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The Implementation of Budgeting in the ICT Environment: A Case Study of Competing Logics

Abstract

The purpose of this paper is to examine the multiple competing logics at work in an attempt by the European Union (EU) to institutionalize performance-based budgeting (PBB) as part of an Industrial Modernization Programme (IMP) in Egypt. An Enterprise Resource Planning (ERP) as one of today's modern information and communication technologies (ICT) was introduced to facilitate the management of PBB in the Industrial Modernization Centre (IMC), the executive arm of the IMP. A recent theoretical framework that analyzes discourses in terms of social, political and fantasmatic logics was used. Case study materials were collected from interviews, site visits and observations and documentary evidence. The findings of this study revealed the failure to institutionalize PBB fantasy imposed by the EU as a condition of funding and the ERP that supposedly supports the diffusion of PBB led to its failure. The competing political logics at all levels (the EU, the Egyptian government and the IMC) rendered the PBB fantasy impossible. The social logics of PBB are very different from the social logics of line item budgeting. This study is based on studying the introduction of performance-based budgeting and the role of ERP in its

implementation in an Egyptian enterprise, the IMC. The debate needs to continue on the desirability and means of instilling accountability cultures in different countries. This study contributes to debate on the role of supranational organizations like the EU and the World Bank in the globalization of performance-based budgeting. It also introduces a new theoretical framework, Logics of Critical Explanation, as a useful tool in understanding change and stability of management accounting systems.

Keywords – ERP, Accountability, Transparency, Performance Based Budgeting, Logics of Critical Explanation

Introduction

It is widely recognized that accounting and accountability practices are globally driven (e.g. Granlund and Lukka, 1998; Cooper et al., 2003; Graham and Neu, 2003; Sikka, 2003; Unerman, 2003; Nolke, 2005; Lehman, 2005; Chanda & White, 2007; Hopper et al., 2009; Marti, 2013; Adhikari et al., 2013). Granlund and Lukka (1998: 170), for example, conclude that 'current management accounting practices are strongly framed and driven by factors at the macro level, at which various and considerable global pressures of con-

vergence currently are at work.' Graham and Neu (2003: 451) also observe that 'the propagation of accounting changes ... has become more and more associated with supranational organizations, rather than with agencies of individual states' and that there is a need to make visible the position of accounting in the activities of such organizations (p. 452). Supranational organisations encourage and facilitate the diffusion and reproduction of specific accounting and accountability practices across time and space thereby contributing to the globalization of monitoring and evaluation (M&E) practices. Neu et al. (2002), for example, examine how the World Bank operates as a coordinating agency within the field of higher education and how its specific financial technologies operate as the carries of globalization practices. They identify and trace three mechanisms through which globalization practices are diffused, namely lending, technical assistance and the publication of reports.

The European Union (EU), along with the US government and agencies such as the World Bank and the International Monetary Fund, has adopted performance-based budgeting (PBB) [1] as the basis for their own governance and that of the agencies and projects that they fund (Lehtinen, 2002). Any agency funded by the EU has to agree to keep performance-based budgets and to manage the funded project to achieve certain measurable outcomes, referred to as performance-conditionality (Klingebiel et al., 2005). The aim is to create a structure in which each agency will monitor and evaluate certain performance measures, which in turn will not only provide evidence of the success of the EU in funding projects such as the

MEDA but also feed in at an executive level to the EU in its stated aims in providing overseas aid, the so-called 'Millennium Development Goals' with their 'poverty focus' (Lehtinen, 2002).

The EU introduced the Industrial Modernization Programme (IMP) to the Egyptian government as one of the MEDA programmes that support economic transition in Egypt. The IMP was jointly funded by the Government of Egypt and the EU. The specific programme objectives were to assist private enterprises in their development, strengthen business associations, support institutions and services, improve the sector policy framework and strengthen the Ministry of Industry and Technological Development (MITD), including the establishment of monitoring and evaluation mechanisms. The Industrial Modernization Centre (IMC), the executive arm of the IMP, was established to provide demand-driven services for the private sector companies and institutions and support to the MITD, notably in the policy-making area. As a condition of funding, the IMC had to implement PBB, and then rolling it out across the MITD. Such conditions were also observed in other studies (see also Neu and Gomez, 2006; Neu et al., 2006).

The case study examined here was conducted in the IMC. Local organizational members in the IMC were convinced that Enterprise Resource Planning (ERP) as one of today's modern information and communication technologies (ICT) was required to manage PBB. They implemented the software against the EU's advice, although within the rules of the agreement between the EU and the government of Egypt. In

other previous case studies, it was found that ERP is generally associated with stability in management accounting systems (Granlund and Malmi, 2002; Scapens and Jazayeri, 2003; Dechow and Mouritsen, 2005; Quattrone and Hopper, 2005; Hyvonen et al., 2009; Kallunki et al., 2011; Kanellou and Swathes, 2013; Ruivo et al., 2014). Granlund and Malmi (2002) found that while ERP has the potential to act as a change agent, the observed change in management accounting had been quite moderate. Similarly, Scapens and Jazayeri (2003) founded that companies tended to replace existing accounting systems with other very similar systems. Also, in one of two organizations studied, Quattrone and Hopper (2005) found that ERP reproduced existing structures and distance. Hyvonen et al. (2009) examined two cases. In the first case, demands for change in management accounting were resisted and, in the second case, the existing management accounting was transferred into ERP without any change in content. The interaction between PBB and ERP is interesting in the case presented here as none of the previous studies documented such an interaction.

The main purpose of this paper is to how the multiple competing logics at work have contributed to the unsuccessful attempt to institutionalize PBB in the IMC and the role of ERP in this process. The concept of multiple competing logics at work in periods of institutionalization and de-institutionalization is recently explored (Meyer and Hammerschmid, 2006; Dambrin et al., 2007; Lounsbury, 2008; Hyvonen et al., 2009; Steen, 2011; Brandau et al., 2013; Amans et al., 2015). However, the analysis here is based on Glynos and Ho-

warth (2007)'s 'logics of critical explanation' framework, a poststructuralist investigation tool originally developed in political and social theories. The three-fold typology of logics proposed by Glynos and Howarth (20-07) promises a rich analysis of the continuity and change of social practices, including accounting and accountability practices, by exploring the interplay between social, political and fantasmatic logics.

The remainder of this paper is organized in six sections. The next section is a review of the accounting literature on the diffusion of results-based monitoring and evaluation practices, particularly PBB, by supranational organizations as a form of accountability and ERP and management accounting practices. This is followed by an articulation of Glynos and Howarth (20-07)'s theoretical framework and by the details of data collected and the research method used in this study. The implementation of PBB and ERP is then presented, followed a discussion of how multiple competing logics led to the failure to institutionalize PBB in the IMC and the role of ERP in this process. The final section is a conclusion.

Literature Review:

Results-Based Monitoring and Evaluation Practices as Accountability Tool

Recent years have witnessed the growth of monitoring and evaluation activity in a wide range of areas such as the measurement of public service performance, environmental audit, value for money audit, management audit, forensic audit, and quality audit (Berry and Gray, 2000; Bowerman et al., 2000;

Manson et al., 2001; Hughes, 2005; Khalifa et al., 2007; Humphrey, 2008; Waks, 2009; Adhikari et al., 2013; Bruns, 2014; Malmrose, 2015). This activity has resulted in talk of an 'audit explosion' (Power, 1994; 2003) and suggested that we are living in an 'audit society' (Power, 2000), 'a society engaged in constant checking and verification, an audit society in which a particular style of formalized accountability is the ruling principle' (Power, 1997: 3 & 4). Power (2000: 112 & 114) states that 'the ideas of the "audit society" and of the "audit explosion" require a great deal more conceptual and empirical work...it remains to be seen how well this argument travels to other countries and systems'.

By adopting and diffusing results-based monitoring and evaluation practices, the EU extends the idea of the 'audit society' to the global level. Power (2000: 114) argues that '[t]he hunch behind *The Audit Society* is that the design of accounting reports, and of the performance measures by which organizations can be judged, is greatly influenced by the imperative of "making them auditable", and that this has much to do with agendas for control of these organizations'. In demands for accountability and proof of good governance, the auditability of the EU and its beneficiaries, which involves a distinctive mode of 'organizational fact building', facts based on specific traces and inscriptions (Power, 2007), became the driving force behind the diffusion and institutionalization of monitoring and evaluation practices to increase accountability of individuals and governments by providing both legitimation and rewards for their achievements, and the potential for sanctions.

The EU's use of monitoring and evaluation practices as an accountability tool has the danger that 'the imposition of audit and related measures of auditable performance leads to the opposite of what was intended, i.e. it creates forms of dysfunction for the audited service itself' (Power, 1997: 98). This has manifested itself in the growing number of criticisms of the use of PBB/OBB around the world. Kong (2005) shows that the practice of PBB in the US is far behind the rhetoric: it is premature to claim that such practices will replace line-budgeting. Willoughby and Melkers (2000) observe that even within US state governments, the impact of PBB was greatest at agency level but less so at central budget or legislative levels, the reform process was one of incremental change and was continually evolving; no PBB system had been implemented in its entirety. Wholey (2003, p.304) stated that 'the jury is still out on the question of whether and when the value of performance-based management will outweigh the cost of performance-based management'.

Performance-based management is an on-going project, yet the evidence to date is that it has had limited success, especially in developing countries. Kusak and Rist (2001: 15) state that 'the reality is that putting in place even a rudimentary system of monitoring, evaluating, and reporting on government performance is not easy in the best of circumstances. But the obstacles for developing countries are greater and more formidable, even as they begin to construct more traditional M&E systems'. Kong and Danopoulos (2005: 21) highlight the inherent difficulties with PBB systems in finding and establishing comparative data and in setting

appropriate performance measures. This is exacerbated by a lack of skills at local level and inherent problems of corruption in developing countries (p. 6). Mackay (2006) argues that there are difficulties and issues, not least with African countries which lack the resources and infrastructure to implement monitoring and evaluation systems. Many countries are 'simply too poor to be able to conduct evaluations and reviews, relying instead on donors for such work' (p.13).

ERP and Management Accounting Stability

It is often observed that management accounting systems and practices are difficult or slow to change (Scapens and Roberts, 1993; Burns, 2000; Granlund, 2001; Burns et al., 2003; Lukka, 2007; Wagner et al., 2011; Sánchez-Rodríguez and Sparkman, 2012; Teittinen et al., 2013; Abbasi et al., 2014). It was expected that the introduction of ERP systems in the 1990s would radically change management accounting systems and practices (Chapman and Chua, 2000; Sutton, 1999). Granlund and Malmi (2002) argue that there is a unidirectional relationship between ERP systems and management accounting practices as these systems are commonly difficult to modify. Therefore, it is the management accounting practices that are typically changed to fit the 'new' technology, not vice versa. Based on this logic, Granlund and Malmi (2002) described ERP systems as a 'change agent'. Therefore, these systems promise a radical change in the way of doing things in the field of accounting. However, the empirical evidence does not support this radical change in management accounting practices (Granlund

and Malmi, 2002; Spathis and Constantinides, 2002; Scapens and Jazayeri, 2003; Quattrone and Hopper, 2005; Hyvonen et al., 2009; Teittinen et al., 2013; Abbasi et al., 2014).

Previous studies tend to reveal stability or minor modifications of existing management accounting practices after implementing ERP systems. In some cases, ERP systems have produced no change in management accounting practices (Granlund, 2001). Modern management accounting practices, like those built into ERP, have been implemented in separate systems before the introduction of ERP (Booth et al., 2000; Granlund and Malmi, 2002; Spathis and Constantinides, 2002) or companies choose ERP systems that replace existing accounting systems with other very similar systems (Scapens and Jazayeri, 2003). In other cases, there was evolutionary change in management accounting practices, that is, both traditional and advanced management accounting techniques are operated in separate systems (Granlund and Malmi, 2002). Many companies implementing ERP systems as a basic platform have not abandoned some or all of their previous legacy systems (Hyvonen, 2003) or have used ERP modules from different vendors in different functions, known as Best of Breed (BOB) (Themistocleous et al., 2001). They use BOB systems that closely align the selected software with the business processes of the organization (Hyvonen, 2003). It seems that companies try to overcome the technological imperative of ERP systems by partially returning to social determinism. In the former, technology is viewed as imposing itself upon a powerless organization whereas, in the latter, technology is seen to be shaped by

the inexorable requirements of the organization.

The Egyptian context is particularly interesting because ERP systems are still in their infancy and face some specific challenges in less developed countries, taking into account economic, cultural and infrastructure challenges (Huang and Palvia, 2001; El Sayed and Westrup, 2003; El Sayed, 2006; Coad et al., 2015). The failure to institutionalize results-based monitoring and evaluation practices (i.e. PBB) in the IMC by the EU echoes the difficulties facing such systems in less developed countries and elsewhere. The focus of this case study will be on the multiple conflicting logics contributed to the failure to institutionalize PBB in the IMC and the role of ERP in this process. The next section discusses the theoretical framework of Glynos and Howarth (2007), known as “Logics of Critical Explanation”, used to interpret the IMC case.

Theoretical Framework

To understand how and why the Egyptian Government, especially the MITD and the IMC, has reacted to the external institutional pressures exerted by the EU to diffuse PBB as part of the IMP and the role of ERP in its diffusion, this study draws on the concept of institutional logic. Institutional logic is ‘the belief systems and related practices that predominate within an organizational field’ (Scott, 2001: 139). It refers to broader cultural beliefs and rules that structure cognition and guide decision-making in a field (Lounsbury, 2008). It shapes worldviews by providing relevant structures and frames to construct issues, problems, and solutions as well as script action (Meyer and

Hammerschmid, 2006). The concept of institutional logic recognizes that there are multiple institutional environments, each with differing belief systems sustaining different types of social practices (Friedland and Alford, 1991). So it is important to include several, competing institutional logics in an organizational field that will offer potential explanations for different social practices (Hyvonen et al., 2009; Amans et al., 2015).

Glynos and Howarth (2007) introduced a poststructuralist approach that they term ‘Logics of Critical Explanation’ to critically explain the transformation, stabilization and maintenance of social practices or regimes of social practices. From this perspective, social practices or regimes of practices are governed by incomplete social structures because of the inherent lack for a subject, known as the radical contingency, on the one hand, and the collective acts of subjective identification that maintain or transform those incomplete social structures on the other. For the purpose of conducting critical explanations, this approach draws on a three-fold typology of logics, namely social, political and fantasmatic. In this context, the logic is designed to not just to describe or characterize a social practice or a regime, but to capture the various conditions which make that practice or regime possible, intelligible and vulnerable.

Social logics are primarily characterising a particular social practice or regime along a synchronic axis (Glynos and Howarth, 2007, p.137). They are the substantive grammar or rules of a practice or regime, which enable distillation of their purpose, form and content

(p.106). A regime is always a regime of practices (Ibid.). The case in this study focuses on the attempt to introduce new social logics by diffusing a form of outcomes based budgeting based on performance measures into the MITD through the IMP. Outcomes or performance based budgets have gained legitimacy at governmental level and are claimed to produce greater accountability of individuals in governmental projects through transparency of information (Bruijn and Helden, 2006; Chwastiak, 2006). Such budgets are an extension of the idea that governments should operate systems of M&E.

Political logics focus more on the diachronic aspects of a social practice or a regime, explicating how a practice or a regime is challenged or defended. They are related to a dislocatory moment, which signifies the presence of the 'real' in the symbolic order and can be characterized as a moment when a sense emerges. If political logics are concerned with the institution of the social, they are also related to its possible de-institution or contestation. This is because the very institution of a new regime or social practice presupposes the possibility that a previous social order is successfully displaced from its hegemonic position and thus de-instituted (Glynos and Howarth, 2007, p.142). Political logics are instances of logics of signification: logics of equivalence and difference (p.143). If the logic of equivalence involves the simplification of signifying space then the logic of difference involves its expansion and complexification. Political logics help to show how social practices and reg-

imes are contested, transformed and instituted, thereby extending our grammar beyond social logics (p.145).

Fantasmatic logics generate reasons why the practices are maintained or reformed (Glynos and Howarth, 2007, p.108). Fantasmatic logics 'add a further explanatory and critical layer to the process of accounting for change or continuity' (p.145). They are a means to understand why specific practices and regimes 'grip' subjects. Glynos and Howarth (2007) identify the discourse of 'fullness-to-come' as a key component of fantasmatic logics driving political logic. The fantasmatic logics contribute to understanding of resistance to strategic change but also to the speed and direction of change when it does happen. This concept of fantasmatic logics has important implications for understanding processes of resistance to PB-B/ERP in this case. The 'fullness-to-come' metaphor can explain the willingness of the government in Egypt and other donee states to accept conditionalities of PBB.

To account for change or continuity of social practices (see Figure 1), we need to consider the relationship between fantasmatic logics and social practices on the one hand, and the relationship between fantasmatic logics and political practices on the other. In relation to social practices, the fantasy of maintaining culture, the way things are done over political expediencies, of civil service resistance to change – of where the power really lies (Glynos and Howarth, 2007, p.146). It reinforces natural character of elements or actively

prevents the emergence of the political (p.147), the horrific or ideological dimension of fantasy. In relation to political practices, the fantasy gives force and direction, 'it is the imaginary promise of recapturing our lost/impossible enjoyment which provides the fantasy

support for many of our political projects and choices' (Ibid.), the beatific or ethical dimension of fantasy. Fantasy operates to conceal or close off the radical contingency of social relations, to marginalise contestatory aspects of social or political logics.

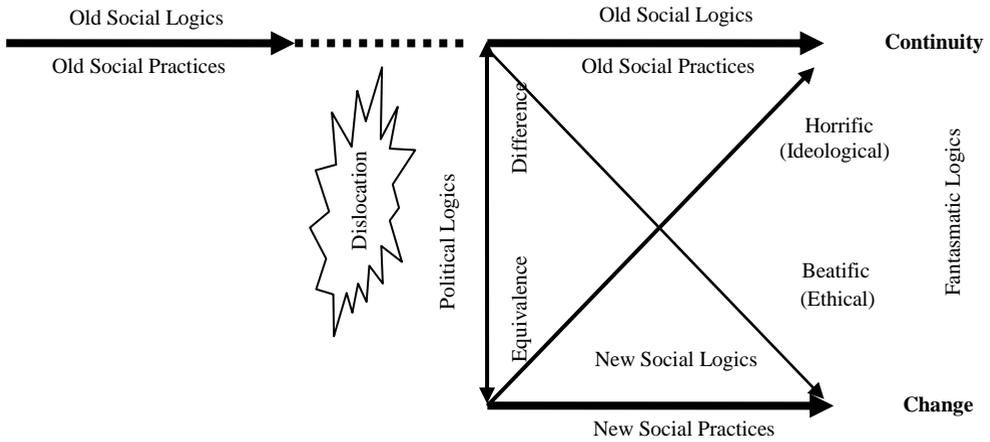


Figure 1: Continuity and change of social practices

Data of the Study

Since 1977, EU/Egypt bilateral relations have been governed by a Co-operation Agreement, which provides for economic co-operation between the parties and establishes provisions for non-reciprocal trade liberalization and market access. In 1995, the Barcelona Declaration established the Euro-Mediterranean Partnership between the EU and the Mediterranean countries. Hence, it was decided to change the system to enable the European Commission (EC) and its Mediterranean partners to adapt their development co-operation activities more clearly to the goals set out in the Barcelona Declaration and subsequently included in the Association Agreements signed with each partner country. An Association Agreement had

been signed between the EU and Egypt. Negotiations started in 1995 and lasted four and half years. In December 1998, the Egyptian People’s Assembly (the Parliament) signed the Specific Financing Agreement between the EU and the government of Egypt. According to this agreement, the sum of 250 million Euros had been earmarked by the EU for the IMP, in addition to 103 million Euros mobilized by the government of Egypt and 73 million Euros provided by Egyptian companies as cost sharing contributions.

In 2000, a presidential decree was issued to establish the organizational structure for the programme. A year later, the IMC, the executive arm of the IMP, was legally established in December 2001 although it started its activities in

June 2002 to provide demand-driven services for the private sector companies and institutions and support to the MITD, notably in the policy-making area. As a condition of funding, the

IMC had to implement PBB, and then rolling it out across the MITD. Even the organizational structure of IMC was based on the PBB concept (see Figure 2) [4].

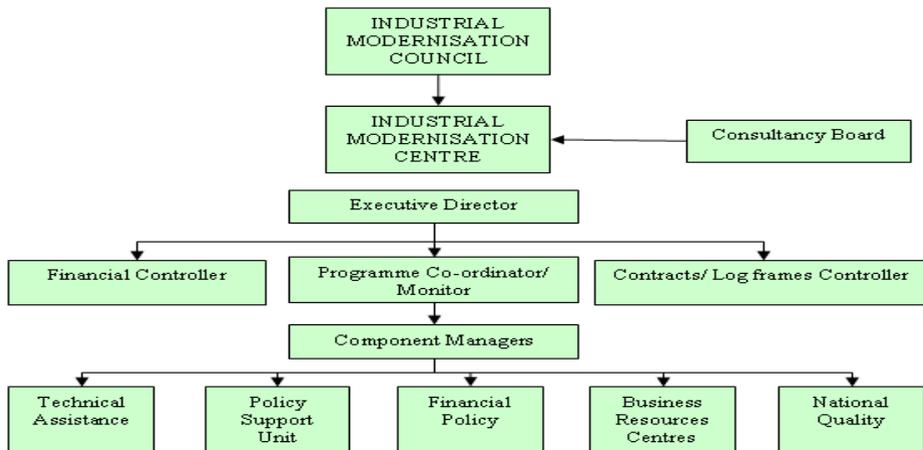


Figure 2: The management structure of IMC.

A closer look at this organizational chart reveals that the senior management team structure of IMC is made up of the Executive Director, the Programme Co-ordinator/ Monitor, the Contracts/ Log-frame Controller and the Financial Controller as well as five Component Managers. The Executive Director has overall responsibility for managing the activities, staff and PBB budget of the Centre. He reports to the Industrial Modernization Council, chaired by the Minister of Industry and Technological Development, which in turn reports to the Prime Minister, the Cabinet and the President. The Programme Co-ordinator/ Monitor is responsible for co-ordinating and overseeing the range of support sub-programmes operated under the Centre. In addition, he is responsible for monitoring the implementation progress of the range of subpr-

ogrammes under the Centre and providing regular feedback to other executive staff and to financiers. He reports to the Executive Director and deputizes for the Executive Director in his absence. The IMC members were recruited internationally. They included both European and Egyptian executives.

The IMC was chosen for two reasons. First, the IMC adopted PBB and ERP. The interaction between PBB and ERP is interesting in this case. The ERP system (BAAN software) was customized to fit the PBB practices used by the IMC. Management accountants in the IMC played a major role in resisting pressures from external agents to adopt a different system whilst attempting (and failing) to coerce other agents in the IMC into using the ERP system to manage PBB. Second, this organization

was in a developing country, Egypt, and the context in which the events occurred has received little coverage in the accounting literature. More research on ERP, accounting and accountability practices is required to compare the PBB/ ERP implementation practices in developed vs. developing countries, in order to understand the contextual and national differences on PBB/ ERP implementations and their impact on the adoption or rejection of accounting systems and practices (Soh et al., 2000; Huang and Palvia, 2001; El Sayed and Westrup, 2003; Alhirz and Sajeev, 2015).

Access to the case organization (the IMC) was based on contacting the BA-AN vendor internationally and locally. The local vendor played a major role in facilitating contact with PBB/ERP project team members and giving full details about the project. To facilitate access to some confidential information, formal written permission was obtained from the Central Agency for Public Mobilization and Statistics, the official source of providing and authorizing the collection of data from government agencies.

The case study method was used to obtain a rich set of data surrounding the research issues and to capture the contextual complexity (Yin, 2014). Case study materials included interviews, site visits and observations, correspondence by e-mail across the period and the collection of documentary evidence spanning the period of study, including press materials. Giddens (1984: 244) noted that 'all social life is episodic' and this particular episode is long enough to observe a struggle to establish structures, positions and power – the process of establishing rules and routines, of

institutionalization, an area not yet fully explored in the accounting literature. In depth semi-structured interviews were the main data collection method. They were conducted with PBB/ERP project team members including Financial Controller, Financial Systems Manager, senior and junior management accountants as well as the Executive Director of IMC, the MIS Manager and some component managers.

Some interviewees were met twice to clarify some events identified from other interviewees. All interviews were face-to-face and lasted up to 2 hours. Most interviews were tape-recorded and then transcribed. However, some interviews preferred to talk in a more confidential way. In these cases, extensive notes were taken during interviews. Semi-structured interview questions were used only as a basic guideline during the interview to make sure that all relevant topics were covered, to provide direction for questioning and to help the researcher conduct the interview in a systemic way. In most cases, supplementary questions were asked; particularly when initial responses needed elaboration or when new issues emerged in the course of discussions. For instance, the IMC was originally selected because it implemented PBB and ERP. However, during a visit to the IMC, a meeting with the current Financial Systems Manager revealed that there is custom web-based software for managing the IMC's PBB budget. This information initiated a number of questions that were asked to the current Financial Systems Manager, the ex-Financial Systems Manager and the current MIS Manager. These questions focused on the role of both software systems in managing the IMC's PBB bu-

dget and the possible integration between the two software systems.

The Egyptian Industrial Crisis and the Introduction of Performance-Based Budgeting Reform

At the level of MITD, the dislocatory moment is related to the deteriorating Egyptian industrial performance in the 1990s. Industrial policies in Egypt were inconsistent and ineffective. Incentives to investors were given while extra taxes, complicated procedures and macroeconomic ambiguity discouraged investors. In fact, some times they even had a negative impact on industrial development. Egyptian industrial performance, therefore, suffered from several weaknesses such as limited contribution to GDP, limited absorptive capacity for high technology, low wages and low productivity of labour, limited integration among enterprises, low levels of manufactured exports and high cost of industrial growth and lack of built-in mechanisms to review, monitor and implement policies and then adopt any necessary corrective actions. To overcome these shortcomings, the EU introduced the IMP as one of the MEDA programmes that support economic transition in Egypt. The IMP was jointly funded by the Government of Egypt and the European Union. The specific programme objectives were to assist private enterprises in their development, strengthen business associations, support institutions and services, improve the sector policy framework and strengthen the MITD, including reforming the MITD's budgetary system to establish monitoring and evaluation mechanisms. Therefore, the IMP was

designed to become a permanent structure in the long term.

The EU's political logics of introducing PBB, as a condition on funding, to the MITD were related to the Egyptian industrial crisis and comprise logics of difference and logics of equivalence. PBB represents difference from traditional line item budgeting used in the MITD with incomplete budget transparency that limits an informed public discussion on industrial policy and oversight the MITD's use of national resources. It also represents equivalence with transparent PBB of more developed countries. The social logics structuring PBB practices in developed countries are management by objectives (results) and budget decentralization. PBB can aid in the management of ongoing activities to improve effectiveness and efficiency. It mandates information on activity levels that allows accountability based on efficiency and requires information on how well a governmental unit is meeting particular objectives that may allow accountability based on measures of outcomes. Another important feature of PBB is decentralization that gives the governmental units' administrators greater freedom in preparing their plans and budget estimates. PBB may require governmental units to forecast how much programmes will cost, and possibly to relate those costs to activity levels for some number of years into the future.

The EU's fantasmatic logic of introducing PBB reform to the MITD was to create transparency as a form of accountability in order to provide the basis for confidence for distant others (the EU). It was the driving force behind introducing PBB fantasy to the MITD. The objective was to encourage greater

openness and more visibility in the budgetary process. However, this beatific dimension of PBB fantasy was not achieved. This fact can be interpreted in the light of a number of observations. The IMP was a topic of much controversy. The programme, scheduled to start in 1999, was only launched in December 2001. The failure of the programme to materialise until December 2001, despite the availability of the fund, had the European Commission threatening to withdraw its financial support. The three-year delay means that only one and half years of the programme were left. To cover the lost time, the Minister of Industry and Technological Development announced in April 2002 that the ministry arranged with the EC for the programme to extend until 2006. The executive director of IMC commented

To be able to do our job properly we need long-term planning. Year and half are not enough. It's like taking off to land again... We have given the green light by the EC to go ahead and make a one-year plan that starts in June 2002, which means that, in principle, the programme will extended beyond its deadline.

The Egyptian fantasmatic logic was just to modernize the Egyptian industry, the stated aim of the IMP. Another competing political logic of difference emerged at the level of the Egyptian government. It was to establish the IMC as an independent body to avoid disrupting the Egyptian traditional budgetary system. Built into the Egyptian legal system accounting regulations require the use of line item budgeting and a cash basis of accounting [2]. The presidential decree issued in December

2000 established a relatively independent organisational structure of the IMP from the MITD. However, the IMC is still under the supervision of the Minister of Industry and Technological Development but he does not intervene in day to day activities. A report of the Centre's performance is made to the Industrial Modernisation Council, which is chaired by the Minister of Industry and Technological Development, on a quarterly basis.

Furthermore, the IMP was the MITD's largest and the most comprehensive programme for industrial development. However, the role of IMC in the process of Egyptian industrial development was transitional. Its duration was only 54 months. Therefore, after the termination of the IMP, its industrial assistance sub-programmes have been placed to outside independent structures. The ex-Financial Systems Manager confirmed this information in 2005:

The EU and the Egyptian government started to think about the legal status of the BRCs (Business Resource Centres). Should they be business societies or something else? So when the IMC closes, these BRCs continue and do not stop working. They become self-funded and self-acquisition and become autonomous.

Although the IMC was planned to end in May 2006 as set in the Specific Financing Agreement between the EU and the government of Egypt, at that time there were still available funds in the IMC's budget. In addition, other international donors offered more funds to help continue the IMC's activities. In the event, the government of Egypt decided not to close the IMC and it is

still working at the present time. The new IMC vision is to be the leading Egyptian Development Agency for industry contributing to competitive-ness, economic growth, export growth and job creation (IMC, 2016). The IMC is now a sustainable industrial agency.

The vector, therefore, was for the horrific dimension of maintaining line item budgeting with its very different social logics at the level of MITD, including the logics of financial control and centralization. Line item budgeting provides financial control over inputs of budgeting, which allows decision makers to hold administrators account-table for how the many was spent. It, however, may yield little information on the relationship between resources and outcomes. This limits budget transparency, which is essential for ensuring accountability to the People's Assembly and Egyptian citizens. The format of the budget and the subsequent reporting by various governmental units, including the MITD, prevent any meaningful performance audit. The ex post auditing conducted by the Central Agency for Accountability [3] does not help in ascertaining whether the resources used let to the achievement of the desired results. The preparation of the line item budget in Egypt is centrally managed by the Sector of General State Budgeting (the central budget office) in the Ministry of Finance. Budget centralization is also essential part of Egyptian budgeting to impose some financial discipline on governmental agencies' requests and assemble them into a coherent package to be submitted to the People's Assembly.

The Challenges to Adopt an ERP System

At the level of IMC, another dislocatory moment was observed. The Finance Department was established in the formative stages of IMC and consisted of five personnel (the Financial Manager, the Financial Systems Manager, two senior management accountants and one junior management accountant) reporting to the Financial Controller. The Financial Controller worked with the Financial Systems Manager to establish a computerized accounting system to manage the IMC budget, which was based on the PBB concept. Initially, a generic software package called 'QuickBooks' was used to record routine transactions such as general ledger, accounts receivable and accounts payable. However, several problems arose from its use. Probably this package was best suited to the financial reporting of small business enterprises, rather than the budgetary control of larger, public organizations. The ex-Financial Systems Manager indicated that:

The Quick Books software lacks users' security, has a limited database and is vulnerable to being corrupted. You could easily lose all data stored on it. It is limited software similar to a Microsoft Excel file. Furthermore, it suddenly stops working, from time to time, and does not accept any new records. It was totally unreliable.

The IMC's political logics of IT reform, which comprise both logics of equivalence and logics of difference, related to this moment emerged. Logics of difference were to replace inefficient software to cope with the planned expansion of IMC. In view of the weaknesses stated above and the planned exp-

ansion of IMC's activities to establish a number of new Business Resource Centres (BRCs) [5], the Financial Controller regarded the introduction of ERP as a legitimate and rational response to the Centre's problems and future expansion. So he proposed adopting ERP to integrate all the Centre's internal components and the BRCs and overcome the existing package's problems. Logics of equivalence were to manage the IMC budget like any private sector enterprise. Both the Financial Controller and the Financial Systems Manager have previous experiences of using ERP systems in private sector companies.

The decision to adopt ERP was agreed by the Executive Director, a close friend of the Financial Controller. A tender to supply the ERP software was prepared and published in newspapers. After a short period of time, the commission of the EU cancelled the tender because the IMC had violated EU tender procedures by issuing the tender without prior written permission of the EU (the value of the contract exceeded the contracting authority of the IMC) and the members of the commission not being convinced of the need of the IMC for such software, being a temporal organization. The IMC members might not have been aware of this legal aspect or ignored it. However, the Financial Systems Manager and the Financial Controller were convinced of the need for such software, taking into account the problems with the other available package, the possible expansion of the IMC to serve other cities, and their personal experience and knowledge of the ERP system and its capacity to run large organizations such as the IMC. The

ex-Financial Systems Manager complained:

The members of the EU Commission saw that a small package would satisfy the IMC's information needs. Regrettably, they did not understand what ERP means. You spoke to persons who did not understand the value of ERP. All their perceptions and beliefs were that ERP is accounting software. Therefore, we should purchase any small accounting software. The Commission's members cancelled the ERP project and, at the same time, they required reports and other requests that could not be prepared without the ERP system. Things could not be done manually.

However, the rejection of the project by the EU commissioners did not demotivate the management accountants to stop their attempt to buy the ERP system. They then played according to the rules of the game (the limits allowed to the IMC in the Specific Finance Agreement). Another tender, which took into account the limits of the contracting authority of the IMC, was prepared and published. The value of the tender was reduced to be within the contracting authority of the IMC in order to avoid the intervention of the EU, primarily by purchasing only five licences for five users. The action taken by the IMC, especially the second tender, was legal this time as the Specific Finance Agreement specified the limits of the contracting authority of each party and the second tender was within the limits allowed to the IMC. The EU representatives, had they been aware, would not have been able to stop the ERP project in the second tender because it was within the capacity of the IMC.

ERP Implementation and Customization Process: Encoding the Social Logics of PBB into ERP

An ERP project team was formed and BAAN software was selected. The team was composed of a project leader (the ex-Financial Controller), a project manager (the ex-Financial System Manager), three key users and two IT specialists from the BAAN vendor in Egypt. From the IMC side, only the Finance Department's members had been represented in the project team. The project team began the ERP implementation process. This process started with the definition of business requirements, especially with respect to the Finance area. A number of meetings were held with the component departments' members, especially senior level managers, to know what each department does. Based on these meetings, the workflow and the business processes that ought to be done were developed.

The definition of business requirements led to encoding EU social logics, especially PBB, into the ERP software because the IMC's executives were selected on the basis of their experiences in the EU programmes and projects. For example, one qualification that formed the basis for selecting the Financial Controller was that the cand-

idate should possess a detailed knowledge of the international donor organisation's financial and disbursement procedures, and knowledge of EU contract procedures in particular would be an advantage. The BAAN software has been customised to suit the IMC's needs, earlier identified through the business analysis. A senior accountant stated:

The ERP software has been modified several times. The ERP vendor has been called in to modify the software to satisfy the basic needs of the Centre and the increasing demands of managers for information.

Programmes in the IMC are the main classification of the modernisation schemes. Budgets for the programmes are set annually. In some cases, the periods are revised in order to suit the requirements. So there may be overlapping between the budgets for various programmes. Each programme consists of projects that are specific to it. For some programmes, there are sub-projects within a project that are unique to it. The budget lines are the last lines of activity that are specific to a project/sub-project. The limit of spending is set at a programme level and at the budget line level within the programme. The following figure illustrates the hierarchy of various programmes.

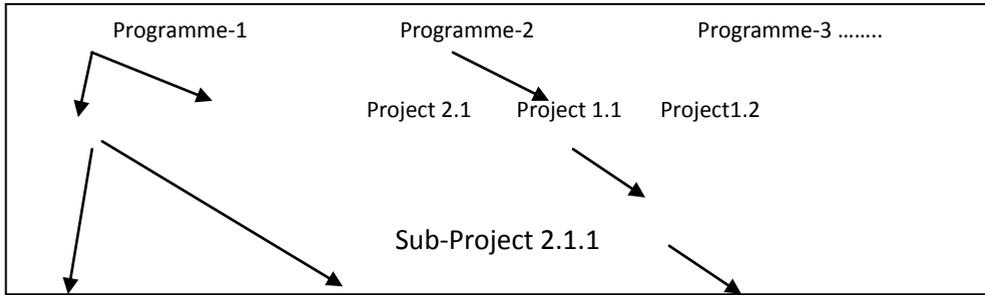


Figure 3: The Hierarchy of Various Programmes

Source: IMC Business Process Summary

This concept of programme budget was built into the ERP system and is drawn upon in the day to day interactions. The ex-Financial Systems Manager explained this process of customisation:

There is no module for government units in BAAN software. This is something in the implementation. Som-ething we call work around which means that something the system does not normally do, you turn around the system because you know functions in the system that can handle this thing. For example ... The word 'budget' in the IMC..... means activities for which money will be allocated. Therefore, the business lines in the budget have been treated as expense accounts. Each account has been connected to a budget in the system. It is a different concept. The word 'budget' in any application is a group of accounts. The word 'budget' in the IMC is another thing. It is a group of activities or lines of activities... There is an ability to open more than one budget at the same time. There is a budget called 'IWP'; another one called 'IEWP' and another one called 'take-off'. At the same time, there are three budgets opened one for each different source of fund, that is, EU, Egyptian government and private sector...The budget in the IMC, this is confusing, is

not the same as the budget in the system....

The IMC operation is based on work plans, which does not have fixed time duration. To accommodate this requirement, 20 fiscal periods are defined in BAAN. If any particular work plan is going to exceed 20 months, the end dates for the year need to be changed in advance. Furthermore, there are certain facilities built into the ERP that are drawn upon in the process of accountability in the IMC. In this regard, The ex-Financial Systems Manager pointed out:

Component managers take pride in what, or what is the performance measure, how much money a manager has disbursed. The larger he/she disburses, the more work he/she does. Therefore, in order to show he/she is working hardly, a component manager says that, for example, I have a certain budget line amounted to Euro 100000 and I have disbursed Euro 70000. When the Finance Department examines his/her budget lines, it reveals that the actual expenditures are Euro 40000 and the rest is requisitions in progress. The Finance Department does not know any thing about the requisitions until the Executive Director, the IMC's chairman, ap-

proves them because sometime some requisitions are not approved.

The likelihood that component managers will under-perform is very high due to several factors, some of which are out of control such as some environmental uncertainties. Drawing upon accounting information generated from ERP, the Financial Policy Manager expressed his concern about the consequences of uncertainties on accountability issue:

It is very important for us to make what is called the budget management or budget control to analyse the gaps between what was forecasted and the actual figures...my problem is more where we miss something, what happened, what was our vision when you go and what change since then. Ok, because we are facing a high degree of change in the entire environment. As you know, the government changed recently, for instance, and so the orientation may change. So I might have, 5 million Euros, in a foreign exchange heritage fund. This assumes that there will be a strong political support because it is very sensitive instruments...If a minister comes and says this is not a priority I will have to change it to stop it to stop this project, but the budget will still be there...Meaning that there could be a gap. I am not interested to see this gap.

Moreover, certain norms were built into the ERP system. A senior accountant explained the use of norms built into the ERP:

The ERP software can discover right and wrong transactions. For instance, if the ceiling of a budget line is one million Euros and you try to enter a con-

tract amounted to 1.2 million Euros; the ERP will reject this transaction.

Following the purchase of the ERP system, the BAAN vendor in Egypt provided consultancy services to implement the software and train the IMC members on its use. Hence, there were some of the successful implementation factors identified in the literature, such as the support of top management, a knowledgeable project team and sufficient training. However, other factors affected the implementation outcomes. There were several implementations. The first was that the consulting company did not have any human resources to implement the ERP system. The vendor recruited an Indian expert to implement the software, but he only implemented some sub-modules of the Finance module and did not complete the rest. He had a dispute with the company, resigned and returned home. The departure of the Indian expert motivated the ERP Project Manager (the ex-Financial System Manager) to complete the implementation of receivables and payables into the Finance module.

After 2 or 3 months, the IMC realized that they needed the cash management sub-module. Again, the ERP Project Manager implemented this sub-module himself. After 6 months, the IMC started to expand its business and sign long term contracts for 2 or 3 years. The Distribution module was implemented to control long-term contracts, but this time with help from the consulting company attached to the vendor. The Technical Manager of the ERP vendor did not deny this fact. He stated that:

During the implementation, they did not have a need for cash management.

Two or three months after finalizing the implementation, the Financial Systems Manager, who was responsible for the implementation, called me and informed me that he implemented the cash management sub-module. I asked you used it, how? He told me I implemented it and we did not need you. I said to him this is a proud for us and not for any one else that the implementation is so easy to the degree that you can do it yourself and your experience in Baan is just three months.

He continued his comments:

The Financial System Manager has an excellent background in ERP systems. Fortunately, he was using ERP systems. But, I mean, at that time, he still had only three months experience in using Baan and was able to implement the sub-module. That was impressive.

The Establishment of the MIS Department and Limiting the Role of ERP in Managing the Budget

In the meantime, following the conflict between the EU auditors and management accountants on the introduction of the ERP system, the Log-frames and Contracts Department (hereafter the MIS Department) was established. This action was perceived by the management accountants as a punishment. A British controller had been appointed by the EU to manage this department. The ERP Project Manager tried to convince the 'new' controller to take up the ERP system, offering to leave his position in the Finance Department, move to the MIS Department and come under the control of the Log-frames and Contracts Controller in that

department. This suggestion was rejected as this controller had been charged with developing and implementing a rival web-based custom system to manage the budget from scratch. He appointed an Egyptian, who had served with him on another programme sponsored by the EU, as MIS Manager.

The MIS Manager started internally developing and implementing web-based custom software supported by an electronic signature system to trace requisitions and contracts and automatically adjust the budget lines using the Intranet. Suddenly, both the Log-frames and Contracts Controller and the MIS Manager left the IMC. The ex-MIS Manager did not complete the web-based custom software. The ERP and the web-based software continued to co-exist, but with a number of duplications and anomalies being observed. The two information systems were not integrated because of an EU intervention that limited the number of licences purchased. Further, the ex-Log-frames and Contracts Controller had refused any integration and the members of the MIS Department were not trained in using the ERP. In this regard, the current Financial System Manager stated that:

The ERP records a lot of data and provides more information than the Java software such as banks and foreign currency evaluations. The budget allocations (tracing requisitions) are the main problem of the ERP. The Java project is experimental and incomplete. In addition, the project has not been completed as its designer left the IMC and his predecessor only operates the available part of the project.

The current MIS Manager confirmed the ERP problems:

The ERP is incomplete. For example, it is unable to trace the requisitions launched until its approval by the Executive Director. The web-based custom software is able to do so using a Java system, Microsoft Outlook e-mail, an electronic signature system and Intranet. In addition, customers and consultants in other Egyptian districts can use the web-based custom software. All information is stored on the server and the Intranet facilitates this access.

The Technical Manager of Baan vendor in Egypt replied that:

This is not a shortcoming in the software (ERP software) to play this role that each manager has his/her own user name, password and business model. The software can satisfy this requirement without any problem ... The IMC only purchased five licences for five users. This number of licences was not enough to be used by all managers and their assistants. Therefore, it was a mere financial problem.

The situation was left with the management accountants in the IMC as the custodians/managers of the ERP system. Component managers could check informally whether there were enough funds using the web-based system but formally, they asked the management accountants to do this job. The ERP Project Manager tried to transfer this task to the component managers, but they refused to take responsibility for the financial aspects of their own activities, claiming that they lacked accounting knowledge. They relied on the management accountants to simplify the accounting reports extracted from

the ERP. As a senior accountant explained,

Managers are unable to understand the accounts codes used and their meanings. Therefore, data extracted from the ERP software is re-presented in order to be understandable to managers. Accountants prepare simplified reports using Microsoft Excel sheets. In these simplified reports, numbers are clearly explained in more details.

Also, the ERP Project Manager proposed implementing the Transportation Management module to monitor the use of IMC cars. However, the managers resisted this proposal. Despite the unsatisfactory nature of the systems in place, patterns for handling transactions and reports did become established and stability, of sorts, was achieved. In 2003, the Iraq War dramatically affected the IMC's expansion plans. The EU decided to re-distribute the IMC's budget in order to assist the government of Egypt address the economic impact of the war in Iraq. Some expansion plans were cancelled. This lack of money terminated the intended plan for expanding ERP implementation and use into the IMC's branches. The ex-Financial Systems Manager described the impact of the Iraq War on the IMC:

During the Iraq War, the Egyptian Government requested from the EU to transfer part of the IMC's budget to support the Egyptian Government's budget. This is due to the dramatic effects of the Iraq War on the Government's revenues. The EU transferred about Euro 70 million from the IMC's budget for supporting the Egyptian Government's budget. Therefore, when this transfer occurred, the EU started to reallocate and resize the IMC's budget.

After a period of time, the EU auditors became aware that the IMC had adopted an ERP system despite their refusal of the project. In 2004, they took a series of negative sanctions against IMC members, including termination of the service contracts of the Executive Director, the Financial Controller and the Financial System Manager. The departure of the ERP sponsor, initiator and manager put an end to any future development of the ERP system. The ex-Financial Systems Manager described some of these actions:

Subsequently, the EU Commission discovered that we adopted the ERP system. Between you and me, this was one of the main causes for terminating the service contracts of both the Executive Director and the Financial Controller. What I mean, the EU Commission rejected the ERP project and we insisted on doing it. You want me to tell you more? After a period of time, the EU Commission requested each department to submit a report about its achievements. We, as a Finance Department, included the implementation of an ERP system in Finance and Logistics as one of the Department's achievements. The EU Commission returned the report in order to omit the word 'ERP'. We modified the report and stated that we implemented an accounting package called Baan.

The IMC's fantasmatic logic of introducing ERP to the IMC was the integration, standardization and decentralization of the IMC's budgetary management. However, a number of challenges have limited the role of ERP in managing PBB in the IMC or even rolling the PBB reform out across the MITD. Two more competing political

logics, among other challenges, were observed, the IMC's logic of equivalence and the EU's logic of difference. The IMC's logic of equivalence was to convince and get support from all IMC members to be behind the ERP project. The ERP project manager was attempting convince other organizational members, including component managers and MIS members, to use the ERP system. The EU's logic of difference was to attempt to break down these chains of equivalence. The EU was trying to prevent allocating monies to non-productive projects. Even at the level of IMC, PBB was not successful. Its implementation was frustrated by the conflicts around the legitimacy of ERP project. ERP that was supposed to facilitate the implementation of PBB in the IMC become a major obstacle towards achieving PBB fantasy.

Discussion

The case study outlines a project to introduce PBB and ERP, as part of the IMP, into the IMC and the MITD, a project that can be described as a failed attempt to institutionalize PBB frustrated by the implementation of an ERP system and other circumstances. What the case does raise for investigation is why PBB is regarded as necessary to achieve the aims of the EU. If their aim is to ultimately relieve poverty and dependence among less developed countries, then the modernization of the Egyptian industry would seem to achieve that aim per se. The IMP aimed to improve the competitiveness of 5000 industrial firms and the IMC served 14487 firms as of 30th June 2009 (IMC, 2010a), which eventually increased industrial exports (see Figure 4). The lo-

gics of critical explanation allow us to analyze the layers of discourses that explain why PBB has not been fully institutionalized despite the significant

resources committed to implement an ERP system to supposedly support PBB management.

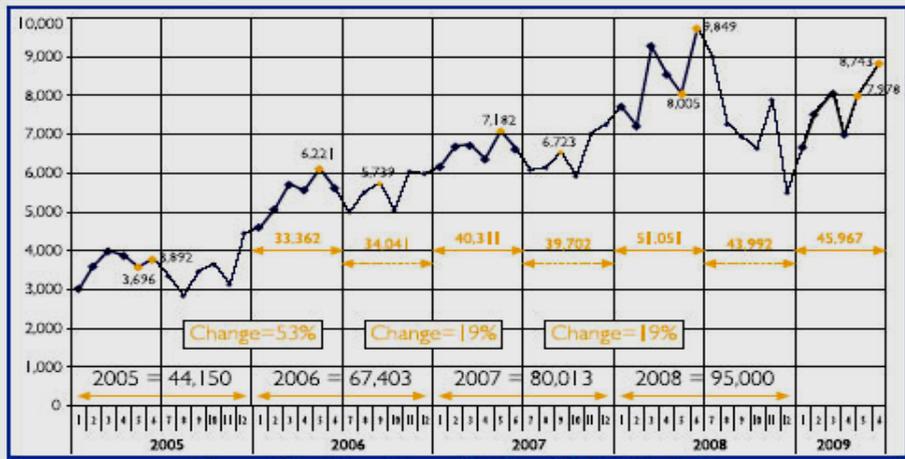


Figure 4: Industrial exports growth in Egypt in million (EGP) in 54 months
(Source: IMC, 2010)

In the lens of Glynos and Howarth (2007)’s theoretical framework, fantastic logics are the drivers of both social and political logics. The EU’s fantastic logic of PBB is transparency as a form of accountability and the suggestion that transparency is integral to the fullness-to-come in form of relieving poverty. As Strathern (2000) pointed out, being transparent has become equated with being accountable and auditable. Stock of knowledge concerning accountability and auditability are simplified, codified into PBB which is performance made auditable from the IMC and the MITD through the Egyptian government to the EU, who ‘wants to see where its money is going’. It is the enjoyment of knowing and ‘the inside of the organization becomes more visible, that is transparent’ (Gray, 1992: 415). The EU has used the condition of funding to diffuse PBB supported by the political logics of equivalence with

transparent PBB of more developed countries and difference from traditional line item budgeting, which lacks transparency and accountability. However, the adoption of these political logics means that the social logics of existing institutionalized budgetary practices have to be deinstitutionalized. This change was difficult at the moment because of the existing legal and institutional constraints in Egypt.

The EU’s own aims of ending poverty through intervention are a clear version of this discourse, as is neoliberalism. But this still leaves the question of why PBB is being promulgated. According to Roberts (2009: 957 & 958), ‘We seem to believe in transparency, and with every failure of governance, we have been prone to invest in yet further transparency as the assumed remedy for all failures... the ideal of a complete transparency is an impossible fantasy, but one that is nev-

ertheless widely shared'. The EU's PBB fantasy was not consistent with the Egyptian fantasy. At the level of the Egyptian government and the MITD, the EU's fantasmatic logic competed with the Egyptian fantasy of just modernizing the Egyptian industry to improve industrial firms' competitiveness and finally increase industrial exports. To avoid disrupting the Egyptian traditional budgetary system, another competing political logic of difference introduced to establish the IMC as an independent body. This maintains the existing social logics associated with line item budgeting. It is the discourse of resistance and enjoyment of retaining identity against external pressures.

At the level of IMC, another competing fantasmatic logic was to integrate, standardize and decentralize the budgetary management through the implementation of an ERP system. This fantasy was supported by political logics of replacing inefficient outdated software, managing the IMC budget like any private sector firm and convincing other organizational actors to use the ERP system. However, the IMC's ERP fantasy was resisted by the EU's political intervention to prevent allocating monies to non-productive projects. The IMC was immediately part of a larger national project (the IMP) and further, part of an international construction by the EU to deliver on a major goal of reducing poverty. The Finance Department and other executives of the IMC had neither the power they had envisaged, nor were they able to establish norms of reporting and use of the ERP, let alone establish an ethos of integration and cohesion among staff through

the PBB embedded in the ERP system. The system became simplified – as many institutions do (Jack, 2005) - and any hope of gaining legitimacy for the system was thwarted. The ERP system in the IMC has not changed the existing management accounting system, as in other previous studies (e.g. Granlund and Malmi, 2002; Scapens and Jazayeri, 2003; Quattrone and Hopper, 2005; Hyvonen et al., 2009; Teittinen et al., 2013; Abbasi et al., 2014). The current ERP system in the IMC may be stable because it is 'good enough' for now and the key aim is to deliver on entrepreneurship.

Travelling the audit society concept to other countries means that these countries must formulate an equation of transparency as a form of accountability to proxy for trust (Power, 2007). The various pronouncements of the EU suggest that the PBB aspects have not been emphasized in less developed countries and that, as in Kusak and Rist (2001), the emphasis was placed on getting the basics of the budgeting system in the first place first, with PBB being seen as a long-term goal. The layers of discourses surrounding financial policies in the EU and the underlying belief that all can be achieved through auditable performance measurement system could distract from one important factor in this case. The IMP has led to improving the competitiveness of Egyptian industrial firms that has been reflected in increasing industrial exports. As an outcome, that is completely compatible with the EU's aims of alleviating poverty and thus the need, at this time, for PBB has not gained any social or political support in Egypt.

Conclusion

The case examined here aimed to explore multiple competing logics that contributed to the failure to institutionalize PBB fantasy and how an ERP system frustrated, instead of facilitating, this process. By using the logics of critical explanation to give a fresh contribution to the debate, it can be concluded that the main reasons for the failure of PBB project in the IMC and the MITD were that the Egyptian fantasies for modernizing the Egyptian industry and integrating, standardizing and decentralizing the IMC's budgetary management through the use of ERP overrode the EU's more fantasmatic logic for transparency and accountability as the social logics of PBB are very different from the social logics of line item budgeting.

The political logics at the level of the Egyptian government and the MITD were much stronger than the EU's political logics. The establishment of the IMC as an independent body and the legal framework supporting line item budgeting were strong enough to resist the PBB fantasy. The political logics of introducing ERP to the IMC in order to renew outdated, inefficient IT and run the IMC's budget like any private firm were weaker than the EU's political logics of preventing the misuse of funds in non-productive projects. The competing political logics at all levels (the EU, the Egyptian government, the MITD and the IMC) rendered the PBB fantasy impossible. ERP that supposedly supports the diffusion of PBB led to its failure.

This study contributes to the debate on the role of supranational organisations like the EU and the World Bank

in the globalisation of monitoring and evaluation practices (Neu et al., 2002; Graham and Neu, 2003; Nolke, 2005; Chanda & White, 2007; Marti, 2013; Adhikari et al., 2013). It adds to the growing evidence about the difficulties of establishing PBB systems on an international scale. The EU imposes 'performance-conditionality' on its beneficiaries or partners, the requirements of the PBB system and the infrastructure to implement it appears not to have been clearly defined or communicated. The resources and expertise available in less developed countries to achieve the required system are limited and the system in the case is stable, but not necessarily an integrated, information system. The debate needs to continue on the desirability and means of diffusing accountability cultures in different countries.

Another contribution of this study is that the ERP system did not change the accounting systems and practices. On the contrary, it was customized to manage PBB and stability, of sorts, was achieved. A similar result was observed in previous studies such as Themistocleous et al. (2001), Granlund and Malmi (2002), Scapens and Jazayeri (2003), Hyvonen et al. (2009), Teittinen et al. (2013) and Abbasi et al. (2014). Also, the use of Glynos and Howarth (2007) is an important contribution of this study. The interplay between social, political and fantasmatic logics is a useful tool in accounting for change and continuity of social practices, including accounting and accountability practices. This tool can be applied to other problems in management accounting and these uses will enrich and extend this theoretical framework.

Footnotes

- [1] Also known as results-based budgeting or output based monitoring and evaluation.
- [2] The Budget Act No. 53 of 1973, amended by Law No. 87 of 2005, and the Government Accounting Act No. 27 of 1981, amended by Law No. 139 of 2006.
- [3] The use of funds by various ministries is audited by the Central Agency for Accountability (State Audit Office) operating as an independent body in connection with Parliament.
- [4] Actually, this budgeting technique is different from budgeting and government accounting practices used by other Egyptian government agencies.
- [5] BRCs represent branches of IMC in a number of Egyptian industrial cities. Their role is to act as a catalyst for modernising industry in Egypt and encourage entrepreneurship.

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