

THE INSTITUTIONALISATION OF ACCOUNTING REPORTING STANDARD FOR PENSION: EVIDENCE FROM NHS

Dr. Abdelhafid BENAMRAOUI
Principal Lecturer in Finance
Course Leader BSc Finance with Management

Abstract

Institutional theory suggests that, the organisation field has become more isomorphic as a result of external institutional pressures imposed by the state in our society (Scott, 1987 & 2008; Tolbert and Zucker, 1983). Oliver (1991) argued that the institutionalisation of external pressures could be due to factors, such as economic gain, legitimacy-seeking, and legal requirements. Within this scope, the government has encouraged public sector organisations to adopt generally accepted accounting standards (see Ellwood, 2003). The purpose of this study is to examine to what extent UK National Health Service (NHS) has incorporated the accounting reporting standard for pension. The intention is to draw out why and whether NHS acquiesces with the pressures imposed by central government and the impact on financial management practices locally.

The Research Paper Aims to Test Three Main Hypotheses:

Hypothesis 1: *Coercive isomorphism caused by the state influence results in NHS adoption of pension accounting standards*

Hypothesis 2: *Mimetic Isomorphism driven by social factors and higher professionalism make NHS adopt pension accounting standards*

Hypothesis 3: *Normative Isomorphism results in an increase in the norms followed in the NHS reporting of pensions*

This study uses two research instruments to investigate the pressures exercised by the UK government on NHS pension reporting, content analysis and semi-structured interviews. The selection of these research methods is based on their ability to capture the extent to which the government dictates how NHS discloses information about its pension schemes. Content analysis has already been used in the analysis of accounting disclosures, such as corporate social and intellectual capital reporting, and is found to be an effective method in examining the level of corporate reporting and factors that drive information disclosures (Unerman, 2000; Beattie, 2005; Abeysekera, 2006).

The pension report texts are used to make specific propositions and inferences linked back to the study aims. Each text is divided into analytical units and the main themes emerging from the content are thoroughly examined. A step by step approach is followed in the analysis of texts and the research findings are compared to those generated by other studies in the form of triangulation.

The second research instrument used in the study is semi-structured interviews as they allow collecting opinions from relevant individuals who are involved in preparing the pension reports. This provides further opportunity to have a thorough analysis of the pressures exerted on these individuals in terms of the information they need to include in those reports and fulfil the requirements of different stakeholders, particularly the government. As our research paradigm is interpretivist semi-structured interviews are said to be appropriate in this case as they enable participants to explore and comment on their answers (Saunders et al, 2012).