

TWO-TIER ACCOUNTING REFORMS. A CROSS-SECTORIAL COMPARISON

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1. Introduction

The reform of public accounting systems towards accrual accounting models is an issue that over the last decades animates the academic debate and raises a commitment for governments and practitioners to assess the opportunity and viability of a change.

Many countries and international organizations have adopted different responses to a problem which, in its essential terms, is an analysis of the benefits arising from the transition to more complex and complete reporting models, compared to the costs arising from that change.

The difficulties of quantifying the ones and the others, together with the reluctance to breakdown the organizational routines and schemes and the individual frames of mind, have slowed the instances of change, although included in practitioner and academic debates in different national contexts and at different levels of government.

Often the differences in the solutions adopted by public entities are interpreted in the light of specific characteristics of a given national context, that has a certain legal system and a certain cultural, socio-political and economic tradition, constraining the generalizability of the results and their replicability in other national contexts.

This study adopt a perspective of observation different from the international comparison, suggesting a cross-comparison between public entities in the same state, in the belief that this enables to isolate some fundamental determinants of the processes of accounting change that leads to changes of different intensity in the same homogeneous, institutional and socio-economic context.

The study focuses on analyzing the dynamics of change with regard to the main problems, that, empirically observed, have been itemize by the literature.

The analysis of how some of these problems and the resistances to the replacement of existing accounting systems have been won in one of the branches of the public sector has been carried out.

The research is intended to answer the question on the identification of the features of the experience made in the branch of healthcare, particularly of those that could be replicated successfully in other branches of the public sector.

The generalizable results of such research aim to explain the level of effectiveness of some possible paths of accounting change.

The following section will describe the formalization of the theoretical framework and the description of the methodological approach followed in conducting the study. Section 3 deals with the contraposition of two diverging postures: on the one hand, the ambition to achieve the change with the aim to improve accountability and decision making; on the other hand, the fear that the change could bring a discontinuity in consolidated routines and costs superabundant compared with the benefits. Section 4 briefly summarize the process of accounting reform implemented in the Italian healthcare sector. Section 5 exposes the case study of the University Hospital of Pisa, focusing on how the transition to the new accounting system has been managed. It follows the discussion of the case, which highlights some of the most important aspects, which appear to be

generalized and extensible in other public sector entities. Then, some final remarks conclude the study.

2. Theoretical framework and methodological approach.

The effects of New Public Management Reform prompted a rethinking of public accounting system in many countries concerning the introduction of the accrual principle to improve accountability, performance measurement and awareness in decision making (Broadbent and Guthrie, 1992; Olson et al., 1998; Caperchione, 2000; Montesinos and Vela, 2002; Guthrie et al., 2005).

Numerous empirical studies have been carried out about the implementation of the accounting reform (Ball, 1992; Redburn, 1996; Caperchione and Mussari, 2000; ter Bogt and van Helden, 2000; Pallot, 2001; Lüder and Jones, 2003; Christiaens and Vanhee, 2003; Newberry and Pallot, 2004, Guthrie et al., 2005, among others) and sometimes a lack of implementation or an achievement of results less successful than expected emerge (Jones and Pendlebury, 2004, Allen and Sanders, 1994; Christiaens, 1999), so that, even at a doctrinal level, some hesitations and rethinking weaken the initial enthusiasm over the adoption of accrual models (Wynne, 2008; Newberry, 2011; Lapsley, 2011; Clarke, 2011).

This failure seems to depend mainly on some basic causes: a bad design of the reform (Hepworth, 2003; Barton, 2004), an implementation that does not comply with the design of the reform (Hopwood, 1984; Lapsley and Pettigrew, 1994; Christiaens, 2001; Jorge et al., 2005), the surplus of costs over the benefits arising from the change (Matheson and Kwon, 2003).

Identifying the cause of unsatisfactory results is important, especially when the empirical data are not fully favourable, especially when resulting from bad design or implementation, and it risks to undermine the global implementation of a reform in which high expectations were placed.

What distinguishes the widespread bad practices in accounting change from successful practices? The paths taken by them are replicable in other organizational contexts?

This research aims to highlight how the reluctance by certain levels of government to undertake effective paths of change is connected to the existence of some elements, which are often perceived as more problematic than in the true, focusing on the analysis of the experience of the healthcare sector, for long time the sole in the public sector in Italy, adopt by law an accrual accounting system, rather than the obligation one, still in use in most of the other branches of public sector (Persiani, 1999).

It is, therefore, what literature has defined as a case “extreme” or “unique” (Yin, 1994).

As such, it deserves to be properly investigated, because it presents characters of originality not found in other cases, and it is instrumental to the development of experiential knowledge, which enable replication of the processes observed in the case under investigation in other contexts (Barzelay and Cortázar Velarde, 2004).

Given these premises, the study focuses on the dynamics of accounting change that have been initiated in the Italian healthcare sector, since the nineties, with the legal prescription of a full accrual accounting system in healthcare organizations (Anselmi, 1995; Anessi Pessina, 1995; Borgonovi, 1995), to carry out some considerations regarding how some of the problems and psychological resistances to the replacement of existing accounting systems have been won, taking due account of the context in which the phenomenon took place (Yin, 1994).

To interpret properly the phenomenon under investigation and try to transfer successful practices in different experience, it seemed appropriate to choose a research strategy that includes in the analysis some elements of context that can influence the implementation of the process reform, taking due account of the contribution of each one to the final result.

The survey, conducted by techniques of qualitative methodology, fits into best practices research (Bardach, 1994, Overman and Boyd, 1994).

First, it proceeds to detect in the case investigated the existence of the requirements to recognize the so-called “good practice”, by adopting the model of Keeheley et al. (1997), which identifies some elements whose existence allows to qualify a practice as “best practice”.

According to this model, a "best practice" must have the following characteristics:

- the experience made by the organization has to bring important innovations with respect to the previous status;
- the benefits arising from the innovations must be quantifiable and, therefore, measurable;
- the initiative must have a long lasting success, witnessed by steady and consolidated changes;
- the case should highlight the positive effects recognized in the long run;
- the success of the initiative must be widely recognized and inspire other organizations;
- the experience must present the attributes of replicability and generalizability;
- the benefits for those that replicate the experience must be relevant.

The logic and features underlying to the system of actions and operations observed in the event of success are then highlighted, including in the investigation the analysis of the context in which the exemplary experience took place, in order to isolate the action of possible external factors, that are non-replicable.

The approach chosen is explanatory (Yin, 1994), since it is designed to search for causal relationships between the use of certain levers and the final result, influenced by contextual conditions. The results of such analysis is intended to explain the level of effectiveness of some possible ways of accounting change.

3. “Wish” and “fear” to change: accounting reform between reformism and conservatism.

The need for implementing information systems capable to represent a synthesis of performance achieved by public entities, in favor of decision-making processes and accountability, involves the measurement systems of financial position and performance, to monitor the positions of balance on which stood the organization.

The extension of the traditional functions of public sector accounting, the political function of composition of the interests of stakeholders and the function of authorization and limit to revenues and expenditures, to the function of decision-making and asking for of legitimacy and consensus, led to a trend towards the adoption of an accrual basis of accounting, because it offers a more complete information about the possible information needs of recipients.

International trends have suggested the replacement of cash based systems with those accrual based as a possible solution, in order to expose all the resources controlled by the organization, and, consequently, to improve accountability and disclosures about the consumption of resources (Mellet, 1997; Guthrie, 1998).

Although many institutional, academic and practitioner subjects have promoted the accounting change towards the full accrual basis, in Italy it has struggled to come true.

The reforms that have been designed until now resulted in modest changes, in the attempt to minimize the departure of the alternative chosen from the existing practice (Graber, 1992).

The effort of composition of the interests of stakeholders involved in decision-making, supported in order to promote consensus, in practice, often resulted in a brake on innovation efforts.

This approach seems to have been adopted by the legislator, both in addressing local government and the central government.

At local government level, the legal system does not provide an obligation, just the possibility, to introduce the accrual principle for simultaneous accounting records, except from the obligation to provide, at the end of the year, the statements of financial performance and position, in addition to the report resulting from the obligation basis of accounting.

Different solutions have been developed by local authorities in the search for the coexistence of the obligation and full accrual basis of accounting: an extended modified accrual and obligation basis of accounting, a dual accounting system, an integrated accounting system.

The dominant solution was the adoption of an extended modified accrual and obligation basis of accounting, based on the keeping of simple records during the year and the preparation at the end of the year of a "*prospetto di conciliazione*", to highlight the links between the obligation records and the financial position and performance.

In central government, the situation is quite similar: the "*rendiconto generale dello stato*", the *ex post* financial statement, contains in different documents the information about cash and cash equivalents and asset and liabilities. The report contains an illustration of the actual data, in order to explain the economic significance of information presented in the other statements, and the "*dimostrazione di concordanza*", that explicitly state the link between the obligation basis and the accrual basis of accounting, as required by the central accounting law no. 196/2009, modified by the law no. 39/2011. It states principles for the coordination of public accounting systems, with the major purpose of internal harmonization in the core public sector. One of the purposes of the law, in addition to the dominant theme of internal harmonization, is the identification of adequate ways for the dual running of the accrual basis and the obligation basis of accounting, specifying the need of procedures for processing and transfer data from the one basis to the other. This demonstrates a low propensity by the legislator towards the implementation of full accrual accounting reform. Moreover, the law required the adoption of a system of *ex ante* financial documents based on full cash basis of accounting, whilst accrual and obligation based accounting information just meet a generic cognitive need. This latter provision has been emended by the recent law no. 39/2011, while stating its intention to strengthen the system of cash basis, continues to require the maintenance of the obligation basis of accounting.

The reluctance by the entities to adopt the accrual principle is explained in first instance by forms of organizational resistance, then by economic costs, which moreover often can not be estimated reliably.

The principal factors of psychological resistance, which lead people within the organization to refuse the change have been identified (Giangreco, 2002; Lazzini, 2008) mainly in:

- the lack of awareness of the benefits achievable with the adoption the accrual accounting;
- the staff shortage, compared to the workload required by the change;
- the lack of staff expertise, in terms of specific competences for the implementation of the new accounting system;
- the unfitness of most of the existing software to meet the emerging needs;
- the lack of information and training about the accounting standards to be adopted;
- the fear that any failure could threat the current position of members of the staff within the organization.

The knowledge of the factors leading to the resistance to change the status quo is important to anticipate the possible paths of action to encourage the development of potential responses to the instances of change in these administrations.

It is interestingly, then, to observe how the organizational inertia of some classes of administrations (Hannan and Freeman, 1984) has been won in other contexts that lead to what can be called two-tier (or even multi-tier) accounting reform: from the one hand the majority of territorial entities, at central and local levels, which present a strong "financial obligation" vocation in the book keeping; on the other hand, the healthcare sector, which adopted an accrual accounting system as a consequence of the Legislative Decree No. 502/92 (Anselmi, 1995; Anessi Pessina, 1995; Borgonovi, 1995).

This circumstance requires a specification about the fact that, in the legal context of Italian civil law, a mandatory provision that required other public sector entities to produce accrual disclosure missed.

4. Dynamics and patterns of change in accounting systems and reporting in health care organizations.

The reform introduced by Legislative Decree No. 502 of December 30 1992, as amended and supplemented by Legislative Decree no. No. 517/93 laying down detailed rules for the reorganization of the NHS, has marked a profound change in the logic and methods of operate of the entire health care system.

The reform unfolds along two main lines that involve, on one hand the institutional assets, and the other the ways in which to conceive the foundations necessary to manage the single health care units.

The first case refers to the activity of the redesign of tasks, duties and responsibilities of different levels of health protection: the so-called process of "regionalization" of the health system.

The second case, however, concerns the introduction of logic, the principles and the tools typical of the companies: the well-known process of introduction in health-care of managerial principles that formed the basis for overcoming the old bureaucratic and administrative logic to reach to a situation of government more consistent and rational, in line with the strategy and set of constraints spending considered mandatory (Marcon 1996).

The regional decentralization has made it possible to engage a governing body near to the citizens consensus and to their needs in the activities of expenditure control and in the management of the services, .

The new perspective has implied the downsizing of the role of the central government in health care management. As specified by art. n.2 have been entrusted to the regions "specific legislative and administrative functions" by which are fixed: the principles on the organization of services and on the activities of health policy and financing of the local health units and hospitals, the technical activities of support and promotion of the local health authorities, including management control systems and the evaluation of the quality of health care.

This defines the models and the management principles designed to help in achieving the objectives of the National Health Plan in line with the "specific needs of the area. "

The structure of the reform was developed into two policies which involved the institutional set-up and the organizational and functional models.

Beginning with the analysis of the first aspect, it assisted in the progressive downsizing of the role of the State in favour of an increase in the degree of independence and autonomy in the decision-making process, and in the acknowledgement of the revenues within the region.

The Regions were appointed with specific legislative and administrative functions. Regions are able to decide the rules and the regulations were put into place for the organization of services and the activity intended for the protection of health. They established the criteria to distribute financial resources among the health-care organization (HCO) and the independent hospitals and the technical policies to promote and support collective health in relation to management control and the assessment of the quality of services.

The Regions defined the models and management principles intended to allow the attainment of goals established from the National Health Plan in coherence with the specific needs of the territory. The regulations define broad areas of regional autonomy in the choices connected with the organization of the hospital service, with the aim to consent the construction of a more suitable system.

In this situation, in creating numerous regional health structures which alongside undoubted similar elements, it is not difficult to notice numerous differences.

Analyzing the impact of second aspect, the organisational and managerial level, the reform process has recognised at HCO and some independent hospitals a broad functional autonomy with respect to the public functions of social and humanitarian purposes that characterises the service itself.

The HCOs, in the represented system, received responsibility to manage and coordinate the different agents deal in national healthcare service in order to guarantee the satisfaction of the needs of the population.

The last intervention on the systematic set up of the Italian health system (D. Lgs. 229/99 “the rationalization of the National Health Service”) there was an attempt to consolidate the solidarity and public function of the system confirming the organizational model for HCO with respect to the importance of professionalism and the necessity to utilize the management tools of the government. The specifications that were derived from the introduction of competitive mechanisms made it possible that the Italian health system could be connected to what Bartlett e Le Grand describe as an “almost competitive market”

Utilizing such a mechanism with the intention of assessing the situation for the health service, using economic measures which are expressed through a simulated market, allows people the possibility to freely use the organization they believe is the most suitable and satisfactory to their own needs.

From these studies it has emerged that varied solutions adopted in the formulation of the competitive organization has produced different models that embrace, in a hypothetical continuum, situations in which the competitive push seems particularly noticeable and also the competition is strongly limited by the actions regulated at a regional level.

The basic idea was to involve the agents of the system to proactively pursue goals that requested them to focus on each local situation instead of previewing the consultation mechanism at entire system level.

Following all this however, with the progressive consolidation process the risk that increased competition without recourse of regulation mechanisms could result in the distortion of functionality revealed as anything but a remote possibility.

After the first moment in which the Region confirmed the health set up based on criteria thought more suitable to their own health needs, reverting to models more or less marked with competition In the second moment they intervened, in a decisive manner, so as to limit the competitive situations introducing mechanisms intended to contrast the potential opportunistic behaviour and to avoid damaging effects that an aggressive attitude by the organization could instigate

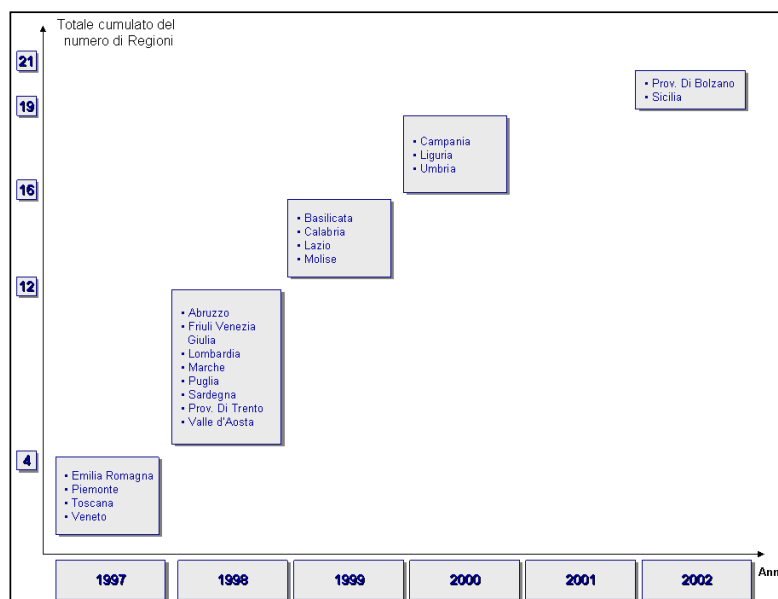
The direction that health system seem to have taken is based on the awareness of the role and the different functions acknowledged by the various people in the role and it is no longer possible to deny the mutuality and interdependence to achieve the final result.

The process of transformation of the healthcare accounting system, fifteen years after the 1992 reform that required the regions to regulate the "economic and financial management and capital adequacy of local health units and hospitals" and in accordance with standards issued by the Civil Code and the need to “publish, annually, the results of their cost analysis, performance and results”, seems to have reached the final completion.

The process of progressive leaving of cash based accounting has been concluded in 2002 with the final application of the accrual accounting principle to the whole health-care sector.

The figure below underlines the time-line concerning to progressive passage in the different Italian regions from cash based accounting to accrual accounting.

Figure n. 1 The passage to accrual accounting of Healthcare organization per regions



Source: our elaboration from E. ANESSI PESSINA, *L'informativa esterna di bilancio nelle aziende sanitarie pubbliche*, in E. ANESSI PESSINA – E. CANTU' (a cura di), *L'aziendalizzazione della sanità in Italia - Rapporto OASI 2003*, Milano, Egea, 2003 Table 6.1, page 194.

Many authors focus on the importance of the passage implemented but agreed, also, on the presence of a substantial informative weakness in the ministerial scheme introduced by D. M. October 20, 1994. Also the upcoming DM 11 February 2002 in which has been approved a revised version of the previous scheme seems to have not totally solved the gap, as urged by many.

Anessi Pessina (Oasis Report, 2003) comes to the following consideration: "The new scheme overcomes some technical limitations of the previous, but maintains its informative limits, also because it is not accompanied either by a pattern of integrative notes, or by an indication of the minimum content of the same note "(Anessi Pessina, 2003, 1996).

By analyzing the different experiences in theme of structure of the accounting system seems to emerge that about half of all the Italian regions, in configuring their system of reporting, has opted for a distinctive structure, departing from the guidelines set by national law. Nevertheless the limitations in terms of information inherent in the national legislation are not been overcome.

A comparative reading of the reports seems to show that it's still difficult to understand the way in which are exposed the financing process, and particularly the structure, for criteria of allocation, of the current income and the extent of active and passive mobility which are represented in special items.

The low level of detail of these items greatly limits the information content of the accounts. This makes it impossible to understand the contribution to the overall result from the formation of various types of income. This hampers the ability to make comparative analysis between the various regional arrangements, both between individual companies.

However from an analysis of the accounting discipline and of the various initiatives promoted by the regions seems to emerge a growing attention towards the need to increase the degree of significance of the economic reporting.

Many regions like Veneto and Liguria have succeeded in developing comprehensive Profits and Losses statement. Other regions such as Lombardia and Marche have recognized a great relief to the additionally information (notes), making it a very analytical and explanatory document.

Tuscany and Emilia Romagna have developed a project to formalize the principles of accounting and auditing for healthcare organizations and are developing the first tests for the certification of their financial statements.

After an initial time when regional autonomy was largely focused on accounting matters, nowadays seems to emerge a tendency to decrease the degree of differentiation. This change in outlook has been prompted by the pressures from the international harmonization.

In the nineties, in fact, the ability to regulate their own regional reporting structures was regarded as the symbol of the regional autonomy granted by the law.

Today, that autonomy is well established, the regions seem to have realized that adopting patterns and experiences borrowed from other regions, particularly in the accounting field, can lead to certain benefits. The emphasis towards diversification seems, so, less thrust.

In this perspective it is easy to see a renewed possibility of harmonizing accounting rules, and more particularly, a convergence towards accounting principles.

The region still regard the statement as a tool for internal use, or in any event, reserved for “insiders”.

Despite the law requires their public evidence the reports are actually structured in a way which seems to reflect an approach that still favors the internal needs of the regions (such as the need to achieve a consolidation of data) rather than reflecting an attitude to communicate their performances and results to the community.

The legal obligation to make public the annual reports seems to be enforced in a merely formal way rather than to respond to a real intent of public disclosure.

The only rules, in fact, cannot be considered a sufficient condition to ensure a real understanding of informational advantages that result from the adoption of such new accounting scheme.

The different degree of exploitation of the potential of information connected with such a scheme is strictly connected with the deep-root of this method in the corporate culture. Is from the corporate culture which depends the level of development of the accounting systems: “A legislation which introduces obligations (...) to activate specific forms of communication is ineffective, because the communication must be the result of culture, strategy, a long-term orientation of the single institutions” (Giovanelli, 1995, p. 75).

In accord with such a perspective we intend to emphasize how the reforms actuated in the public sector often reflect an approach that involves an “*ex legem*” adoption rather than to be the consequence from real need for change expressed by the stakeholders.

The process of configuration of the accounting systems is often perceived as mere regulatory compliance. The consequent risk is therefore that their development and application is regarded only as another procedure to be followed.

Such an interpretation encourages adaptive attitudes or a mere replication of experiences rather than stimulate a tension toward the research and development of innovative forms and methods of reporting more congruent with the informative needs of the different stakeholders.

The accrual accounting, also if by reason of its extreme technicality only unlikely will be ever fully usable by all recipients, reflects an approach inspired both to the principles of transparency and provability of its findings, and accuracy and univocality of data.

After this necessary clarification is evident that the health sector has shown, between all the other Italian public administrations , a greater ability to make own the instances that the reform inspired by the managerial principles had requested.

5. The updating of the information system in the University Hospital of Pisa

The University – Hospital of Pisa is part of the healthcare system of the Tuscany. Tuscany regional healthcare system is based on a model of regulation of the competition. The Regional government establishes the limits within which competition can develop.

The competition between providers is adjusted through a process of consultation that operate at district level.

Within a given health district, comprising several provinces, operate various providers which grant different services.

The basic services are guaranteed by the local healthcare organization (LHO) while the highly complex services are played by the University-Hospital-providers.

This one is the setting that reflects more faithfully the provision of the law provided at the central level where the unbundling of the hospital appears as a residual choice to inquire whether there are some requirements that are able to qualify the structure of "highly specialized" and "national importance".

In Tuscany the local healthcare organizations have a dual function: on the hand the role of purchaser of services, for the health services provided by hospitals and other accredited providers, and on the other hand the role of provider for "basic services" to ensure through its internal hospital (Longo, 1999).

Tuscany was one of the regions that managed the transition to accrual accounting in better way: in the 1997 its healthcare organizations had already produced their first financial statement using the method of double entry bookkeeping.

The Pisa-University Hospital is one of the points of excellence of the regional health system and addressed the transition to accrual accounting in a very strong matter. His role as privileged provider of health services and the development of the financing system based on the DRGs had immediately emphasized the need to increase the information content of the accounting system.

The complete abandonment of the previous system and the introduction of the new one needed about two years. The process was based on the identification of a *transition manager* who had the responsibility to set the new accounting system in accordance with current legislation.

The first phase of the transition process was divided into two contextual operations:

- the definition of the new accounting code-plan;
- the choose of the software application to develop the new information system;

The formalization of the new collection procedures immediately underscored the need to accompany innovation in methods of accounting with innovation in organizational structure.

With the introduction of accrual was necessary to change the procedures of the various activities and functions.

The procedures for purchasing, for example, were no longer managed by an administrative office but directly from the warehouse.

The warehouse becomes the sole responsibility of the orders of the procedure with the resulting charge and discharge.

The administrative office consisted of about twenty people who had acquired a great experience on the use of the previously accounting system but the introduction of the new method found strong difficulties in enforcement. The use of double entry was perceived as a further complication and was not understood its real usefulness.

The transition manager immediately understood that there was a big problem in the adequacy of skills of practitioners.

Since 1997 the entire process of learning was focused on using the software that became the mechanism by which lead the transition and in some cases by force.

At first, the learning processes were based on a mechanistic approach. Employees should be able to

use the new software and new interfaces regardless the actual degree of understanding of accrual accounting. In 1997 the main objective was to generate on time the first financial statement according the new regional framework.

Once at the preparation of the first financial statement derived based on double entry bookkeeping the process of change was not considered complete. The transition manager was well aware that the administrative practitioners not yet fully understood the new accounting procedures.

After 1997 the transition manager opened a second phase. He knew that was necessary to begin to demonstrate to the employees the value of the accrual accounting and at the same time it was necessary to continue to develop and improve the software.

Since 1997 and the subsequent decade has done to support the attitudes of those who showed a predisposition to this new knowledge. Employees who instead turned out to be not suitable to the new tasks were being relocated.

The recruitment process has become more compelling. Profiles were chosen that had a good understanding or an accountancy or economics degree.

To date administrative office while remaining on the same quantitative levels of organic from qualitative point of view it has a very different articulation. It consists primarily of accountants and can count on five graduates in business.

From the perspective of the development of the information systems the hospital has focused their activity on the integration of accounting sources customizing and continuously updating the first applications acquired. The software vendor has remained the same throughout the period and now the company boasts a complete integration between the stock, the management accounting and financial accounting.

The case of study highlights how it was possible to introduce accrual accounting in a public organization up to that moment focused on a method in single entry accounting.

The most important aspects of this experience can be summarized in the following elements:

- the transition manager who is the responsible for the whole process of change;
- the use of software not only as a tool to support the accounting system but also as a learning tool;
- the continuous improvement of the software that made him constantly adhering to the needs of your organization.

At this point, what should be the areas of replicable of this experience in the accounting system of the local authority? Or rather what are the conditions that may allow an extension of this model in local government?

The model Keeheley et al., in a study concerning the role of best practices in the public sector, identifies seven elements whose existence allows us to consider a practice as "better " (Keeheley et al. ,1997)

In particular, it is necessary that an experience has a lasting success that is the extent of the changes introduced have not temporary nature. The benefits arising from it may be quantifiable and therefore measurable and that the experience of these traits of innovation with respect to situations to be.

Besides these important elements of the first distinction the case should highlight the positive effects in the long run and that other operators consider it useful. The experience should have the canons of replicable and generalizability as well as that of relevance to the recipients.

The case analysed shows how it was possible to successfully manage a process of accounting innovation according to the requirements established by the main literature to qualify an experience as a best practice.

The table below shows how the case in question may be classified as best practices.

REQUIREMENTS	Characteristics dof the <i>case study</i>
Long-term success	the accrual accounting and more generally the information system was successfully adopted. It is the only source of data for the responsables. After more than 10 years is considered necessary to support the entire process of planning and control.
Quantifiable benefits and positive results recognized	The transition to an integrated accounting system, allowed to take into account all the variables of economic management and to appreciate their support to the decision making.
Innovation	The transition process was based on the identification of a person responsible for the change.
Replicable	The innovation process experienced by the hospital does not have the traits of exclusivity due to the context in which it was made.
Relevance to the recipients	The progressive configuration of the system has allowed to the system to be adequate respect the information need.
Generalizability	The fundamental aspects of the this case can be extended to other contexts characterized by over-ordered regulations

6. Discussion

The research strategy based upon the study of best practices is relevant because instrumental to the achievement, or to the aspiration to achieve, of the so called “states of desirability”, by which the business and public administration science confirms its connotation of empirical science featured by a marked normative value, rather than an observation of some successful experience with mere intrinsic goals.

In light of this consideration, the case of the University Hospital of Pisa has been presented in the attempt to enhance its value in terms of development of “experiential knowledge”, which acts as a driver, among others, to achieve the accounting change (Lye et al., 2005).

This study was intended to emphasize the whole of measures by which the main deterrents to change have been addressed in the case studied, to overcome organizational resistances against the accounting systems reform (lack of awareness of benefits; staff shortage, lack of staff expertise, unfitness of existing software, lack of information and training, threat of position).

The resistance related to the lack of awareness of the benefits achievable with the adoption the accrual accounting appear as the most relevant among others, because without the acknowledgment of the superiority of a new reporting model, given a set of function required to the accounting system, there will be no change, unless the coming of an exogenous driving factor, as in the case in the healthcare sector, through a mandatory provision.

The assessment of convenience, in this case, was referred to the legislator, that, among the alternatives, considered the accrual accounting system the most convenient, compared with the needs to be met.

In this regard, it should be noted that both the literature and the practice have shown that the reforms imposed by law, even though ensuring a degree of uniformity in behavior, often do not determine the outcome that the legislature intended to pursue, because recipients obliged to adopt a certain policy without reflecting a need felt by them, are used to comply with the law just because different behavior is usually penalized, trying, if possible, to elude the provision (Rebora, 1990; Panozzo, 2000; Borgonovi, 2004). The result is just a formal compliance with the regulation, that, in the case of accounting reforms, could result in the production of information useful in the abstract but which in practice may not be used for decision-making. Thus, the failure in the intent of the reform.

The problem of the staff shortage compared with the workload brought by the change in the accounting system is, in fact, a feature common to many public sector entities, given the constraints to new hiring.

The system of constraints of existing legislation has led the University Hospital of Pisa to focus on the optimization of the use of human resources. Since it is not possible to act on "quantity", the management tried to intervene on the "quality", updating the selection criteria for the new planned hiring, and assigning to qualified functions in different areas the personnel who had shown little predisposition and familiarity with the new system, looking for a higher level of technical expertise in the field of management and accounting. This path was intended to compensate the lack of internal expertise required for the implementation of the new accounting system.

It should be noted, however, that this set of actions, even though it may contribute to the insertion of new and more competent figures in the organization, risks to increase the resistance to change due to the opposition from those who feel the accounting reform is a threat to its position, in relation of the increasing need of skills required by a more complex mechanism.

The consequent sense of inadequacy may be reduced, however, ensuring that people involved in the project have appropriate training, which aims to fill any perceived gap from existing staff. The training is equally important in respect of new hirings, in order to enhance the knowledge they already possess and, as appropriate, increase them with the specific requirements for the implementation the reform, as is the case of the University Hospital.

With reference to the availability of suitable software tools to manage the new accounting system, from the case-study emerge the way of the customization: the University Hospital have concluded a development contract with a software house to get a highly customized application package, combined with a consulting activities for its implementation.

The production of these IT applications is, moreover, gradually expanding, driven by growing demand from public organizations, even in other countries. At the moment, in fact, on the market there are several solutions specific for the public sector and even specific for its different branches, definitely able to meet their needs.

Although it is not one of the main factors of resistance to the process of accounting systems reform, it is interesting the suggestion that emerged from the study about the need for coordination of efforts and actions, belonging to a single accountable leader.

The research interest about this further element has been emerging. Whilst for the other above mentioned aspects the approach belongs to the type "theory testing", for the empirical control of theory, in this case, the hypothesis about the strategic role of a figure that is responsible for the coordination of the activities for the implementation of the accounting change is emerged by induction, according to an approach of the type "theory building", according to grounded theory (Glaser and Strauss, 1967).

7. Final remarks.

The theme of the reform of public accounting systems based on the accrual basis, that accompanied for decades the reform of governance and management of public sector organizations according to NPM, has not achieved the same success enjoyed by the latter.

Initially, the first to resist were the practitioners, who were asked to bear the main effort to subvert the traditional procedures of accounting and reporting, together with overturning settled ways of thinking and acting.

This led to a shortage in its practical implementation, although there was a widespread perception of the need to modernize the accounting systems to improve decision-making and the measurement and assessment of results, so that today, even at theoretical level, the first rethinking begin to spread.

This work, in the attempt to highlight how the failures in the adoption of accrual accounting systems depend fundamentally on inaccurate and poorly implemented project of reform, aims to reaffirm the validity of the systems in object, to improve planning and control of organizational performance and show how a significant part of the reasons that have limited the effectiveness of the reform process is referable to the existence of impeding factors that could be overcome learning from the experience by some successful stories.

The study was given to verify the actual existence of certain element adduced as reasons for the inaction of some classes of entities, to be found especially in the lack of confidence in the benefits arising from the adoption of accrual accounting; in quantitative and qualitative inadequacy of the staff, with its fear of seeing its position under threats; the lack of sufficient information, training and technical assistance regarding the new systems and technology solutions that will support them.

It has been questioned that these elements may actually justify the substantial rejection by the main levels of government entities to implement what has been considered long time the most appropriate accounting system to support the functions that an accounting system should have in any administration, private or public.

The positive effects that this transition has produced in an important class of Italian public sector entities, healthcare organizations, in which the reform was carried out since twenty years have been observed.

The case study conducted about the University Hospital of Pisa showed that, excluding some relationships influenced decisively by the legal and institutional framework that distinguishes the reality under consideration, just the failure in perceiving the benefits of the accrual accounting reform (not decisive in the health sector, since the reform has descended from a legal provision and hence from the perception of benefits by the legislator) might not be replicable in the context of other public entities.

The study shows a common feature with reference to the staff shortage, that depends mainly from regulatory restrictions for hiring additional personnel in respect of European restraints.

For other elements, there are significant margins for reuse of solutions already adopted successfully in public healthcare organization.

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