district (Rika *et al*., 2008). It is here that the *tikina* council would nominate a fellow member to be their representative to the provincial council meeting. The nominated person is known as the *mata-ni-tikina*, and is responsible for raising issues concerning the district at the provincial level. The provincial council is to hold meetings twice each year, at the beginning and at the end of the year (Anon., 1996) attended by all members. Afterwards, respective members are to disseminate the outcomes at the next district meeting for the village headmen to communicate back to their own villages (*ibid*). This would be done verbally, as the TAB Provincial Council Regulations (2008) only requires that a report of the meeting be submitted to the TAB.

[12] In each province the *Roko Tui* is the Chief Executive Officer, Chief Accounting Officer appointed by the TAB and reports directly to the TAB. He is also the secretary to the provincial council.

As highlighted by Davie (2007, p. 261) “the strongest part of this structure [was] the communal system”. Such a communal system was defined in 1938 (as cited in Davie, 2007) as:

> *“…social systems of the Fijians under which they live together in villages, under the control of officially appointed headmen and Buli*(s)*, and perform certain services of common benefit to the village, the ‘tikina’ [district] and the provinces, services which are required of them by law.”* (p. 261)

Legislation and structures required a communal organization of labour for performance of communal duties in indigenous Fijian communities (Davie, 2007). This was made easier with the “regime of tribal and chiefly control in place” (*ibid*, p. 261). Today, even though the BLV is now dormant the role of the chiefs has been and continues to be significant in the traditional *vanua* settings. This is as chiefs symbolise the *vanua* and have overall control over the land and its people (Ratuva, 2000, p. 231). Therefore, they have influential power in the operations of the provincial administration and as Nayacakalou (1975, p. 135) explained the processes of the provincial councils were such that the influence of local chiefs was considerable and continues to be influential (*see* Rika et al., 2008). Cameron (2000, p. 134; as cited in Davie, 2000, p. 553) also highlighted that “most of the post-independence state policies have been shaped by an elite which used ethnic identities as a basis for political mobilization”.

4.2.1 Financial Background of Provincial Councils

Davie (2005, 2007) and Durutalo (1997) have both argued that provincialism in Fiji was a device of colonial capitalism to support the colonial administration and remunerate the chiefs in office. Hence, the colonial administration made deliberate efforts to ensure maximum generation of revenue through the communal set-up (Davie, 2007).

This began with a provincial produce tax (Native Taxes Ordinances 1876, 1886, 1890) imposed on the province, which was delegated to the districts within it and further broken down to village contributions. The village contribution became a communal obligation to be met by adult males in the village (Davie, 2007, p. 258). Therefore, tax was levied on defined communal units, where payment of taxes was extracted by each village having a garden with "regulated crop types to be grown" (*see* Davie, 2007, p. 262) by every adult male.

The Chiefs played an important role in that they ensured the "communal taxation activities" (crop planting) that was carried out within the communal unit was in accordance to the Provincial Board of Assessment[13] (PBA). The other role was to ensure that the estimated money equivalent of the tax crop was produced by the respective provinces under their charge (*ibid*). This was likened to a "revenue center" by Davie (2007), as the province's performance was assessed based on the amount of revenue collected. For example, revenue statements prepared showed each province's contribution, this was compared for performance and a basis of improving tax collection (*ibid*).

Hence, the chiefs as provincial administrators were responsible for the maintenance of the 'produce tax system'. Studies (Davie, 2007; Durutalo, 1997) have illustrated that during this period, the colonial administration tolerated the misuse of provincial funds. For instance, the excess funds received from sales of the produce after meeting the province's tax burden rather than being redistributed back within the province was "siphoned" by the *Roko Tui*, *Buli* or colonial administrators (Durutalo 1985, p. 209, as cited in Durutalo,1997). This was also confirmed in Davie (2007, p. 273) who showed that while the "purposes of generating tax revenue was for the state coffers", it also became a practice for the rulers to "coerce exactions for private interests". Additionally,

[13] A regulatory body appointed by the Provincial Council, for defining village boundaries and regulating the type of crops to be produced (Davie, 2007, p. 263).

as the district administrators (*Buli*) were paid minimal wages, the indigenous Fijians within a district became obligated by legislation to "swell the income of the *Buli*" (*ibid*, p. 267).

In 1913, indigenous taxation in terms of produce was no longer required by law and money payment of taxes was introduced, which continued to remain on a communal basis (Davie, 2007). Davie (*ibid*) noted that the continued use of the communal system was not because it was "most suited to Fijian peculiarities" (p. 270) as argued by colonial administrators, rather it was because "a communal system of taxation achieved the maximum collection of the desired revenue".

In 1945 when the Fijian administration was being reorganized, the colonial administration's expectation was that such a structure (*see* Figure 4.1) would enhance efficient management and cost reduction (Durutalo, 1997, p. 103). Hence, the proviso handed from the colonial administration was that there should be "a more frequent and stringent financial inspection of its operations"(West, 1961, p. 260), as the new Fijian Affairs Board (FAB)[14] was given control over its own treasury and revenue. This meant that FAB regulated the receipt, custody and disbursement of revenue, for accounting and audit and was in control over the finances of the provincial administration (Larmour, Qalo, & Chivot, 1985; Qalo, 1984).

However, over the years, provincial councils have been unable to perform their role in the promotion of economic development and all have highlighted financial problems in relation to accountability and transparency (Spate, 1959; Burns *et al*., 1960; Cole *et al.*, 1985; PriceWaterhouseCoopers, 2002). In 1957, the first of the many reviews of the Fijian administration, the Fijian Administration underwent a financial scrutiny and major weaknesses were highlighted in its financial affairs (McDougall, 1957). First, the provincial administration was not able to cover administration costs, income being

[14] Now known as the *iTaukei* Affairs Board (TAB).

secured from an "unfair" tax system that has not contributed to socio-economic development, and government annual grants continues to create further laxity in the provincial administration and council (McDougall, 1957). Secondly, the provincial council has no real powers or responsibilities and continues to have inadequate finances to meet the development needs of the province.

In a more recent study (Rika *et al*., 2008) on accounting and accountability of provincial councils, identified that although one of the provincial council's express responsibilities is to uphold good governance within their province, audited financial statements are not produced in a timely manner and often submitted up to five years late[15]. Rika *et al*. (p. 32) attributed the delay in preparing audited financial statements to: provincial councils' not providing information to auditors for audit purposes; supporting records for preparing financial statements not maintained by provincial councils; the lack of suitably qualified finance officers within provincial councils; outdated manual systems; with centralized preparation of financial statements for all fourteen provincial councils at the TAB creating further bottlenecks.

Additionally, detailed financial statements are not made available to the indigenous Fijians within a province (*ibid*).This is as the provincial administration is only required to exhibit financial statements at the provincial office and to publish them in such manner as the council considers as being in accordance with local custom (Rika, *et al*., 2008). Rika *et al*. argue that such a requirement appears to be quite vague and provides the provincial administration and council with substantial latitude for selective interpretation and further laxity in terms of accountability to members of the province.

Davie (2007) and Rika *et al*., (2008) have illustrated that at the provincial level, communal arrangements instead of emancipating the people have exploited the indigenous Fijians, to increase the revenue for the "state coffers" and also provided a site

[15] However, from this study it was found that audited financial statements for the provincial councils studied were ten years late.

for "rulers to coerce exactions for private interests". This was rationalized through accounting processes, which members of the province were unable to understand and therefore felt less empowered to ask questions that would hold the provincial councils accountable for use of their funds. Davie (2005, p. 554) refers to the "significance of accounting…what it succeeds in making absent and silent" and "its ambiguity-creating capacities" (2000, p. 331). In addition, traditional protocols also impede open discussion. As explained by Rika *et al*. (2008, p. 30) "though the paramount chief does not chair the meeting himself, his decisions are final and cannot be challenged. For example, he may unilaterally decide to defer or terminate discussion on a certain issue, thereby "silencing" questions from the floor".

4.3 Provincial Companies in Fiji

The Fijian Administration serves the indigenous Fijian population in the provinces through their respective provincial councils, and services are to be paid for by the provincial levies expected of them (Nayacakalou, 1975 ; Rika, *et al*., 2008). However, there continues to be a greater need for economic development[16] in the provinces, especially when provincial levies have continued to substantially decline over the years (Rika, *et al*., 2008). This made the provincial councils shift from their original role of social control, to become the facilitating mechanism and guardian for indigenous Fijian participation in commerce since the early post-independence period (Ratuva, 2000).

It is through the provincial council that the provincial company was established, with the intention that the latter would look after the province's investments and supposedly contribute to provincial development. Therefore, the role of the provincial company was fundamentally geared towards assimilating Fijians into mainstream commerce (Ratuva, 2002) with the objectives "that with sound investment and good businesses, the benefits

[16] Davie (2005, p.552) mentioned that the concept of development is vaguely defined in the indigenous Fijian context. Hence, there is a need to understand and explore the politics of indigenous development in Fiji.

of development would filter down to the ordinary indigenous Fijians" (Ratuva, 2000, p. 230). However, even after provincial companies have been established there continues to be virtually minimum economic development given back to the provinces (Durutalo, 1997; Ratuva, 2000, 2002).

The equity for these companies was first mobilised through the '*soli vakavanua*'[17] or voluntary contributions of each province to the provincial company, according to Ratuva (2002, 2000). Davie (2007, p. 266) referred to such donations as contributions to charity as they are given free of interest, however, there is always the expectation from the indigenous Fijian donors for a return in the future (*see* Rika *et al*., 2008). Ratuva (2000, p. 230) argued that such donations appealed to the communal sense of obligation to the *vanua* and can be witnessed in the altruism of the province in the community collections and traditional festivals (*see* Narube, 2007), for the investment purposes of the provincial company or wherever the provincial council saw fit. Rao (2004) noted that funds raised have been used to buy shares in companies in order to increase the portfolio of Fijian communal capital. Ratuva (1999) described such a relationship as "primordial servitude…adapted to modern commercial exploitation" (p. 231).

Funding was also provided by the government through the TAB Small Business Unit (SBU). This TAB SBU was established in 1994. The purpose of the TAB SBU

> *"…is to help indigenous Fijians in business, whether individual, family, or provincial…provincial companies were charged 8% fixed interest on the principal amount…Government gave us the funding from 1994 to 2000, $1million per year and after the first five years SBU was to start paying back the government $1million annually from collections. But in 2000, SBU was not able to pay government back due to non-payment from debtors and government stopped funding."* (TAB SBU Officer, Interview Transcript 2009)

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[17] *Soli vakavanua* as equity will be further explored during the course of this research.

As illustrated in Table 4.1, the provinces started establishing their various provincial companies and cooperatives through the provincial councils from 1968 to 1996.

Table 4.1: *The provincial companies owned by the fourteen provinces of Fiji*

Province	Company Name	Date Established
Ba	Ba Provincial Holdings Co. Ltd	1995
Bua	Bua Holdings Ltd	2002
Cakaudrove	Cakaudrove Provincial Holdings Ltd	1995
Kadavu	Kadavu Development Company Kadavu Shipping Company Kadavu Holdings Ltd	1973 1990 1991
Lau	Yatu Lau Company Ltd	1972
Lomaiviti	Lomaiviti Holdings Ltd Lomaiviti Shipping Services Ltd	1991 1999
Macuata	Macuata Provincial Corporation	1994
Naitasiri	Naitasiri Provincial Investment Co-operative Association Ltd	1987
Namosi	Namosi Development Co. Ltd	1994
Nadroga/Navosa	Nadroga/Navosa Investments Holdings Co. Ltd	1991
Ra	Ra Provincial Holdings Ltd	1996
Rewa	Rewa Provincial Holdings Co. Ltd	1992
Serua	Serua Provincial Investment Co-operative Ltd	1996
Tailevu	Tailevu Provincial Holding Co. Ltd - Tailevu Dairy Farmers Co-operative Association Ltd - Tailevu Provincial Co-operative Dairy Farm Ltd	1996 1968 1979

Source: Fiji Registrar of Companies

Qalo (1984) listed the business schemes that provincial councils started with, this included wholesale and retailing cooperatives, shipping, farming (e.g. copra planting, piggery, poultry, sugar cane and dairy), bus companies, and investment shares bought from local companies. Currently, provincial companies are engaged in the building and rental of office complexes to the government[18].

Funding is mainly through bank long term loans and loan repayments are made from rental income and in some cases, provincial contributions raised through festivals or *soli vakavanua*[19] (Narube, 2007). Additionally as mentioned by Taylor (2002) and Qalo (1997), there was ready access to funds through the Fiji Development Bank and the National Bank of Fiji for indigenous Fijian businesses and investments. This enabled provincial companies to carry out their business ventures through attaining the necessary financial capital.

However, a majority of the business schemes have not been profitable and some have suffered heavy losses in their existence, became heavily indebted, resulting in liquidation (Ratuva 2000; Qalo, 1984). Qalo (1984) observed that the expansion of provincial council functions into commercial investments was hasty and ambitious and resulted in heavy losses to be borne by the provinces. This often results in the provincial councils having to divert their income streams from government funding[20] and dividends[21] to pay for outstanding debts of the provincial company (Ratuva, 1999).

As highlighted by Rao (2004), citing from the Citizens Constitutional Forum (CCF), about the Ra provincial companies.

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[18] This was part of government's "Blueprint for the protection of Fijian and Rotuman rights and interest and the advancement of their development".

[19] This is where each village or *Tikina* (district) contribute in raising funds for the province.

[20] The government through the Ministry of Fijian Affairs allocates $100,000 per year to each province for development projects decided upon by the provincial council.

[21] Each province has investments in Fijian Holdings Limited and Yasana Holdings Limited. Both companies were established with the assistance of government to facilitate provincial investment, and the latter is an investment company owned collectively by the fourteen Fijian provinces.

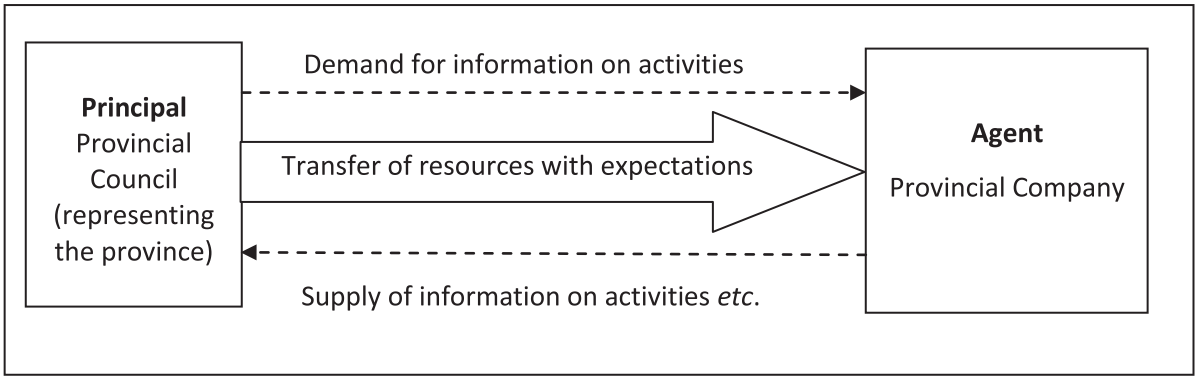
> *"These companies are accounting nightmares to anyone trying to make sense of their accounts…The council's fixed assets base has been eroded because they decided to use it to guarantee loans obtained by the two provincial companies…Dividends from the two companies will most likely not earn income for Ra Provincial Council for a number of years, since the rental income and loan repayments are fixed …Dividend income from shares held in Fijian Holdings Ltd has been assigned to pay back loans. The Council does not have any shareholding in the companies nor has direct control over their operations … As a result, it is difficult to establish the nature of the companies in relation to the Council."* (CCF, Fiji Sun, 13 March 2004, p.2; as cited in Rao, 2004, p. 72)

Consequently, the development of provincial companies has been argued to fail in improving the socioeconomic conditions of the rural provinces. As Ratuva (2002) argued the creation of these companies in the first instance failed to address the basic question of poverty within a province. This can be seen where the return on the investments in most cases, is used to sustain the provincial council's administrative operations and the individuals and groups who have direct access to it (Ratuva, 2002). Similarly, Durutalo (1997, p. 123) explained the companies have often been used to sustain the "overdeveloped" administrative system of the council. Therefore, Ratuva (2002) recommended that the economic feasibility and credibility of such indigenous owned companies needs to be facilitated by a clearly defined system of constant monitoring and a transparent reporting process (*ibid*).

4.3.1 Systems of Accountability in Provincial Companies

It is from the above literature that a model of accountability is illustrated in the case of provincial companies (as seen in *Figure 4.2*). This is theorized from the accountability system that operates in the context of provincial councils (*see* Rika *et al*., 2008).

Figure 4.2 *Hierarchical accountability relationships in provincial councils and companies*



Source**:** *Adapted from Laughlin (2000, p. 52)*

The establishment of provincial companies was the initiative of the respective provincial councils, with the intention of raising the much needed finance for provincial development. Hence, the provincial companies' accountability is to their respective provincial council. The provincial council is required to hold an annual provincial council meeting and it is at these meetings that the provincial company makes itself accountable to the provincial council, which will then disseminate this information to the districts and villages within its respective province.

However, it has been criticized that provincial companies "currently operate without a shred of accountability or transparency" and in some provinces, the provincial councils do "…not have any shareholding in the companies nor have direct control over their operations…" (Fiji Sun, 13 March 2004, p. 2; as cited in Rao, 2004) despite the province's contribution through its respective provincial council.

Therefore, the stakeholders (province) may call the provincial companies to account in order: to control the abuse of power, to build trust, and to facilitate learning. Yet there is little known about the role accountability demands play and how provincial councils and companies respond. It is within this research that the systems of accountability of provincial councils and companies, in the context of the provinces of Lau and Namosi will be clarified and outlined.

4.4 Summary

This chapter has provided an overview of the research on provincial councils and companies together with some discussion of the findings. Provincial councils are a structure of colonialism that still exists (Davie, 2005, 2007; Durutalo, 1997). Previous studies have highlighted the privileged positions of chiefs within the provincial set-up and the significant funds injected to promote provincial development (Qalo, 1984; Ratuva, 2000). However, provincial councils and companies have been criticized over the years, as not generating the needed development for their respective provinces and the lack of accountability to the respective provinces.

It is within the objective of this study to understand and explore accountability of provincial councils and companies for the Lau and Namosi provinces. Applying the concept of accountability webs, the nature of accountability within these organisations is explored.

CHAPTER 5

Accountability: The case for Lau Provincial Council and Yatu Lau Company Limited

5.1 Introduction

This chapter outlines the data from semi-structured interviews and reports the accountability frameworks that are used by the Lau Provincial Council (LPC) and the Yatu Lau Company Limited (YLC).

Using the LPC and the YLC as case studies, the accountability practices of the LPC and the YLC are explored, analyzing accountability practices within the entities and to external parties. Interviews were carried out with namely: the YLC Chief Executive Officer, the YLC Finance Manager, an officer from the growth fund the YLC lists on, the Assistant Roko Tui Lau and Treasurer from the LPC, the Principal Accountant and an officer from the *iTaukei* Affairs Board and the District representatives of the Lau province during the 2008-2010 periods. The accountability systems of the YLC and LPC are analyzed using the accountability web conceptual framework (Bracci, 2009; Gelfand *et al*., 2004).

The issues that were addressed in the interviews related to:

i. the role of the provincial company and council and to whom are they accountable;
ii. for what is the provincial company and council accountable;
iii. why accountability is demanded of the provincial company and council; and
iv. how accountability is transmitted back to the stakeholders of the two entities.

The discussion of the results will be structured as follows:

1. Background on the Lau Province, the LPC and the YLC;
2. Accountability Web Frameworks in the LPC; and
3. Accountability Web Frameworks in the YLC.

5.2 Background

5.2.1 Lau Province

The Lau islands lie in an arc some 150 to 200 miles east of Viti Levu, the main island of Fiji, and about 300 miles north-west of Tonga (Hooper, 1982). The Lau province comprises of fifty seven islands totaling around 490 square kilometers of which only 19 islands are inhabited, with a population of around 10,700 people living in the Lau islands and 57,485 Lauans[22] residing outside of Lau (Anon., 2007).

Hooper (1982) explains that an understanding of the Lauan notion of chieftainship is essential to an understanding of Lauan society as a whole.

> "*The chiefdom of Lau has been an integrated unit under the authority of the paramount chief (Sau ni Vanua ko Lau) since the late eighteenth century, but after Cession it was combined with the semi-autonomous regions of Yasayasa Moala (the chiefdoms of Moala, Kabara, Totoya and Matuku) and Vanua Balavu (the chiefdoms of Lomaloma and Mualevu)[23] to form the province of Lau. During the course of time this administrative unity has become a customary unity for the chiefdoms of these two regions and recognize the authority of the Sau ni Vanua*

[22] These are the Lauans who have migrated from the islands and are now residing outside of the Lau province in the rural and urban centers of Fiji.

[23] Formerly *Yasayasa Moala* was linked with *Bau* and *Vanua Balavu* with *Cakaudrove* (Hooper, 1982, p. 47).

ko Lau[24] *and participate in enterprises which he sponsors…*" (Hooper, 1982, p. 47)

The Lau province has 13 districts (*tikina*) and 72 villages, with the population of each district and its associated village tabulated below.

Table 5.1: *Lau Province Population - 2004 Survey*[25]

District (*Tikina*)/Village (*Koro*)	Population
LAKEBA (8 villages)	**1,709**
Tubou	722
Nasaqalau	224
Waitabu	223
Yadrana	206
Levuka	146
Nukunuku	117
Vakano	71
MOALA (8 villages)	**1,479**
Naroi	387
Nasoki	262
Keteira	115
Vunuku	143
Cakova	158
Vadra	126
Maloku	203
Nuku	85
MUALEVU (8 villages)	**994**
Mualevu	222
Mavana	197
Daliconi	134
Malaka	88
Muamua	76
Boitaci	79
Cikobia	53

[24] Also referred to as the '*Tui Nayau*', who is the paramount chief of the Lau province.

[25] The LPA office had not conducted any recent surveys at the date of this research.

Avea	145
CICIA (5 villages)	**936**
Tarukua	163
Tokalau	92
Lomaji	250
Mabula	341
Naceva	90
LOMALOMA (9 villages)	**845**
Sawana	155
Suisui	77
Lomaloma	108
Norocivo	91
Namalata	82
Uruone	66
Levukana	96
Dakuilomaloma	58
Tuvuca	112
TOTOYA (5 villages)	**761**
Tovu	Not Available
Ketei	219
Dravuwalu	160
Udu	180
Vanuavatu	202
KABARA (6 villages)	**697**
Naikeleyaga	107
Tokalau	167
Lomaji	52
Udu	103
Namuka	268
Komo	Not Available
MATUKU (7 villages)	**681**
Yaroi	131
Natokalau	85
Qalikarua	142
Levukaidaku	97
Makadru	128
Raviravi	34
Lomaji	64
Waiqori	81

Dakuiloa	63
ONO (5 villages)	**554**
Nukuni	150
Lovoni	Not Available
Matokana	91
Doi	104
Vatoa	209
MOCE (2 villages)	**543**
Nasau	359
Korotolu	184
NAYAU (3 villages)	**427**
Salia	145
Liku	138
Narocivo	144
FULAGA (4 villages)	**409**
Muanaira	101
Muanaicake	122
Naividamu	87
Ogea	99

***Source*:** Lau Provincial Council (2004)

Each *Tikina* will have a number of villages and each village is further divided into *Mataqali*(s) (clans) and the *Mataqali* is further divided into *Tokatoka*(s) (extended family units). Each *Tikina* have their own chief and so does each village, however, the paramount chief for the Lau province is known as the *Sau ni Vanua ko Lau*[26].

Hooper (1982) explained that "…membership of exogamous clans is in most cases determined by patrilineal descent; children are born as members of their father's clan…" Hooper (*ibid*) in describing the interactions of groups of people in Lau noted that

[26] The latest holder of this title was the late Ratu Sir Kamisese Mara. The successor to this title has not been installed since the death of the late paramount chief in April, 2004. Extended vacancies of this kind are commonplace in Fiji.

"*Honour and respect for elders is one of the fundamental codes of Lauan life and this is reflected in allowing precedence to elders, and especially to those who are leaders of their clans…this comes about naturally…*" (p. 31)

"*Forms of respect for the paramount chief are most marked, since he is the highest authority in the chiefdom of Lau…all minor chiefdoms recognize the authority of the paramount chief, the Sau ni Vanua, who resides at Tubou, Lakeba*." (p. 46)

Hooper (*ibid*, p. 33) further noted that it is not his intention to create an impression that

"*…Lauan social life is restricted and rule-bound…*", however, these "*…are social graces that are learnt by all members of this society from childhood and their implementation is part of the natural flow of things…*"

"*It is not a restricting convenience but an almost instinctive and therefore comfortable aspect of life*."

The LPA office survey (2004) revealed that from the 72 villages noted above only 65% have access to rural water supply, whereas the rest get their water from the rain and boreholes, and 56% have electricity through the Rural Electrification Unit. There are forty primary schools amongst the 72 villages and five secondary schools in the whole Lau province. Interviews with the LPA office revealed that these developments were financed through the government's provincial development fund and self-help projects where communities incur one third of the total cost and the balance of two thirds is to be paid by the government (Assistant *Roko Tui* Lau Interview Transcript, 2011).

The majority of the members of the Lau province reside in the urban centers; however, those that remain back in the province utilize their available natural resources in generating income. The Household Income and Expenditure Survey 2008-2009[27]

[27] http://www.statsfiji.gov.fj/Key%20Stats/HIES/14.3Average%20Hhold%20Incomes.pdf

revealed that in the eastern part (Lau group of islands) of Fiji the household income per adult is equivalent to $3,275 per annum, which is equivalent to $63 per week. An interview with the assistant *Roko Tui* Lau (2010) revealed that

> "*Coconut is their number one resource, not only in producing copra but coconut oil, and biodiesel … A big challenge for them now, is to plant sandalwood trees (yasi), and this is for future planning as they are now seeing the benefits of planting such trees. For example, in 2008-2009 the people of Ono were able to sell their sandalwood trees and receive over $2.6 million that is only for one district...Additionally, districts utilize their marine resources to earn income; they sell marine products and the district of Moala this year received around $981,000 from selling such products…Other small economic activities, include selling of handicrafts, mats* etc…"

It must be noted that financial transfers from Lauans on the mainland are not forthcoming in most cases, this is accepted by people in the islands and they understand that Lauans living in the mainland have a higher cost of living to maintain. Therefore, it is often that people in the mainland request back to the islands for coconuts and seafood to be sent over to the mainland[28] in exchange for some basic food commodities (Assistant *Roko Tui* Lau Interview Transcript, 2010).

Next, a brief background of the LPC is provided.

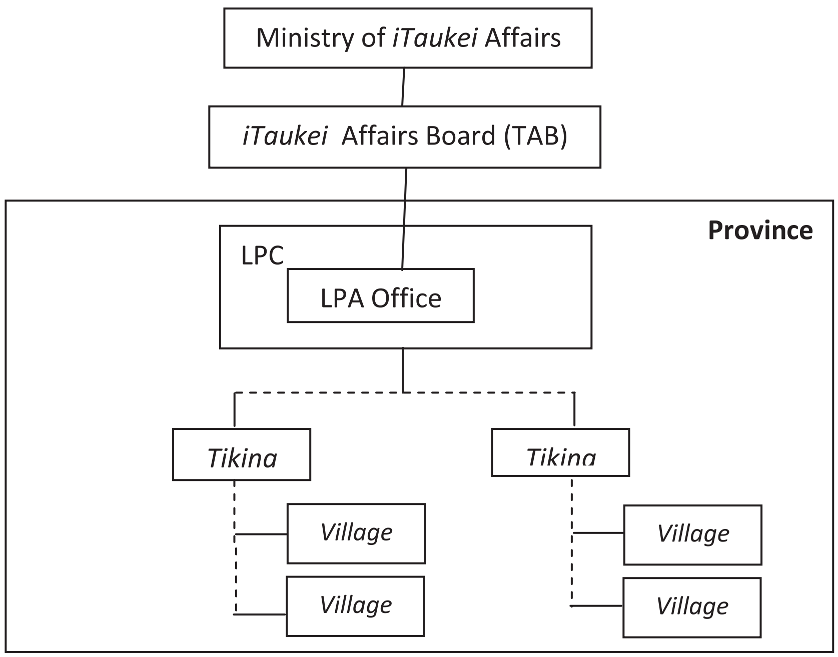
5.2.2 Lau Provincial Council (LPC)

The Lau Provincial Council is a structure that was established during the colonial administration and continues to exist today looking after the welfare and good government of the province. According to Rika *et al*. (2008), all of Fiji's provincial

[28] The author can collaborate this as well. Family members from the village are able to sustain themselves and have money to purchase the consumables they need. It is only when they come to the mainland that they need assistance in terms of accommodation.

councils are similar in that they are regulated by the Ministry of *i'Taukei* Affairs, and the same structures and regulations apply in all provinces. Additionally, there is little variation in the Fijian social structure (*see* Figure 5.1) across provinces.

Figure 5.1 *Fijian Administration structure – Lau Provincial Council*



The number of districts or *tikina* and villages varies from one case to another.
Source: *Adapted from Durutalo (1997)*

The functions of the LPC is to

> "…*promote the health, welfare and good government of Fijians resident in the province…"* (*iTaukei Affairs* (Provincial Council) Regulations, 2008).

According, to the *iTaukei* Affairs Regulations (2008) a provincial council shall meet at least once a year and the meeting papers to be prepared by the provincial council administrative office. In the LPC, the council members include the thirteen *Tikina* chiefs; fourteen *tikina* representatives[29]; five urban centers representatives; Youth and

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[29] This is as one of the bigger *Tikina* has two representatives.

Women representatives; small island representatives and their respective council leaders[30]. The LPA office is the secretariat and administrative arm of the LPC. The LPA office acts as an intermediary between the province and the government through the TAB.

The LPC is the central decision making body on issues concerning the province. For instance, businesses that want to operate within the province have to be granted approval from the LPC; women's groups and youth groups request for funding from the LPC for their projects.

> "*The LPC can be said to be a provincial parliament, where the council discusses all requests and proposals. Once it is discussed and approved by the LPC then only will the LPA office go ahead…*" (Assistant Roko Tui Lau Interview Transcript, 2010)

The LPA office's primary role as described by the TAB officer

> "*…is to monitor the developments made by government so that the developments are meeting the well-being of the members within the province. They don't do any development but have a monitoring role …*" (TAB Principal Accountant Interview Transcript, 2009)

This is in line with the purpose of provincial offices which is "…to provide a watching brief to the TAB on activities carried out in the province to ensure the good government and welfare of Fijians in the province. Additionally, to also provide advice, guide and support the Provincial Council to achieve their objectives" (PriceWaterhouseCoopers, 2002).

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[30] This includes the smaller islands in the Lau group, namely Komo, Namuka, Vatoa, Cikobia, Avea, Tuvuca and Vanuavatu.

The 2009 LPA office Annual Report reported that the costs of development programs/projects in the Lau province for the year 2009, totaled $293,819 with the community funding $26,587. This included housing projects, community halls, water tanks, copra sheds, water projects, chainsaws and lawn-mowers, footpath, sanitation, piggery, sea transport, evacuation center, school quarters, and school desks and chairs.

The distinction between the LPC and the LPA office is that the LPC represents the province and is made up of members from within the province representing their respective *Tikina*(s) and islands. It is at the LPC meeting that development issues, requests and proposals are discussed for the betterment of the province. On the other hand, the LPA office is the administrative arm of the LPC and networks on behalf of the province with government and non-governmental organisations (LPC Annual Report, 2009).

There are three LPA offices situated within the province, with the headquarters in Lakeba (upper Lau group), and the two smaller offices in the island of Vanua Balavu (middle Lau group) and the island of Moala (lower Lau group). The reason for having three offices in the province is because the islands are all spread out across 490 square kilometers and having three offices enables the LPA office to be able to reach the three major island groupings of the province. According to an interview with the assistant *Roko Tui* (2008)

> "… *for the administration of the province we have the Lau Provincial offices in Lakeba, which is the headquarters. There is an office in Vanua Balavu, Moala and in Suva. We are staff of the Ministry of Fijian Affairs* (*i'Taukei*) *and we specifically look after the welfare of the province to which we are allocated.*"

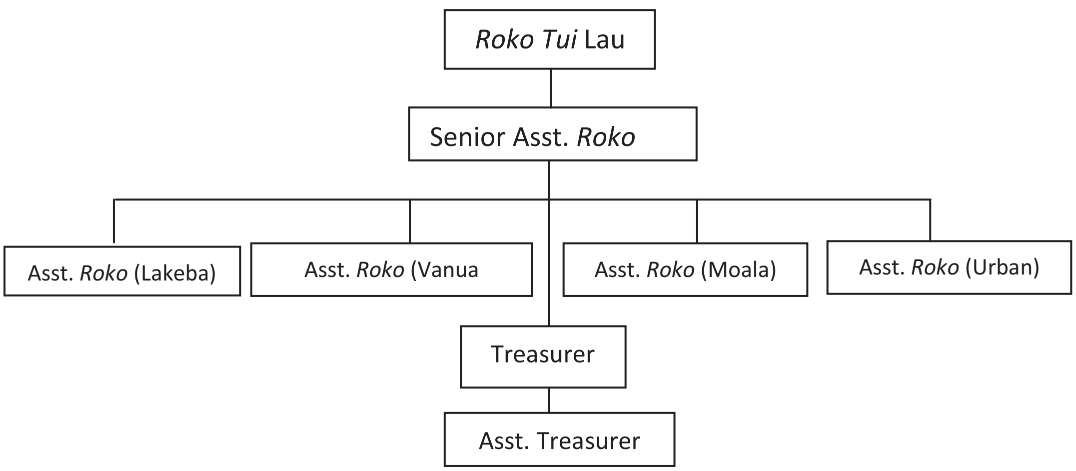
> "*The Assistant Roko Tui is the secretary and treasurer for allocated Tikina groupings. For instance, the Assistant Roko Vanua Balavu looks after Lomaloma, Mualevu & Cicia. The Assistant Roko Moala looks after Totoya,*

Moala and Matuku. The Assistant Roko Lakeba looks after Lakeba, Nayau, Moce, Ono, Kabara and Fulaga." (LPA office Treasurer Interview Transcript, 2011)

Additionally, there is a LPA office in Suva and from the interviews with the staff of the LPA office it was gathered that there is a need for an office in Suva to be able to service members of the province who reside in the urban centers of Fiji. It also serves as a contact point for people coming in from the islands.

Below is the organizational structure of the LPA office.

Figure 5.2: *Lau Provincial Administrative office Organisational Structure*



The *Roko Tui* Lau also has additional staff such as clerks, and typists to assist them in their duties. As in all provincial councils, there is an appointed Treasurer looking after the financial affairs of the province. All the personnel noted above with the exception of the Assistant Treasurer are paid from the TAB and the balance of the staff employed by the LPA office are paid for from the LPC budget, funded by provincial levies and LPC investments, which is monitored by the TAB.

" *The Treasurer, Roko Tui, Senior Assistant Roko, Assistant Rokos are paid for from iTaukei Affairs Board …the Assistant Treasurer down is paid from the* *provincial council government subvention fund together with the operations of the council. This fund comes to the TAB account and is controlled by the TAB for release to the provincial councils*." (TAB Principal Accountant Interview Transcript, 2011)

The LPA office receives government subvention grant and provincial levies for its operational costs, as well as dividends from the LPC investments. The finances of the LPC is administered by the LPA office and accounted back to the TAB and the LPC. However, decisions concerning the investments of the province and usage of provincial levies lie with the LPC.

"*…it is up to the LPC how their funds are utilized…it is from the LPC resolutions that we* (LPA office) *work from…*" (Assistant *Roko Tui* Lau Interview Transcript, 2010)

"*The provincial levies are deposited into the provincial office account; it is the provincial office that will use these monies for their operations. They will account to the TAB how they use these monies through the Income and Expenditure statement which they submit monthly*." (TAB Principal Accountant Interview Transcript, 2011)

The LPC Budget Report for 2010 revealed the following.

Table 5.2: *Lau Provincial Council Cash Flows 2009-2010*

Cash Flow	**Amount**	
	2009 $	**2010 $**
Government Subvention[31]	210,908	191,129
LPC Dividends from Investments	84,890	40,608

[31] This represents the total grant from the Government to meet the LPA office operating expenses and salaries for the TAB staff (*see Figure 5.2*).

Provincial rates collected	32,470	46,156
Other Income	594	40,978
Total	**328,862**	**318,871**

Source: Lau Provincial Council Report, 2010.

Table 5.3: *Lau Provincial Council Investments, 2010*

Company Name	**Investment $**	**Annual Dividends $**
Yatu Lau Company Limited	340,697	47,713
Yasana Holdings Limited	381,218	19,175
Merchant Finance (Bonds)	50,000	2,360
Reserve Bank of Fiji (Bonds)	43,000	5,590
Fijian Holdings Limited – Class A Shares	67,501	13,500
Fijian Holdings Limited – Class B Shares[32]	714,286	71,428
Total	**1,596,702**	**159,766**

Source: Lau Provincial Council Report, 2010.

Table 5.4: *Lau Provincial Council Usage of Dividends, 2010*

Budgeted Expenditure for Dividends	**$**
Staffing costs of the LPA office	29,360
Utilities (Rent, Water, Electricity, Lease)	4,335
Fuel & Maintenance	4,678
Total	**38,373**

Source: Lau Provincial Council Report, 2010.

[32] Dividends from FHL Class B shares is held in trust with the TAB and not released to the LPC. In 1984 the government gave a $20 million grant from the Fiji Development Bank to the FHL, and this was FHL's initial capital that was then divided into the provincial council's investments. The current administration has decreed that this sum ($20 million) must be repaid. Consequently, dividends on shares held by the provinces are now being held back by the TAB.

Additionally, LPC dividends from its investments are also used in development projects of the province.

> "*Dividends received are given as grants and have been used for provincial development, such as schools, churches, and health centers. When there are funds available this is made know to the Tikina(s) to apply for development projects. They have to provide quotations of materials required. The Staff & Finance committee will decide and if approved, materials will be purchased and provided to the applicant. The Staff & Finance committee discourages giving cash to the applicants.*" (LPA office Treasurer Interview Transcript, 2011)

The Treasurer for the LPA office mentioned that

> "…*financial statements are prepared by the TAB. The only responsibility of the Treasurer of the provincial council is to provide to the TAB the monthly returns*." (LPA office Treasurer Interview Transcript, 2011)

Apart from government funding, the people in the Lau province are expected to contribute their provincial levies, this includes all Fijian males of Lau[33]. The determination of the annual provincial levies to be collected within a year is decided upon in the LPC meeting and is according to the expenditure which is to be incurred by the LPA office. This is as the provincial levies collected are used to aid the operational costs of the LPA office. Hence, the projected expenditure is determined by the LPA office, submitted for approval at the LPC meeting and the approved amount is divided according to the provincial population as recorded in the *Vola ni Kawa Bula*[34]. However,

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[33] The *iTaukei* Affairs regulations states that the provincial rate shall be imposed on every Fijian male registered as a landowner of a province between the ages of twenty-one and sixty years.

[34] A listing of all native Fijians according to *tokatoka* (extended family unit), village, *yavusa*, *vanua*, *tikina*, *mataqali* , and province.

the downfall of using the *Vola ni Kawa Bula* is that the burden of paying the provincial levies is mostly borne by the people living in the villages as the *Vola ni Kawa Bula*

> "…*includes people living in the islands and those who are living in the mainland and overseas and also some people who have died*." (LPA office Treasurer Interview Transcript, 2010)

Hence, in most cases the people in the islands have to bear the provincial levies allocated to their *Tikina*, as other members living in the mainland and overseas do not contribute. Not paying up their provincial levies would mean their requests for *Tikina* /village development to the government may be rejected.

> "…*mostly the Tikina representatives are more concerned with what the government can assist them in and the development projects that can be initiated in their Tikina*." (Totoya *Tikina* Representative Interview Transcript, 2009)

The provincial levies for the Lau province by *Tikina* from the years 2008-2011 is tabulated on the next page and the proposed usage of the provincial levies by the LPA office for the year 2010.

Table 5.5: *Lau Provincial Council Provincial Levies by Tikina 2008-2011*

	2008		2009		2010		2011
TIKINA	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED
Lakeba	$8,922	$3,103	$7,532	$7,532	$5,959	$5,959	$5,227
Lomaloma	$4,939	$80	$4,082	$4,075	$3,229	$3,202	$2833
Mualevu	$5,023	$5	$4,048	$4,048	$3,202	$1,950	$2,809
Cicia	$3,215	$447	$2,709	$1,784	$2,143	$1,113	$1,880
Moala	$4,641	$4,611	$3,910	$3,910	$3,093	$3,093	$2,713
Matuku	$5,592	$172	$4,713	$4,713	$3,728	$3,728	$3,271
Totoya	$5,633	$1,349	$4,747	$1,710	$3,755	$3,755	$3,294
Nayau	$1,736	$200	$1,463	$978	$1,156	$100	$1,014
Oneata	$1660	$903	$1,397	$1,397	$1,106	$1,106	$970
Moce	$2,158	$2,158	$1,958	$1,958	$1,549	$1,549	$1,359
Kabara	$5,752	$2,851	$4,753	$4,753	$3,760	$2,189	$3,298

Vulaga	$2,449	$2,155	$2,277	$2,277	$1,801	$1,006	$1,580
Ono i Lau	$4,790	$4,790	$4,701	$4,701	$3,720	$3,720	$3,262
Total	**$56,510**	**$22,824**	**$48,290**	**$43,836**	**$38,201**	**$32,470**	**$33,510**

Source: Lau Provincial Council Report, 2010.

Table 5.6: *Lau Provincial Council Usage of Provincial Levies 2010.*

Budgeted Expenditure for Provincial Rates	$
LPC Meeting	7,709
Traditional obligations & activities	4,200
Women's group	1,300
Youth's group	1,300
Educational Assistance	16,240
Total	**30,749**

Source: Lau Provincial Council Report, 2010.

The next section provides a brief background of the province's commercial company, YLC.

5.2.3 Yatu Lau Company Limited (YLC)

PriceWaterhouseCoopers (2002) argues that only a handful of provincial councils have been able to generate revenues in the form of dividends through their 'financial arm', that is, their provincial company. An exemplary province is the Lau province, with its provincial company, the Yatu Lau Company Limited (YLC), which is the only provincial company that has been able consistently provide dividends to shareholders, list its shares in a trading facility and offer its shares to the public.

5.2.3.1 Establishment of the YLC

The YLC was the vision of the late paramount chief of the Lau province, Ratu Sir Kamisese Mara and was duly registered with the Registrar of Companies on the 20th December, 1971 and was the first provincial company established in Fiji. The vision of the YLC is to "…aspire to become one of Fiji's most successful investment companies" with the mission statement to be "…the preferred investment choice for the people of Lau" (Yatu Lau Company Limited, 2007). The Capital Markets Development Authority Chief Executive Officer in 2007[35] stated

> "*It is encouraging to note the wide public ownership of Yatu Lau Company Limited where shareholders comprised of individuals, tokatoka (family units), mataqali, tikina etc … shows how wealth can be evenly distributed in the wider community… compared to private companies where there are only few shareholders and returns are enjoyed by few people*."

The YLC has maintained its operations on the concept of "separate entity", distinct from the Lau Provincial Council and operated for the benefit of its shareholders, that is members of the Lau province who have invested into the company. This is clearly pointed out by the YLC Chief Executive Officer (CEO):

> "*YLC was established to uplift the quality of life of the province, as Lau province was isolated in comparison to other provinces*." (YLC CEO Interview Transcript, 2008)

> "*The purpose of the company is for the members of the province … one must distinguish the provincial council and the provincial company. This is a big thing, as people see it as the provincial council company, when it's not; it belongs to the shareholders in the company*." (YLC CEO Interview Transcript, 2008)

Hence, it can be established from the interviews conducted that the YLC was established with the vision to become an investment vehicle for the province, whereby, provincial

[35] http://www.cmda.com.fj/?Page=readNews&which=4&newsId=101

members are invited to purchase shares and earn their returns in the form of dividends. This led the YLC towards communal fundraising in the province to raise capital for the YLC, as most commercial banks were hesitant to finance start-up provincial companies.

> "*The company had big ideas about investment, but the company was under-capitalized, especially after Independence (1970) there was a lack of confidence from the banks in the company … when the YLC was first established no bank wanted to open their doors to them*." (YLC CEO Interview Transcript, 2008)

The initial capital of the YLC came from the communal initiatives of the province. First, there was the Copra Development Fund, whereby all members of the province selling copra had statutory deductions going directly into this fund. Interviews with the current CEO of the YLC (2008, 2010) confirmed that these funds from the Copra Development Fund were the YLC's first purchase of shares.

> "*…This initial capital was not as big to make an impression, in terms of investme*nt." (YLC CEO Interview Transcript, 2008)

> "*Copra Fund deductions it's like a statutory deduction, … but basically when all the copra was shipped to Suva at the time … when the disbursements were made back to the owners of the copra, there was a deduction made … this went towards the purchase of share for its members at that time. This was in the early 1970s, the first purchase of shares in the YLC*." (YLC CEO Interview Transcript, 2010)

Similarly, in the island of Lakeba, the district (*tikina*) owned pine plantations planted all over the island. This was harvested back in the late 1970s and a certain percentage was contributed to the YLC as the *Lakeba Tikina*'s purchase of shares in the YLC and this was also credited as shares to members of the *Lakeba Tikina* at that time (Interview Transcript, Assistant *Roko Tui* (2010) and YLC CEO (2008)).

> "…*in Lakeba there were pine plantations planted by all members of the Tikina and when this was harvested, again all members living in the Tikina participated and when the pine was sold, the funds from the sales of pine were invested in the YLC, where each participating member was given shares*…" (Lakeba *Tikina* Representative Interview Transcript, 2009)

The LPC, representing the members of the province, also made financial contributions to the YLC through its annual government grants of $100,000[36] over a three year period.

> "*Government DAS funding of $100,000 is returned to the province every year… In Lau originally, it was rotated among the three island groupings[37] on a yearly basis for their development…In the 1990s, Ratu Mara, through the provincial council gave the decision that the $100,000 be invested for 3 years into the YLC, so that way virtually every village and Tikina in Lau has shares in the YLC…*" (YLC CEO Interview Transcript, 2008)

> "*DAS funding from government that was diverted to the YLC was allocated as shares of the twelve Tikina(s)*…" (LPA office Treasurer Interview Transcript, 2011)

This DAS funding which was reinvested into the YLC was allocated to the twelve *Tikina*(s), as their shares in the YLC. This shows that the communal investment in the YLC was a unilateral decision by the paramount chief.

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[36] This is known as the Development Assistant Scheme (DAS), whereby the government contributes $100,000 each to the fourteen provinces in Fiji annually, for development of their respective province, beginning in the 1990s and ended in 2008.

[37] This refers to the upper Lau, middle Lau and lower Lau group of islands.

> "*Up until 2004, being a provincial company, the Board of Directors was selected by Ratu Sir Kamisese Mara and he tried to ensure that the BOD was representative of the islands in Lau*." (YLC CEO Interview Transcript, 2008)

> "… *It has been said that Fijians are not good in doing business, and so most provincial companies have not been operating well. For the YLC it was the case that the paramount chief was the sole decision maker, whereas for other provincial companies it's operated by groups of chiefs and qualified members in province and decision-making becomes very difficult where various people have various agendas and everything is vakavanua* (following traditional protocols)…" (TAB Officer Interview Transcript, 2009)

> *"…our late paramount chief decided that all dividends of the LPC from the YLC were reinvested into YLC. It was only after the death of our paramount chief that dividends have now been used to assist in the operational costs of the LPC."* (LPA office Treasurer Interview Transcript, 2011)

Additionally, through the Lau Provincial Council a provincial festival was held in the late 1990s from which was raised $500,000. These monies raised from the provincial festival, were again reinvested into the YLC (YLC CEO Interview Transcript, 2008). Hence, all communal fundraising by the members of the province were credited as shares into the YLC, by village or *Tikina*.

> *"The LPC acquired its shares in the 1980s through communal fundraisings and by 1989 the LPC had 108,000 shares in the YLC. After this there was another communal fundraising from the Lauans in New Zealand and Australia who contributed for the purchase of shares for the LPC. Also, the YLC provided bonus shares, additional shares for every share owned, to the LPC and also dividends were always reinvested into YLC. In 2005, the LPC sold its shares in the Unit Trust of Fiji and Colonial Unit Trust and purchased more shares in YLC."* (LPA office Treasurer Interview Transcript, 2011)

There seems to be a consensus view on the establishment of the YLC from those who are managing it and the province, as reflected in the district representatives responses below, when questioned on the establishment and role of the provincial company within the Lau province.

> "*…to improve the standard of living for the people, where people get a return through dividends when they invest into the company, and the company can aid in the development of the province*." (Kabara *Tikina* Representative Interview Transcript, 2009)

> "*…this is the vision of the late Ratu Sir Kamisese Mara, which we are now following. His vision was that the establishment of the YLC would support the running of the province*." (Lakeba *Tikina* Representative Interview Transcript, 2009)

> "*Our late high chief Ratu Mara established the company and his vision is for all members of the province to be shareholders in their provincial company and earn the returns that they need*." (Matuku *Tikina* Representative Interview Transcript,2009)

Other district representatives were not familiar about the purpose of the establishment of the provincial company and its role in the province, but were proud to be members of a province with a successful operating provincial company, in terms of the investments and properties the YLC has accumulated. This was reflected in the opinion expressed below.

> "*We know the benefit of having a provincial company, as now we have a meeting house* (Studio 6 which was the venue of the 2009 Lau Provincial Council meeting) *as before we used to move locations for our meeting in Suva*." (Totoya *Tikina* Representative Interview Transcript, 2009)

From the management's perspective, the YLC is seen as contributing to economic development within the Lau province, as expressed by the YLC's CEO (Interview Transcript, 2008)

> "*I feel that the YLC has exceeded what they set out to do; this is through the following different yardsticks: dividend that is paid out, profits achieved and assets accumulated…*"

From the YLC's 2005 annual report, it states that "2005 marks the 12th consecutive year that the company has paid out a dividend of 8-10%" (YLC Annual Report, 2005). The value of dividends declared and paid out from the periods 1999-2011 are tabulated below.

Table 5.7: *YLC Dividend History 1999-2006*

Year	Dividends Declared & Paid
2000	$43,695
2001	$101,146
2002	$118,073
2003	$123,059
2004	$198,598
2005	$210,453
2006	$141,000

Source: *Yatu Lau Company Limited*

In 2007, the company issued its first Class B shares to the public and the table below shows the dividend payments made to Class A and B shareholders.

Table 5.8: *YLC Dividend History 2007-2010*

Year	Class A		Class B		Total Dividends
	Interim	Final	Interim	Final	
2007	$164,222	$159,395	$66,666	-	$390 283
2008	$172,081	$133,808	$133,807	$133,808	$573 504
2009	-	$172,339	-	$133,808	$306 147
2010	$172 339	$172 339	$133 809	$133 809	$612 296

Source: *Yatu Lau Company Limited*

The YLC also provides loan advances to particular Class A shareholding entities, and shareholder/director related entity, as illustrated below.

Table 5.9: *Advances to Related Parties*

Related Entity	2009 $	2010 $
Marella Holdings Limited	45,678	107,362
Kabara Tikina Council*	14,754	13,468
Dravuwalu Holdings Limited*	-	2,511

Source: *Yatu Lau Company Limited Annual Report (2010)*

Marella Holdings Limited is a shareholder/director related entity, owned by the late paramount chief and his family. The advance is unsecured, interest-free and receivable on demand. Entities (marked *) are class A shareholders. The advance is unsecured and subject to interest at the rate of 8% per annum. Decisions to provide advances to these parties have normally been decided upon by the CEO.

> "…*approval of advances so far it was been done by the CEO*…" (YLC Finance Manager Interview Transcript, 2011)

5.2.3.2 YLC Operations

> "*Yatu Lau Company Limited has come a long way since its establishment in April 1972. $28 million in assets, 900 shareholders and two classes of shares later, our founding fathers would probably not have foreseen the expansion that the company has experienced in its short history*." (Yatu Lau Company Limited, 2008)

The YLC was registered in 1971 by its founding directors with seven $1 shares and has grown to become a successful investment company. The YLC from its small beginnings was undercapitalized and was mainly able to build up its capital base through the investment from the province and its provincial council. One of the strategic goals of the YLC is

> "*Diversifying our investment portfolio by acquiring existing businesses, property, creating and investing in newly established businesses to achieve growth*" (Yatu Lau Company Limited, 2008)

Table 5.10: *YLC Financial Performance 2004-2010*

	2010	2009	2008	2007	2006	2005	2004
Operating Revenue	4,312,921	$3,782,564	$3,252,498	$2,075,451	$1,728,595	$1,559,744	$1,219,571
Net Earnings	225,925	$1,778,958	$2,001,043	$1,590,612	$407,730	$317,910	$390,667
Earnings per share	$0.04	$0.29	$0.33	$0.40	$0.06	$0.05	$0.06
Return on Equity	1.25%	11%	13%	16%	3%	5%	7%
Total Assets	$40,083,688	$36,096,023	$27,966,251	$28,163,113	$17,941,608	$12,711,227	$10,679,599
Total Liabilities	$22,178,602	$17,737,585	$11,072,832	$12,542,809	$7,941,739	$6,206,578	$4,561,764
Net Cashflow from Operating Activities	$335,198	$871,435	$613,323	$304,782	$775,555	$593,869	$672,837
Dividend per share	$0.10	$0.05	$0.10	$0.10	$0.13	$0.08	$0.08

***Source**:* Yatu Lau Company Limited

5.2.3.3 YLC Shareholding Structure

Ordinary shares in the YLC are divided into two classes, that is, Class A and B shares, and are subjected to certain rights and restrictions as outlined in the company's Articles of Association.

Class A shares are restricted to persons of Lauan origin[38] and corporations or incorporated bodies where a majority of the members must be of Lauan origin and Class B shares is open to any persons or corporations in Fiji.

Both classes of ordinary shares have common dividend rights and capital rights, however, they differ in terms of the rights to vote at meetings, Class A shareholders may vote on any resolution passed whereas Class B shareholders cannot (YLC Articles of Association). Additionally, out of the twelve directors on the YLC's board of directors, there is only one non-Lauan director representing the interests of B Class shareholders (*ibid*; YLC Annual Report, 2007)

> "*...to ensure that the interests of B Class shareholders are safeguarded, an independent director representing B Class shareholders will be appointed to the Company's board...the independent director will not be a Lauan and therefore will not be an A Class shareholder...B Class shareholders will be entitled to nominate directors.*" (Yatu Lau Company Limited Prospectus, 2007, p. 9)

Class A shares previously issued by the company were at a $1.00 per share, in line with the company's objective of keeping the shares affordable for all Lauans. In 2007, the company issued a prospectus for its first public offering with a target to raise $1.5 million through the issue of 500,000 Class A shares and 500,000 Class B shares, at $1.50 per share with a proviso that only Lauans can apply for Class A shares whereas Class B shares were open to the public.

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[38] This also applies to persons whose mother is of Lauan origin or is married to a person of Lauan origin.

"*The increase of 50 cents recognises that the historical issue price of $1.00 was disadvantageous to existing shareholders and that going forward the intention is for new share issues and trading of shares between shareholders to be at prices that closely reflect fair value and market forces.*" (Yatu Lau Company Limited Prospectus, 2007, p.8)

This public offer was managed by Kontiki Stockbroking Limited[39], which operates an Over the Counter (OTC) Trading Facility, which hosts non-listed companies[40]. Prior to 2007, YLC maintained their own share registry and trading facility in-house.

YLC's initial public offering closed in November, 2007 with a total subscription of $2.8 million, approximately $1.3 million above its initial target of $1.5 million. The reasons behind the oversubscription of the YLC's shares can be attributed to the discount the shares were sold at, each share was being sold at F$1.50 whereas the net tangible value of assets was F$3.49 at 31st December, 2006 and the YLC aimed to provide shareholders with a dividend yield of 6.67%[41].

The YLC also highlighted in the 2007 prospectus,

"*In future the Company will not issue further shares on an ongoing basis as was previously the norm. Investors wishing to acquire shares in YLC must either buy from an existing shareholder at market prices or wait to participate in further capital raisings. However, the share price for any further capital raisings is*

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[39] http://www.kontikicapital.com/pages.cfm/stock-broking/share-trading/

[40] Non-listed companies are those not listed on the South Pacific Stock Exchange but can sell their shares to the public through Kontiki Stockbroking Limited's trading facility.

[41] http://www.cmda.com.fj/?Page=readNews&which=4&newsId=101

unlikely to be at such a substantial discount…" (Yatu Lau Company Limited Prospectus, 2007, p.9)

Table 5.11 below outlines the share ownership of Class A shares by members of the Lau province. As seen shares can be owned by individuals, villages, districts etc.

Table 5.11 Class A Top 20 Shareholders (2007 Annual Report[42])

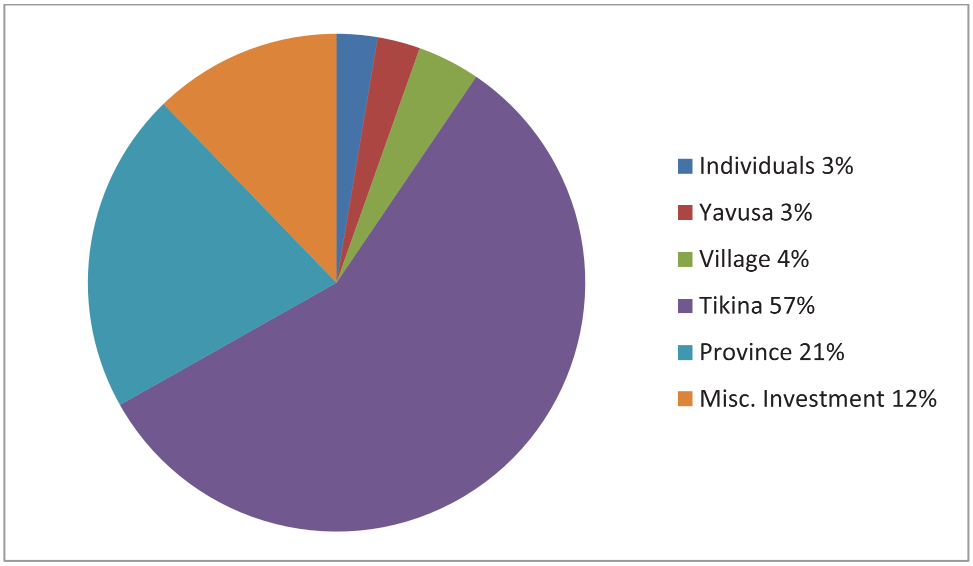
Shareholder	Number of Shares
Lau Provincial Company	477,131
Cicia Plantation Coop Society	472,435
Mualevu Tikina	224,170
Lakeba Tikina	117,691
Matuku Tikina	114,734
Moce Tikina	111,834
OnoiLau Tikina	89,347
Oneata Tikina	54,023
Moala Tikina	48,730
Nayau Tikina	37,492
Lomaloma Tikina	36,492
Dravuwalu[43]*	32,478
Waciwaci*	30,084
Ketei*	30,000
Yavusa Tonga	63,361
Individuals	60,430
Solo Hire Services Limited	53,333
Ratu Mara Scholarship Fund	100,000
Lawedua Trust	125,703

Source: Yatu Lau Company Limited Annual Report (2007)

[42] This was the only annual report that showed a list of shareholders. Request to the YLC to obtain the current list of shareholders was declined and the records at the Registrar of Companies were outdated.

[43] These (marked *) are village investments.

Figure 5.3: YLC's Top 20 *Percentage of Class A Share Ownership*



From Figure 5.3, it can be seen that the Provincial Council and the communal shareholders in the province dominate the class A shareholdings.

> "*According to our share register*[44]*, there is about 880-900 A Class shareholders, who are Lauans or married to a Lauan. There are 200 plus who are the big shareholders and the rest are just small shareholders, according to their contribution. We're still in the process of updating the share register but the majority of the Class A shareholders are Tikina/village groupings, roughly 60% I would say*." (YLC Finance Manager Interview Transcript, 2011)

The accountability web frameworks of the LPC and the YLC are analysed below. To describe the characteristics of the accountability webs Gefland *et al*. (2004) suggests the elements involved are determined, as well as the their interrelationships. This provides an understanding of the systems of accountability that exist in the two organisations.

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[44] At the time of this research (2011), the YLC was still in the process of updating their share register which had not been updated over the past five years.

5.3 Accountability Web Frameworks in the Lau Provincial Setting

Within the Lau provincial setting, the two parties whose accountability frameworks are analysed are the LPA office and the LPC. These are the two main parties that are at the apex of the provincial set up as illustrated in *Figure 5.1*.

The structure of the Fijian Administration system set out in *Figure 5.1* can be divided into two layers. First, there is the external institutional layer made up of the Ministry of *i Taukei* Affairs and the *i Taukei* Affairs Board[45] (TAB). Then there is the internal provincial layer composed of the LPA office, representing the TAB within the province and the LPC, which is made up of the various chiefs and representatives from within the province. These are the two main parties which are to be held accountable for the decisions concerning the development within the Lau province and for the usage of provincial funds. This is discussed below; first the accountability web of the LPA office is discussed, followed by the LPC.

5.3.1 Lau Provincial Administrative office

The LPA office receives its cash flows from government funding, provincial levies and investment dividends of the LPC. Hence, the two parties to which the LPA office is accountable to are:

1) the government through the TAB; and
2) the Lau province through the LPC meeting.

Table 5.12 illustrates the form of accountability between the parties and the realities of accountabilities are further discussed below.

[45] This was formerly known as the Fijian Affairs Board (FAB).

Table 5.12 *Formal Accountabilities in the LPA office*

Element to be held accountable	For what	To whom	Means	Accountability type
Lau Provincial administrative office	Annual activities and performance	*iTaukei* Affairs Board	Annual Report	Performance accountability
	Action Plan	*iTaukei* Affairs Board	Annual Corporate Plan	Performance accountability
	Achievement Reports	*iTaukei* Affairs Board	Quarterly Report	Performance accountability
	Government funding/grants[46]	*iTaukei* Affairs Board and Ministry of Finance	Monthly Returns	Financial accountability
	Provincial levies collected	*iTaukei* Affairs Board	Quarterly report	Financial accountability
		Lau Provincial Council	Annual meeting	Financial accountability
	Dividends	Lau Provincial Council	Annual meeting	Financial accountability
		iTaukei Affairs Board	Quarterly report	Financial accountability
	Requests for government assistance	Lau Provincial Council	Annual meeting	Performance accountability

The forms of accountabilities of the LPA office to these two parties are analysed below using the accountability web framework.

[46] The Development Assistant Scheme (DAS) of $100,000, which was normally given as an annual grant to provincial councils since the year 2000, is no longer provided since 2009 but has been diverted to the Commissioner's office for development within the province. The Commissioner's office falls under the Ministry of Provincial Development and is responsible for implementing rural development policies, programmes and activities through its district and divisional administration.

5.3.1.1 iTaukei Affairs Board (TAB)

The LPA office recognizes that it is accountable to the government through the Ministry *of i Taukei* Affairs and reports directly to the TAB[47].

> "*…our accountability to the iTaukei Affairs Board is in the form of monthly financial reports, quarterly achievement reports and at the end of the year we prepare the annual report, this includes the financial affairs during the period, development projects in the province and all services provided by the LPC in a year*." (LPA office Treasurer Interview Transcript, 2010)

The LPA office prepares the LPC budget with the Staff and Finance Committee from the LPC; this is further discussed and approved at the LPC meeting before it is being sent to the TAB (TAB Principal Accountant Interview Transcript, 2009). According to the Treasurer in the LPA office

> "*…before we always used baseline budget now we use the performance budget, where we have to put our Action Plan and the budgeted costs. This is prepared by the Roko and Treasurer and reviewed by the Staff and Finance Committee of the LPC, passed by the LPC and then sent to the iTaukei Affairs Board and Ministry of Finance…it is dependent on the Ministry of Finance to decrease or increase our proposed budget*." (LPA office Treasurer Interview Transcript, 2010)

The transactions undertaken by the LPA office has to be according to their budget and this is crosschecked by the TAB through their monthly returns. This was confirmed in an interview with the TAB Principal Accountant (Interview Transcript, 2009; 2011), the LPA office prepares a quarterly achievement report for the TAB, as well as a monthly Income and Expenditure Statement.

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[47] These reports could not be accessed since they were not public documents, however these issues was further clarified with the TAB Principal Accountant.

"*The Achievement Report is based on the provincial council's business plan; we see that the provincial council is meeting their objectives and targets. These achievement reports, these are part of our process of acquitting the quarterly subvention account, we require the provincial councils to fill the Request to Incur Expenditure form and that is attached with the Achievement Reports, that is a must to come from the provincial councils quarterly*."

"*Every month the Lau provincial administrative office has to submit their monthly Income and Expenditure Statement…*"

"*The government subvention grant is given quarterly to the provincial council office, and they have to submit their remittances back to TAB before another quarter's payment is released… most of the payments are under requisition, that means before they make the payments they have to apply for it and then when it's Ok than we send them the funds*."

The TAB is also responsible for preparing the financial statements of the LPA office and the latest financial statement for the LPC is for the year 2002.

"*Financial statements of all provincial councils are prepared at the iTaukei Affairs Board office, but the provincial councils they do their manual records and maintain their ledgers, cash books and then every month they have to submit their Income and Expenditure statements, together with the cash payments statement (CPS) and cash receipts statement (CRS) to the Provincial Council Accounts (PCA) in the iTaukei Affairs Board. The provincial councils submit these returns and the inputting is done from here by the PCA for their financial statements*." (TAB Principal Accountant Interview Transcript, 2009)

When the TAB Principal Accountant was questioned on how the monthly returns are verified for reliability purposes, the response given was that

> "…*all transactions occurring in the month is recorded in the Income and Expenditure Statement and the PCA verifies all reports. This is one way we check these reports. The other way is through the Internal Audit. When they carry out their audits in the provincial council, they check these reports to see that they tally with the CPS/CRS and the ledgers kept at the provincial offices*."

The Treasurer of the LPA office mentioned that

> "*The operational audits conducted by the iTaukei Affairs Board are up to date, however, the financial statement audits are way out of date and our 2003 financial statement is still to be audited … when this will come out it will not be discussed at the provincial council meeting, as it will only cause unnecessary discussion and confusion on some issues that have already been made clear to the council*." (LPA office Treasurer Interview Transcript, 2010)

This implies a lack of formal accountability, which can be attributed to the legislation[48] , which only requires provincial councils to exhibit their audited financial statements at the provincial council office and to publish them in such manner as the council considers as appropriate to local custom. Rika *et al*. (2008, p. 15) described such a requirement to be "quite vague and providing substantial latitude for selective interpretation". This gives a lot of latitude to the LPA office to negotiate an informal accountability to the province, whereas their formal processes of accountability to the TAB are strictly adhered to.

In explaining the delay of the financial statements the TAB Principal Accountant (Interview Transcript, 2009; 2011) explained the reconciliation problem where the provincial councils have not maintained their records and the inputted information by

[48] Section 6 of Subsidiary Legislation to the Fijian Affairs Act, 1996.

provincial councils, does not provide any trail of evidence when the audits are conducted by the Office of the Auditor General (OAG).

> "*Reconciliations is the problem, even though we have informed the treasurers what to do, they have not… the problem is the Treasurer not knowing what to do. The backlog goes back to 2001, there has not been any update so the internal audit issues continue to repeat, likewise the external auditors when they come ... In terms of inputting at our office it's up to 2008 and 2009, some 2010, our internal audit team is making a trip to all provincial councils this year, to attempt to make sure that their records is the same as that in the our programme, otherwise if we produce the financials now and if it is not tying with the records there then that's an audit issue.*" (TAB Principal Accountant Interview Transcript, 2011)

Hence, in terms of performance accountability the LPA office is accountable to the TAB through their annual corporate plan, which shows a list of all their action plans within the period. This is accounted back to the TAB through their quarterly achievement reports. The TAB checks that the LPA office is meeting their objectives and targets set out in their annual corporate plan. In terms of financial accountability, the LPA office accounts on a monthly basis back to the TAB through income and expenditure statements. However, reports from 2003 onward have not been audited by the OAG. While the LPA office is not providing financial data in the format required the TAB has been slow to address the problem, thus contributing to the lack of accountability extended to the province.

The relationship between the LPA office and the TAB is unidirectional with heavy upwards accountability in terms of monthly and quarterly reports. The TAB establishes the requirements for financial and performance accountability on the LPA office. However, the clarity of such standards between LPA office and the TAB can be said to be moderate. This is as some standards and expectations set from the TAB are not adhered to by the LPA office. For example the preparation of the annual reports and the maintenance of the source documents by the provincial councils are formal requirements of the TAB, which are still not being met by the LPA office. The TAB continues to remind the provincial councils to prepare their annual report[49], which in some cases are still outstanding for the year 2008[50], as well as maintaining their source documents for the financial statement audits.

> "*The last annual report submitted is in 2008, it is stated in the provincial council regulations, they have to submit annually but the monitoring is not really there to get them to submit. There are no sanctions on them if they do not submit*." (TAB Principal Accountant Interview Transcript, 2011)

There are expectations for strong financial accountability from the LPA office to the TAB. The TAB has specified the formal requirements which must be met by the LPA office if it is to receive funding. Hence, the LPA office provides monthly and quarterly reports mainly because the release of funds is dependent on the receipt of these reports by the TAB. However, for performance accountability the LPA office has to submit their annual report, annual action plan, and quarterly achievement reports outlining activities and performance during a period. As there is no monitoring by the TAB on performance accountability, such reports are not submitted on a timely basis to TAB.

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[49] In a review of the LPA office's 2009 Annual Report, it basically outlines LPA office's activities in a year and developments in the province. There are no financial statements included within the annual report. These annual reports are unaudited.

[50] The 2008 Annual Reports were being submitted by provincial councils most in 2009 and the rest in 2010 (Personal Communication TAB Principal Accountant, 2011). For the LPA office during interviews in February, 2011 they have just completed their 2009 Annual Report.

5.3.1.2 Lau Province

The LPA office is accountable to the province, for the provincial levies, investment dividends and following up of requests to the various government departments from the province.

> "*The province supports the Lau provincial administrative office through the provincial levies…as well as some dividends earned from investments are allocated to assist operational costs of the office*" (LPA office Staff interview Transcript, 2010)

The LPA office is accountable to the Lau province through their annual LPC meeting, where they outline the key deliverables from their Action Plan and services they have performed within the province during the period, the provincial levies collected and its usage, basic income and expenditure statement and the updates for government assistance by the various *Tikina* representatives. Such accounts provided at the LPC meeting have been verified by the TAB and the form of accountability is at the discretion of the LPA office.

> "*The province due to budget constraints (budget cuts by government) they meet for some now it's once in a year for some twice, so in one of those meetings the financials are submitted to the provincial council members. What is submitted in the provincial council meeting is the basic Income and Expenditure statement, since financial statements are not prepared as yet*." (TAB Principal Accountant Interview Transcript, 2011)

> "*These are the reports provide to the LPC. Development activities, profile of the province, achievement reports during the period. Also, the financial reports provided include all funds received from the government, investments, provincial*

> *levies and how they are utilised is also outlined.*" (LPA office Treasurer Interview Transcript, 2011)

The LPC meeting is chaired by the paramount chief of the province and is attended by all *Tikina* chiefs and *Tikina* representatives, including other members. The secretariat of the meeting is the LPA office *Roko Tui*, who is also responsible for setting the agenda of the meeting. Discussion at the LPC meeting is based on what is covered in the agenda and questions can only be asked by members during the discussion sessions[51].

> "*Agenda is set by the provincial office….Whatever is discussed at the meeting is according to the agenda set…Tikina representatives can discuss issues during the Development Session, this is where the government representatives discuss development projects in the Lau group and they can also discuss in the general discussion…Tikina representatives can discuss other issues in the session for 'Other matters'.*" (LPA office Staff interview Transcript, 2011)

Concerns have been raised in the LPC meeting on the slow process in the preparation of the financial statements and its audit, and how it is not presented in a timely manner at the annual LPC meeting and how such financial statements are out of date by the time it is discussed (LPC Meeting Minutes, 2008). However, a review of the interviews of the *Tikina* representatives showed that they were generally satisfied with the basic income and expenditure statements that they receive during these meetings. This could be attributed to their limited formal education and understanding of financial statements.

> "*The financial statements are clearly explained; it's only some of the elderly folks that need additional explanations and needs to be very detailed, as they lack understanding of financial matters…information provided to us at the LPC*

[51] The annual LPC meeting sessions was observed by the researcher in 2009 and 2010.

> *by the LPA office is enough for us…*"(Kabara *Tikina* Representative Interview Transcript, 2009)

In observing the LPC meetings, during the discussion sessions the *Tikina* representatives can be vocal about their requests to the government representatives who were in attendance at the meetings, as well as to the LPA office on its financial affairs. However, it was observed that during the discussions *Tikina* representatives or any other member when addressing the LPC adhered to the traditional custom of addressing their paramount chief and spoke in a respectful manner.

> "*During the provincial council meeting we can ask questions during its allocated time, but mostly we as the Tikina representative are more concerned with what the government can assist us in and the development projects that can be initiated in our Tikina*." (Interview Transcript Totoya *Tikina* Representative, 2009)

In a review of the 2008-2010 LPC meeting papers, it was seen that the major requests made at the provincial council meetings by *Tikina* representatives related to improvement of roads, repairing of wharf, rural electrification, improvement of airstrip, increasing village headmen allowance, and having a shipping route for the Lau group. Such requests are made at the provincial council meeting by the *Tikina* representatives and are to be followed up by the LPA office with the relevant government departments.

Additionally, the LPA office also makes tours to the western and northern parts of Fiji where people from Lau have resided. The last trip was held in 2009 and the purpose of such trips is to inform the people of Lau residing outside of the province on the activities of the LPC, the office bearers of the LPA office and to market the provincial company. The decision to have such trips is a unanimous decision by the LPC and the costs for such trips is funded from the LPC budget.

The relationship between the LPA office and the province is unidirectional with accountability only provided through the provincial council meeting. The clarity and pervasiveness of accountability between the two parties is very low as there are hardly any standards on how the LPA office has to account back to the province, except through the annual provincial council meeting. Financial accountability is seriously lacking as the only latest available financial statement available is for the year 2002 and only unaudited basic aggregated income and expenditure statements are provided during the provincial council meeting. Hence, there is a weak connection in terms of accountability from the LPA office to the province and this allows the LPA office to negotiate the terms of its accountability to the province.

The accountability of the LPC to the province is discussed further below.

5.3.2 Lau Provincial Council (LPC)

The LPC[52] is the forum representing the province and is accountable to the province through the annual provincial council meetings. It is at the provincial council meeting that issues concerning the province are discussed and proposals and recommendations put forward. However, it must be noted that attendance to these meetings are restricted to the selected chiefs and its various representatives. The selected chiefs are members of the LPC according to their status and birthright; however, the various representatives are elected from their respective *Tikina*(s) to serve a three-year term on the LPC.

Table 5.13 illustrates the form of accountability between the LPC and the province, and the realities of accountability are discussed next.

[52] The LPC provides direction and advice to the LPA office.

Table 5.13 *Formal Accountabilities in the LPC*

Element to be held accountable	For what	To whom	Means	Accountability type
Lau Provincial Council	Decisions made at the LPC meeting	Province	*Tikina* representatives	Performance accountability
	Budget and financial affairs of the LPC	Province	*Tikina* representatives	Financial accountability
	Investments	Province	*Tikina* representatives	Financial accountability
		LPA office/TAB[53]	Monthly, quarterly and annual report	Financial accountability
	Provincial levies collected	Province	*Tikina* representatives	Financial accountability
	Requests for government assistance	Province	*Tikina* representatives	Performance accountability

In the Lau province due to transportation challenges[54] the LPC only holds an annual meeting in the mainland Suva.

> "*…provincial council meetings are supposed to happen twice a year but for the Lau province because of the transportation challenges in getting all the members together and the costs incurred by the members and the LPC, it has been decided to have the meetings once a year.*" (LPC Staff interview Transcript, 2010)

The LPC is accountable to the province through the *Vanua* chiefs and the *Tikina* representatives, who will then be accountable back to the people from within their

[53] The LPC has to account back to the TAB the dividends received from the Fijian Holdings Limited (FHL). This is as the TAB "remains as trustees for the provincial councils for FHL investment…the arrangement is dividends from FHL comes here and we control it from here, so provincial councils if they request funds they have to request to the TAB according to their budget." (Interview Transcript TAB Principal Accountant, 2011)

[54] The TAB Principal Accountant (Interview Transcript, 2011) further stated that this is also due to budget constraints where most provincial council's budgets have been reduced.

Tikina. It is an implicit assumption that the *Tikina* representatives will disseminate the information that they have gathered at the provincial council meeting back to their various *Tikina* Councils.

> "*This follows the channel of communication from the provincial council which is attended by the Tikina representatives, and the Tikina representatives make this known at their respective Tikina Council meeting, attended by village representatives, who take it down to the village council meeting which is attended by individuals in the village*." (TAB Staff Interview Transcript, 2009)

Additionally, the LPA office as the secretariat of the LPC meeting sends updates after the provincial council meeting to all the *Tikina* representatives and *Vanua* chiefs.

> "*This is the purpose of having the Tikina representatives at the meeting, for them to hear what happened, how the monies were used and the resolutions passed…Additionally, the Lau provincial administrative office after every meeting also sends out to the Tikina representatives and the Vanua chiefs an update of what occurred at the LPC meeting, including financial updates. This serves as a reminder to the Tikina representatives on the information they need to disseminate to their Tikina."* (LPC Staff interview Transcript, 2010)

> *"The financial information is only disclosed to members of the provincial council, this is to us Tikina representatives. It is us who are than responsible for the dissemination of this information to members in the province. It is only in the provincial council meeting that the truth will be disclosed*." (Lakeba *Tikina* Representative Interview Transcript, 2009)

The relationship between the LPC and the province is unidirectional with accountability flowing downwards via the *Tikina* representatives. There are no standards of accountability to the province, except through the annual LPC meeting. The TAB does not have explicit requirements on the *Tikina* representatives' accountability to the province. Hence, there is minimal accountability provided by the LPC to the province.

"*The weakness that exists is the link between the LPC and the respective tikina(s). Those in the Tikina do not know anything of the affairs of the LPC as the party responsible to disseminate information is not doing what is expected of him. They are supposed to provide the information discussed at the annual meeting to their Tikina council and village meetings, but most of the time this does not happen.*" (LPA office Treasurer Interview Transcript, 2011)

"*This is where the LPA office has to make visits to the various Tikina(s) in the province. This is included in our plans for the year, to visit each Tikina every quarter. However, we work according to our budget and as it is a very costly activity visiting the various islands in Lau. We put it into our budget but then it will depend on how much funds are approved by the government, this year due to the reduced budget we were only able to make one visit to each Tikina.*" (LPA office Treasurer Interview Transcript, 2011)

The accountability of the *Tikina* Representatives to the LPA office is discussed in detail next.

5.3.2.1 Tikina Representatives

The *Tikina* representative is accountable to the LPC for the welfare of their respective *Tikina* and is also accountable to their respective *Tikina* about the affairs of the LPC.

The *Tikina* representative[55] is elected from within their respective *Tikina* Council and serves a three year term, and is paid a quarterly allowance of $150 by the LPC which is funded from the TAB. However, the condition of receiving their allowance is that the

[55] One of the conditions of being a *Tikina* representative is that the *Tikina* representative has to actually live in their village.

Tikina representative fills in a standard return form every quarter outlining the following information.

- Summary of services provided within the *Tikina.* This includes details by village and development projects underway or proposed.
- Summary of proposed tasks to be undertaken in the following quarter in each village.
- Summary of relationships within *Tikina* and religious organisations.
- Summary of educational progress within the *Tikina*.
- Summary of government visits and non-governmental organisations.
- Youth's group report
- Women's group report
- Summary of *Tikina* council meetings
- Financial affairs of the *Tikina*, including details of *Tikina* investments and other income streams.
- Provincial levies allocated and collected during a quarter.
- Land issues
- Villages visited by *Tikina* representative in a quarter, purpose of visit and to be signed off by village chief or headman, confirming visit.

After compiling the report, the *Tikina* representative has to ensure it is signed off by the *Tikina* Chief and the assistant *Roko Tui* in that area, after which it is checked and approved by the *Roko Tui*. This report has to be submitted on a quarterly basis back to the LPA office before the allowance can be released to the *Tikina* representative.

> "*TAB requires that all reports be provided by the Tikina representative to the Provincial administrative office every quarter. If reports are not provided by the Tikina representative than the TAB does not pay the Tikina representative's allowances. Payment of allowance is dependent on the receipt of reports from*

> *the Tikina representative*." (Kabara *Tikina* representative Interview Transcript, 2009)

> "*I have my own quarterly reports that I give back to the Roko every quarter. All activities that are undertaken in my Tikina in which I am involved in would be provided to the Roko who forwards it to TAB. For if my quarterly reports are not received by TAB then I will not be getting my Tikina representative allowance, as the TAB has stressed to us that they want good governance from us the appointed leaders in the Tikina*." (Lakeba *Tikina* representative Interview Transcript, 2009)

Consequently, the information required to fill the standard form is collected from within the *Tikina* by the *Tikina* representative. Thus, accountability is flowing from the villages within the *Tikina* to the *Tikina* representative, which is then transmitted in a report by the *Tikina* representative to the LPA office.

This represents a unidirectional accountability from the villages to the *Tikina* representative and to the LPA office. The standards of what is to be reported is clear and pervasive, with high degree of monitoring from the LPA office and the TAB, who have also included control checks to be conducted by the village chief or headman.

The *Tikina* representative is also accountable to the *Tikina* that selected him as their spokesperson to the LPC meeting. The *Tikina* representative is responsible for disseminating information back to the province on the resolutions passed at the LPC meeting and all other important information discussed such as the financial affairs of the LPC and the YLC. However, the TAB/LPC does not have explicit standards on how the *Tikina* representative provides such accountability to the province.

Additionally, the calling of the *Tikina* Council meeting is dependent on the *Tikina* chief, who is the chairman of this council.

> "*All the information comes to me as my role as the Tikina representative and I have to first make this known to the chief of the Tikina. It is the chief of the*

> *Tikina who will then decide on when to call a meeting for Tikina Council…this is where information gathered by the Tikina representative either from the Provincial Council meeting etc will then be conveyed to the different representatives*." (Kabara *Tikina* representative Interview Transcript, 2009)

Information that is being disseminated back to the members of the province is fully dependent on how the *Tikina* representative decides to tell his story of what happened in the LPC meeting.

> "*As the Tikina representative I only provide to the Tikina what they need to know and only this information will be provided to members in the Tikina. For me as the Tikina representative, we will listen to the Provincial office and the YLC; it is them who will decide what information to transmit to us. We will then work out how this information is relevant to the Tikina, and if it is ensure that all villages get this information*." (Lakeba *Tikina* representative Interview Transcript, 2009)

> "*I will take the information that is required to be transmitted back to the Tikina, I visit every village and hold meetings with them where I tell them the important information from the provincial council meeting. But I only discuss the relevant issues to the members of the Tikina. I go to the villages and hold meetings and discuss only the relevant information that the village needs to know*." (Matuku *Tikina* representative Interview Transcript, 2009)

> "*When I go back to the Tikina, I take what I gathered from the Provincial Council meeting to the villages I visit. Also when the Tikina Council meeting is called by the Tikina chief I also will disseminate the information from the Provincial Council meeting here as well. What I do is that I only transmit the information I think is relevant to the Tikina, because not all the information discussed at the Provincial Council meeting is relevant in the Tikina, I only take the relevant information to those in the village, drop information that is not relevant because it's a waste of time to discuss all this information if it's not*

> *relevant to the village*." (Fulaga *Tikina* representative Interview Transcript, 2009)

> "*The YLC also provides investing members with annual reports but at the provincial council meeting the explanations of the YLC is easy to understand as it is explained in a clear manner. It is the MNT who will decide whether to transmit this information back to their Tikina or not*." (Totoya *Tikina* representative Interview Transcript, 2009)

The *Tikina* representatives interviewed expressed their inability to relay back to their *Tikina* council, the financial activities of the LPC and YLC.

> "*It is when we take this information to our Tikina that we face a big problem, as this depends on the education and knowledge of the Tikina representative. If the Tikina representatives are educated and able to grasp the financial information disclosed we are able to explain it clearly as well to our Tikina members, otherwise then the Tikina representative will just not be able to transmit this information back to the Tikina in a manner for the Tikina to understand it*." (Fulaga *Tikina* representative Interview Transcript, 2009)

However, from the interviews it can be seen that the *Tikina* members can be described as being passive and accept whatever explanation is being provided to them.

> "*…our previous Tikina representatives who represented our Tikina … they were not able to explain the information clearly to the villagers. But as always the people in my Tikina are very obedient people where they always listen to what is being said, when it is explained to them and they always accept it*." (Fulaga *Tikina* representative Interview Transcript, 2009)

> "*In Tikina council meetings there are questions sometimes but like in the villages the people just accept what they are given and normally do not ask any questions*." (Cicia *Tikina* representative Interview Transcript, 2009)

This can be attributed as well to the lack of education on financial matters.

> "*For most of the villagers lack education and sometimes we explain it once, twice, thrice for the information to be clear to the users at the village. Even the information provided on paper will have to be explained several times*." (Cicia *Tikina* representative Interview Transcript, 2009)

The LPA office recognizes that it is the *Tikina* representative who often fails in their role to provide the information that they have been provided with in the LPC meeting to their respective *Tikina* Councils.

> "*This is a big problem where only two members from the province, the Tikina representative and the Tikina chief attend the provincial council meeting and are provided with all the reports from the LPA office but often we hear from the Tikina(s) that they don't know how their provincial levies are used or the development projects that are being carried out…we try and organize trips to the Tikina(s) to talk to them directly but due to the shortfall in budget, this year (2011) we only managed to visit each Tikina once…*" (LPA office Treasurer Interview Transcript, 2011)

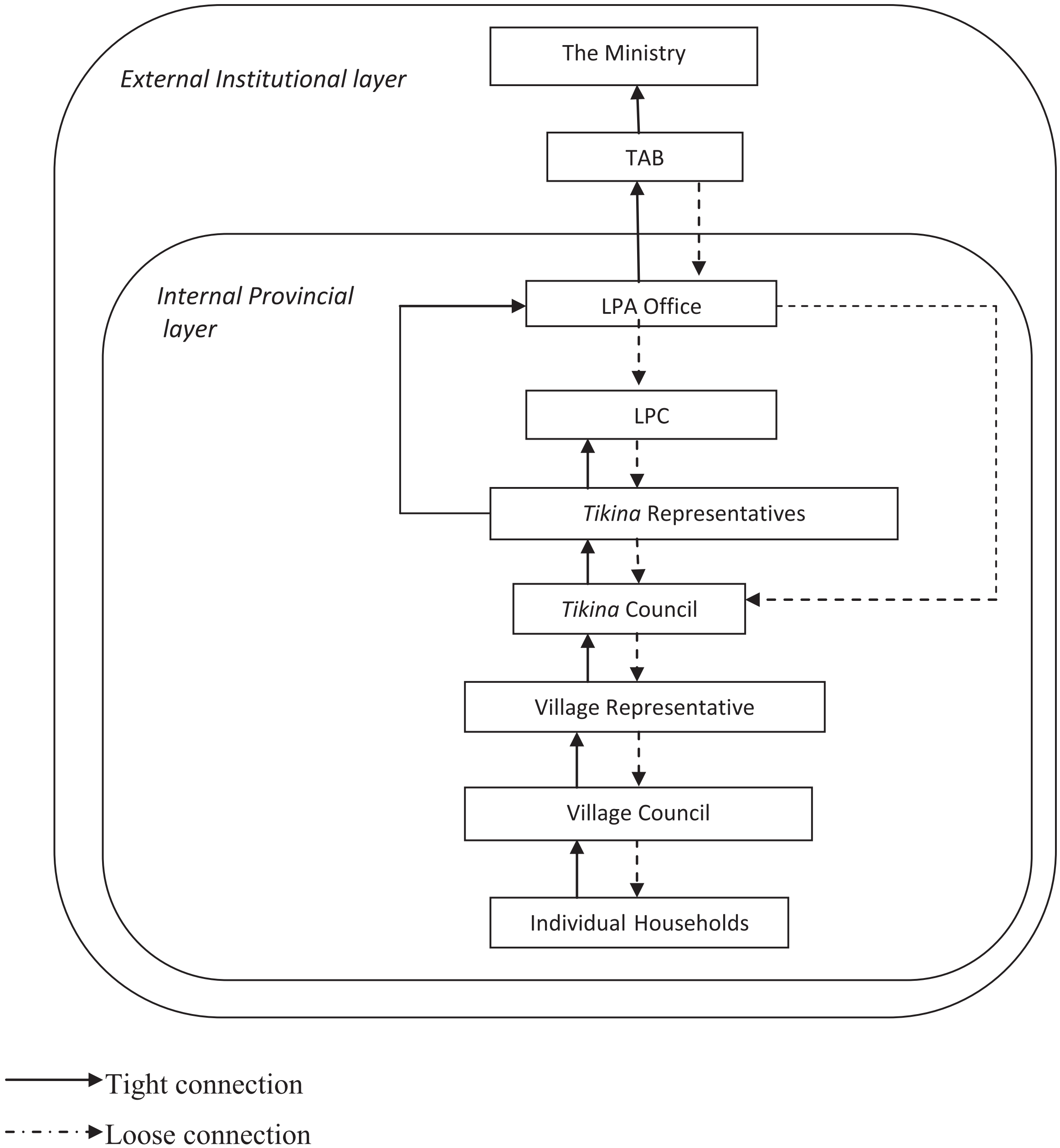
Hence, there are very clear standards of conduct and accountability from the *Tikina* representatives to the LPA office and the TAB. This line of accountability between the *Tikina* representatives and the LPA office and the TAB is strong and there is no room for negotiation by the *Tikina* representatives. However, accountability from the *Tikina* representative to the province is partial and selective, and in some cases non-existent. The interviews show that the various *Tikina*(s) only get a selective and partial report determined by their representatives, not a full report which the community can seek amplification on. This shows that downward accountability to the provincial members is generally weak as there are implicit standards on accountability, there are no standards dictating what the accountability of *Tikina* representatives should be like and no monitoring by the LPA office as well as the TAB.

Therefore, the Lau province has made communal investments into the LPC and continues to do so but receives no form of accountability from the LPC. The only form of accountability is through the oral communications from their respective *Tikina* representatives. However, the *Tikina* representatives visit each village within their respective *Tikina*(s) to collect information to report back to the TAB.

Next, the accountability web of the LPC is discussed.

5.4 Accountability Web in the Lau Provincial Council

Figure 5.4 *Accountability web in the LPC*



Gelfand *et al*. (2004) has developed a framework to study the sociocultural basis of accountability in organisations. Using this framework, the accountability web of the LPC is analysed.

In analyzing the accountability web of the LPC (*see Figure 5.4*) the TAB and the LPA office have a formal/hierarchical form of accountability and control, while maintaining a more informal/lateral/communal form of internal accountability and control between the LPA office and the LPC; and the LPC and the province.

There seems to be dual layers of formal accountability:

1) the external accountability system, representing the LPA office to the TAB;
2) the internal accountability system
   - representing the LPA office to the LPC; and
   - representing the LPC to the province.

Using Gelfand *et al*. (2004) framework, the external cultural accountability configuration of the LPC can be defined as individualistic/tight/hierarchical. As a consequence, accountabilities of the LPA office are to their superiors, the TAB and to themselves. This can be seen where the LPA accounts to the TAB on a monthly and quarterly basis, and are accountable as well to the formal structure of their organisation. Standards of conduct are explicitly communicated from the TAB to the LPA office in formal policies and are clearly understood by the parties of the LPA office. There is high monitoring on the LPA office by the TAB in terms of the financial resources, whereby the LPA office submits monthly and quarterly income and expenditure statements to the TAB together with their cash receipts and cash payments statements. TAB is then responsible for the preparation of financial statements of the LPA office. Hence, the expectations on accountability from the TAB are adhered to by the LPA office; this is a unidirectional accountability whereby the TAB determines the aspects of the accountability relationship. However, the content of accountability is mainly on legality and probity. Performance accountability by the LPA office to the TAB is on a quarterly and annual basis but given that TAB does not have active monitoring, such reports are not provided in a timely manner to the TAB.

The internal accountability system in the LPC between the LPA office and the province can be defined as following the collectivistic/loose/hierarchical cultural accountability configuration. The standards of conduct are implicit, with minimal requirements on the accountability of the LPA office to the LPC, as well as the LPC to the province. Accountability is informally communicated through the annual provincial council meeting in both parties, which is the LPA office and the LPC, and the LPC to the province. TAB is responsible for the lack of financial accountability to the province, as it has not prepared financial statements in a timely manner. The accountability web is considered to be weak as there are no defined procedures guiding accountability and there is no monitoring by either party.

The *Tikina* representatives have a collectivistic/tight/hierarchical cultural accountability configuration. The *Tikina* representatives are role takers, accepting their role which is aligned within the formal structure of the TAB structure. The *Tikina* representatives are passive and accept whatever is provided to them from the LPA office. *Tikina* representatives have a high responsibility to the standards set for them, in terms of collecting the information required from their *Tikina* for submission to the TAB. However, Gelfand *et al*. (2004) posits the *Tikina* representatives will have low self-accountability and this is reflected in the *Tikina* representatives' accountability to their respective *Tikina*. Accountability provided is fragmented, as he determines his accountability to the province, given there are no explicit standards on how the *Tikina* representatives delivers his accountability.

To understand the above cultural accountability configurations, the Lau province culture is explored briefly below.

In the islands, societies have a collectivistic culture, however, there has been vast migration from the islands to the mainland and overseas. Hence, Lauans who are brought up in the mainland and overseas have become more individualistic. This can be seen in the interviews below, from the *Tikina* representatives who reside in the province.

> "… *when Fijians start following western culture, they lose respect and obeying instructions from elders and chiefs. They overlook the supreme customs of the Vanua which is able to direct individuals to the behaviour required of them*…" (Kabara *Tikina* representative Interview Transcript, 2009)

> "…*in the village we work as a community and hold hands together in doing things to be able to achieve our goals…in the urban areas people look after their own families*…" (Lakeba *Tikina* representative Interview Transcript, 2009)

> "*Like in Matuku we all contribute towards our provincial levy and this shows that we are we are a unified society back in my Tikina where we all work together*." (Matuku *Tikina* representative Interview Transcript, 2009)

> "*The villages raise their village investment in whatever way they want, mostly it will be family contributions, families working together to achieve their targets*." (Cicia *Tikina* representative Interview Transcript, 2009)

Hence, in terms of accountability Gelfand *et al*. (2004) predicts collectivistic cultures accountable to groups, and groups determine the accountability to individuals, the standards on accountability are informal and implicit and indirectly communicated to society.

This is confirmed when analyzing the LPC accountability web. The elements that are accountable to each other are basically groups. The LPC includes a group of all *Tikina* chiefs and *Tikina* representatives, and is chaired by the paramount chief of the province. The LPC does not have any formal standards of accountability back to the province; the only form of accountability is through the annual provincial council meeting. The *Tikina* Council includes the elected members from within the *Tikina* and is chaired by the *Tikina* chief. The village council includes household heads and is chaired by the village chief. The accountability that flows down to the individuals is selective and partial as the LPC members decide on their own translation of events back to their constituents.

In terms of cultural tightness-looseness, the Lau province has a tight cultural system. Gelfand *et al*. (2004, p. 146) described a tight cultural system as "…rigorously formal, disciplined, and have a high compliance to norms". The social norms were clear on expected and acceptable behaviour across social situations, individual discretion is very limited and deviant behaviour is not tolerated (*ibid*). This is evident in the Lau province as highlighted in the interviews below.

> "*We do not have any expectations from the Provincial Council office for the funds that we provide. This is as our forefathers did the same thing and it is our duty to also follow such a tradition. In meetings there will arise differences and questions, regarding how the funds are being used. But we must get away from such behaviour as these contributions did not begin with us but with our forefathers and it is our duty to carry the weight of this obligation*." (Kabara *Tikina* representative Interview Transcript, 2009)

> "*… no one can ever go against or hinder the operations of the YLC because this is what our paramount chief established, what we can only do is to follow it. Now that he is no more we will follow his children's leadership…*" (Lakeba *Tikina* representative Interview Transcript, 2009)

This also confirms Davie (2005, 2007), which shows the power distance in society and the chiefly hegemony in provinces. According to Gelfand *et al*. (2004), this impacts through unidirectional accountability where the accountability provided by parties with authority cannot be questioned.

Such social norms are not as strong as they used to be as described by Thompson (1938) and Hooper (1982), however, it was observed during the provincial council meeting that social norms[56] were still adhered to and members knew that to break such social norms would not be tolerated.

> "*The highest rank was held by the high chief, Tui Nayau, who was directly descended in the first born line from the most powerful immigrant, Daunisai. The high chief was sacred. His person was protected by many taboos and to break one of this meant death. He was surrounded by strict etiquette and elaborate ceremonial*." (Thompson, 1938, p. 185)

With tight cultures, Gelfand *et al*. (2004) suggests in terms of accountability there are many standards of conduct, which will be clear, imposed and received, monitored and there will be consequences for deviance. There also will be shared understandings of accountability. However, for the Lau province in terms of accountability, the cultural system has adopted the nature of loose cultures where there are few standards on accountability and such standards are unclear, and less monitoring of standards of accountability. This could be attributed to the high level of westernisation and migration to urban centers and as Qalo (1997, p. 65) explained indigenous Fijian traditions are flexible legitimatising the establishment and bending of rules.

Lastly, the Lau province is a hierarchical society with large power distance in society. This is evidenced in the formation of the various councils (Provincial, *Tikina* and village) which are all chaired by chiefs. Hence, it can be seen in the accountability web that the direction of accountability is mainly unidirectional, with the subordinates accountable to the chief and not vice versa. This supports Davie (2005, 2007) and Durutalo (1997) whose findings show how the provincial councils reinforced the chiefly hegemony.

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[56] This included traditional welcome ceremony for the paramount chief, strict dress code for participants, people had to sit on the ground during the welcome ceremony, only men of the province were present in the meetings, women were more likely preparing the food.

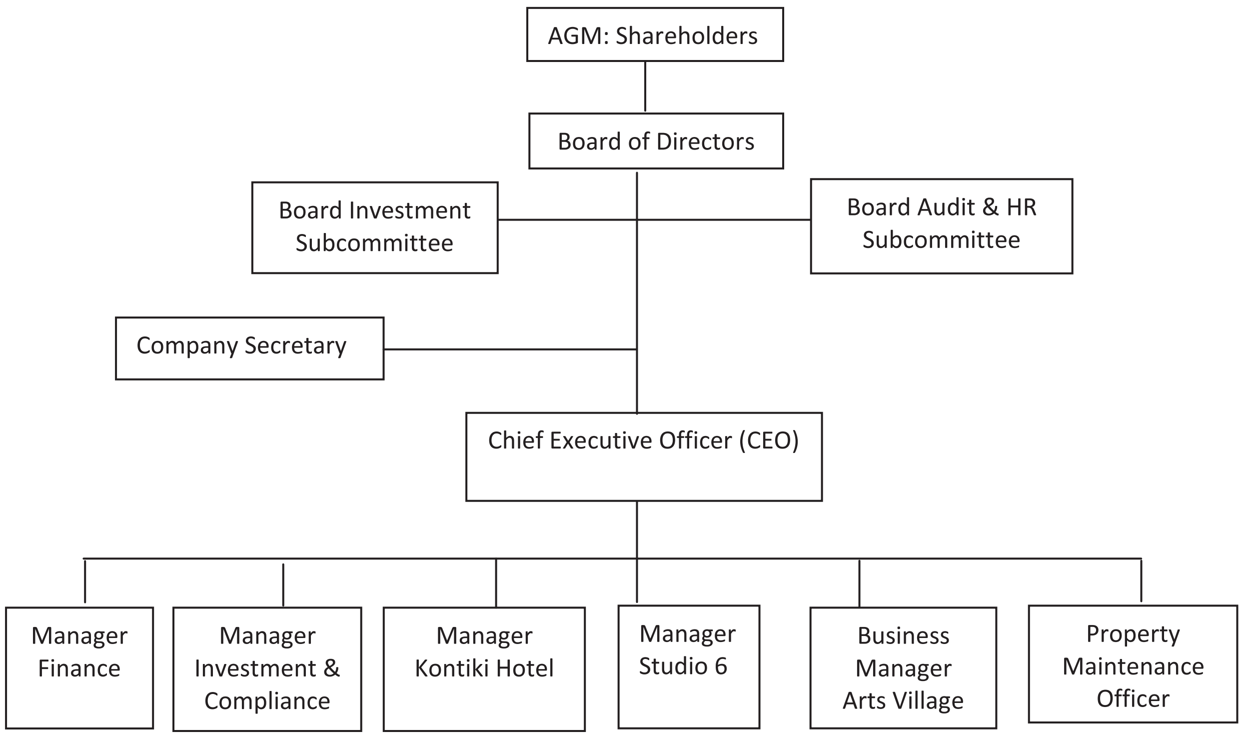
The cultural traits of the Lau province should give rise to an accountability configuration which is collectivistic, tight and hierarchical, in line with the cultural configuration of the *Tikina* representatives, who reside in the islands. However, the cultural accountability configuration that describes the accountability web of the LPC (*see Figure 5.4*) is collectivistic, loose and hierarchical. This is where the locus of accountability is with the group and entities outside the LPC; the standards on accountability are implicit; there are low cross-level connections between elements. Accountability sought by principals and that provided by agents are both poorly defined and monitoring is weak. This leads to a low overall alignment within the LPC.

This has important implications, as it shows that the accountability web frameworks described above is the system of accountability that was enforced by the British colonial administration through the provincial structures. This resulted in a chiefly hegemony in the provincial set-up, who were able to negotiate the nature and level of accountability to be provided to the province. What has emerged is a system of accountability that serves the interests of the chiefs and maintains the status quo, disadvantaging the members of the province.

5.5 Accountability Web Frameworks in Yatu Lau Company Limited

The organisational structure of the YLC is illustrated below (*Fig. 5.5*) to clarify the individuals, groups, and units that are part of the YLC's system of accountability.

Figure 5.5 *Yatu Lau Company Limited Organisational Structure*



The accountability structure of the YLC follows from the above organisational structure of the company, as confirmed in an interview with the company's CEO. This is where the Board of Directors is accountable to the shareholders of the company in the company's Annual General Meeting (AGM). There are two Board subcommittees that are accountable to the full Board of Directors. The company's CEO is directly accountable to the Board of Directors, including the two Board subcommittees. Lastly, the five unit managers are directly accountable to the company's CEO.

At the organisational level, the external parties to which the YLC sees itself as primarily accountable to are the:

- Shareholders of the company; and
- Financiers of the company.

Shareholders, include the Lau Provincial Council as well as shareholders from within the province such as *tikina* (s), villages, *mataqali* (s), family units and individuals.
The YLC's CEO in an interview explained:

> "*The company is accountable to shareholders including members of the province that are shareholders and our financiers …*"

Shareholders are seen as one and the same by the YLC, accountability to shareholders is mainly through the AGM and the disclosures provided in the annual report. Returns to shareholders (A and B classes) are primarily through dividends.

As seen from the *Figure 5.5* above, the direction of the connection is mainly unidirectional, that is, a one-way accountability relationship. That is the unit mangers are accountable to the CEO without the CEO being accountable to them, and the CEO is directly accountable to the Board of Directors, without the Board of Directors being accountable to the CEO. The Board of Directors is then accountable to the company's shareholders. Additionally, the YLC is also accountable to the LPC during the annual provincial council meeting and when the LPA office makes its tours in the western and northern parts of Fiji, the YLC team also accompanies them. Accountability in these later cases, to members of the province, is primarily provided by the YLC CEO. The YLC CEO is recognised by the *Tikina* representatives as the element to be held accountable for the affairs and performance of the YLC.

"…*I believe this will be the CEO, because the Chairwoman is Adi Koila Mara*[57] *it will be quite hard to talk with her because of her status*." (Lakeba *Tikina* Representative Interview Transcript, 2009)

"*This I think is the CEO who runs the company*." (Matuku *Tikina* Representative Interview Transcript, 2009)

Whereas, some *Tikina* representatives have a lot of respect for the YLC as it was established by the late paramount chief and feel it is not their right to question the YLC.

"*I cannot really say anything against who is to be held accountable in the YLC because our elders have always told us that the establishment of the YLC was by our late high chief Ratu Sir Kamisese Mara. He established and saw to the operations of the company, we as Lauans are grateful for his foresight and the people who are now running the company. The beneficiaries are the different Tikina(s) and individuals who have invested into the YLC, who are given the freedom to invest their money in their own provincial company*." (Kabara *Tikina* Representative Interview Transcript, 2009)

Below is a discussion of the lines of accountability between the various elements, identifying what are the standards and expectations that bind them together and if such standards and expectations are clearly stated and understood.

5.5.1 Board of Directors to Shareholders

The Board of Directors is accountable to the shareholders of the company in terms of the performance and operations of the company. Accountability is provided to shareholders

[57] Adi Koila Mara Nailatikau is the daughter of the late paramount chief and also wife of the current President of Fiji.

via the AGM and the company's annual report, as required under the company's Articles of Association.

> "*The basic expectation is from shareholders is to get their dividends back…In a nutshell, the expectation at the end of the AGM is that they have a profit somehow and then they have some dividends declared. Basically every year there has been a 10% dividend declared and paid up no matter what profit we make…*" (YLC Finance Manager Interview Transcript, 2011)

The annual report reviewed, for the years 2007-2010, of the YLC provides shareholders with the highlights of the year, in regards to the significant transactions the YLC participated in. The chairperson's report, profile of the board of directors, section on corporate governance highlighting the role of the board and the number of meetings of the subcommittees, CEO's report, Directors report, auditor's report and the financial statements.

The AGM is the main means of providing accountability to shareholders of the company. However, the issue of timeliness of the company's AGM and delivering of the annual reports to shareholders, is something the company is working towards improving. This is as the company's financial year end is 31st December and the company's AGM for the year 2007 was held in August the following year, and for the year 2008 it was held in September, 2009. As explained by CEO

> "*…last year we had our AGM very late, it was in September, but we're to get back into a timely cycle where we have our AGM in April and during the AGM the Annual Report of the previous financial year is delivered to shareholders*." (YLC CEO Interview Transcript, 2010)

It was further revealed that the YLC did not follow the rules of calling an AGM in 2010 to discuss 2009 financial results.

> "*The YLC last year announced to the public the week prior to the AGM...however, companies must announce 30 days prior to the AGM. Hence, in the last AGM most members from the province did not make it to the AGM. In this year's (2011) AGM for 2010 financial results, prior notice was given and most representatives from the province were present to ask questions concerning the company finances*…" (Kontiki Capital Officer Interview Transcript, 2011)

Additionally, the company also involves itself in accompanying the Lau Provincial Council on its tours to the Northern and Western divisions of Fiji. The reason for this as given by the CEO is as follows

> "…*what we also do it's more of an informal thing we accompany the Provincial Council when they make their tours to members of the province that live in the West as well as in the North of Viti Levu, that's one way of information dissemination because a lot of them may not be able to make it to the AGM as it is always held in Suva*…"

From a review of the LPA office 2009 annual report, it was noted that the YLC CEO presented the prospectus of the YLC during its visit to the western division of Fiji and stressed the need for all the people of Lau province to individually or collectively purchase shares in the YLC. Similarly, during their tour to the northern division of Fiji in July 2009 an issue was raised by the members of the province living in the northern division of Fiji.

> "…*if the assets strength of the YLC is over $32 million, why is the province facing the greatest challenge of transporting people and cargo in and out of the islands*." (LPA office 2009 Annual Report)

The YLC CEO’s response was

> “…*the company has no intention of going into shipping business and also the board does not approve of this business venture*…” (LPA office 2009 Annual Report)

This was also highlighted in an interview with the YLC Finance Manager,

> “…*we don’t have any interest at the moment of providing non-economic returns to the province. We definitely will not go into shipping. On a social corporate responsibility side we probably will look at some projects to assist the province with other partner donors, probably in two years’ time.*” (YLC Finance Manager Interview Transcript, 2011)

Another way of providing accountability to its stakeholders[58] is through the annual Lau Provincial Council meeting. The YLC since its inception has always provided a presentation to the Lau Provincial Council and their presentation as mentioned by the CEO

> “… *is basically a financial update and then it talks about the upcoming developments, and usually members of the provincial council have opportunity to ask questions on how the company is progressing and some of them even give their views on certain developments or certain proposed developments*…”(YLC CEO Interview Transcript, 2010)

In interviews and observation of the LPC meeting, it was observed that *Tikina* representatives and chiefs just have praises for the YLC and are satisfied with the reporting that they receive and in some instances are overwhelmed by the complexity of financial reports.

[58] The provincial council represents the interests of the province and majority of provincial members invest in the company through their monetary contributions to the provincial council.

"*I know the benefit it provides to us and to the province. The company has assets like no other provincial company and provides a good rate of dividends we benefit from. It is our responsibility as members of the province to invest in the company if we are to reap the benefits*." (Kabara *Tikina* Representative Interview Transcript, 2009)

"*Yes, the financial affairs of the YLC are normally explained well to the members in the meeting and we always get written reports from the YLC…*" (Lakeba *Tikina* Representative Interview Transcript, 2009)

"*…the company discusses its affairs at the provincial council meeting; both the CEO and Chairwoman will be there, members are happy to get clear explanations from them regarding the operations of the company*." (Matuku *Tikina* Representative Interview Transcript, 2009)

"*The information that is provided to us as reports from the YLC is normally all aggregated together … It is in the provincial meeting then such information is explained by the CEO of YLC, then we are able to clearly understand the information provided…It is when we take this information to our Tikina that we face a big problem, as this depends on the education and knowledge of the Tikina Representative. If we the Tikina Representative are educated and able to grasp the financial information disclosed we are able to explain it clearly as well to our Tikina members, otherwise than the Tikina Representative will just not be able to transmit this information back to the Tikina in a manner for the Tikina to understand it*." (Fulaga *Tikina* Representative Interview Transcript, 2009)

Additionally, interview with an official from the Kontiki Capital OTC facility revealed that

"*…shareholders from the province have requested the YLC to provide the annual report in the Fijian language similar to that of Fijian Holdings Limited, as they* *could not understand the complex language of the current annual report*." (Kontiki Capital Officer Interview Transcript, 2011)

The Board of Directors have a moderate connection to the shareholders, as accountability is only provided to shareholders on an annual basis through the company's AGM and annual report, as stated in the company's Articles of Association. However, currently the timeliness of disclosure to shareholders is determined by the Board of Directors, in terms of when the AGM is held and annual reports to be provided to shareholders. Annual reports are provided only in the English language with complex terminologies that cannot be understood by the provincial shareholders.

5.5.2 YLC Chief Executive Officer to Board of Directors

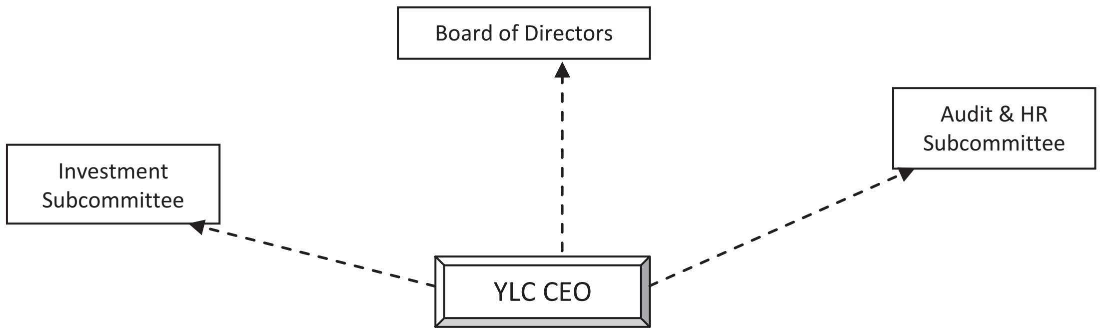
The YLC has twelve members in its Board of Directors[59], which is the maximum number of Directors as noted in the company's Articles of Association and the selection of the Board members as explained by the YLC CEO is as follows

> "*Two Directors have like automatic seats which is part of the company's Articles of Association, which provides that a male and female heir of the founder get direct seats, and the Lau Provincial Council has a seat, than the second largest shareholder gets a seat, also two female directors chosen by the area they represent but elected at the AGM. B Class Director is nominated by the Board and approved at the AGM, so what has happened in the past is the larger Class B shareholders have put up names, this goes through the Board and Board nominates who to the AGM. The rest of the Board of Directors are elected at the AGM by the shareholders*" …" (YLC CEO Interview Transcript, 2008)

[59] Numerous attempts were made to interview the board of directors but the author was referred to the former CEO and when the former CEO was relieved of his role, the author was referred to the Finance Manager.

One of the Board of Directors main responsibilities is to draw up the company's Corporate Plan, which is for three years and this sets out what the company will achieve within the three-year period. It is from the Corporate Plan that the CEO's performance targets are determined and this is assessed annually by the Board of Directors.

Figure 5.6 *YLC CEO's Accountability Web*



(- - - - - -▸ *Loose connections*)

The YLC CEO is fully accountable to the Board of Directors for the operations of the company as a whole, as well as to the two subcommittees.

> "*…we also have two Board sub-committees, to the Investment Subcommittee quarterly we submit like an investment performance report, for them to assess how our investments are doing and if there are any issues basically I have to answer to it. There is also an Audit & HR subcommittee; we have to provide monthly reports for them to see how we're tracking in terms of our performance targets*." (YLC CEO Interview Transcript, 2010)

> "*…the subcommittees are really like the so-called engine rooms, for they usually go through the investment proposals, the financial reports and they report to the full Board*." (YLC CEO Interview Transcript, 2010)

Also there are monthly Board meetings, to which the CEO has to report to. As noted in the annual report of the company, in the year 2007 there were seventeen Board meetings and in 2008 there were fourteen Board meetings, this excludes the subcommittee meetings. This was mentioned by the CEO (Interview Transcript, 2010)

> "…*on a monthly basis basically we have Board meetings and we submit management reports and the various papers that go with the Board meeting…Basically I submit reports to them when they meet and we're assessed on whether we are on track or not and why we're not on track…but reporting line is basically to the Chair of the company*."

In the company's annual report and confirmed by the CEO in the interviews, the YLC CEO provides the following to the Board of Directors

- Management updates
- Financial updates
- Business investments update
- Other issues that may arise in the company

However, the YLC Finance Manager (Interview Transcript, 2011) explained

> "…*to be honest the board was given very limited information. The board requested for financials but they were never produced, hardly given, when it was given it was just in a nutshell no details, no analysis, so the board was quite in the dark on what was happening*."

> "…*There were few questions raised but no follow-ups because at the end of the day there was a lot of trust. If you look at this company, the first CEO of the YLC was the father of the former CEO. There was a lot of trust put on him. There was no monitoring on the activities of the CEO or on his reports to the board*."

In terms of strategic and operational decisions for the company, the Board of Directors still has the autonomy of making the decisions, as explained by the CEO (Interview Transcript, 2010) in the two interview excerpts below:

"*I went to the Board with a proposal to further delegate cheque signing, that I only sign off on cheques above a certain amount, and I got told that you have to sign every cheque as a second signatory, so in other words they expect me to be their eyes and ears. You know I was thinking with the volume of work it might make it easier and efficient, if I'm not here*."

"*By way of every investment decision that is made by the company, the decision is made by the Board, I merely recommend, so by way of control there's still a bit of control at the Board level but for most of the investments, recommendations are made and then decision made by the Board whether to invest or not, there's healthy discussions and debates on certain investments and proposed investments*."

However, further follow-up interviews with the YLC revealed that the CEO was not providing the correct information to the Board of Directors to base their decisions on. This is as the CEO has complete autonomy in preparing the reports for the board of directors and he also was in full control of the operations of the YLC.

> "*The previous CEO was providing weak accountabilities to the board. He provided a good overview but he provided the overview of the YLC operations in such a way, as not to be questioned. The board were always been given financial conditions that was always good. Therefore, the board had a difficult task on knowing what was happening. Thus, the content of the monthly reports that were being provided were not good for the BOD to base their decisions on. The board was in the dark on a lot of dealings YLC was doing. Such as the YLC decided to invest into another company, becoming a subsidiary of YLC, when there was a need to appoint a director for that subsidiary, the CEO nominates and appoints himself. This creates a conflict of interest and also poor accountabilities to the BOD.*" (YLC Manager Finance Interview Transcript, 2011)

Also highlighted is the fact that even though there were subcommittees in place to monitor the operations of the YLC, there were no explicit standards on accountability and the CEO was able to negotiate his accountability to the board of directors and the subcommittees.

> "*There were vague standards of accountability and he* (CEO) *decides what to report to the board and in what format*." (YLC Manager Finance Interview Transcript, 2011)

There is a unidirectional connection between the former CEO and the various elements of the Board of Directors to which he is accountable. The strength of the connections can be said to be weak, as there is little clarity in the role expectations of the CEO by the Board of Directors. Hence, due to the high level of trust put on the former CEO and the autonomy to make decisions in the YLC without being questioned, allowed him to negotiate his accountability to the board and the shareholders of the YLC.

> "*The company owned by the provinces, the culture is such that the board hardly questions those in power and those in power have abused it to a lot of extent...*" (YLC Finance Manager Interview Transcript, 2011)

The YLC CEO is entrenched in an individualistic, loose, hierarchical cultural accountability configuration. This is as the CEO takes on the roles expected from the Board of Directors for the CEO to perform. The standards of conduct and accountability are implicit and vaguely defined for the CEO. However, as the CEO had full autonomy in the operations of the YLC and insufficient monitoring, this led to lack of responsibility and manipulation of reports to the board of directors.

5.5.3 Unit Managers to the YLC Chief Executive Officer

There are five managers in the YLC who all report directly to the CEO daily. The five managers have different responsibilities according to the units that they are in charge of and are all fully responsible for the operations of their individual units. Within the YLC, there are two main sections, that is the Finance section and Investment and Compliance section, which is managed by two separate managers. Additionally, the YLC also owns two small hotels, operating in Suva and Nadi, which are managed by two separate managers. Then there is the Pacific Harbour Arts Village, which has residential and commercial tenants, managed by another manager.

The YLC CEO (Interview Transcript, 2010) explained that the managers

> "*…send in excel reports everyday where its uploaded into our system and then our finance person downstairs then will just go through the reports and then every so often the officer does a spot check at the hotels, apartments …the daily reports are mainly financial reporting, but like for the Hotels, the manager also provides a report about the occupancy, staffing, to keep tabs on what is going on*."

The YLC CEO has significant control of the operations of the hotels, as highlighted in an interview with one of the hotel managers.

> "*Shareholders from the province (A-Class) can get corporate rates to the hotel rooms; however, this must be approved by the CEO. They normally directly ask the CEO and the CEO will tell us what to charge.*" (YLC Hotel Manager Interview Transcript, 2011)

Hence, there is a unidirectional connection between the managers and the CEO, and the strength of the connection is strong, as managers understand their roles and responsibilities of managing their units, which is clearly stated in their employment contracts. Additionally, the manager is connected to the CEO through a number of expectations, such as the daily reports, random spot-checks and interpersonal communication norms.

5.5.4 YLC Chief Executive Officer to Financiers

The YLC CEO is also accountable to the company's financiers due to commitments they have made. The financiers and the CEO have a strong connection, as the CEO understands that in order to maintain a good relationship with the financiers; he must meet their reporting requirements.

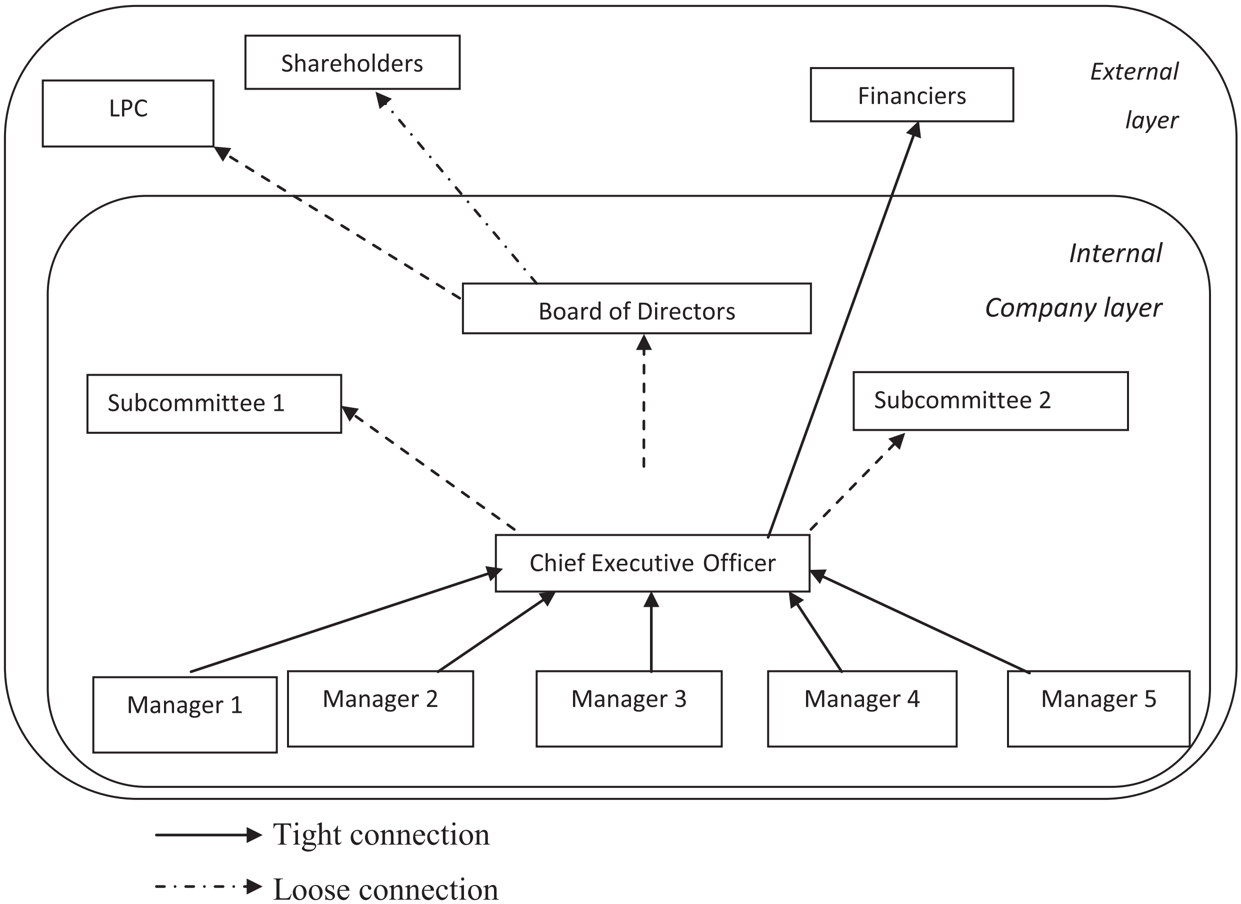
As explained by the YLC CEO

> "…*we have certain commitments that we need to live up to, like to one of our financiers we have to provide quarterly financial reports but again that's just their own reporting structure and then we meet on a quarterly basis for me to update them how the company is performing, another is annually, but in terms of reporting structure I think it's more just a formality for them to see that the company is on track and in a position to meet its payments and commitments to the bank*."

Next, the accountability web of the YLC is discussed.

5.6 Accountability Web in the Yatu Lau Company Limited

Figure 5.7 *Accountability web in the YLC*



The accountability web of the YLC (*see Figure 5.6*) shows a hierarchical form of accountability with the CEO being accountable to various parties on the affairs of the YLC. There is weak upwards accountability from the CEO to the Board of Directors and its various committees. The board of directors has placed a high level of trust on the former CEO, not monitoring nor questioning the reports and activities sanctioned by the CEO.

Accountability to shareholders is in accordance to the YLC's Memorandum of Association, which is during the AGM, where the YLC provides the annual report to the shareholders. However, since 2008 the AGM has been held late (September) and the

YLC had not given appropriate notice to allow provincial shareholders to be present on one occasion. Recognizing, that the province is a major shareholder and also were the initial investors into the establishment of the YLC and majority of the provincial members cannot make it to the AGM, the YLC presents at the annual provincial council meeting. This is the only form of communal accountability provided to the province.

The forgoing analysis indicates that the cultural traits of the Lau province should call for an accountability configuration which is collectivistic, tight and hierarchical. However the YLC depicts an individualistic, loose and hierarchical cultural accountability configuration, internally and externally. The locus of accountability is with the self, supervisor, and the organisation; the standards of conduct for the CEO, unit managers and Board of Directors are vague and implicit. Unit managers are accountable to the CEO; the CEO is accountable to the Board of Directors; and the Board of Directors is accountable to the shareholders. However, without clear explicit standards of accountability for the various elements, accountability between the elements will be open to negotiation.

The hierarchical culture within the YLC is prominent as the late paramount chief is the founder of the YLC and was the Chairman and currently, his daughter is the Chairwoman. It can be seen that the late paramount chief made the decisions concerning the YLC. These included decisions

- on the investment of provincial development funds into the YLC.
- the selection of the board of directors.
- to reinvest the LPC dividends into YLC.
- to provide advances to Marella Holdings, an entity owned by the late paramount chief’s family.
- that two directors of the YLC are from the founder’s family.

However, such hierarchical accountability in the YLC was not effective as the former CEO had full autonomy in the operations of the YLC. All the various unit managers were reporting directly to the CEO, who is then accountable to the board of directors. Bracci (2009) highlighted that where there is autonomy without accountability, this may lead to lack of responsibility in the organization. For without providing accountability, nobody is able to question the responsibility of the CEO in the proper use of resources or achievement of objectives. Qalo (1997) explained that "businesses have to have the right people to make exchanges that are pure" (p. 212). Hence, in the YLC there were appropriate structures in place for the CEO to report to, however, as there was no monitoring on the CEO's performance or reports, the accountability provided to the board of directors was misleading. This is a result of the high level of trust placed on the CEO, which has led to the "…use of communal forms of accountability, where expectations are left ill-defined and ex-post probity and legality forms of reporting are likely to be accepted (if needed at all)." (Laughlin, 1996, p. 230)

The YLC is giving poor accountabilities to the province, where Class A shareholders are not getting adequate information from the YLC. The majority of Class A shareholders have decided to reinvest their dividends into the YLC over the years in line with the advice given by the former paramount chief. However, the YLC has not reflected these changes in the share capital of Class A shareholders. Thus, provincial shareholders reinvested without knowing the terms of reinvestment.

This has important implications, as it shows that the accountability web frameworks of the YLC was first developed through the founder of the YLC and further developed by the Board of Directors, and the Chair of the YLC. The YLC considers itself just like any other company that is only accountable to the shareholders in the annual general meeting but also considers the interests of its founding shareholders and reports to them as well in their annual provincial council meetings.

However, the challenges to accountability within the YLC include the traditional custom of respect and not asking questions, for "to ask a question is to doubt" (Qalo, 1997, p. 116). Traditional authority has dominated in decision-making without providing the necessary accountability. There is reluctance by the board of directors to address and expose limitations that existed in the YLC. As Qalo (1997) argued this was tolerated, in order not to lose face and authority. Velayutham and Perera (2004), who found in their study that in collectivistic and large power distance societies, there tends to be a low degree of accountability in societies. For such societies would have a preference for confidentiality and restriction of disclosure of information about the organization only to those closely involved with its management and financing, so that not to lose face, which in some societies is "the most delicate standard by which … social intercourse is regulated" (*ibid*, p. 59).

5.7 Summary

This chapter has provided an insight into the accountabilities within the Lau Provincial Council and its provincial company, Yatu Lau Company Limited.

The main accountabilities of the LPC are to their sources of finance. The main source of financing of the LPC is the government through the TAB. Hence, the TAB has guidelines on reporting of the LPA office on how funds are administered and reports on activities undertaken by the LPC. However, accountability to the province is minimal, as it is only through the LPC meeting and the accounts of the representatives to their *Tikina*. On the other hand, there is heavy upwards accountability from the villages to the *Tikina* representatives and a standard report form to be provided to the LPA office and the TAB. In evaluating the accountability system of the LPC, it portrays characteristics of a collectivistic, loose, egalitarian accountability configuration which is at odds with the generally assumed collectivistic, tight, hierarchical culture of the province.

The YLC was established through communal fundraising in the Lau province and the province benefits through dividends earned, distributed to villages and *Tikina*(s) shareholders. However, the company is adamant that it will only provide returns to the province in the form of dividends. The accountability system of the company has strong characteristics of individualistic, loose and hierarchical accountability configuration within the organisation and across the key accountability relationships. This is as the YLC has few implicit standards on accountability, which are not clear, and there is low monitoring on the management of the YLC given the high levels of trust.

Chapter 6

Accountability: The Case for Namosi Provincial Council and Namosi Development Company Limited

6.1 Introduction

This chapter outlines the data from semi-structured interviews and reports the accountability frameworks that are used by the Namosi Provincial Council (NPC) and the Namosi Development Company Limited (NDC).

In this case study of the NPC and the NDC, their accountability practices are explored, analyzing accountability practices within the entities and to external parties. Interviews were carried out with: the NDC Managing Director, NDC board of directors, the NPC *Roko Tui*, the NPC Treasurer and the *Tikina* representatives of the Namosi province during the 2009-2011 periods. The accountability systems of the NPC and NDC are then analyzed using the accountability web conceptual framework (Bracci, 2009; Gelfand *et al*., 2004).

The issues that were addressed in the interviews related to:

i. the role of the provincial council and company and to whom are they accountable;
ii. for what is the provincial council and company accountable;
iii. why accountability is demanded of the provincial council and company; and
iv. how accountability is transmitted back to the stakeholders of the two entities.

The discussion of the results will be structured as follows:

1. Background of the Namosi Province, the NPC and the NDC;
2. Accountability Frameworks in the NPC and NDC.

6.2 Background

6.2.1 Namosi Province

Namosi is one of Fiji's fourteen provinces, and one of the eight provinces in Viti Levu, Fiji's largest island. In terms of population, Namosi is the smallest province in Fiji and is located to the west of Suva[60] covering 570 square kilometers and a population of 6,898[61] living within the province and 8,277 who have opted to reside outside of the province in other areas of Fiji (Anon., 2007).

A distinguishing feature of the Namosi province is that the whole province belongs to one *Yavusa* or tribe *Nabukebuke*, of which the paramount chief of the province is the *Tui Namosi*[62]. The Namosi province has five *Tikina*(s) (or districts) and thirty villages, with the population of each *tikina* and its associated village tabulated below.

Table 6.1: *Namosi Province Population* - 2011 *Tikina* Representative Reports[63]

District (*Tikina*)/Village (*Koro*)	**Population**
VEIVATULOA (8 villages)	**2,364**
Nakavu	455
Namelimeli	59
Lobau	173
Veivatuloa	305
Mau	530
Qilai	168
Nabukavesi	567

[60] Fiji's capital city

[61] The total population of residents within the province, as provided by the *Tikina* representatives in 2011, is 5581. This is lower than the population details from the Bureau of Statistics (2007).

[62] The current holder of the title is Ratu Suliano Matanitobua. He is a businessman and is one of the deposed cabinet ministers from the December 2006 coup d'état.

[63] The *Tikina* representatives provide the NPA office with quarterly reports including population details of each village within the *Tikina*.

Navunisoco	107
NAMOSI (5 villages)	**892**
Namosi	457
Navunibau	146
Nasigatoka	74
Narukunibua	91
Waivaka	124
WAINIKOROILUVA (5 villages)	**1200**
Saliadrau	254
Navunikabi	313
Nakavika	240
Namuamua	280
Nukusere	113
NAQARAWAI (3 villages)	**679**
Naqarawai	183
Wainimakutu	336
Naraiyawa	160
VEINUQA (5 villages)	**446**
Wainilotulevu	47
Nasoqo	37
Burotu	85
Vunidavo	64
Wainiyavu	213

***Source*:** Namosi Provincial Council (2011)

Even though the Namosi province is just outside Fiji's capital city, only one *Tikina* is situated on the coastal area adjacent to the urban centers[64], and it is only the inhabitants of this *Tikina* that have access to employment and other economic activities in these urban centers. The other four *Tikina*(s) are all situated in the mountainous regions of the province, accessible by gravel roads with the exception of one *Tikina*, Veinuqa, that can only be accessed by horseback or walking.

[64] This is Suva city and Navua town.

From a review of the 2007-2009 NPC meeting papers the following needs of the province have been repeatedly submitted to government.

- Making of new roads to access remote villages, where the only means of getting to these villages is to either walk or ride horses.
- Tar sealing of existing roads to the rural villages.
- Electrification and telecommunications for rural villages.
- Health centers in remote villages.
- Education scholarships. Since 2009, the province has been fundraising for tertiary fees for students from the province studying in tertiary institutions.

Some of the above requests have been met by the government. In 2009, the government contributed $159,741 to assist the Namosi province through the Self Help Projects Programme with the Ministry of Provincial Development[65] (NPC Annual Report, 2009). These projects include eco-tourism, farming, horses for transportation, school upgrading, flush toilets etc.

For inhabitants of the *Tikina*(s) located in the interior, the main means of earning income in the province is through farming for subsistence and for sale to local markets[66]. Tokalau *et al*. (2005, p.181) in researching a village in the interior of the Namosi province explained that farming is the backbone of the Namuamua village and a farmer would earn around $255 per month. The authors also mentioned that for people living in the province, their main expenditure would be the secondary and tertiary education of their children in the urban centers which can be "…exorbitantly expensive" (*ibid*).

Table 6.2 illustrates the main sources of income for the five *Tikina*(s) in the province.

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[65] In the Self Help Project Programme the group making the requests contributes one-third of the total costs of the project and the two-thirds will be contributed by the programme.

[66] Crops include taro, cassava, yaqona (kava), bananas etc.

Table 6.2: *Namosi Province Income Sources by Tikina*

Tikina	**No. of Villages**	**Income Source**
Veivatuloa	8	Paid employment in public/private sector/ farming and fishing
Namosi	5	Paid employment in copper mine exploration / farming
Wainikoroiluva	5	Farming/Eco-Tourism
Veinuqa	5	Farming
Naqarawai	3	Farming

***Source**:* NPC Annual Report, 2009.

6.2.2 Namosi Provincial Council (NPC)

> "*The Namosi Provincial Coucil, like any other provincial council in Fiji, is an arm of the iTaukei Affairs Board (TAB) in achieving its core functions of looking after the "good governance" and "well-being" of the Fijian people as stipulated in the Fijian Affairs Act and Tikina and village Regulations of 1996*." (NPC Annual Report, 2009)

The NPC is the central decision making body on issues concerning the province. The NPC members include; the paramount chief, the five *Tikina* chiefs, six *Tikina* representatives[67], four urban centers representatives, and one representative each from the women's and youth's group. Apart from the paramount chief and the *Tikina* chiefs, who are members of the NPC as a result of their chiefly status, all other members to the NPC are elected from their respective districts to serve a three year term on the NPC. The NPC holds its provincial council meetings twice a year; however, this depends on its budget allocations from the TAB.

[67] All *Tikina*(s) have one representative each, except for Namosi *Tikina*.

> "*The NPC sits twice a year, March and October, but as the budget of the NPC continues to be decreased, starting next year 2011, we are having only one NPC meeting but for 2 days. The two meetings that were held in previous years, one meeting was specifically for the budget and the second meeting for development of the province. Next year to save costs, we will have only one meeting in August, the first day for the budget and financial affairs of the NPC, and the second day for the provincial development*." (NPA office Treasurer Interview Transcript, 2010)

The secretariat of the NPC is the *Roko Tui* who is the chief executive officer of the Namosi Provincial Administrative (NPA) office. The NPA office is the administrative arm of the NPC and its main officers[68] are appointed by the *iTaukei* Affairs Board (TAB) and are accountable to the TAB. The NPA office is situated in Navua town, which is the province's urban center.

The NPA office is responsible for preparing meeting papers and the budget of the NPC, organizing meetings with the various *Tikina*(s), liaising with the various government ministries on behalf of the requests from the province, representing the province to the government as well as to any outside parties that wish to undertake commercial activity in the province.

Figure 6.1 illustrates the formal structure of the Fijian Administration within the Namosi province.

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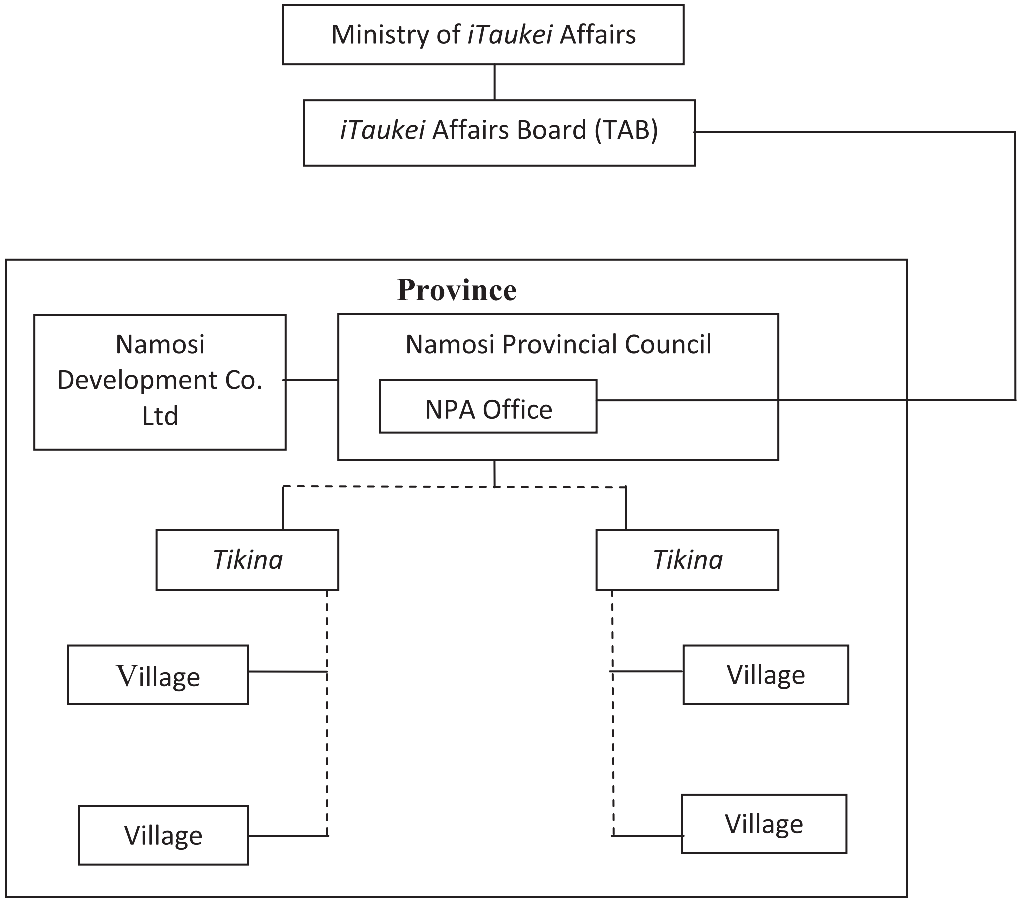
[68] That is, the Roko Tui, Assistant Roko Tui(s) and Treasurer.

Figure 6.1 *Fijian Administration formal structure – Namosi Provincial Council*



The number of districts or *tikina* and villages varies from one case to another.

Source: *Adapted from Durutalo (1997)*

6.2.2.1 Financing of the NPC

The government through the TAB funds the NPA office, which is the administrative arm of the NPC. The operations of the NPA office is funded through government subvention grant, provincial levies, as well as dividends from the NPC investments[69]. The financial budget of the NPA office has to be endorsed by the NPC, as well as, requests for funds to be used from the investments of the NPC.

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[69] The NPC has investments in Fijian Holdings Limited and Yasana Holdings Limited. Both these investments were purchased through the government's financial assistance.

> "*NPC investments are managed by the NPA office. Dividends coming from Yasana Holdings Limited (YHL), from the resolutions of the NPC meeting, it has been decided to have these monies as standby for the provincial council budget. $19,000 every 6 months is kept in a trust account. Now that the 2011 NPC budget has been reduced by $30,000, it is the YHL dividends in the trust account that will assist us*." (NPA office Treasurer Interview Transcript, 2010)

The NPC proposed budget for the year 2010 revealed the following.

Table 6.3 *NPC Proposed Budget 2010*

Budgeted Income	**$**
Government Subvention	162,036
Provincial Rates	62,159
Dividend Income[70]	90,603
Total Budgeted Income	**314,798**

***Source*:** *Namosi Provincial Council Budget, 2010*

The province assists in financing the NPA office through provincial levies, which are collected annually (NPC Financial Statements, 2000). The annual provincial levies are collected on a communal basis and are used to fund:

> "*…expenditure allocations which are not funded by Government such as Provincial Scholarship, Soqosoqo Vakamarama (women's group), Ka Vakavanua (traditional provincial activities) and additional Turaga ni Koro*

[70] The NPC Budget notes that dividends come from Fijian Holdings Limited (FHL) $71,428 and Yasana Holdings Limited $19,715. However, dividends from the FHL are held in trust with the TAB and not released to the NPC.

(village headmen) allowance." (NPA office Treasurer Interview Transcript, 2010)

The proposed usage of the 2010 provincial levies is outlined in Table 6.4 below.

Table 6.4 *NPC Proposed Usage of Provincial Rates*

Budgeted Expenditure for Provincial Rates	**$**
Staff expenditures	17,572
Native Land Trust Board (NLTB) Lease	1,000
NPC Meetings	5,846
Educational Assistance	3,141
Miscellaneous	2,500
Provincial Assistance	3,100
Provincial Development	29,000
Total	**62,159**

Source: *Namosi Provincial Council Budget, 2010*

The province's targeted collection is based upon the action plan set by the NPA office, which is to be endorsed by the NPC. Interview with the NPA office Treasurer revealed that

> "*Provincial levies are collected by going to the Tikina(s) meetings; some bring it directly to the office. It is now $40 per adult male per annum, this is determined by the proposed budget of the NPC and the number of people in a village…what the provincial levies should provide is to cater for 'ka vakavanua' (traditional activities), as the government does not cater for this*." (NPA office Treasurer Interview Transcript, 2010)

In return the villages can apply for government self-help projects and the NPC contributes their one-third contribution. However, this will only be provided to villages which consistently provide their targeted annual provincial levies.

"*For the provincial rates this is used to look after the welfare and the development of the province. Half of their rates is given back to them through their one-third contribution for developments funded by the government self-help programmes*." (NPA office Treasurer Interview Transcript, 2010)

This is also one of the main reasons members of the province give provincial levies, with the expectation of developmental projects to be implemented in the province, as expressed below by a *Tikina* representative.

"*…we give our provincial levies with the expectation that developments will be made in our province by the government… as times are hard…*" (Veinuqa *Tikina* representative)

Table 6.5 *Namosi Provincial Council Provincial Levies by Tikina 2007-2009*

TIKINA	2007		2008		2009	
	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL
Veivatuloa	$21,284	$11,516	$21,284	$16,790	$22,614	$14,376
Namosi	$8,960	$8,047	$8,960	$5,930	$8,960	$7,003
Wainikoroiluva	$15,145	$11,997	$15,145	$10,531	$15,145	$9,061
Naqarawai	$8,340	$2,780	$8,340	$4,876	$8,340	$8,340
Veinuqa	$7,100	$7,100	$7,100	$3,337	$7,100	$4,270
Total	**$60,829**	**$41,440**	**$60,829**	**$41,464**	**$62 159**	**$43,050**

***Source*:** Namosi Provincial Administrative office

The NPA office has been experiencing a decline in provincial rates collected and the Treasurer attributes this to the development assistance scheme (DAS) funding from the government which was assisting the *Tikina*(s) in their provincial development, without them needing to provide their one-third contribution through their provincial levies.

"*…the DAS funding was assisting the province in development even when their provincial levies were not given fully but now that there is no more DAS funding and only self-help programmes by government where the villages have to give their one-third contribution, we are telling the province to give their targeted provincial levies to not only assist them but also in our operational costs especially with the decrease in our government subvention…*" (NPA office Treasurer Interview Transcript, 8th June 2011)

The NPA office anticipates that provincial levies will now increase given the DAS funding has ended and villagers have an incentive to pay their provincial levies, given that for every dollar a village pays it gets back plus two government dollars for a self-help project for their community.

The NPC also assists in funding the establishment of the Namosi Development Company Limited (NDC). The NPC took out loans from the TAB Small Business Unit (SBU) to assist the NDC establish a commercial farm in 1996 and in 1999 to build their first property. The unsecured loans taken by the NPC from the TAB are tabulated below.

Table 6.6 *NPC Unsecured Loans from the TAB*

YEARS	LOAN PURPOSE	OWNERSHIP	AMOUNT LOANED	AMOUNT OWING
1996	Farming	NDC	$148,735.39	$108,193.22
1999	Ro Matanitobua House & NPC Complex	NDC	$500,000.00[71]	$183,869.37

***Source*:** *iTaukei* Affairs Board (2011)

[71] This sum was the loan of the NPC from the TAB. The NPC gave $225,000 to the NDC for building the Ro Matanitobua House and $275,000 for building the NPC Complex, which currently houses the NPA office and the NDC office. The loan repayment to the TAB SBU was sourced from FHL dividends.

The NPC has not paid its loans for the farm; the last payment received by the TAB was in 2009. For the Ro Matanitobua house the last payment received by the TAB was in 2006.

> "*The SBU Loan with the TAB has still not been paid by the NPC. The loan was taken to build the Ro Matanitobua House and the Wainea Farm that is owned by the NDC. It was decided at the NPC that the FHL dividends would pay off the outstanding loan but something happened and this money has still not been paid to us neither to our debt. We have just received a statement that we still have outstanding payments. The Managing Director of the NDC maintains that most of the money loaned that was supposed to go to them, never came to the NDC. Hence, the NPC proposed as the FHL dividends has been freezed that the rental payments from the Ro Matanitobua House to pay for this debt at least $1,000 per month but to date nothing has happened*." (NPA office Treasurer Interview Transcript, 8th June 2011)

According to the TAB SBU, provincial councils have always relied on FHL dividends to pay for their loans but now the FHL dividends are being held back by the TAB. This is as the TAB

> "*…remains as trustees*[72] *for the provincial councils for FHL investment…the arrangement is dividends from FHL comes here and we control it from here, so provincial councils if they request funds they have to request to the TAB according to their budget*." (Interview Transcript TAB Principal Accountant, 2011)

[72] In 1984 the government gave a $20 million grant from the Fiji Development Bank to the FHL, and this was FHL's initial capital that was then divided into the provincial council's investments. The current administration has decreed that this sum ($20 million) must be repaid. Consequently, dividends on shares held by the provinces are being held back by the TAB.

The following section discusses the provincial company, Namosi Development Company Limited (NDC).

6.2.3 Namosi Development Company Limited

The NDC was registered at the Registrar of Companies on the 4th August, 1994 and the purpose of the company is to operate as the commercial arm of the NPC and raise finance through various business operations in order to assist the NPC with the development of the province, however, the NDC has not realized this purpose to date. A brief background on the NDC is provided below.

6.2.3.1 Establishment and Operations of the NDC

The NDC lists a number of business ventures[73] it plans to pursue in order to develop the Namosi province, these include:

- Establishing farms for *yaqona* (kava), banana, beef, piggery and *dalo* (taro).
- Building of office complexes for rental purposes.
- Develop timber resources of the province.
- Provide support services to copper mining companies doing exploration in the province.
- Establish scholarship fund.
- Pay the provincial levies for the province.

From the above business ventures, the NDC began with a farm and this business venture has not realized any returns to the company. Then the NDC moved to building office complexes for rental purposes, as this was also supported by the government during that

[73] This was gathered from the NDC's Corporate Plan, which was a very basic document just outlining business ventures to pursue.

period to promote provincial companies development[74]. At present, the NDC owns one building which is being rented out by the government[75].

The NDC has just realized its objective of building an office complex in Suva which is being rented out by the government. The managing director of the NDC indicated that the company has not initiated the other planned projects yet, as the NDC has not raised the needed capital base to fund the above projects (April, 2009 NDC meeting papers).

> "*…at the moment the NDC has not reached its full potential of benefiting the province…this is as the company has significant debts and all cash flows into the company is used to pay off its debts and administrative costs*." (Managing Director Interview Transcript, 19th February, 2009)

> "*The company was established by loans to build these office buildings and now the company has to focus on repaying these loans before it can provide returns to the province…but the province only provided $100 000 to the company*." (Managing Director Interview Transcript, 8th June, 2011)

The financing of the NDC is further explained next.

6.2.3.1.1 Financing of the NDC

The NDC was first financed by the NPC loan from the TAB SBU, as well as the province's DAS funds and funds received from the province. The NDC then took loan from the Fiji Development Bank (FDB) and this was later refinanced by the Australia & New Zealand (ANZ) Bank. The table below provides details of the financing of the NDC.

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[74] This was one of the legislative actions in the 'Blueprint for Protection of Fijian & Rotuman Rights & Interests, and Advancement of their Development' (2000).

[75] The NDC also has another property, Namosi House, but is still arranging for its financing in order to get legal ownership from Winproject Limited.

Table 6.7 *Financing of the NDC*

Year	Financier	Amount	Terms	Security
1992	Province	$100,000	Invested into FHL under the NPC[76]	
1996	TAB SBU	$80,000	NPC Loan	Unsecured
1999	TAB SBU	$225,000 [77]	No fixed term of repayment. Interest charged at 7.5% for six years.	Unsecured
2000	Province	$100,000	Province's contribution to construction of Ro Matanitobua House	
2000	NPC DAS funding	$100,000	Unconditional grant	
2000	FDB	$380,000		Crown Land lease
2001	FDB - refinancing	$640,000		Crown Land Lease
2004	Winproject Ltd[78]	$4.8 million[79]	Winproject Ltd has legal title to Namosi House	Namosi House Assignment over rental proceeds from government[80]for Namosi House
2007	NPC DAS funding	$70,000	Unconditional grant	

[76] As the NDC was not established at this date the funds were given to the NPC which invested it into FHL.

[77] The NDC had shown the amount owing on this loan ($183,869) as part of the company's long-term liabilities (30th June, 2010 Financial Statements).

[78] The legal title of the Namosi House is currently with an investment group Winproject, who financed the construction of the Namosi House. Hence, the NDC is hoping that the ANZ Bank can refinance to pay off Winproject Limited.

[79] From the NDC meeting papers (25/06/09 and 08/10/09) the amount to be paid to Winproject Ltd was first stated at $7.3 million then after negotiations $4.8 million was agreed upon.

[80] All rental proceeds received from government for the Namosi House is given to Winproject Ltd, except $3,000 which is given to NDC.

2008	ANZ[81]	$625,000	Interest 9.5% and monthly payment of $8,710.78	Mortgage debenture over all company assets. Crown Land Lease. Unlimited guarantee by founding directors. Assignment over rental proceeds from government for Romatanitobua House.

Source: *Namosi Development Company Limited and Fiji's Registrar of Companies*

According to the NDC managing director,

> "*The province contributed about $100,000 not the NPC. That money was not used for constructing the Ro Matanitobua house. The man who was managing the operations misused about $300,000 so we had to use the $100,000 which we invested to clear the debts otherwise the bank was going to wind up the company. The $100,000 is the people's equity. For the Namosi House there was no money at all given by the province, only for the Ro Matanitobua house*." (Managing Director Interview Transcript, 8th June, 2011)

The NDC from 2001-2007 has not made any profits from its operations except for the years 2008 and 2010. Additionally, the NDC has not paid any dividends to the province since its establishment. The financial performance of the NDC is tabulated below.

Table 6.8 *NDC Financial Performance*

Year	Net Profit after Tax	Accumulated Losses at beginning of the year	Proposed Dividends	Accumulated Losses as at 30 June
2010	$68,167	$(312,452)	0	$(244,286)
2009	$(30,875)	$(281,577)	0	$(312,452)
2008	$12,000	$(269,577)	0	$(281,577)

Source: Namosi Development Company Limited Annual Report (2010)

[81] The ANZ Bank refinanced the loan from the FDB. The NDC is currently working on getting additional financing from the ANZ Bank for financing the Namosi House.

According to the NDC managing director, the finances provided from the NPC are unconditional funding and that by the province is the province's equity. However, this is not represented in the equity of the NDC, as viewed in the extract from the NDC financial statements as at 30 June, 2010.

Table 6.9 *Extract from the NDC Financial Statements as at 30 June, 2010*

Equity Extract	30 June,2010	30 June, 2009
Accumulated Losses	$(244,286)	$(312,452)
Reserves[82]	$491,156	$491,156
Share Capital[83]	$4	$4
Total Equity	**$246,874**	**$178,708**

Source**:** Namosi Development Company Limited Annual Report (2010)

6.2.3.2 NDC Shareholding Structure

The shareholding structure of the NDC is a sensitive issue for the province. This is as the NDC was and is still registered under the four founding shareholders and the province has not been given share ownership of the NDC. The founding shareholders have reiterated in provincial council meetings that the NDC was registered on behalf of the Namosi province and operated for the benefit of the province (25th June, 2009 NDC meeting papers).

Change of share ownership in the NDC was discussed at the 2009 NPC meeting. It was agreed that the NPC and NDC work together to establish an acceptable structure whereby shares could be allocated to the *Tikina*(s). This resulted in the Capital Markets Development Authority (CMDA)[84] Chief Executive Officer (CEO) presenting at the

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[82] This is from the revaluation of fixed assets, recognizing the increment arising from valuation in August 2004 by an independent valuer.

[83] Share capital of the four founding shareholders at a $1 per share.

[84] The CMDA was dissolved of its full functions in August 2009 and this has been subsumed by the Reserve Bank of Fiji, which has endorsed the CMDA regulations.

NPC meeting at the request of members of the province to discuss options available to the province on share ownership in the NDC.The share structure tabulated below is the proposed allocation of shares by the NDC.

Table 6.10 *NDC Proposed Share Allocation*

SHARE ALLOCATION	PERCENTAGE OF SHARE ALLOCATION
Tikina Veivatuloa Trust	14%
Tikina Wainikoroiluva Trust	14%
Tikina Namosi Trust	14%
Tikina Naqarawai Trust	10%
Tikina Veinuqa Trust	10%
Vale Levu (Chiefly Household) Trust	4%
Vasu (people with maternal links to Namosi) Trust	3%
Ratu Suliano Matanitobua Trust	5%[85]*
Manumanunitoga Trust	5%*
Tuilawaki Trust	3%*
Tovukona Trust	3%*
Namosi Development Company	15%[86]

Source: Namosi Development Company Limited

During interviews, the managing director explained that the above share structure for the NDC has been submitted to the NPC and the province since 2006. The NPC and the province refuse to accept the proposed share structure by the NDC. The NPC and the province want the shares to be allocated only to the five *Tikina*(s) and a portion to the *vasu*(s), that is, people with maternal links to the Namosi province.

[85] These (*) are the share allocations to the founding shareholders of the NDC. However, the founding shareholders did not contribute any cash contribution upfront except for the initial dollar share.

[86] Such an allocation would be illegal under the 1983 Companies Act.

"*The shares were allocated right from the beginning we are just representing the different shareholders. This is the share structure* (illustrated above). *But the NPC did not approve of this share structure they said the NDC and the founding members should not hold any shares in the company*." (Managing Director Interview Transcript, 8th June, 2011)

"*We are intending that when the time is proper I intend to tell them (NPC and members of the province) that they need to purchase shares in the NDC. They cannot expect just to be allocated shares as all the money for the assets acquired are loaned*." (Managing Director Interview Transcript, 8th June, 2011)

This is a cause of conflict between the NPC representing the province and the NDC. The province raised the initial capital for the NDC through a provincial festival. Hence, *Tikina*(s) are dissatisfied with the above share allocations since they contributed more financially then the founding shareholders, however, the founding shareholders are resolute that 16% of the shares be allocated amongst them and 15% set aside for the NDC.

The following questions and comments[87] were made from members of the province to the Managing Director of the NDC after the CMDA presentation (2009 NPC Meeting Minutes):

"*Does the NDC have any money*?"

"*How would shares be allocated by Tikina*?"

[87] All the above comments recorded in the 2009 NPC meeting minutes were observed by the author and the heated discussions only came to an end, when a board of director of the NDC requested for the discussions to be closed as it was not appropriate given the paramount chief was not present during the discussion.

“*There needs to be a reduction in expenses of the company, there have been no profits recorded by the NDC and the expenses are quite substantial*.”

“*We need to see that the financial statements of the NDC are audited*.”

“*Since 2001, this is the first time I have ever seen the financial statements of the NDC in the NPC meeting. The NDC is supposed to have an AGM every year. Their request to transfer the assets of the NPC to the NDC, what will happen if the NDC does not receive the forecasted rental revenue from the government on the Namosi House. I do not agree to the NDC request for transfer of assets from the NPC*.”

6.2.3.3 Expectations of the Tikina(s) from the NDC

From interviews with the *Tikina* representatives, their view of the establishment of the NDC is to assist members of the province financially, having educational scholarships, payment of the provincial levies and improvement of living standards.

“*…to financially assist the members of the province that face difficulties, hence the NDC is moving towards allocating the shares of the company to each tikina…when the company makes profits it can be allocated to the tikina(s) and villages…*” (Veinuqa *Tikina* Representative)
“*…to financially assist the province and members of the province in improving their living standards…*” (Naqarawai *Tikina* Representative)

“*This was established to assist members of the province in scholarships for education of our children and payment of the provincial levies for the province…*” (Wainikoroiluva *Tikina* Representative)

“*…education scholarships, assisting villages in footpaths, flush toilets, building village halls…*” (Namosi *Tikina* Representative)

The following section focuses on the NPC and the NDC, which will demonstrate that these two parties cannot be viewed as separate entities in analyzing accountabilities.

6.3 Indivisibility of the NPC and the NDC

From reviewing the NPC and the NDC, it can be seen that the two entities are essentially indivisible. This can be attributed to the establishment of the NDC, the financing of the NDC and decision making within the NDC. The narrative outlined below provides evidence of this relationship between the NPC and the NDC. Additionally, responses from interviewees documented in this chapter demonstrate that provincial meetings discuss both Council and Company issues, without distinctions between the two always being clearly drawn.

The decision to establish the NDC was made by the NPC.

> "*I took over as deputy chairman of the NPC in 1978 but then the province was bankrupt…I knew by then that the province could not raise any loan to upgrade itself as we had very old buildings from the colonial era so the only way I knew we could raise money was through a development company, that was in 1989. At first the members of the provincial council did not agree as two previous companies had gone bankrupt and this was operated by different people. But once this was approved we started going around asking people for money. I became NPC Chairman in 1990, so in 1992 we had a fundraising that was the only successful fundraising we had so far. $75 000 was given to the province to salvage their position and $100 000 was invested to FHL. The company was finally established in 1994…*" (Managing Director Interview Transcript, 8th June, 2011)

The NPC supported the establishment of the NDC as the NPC cannot involve itself in commercial activities as this is restricted under the *iTaukei* Affairs Act. Hence, with the support of the NPC the NDC was established in 1994 by four influential members of the NPC. That is, the current paramount chief of Namosi; the former chairman of the NPC who is the current managing director of the NDC; the assistant *Roko Tui* and a provincial scriber in the NPA office, who are both members of the province. According to the NDC managing director, the NDC continues to be registered under the four founding members and they represent the Namosi province.

> "*The four founding members represent the five Tikina(s) as we cannot register the whole province*." (Managing Director Interview Transcript, 8th June, 2011)

In an interview with the NDC Managing Director it was revealed that the

> "*…commercial arm of the NPC was established to assist in raising finance for provincial development."* (Interview Transcript, 19th February, 2009)
> *"The reason why we established the company was because a copper mining company operating within the province agreed that the NDC provide support services to them, like housing, catering, and road maintenance. We had very good relationships with the management of this company and they promised to finance us but then the mining company pulled out the same year (1994) due to disagreements with the government*." (Managing Director Interview Transcript, 8th June, 2011)

The NPC since the establishment of the NDC has always financially supported the company, as the NDC cannot access funding from the government agencies directly. A fundraising activity ostensibly by one entity may see funds shared or possibly redirected to the other entity. Financial assistance can flow in both directions, from the NPC to the NDC and vice versa. The NPC took out loans from the TAB SBU in 1996 and 1999 as start-up capital for the NDC (*Refer to Table 6.6*). Hence funding flows from the TAB to the NPC, which secures it on behalf of the NDC. Accountability can then be expected to run in the opposite direction.

The financing of the NDC from the province is mainly through provincial festivals, where monies raised are given to the NDC. Additionally, the $100,000 Development Assistance Scheme[88] (DAS) of the government to the province was also provided to the NDC following requests made to the NPC.

> "*…we established the yaqona (kava) farm and got a loan from TAB about $80,000. I prepared a plan after four years we would start harvest but the only problem here was that the money side of it was prepared by the Roko Tui. Our expenditure and income all comes through the Roko Tui[89], we argued a number of times with them several times, how can we operate the farm and somebody else is controlling the funds. After this we established the Ro Matanitobua complex, the yaqona farm guaranteed the loan. This was financed by TAB $500, 000 and the bank loan gave $700, 000, province contributed around $100,000. The cost was around $1.3 million…*" (NDC Managing Director, Interview Transcript; 8th June, 2011)

Additionally,

> "*The NPC DAS funding allocated to the NDC was the first contribution which helped the company establish itself...around $170 000 has been provided to the NDC.*" (NPA office Treasurer Interview Transcript, 2010)

[88] However, from the year 2009, the NDC meeting papers showed that the request of the NDC to the NPC for this funding was rejected.

[89] The *Roko Tui* exercised such control as it is the NPC that is applying for the loan on behalf of the NDC.

From interviews with the *Roko Tui* and Treasurer, the financial contributions of the NPC to the NDC are considered unconditional grants.

> "*…the financial contribution that is provided from the NPC to the NDC is not seen as a loan, but a goodwill payment to the company, as the NPC wants the company to be able to stand on its own one day and generate revenues for the province*." (*Roko Tui* Interview Transcript, 19th February, 2009)

> "*This DAS funding is given by government for development of the province. When this was given to the NDC, it was just given to help them start up. This was not seen as a loan or equity contribution. The NDC Board made their request, discussed at the NPC meeting and they were given the funds*." (NPA office Treasurer Interview Transcript, 2010)

> "*Monies given to the NDC from the NPC are seen as an unconditional grant and when the company is well established it will pay them back through dividends*." (Managing Director Interview Transcript, 8th June, 2011)

The managing director from the establishment of the NDC wanted the company to be operated commercially, so that to generate the returns to the province in the form of dividends. However, the NDC often faces tensions in the separation of provincial issues from the commercial purposes intended by the managing director of the NDC.

> "*When there is a traditional function, the company contributes through financial contributions of buying a cow or pig and the taros, etc. These are the other additional expenses of the company. That's the problem now we want to stop giving money to the province like we are assisting in paying the Tikina and village representatives but the problem now is that all the board of directors include members who are Tikina chiefs and Tikina representatives themselves so when a provincial problem comes up they always support that the company*

contribute financially. This is a big problem; I have tried to operate the company commercially but then when there is vote, majority counts." (Managing Director Interview Transcript, 8th June, 2011)

This is the main challenge faced by the managing director in operating the NDC, in trying to operate the company with a commercial focus and be financially secure in order to be able to provide dividend returns to the members of the province.

"*The problem is the Vanua; it is closely related to the company. If we want to run the company commercially we need to separate it, that's the best way to run it. This is the main drawback; just let the NPC run on its own and the company run on its own*." (Managing Director Interview Transcript, 8th June, 2011)

"*The company invested $100 000 with the Fijian Holdings and the directors opted that this be invested under the NPC*…" (Managing Director Interview Transcript, 8th June, 2011)

The essential indivisibility of the NPC and the NDC not only creates tensions between the NDC and the province, but also between key personnel within the NDC and the NPC.

6.4 Accountability of the NPA office to the NPC

The NPA office looks after the welfare of the province on behalf of the Ministry of *iTaukei* Affairs. Funding is from the government and the province. The two main parties to which the NPA office is supposedly accountable to are:

3) the government through the TAB; and
4) the Namosi province through the NPC meeting.

Table 6.11 illustrates the form of accountability between the parties and the realities of accountabilities are further discussed below.

Table 6.11 *Formal Accountabilities in the NPA office*

Element to be held accountable	For what	To whom	Means	Accountability type
Namosi Provincial administrative office	Annual activities & performance	*iTaukei* Affairs Board	Annual Report	Performance accountability
	Action Plan	*iTaukei* Affairs Board	Annual Corporate Plan	Performance accountability
	Achievement Reports	*iTaukei* Affairs Board	Quarterly Report	Performance accountability
	Government funding/grants[90]	*iTaukei* Affairs Board and Ministry of Finance	Monthly, quarterly and annual report	Financial accountability
	Provincial levies collected	*iTaukei* Affairs Board	Monthly and quarterly report	Financial accountability
		Namosi Provincial Council	Annual provincial council meeting	Financial accountability
	Dividends	Namosi Provincial Council	Annual provincial council meeting	Financial accountability
		iTaukei Affairs Board	Monthly and quarterly report	Financial accountability
	Requests for government assistance	Namosi Provincial Council	Annual provincial council meeting	Performance accountability

As seen from *Figure 6.1* the NPA office operates within the ambit of the NPC. The NPA office is the administration office of the NPC and is the contact point for all affairs

[90] The Development Assistant Scheme (DAS) of $100,000, which was normally given as an annual grant to provincial councils since the year 2000, is no longer provided since 2009 but has been diverted to the Commissioner's office for development within the province. The Commissioner's office falls under the Ministry of Provincial Development and is responsible for implementing rural development policies, programmes and activities through its district and divisional administration.

concerning the province. Hence, the NPA office receives financing from the government and the province for its operational costs (*see* Table 6.3).

The only means in which the NPA office is accountable to the Namosi province is through the NPC meeting, which is now to be held annually due to budget constraints. Additionally, there are *Tikina* meetings attended by the Assistant *Roko Tui* on a quarterly basis.

> "*We provide reports to the NPC and Tikina Councils meeting, mainly the feedbacks from the District officer on development projects. In the NPC meeting, day one of the meeting the financial affairs of the NPC is discussed. The proposed budget of the NPC is given to members for their approval, including the actual expenses for the period. The second day is for discussion of the development of the province*." (NPA office Treasurer Interview Transcript, 2010)

The NPC is chaired by the brother of the paramount chief, who will also be present during the meeting. Speaking rights during the NPC meeting are generally understood to be given to the *Tikina* representatives, who are the spokesman for their respective *Tikina*(s).

In terms of financial accountability, the NPA office provides an account of how provincial levies and dividends from the NPC investments are utilized. This is presented in the form of basic unaudited income and expenditure statements to *Tikina* representatives only. For performance accountability, the NPA office provides updates to the province on the requests made by the province and responses from the relevant government departments. According to the Treasurer,

> "*The members of the province don't really ask any questions on the audit of the financial statements. They mainly ask about the provincial levies, and their refund for development. They normally enquire about development projects for*

> *the province. During the provincial council meetings, it is mainly questions on development, how the government can assist them. These include fish ponds, beef and poultry farms, and markets for dalo etc*. "(NPA office Treasurer Interview Transcript, 2010)

For the NPA office it is the Assistant *Roko Tui* who liaises with the province on behalf of the NPA office. In the NPC Annual Report (2009) it is noted that

> "*The Tikina is headed by the Assistant Roko who reports to the Roko Tui for everything that is happening at the Tikina and village level on all issues: economic, social, developmental, etc…the voice and the concerns of the province will then be taken up to the TAB…*"

The Assistant *Roko Tui* is also responsible for attending *Tikina* meetings and providing updates on the affairs of the NPA office and NPC.

> "*It is the Assistant Roko Tui who will attend the Tikina meetings, he will not only get back to the Roko on what is happening at the Tikina level but also provides the Tikina an update on activities of the NPA office, the financial affairs of the NPC and issues discussed at the NPC meeting*." (NPA office Treasurer Interview Transcript, 2010)

For the Namosi province, they are mainly requesting information from the NPA office on its financial affairs. This can be seen in the NPC meeting papers (31st October, 2007)

> "*…we need clear explanations during the NPC meeting especially on the financial affairs and how it is utilized by the NPA office*." (*Tikina* representative, 2007)

This can be attributed to the lack of financial accountability to the members of the province. The NPC meeting papers (29th October, 2009) identified that members of the province were not informed of the dividends received by the NPC and the use to which they were put.

> "*It was the Roko during this period that misused the finances of the NPC that was under his charge. The members of the province were not given any report of how these dividends were utilized*." (Veinuqa *Tikina* Representative Interview Transcript, 29th October, 2009)

> "*The dividends from the FHL and YHL go to the NPC and I don't know how they use this. We cannot trace where this money goes, who and how it's spent we don't know*." (NDC Managing Director, Interview Transcript; 8th June, 2011)

The relationship between the NPA office and the province is unidirectional with accountability only provided through the provincial and *Tikina* council meeting. The clarity and pervasiveness of accountability between the two parties is very low as there is no formal standards on how the NPA office has to account back to the province, except through the annual provincial council meeting and the few Assistant *Roko Tui* visits to the various *Tikina*(s). Hence, there is a weak connection in terms of accountability from the NPA office to the province and this allows the NPA office and the members of the NPC to negotiate the terms of its accountability to the province. During provincial council meetings, *Tikina* representatives and members of the province feel inhibited to speak or go against decisions made by the NPC, due to the power distance issue where the paramount chief is respected and his decisions as the paramount chief of the province cannot be questioned.

The next section discusses the accountability of the NPC/NDC to the TAB.

6.5 Accountability of the NPC/NDC to the TAB

The NPA office is the administrative arm of the NPC. Hence, the NPA office is responsible for the provision of all required information to the TAB, on behalf of the NPC. For the NDC, it must be noted that the TAB only transacts with the NPC and therefore seeks accountability from the NPC. However as has been demonstrated funds obtained from the TAB by the NPC have been directed to the NDC.

In the NPC Annual Report (2009), accountability is included as one of their core values and explains their accountability as follows.

> "*We are accountable to Government for the delivery of service to the indigenous community to ensure their good governance and well-being*."

Therefore, the NPA office recognizes that it is accountable to the government through the Ministry of *iTaukei* Affairs and reports directly to the TAB[91].

> "*…to the TAB we send monthly and quarterly reports, including financial and staff reports…*" (NPA office Treasurer Interview Transcript, 2010)

These reports are prepared by the Treasurer and *Roko Tui* and cross-checked by the Senior Assistant *Roko Tui* on a fortnightly basis and once approved, this will be forwarded to the TAB.

> "*The Senior Assistant Roko checks my books every two weeks, and at the end of the month he checks with the Roko Tui. After he is satisfied with our reports, he sends our reports to the TAB. The reports from the NPA office are sent on the 15th and 30th of every month*." (NPA office Treasurer Interview Transcript, 2010)

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[91] These reports could not be accessed since they were not public documents, however these issues was further clarified with the TAB Principal Accountant.

The NPA office is prompt in sending the monthly financial reports to the TAB, failure to do so could result in not receiving their quarterly government subvention funds.

> "*Every month we submit our Income and Expenditure statements, together with the cash payments statement (CPS) and cash receipts statement (CRS) to the TAB…once the TAB receives all our required financial statements for the previous quarter then they will release payment for the next quarter*." (NPA office Treasurer Interview Transcript, 2010)

The TAB also conducts operational audits to monitor the affairs of the NPA office.

> "*The TAB has started doing operational audits as well, starting March this year, beginning with the vehicle outside…previously, they only did financial audits with the books maintained by myself, now with the operational audit they check everything*…" (NPA office Treasurer Interview Transcript, 2010)

Apart, from the monthly and quarterly reports, the NPA office submits its annual report to the TAB. For the NPA office, their last annual report is for the year 2009 and they are currently working on their 2010 Annual Report.

> "*The TAB does not really do active monitoring on the provincial councils, this is one of the reasons annual reports are submitted late…and up till now most provincial councils have only submitted their 2009 annual reports to us*…" (TAB Principal Accountant Interview Transcript, 2011)

Furthermore, the TAB is responsible for preparation of the financial statements. However, preparation of financial statements remains backlogged and has not been able to be audited by the OAG. The latest financial statement available for the NPC is for the year 2000. The reasons for the delay as explained by the Treasurer of the NPA office are explained below.

> "*The latest audited financial statement is for the year 2000. There is a backlog in the financial statements, this is as a lot of the accounts were left and nothing was done. The TAB was supposed to prepare it, after first doing the reconciliations with the NPA office. So when I started there was the backlog, and now I have been working on preparing the accounts with the TAB and it's now up to 2006. After this, it will be audited. The main problem is that the reconciliation with the TAB is supposed to be done yearly. The TAB has promised a lot of changes like online systems but after a while, nothing happens and everything remains as it is*." (NPA office Treasurer Interview Transcript, 2010)

However, according to the TAB

> "*Reconciliations is the problem, even though we have informed the Treasurers to do this and this, they are not…it seems the problem is the Treasurer knowing what to do*…" (TAB Principal Accountant Interview Transcript, 2011)

Once the financial statements have been audited and finalized by the TAB it is presented at the NPC meeting, this as the NPA office Treasurer mentioned is to keep the province "informed", although the information provided may not be relevant as financial statements presented to the province are outdated.

The NDC is not directly accountable to the TAB, though it used the NPC to get its initial financing. Hence, the NPC is accountable to the TAB on how financing provided was appropriated. However, the TAB does not require any accountability from either party on outcomes of financing.

In terms of performance accountability, the NPA office is accountable to the TAB through their annual corporate plan, which shows a list of all their action plans within the period. This is accounted back to the TAB through quarterly achievement reports.

"*The achievement report checks to see that the provincial council is meeting their objectives and targets within their action plan, business plan. In the achievement report they show whether they are meeting these plans on a quarterly basis*." (TAB Principal Accountant Interview Transcript, 2011)

"*…part of our process of acquitting the quarterly subvention account, we request the provincial council to fill the Request to Incur Expenditure form that is to be attached with their achievement reports, that is a must to come from the provincial councils quarterly*." (TAB Principal Accountant Interview Transcript, 2011)

The TAB checks that the NPA office is meeting their objectives and targets set out in their annual corporate plan through operational audits which is conducted once a year. In terms of financial accountability, the NPA office accounts on a monthly basis back to the TAB through income and expenditure statements and have yearly internal audits conducted by the TAB. However, the annual financial statements of the NPC have not been subjected to external audit at the end of each financial year owing to the backlog of financial statements still to be completed[92] by the TAB. Hence, the TAB seeks accountability for the government subvention to support the NPC operations but does not seek accountability for its SBU loans.

The relationship between the NPA office, representing the NPC, and the TAB is unidirectional with heavy upwards accountability in terms of monthly, quarterly and annual reports. The clarity of the standards between the NPA office and the TAB can be said to be moderate. This is as some standards and expectations set from the TAB are not adhered to by the NPA office. For example the preparation of the annual reports and

[92] NPC financial statements from the year 2001-2010 are still in the process of being prepared and all have not been audited.

the maintenance of the source documents by the provincial councils are formal requirements of the TAB, which are still not being addressed by the NPA office.

There are expectations for strong financial accountability from the NPA office to the TAB, in regards to its expenditures. The TAB has specified the formal requirements which must be met by the NPA office if it is to receive continued funding. Hence, the NPA office provides monthly and quarterly income and expenditure reports mainly because the release of funds is dependent on the receipt of these reports by the TAB. The TAB is interested in overseeing the expenditures of the NPA office, ensuring that they are appropriate. While the TAB is keen to monitor the propriety of expenditures by the NPC (quarterly reports), it does not in practice require accountability on actual outcomes (annual reports). Additionally, the TAB does not prepare financial statements in a timely manner, thus, limiting financial accountability to the province.

In the next section, the accountability of the NDC is discussed.

6.6 Accountability of the NDC to Financiers

The managing director of the NDC recognizes that it is accountable to its financiers for their financial commitments. Hence, as explained by the managing director financial statements are prepared and audited in a timely manner.

> "*Every year we prepare the financial statements and it's up to date to 30 June 2010. This is a requirement of the Bank and has to be provided to the Banks in a timely manner for our loans*." (Managing Director Interview Transcript, 8th June, 2011)

Table 6.7 illustrates that the main financing of the NDC came from the commercial banks. The company initially took out a loan with the Fiji Development Bank and refinanced this loan to the Australia & New Zealand (ANZ) Bank in 2008. The ANZ

Bank as security has a mortgage debenture over all the company assets[93], unlimited guarantee by founding directors and assignment over rental proceeds from the government. Hence, the bank is the NDC's biggest financier and priority for accountability. The financier can exercise sanctions over the NDC if accountability is not provided.

On the other hand, the TAB SBU is also a financier of the NDC. However, according to the managing director they would only provide their annual financial statement to the TAB if it is requested.

> "*…sometimes the TAB wants our financial statement then we would provide it to them which is rarely the case…*" (Managing Director Interview Transcript, 8th June, 2011)

According to interviews with the TAB SBU officer,

> "*NPC applied for the loan to the TAB and this was to be repaid from the Fijian Holdings Limited dividends...how the funds are to be used this is the deal between the company and the NPC. The TAB only deals with the NPC and under the TAB Act there is a provincial council meeting every year which we attend and the NDC will present at the NPC meeting…*" (TAB SBU Officer Transcript, 25th October, 2011)

The NDC has recognised its long-term loans from the ANZ Bank and the TAB, however, accountability is mainly provided to the ANZ Bank as part of the loan agreement. For the TAB it is noted in the financial statements that it is an unsecured loan with no fixed term of repayment (NDC Financial Statements 30 June, 2010). Hence, the accountability provided by the NDC is determined by the contractual arrangements in

[93] Apart from the Namosi House which is legally owned by the Winproject Limited and the NDC is currently arranging for ANZ Bank loan to pay off Winproject Limited for constructing the Namosi House on NDC's behalf.

place. Presumably the TAB does not insist on accountability as it controls the FHL dividends.

6.7 Accountability of the NDC's Managing Director to the Board

The NDC is managed by the managing director, who reports to the board of directors. The board is made up of the founding members and representatives from the province. The role of the board of directors is to

> "*…monitor the running of the company, agree or not agree on any motion or projects that we intend to do*." (Managing Director Interview Transcript, 8th June, 2011)

The NDC managing director is accountable to the board of directors through monthly meetings, and this is called by the managing director.

> "*I would call the monthly meetings and set the agenda for the meeting and when time for other matters than other members can bring up their own ideas for discussion*." (Managing Director Interview Transcript, 8th June, 2011)

The managing director is accountable to the Board during these monthly meetings and provides them with financial and operational updates of the company.

> "*I provide accountability to the Board every month, expenditure and income details, decisions that need to made, current operations of the company*." (Managing Director Interview Transcript, 8th June, 2011)

In interviews with the *Tikina* members who are also directors of the company, they revealed that meeting papers are only distributed to them during the monthly meetings called by the managing director.

> "*…when attending board meetings then agenda papers and reports are given to us…the board papers is clear to us…"* (Naqarawai *Tikina* board representative Interview Transcript, 2009)

> *"As board members I do get reports from the managing director during our monthly meetings…it is true he makes the reports but that does not mean he makes all the decisions, he makes proposals and we discuss this and if we are against it we will all discuss until a consensus agreement is reached and this will be taken up to the provincial meeting for discussion by the members of the province for the final decision*." (Veinuqa *Tikina* board representative Interview Transcript, 2009)

In terms of strategic and operational decisions of the company, there are discussions held during the monthly board meetings where the directors are updated on the affairs of the company by the managing director and decisions are made by voting. However, the province will have to be informed of the decisions of the board and will give the final approval.

> "*Major decisions are decided by voting within the board*." (Managing Director Interview Transcript, 8th June, 2011)

> "*The board will discuss what the managing director has put on the meeting agenda and we can also bring in ideas for discussion and decisions will be reached by way of voting if there is some disagreement on certain issues*." (Veivatuloa *Tikina* board representative Interview Transcript, 2009)

> "*…decisions are made by having a board meeting, this is taken up to the provincial meeting where it is discussed and also to get the approval of the province…the company and the directors have to get the approval of the province as the province selects us board of directors and has the power to fire*

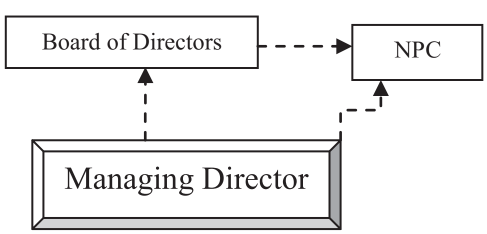
us from our roles as directors…" (Veinuqa *Tikina* board representative Interview Transcript, 2009)

From a review of the NDC meeting papers, it is the managing director that leads discussions during these board meetings. It is also seen that this is a meeting where board members selected from the province attend to be informed of the company affairs. Hence, it can be assumed that the role of the board directors from the *Tikina*(s) is that of liaison officers with their respective districts of the affairs of the NDC.

Hence, there is a moderate connection between the managing director and board directors through their monthly meetings but it seems that the managing director can negotiate his accountability to the board of directors, as he decides when to call board meetings and sets the meeting agenda. There are no standard board procedures. The Managing Director may or may not provide a report on the company's operations. Papers are not made available prior to the Board meeting. Consequently, accountability by the NDC to the NPC is also weak.

Figure 6.2 illustrates the accountabilities of the managing director and the board of directors.

Figure 6.2 *Managing Director and Board of Directors accountability web*



(- - - - -► Loose connection)

6.8 Accountability of the NPC/NDC to the Provincial Population

The NPC[94] is the forum representing the province and is accountable to the province through the annual provincial council meetings. It is at the provincial council meeting that issues concerning the province are discussed and proposals and recommendations put forward. However, it must be noted that attendance to these meetings are open to members of the province but speaking privileges are restricted to the selected chiefs and the various elected representatives of the NPC.

Table 6.12 illustrates the form of accountability between the NPC/NDC and the provincial population, and the realities of accountability are discussed below.

Table 6.12 *Formal Accountabilities in the NPC*

Element to be held accountable	For what	To whom	Means	Accountability type
Namosi Provincial Council	Decisions made at the NPC meeting	Province	*Tikina* representatives	Performance accountability
	Budget and financial affairs of the NPC and NPA office	Province	*Tikina* representatives	Financial accountability
	Investments	Province	*Tikina* representatives	Financial accountability
	Provincial levies collected	Province	*Tikina* representatives	Financial accountability
	Requests for government assistance	Province	*Tikina* representatives	Performance accountability
Namosi Development Company Ltd	Decisions	Province	*Tikina* Board directors	Performance accountability
	Financial affairs	Province	*Tikina* Board directors	Financial accountability

[94] The NPC provides direction and advice to the NPA office.

The following accountability relationships are analysed:

- NPC *Tikina* representatives to their respective *Tikina*(s).
- NDC Board Directors to their respective *Tikina*(s).

6.8.1 NPC Tikina Representatives Accountability to the Province

> "*Tikina representatives, your duty is to the members of the Vanua Namosi. Leadership goes together with accountability/truth; this will bring blessings to your family, village and vanua*." (Address by the current Namosi paramount chief, 2009 NPC Meeting Papers)

The *Tikina* representative is accountable to two parties, that is, the TAB through the NPA office and their respective district. Additionally, the *Tikina* representative is a member of the NPC and the nominated spokesperson of their respective district to the provincial council. Provincial council meetings are attended by all the members of the provincial council, as well as members of the province and government representatives. It is the role of the *Tikina* representative to voice the concerns of their respective district to the provincial council and disseminate back to their district the resolutions of the NPC meeting.

> "*…normally there is a Tikina meeting every quarter and issues concerning the district are discussed. I will take up to the provincial council meeting the concerns or requests of the district…after the provincial council meeting, if the Tikina meeting is not held, I will visit each village during their village meeting and discuss the resolutions and written reports of the provincial council meeting*." (Veinuqa *Tikina* Representative Interview Transcript, 29th October, 2009)

Not only is the *Tikina* representative a spokesperson for their district, they have to provide accountability back to their respective districts on what transpired at the NPC meeting. Information delivered back to their respective districts can be fragmented as *Tikina* representatives decide on the information they disseminate, which is normally delivered orally.

> "*When I visit villages in the Tikina I will discuss the information I have gathered from the provincial council meeting and also the written reports to show to the attendees. Questions are normally asked and I will try my best to explain clearly what was discussed at the NPC meeting, so that they understand…*" (Naqarawai *Tikina* Representative Interview Transcript, 29th October, 2009)

However, members of the district are normally more inquisitive of how the finances of the NPC have been utilized and this will explained to them by the *Tikina* representative.

> "*…every village I visit, the question is on the finances, how much is available, where will it be used…and I will discuss what has been decided in the provincial council meeting and also show the reports that have been provided to us from the NPA office…*" (Wainikoroiluva *Tikina* Representative Interview Transcript, 29th October, 2009)

> "*…during my term as the Tikina representative, I have been called names that we are liars and do not disclose the true state of the financial affairs of the NPC…we have tried to make this clearer to the members of the province by getting more clearer explanations and reports from the NPA office…*" (Veinuqa *Tikina* Representative Interview Transcript, 29th October, 2009)

Tikina representatives visit every village in their district as this is part of their responsibilities and this is accounted back to the TAB through the NPA office. This is through quarterly reports, as in all provinces in Fiji; the *Tikina* representative will fill a standard form outlining the following information:

- Summary of services provided within the *Tikina.* This includes details by village and development projects underway or proposed.
- Summary of proposed tasks to be undertaken in the following quarter in each village.
- Summary of relationships within *Tikina* and religious organisations.
- Summary of educational progress within the *Tikina*.
- Summary of government visits and non-governmental organisations.
- Youth's group report
- Women's group report
- Summary of *Tikina* council meetings
- Financial affairs of the *Tikina*, including details of *Tikina* investments and other income streams.
- Provincial levies allocated and collected during a quarter.
- Land issues
- Villages visited by *Tikina* representative in a quarter, purpose of visit and to be signed off by village chief or headman, confirming visit.

These forms will be cross-checked by the NPA office and forwarded to the TAB, after which, the *Tikina* representatives will then be paid their quarterly allowance[95].

> "*…every three months I make my visits to villages within the district as I need to fill my form from the TAB…if my form is incomplete I will not be paid any allowance…as villages are isolated in my district and I have to ride horse or walk and have been requesting for an increase in allowance*…" (Veinuqa *Tikina* Representative Interview Transcript, 29th October, 2009)

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95 *Tikina* representatives are paid $120 per quarter, this will be paid to them once their quarterly forms are received and have been verified by the NPA office. They are also paid travelling allowance by the NPA office; however, receipts need to be provided before reimbursement. These receipts need also be signed by the village leader which the *Tikina* representative visits.

> "*Every quarter I will have to visit the villages within my Tikina and fill in the following information required for my quarterly return form…if I do not complete the form I will not be paid my quarterly allowance*…"(Veivatuloa *Tikina* Representative Interview Transcript, 29th October, 2009)

Hence, it can be seen that not only is accountability being provided from the *Tikina* representative to the TAB but the villages within the districts are providing the *Tikina* representative with the information that is required for completion of their accountability forms to the TAB.

> "…*visiting members of the Tikina and discussing with them the requirements in the form, enables me to fill in my quarterly return form to the NPA office, after which I will get my allowance*…" (Namosi *Tikina* Representative Interview Transcript, 29th October, 2009)

This shows *Tikina* representatives are being used for various purposes for a modest allowance of $120 per quarter. As members of the NPC, the *Tikina* representatives take up to the NPC the concerns of the province and disseminate information downwards as well. However, the *Tikina* representatives do not have any direct authority in the decisions of the NPC. The NPC is made up of not only the *Tikina* representatives but also the chiefs and because of their status will traditionally have authority in the NPC and the affairs and finances of the NPC are managed by the NPA office.

> "…*in the NPC there still lies the Vanua and a lot of things may arise and the chiefs may oppose it or close discussions, people will have to listen…they might want to ask what is really happening but they will not be able to*…" (Veinuqa *Tikina* Representative Interview Transcript, 29th October, 2009)

> "*…the chief what he decides or says, we cannot just not follow it, it will have to be followed…*" (Namosi *Tikina* Representative Interview Transcript, 29th October, 2009)

Accountability provided to the *Tikina* representatives is minimal, unaudited simplified financial reports, and audited financial reports are not received on a timely basis. However, it is the *Tikina* representatives that play a key role in providing this fragmented form of accountability to the grassroots level, whereas on the other hand, there is a strong formal accountability upwards from the villages to the *Tikina* representatives to the NPA office and the TAB.

6.8.2 NDC Directors Accountability to the Province

Similarly, the NDC employs representatives from each *Tikina* to become directors of the NDC. Their accountability to members of the province is analysed below.

The NDC Board of Directors is made up of the four founding directors and an additional five directors[96] elected from each of the five *Tikina* (s) to be members of the NDC Board. The five directors elected from the province are representative of their respective *Tikina*(s).

> "*Every three years the directors are elected by the NPC, most of the directors are either Tikina representatives or chiefs from their Tikina*." (Managing Director Interview Transcript, 8th June, 2011)
>
> "*The directors are elected from their different Tikina(s) to represent their Tikina to the company…*" (Managing Director Interview Transcript, 19th February, 2009)

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[96] Review of the annual returns of the NDC to the Registrar of Companies, revealed that the four founding directors appointed six additional directors in February, 1998. In June, 2007 there were replacement of directors, this was selected from the five districts of the province.

The five company directors from the *Tikina*(s) were first selected in 2007 to serve for a 2-year term and this was renewed in 2009 for another two year term from 2009-2011 (10th August, 2009 NDC Meeting papers). One of their responsibilities as members of the NDC Board is to disseminate back to their respective *Tikina*(s) the operations and affairs of the NDC.

> "*…if the Tikina(s) are not clear on the affairs of the NDC, it is the Tikina representative to the Board who is responsible to explain to their respective Tikina the operations of the company*." (NDC Managing Director, NDC meeting papers 10th September, 2009)

> "*All information given to me, as the Board of Director and representing my Tikina to the company is clearly explained to me and I am given reports from the company, I then have the responsibility to disseminate this information to members of my Tikina*…" (Namosi *Tikina* Board Representative Interview Transcript, 2009)

> "*Two years ago after becoming a member of the Board now I understand the affairs of the company and am able to provide this information to my Tikina*." (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

It is then the responsibility of the *Tikina* board representative to disseminate this information about the company during the *Tikina* or village meetings. However, this will depend on the *Tikina* board representative whether they will make the effort for this extra task given that the company does not compensate them for doing so.

> "*…updating the members of one's Tikina will depend on the Tikina board representative…we are all different and for me I visit the villages within my Tikina as I am also the Tikina representative but for some they do not update the members of their Tikina and it is during the provincial meeting that they bring up*

questions about the company that their Tikina board representative should have clarified with them if they had been doing their job." (Veinuqa *Tikina* Board Representative Interview Transcript, 2009)

A *Tikina* representative to the NPC and board member of the NDC explained that often members of the *Tikina* do not have a clear understanding of the operations of the company as their elected board representative does not make the effort to disseminate the information that they have been informed of from the NDC Board meetings.

> "*During the company board meetings, we as directors receive meeting papers and discuss issues raised. As all tikina(s) have elected a board member to be their representative, it is the duty of the representative to inform their Tikina about the company affairs. There will only be a lot of questions from members of the province during the provincial meeting if their elected board member is not disseminating the information he gets from the company board meetings to them*." (Veinuqa *Tikina* Board representative Interview Transcript, 2009)

> "*…like in this provincial meeting, two Tikina(s) came up with a lot of queries about the company financial affairs, ownership…this is the Tikina board representative's fault who never makes the effort to visit their Tikina and villages and make clear to the people the affairs of the company…*"(Namosi *Tikina* Board representative Interview Transcript, 2009)

The challenge that is faced by the *Tikina* board representative is that the members of their respective *Tikina*(s) often do not believe their oral narratives of the company.

> "*…often I would have to provide an oral report of the company to my Tikina and I face a lot of difficulties, one being told that what I am saying about the company is lies. This is mainly because they do not know the truth about the*

company and have never seen the company return any dividends to them…" (Veinuqa *Tikina* Board Representative Interview Transcript, 2009)

"*…whenever I visit the villages the people ask about the money from the company, how it is used and where, why the company continues to be legally owned by only four members of the province and they do not believe in what I say …*" (Namosi *Tikina* Board Representative Interview Transcript, 2009)

The reason for the lack of trust from members of the province is the province has had two failed provincial companies in the past[97]. Both provincial companies that were operated by separate parties used funds from the province and both collapsed.

"*Over the years the province has established three companies…the two companies we don't really know what happened to the funds that was raised from the province, both companies operated for a while and then collapsed. The current company is the first company to succeed and now has two buildings*." (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

6.8.2.1 NDC Accountability to the Province

Apart from the *Tikina* representatives disseminating information back to their respective *Tikina*(s), the NDC recognizes the NPC meeting forum as the company's annual general meeting (AGM) where members of the province receive financial reports of the company and can enquire on any issue regarding the NDC.

"*We normally have the NPC meeting and this will be the company's AGM, any member of the province can ask questions… Every year we prepare the financial statements and get it audited ... it's up to date to 30 June 2010. This will be*

[97] These two commercial ventures of the Namosi province were operated in the 1970s and 1980s, and both were poorly managed and collapsed with the province losing out on its investment.

> *presented to the board and to the NPC, sometimes TAB wants it and importantly to the banks*." (Managing Director Interview Transcript, 8th June, 2011)

> "*In this (2009) provincial meeting we as a province have discussed thoroughly the company affairs and I believe the company will now improve. Previously, there was no full accountability by the company especially on the financial affairs, which is important…especially when the company is not financially strong and this has created tensions in the company's relationship with the province*." (Veivatuloa *Tikina* Board Representative Interview Transcript, 2009)

The directors selected from the province, apart from informing their respective *Tikina*(s) during their Tikina meetings, also are of the view that the company is accountable to the province through the *Bose Vanua* (meeting of members of the province). The *Bose Vanua* is a provincial meeting that can be called at any time by the paramount chief, where the *Vanua* Namosi will discuss special matters concerning the province and attended only by members of the province. This is the forum that is utilized by the NDC to provide accountability of the company affairs to the members of the province.

> "*…there are instances when during the provincial council meeting, members of the province bring up affairs of the company but the paramount chief of Namosi is adamant that company affairs will only be discussed during the Bose Vanua, as the company belongs to the Vanua*." (Veivatuloa *Tikina* Board Representative Interview Transcript, 2009)

Key personnel in the NPC and NDC have therefore created ambiguity in the accountability mechanism between the NDC and the Province.

> "*…it is during the Bose Vanua that is held twice a year; this is separate from the provincial council meeting. The Bose Vanua is open to all members of the vanua Namosi. However, it is understood that there is a spokesman from each Tikina to*

the Vanua but freedom is given to members of the Vanua to enquire about the company." (Veinuqa *Tikina* Board Representative Interview Transcript, 2009)

"*The members of the province do get accountability from the company during the provincial meeting and through the Tikina representatives who are to report to their respective Tikina councils*." (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

"*…often members of the province have questions about the company, they can seek for clarifications during the Bose Vanua and the managing director of the company will clarify their questions*." (Veinuqa *Tikina* Board Representative Interview Transcript, 2009)

"*…during the Bose Vanua, the Tikina representatives are given the opportunity to ask questions that comes up from their respective Tikina(s) regarding the company*." (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

"*I present to the province every year during the provincial meeting and any member can ask me questions about the company, I answer them and also financial reports can be made available to them*." (Managing Director Interview Transcript, 8th June, 2011)

According to the managing director of the NDC, financial reports presented to the NPC have to be summarized in simple terms for the members of the province to understand.

"*Sometimes we get questions from the provincial meeting but the problem is these people cannot read the financial reports, only a few of them can read it. However, we try to summarise everything to them in simple terms and if they require more information we give them the report*." (Managing Director Interview Transcript, 8th June, 2011)

Hence, during the *Bose Vanua* the NDC is given the opportunity to address the province and members of the province can raise questions and concerns regarding the NDC. However, the *Bose Vanua* is attended by the paramount chief who is the chairman of the NDC and may cause certain unease to the people to voice out their concerns in such a forum.

> "*…when the chief is in authority it is often difficult to ask questions and also traditional Fijian customs of respect…stops people from asking questions about the company operations…*" (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

> "*During the provincial meetings the paramount chief can stop discussions on certain issues and he will also have the final word…*" (Veivatuloa *Tikina* Board Representative Interview Transcript, 2009)

A NPC member mentioned:

> *"...since the company began operations in 2001, I have never seen the financial statements of the NDC ...*" (Women's representative, NPC meeting minutes, 2009)

Hence, presentation of financial reports to the NPC only started after the 2009 NPC meeting after pressure was put to the NDC to provide members of the province with financial reports. At the 2009 NPC meeting, the discussions on the operations of the NDC became very heated and a Director of the NDC requested that discussions on the company affairs should be closed as the Chairman of the NDC; their paramount chief was not present[98]. Hence, discussions of the NDC with the members of the province can

[98] This was recorded in the NPC 2009 Meeting Minutes and observed as well by the author.

only be made when the paramount chief is present. This can constrain members of the province from being vocal of their criticisms on the NDC.

The information that is required by the members of the province from the company is mainly financial information regarding the investments and returns of the NDC. The *Tikina* board members explain it as follows:

> "*There is a need for the company to continue providing us with reports of the affairs of the company, so we know how the company is running*." (Naqarawai *Tikina* Board Representative Interview Transcript, 2009)

> "*…the main thing the province enquires about is the manner in which the funds were used…because the performance of the company varies a lot, sometimes it is financially strong then there's a slump, up until today*." (Veivatuloa *Tikina* Board Representative Interview Transcript, 2009)

> "*…the province would like to know the investments of the company, where the funds are used because members of the province are still questioning the original purposes for which the company was first established to assist the province has still not been met…*"(Veinuqa *Tikina* Board Representative Interview Transcript, 2009)

Accountability of the NPC/NDC to the provincial population utilizes representatives from the *Tikina*(s). This is through *Tikina* representatives in the NPC and in the NDC Board. However, major decisions of the NPC/NDC are made by the NPA office, the paramount chief, and the NDC Managing Director. The *Tikina* representatives act as liaison officers to provide accountability to their respective *Tikina*(s), which is determined by those in authority.

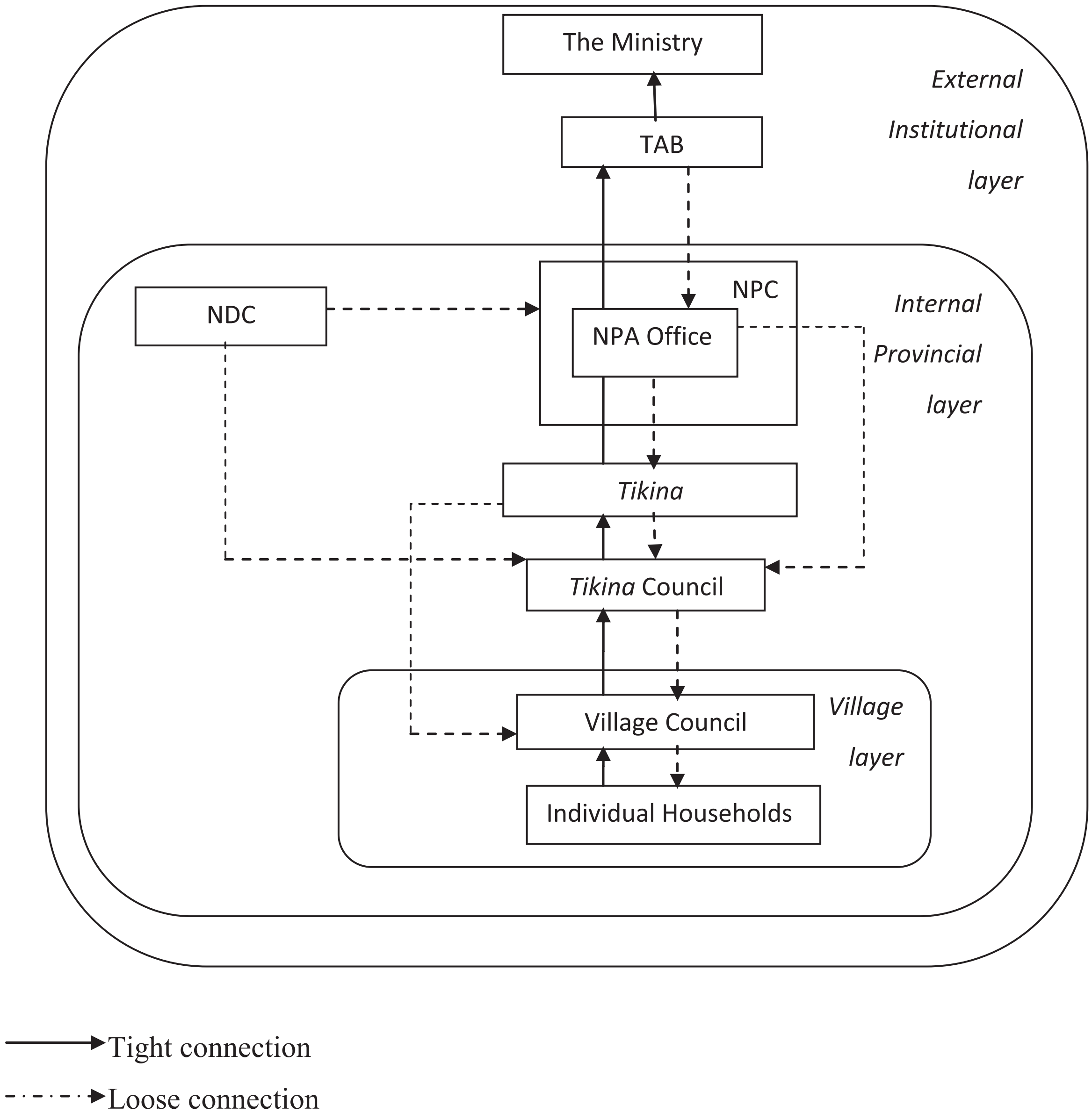
There is heavy upwards accountability from the villages to the *Tikina* representatives to the NPA office and to the TAB. However, there is low corresponding accountability downwards to the provincial members. This is provided only through the *Tikina* representatives/board directors who only provide oral reports. This can be argued to be no longer independent in that they would try and satisfy those in authority to maintain their current roles as *Tikina* representatives or company directors.

The summary and conclusions for this chapter is discussed next.

6.9 Summary and Conclusions

The accountability web of the NPC/NDC is illustrated below.

Figure 6.3 *Accountability web in the NPC/NDC*



In analyzing the accountability web of the NPC/NDC (*Fig 6.3*) the NPA office and the TAB have a formal hierarchical form of accountability and control, while maintaining a more communal/lateral form of internal accountability and control between the NPA office and the NPC/NDC; and the NPC/NDC and the province.

In the above accountability web, there seems to be dual layers of formal accountability:

3) the external accountability system, representing the NPA office to the TAB;
4) the internal accountability system
    - representing the NPA office to the NPC;
    - representing the NDC to the NPC; and
    - representing the NPC/NDC to the province.

Using Gelfand *et al*. (2004) framework, the external cultural accountability configuration of the NPC/NDC can be defined as individualistic/tight/hierarchical. As a consequence, accountabilities of the NPA office are to their superiors, the TAB and to themselves. Hence, the expectations on accountability from the TAB are adhered to by the NPA office; this is a unidirectional accountability whereby the TAB determines the aspects of the accountability relationship. The NPA office has strong financial accountability to the TAB, in the case of regular disbursements and receipt of monthly and quarterly basic income and expenditure statements. However, it is unclear why financial statements remain unaudited for long periods, limiting financial accountability to the province. The NPA office shifts the blame to the TAB for not preparing the accounts and reconciling the accounts. On the other hand, the TAB blames the NPA office for inefficiency and not following guidelines as set by the TAB. This illustrates the low overall alignment between the expectations of the TAB and the NPA office.

The internal accountability system between the NDC/NPA office and the NPC can be defined as collectivistic/loose/hierarchical. The NPA office provides minimal accountability to the NPC, only through the annual NPC meeting. The Assistant *Roko Tui* is supposed to be present at the quarterly *Tikina* council meetings; however, this depends on the budgeted funds available.

In the NPC meeting, financial accountability is in the form of basic income and expenditure statements that are unaudited and reports prepared by the NPA office. The NPA office can negotiate their accountability to the NPC as it is at their own discretion what to report. Hence, with minimal implicit requirements on the accountability of the NPA office to the NPC, as well as the NPC to the province, this allows the NPA office and the NPC to determine the nature of the accountability relationship.

Accountability is informally communicated through the annual provincial council meeting in both parties, which is the NPA office addressing the NPC, and the NPC/NDC to the province, through the *Tikina* and board representatives. The accountability web is considered to be weak as there are comparatively few standards guiding accountability, the clarity of such standards are low and there is no monitoring by either party. There is low overall alignment between the expectations of the NPC/NDC and the province.

The *Tikina* representatives have a collectivistic/tight/hierarchical accountability configuration at the interpersonal and individual level. *Tikina* representatives are accountable to the NPA office through their quarterly standard return forms. They receive minimal accountability from the NPA office but are expected to be the agents of accountability to their respective *Tikina* and the villages within their respective *Tikina*(s). Hence, the *Tikina* representatives because there are no standards on their accountability to their respective *Tikina*(s) and villages, can negotiate their own form of accountability downwards, which tends to be fragmented. Hence, the form of the accountability provided will depend on the willingness of the representative to provide an account and the negotiation skills of the representative and the *Tikina*. This indicates the *Tikina* representatives are role takers, accepting their role which is aligned within the formal structure of the TAB structure and accepting the external standards from the TAB for a modest allowance for accountability upwards. However, the TAB is not concerned with the accountability of the *Tikina* representative to their respective *Tikina*.

Similarly, the NDC board directors elected from the province have a collectivistic/loose/hierarchical accountability configuration. Accountability is provided to them from the NDC managing director, who determines the nature and level of accountability. There are no guidelines relating to the accountability expected of the managing director to the board, or the board to their respective *Tikina*(s). Therefore, the managing director has effective autonomy in the running of the NDC. As no appropriate accountability is provided, there is no means of determining if the autonomy is appropriate.

The culture within the province is such that high power distance prevails. Society accepts the established hierarchical order in which everybody has a place and people with authority impose standards of accountability over subordinates. This is evidenced within the NPA office, NPC and NDC. The province accepts the minimal accountability provided in the annual NPC meeting. Those in authority are able to negotiate the nature and level of accountability to be provided to the province.

The NPA office provides the TAB with the required accountability. Similarly, the NDC provide financiers, commercial banks, with well-defined accountability. This is as accountability is dependent on what the financier, TAB and commercial bank, demands from the parties concerned. However, the NPA office and the NDC provide weak and constrained accountabilities to the province, once a year during the NPC meeting. The province expects more transparent accountability from the NPC/NDC, especially in terms of financial accountability. However, no audited financial statements are provided, except for basic aggregated reports and the paramount chief can silence dissent.

Utilising Gelfand *et al*. (2004) cultural accountability configurations, the culture within the Namosi province would give rise to a collectivistic/tight/hierarchical cultural configuration. Such would give rise to an accountability configuration where accountability is to parties outside the organisation. In this case, the NPC/NDC to *Tikina*(s) and villages. Standards of accountability would be implicit but are in place dictated by their cultural traditions and would be clearly understood among the various parties. Additionally, the degree of monitoring on those to be held accountable would be high and there would be high overall alignment within the organisational system. This is as the organisation understands what is expected from them in terms of performance and accountability from parties outside the organisation and would likewise deliver to satisfy accountability obligations.

However, upon reviewing the accountabilities between the NPC/NDC to the province, the accountability configuration is collectivistic/loose/hierarchical. Even though accountability is still to parties outside the organisation and accountability connections are unidirectional, as determined by the high power distance in the province. The standards on accountability are implicit and not clearly understood among the stakeholders. Additionally, the degree of monitoring on those to be held accountable is low and there is low overall alignment within the organizational system. This has resulted in conflicts, confusion and intergroup coordination and cohesion between the NPC/NDC and the province has suffered as a result.

Chapter 7

Conclusions

7.1 Introduction

Various studies have found accountability as the central link to effective functioning of organisations (*see* Gelfand *et al.*, 2004), as it discharges an important responsibility to stakeholders (Velayutham and Perera, 2004) However, the meaning of the concept accountability is elusive (Sinclair, 1995) and differs from culture to culture (Gelfand *et al.*, 2004). According to Gelfand *et al*. (2004), accountability is socially constructed providing a mechanism through which common expectations and coordination can occur, maintaining order and coordination between parties. This research utilizes Gelfand *et al*. (2004) accountability web framework which posits that culture will determine the accountability configuration the organisation will exhibit.

This chapter draws on the analysis and findings of the qualitative research undertaken. Based on these findings and literature on accountability, the accountability relationships in the provincial councils and companies studied are evaluated. The final section of this chapter discusses the conclusions and limitations of the thesis and opportunities for future research.

7.2 Accountabilities

This research has highlighted tensions in accountability within the context of the provincial council and company of Lau and Namosi. This is as parties to be accountable are not providing the expected accountabilities to their respective provinces. Previous studies relating to indigenous Fijian culture identifies the appropriate cultural configuration to be collectivistic/tight/hierarchical. However the NPC/NDC and the LPC were found to have collectivistic/loose/hierarchical accountability configuration, whereas, the YLC has an individualistic/loose/hierarchical accountability configuration.

7.2.1 Provincial Council

According to Rika *et al.* (2008), all of Fiji's provincial councils are similar in that they are regulated by the Ministry of *iTaukei* Affairs, and the same structures and regulations apply in all provinces. Additionally, there is little variation in the Fijian social structure (*see* Figure 5.1 and 6.1) across provinces.

Evaluation of the LPC and the NPC supports the results of Rika *et al*. (*ibid*); provincial councils are similar not only in their structures and regulations, but also in systems of accountability practiced. Provincial councils are formally accountable to the TAB and their respective provincial population, through their provincial council meeting.

The provincial councils have administrative offices that are accountable to the TAB. Accountability to the TAB is for government subvention grants, provincial levies and dividends from government funded investments. Hence, there are monthly expenditure statements, quarterly achievement reports which are in line with their action plans, and annual report outlining finances and activities undertaken. However, preparation of financial statements, across the fourteen provinces, is undertaken by the TAB, as well as annual operational audits. The audit of the financial statements is undertaken by the Office of the Auditor General (OAG). However there is currently a backlog of financial statements to be prepared and audited for both provincial councils, compromising accountability.

The provincial council's administrative offices directly reports to the TAB on all activities and finances, with standards of reporting imposed by the TAB. Failure to report to the TAB would result in withholding funds from the provincial council's administrative offices. However, owing to the lack of qualified staff employed in provincial council's administrative offices and the TAB, there remain backlogs in the preparation of financial statements by the TAB. This is consistent with the findings from Rika *et al*. (2008) which concluded that there were serious problems with accounting systems and accountability within the provincial administrative offices, coupled with the fact that there is no enforceable requirement for accountability. The financial statement is the medium of financial accountability to the province, but the provincial council is not able to exercise any sanction over the provincial administrative offices when it is unaudited or not provided at all.

The provincial council's administrative offices are partly funded by the province and operate for the province's betterment socially and economically. Accountability to the province, however, is seriously lacking. There are no defined procedures on the provincial council's administrative offices accountability except through the annual provincial council meeting. Hence, the provincial council's administrative offices can negotiate their accountability to the province for their own benefit, as financial statements are not prepared in a timely manner by the TAB nor are they audited promptly by the OAG. Consequently, there is limited financial accountability to the provincial population in both provinces.

Accountability down to the grassroots is further limited, as it follows the hierarchical structure outlined in Figures 5.1 and 6.1, where accountability is provided to the *Tikina* representatives during the provincial council meeting. It is then the responsibility of the *Tikina* representatives to be accountable within their respective *Tikina*(s). There are no defined procedures on how the *Tikina* representatives are to provide such accountability; however, there are explicit standards on the *Tikina* representative's accountability back to the TAB through their quarterly reports. Standard reports are to be received from the *Tikina* representatives for a modest allowance from the TAB. Such a structure of accountability was established in the colonial administration era when the indigenous Fijians were controlled in collaboration with the chiefs. The chiefs worked for the colonial administration to sustain their chiefly positions (*see* Davie, 2000; 2007), with an expectation for upwards accountability without the corresponding downwards accountability to the grassroots.

Hence, there is heavy accountability upwards from the villages, to the *Tikina*(s), to the provincial council and their administrative offices, to the TAB. However, there is little evidence to indicate a corresponding level of accountability from the provincial council's administrative offices for the use of funds received from provincial levies and investment dividends. As Rika *et al*. (2008, p. 33) explained

> "…*this dichotomy is consistent with the concept of colonial control, with its emphasis on autocratic decision-making, upward reporting, ease of aggregation and management by exception*."

Therefore, utilising Gelfand *et al*. (2004) framework, there are various accountability relationships between the provincial council's administrative offices, the provincial councils and the province. The provincial council's administrative offices and the TAB have an individualistic/tight/hierarchical accountability configuration. This is seen in the relationship of the various roles (*i.e. Roko Tui*, Senior Assistant *Roko*, Treasurer, *etc*.) to the TAB, the explicit standards of reporting imposed by the TAB and the heavy upwards accountability to the TAB.

On the other hand, the provincial council's administrative offices and provincial councils have a collectivistic/loose/hierarchical accountability configuration with the province. This is where the locus of accountability is on groups rather than individuals. The provincial council's administrative offices are accountable to their respective provincial councils during the provincial meeting. It is then the *Tikina* representatives who are accountable to their respective *Tikina* and villages. Hence, the form of accountability to the province is informal (Roberts and Scapens, 1985), communal (Birkett, 1988; Laughlin, 1996), socializing (Roberts, 1991; 1996) and patronizing (Bayri, 2000). There are no defined procedures on how accountability is to be provided to the province, except through the annual provincial meeting and through the *Tikina* representative. Hence, the provincial council's administrative offices and the *Tikina* representatives can negotiate the nature and level of accountability to be provided to the province. Additionally, both provinces are large power distance societies where chiefs hold positions of authority (i.e. head/chair of provincial council) within the provincial council and are able to silence dissension from the province. Effectively the agent dictates the form of accountability provided to the principal!

7.2.2 Provincial Companies

7.2.2.1 Yatu Lau Company Limited

The YLC's vision and mission statement outlines the company's explicit objectives, which includes:

> "…*aspire to become one of Fiji's most successful investment companies*."
>
> "…*being the preferred investment choice for the people of Lau*."

The company's strategic goals include "enhancing and protecting our shareholders". From interviews with the company's CEO the company only operates for the benefit of its shareholders and the province will get their returns in the form of dividends. Evaluating the company's dividend returns to the province, a comparative analysis with Fijian Holdings Limited[99] (FHL) is undertaken to determine if the province would have secured more returns by investing in FHL. Data beginning from the year 2007 is analysed, as this was the year the YLC did its initial public offering of A and B class shares.

[99] FHL is an investment vehicle set up with the purpose of allowing indigenous Fijians to establish a diversified investment portfolio in the mainstream of Fiji's economic life.

Table 7.1: *Comparative Analysis of YLC and FHL dividends 2007-2010*

Years	Company	Purchase Price of Share	Dividend per share	Dividend Yield
2007	YLC[100]	$1.50	10 cents	6.7%
	FHL[101]	$3.50	39.11 cents	11.2%
2008	YLC	$1.90	10 cents	5.3%
	FHL	2.16	39.11 cents	18.11%
2009	YLC	$1.90	5 cents	2.6%
	FHL	2.79	68.23 cents	24.46%
2010	YLC	$1.90	10 cents	5.3%
	FHL	3.22	43.89 cents	13.63%

***Source**:* YLC Annual Report and South Pacific Stock Exchange[102]

Given Lau is a maritime province, the population may have looked to the YHL to provide shipping services, building wharves, copra investment or building ice plants. However, the YLC operates in the same way as FHL and refrains from undertaking business ventures that could boost economic activity in the province. Hence, since the province only benefits through the dividend stream, the province would be better served by investing in FHL and securing higher returns. Table 7.1 shows that the province would have generated more dividend returns by investing in FHL. Investment in YLC has provided the province a maximum dividend yield of 6.7% in 2007.

The province assisted the YLC financially in its formative years, by channeling funds to it. Through the Copra Development Fund, harvest of pine plantations, development assistant scheme from government for the province, and provincial festivals. This is as decisions on the investments by the province into the YLC have primarily been made by

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[100] YLC purchase price of shares were quoted from the Kontiki Growth Fund, on which the YLC lists.

[101] FHL purchase price of shares for each year identified in Table 7.1 is the 'last sale price' for each year, which is the price used by FHL in calculation of their dividend yield.

[102] http://www.spse.com.fj/Company-Information/5-Year-Historical-Summaries.aspx

the late founder and persons in elite positions within the YLC, which is acceptable in the Lauan culture. Additionally, the decision makers of the YLC are the directors of the YLC, representing A-Class shareholders, are all urban Lauans. A-Class shareholders can obtain discounts from the YLC hotels and this will accrue in a greater part to the urban Lauans. Hence, although the provincial populations are majority A-Class shareholders (*see* Figure 5.3), they have been effectively disenfranchised.

Furthermore, it was found that shareholders from the province such as villages and *Tikina*(s) have always opted to have their dividends reinvested into the YLC. This was encouraged by the late paramount chief and also was done with the intention of accumulating their shares in the YLC. However, the provincial shareholders reinvested dividends without knowing the terms of reinvestment. Hence, for over five years the YLC's share register has not been updated, neither has the provincial population's shares been correctly adjusted to reflect their correct shareholdings. This is another example of poor accountabilities, where the provincial populations are not getting the right information and power distance plays a role in dictating the level of accountabilities to be provided.

Additionally, the recent interest free loan extended to Marella Holdings Limited, owned by the late paramount chief's family, demonstrates that the Chair of the Board also exercises significant influence over accountabilities. Such a loan is noted in the financial statements to be receivable on demand; however, because of power distance issues it may be difficult to demand repayment on the loan.

Accountability of the company follows an individualistic/loose/hierarchical accountability configuration. Accountability follows from the western context where there is hierarchical non-mutual accountability between the agent and principals that is the unit managers to the CEO to the board of directors to the shareholders. However, there were weak connections between the elements, as there is little clarity in role expectations and this permitted the CEO to negotiate the terms of the relationship with the board, changing the nature of accountability. Additionally, the standards of accountability in the YLC were implicit and there was no monitoring of the CEO. The board had high levels of trust on the CEO and as Laughlin (1996, p. 230) argues that accountability as a function of the level of trust has the potential for value conflict. This is as high trust leads to the use of communal forms of accountability where expectations are ill-defined, and the CEO is not held accountable for the discharge of his responsibility. Ultimately this led to the dismissal of the CEO.

However, as the YLC strives to excel as an investment company in the market, adoption of an individualistic/loose/hierarchical accountability configuration is not conducive to the company achieving its objectives. This is as the YLC continues to operate based on the decisions of the elite few, without being questioned on how resources have been utilized or the achievement of objectives. Reluctance to change accountabilities may lead to the perpetuation of the YLC's failure to provide competitive returns to its shareholders.

7.2.2.2 Namosi Development Company Limited

The NDC outlines one of its main objectives is to assist the NPC with the development of the province. The company anticipates achieving this through the following activities

- Establishing farms for *yaqona* (kava), banana, beef, piggery and *dalo* (taro).
- Building of office complexes for rental purposes.
- Develop timber resources of the province.
- Provide support services to copper mining companies doing exploration in the province.
- Establish scholarship fund.
- Pay the provincial levies for the province.

The company to date has not been able to provide financial returns to the province, owing to income received from rental of properties being used to repay loans. However, the company assists the province for funding of traditional activities decided upon during the NPC and NDC board meetings.

The NDC follows a collectivistic/loose/hierarchical accountability configuration. This is as the NDC is still closely aligned to the NPC. The company follows a collective accountability to groups, that is, to the NPC, *Tikina* and village council meeting. The direction of accountability is mainly unidirectional with heavy upwards accountability. There are weak connections between the groups within the accountability web as expectations of accountability are implicit and not clearly specified nor well defined. Hence, parties to be held accountable are able to negotiate their accountability to the provincial population. This creates tensions in accountability relationships where the province has expectations on the NDC for financial assistance. However, the company is unable to assist owing to financial commitments to their financiers. Additionally, the company is able to negotiate the nature and level of its accountability, as it only reports during the NPC meeting and relies on its directors to present to their respective *Tikina*(s). The nature and level of accountability provided depends on the directors' disposition. As they receive no financial compensation or incentives for this work, the accountability provided is inevitably poor. Additionally, the province cannot call the 'founder directors' to account, given their status within the province. Questioning them or the validity of their oral reports would be considered disrespectful. Furthermore, as the 'founder directors' are the only legally recognised shareholders of the NDC they cannot be replaced by the province.

Funding provided by the province and TAB is in the form of unconditional grants to assist the NDC. The NDC, however, only recognizes accountability to its commercial banks as there are clear debt agreements that the NDC must uphold or face default on their loans. As a result, there are tensions in accountability where the province is calling for more transparent reporting on the financial affairs of the NDC but the NDC is reluctant in providing this to the province.

Funding provided by the province is roughly only 3% with the balance of the funding provided by commercial banks and the NPC (*see* Table 6.7). Accountability is provided during the NPC meeting but is in the presence of the paramount chief who is also a director of the company. Hence, given the large power distance, accountability will be hindered as the responsible parties in the NDC cannot be questioned openly on their role in operating the NDC.

Thus, the management of the NDC seems to be determining the nature and level of accountability to be provided to the province. Tensions of accountability are evidenced where the provincial population expects more accountability from the company; however, this is not forthcoming. Such an accountability configuration emulates that followed by the NPC as the founding directors of the NDC are also the main players in the NPC and recognise the ability of such an accountability configuration in maintaining their status quo without being accountable to the province.

7.3 Conclusions

The results of this study suggest that the cultural configuration that would presumably exist in both provinces is collectivistic/tight/hierarchical. The adoption of the accountability web framework (Gelfand *et al*., 2004) provides insights into the accountability relationships between the parties involved. Clearly, both provinces display accountability configurations which are at odds with the presumed cultural configuration. Factors that could be responsible are the large power distance in the province and the rural-urban drift, where the urban populations are gradually adopting western cultural values. For instance, Lauans resident on Fiji's mainland urban centers can be seen influencing accountability in the YLC. This however is directing accountability towards the migrant population, not the population still residing in the province.

However, for the NPC/NDC and the LPC which interacts with the rural population, the rules and social norms associated with collective cultures are still expected to be followed. However, accountability provided is only on ex-post probity and legality, which is still minimal. The provincial population expects accountability to their cultural groupings (province, *Tikina*, village). However, such accountability must be clearly communicated to groups. Lack of clear communication will bring conflicts and tensions in accountability relationships and intergroup coordination and cohesion between the NPC/NDC and the LPC and the province would suffer. This is witnessed in the continual decline of provincial levies provided by the provincial population.
However, in the LPC, NPC and NDC the parties to be held accountable by the province are groups rather than individuals. Therefore, identifying an individual with a specific responsibility is difficult. Furthermore, as chiefly hegemony dominates in these entities the provincial population cannot openly question the decisions of such groups.

In exploring the formal and informal accountabilities practiced by the LPC, YLC, NPC/NDC, it was found, financial reporting represents only a small part of the overall system of accountability. The study highlighted the limited financial accountability provided to the province by the LPC and NPC. It also showed that even though financial statements are prepared on a timely basis by the YLC and the NDC, the provincial population is unable to effectively comprehend the content.

The appropriate accountability web may have been identified in the literature, however, culture is fluid and diffusion and acculturation is common in today's globalised world, where people move to other cultures and pick up or influence the local culture (Triandis, 1994). Qalo (1997, p. 200) also discussed that the "details of indigenes' lifestyle has been changing and will continue to do so". The literature has also shown that accountability relationships change due to modernization, as the norms and values in a particular society change and this would have an impact on the nature, forms and processes of accountability (Bayri, 2000). However, this research demonstrates that the systems of accountabilities in the indigenous Fijian entities studied are not evolving.

This is reflected in the accountability systems practiced by the provincial councils and influencing the accountabilities of the YLC and NDC. Such systems of accountability were established by the British colonial administration as a traditional structure under the 'Fijian administration' (Durutalo, 1997; Rika *et al*., 2008) and continued to be perpetuated in the post-colonial period to the present day in the entities studied. As a result, there arise tensions in accountability relationships as evidenced in the research. Provincial populations want a more transparent reporting process but are culturally obliged to respect old system of accountabilities that are reinforced by those in authority to maintain the status quo.

Nevertheless, the literature has shown that accountability is central to providing effective functioning within organizations, as it ensures the discharge of responsibility by those in charge (Bracci, 2009; Velayutham & Perera, 2004). If management of provincial councils and companies that have autonomy to utilize the resources of the province are not held accountable, there will be a continual lack of responsibility in the organization by those in charge (Bracci, 2009). Valuable resources of the province will continue to be squandered and the livelihoods of those it was supposed to transform will continue to be impoverished.

Indigenous Fijian culture, however, still influences accountability, especially the large power distance in societies (Davie, 2005, 2007), the high levels of trust placed on those in charge coupled with the lack of self-accountability, the culture of respect and silence, and the lack of attention to detail and planning (Qalo, 1997) all promote weak forms of accountability. Strong forms of accountability can be practiced by communities. This requires explicit, unambiguous documented procedures to be established. Additionally, such standards of performance and accountability have to be monitored with consequences for deviance established, in order to be taken seriously. Similarly, Ratuva (2002) recommended that the economic feasibility and credibility of such indigenous owned companies needs to be facilitated by a clearly defined system of constant monitoring and a transparent reporting process (*ibid*). Reconstructing accountabilities can impact favourably on the efficiency and effectiveness of the provincial administration system and the commercial arms of the provinces.

7.4 Limitations of the Study

Every research strategy has potential limitations and the researcher needs to consider these limitations to minimize their impacts. The case study approach utilized in this research has its limitations including interview bias and prejudice, and problems in interpretations (Silverman, 1993).

This qualitative research is based on the case study method, with interviews being carried out with the various personnel’s in each company and provincial council. Follow-up interviews were undertaken after initial interviews to verify and confirm issues.

As provincial councils are government entities and provincial companies are private companies, certain documents/data were not available to the researcher. For instance, the TAB was not able to release annual reports of the provincial councils studied. Neither were they able to release the monthly and quarterly reports received from the provincial administrative offices. Similarly, the YLC was not able to release minutes of AGM, Board meetings, share register and certain documents not on the public domain. Furthermore, the researcher was not able to interview key parties in the YLC, such as the board of directors. If these were made available, it would have added more validity to the findings of this study.

The study was limited to two provincial councils and companies; however, all provincial companies other than Yatu Lau are unprofitable. The development companies of other provinces have all attempted to engage in their provincial economies at some time in their operations. If inappropriate accountability webs are found present in other provincial companies, findings from Namosi may provide insights into their situations.

This study does not consider other factors that may have contributed to the failure of the NDC to provide returns to the province. Nor does it fully consider the reasons that YCL chose to refrain from operating in the provincial economy. However, this offers opportunities for future research, together with additional analysis on the cultural configuration of indigenous Fijian societies and their corresponding accountability system. Future research can explore how changes in indigenous Fijian societies have impacted, or failed to impact on the nature, forms and processes of accountability. Additionally, further studies can be undertaken on the other provincial companies to identify how cultural factors impact internal and external accountability divergence and its effects on the efficiency and effectiveness of such companies.

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Glossary of indigenous Fijian Terms[103]

Adi	a Fijian woman of chiefly birth; the title is derived through the patrilineal line
Bose	is a meeting
Bose Levu Vakaturaga	Great Council of Chiefs
Buli	a Fijian administrative official who was in charge of *tikina* or district affairs during the colonial era
Dina	truth, honesty, trustworthiness, sincerity, being genuine or authentic
iTaukei	indigenous Fijian
Koro	an indigenous Fijian village, where there may exist various *tokatoka*, *mataqali* who may all be part of a *yavusa*
Lauan	an indigenous Fijian with paternal links to the Lau province
Mataqali	a sub-clan which is composed of one or a number of extended families (*tokatoka*)
Ratu	a title given to a male chief in parts of Fiji only

[103] Some of these terms have been sourced from Durutalo (1997).

Roko Tui	(i) in the colonial era this is a title given to the holder of a chiefly office (ii) an administration official in charge of a province
Soli	to give something either financially or in kind
Soqosoqo	referring to a group or party
Tabua	whale's tooth which is a valued gift in traditional presentations
Tikina	the subdivisions/districts within one province which is usually based on pre-colonial *Vanua* structures
Tokatoka	extended family group traced patrilinealy
Tui	king
Turaga	title given to the headman which can be a chief or a commoner holding some important post e.g. *Turaga ni Koro* (village headman); *Turaga ni Yavusa* (the leader or headman of a clan) etc.
Vakavanua	following traditional protocols
Vanua	all the resources i.e. human and non-human in a defined boundary; *Turaga ni Vanua* – may refer to the chief within a defined boundary or all adult titled males within a defined boundary

Vasu	a man's sister(s) children, which may have different ranks within different *Vanua*(s)
Vola ni Kawa Bula	a listing of all indigenous Fijians according to *tokatoka*, village, *vanua*, *tikina*, *mataqali*, and province
Yaqona	kava or piper methysticum is a traditional drink
Yavusa	is a clan which is the largest kinship group within the context of a *Vanua*; within a *Yavusa* there may be more than one *mataqali*